

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2021
OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report _____
For the transition period from _____ to _____
Commission file number 1-14014

CREDICORP LTD.

(Exact name of registrant as specified in its charter)

BERMUDA

(Jurisdiction of incorporation or organization)

Of our subsidiary
Banco de Credito del Peru:
Calle Centenario 156
La Molina
Lima 12, Peru

(Address of principal executive offices)

Cesar Rios
Chief Financial Officer
Credicorp Ltd
Banco de Credito del Peru:
Calle Centenario 156
La Molina
Lima 12, Peru
Phone (+511) 313 2014
Facsimile (+511) 313 2121

(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, par value \$5.00 per share	BAP	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act. None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Common Shares, par value \$5.00 per share 94,382,317

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Emerging Growth Company	<input type="checkbox"/>

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Yes No

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

CONTENT

CONTENT	2
ABBREVIATIONS	5
PRESENTATION OF FINANCIAL INFORMATION	10
CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS	13
PART I	15
ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS	15
ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE	15
ITEM 3. KEY INFORMATION	15
3. A Selected Financial Data	15
3. B Capitalization and Indebtedness	18
3. C Reasons for the Offer and Use of Proceeds	18
3. D Risk Factors	19
ITEM 4. INFORMATION ON THE COMPANY	49
4. A History and development of the Company	49
4. B Business Overview	52
(1) Credicorp Overview	52
(2) Lines of Business (LoBs)	65
2.1 Universal Banking	65
2.2 Microfinance	86
2.3 Insurance & Pensions	92
2.4 Investment Banking & Wealth Management	95
(3) Corporate compliance and ethics	97
(4) Internal Audit	103
(5) Competition	106
5.1 Universal Banking	106
5.2 Microfinance	109
5.3 Insurance & Pensions	113
5.4 Investment Banking and Wealth Management	116
(6) Supervision and regulation	118
6.1 Credicorp	118
6.2 Subsidiaries	122
(7) Selected statistical information	152
7.1 Average statements of financial position and income from interest-earning assets	152
7.2 Investment portfolio	156
7.3 Loan portfolio	161
7.4 Deposits	175
4. C Organizational structure	177
4. D Property, plants, and equipment	178
ITEM 4A. UNRESOLVED STAFF COMMENTS	179
ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS	179
5. A Operating results	179
(1) Management Discussion and Analysis	179
(2) Political and Macroeconomic Environment	182
(3) Critical accounting policies	195
(4) Historical Discussion and Analysis	209
(5) Financial Position	220
(6) Lines of Business (LoBs)	230

Content

5.B	Liquidity and Capital Resources	246
5.C	Research and Development, Patents and Licenses, Etc.	254
5.D	Trend Information	255
5.E	Critical accounting estimates	257
ITEM 6.	DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES	258
6.A	Directors and Senior Management	258
6.B	Compensation	269
6.C	Board Practices	271
6.D	Employees	277
6.E	Share Ownership	278
ITEM 7.	MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS	279
7.A	Major Shareholders	279
7.B	Related Party Transactions	279
7.C	Interests of Experts and Counsel	283
ITEM 8.	FINANCIAL INFORMATION	283
8.A	Consolidated Statements and Other Financial Information	283
8.B	Significant changes	290
ITEM 9.	THE OFFER AND LISTING	290
9.A	Offer and Listing Details	290
9.B	Plan of Distribution	290
9.C	Markets	290
9.D	Selling Shareholders	292
9.E	Dilution	292
9.F	Expenses of the Issue	293
ITEM 10.	ADDITIONAL INFORMATION	293
10.A	Share Capital	293
10.B	Memorandum of Association and Bye-laws	293
10.C	Material Contracts	297
10.D	Exchange Controls	297
10.E	Taxation	298
10.F	Dividends and Paying Agents	309
10.G	Statement by Experts	309
10.H	Documents on Display	309
10.I	Subsidiary Information	309
ITEM 11.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT RISK MANAGEMENT	310
11.1	Risk Management Governance	310
11.2	Risk Management Structure	312
11.3	Risk Appetite	314
11.4	Managed Risks	316
a)	Credit Risk	316
b)	Non-Financial Risk	323
c)	Market and Liquidity Risk	325
d)	Model Risk	341
e)	Risk in insurance activity and operational risk	341
ITEM 12.	DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES	341
PART II		342
ITEM 13.	DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES	342
13.A	Material Defaults	342

Content

13. B. Dividend Arrearages and Delinquencies	342
ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS	342
ITEM 15. CONTROLS AND PROCEDURES	342
15. A. Disclosure Controls and Procedures	342
15. B. Management's Annual Report on Internal Control over Financial Reporting	342
15. C. Attestation Report of Independent Registered Public Accounting Firm	343
15. D. Changes in Internal Control over Financial Reporting	347
ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT	347
ITEM 16B. CODE OF ETHICS	348
ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES	348
ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES	351
ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS	351
ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT	352
ITEM 16G. CORPORATE GOVERNANCE	352
16G. A The New York Stock Exchange – Corporate Governance	352
16G. B Bermuda law – Corporate Governance	359
16G. C Peruvian Law – Corporate Governance	362
ITEM 16H. MINE SAFETY DISCLOSURE	362
ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTION	362
PART III	363
ITEM 17. FINANCIAL STATEMENTS	363
ITEM 18. FINANCIAL STATEMENTS	363
ITEM 19. EXHIBITS	364

[Content](#)

ABBREVIATIONS

Abbreviations	Meaning
AFP	<i>Administradora de Fondo de Pensiones</i> or Private Pension Funds Administrators
ALCO	Asset and Liabilities Committee
ALM	Asset and Liabilities Management
AML	Anti-Money Laundering
AMV	<i>Autorregulador del Mercado de Valores de Colombia</i> or Colombia's Stock Market Self-regulator
ANPDP	<i>Autoridad Nacional de Protección de Datos Personales</i> or National Authority for the Protection of Personal Data
APS	<i>Autoridad de Fiscalización y Control de Pensiones y Seguros</i> or Supervision and Control Authority for Pensions and Insurance
ASB	Atlantic Security Bank, currently ASB Bank Corp.
ASBANC	<i>Asociación de Bancos del Perú</i> or Association of Banks of Peru
ASFI	<i>Autoridad Supervisora del Sistema Financiero</i> or Financial System Supervisory Authority – Bolivia
ASHC	Atlantic Security Holding Corporation
ASOMIF	<i>Asociación de Instituciones de Microfinanzas del Peru</i> or Association of Microfinance Institutions of Peru
ATM	Automated Teller Machine (cash machine)
Bancompartir	<i>Banco Compartir S.A.</i> , now Mibanco Colombia
BCB	<i>Banco Central de Bolivia</i> or Bolivian Central Bank
BCCh	<i>Banco Central de Chile</i> or Central Bank of Chile
BCM	Business Continuity Management
BCP Bolivia	<i>Banco de Crédito de Bolivia S.A.</i>
BCP Consolidated	BCP Consolidated includes BCP Stand-alone, Mibanco and <i>Solución Empresa Administradora Hipotecaria</i>
BCP Miami	<i>Banco de Crédito del Perú</i> , Miami Agency
BCP Panama	<i>Banco de Crédito del Perú</i> , Panama Branch
BCP Stand-alone	<i>Banco de Crédito del Perú</i> including BCP Panama (Panama Branch) and BCP Miami (Miami Agency), but excluding subsidiaries
BCRP	<i>Banco Central de Reserva del Perú</i> or Peruvian Central Bank
BLMIS	Bernard L. Madoff Investment Securities LLC.
BOB	<i>Bolivianos</i> – Bolivian Currency
Bps	Basis Points
BVL	<i>Bolsa de Valores de Lima</i> or Lima Stock Exchange
CAS	<i>Contrato Administrativo de Servicios</i> or Administrative Contracting of Services
CCSI	Credicorp Capital Securities Inc.
CEO	Chief Executive Officer
CET1	Common Equity Tier I
CGU	Cash-Generating Unit
CID	Corporate and International Division

[Content](#)

CIMA	Cayman Islands Monetary Authority
CLP	Chilean Peso – Chilean Currency
CMF	<i>Comisión para el Mercado Financiero</i> or Financial Markets Commission of Chile
CODM	Chief Operating Decision Maker
COFIDE	<i>Corporación Financiera de Desarrollo S.A.</i> or Peruvian Government-Owned Development Bank
CONFIEP	<i>Confederación Nacional de Instituciones Empresariales Privadas</i> or National Confederation of Private Business Institutions in Peru
COO	Chief Operating Officer
COOPACS	<i>Cooperativa de Ahorro y Créditos de Peru</i> or Savings and Loans Associations of Peru
COP	Colombian Peso – Colombian Currency
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CPS	<i>Comisión de Protección Social</i> or Social Protection Committee of Peru
CRAC	Rural Savings Banks of Peru
Credicorp Capital	Credicorp Capital Ltd., formerly Credicorp Investments Ltd.
Credicorp Capital Bolsa	Credicorp Capital Sociedad Agente de Bolsa S.A., formerly Credibolsa SAB S.A.
Credicorp Capital Chile	Credicorp Capital Chile S.A., operating subsidiary of Credicorp Capital Holding Chile
Credicorp Capital Colombia	Credicorp Capital Colombia S.A., formerly Correval S.A.
Credicorp Capital Fondos	Credicorp Capital Sociedad Administradora de Fondos S.A., formerly Credifondo SAFI S.A.
Credicorp Capital Holding Chile	Credicorp Capital Holding Chile S.A., holding subsidiary of Credicorp Capital Ltd.
Credicorp Capital Holding Colombia	Credicorp Capital Holding Colombia S.A.S., holding subsidiary of Credicorp Capital Ltd.
Credicorp Holding Colombia	Credicorp Holding Colombia S.A.S., holding subsidiary of Credicorp Ltd., which holds Credicorp Capital Colombia S.A.S. and Mibanco – Banco de la Microempresa de Colombia S.A.
Credicorp Capital Holding Peru	Credicorp Capital Holding Peru S.A., holding subsidiary of Credicorp Capital Ltd.
Credicorp Capital Peru	Credicorp Capital Peru S.A.A., operating subsidiary of Credicorp Capital Holding Peru, and formerly BCP Capital S.A.A.
Credicorp Capital Servicios Financieros	Credicorp Capital Servicios Financieros S.A., formerly BCP Capital Financial Services S.A.
Credicorp Capital Titulizadora	Credicorp Capital Sociedad Titulizadora S.A., formerly Credititulos S.A.
CRS	Common Reporting Standards
CTF	Counter-Terrorism Financing
Culqi	Compañía Incubadora de Soluciones Mviles S.A.
DANE	<i>Departamento Administrativo Nacional de Estadísticas</i> or Colombian National Statistics Bureau
D&S	Disability and Survivorship

[Content](#)

Deposit Insurance Fund	<i>Fondo de Seguro de Depósitos</i> or Deposit Insurance Fund of Peru
DIAN	<i>Dirección de Impuestos y Aduanas Nacionales</i> or Taxes and National Customs Authority
DTA	Deferred Tax Assets
Edpymes	<i>Empresas de Crédito</i> or Small and Micro Firm Development Institution, formerly <i>Empresas de Desarrollo de Pequeña y Microempresa</i> (Legislative Decree No. 1531)
Edyficar	Empresa Financiera Edyficar S.A.
EIR	Effective Interest Rate
Encumbra	Empresa Financiera Edyficar S.A.S.
EPS	<i>Entidad Prestadora de Salud</i> or Health Care Facility
ENPS	Employee Net Promoter Score
FAE	<i>Fondo de Apoyo Empresarial</i> or Business Support Fund
FAE-Mype	<i>Fondo de Apoyo Empresarial a la Mype</i> or SME Business Support Fund
FATCA	Foreign Account Tax Compliance Act
FC	Foreign Currency
FCA	Financial Conduct Authority – United Kingdom
FED	Board of Governors of the U.S. Federal Reserve System
FFIEC	Federal Financial Institutions Examination Council
FIBA	Financial and International Business Association
FINRA	Financial Industry Regulatory Authority – US
Fintech	Financial Technology
FMV	Fair market value
Fondemi	<i>Fondo de Desarrollo de la Microempresa</i> or SMEs Development Fund
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
Grupo Pacifico	Pacífico Compañía de Seguros y Reaseguros S.A. and consolidated subsidiaries
IASB	International Accounting Standards Board
IBA	ICE Benchmark Administration Limited
IBNR	Incurring but not reported
ICBSA	Inversiones Credicorp Bolivia S.A.
INDECOPI	<i>Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual del Perú</i> or National Institute for the Defense of Competition and the Protection of Intellectual Property
IFRS	International Financial Reporting Standards
IGA	Intergovernmental Agreements
IGBVL	<i>Índice General de la Bolsa de Valores de Lima</i> or General Index of the Lima Stock Exchange
IIA	Institute of Internal Auditors
IMF	International Monetary Fund
INEI	<i>Instituto Nacional de Estadística e Informática</i> or Peruvian National Institute of Statistics and Informatics
IPO	Initial Public Offering
IRS	Internal Revenue Service
ISACA	Information Systems Audit and Control Association

[Content](#)

IT	Information Technology
KRI	Key Risk Indicators
LC	Local Currency
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LIBOR	London Interbank Offered Rate
LoB	Lines of Business
LTV	Loan to Value
MEF	Ministry of Economy and Finance of Peru
Mibanco	Mibanco, Banco de la Microempresa S.A.
Mibanco Colombia	Mibanco, Banco de la Microempresa de Colombia S.A.
MMD	Middle-Market Division
Mype	<i>Micro y Pequeña Empresa</i> or Micro and Small Enterprise
NIM	Net Interest Margin
NIST	National Institute of Standards and Technology
NPS	Net Promoter Score
NYSE	New York Stock Exchange
OECD	Organization for Economic Cooperation and Development
P&C	Property and Casualty
Pacifico Seguros	Pacífico Compañía de Seguros y Reaseguros S.A.
PEN	Peruvian Sol (S/) – Peruvian Currency
PPS	Peruvian Private Pension System
RBG	Retail Banking Group
ROAA	Return on Average Assets
ROAE	Return on Average Equity
ROE	Return on equity
RWAs	Risk-Weighted Asset
S&P	Standard and Poor's
SBP	<i>Superintendencia de Bancos de Panamá</i> or Superintendency of Banks of Panama
SBS	<i>Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones</i> or Superintendency of Banks, Insurance and Pension Funds – Peru
SCTR	<i>Seguro Complementario de Trabajo de Riesgo</i> or Complementary Work Risk Insurance
SEAH	<i>Solución Empresa Administradora Hipotecaria S.A.</i>
SEC	U.S. Securities and Exchange Commission
SFC	<i>Superintendencia Financiera de Colombia</i> or Financial Superintendency of Colombia
SME	Small and Medium Enterprise
SME – Business	SME-Business Credicorp Segment
SME – Pyme	SME-Pyme Credicorp Segment

[Content](#)

SMV	<i>Superintendencia del Mercado de Valores</i> or Superintendence of the Securities Market – Peru
SUNAT	<i>Superintendencia Nacional de Aduanas y de Administración Tributaria</i> or Superintendence of Tax Administration – Peru
SUSALUD	<i>Superintendencia Nacional de Salud</i> or National Health Superintendence
Soles	Peruvian currency (S/ - PEN)
Tenpo	Tenpo SpA (formerly Krealo SpA)
Tyba	Credicorp Capital Negocios Digitales S.A.S.
U.S. Dollar	United States currency (also \$, US\$, Dollars or U.S. Dollars)
USA	United States of America (USA, U.S.A., US or U.S.)
USDPEN	Currency exchange rate between the U.S. Dollar and the Peruvian Sol
VaR	Value at Risk
VAT	Value-added tax
Wally	Wally POS S.A.C.
WBG	Wholesale Banking Group
WHO	World Health Organization

[Content](#)

PRESENTATION OF FINANCIAL INFORMATION

Credicorp Ltd. is a Bermuda exempted company (and is referred to in this Annual Report as Credicorp, the Company, the Group, we, or us, each of which means either Credicorp Ltd. as a separate entity or as an entity together with our consolidated subsidiaries, as the context may require). We maintain our financial books and records in Peruvian Soles and present our financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). IFRS differ in certain respects from Generally Accepted Accounting Principles (GAAP) in the United States.

The balances of financial instruments as of December 31, 2019, 2020 and 2021 have been prepared in accordance with IFRS 9 “Financial Instruments”; the balances of the previous periods have been prepared in accordance with IAS 39 “Financial Instruments: Measurement and recognition”. Also, the balances of leases as of December 31, 2019, 2020 and 2021 have been prepared in accordance with IFRS 16 “Leases”; and the balances of the previous period have been prepared in accordance with IAS 17 “Leases”.

We operate primarily through our four lines of business (LoBs): Universal Banking, Microfinance, Insurance & Pensions, and Investment Banking & Wealth Management.

Our eight main operating subsidiaries are:

- Within Universal Banking: (i) Banco de Crédito del Perú S.A. (BCP Stand-alone), a Peruvian financial institution; and (ii) Banco de Crédito de Bolivia S.A. (BCP Bolivia) a commercial bank that operates in Bolivia and that we hold through Inversiones Credicorp Bolivia S.A. (ICBSA);
- Within Microfinance: (iii) Mibanco, Banco de la Microempresa S.A. (Mibanco), a Peruvian banking entity oriented toward the micro and small business sector; and (iv) Mibanco – Banco de la Microempresa de Colombia S.A. (Mibanco Colombia), which resulted from the merger between Banco Compartir S.A. (Bancompartir) and Edyficar S.A.S. (Encumbra), which we hold through Credicorp Holding Colombia S.A.S.;
- Within Insurance and Pensions: (v) Pacífico Compañía de Seguros y Reaseguros S.A. (Pacífico Seguros and, together with its consolidated subsidiaries, Grupo Pacífico), an entity that contracts and manages all types of general risk and life insurance, reinsurance and property investment and financial operations; and (vi) Prima AFP, a private pension fund; and
- Finally, within Investment Banking and Wealth Management: (vii) Credicorp Capital Ltd. (together with its subsidiaries) was formed in 2012, and (viii) ASB Bank Corp., resulted from the merger between ASB Bank Corp. and Atlantic Security Bank, which we hold through Atlantic Security Holding Corporation (ASHC).

[Content](#)

For information about these LoBs, see “ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview – (2) Lines of Business (LoBs)”.

As of and for the year ended December 31, 2021, BCP Stand-alone represented 75.5% of our total assets and 69.1% of our equity attributable to Credicorp’s equity holders (that is, its shareholders). Unless otherwise specified, the financial information for BCP Stand-alone, BCP Bolivia, Mibanco, Mibanco Colombia, ASB Bank Corp., Grupo Pacifico, Prima AFP and Credicorp Capital included in this Annual Report is presented in accordance with IFRS and before eliminations for consolidation purposes. See “ITEM 3. KEY INFORMATION – 3.A Selected Financial Data” and “ITEM 4. INFORMATION ON THE COMPANY – 4.A History and Development of the Company”. We refer to BCP Stand-alone, BCP Bolivia, Mibanco, Mibanco Colombia, Grupo Pacifico, Prima AFP, Credicorp Capital and ASB as our main operating subsidiaries.

“ITEM 3. KEY INFORMATION – 3.A Selected Financial Data” contains key information related to our performance. This information was obtained mainly from our consolidated financial statements as of December 31, 2019, 2020 and 2021.

Unless otherwise specified or the context otherwise requires, references in this Annual Report to “S/”, “Sol”, “local currency” or “Soles” are to Peruvian Soles (each Sol is divided into 100 *céntimos* (cents)), and references to “\$”, “US\$,” “Dollars”, “US Dollars” or “U.S. Dollars” are to United States Dollars. In addition, references to USDPEN are the currency exchange rate between the U.S. Dollar and the Peruvian Sol.

[Content](#)

Some of our subsidiaries, namely Atlantic Security Holding and four of its subsidiaries: Atlantic Security International Financial Services Inc (ASIF), ASB Bank Corp., Atlantic Private Equity Investment Advisor, Atlantic Security Private Equity General Partner, Credicorp Capital USA, Inc. (with its subsidiaries Credicorp Capital Advisors LLC. and Credicorp Capital LLC.) and Credicorp Capital Asset Management Administradora General de Fondos maintain their operations and balances in US Dollars and other currencies. As a result, in certain instances throughout this Annual Report, we have translated US Dollars and other currencies to Soles. You should not construe any of these translations as representations that the US Dollar amounts actually represent such equivalent Sol amounts or that such US Dollar amounts could be converted into Soles at the rate indicated, as of the dates mentioned herein, or at all. Unless otherwise indicated, these Sol amounts have been translated from US Dollar amounts at an exchange rate of S/3.987 = US\$1.00, which is the December 31, 2021 exchange rate set by the Peruvian Superintendencia of Banks, Insurance and Pension Funds (*Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones* or SBS by its Spanish initials). Converting US Dollars to Soles on a specified date (at the prevailing exchange rate on that date) may result in the presentation of Sol amounts that are different from the Sol amounts that would result by converting the same amount of US Dollars on a different specified date (at the prevailing exchange rate on such date). Our Bolivian subsidiary operates in Bolivianos (BOB). For consolidation purposes, our Bolivian subsidiary's financial statements are also presented in Soles. Our Colombian and Chilean subsidiaries operate in Colombian Pesos (COP) and Chilean Pesos (CLP), respectively, and their financial statements are also converted into Soles for consolidation purposes.

Our management's criteria for translating foreign currency, for the purpose of preparing Credicorp's consolidated financial statements, are described in "ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS – 5.A Operating Results – (3) Critical Accounting Policies – 3.3 Foreign Exchange".

[Content](#)

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report are not historical facts, including, without limitation, certain statements made in the sections titled "ITEM 3. KEY INFORMATION", "ITEM 4. INFORMATION ON THE COMPANY", "ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS" and "ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT RISK MANAGEMENT", which are forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the Exchange Act). You can find many of these statements by looking for words such as "believes", "expects", "anticipates", "estimates", "intends", "plans", "goal", "seek", "project", "strategy", "future", "likely", "should", "will", "would", "may", or other similar expressions referring to future periods.

Forward-looking statements are based only on our management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those expressed or implied in the forward-looking statements. Therefore, actual results, performance, or events may be materially different from those in the forward-looking statements due to, without limitation, the following factors:

- a) Economic conditions in Peru;
- b) The occurrence of natural disasters or political or social instability in Peru;
- c) The adequacy of the dividends that our subsidiaries are able to pay to us, which may affect our ability to pay dividends to shareholders and corporate expenses;
- d) Performance of, and volatility in, financial markets, including in Latin America and other emerging markets;
- e) The frequency, severity, and types of insured loss events;
- f) Fluctuations in interest rate levels;
- g) Foreign currency exchange rates, including the Sol/US Dollar exchange rate;
- h) Deterioration in the quality of our loan portfolio;
- i) Increasing levels of competition in Peru and markets in which we operate;
- j) Developments and changes in laws and regulations affecting the financial sector and adoption of new international guidelines;
- k) Changes in the policies of central banks and/or foreign governments;
- l) Effectiveness of our risk management policies and of our operational and security systems;
- m) Emerging cybersecurity and environmental risks;
- n) Losses associated with counterparty exposures;
- o) The scope of the coronavirus disease 2019 (COVID-19) pandemic, actions taken to contain the COVID-19 pandemic and related economic effects from such actions and our ability to maintain adequate staffing; and

[Content](#)

- p) Changes in Bermuda laws and regulations applicable to so-called non-resident entities.

See "ITEM 3. KEY INFORMATION - 3.D Risk Factors" and "ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS" for additional information and other such factors.

Any forward-looking statement made by us in this Annual Report is based only on information currently available to us and is made only as of the date on which it is made, and you are cautioned not to place any undue reliance on any such statement. We are not under any obligation to, and we expressly disclaim any obligation to, update or alter any forward-looking statements contained in this Annual Report, whether as a result of new information, future events or otherwise.

[Content](#)

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

3. A Selected Financial Data

The following table presents a summary of our consolidated financial information at the dates and for the periods indicated. This selected financial data is presented in Soles. You should read this information in conjunction with and qualify this information in its entirety by reference to, the consolidated financial statements, which are also presented in Soles.

The summary of our consolidated financial data as of, and for the years ended, December 31, 2019, 2020 and 2021 were derived from the consolidated financial statements audited by Gaveglío, Aparicio y Asociados S.C.R.L, a member firm of PricewaterhouseCoopers International Limited, independent registered public accountants.

The report of Gaveglío, Aparicio y Asociados S.C.R.L on the consolidated financial statements as of December 31, 2020 and 2021 and for the years ended December 31, 2019, 2020 and 2021 appears elsewhere in this Annual Report.

[Content](#)

SELECTED FINANCIAL DATA

	Year ended December 31,			
	2019	2020	2021	2021
	<i>(In thousands of Soles, except percentages, ratios, and per common share data)</i>			<i>In thousands of US Dollars ⁽¹⁾</i>
INCOME STATEMENT DATA:				
IFRS:				
Interest and similar income	12,381,664	11,547,648	11,850,406	3,038,306
Interest and similar expenses	(3,289,913)	(2,976,306)	(2,488,426)	(638,003)
Net Interest, similar income and expenses	9,091,751	8,571,342	9,361,980	2,400,303
Provision for credit losses on loan portfolio ⁽²⁾	(2,100,091)	(6,080,289)	(1,558,951)	(399,697)
Recoveries of written-off loans	254,155	159,781	346,728	88,897
Provision for credit losses on loan portfolio, net of recoveries	(1,845,936)	(5,920,508)	(1,212,223)	(310,800)
Net interest, similar income and expenses, after provision for credit losses on loan portfolio	7,245,815	2,650,834	8,149,757	2,089,503
Commissions and fees	3,232,781	2,912,778	3,493,734	895,753
Net gain on foreign exchange transactions	748,382	622,783	920,797	236,082
Net gain on securities	546,814	523,082	28,650	7,346
Net gain on derivatives held for trading	6,043	40,789	185,271	47,501
Net gain from exchange differences	19,520	19,804	34,698	8,896
Other income	344,229	286,981	263,716	67,614
Total non-interest income	4,897,769	4,406,217	4,926,866	1,263,192
Net premiums earned	2,394,243	2,428,060	2,671,530	684,949
Net claims incurred for life, general and health insurance contracts	(1,531,418)	(1,708,113)	(2,341,917)	(600,440)
Acquisition cost	(365,848)	(361,814)	(333,334)	(85,463)
Total other expenses ⁽³⁾	(6,665,048)	(7,191,023)	(7,740,086)	(1,984,468)
Profit before income tax	5,975,513	224,161	5,332,816	1,367,273
Income tax	(1,623,182)	109,977	(1,660,987)	(425,858)
Net profit	4,352,331	334,138	3,671,829	941,415
Attributable to:				
Credicorp's equity holders	4,265,304	346,894	3,584,582	919,045
Non-controlling interest	87,027	(12,756)	87,247	22,369
Number of shares as adjusted to reflect changes in capital ⁽⁴⁾	79,510,153	79,467,865	79,531,948	-
Net basic earnings per common share attributable to Credicorp's equity holders ⁽⁵⁾	53.66	4.37	45.09	11.56
Net dilutive earnings per common share attributable to Credicorp's equity holders ⁽⁵⁾	53.53	4.36	44.99	11.53
Cash dividends declared per common share Soles ⁽⁶⁾	30.0	5.0	-	-

[Content](#)

	As of December 31,			
	2019	2020	2021	2021
	<i>(In thousands of Soles, except percentages, ratios, and per common share data)</i>			<i>In thousands of US Dollars (1)</i>
STATEMENT OF FINANCIAL POSITION DATA:				
IFRS:				
Total assets	187,859,340	237,406,163	244,821,984	61,405,062
Total loans (7)	115,609,679	137,659,885	147,597,412	37,019,667
Allowance for loan losses (2)	(5,507,759)	(10,435,623)	(9,071,011)	(2,275,147)
Total deposits (8)	111,324,194	141,660,321	149,587,798	37,518,886
Equity attributable to Credicorp's equity holders	26,237,960	24,945,870	26,496,767	6,645,791
Non-controlling interest	508,350	499,777	540,672	135,609
Total equity	26,746,310	25,445,647	27,037,439	6,781,399

	As of and for the year ended December 31,		
	2019	2020	2021
SELECTED RATIOS			
IFRS:			
Net interest margin (NIM) (9)	5.40%	4.30%	4.10%
Return on average total assets (ROAA) (10)	2.34%	0.16%	1.49%
Return on average equity (ROAE) (11)	17.03%	1.36%	13.94%
Operating efficiency (12)	42.48%	45.09%	44.96%
Operating expenses as a percentage of average assets (13)	3.62%	3.11%	3.12%
Equity attributable to Credicorp's equity holders as a percentage of period end total assets	13.97%	10.51%	10.82%
Regulatory capital as a percentage of risk weighted assets – BIS ratio (14)	16.65%	16.44%	16.71%
Total internal overdue loan amounts as a percentage of total loans (15)	2.86%	3.40%	3.77%
Allowance for direct loan losses as a percentage of total loans	4.43%	7.19%	5.74%
Allowance for loan losses as a percentage of total loans and other off-balance-sheet items (16)	4.03%	6.58%	5.32%
Allowance for direct loan losses as a percentage of total internal overdue loans (17)	155.04%	211.26%	152.40%
Allowance for direct loan losses as a percentage of impaired loans (18)	88.05%	100.94%	75.13%
Dividend payout ratio (19)	55.91%	114.42%	-
Equity to assets ratio (20)	13.76%	11.05%	10.21%
Shareholders' equity to assets ratio (21)	14.01%	11.28%	10.41%

[Content](#)

Note: Total internal overdue loans include overdue and under legal collection loans.

- (1) Translated for convenience only from Sol amounts to US Dollar amounts using exchange rates of S/3.987000 = US\$1.00, which is the December 31, 2021 exchange rate set by the SBS, for statement of financial position data and of S/3.900333 = US\$1.00, which is the average exchange rate on a monthly basis in 2021, for income statement data (for consistency with the annual amounts being translated). As of December 31, 2020, Provision for credit losses increased due to the COVID-19. For further information, see "ITEM 3. KEY INFORMATION – 3.D Risk Factors".
- (2) Provision for credit losses on loan portfolio and allowance for loan losses include provisions and reserves with respect to direct loans losses and indirect loans losses or off-balance sheet items such as guarantees and standby letters, performance bonds, and import and export letters of credit. The 2020 provision for credit losses increased from 2019 results due to the economic effects of the COVID-19 pandemic. For further information, see "ITEM 3. KEY INFORMATION – 3.D Risk Factors – Our business and results of operations could continue to be negatively impacted by the COVID-19 outbreak or other public health crises beyond our control."
- (3) Total other expenses include salaries and employee benefits, administrative expenses, depreciation and amortization, depreciation for right-of-use assets, impairment loss on goodwill and others.
- (4) The number of shares consists of capital stock (see Note 18(a) to the consolidated financial statements) less treasury stock (see Note 18 (b) to the consolidated financial statements).
- (5) Basic earnings per share is calculated by dividing the net profit for the year attributable to Credicorp's equity holders by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased and held as treasury stock (see Note 30 to the consolidated financial statements).
- (6) Dividends declared per share based on net profit attained for the financial years 2019 and 2020 were declared in Soles and paid in US Dollars on May 8, 2020 and October 07, 2021, respectively, using the weighted exchange rate registered by the SBS for the transactions at the close of business on May 6, 2020 and October 07, 2021, respectively. On September 25, 2019, the Credicorp Board of Directors agreed to pay an additional dividend from the reserves, which was declared in Soles and paid in US Dollars on November 22, 2019, using the exchange rate registered by the SBS for the transactions at the close of business on November 20, 2019. Dividends based on net profit obtained for the financial years 2021 have not been declared yet.
- (7) "Total loans" refers to "loans, net of unearned income" as disclosed in our consolidated financial statements, which equals direct loans plus accrued interest minus unearned interest. See Note 7 to the consolidated financial statements. In addition to loans outstanding, we had off-balance-sheet items, including those mentioned in Note (2) above that amounted to S/21,081.0 million, S/20,973.8 and S/22,914.3 million, as of December 31, 2019, 2020 and 2021, respectively. See Note 21 to the consolidated financial statements.
- (8) Total deposits exclude Interest payable. See Note 14 to the consolidated financial statements.
- (9) Net interest similar income and expenses as a percentage of average interest-earning assets, computed as the average of period-beginning and period-ending balances.
- (10) Net profit attributable to Credicorp's equity holders as a percentage of average total assets, computed as the average of period-beginning and period-ending balances.
- (11) Net profit attributable to Credicorp's equity holders as a percentage of average equity attributable to our equity holders, computed as the average of period-beginning and period-ending balances.
- (12) Sum of salaries and employee benefits, administrative expenses, depreciation and amortization, acquisition cost and association in participation, all as percentage of the sum of net interest income, commissions and fees, net gain from exchange differences, net gain in associates, net premiums earned, net gain on foreign exchange transactions and net gain on derivatives held for trading. Acquisition cost includes net fees, underwriting expenses and underwriting income.
- (13) Sum of salaries and employee benefits, administrative expenses, depreciation and amortization and acquisition cost, all as percentage of average total assets.
- (14) Regulatory capital calculated in accordance with guidelines established by the Basel Committee on Banking Regulations and Supervisory Practices of International Settlements (Basel Committee Accord) as adopted by the SBS. See "ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS – 5.B Liquidity and Capital Resources - (1) Capital Adequacy Requirements for Credicorp."
- (15) Depending on the type of loan, BCP Stand-alone and Mibanco consider corporate, large business and medium business loans to be internal overdue loans for after 15 days; and overdrafts, small and micro business to be internal overdue loans after 30 days. For consumer, mortgage and leasing loans the past-due installments are considered internal overdue after 30 to 90 days and after 90 days, the outstanding balance of the loan is considered internal overdue. ASB considers internal overdue loans all overdue loans when the scheduled principal and/or interest payments are overdue for more than 30 days. BCP Bolivia considers loans as internal overdue after 30 days.
- (16) Other off-balance-sheet items primarily consist of guarantees and stand-by letters, performance bonds, and import and export letters of credit. See Note 21 to the consolidated financial statements.
- (17) Allowance for direct loan losses, as a percentage of all internal overdue loans without accounting for collateral securing such loans.
- (18) Allowance for direct loan losses as a percentage of direct loans classified as impaired debt. See "ITEM 4. INFORMATION ON THE COMPANY - 4.B Business Overview – (7) Selected Statistical Information – 7.3 Loan Portfolio – 7.3.7 Classification of the Loan Portfolio".
- (19) Dividends declared based on net profit attained for the financial years 2019 and 2020 divided by net profit attributable to our equity holders of the year 2019 and 2020, respectively. Dividends for 2021 results have not been declared yet.
- (20) Average equity attributable to our equity divided by average total assets, both averages computed as the average of month-ending balances.
- (21) Average equity attributable to our equity shareholders divided by average total assets, both averages computed as the average of month-ending balances.

3.B Capitalization and Indebtedness

Not applicable.

3.C Reasons for the Offer and Use of Proceeds

Not applicable.

[Content](#)

3. D Risk Factors

Our businesses are affected by many external and other factors in the markets in which we operate. Different risk factors can impact our businesses, our ability to operate effectively and our business strategies. You should consider the risk factors carefully and read them in conjunction with all the information in this document. You should note that the risk factors described below are not the only risks to consider. Rather, these are the risks that we currently consider material. There may be additional risks that we consider immaterial or of which we are unaware, and any of these risks could have similar effects to those set forth below.

Macroeconomic Risks

Our geographic location exposes us to risks related to Peruvian political, social, and economic conditions.

Most operations of BCP Stand-alone, Grupo Pacifico, Prima AFP, Mibanco and a significant part of Credicorp Capital's operations are located in Peru. In addition, while ASB Bank Corp. is based in Panama rather than in Peru, most of its customers are located in Peru. Therefore, our results primarily depend on economic activity in Peru. Changes in economic conditions, both international and domestic, government policies or social uncertainty can alter the financial health and normal development of our businesses. These changes may include, but are not limited to, high inflation, currency depreciation, currency exchange controls, limits on interest rates, confiscation of private property, financial regulation, among others. Similarly, terrorist activity, political and social unrest and corruption scandals can adversely impact our operations.

In the past, Peru has experienced social and political instability from domestic terrorism, during the 1980's, to military coups and a succession of regimes. Although the risk of renewed domestic terrorism is not expected, any violence derived from the drug trade or a resumption of large-scale terrorist activities could hurt our operations. Additionally, some regimes heavily intervened in the economy, where various economic policies and priorities were pursued, including expropriation, nationalization, and new taxation policies. This altered the country's economic environment, financial system, and agricultural sector, among other components.

Likewise, political disputes between the government and the opposition have been experienced. Since 2001, more than ten different political organizations have nominated candidates for President in each of the four elections, showing low approval rating for all candidates (usually around 20%-30% approval ratings). Under former President Kuczynski's term, there were several episodes of political disputes and turmoil which resulted in minister censoring by Peru's congress. After Kuczynski's resignation in March 2018 (amid corruption allegations due to the Lava Jato (Portuguese for "car wash") scandal) led to Martin Vizcarra taking office. The tension between the executive branch and congress persisted, and finally President Vizcarra dissolved the congress on September 30, 2019, and called for a new election of congressional members. Importantly, on January 15, 2020, the Constitutional Court ruled that the dissolution of Peru's congress was constitutional. After the new congress entered office in March 2020, political disputes still persisted, which was reflected in the bills presented by congress and the vetoes adopted by the Executive branch. Between the general elections in 2016 until March 2021, Peru had 4 presidents, 2 congresses and 9 prime ministers, which reflects the political uncertainty derived from confrontation between the government and congress.

[Content](#)

According to the Peruvian National Institute of Statistics and Informatics (*Instituto Nacional de Estadística e Informática* or INEI by its Spanish initials), high levels of poverty in Peru have always been a historical factor of social conflict. Between 2010 and 2019, according to INEI, Peru's poverty rate decreased from 30.8% of the population to 20.2%. However, according to INEI, in 2020, due to the economic shock resulting from the COVID-19 pandemic, and lockdowns that reduced output, the poverty rate increased to 30.1%, erasing nearly all gains from the last decade.

In this context of higher poverty, in 2021, Pedro Castillo was elected president resulting in a political and social polarization, and the fragmentation of political forces has been noted by all major rating agencies that rate Peruvian obligations. Since July 2021, President Castillo has appointed four prime ministers, Guido Bellido in July 2021, Mirtha Vasquez in October 2021, Hector Valer in February 2022, and Anibal Torres in February 2022. The current minister of finance is Oscar Graham. Even though his influence within the cabinet is limited, Mr. Graham is an experienced economist from the Peruvian Central Bank (*Banco Central de Reserva* or BCRP by its Spanish initials) and has worked at the Ministry of Finance (MEF) as General Director of Financial Markets and as an advisor to the Minister. Among the risks of Castillo's government is the intentions of higher state control of the economy, the change of the 1993 Constitution, and the lack of a highly technical cabinet. However, a high disapproval of the government reduces the risk of a Constituent Assembly and a radical change in the economic regime (according to Datum, an international recognized market research company, government disapproval was 76% as of April 2022). If this context continues, agents anticipate that it would be unlikely to see a net capital outflow like the one in 2021, which reached a historical record of around US\$16 billion (7.4% of GDP in 2021), according to the BCRP.

There can be no assurance that Peru will not face political, economic, or social problems in the future or that these problems will not adversely affect our business, financial condition and results of operations. There is always the possibility that a political faction could promote policies to respond to social unrest with messages that could include, among other things, expropriation, nationalization, suspension of the enforcement of creditors' rights and new taxation policies.

Another source of risk is related to political and social unrest in areas where mining, oil and gas operations take place. In recent years, Peru has experienced protests against mining projects in several regions around the country. Mining is an important part of the Peruvian economy. According to INEI, the mining and hydrocarbons sector represented 14.4% of GDP (mining 12.1% and hydrocarbons 2.2%) in 2021. The country's exports are highly concentrated in the mining industry; in 2021 free on board (FOB) exports of metallic mining represented 62.8% of total exports, with tax revenues from the sector representing 16.3% of total tax revenue in 2021 (9.1% in January 2022).

[Content](#)

On several occasions, local communities have opposed these operations and accused them of polluting the environment, specifically rivers, hurting agricultural and other traditional economic activities, as well as complained of not receiving the benefits in terms of growth and wealth generated by the mining projects. For example, in 2021, given the politicized social unrest in Apurimac surrounding the mining project Las Bambas, the firm MMG stated that if the routes to the mine continued blocked by different politicized members of communities surrounding the mine and routes to the mine, they will not be able to operate. During 2021, due to restrictions on both inbound and outbound transportation, Las Bambas has been forced to progressively reduce mining operations. At the end of 2021, Las Bambas produced 12.6% of all Peruvian copper.

Delays or cancellations of mining projects could reduce Peruvian economic growth and business confidence, thereby hurting the financial system both directly (many mining projects are at least partially financed by local financial institutions) and indirectly (overall economic activity could decelerate). Any such effect on to the financial system could have a material adverse effect on our business and result of operations.

Our banking and capital market operations in neighboring countries expose us to risk related to political and economic conditions.

ICBSA, Credicorp Capital Holding Colombia, Credicorp Capital Holding Chile and ASB Bank Corp. expose us to risks related to Bolivian, Colombian, Chilean and Panamanian political and economic conditions, respectively.

Latin America has historically shown high rates of poverty and social inequalities. According to CEPAL, Poverty in Latin America went from 51.2% in 1990 to 31.6% in 2010, and due to the pandemic poverty increased to 33.0% in 2020, and in 2021 CEPAL estimates 32.1%. With respect to extreme poverty in Latin America, it went from 15.5% in 1990 to 11.4% in 2019, and because of the pandemic it increased to 13.1% in 2020, and in 2021 CEPAL estimates an increase to 13.8%. Representing the high rates of social inequalities, the Gini coefficient, a measure of income inequality (from 0 to 1; 0=no inequality, 1=maximum inequality), was 0.54 for Latin America in 2002 and was 0.46 in 2020. In 2020, the Gini coefficients for certain major Latin-American countries were as follows according to the World Bank: Colombia – 0.55, Brazil – 0.52, Panama – 0.51, Chile – 0.47, Ecuador – 0.47, Peru – 0.46, Bolivia – 0.45, Mexico – 0.45. As a comparison, according to the World Bank, the Gini coefficient shows less inequality in Spain – 0.35, Canada – 0.33, Denmark – 0.28, Netherlands – 0.28, Belgium – 0.27, Iceland – 0.26 and, Slovenia – 0.25.

As a consequence of this poverty and inequality, which results in fewer economic opportunities for Latin Americans, Latin America has lately witnessed the advance of leftist positions and populist promises in the political arena. There have been related riots in Chile and Colombia, far-left candidates have won elections in Argentina, El Salvador, Peru, Chile and Nicaragua, and new leftist governments may soon be elected in the upcoming presidential elections in Colombia and Brazil. As a consequence, there is a risk for private investment and investment confidence, as leftist, populist, and non-feasible promises continue in political set.

[Content](#)

Bolivia

During 2021, the Bolivian economy registered a gradual recovery, after an unprecedented contraction of 8.83% in 2020 due to the consequences of the COVID-19 pandemic. With the easing of strict lockdown measures imposed in 2020, many economic sectors resumed operations in 2021, allowing for an improvement in the main macroeconomic indicators. Also, the international context and higher commodities' prices played a fundamental role in restoring the dynamics of key sectors of the economy. Specifically, the mining and commodities sector experienced significant benefits from the favorable external context. Likewise, there was less pressure on international reserves due to a decrease in the local demand for dollars and a positive flow of foreign currency into the financial system. By the end of the year, Bolivia's international reserves were at US\$4.7 billion, equivalent to 12.0% of its GDP.

According to local analysts, Bolivia's GDP expanded approximately 6.0% in 2021. For 2022, the Minister of Economy has predicted that the growth rate will be 5.1%, provided that external conditions do not change and the government continues with its stimulus programs. On the other hand, the authorities expect a progressive reduction in the fiscal deficit in 2022 year and a slight increase in inflation. However, the economic outlook will still depend on the application of sustainable economic policies in the medium term, access to external financing, control of the COVID-19 pandemic and the extent to which the Omicron variant of the coronavirus that causes COVID-19 may affect Bolivia is not yet clear.

Additionally, the lending quotas and caps on interest rates that were established in the financial services law (*Ley de Servicios Financieros* No. 393), which was enacted in 2013, continued to negatively impact interest margins on banks and reduce their ability to generate enough capital to maintain the growth rates in their lending portfolios. Finally, according to Law No. 1392, enacted in September 2021, participants in the private pension system, were made eligible, under certain conditions, to make partial withdrawals from their pension funds. However, the impact on the liquidity of the financial system of this measure was minimal.

Colombia

The Colombian economy achieved a remarkable performance in 2021, as the GDP expanded 10.6% (compared to having shrunk 7.0% in 2020) according to the Colombian National Statistics Bureau (DANE by its Spanish Initials), despite dealing with a national strike between March and April 2021 and a strong third wave of COVID-19 contagion in 2Q21. This strong performance was mainly explained by the remarkable evolution of consumption, as household spending maintained a strong momentum throughout the year amid favorable financial conditions, record-high remittances from abroad workers and a continuous reopening of the economy, which pushed services spending. On its part, the government maintained an expansionary spending stance, like the one of the first year of the pandemic, which also significantly pushed the growth of domestic demand.

[Content](#)

While the recovery of the economy has been strong and better-than-expected, there are pending tasks and weaknesses that should be acknowledged. First, exports have been weak in the past quarters and have lagged the recovery of total GDP. Thus, the current account deficit has widened significantly given weak external sales and the rapid acceleration of domestic demand. Subsequently, Colombia currently has one of the largest external deficits among emerging countries (close to 5.7% of GDP in 2021, according to *Banco de la República*). Secondly, the investment recovery has lagged in comparison to the consumption recovery, mainly due to the political and pandemic uncertainty. Finally, the labor market has not yet fully recovered, which may cause more social tensions for the upcoming government.

Furthermore, uncertainty is also driven by the upcoming elections in first half of 2022. Following the elections held in mid-March of 2022, Congress will continue to be fragmented during the 2022 to 2026 period, remaining a key counterweight for the next administration. Regardless of the profile and political leaning of the upcoming president, the administration will have to deal with pressures on the labor market, the pension system, the public finances, and the need of diversifying (and strengthening) the exports basket of the country.

According to the National Registry, in the congressional elections held in March 2022, the far-left party *Pacto Histórico*, led by presidential candidate Gustavo Petro, reached roughly 18% of votes, equivalent to 19 seats in the Senate. On the other hand, the Conservative party (right) reached 16 seats. Although it is too early to assume potential alliances, it seems very tough for any candidate to achieve more than 50% in Congress.

Beyond Congress, the threat of a potential populist government after the upcoming presidential elections (May 29, 2022, with a possible runoff on June 19, 2022) remains high. Gustavo Petro, who leads the voting polls (36.5% and 37.0% according to the latest surveys of CNC (*Centro Nacional de Consultoría*) and Yanhaas, respectively) would represent a threat to policy continuity given his heterodox proposals. The silver lining is that Mr. Petro has affirmed that he would not pursue a constitutional change, as he aims to enforce the current Constitution. We believe that his proposals would nevertheless have a strong effect on the economy over time, particularly through an impact on private investment.

Despite the electoral uncertainty, 2022 GDP is expected to grow 4.9% according to expectations surveys of *Banco de la República*, as the impulse of private consumption should remain as the economy reopens, while investments and exports would eventually catch up to the favorable external conditions.

[Content](#)

Chile

The Chilean GDP rebounded 11.7% in 2021 (compared to a 5.8% contraction in 2020) according to the Central Bank of Chile (BCCh by its Spanish initials), one of the biggest among region and emerging countries. The reopening process, measures to support households and companies and withdrawals from pension funds boosted growth during the last part of the year. As a result, the GDP is expected to grow around 8% in 2022 according to BCCh statistics, above pre-pandemic levels.

Chile's vaccination process, continues to evolve positively, leading the region in terms of vaccinated population and also one of the best performers at a global level. In fact, in January 2022, the government started the implementation of 4th vaccination doses. Nevertheless, inflation accelerated during the last half of 2021 and closed at 7.2% (in comparison to 2020) according to the National Statistics Institute (INE), while the policy rate stood at 4%. As a result of idiosyncratic factors, the CLP depreciated almost 20% in 2021, closing the year at CLP/USD 850 according to BCCh statistics.

On the political front, on December 19, 2021, the presidential election showed that leftist candidate Gabriel Boric was elected as the new Chilean president with 56% of the votes, while conservative candidate Jose Antonio Kast obtained 44%. Voter turnout stood at 56%, higher than the balloting in 2017 and from the first voting round in November 2021. In fact, according to the national election commission, the participation rate was even higher than the Plebiscite in 2019, beating even the most optimistic forecasts, but in line with a political event that was considered one of the most polarized, uncertain, and relevant political processes in Chile from the last decades. Mr. Boric became president in March 2022, and his term lasts until March 2026.

In addition, Congress election in November 2021 showed that, in the upper house, the right-wing coalition increased its participation from 44% to 50%, while in the lower chamber, it reduced its participation from 46% to 44%, according to the national election commission. However, the left-wing coalition now is even more fragmented than before. These results will be particularly relevant to reach the quorums needed to approve upcoming structural reforms.

The Constitutional Convention that was convened to draft a new constitution for Chile after the approval of a national plebiscite held in October 2020, has approved both some moderate articles and some articles that propose significant changes. Some of the most controversial articles approved include i) the creation of regional states that are politically, administratively and financially autonomous; ii) legal pluralism; and iii) jurisdictional responsibility. Other controversial articles that are still pending for approval include: i) changes in the political system, ii) nationalization of mining companies, and iii) changes in the water rights. A sluggish private investment, a lower long-term GDP growth and a persistent low business sentiment are the main risks that may arise from radical proposals approval. It is still too early to determine whether Chile will face a substantial or moderate shift in the rules. The referendum will take place in September 2022, and 44% of respondents are expected to vote in favor of the new constitution, 37% against, and 19% undecided, according to a CADEM (market research company) poll conducted on March 6, 2022.

[Content](#)

Panama

Panama was one of the Latin American countries hardest hit by the pandemic, due to the importance of the services sector, which represents more than 75% of GDP according to Focus Economics statistics, and its reliance on external demand. It models as a regional trade, logistics and financial hub, highly integrated into the world economy, which left it vulnerable to a severe global downturn. The prolonged social distancing measures also played an important role in making the 2020 recession an unprecedented one, where GDP contracted 17.9% according to the National Institute of Statistics and Census (INEC).

Compared to other countries where Credicorp operates, Panama's economic recovery has been weaker given the lack of fiscal space to adopt an expansionary fiscal policy and the absence of a central bank that executes its own monetary policy, as it is a dollarized economy. In that sense, although the GDP rebounded 15.3% in 2021 (according to the latest data available of INEC), which is considered one of the highest growth rates in the region, the GDP is still 5.4% below the same period of 2019. Growth in 2021 has been supported by the continued global economic recovery, big infrastructure projects and the first full year of copper production of *Minera Cobre Panamá*. This mining project has been the largest private investment project in Panama's history (US\$6.7 billion or 10.0% of 2019 GDP, according to the IMF) and will be part of the top 15 copper production mines in the world. Copper exports have more than doubled from US\$1.1 billion in 2020 to US\$2.8 billion in 2021 according to the INEC.

Panama faces important public debt sustainability issues and is part of the grey list of the Financial Action Task Force (FATF). Public debt as a percentage of GDP peaked in 2020 at 68% of GDP. As a result of this weakened fiscal position, Panama's credit rating has suffered downgrades. In November 2020, Standard & Poor's (S&P) reduced its credit rating to BBB with stable outlook and later, in August 2021, changed the outlook to negative. Additionally, in March 2021, Moody's also lowered its credit rating by one notch to Baa2. Lastly, in February 2020, Fitch changed its outlook to negative (BBB) and a year later, in February 2021 it downgraded its credit rating to BBB- with no upgrade of the outlook, which left Panama only one notch above investment grade. The outlook was changed from negative to stable in January 2022. As of December 2021, Panama's public debt of as represented 63% of its GDP, which is still higher than pre-pandemic levels.

For 2022, the Economic Commission for Latin America and the Caribbean (ECLAC) estimates that the economy will expand 7.3% and that it will have the highest growth rate in the region. Thus, according to the government, it is highly probable it will recover to pre-pandemic levels as activities keep returning to normality, the population is increasingly vaccinated, and copper production and large infrastructure projects continue.

As a result, significant changes to Bolivian, Colombian, Chilean and Panamanian political and economic conditions could have an adverse effect on our business, financial condition, and results of operations.

[Content](#)

Economic and market conditions in other countries may affect the Peruvian economy and the market price of Peruvian securities.

Economic conditions in other countries and developments in international financial markets can affect Peru's economic growth.

Peruvian trade responds significantly to fluctuations in metal prices, especially gold and copper. The trade balance closed in 2021 at a historical maximum of US\$14,752 million. Exports reached 28% of GDP, the highest since the 1950s. As of February 17, 2022, copper price registered US\$4.55 per pound, this is an increase of 63% since December 31, 2019, and 20% since December 31, 2020. It is worth to mention, that copper price stood at a minimum of US\$2.10 per pound during March 2020. As of December 2021, gold prices registered US\$1,829.2 per Troy ounce, decreasing 3.6% since December 31, 2020, but increasing 16.0% since December 31, 2019.

For further information, see "ITEM 3. KEY INFORMATION – 3.D Risk Factors – Economic and market conditions in other countries may affect the Peruvian economy and the market price of Peruvian securities."

In addition to changes in metal prices, Peru is also vulnerable to fluctuations in foreign demand, especially from China (33% of Peru's 2021 exports) and the United States (13% of Peru's 2021 exports), both Peru's main trade partners. Throughout 2018 and 2019, there were trade tensions between the United States and China. These tensions included the imposition of tariffs on both U.S. and Chinese products on several occasions, denunciations regarding currency manipulation and filing actions in the World Trade Organization, among others, which negatively affected the global demand. Additionally, a pronounced economic slowdown in China over the next few years poses a risk to Peruvian growth as it may impact exports and foreign direct investment. Furthermore, the COVID-19 outbreak adversely affected the global economy, including the economies of China and the United States, resulting in, among other things, decreased demand for goods and services and a negative impact on trade activity, which adversely affected Peru's economy.

Likewise, a reduction of growth in Latin America can also impact the Peruvian economy and our business, especially regarding Chile, Colombia, Bolivia and Panama, where we have operations. During the last quarter of 2019, neighboring countries like Chile, Ecuador and Bolivia faced social protests against government measures and political events. In 2020, riots happened in Colombia due social protest to the tight fiscal policy of the government during the pandemic. Also, in 2020, protests in Peru ended with the departure of President Merino, and the designation of Francisco Sagasti by Congress as President of Peru.

These protests in urban areas had a negative effect on economic activity and businesses in general. We cannot assure that Peru will not experience new events itself or experience any residual effects from events in neighboring countries, which may have a materially adverse effect on our business and result of operations.

[Content](#)

In 2020, despite the global importance of the United Kingdom (UK) leaving the European Union (Brexit), the effects on the Peruvian economy and Credicorp's businesses are estimated to be limited. Peruvian FOB exports to U.K. were 2.3% in 2021.

Furthermore, financial conditions in global markets also affect the Peruvian economy, affecting interest rates for local corporate bonds and influencing the exchange rate. Monetary policy tightening in developed economies, particularly by the FED in the United States, could adversely affect economic activity in Peru since it strengthens the US Dollar and increases interest rates, thereby reducing access to funding for some local businesses. The relative uncertainty associated with the reversal of monetary stimuli in advanced economies affects growth.

Also, since the Peruvian economy has loans denominated in US Dollars (23.0% of loans and 36.2% of deposits as of December 2021), which is referred to as financial dollarization, potential financial balance sheet position effects should be considered because a higher exchange rate could increase debt burdens for individuals and businesses that have taken loans in dollars but earn their income in local currency.

In conclusion, Peru is a small, open economy highly integrated with the rest of the world and is affected by movements in the external environment (growth of main trade partners, changes in commodity prices, and movements in external rates and global financial markets). As such, any major deterioration of the international economy can have a materially adverse effect on the Peruvian economy and markets, as well as on our businesses and results of operations.

Geopolitical tensions and conflict, including the conflict between Russia and Ukraine, could have economic effects that could have a negative impact on Peruvian economy.

We are subject to geopolitical risks, including economic sanctions, acts or threats of international or domestic terrorism, actions taken by governments in response thereto, state-sponsored cyberattacks or campaigns, civil unrest and/or military conflicts, which could adversely affect business and economic conditions abroad and in the markets in which we operate. For example, in early 2022, geopolitical tensions intensified as Russia invaded Ukraine and NATO backed Ukraine with various forms of support short of direct intervention. This geopolitical conflict, and related instability and international sanctions and other restrictions on transactions with Russia, is affecting international energy prices (crude oil and natural gas price) and agricultural goods (grains and fertilizers). Since the conflict began on February 24, 2022, international prices of crude oil, wheat and fertilizers have reached their highest prices in several years.

World inflation unleashed by the COVID-19 pandemic and its resulting major bottlenecks in the supply chain, which had already led to responses from the central banks of emerging economies, now may accelerate more quickly due to the shock in the supply of commodities as a consequence of the conflict. High global inflation together with the conflict may deteriorate (i) real income, (ii) aggregate demand, and (iii) economic growth expectations, which could lead to a contraction of vulnerable economies, including those that were heavily indebted after the economic shock resulting from the COVID-19 pandemic.

[Content](#)

Emerging nations with higher levels of poverty (such many Latin-American nations), in particular, may suffer greater impacts than other nations from rising prices of fertilizers and grains that will make agricultural products and basic needs more expensive, along with higher costs in the transportation of goods and public due to the higher price of oil. In this way, the worst transmission channel for emerging economies with high poverty rates may be a drop in real income due to higher inflation in 2022. High poverty levels, together with greater inequality, could translate into fewer economic opportunities for residents of emerging nations and could lead to risk of social risk factor, unrest to the extent that real wages continue to stagnate due to higher consumer prices.

In addition, in Peru, where we conduct most of our business, this conflict may have impacts on the economy despite Russia and Ukraine represent less than 2% of the World's GDP. The BCRP might be pressured to further raise its reference rate so that inflation expectations for 2023 do not become unanchored. These and other economic effects of this conflict and other geopolitical situations could have a negative impact on the Peruvian economy, specially it can impact on short-term private investment and the ability of borrowers to repay their obligations to the Group.

Legal and Regulatory Risks

Regulatory changes and adoption of new international guidelines to sectors in which we operate could impact our earnings and adversely affect our operating performance.

Because we are subject to regulation and supervision in Peru, Bolivia, Colombia, Chile, Cayman Islands, United States of America, and Panama, changes to the regulatory framework in any of these countries or changes in tax laws could adversely affect our business.

Financial Services Activities

We are, most directly, subject to extensive supervision and regulation through the SBS's Banking and Insurance System Law (*Ley General del Sistema Financiero y del Sistema de Seguros y Orgánica*) and the Regulation of the Consolidated Supervision of Financial and Mixed Conglomerates (*Reglamento para la Supervision Consolidada de los Conglomerados Financieros y Mixtos*).

The SBS and the BCRP supervise and regulate BCP Stand-alone and Mibanco's operations. Peru's constitution and the SBS's statutory charter grant the SBS the authority to oversee and control banks and other financial institutions, including private pension funds and insurance companies. The SBS and the BCRP have general administrative responsibilities over BCP Stand-alone and Mibanco, including defining capital and reserve requirements. In past years, the BCRP has, on numerous occasions, changed the deposit reserve requirements applicable to Peruvian commercial banks, as well as the rate of interest paid on deposit reserves and the amount of deposit reserves on which no interest is payable by the BCRP. Such changes in the supervision and regulation of BCP Stand-alone and Mibanco may adversely affect our results of operations and financial condition. See "ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview – (6) Supervision and Regulation – 6.2 Subsidiaries – 6.2.1 Peru". Furthermore, changes in regulation related to consumer protection made by these agencies may also affect our business. In March 2021, a new interest rate ceiling law was approved by Peru's congress, which grants the BCRP the power to set rates every six months, with the purpose of regulating the market for consumers, small consumer loans, small and medium enterprises (SMEs), and credit card loans. Additionally, the law also defines a new regulation on certain fee charges, which will be supervised by the SBS. Therefore, regulatory risks are a key factor due to their potential impact on Credicorp's businesses and financial condition.

[Content](#)

For further information about SBS Intervention please refer to “ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview – (6) Supervision and regulation – 6.2 Subsidiaries – 6.2.1 Peru (iii) Peruvian Commercial Banks Regulation - BCP Stand-alone and Mibanco”.

The Superintendencia of the Securities Market of Peru (*Superintendencia del Mercado de Valores* or SMV by its Spanish initials) also supervises certain of our subsidiaries such as BCP Consolidated, Credicorp Capital Sociedad Agente de Bolsa (Credicorp Capital Bolsa), Credicorp Capital Sociedad Administradora de Fondos (Credicorp Capital Fondos), Credicorp Capital Peru S.A.A. and Credicorp Capital Sociedad Titulizadora S.A. (Credicorp Capital Titulizadora).

Similarly, we are regulated by other governmental entities in other jurisdictions. In Colombia, we are subject to supervision and regulation through the Unit of Financial Regulation (*Unidad de Regulación Financiera* or URF by its Spanish Initials as regulation entity), the Financial Superintendence of Colombia (*Superintendencia Financiera de Colombia* or SFC by its Spanish initials) as supervision and regulation entity and the Colombian Stock Market Self-Regulator (*Autorregulador del Mercado de Valores de Colombia* or AMV by its Spanish initials). In Chile, we are subject to supervision and regulation through the Financial Markets Commission of Chile (*Comisión para el Mercado Financiero* or CMF by its Spanish initials). See “ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview – (6) Supervision and Regulation – 6.2 Subsidiaries – 6.2.4. Colombia and 6.2.5 Chile”.

BCP’s Miami agency is regulated, supervised, and examined by the Office of Financial Regulation of the State of Florida Department of Financial Services and by the Board of Governors of the FED. Our direct and indirect nonbanking subsidiaries doing business in the United States also are subject to the authority of relevant U.S. financial regulatory agencies depending on their U.S. activities.

[Content](#)

Further, Credicorp Capital LLC., our U.S. broker-dealer, is regulated, supervised, and examined by the U.S. Securities and Exchange Commission (SEC) and The Financial Industry Regulatory Authority, Inc. (FINRA). Additionally, Credicorp Capital Advisors LLC., our U.S. financial advisor, is also regulated by the SEC.

In the Cayman Islands, we are subject to the regulation of the Cayman Islands Companies Law for ASHC. Effective August 2, 2021, Atlantic Security Bank (Cayman Islands) and ASB Bank Corp. (Panama) merged, with the latter being the surviving entity. ASB Bank Corp. is supervised by its principal regulators, the Superintendence of Banks of Panama (*Superintendencia de Bancos de Panama* or SBP by its Spanish initials) and, with respect to activities relating to its securities investment business, the Superintendence of the Securities Market of the Republic of Panama. In Bolivia, we are subject to the supervision of the Bolivian Financial System Supervisory Authority (*Autoridad de Supervision del Sistema Financiero* or ASFI by its Spanish initials) and of the Bolivian Supervision and Control Authority of Pensions and Insurance (*Autoridad de Fiscalización y Control Social de Pensiones y Seguros* or APS by its Spanish initials).

Changes in the supervision and regulation of our subsidiaries in other countries may adversely affect our results of operations and financial condition.

Taxation

Changes in U.S. laws or regulations applicable to our business, such as the Foreign Account Tax Compliance Act (FATCA), as well as other international regulations such as the OECD's Common Reporting Standards (CRS), may have an adverse effect on our financial and operational performance, by significantly increasing our compliance obligations. Complying with these regulations has become increasingly challenging, especially in the context of the ongoing COVID-19 pandemic and related events that have had a profound impact on our organizations, by reshaping banking business in terms of digital transformation and customer relations.

For a discussion of Peruvian, Chilean, and Colombian tax regulation, see "ITEM 10. ADDITIONAL INFORMATION – 10.E Taxation".

For details on Income tax review by the Tax Authorities on the jurisdictions in which we operate, please refer to Note 19(a) and (d) of the consolidated financial statements. Also, for further information refer to "ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview – (6) Supervision and Regulation – 6.2 Subsidiaries".

Insurance

Our Property and Casualty (P&C) and Life insurance business is carried out by Pacifico Seguros, which is part of Grupo Pacifico. The insurance business is subject to regulation by the SBS. New legislation or regulations may adversely affect Grupo Pacifico's ability to underwrite and price risks accurately, which in turn would affect underwriting results and business profitability. Grupo Pacifico is unable to predict whether and to what extent new laws and regulations that may affect its business will be adopted in the future.

[Content](#)

Grupo Pacifico is also unable to predict the timing of the adoption of any new laws and the effects any such new laws or regulations may have on its operations, profitability and financial condition in future years. However, we still expect Peru to adopt new legislation in the coming years, similar to the measure enacted by the European Union through Solvency II, which sought to further reduce the insolvency risk faced by insurance companies by improving the regulation regarding the amount of capital that insurance companies in the European Union must hold.

Pension fund

In 2012, the Peruvian government passed a law to reform the Peruvian Private Pension System (PPS), which attempted to expand coverage for affiliates, encourage market competition, and decrease administration fees in the PPS.

In 2016, Peru's congress approved a reform that allows affiliates to withdraw up to 95.5% of their pension funds when they reach the retirement age (65 years) and unemployment early retirement age (50 and 55 years for women and men, respectively). This initiative may motivate affiliates that haven't reached the age of retirement to apply to an early retirement regime by altering their employment situation.

As such, as it pertains to affiliates close to retirement, the withdrawal of 95.5% of their funds could impact AFP's funds under management and the Prima's operations. Therefore, in 2019, to reinforce this reform and cushion the level of early withdrawals, the government approved new strict restrictions for this retirement alternative for those affiliates who qualify for early retirement. Although this can help to mitigate the risk that a massive number of affiliates request early withdrawals, and so reduce the impact of early retirement on funds under management, the risk of retirements of funds is still on the table.

In March and April 2020, in response to the COVID-19 crisis, the Peruvian government and congress took measures to provide liquidity to affiliates by allowing them to draw down their funds. These measures had an impact on funds under management and on income in the AFPs' system in 2020. In the case of Prima, total fund withdrawals amounted S/7.5 billion, representing 70% of the funds that were available for withdrawal. In November 2020, as the COVID-19 crisis continued, the Peruvian government and congress allowed a second withdraw of funds which reached 2.4 billion soles approximately. This withdrawal took effect between December 2020 and February 2021.

[Content](#)

In May 2021, the government and congress approved a new withdrawal of funds, the total amount withdrawn reached S/9.2 billion, representing 79% of the funds available for withdrawal. In August 2021, the Congress approved and published a Law that reduces from 55 to 50 the age to access early retirement for men.

See “ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview – (6) Supervision and Regulation – 6.2 Subsidiaries – 6.2.1 Peru”.

Credicorp, as a Bermuda exempted company, may be adversely affected by any change in Bermuda law or regulation.

Pursuant to the Economic Substance Act 2018 (as amended) of Bermuda (the ES Act), which came into force on January 1, 2019, a registered entity other than an entity which is resident for tax purposes in certain jurisdictions outside Bermuda (non-resident entity) that carries on as a business with any one or more of the “relevant activities” referred to in the ES Act must comply with economic substance requirements. The ES Act may require in-scope Bermuda entities which are engaged in such “relevant activities” to be directed and managed in Bermuda, have an adequate level of qualified employees in Bermuda, incur an adequate level of annual expenditure in Bermuda, maintain physical offices and premises in Bermuda or perform core income-generating activities in Bermuda. The list of “relevant activities” includes carrying on any one or more of: banking, insurance, fund management, financing, leasing, headquarters, shipping, distribution and service center, intellectual property and holding entities.

Based on the current guidance issued pursuant to the ES Act, the Bermuda Registrar of Companies will consider that relevant activities are being carried on as a business by an entity, and that such entity is therefore in scope of the ES Act, whether or not the entity earns any gross revenue in respect of such activity during the relevant financial period. Both Credicorp Ltd. and Credicorp Capital Ltd. are Bermuda exempted companies; thus, the ES Act will apply to them; both companies are considered “Pure Equity Holding” entities. All entities undertaking relevant activities, which includes all holding entities (i.e., pure equity holding entities), must file annually with the Registrar of Companies an Economic Substance Declaration (ESD), providing information in relation to the previous financial year (relevant financial period). The ESD will require the disclosure of certain key information applicable to an analysis of economic substance requirements. Pure equity holding entities are currently subject to reduced economic substance requirements, including the requirement to have adequate people for holding and managing equity participations, and adequate premises in Bermuda. An entity conducting the relevant activity of having a headquarters in Bermuda which generates gross revenue is required to satisfy the requirements under the ES Act in respect of that activity for that relevant financial period. However, an entity that earns no gross revenue in respect of such activity in any relevant financial period will not be required to satisfy the requirements under the ES Act in respect of that activity for that relevant financial period.

[Content](#)

The Registrar of Companies is responsible for monitoring and enforcing the economic substance regime. The legislation provides for civil penalties, subject to rights of appeal, up to US\$250,000 to be applied in relation to non-compliance with the applicable economic substance requirements. If, after the civil penalties have been exhausted, an entity continues its failure to comply, the Registrar of Companies may apply to the Supreme Court of Bermuda for an order in such terms as it thinks fit. This may include an order to strike the entity off the Register of Companies. There is also an offence created of knowingly providing false declaration information to the Registrar of Companies, with penalties up to US\$10,000 or imprisonment for two years, or both.

Other offshore jurisdictions released similar legislations that affect some of our offshore entities – ASHC in the Cayman Islands — imposing similar requirements and penalties.

The announcement and implementation of the discontinuance of the London Interbank Offered Rate (LIBOR) has led to uncertainty for financial institutions and may result in differences in the calculation of the applicable interest rate or payment amount depending on the terms of the governing instruments and increase operational and other risks to us and other industry participants.

The U.K. Financial Conduct Authority (FCA), which regulates LIBOR, announced in July 2017 that it would no longer require banks to submit rates for LIBOR beyond 2021. Following a consultation process, on March 5, 2021, ICE Benchmark Administration Limited (IBA) announced that it would cease publication of most LIBOR settings on December 31, 2021, with the exception of U.S. dollar LIBOR setting for overnight and 1-, 3-, 6- and 12-month periods, which will continue to be published until June 30, 2023. The FCA has advised IBA that it has no intention of requiring it to publish any LIBOR settings beyond the cessation dates for such settings. The announcement that LIBOR would be discontinued led to uncertainty for financial institutions around the world, since LIBOR was referenced in hundreds of trillions of dollars of global transactions in a broad range of financial products. The discontinuance of LIBOR may also result in differences in the calculation of the applicable interest rate or payment amount depending on the terms of the governing instruments and increase operational and other risks to us and other industry participants.

Regulators and market participants in various jurisdictions have been working to identify alternative reference rates that are compliant with the standards of the International Organization of Securities Commissions (IOSCO). In the United States, the Alternative Reference Rates Committee (the ARRC), a group of market participants organized by the FED and the Federal Reserve Bank of New York, has recommended the Secured Overnight Financing Rate (SOFR) as its preferred the alternative benchmark rate for US dollar LIBOR. U.S. federal bank regulatory agencies have also issued guidance on planning for and implementing a successful transition from LIBOR to SOFR.

Since the first half of 2018, Credicorp has had a multidisciplinary group working to define and execute a transition plan away from LIBOR and into SOFR and other alternative reference rates. This group has Credicorp's CFO and BCP's Head of the Treasury Division as senior sponsors. The group has measured exposure and risks of the transition in terms of products, clients, funding, contracts, and infrastructure, among others. For each exposure, we have established an individual plan aligned, as far as possible, to the recommendations published by the ARRC and we are starting to execute them.

[Content](#)

We consider Credicorp's net exposure to LIBOR to be non-material, as it represents approximately 1.04% of our assets and 1.15% of our liabilities, as of December 31, 2021.

During the transition, infrastructure and contracts have been the biggest challenges, as well as the continuous changes in the market. In 2021, we worked on various fronts, such as improving data and systems, which allows an easier transition, defining and applying fallback language, which has been put in place for most contracts where we assume a liability and for new client loans originated at BCP, and keeping all the related teams updated, in order to offer the most accurate information to our clients.

In addition, in November 2021, the SBS recommended that supervised institutions not offer new contracts using LIBOR as a reference rate and that they instead use robust market-standard alternative rates. In light of these developments, we decided to follow the SBS's recommendation, and have stopped offering products indexed to LIBOR and started using SOFR as main alternative reference rate since January 2022. Nevertheless, there can be no assurance on which benchmark rate(s) will ultimately gain acceptance as LIBOR replacements or how LIBOR may be determined for purpose of financial instruments that are currently referencing LIBOR, and we continue to monitor our exposure, along with any new risks that may emerge in connection with new developments and the release of information.

It may be difficult to serve process on or enforce judgments against us or our principals residing outside of the United States.

A significant majority of our Directors and officers live outside the United States (principally in Peru). Most of our assets and those of our principal subsidiaries are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon us or our principals to initiate a civil suit under the United States securities laws in United States courts. We have also been advised by our Peruvian counsel that liability under the United States federal securities laws may not be enforceable in original actions in Peruvian courts. In addition, judgments of United States courts obtained in actions under the United States federal securities laws may not be enforceable. Similarly, our Bermuda counsel have advised us that courts in Bermuda may not enforce judgments obtained in other jurisdictions, or entertain actions in Bermuda, against us or our Directors or officers under the securities laws of those jurisdictions.

In addition, our Bye-laws contain a broad waiver by our shareholders of any claim or right of action, both individually and on our behalf, against any of our officers or Directors. This waiver limits the rights of shareholders to assert claims against our officers and Directors for any action taken by an officer or Director. It also limits the rights of shareholders to assert claims against officers for the failure of an officer or Director to take any action in the performance of his or her duties, except with respect to any matter involving willful negligence, willful default, fraud, or dishonesty on the part of the officer or Director.

[Content](#)

Industry and Market Risks

We operate in a competitive environment that may limit our potential to grow, may put pressure on our margins and reduce our profitability.

BCP Stand-alone and Mibanco have experienced increased competition, including increased pressure on margins. This is primarily a result of the following:

- Highly liquid foreign-owned commercial banks and microfinance institutions in the market;
- Local and foreign financial services, wealth management and capital markets institutions, with substantial capital, technology, and marketing resources; and
- Local pension funds that lend to BCP Stand-alone's corporate customers through securities issuances.

Larger Peruvian companies have gained access to new sources of capital through the local and international capital markets, and BCP Stand-alone's existing and new competitors, including non-banking institutions such as fintech companies, have increasingly made inroads into the higher margin, middle market, and retail banking sectors. Such increased competition has affected BCP Stand-alone's loan growth as well as reduced the average interest rates that BCP Stand-alone can charge to its customers.

Competitors may also dedicate greater resources to, and be more successful in, the development of technologically advanced products and services that may compete directly with BCP Stand-alone's and Mibanco products and services. Such competition would adversely affect the acceptance of BCP Stand-alone's and Mibanco products and/or lead to adverse changes in the spending and saving habits of BCP Stand-alone's and Mibanco customer base. If competing entities are successful in developing products and services that are more effective or less costly than the products and services developed by BCP Stand-alone and Mibanco, BCP Stand-alone's and Mibanco products and services may be unable to compete successfully. BCP Stand-alone and Mibanco may not be able to maintain its market share if they are not able to match its competitors' loan pricing or keep pace with their development of new products and services. Even if its products and services prove to be more effective than those developed by other entities, such other entities may be more successful in marketing their products and services than BCP Stand-alone and Mibanco because of their greater financial resources, higher sales and marketing capacity or other similar factors.

[Content](#)

We also face increasingly competition from non-banking competitors in some of our products and services. These financial competitors have emerged over the last years, in line with the higher role of digitalization, which include fintech and startups companies and other technological companies that may affect adversely our results. Some of these competitors operate with a differentiated or reduced level of regulation in comparison to regular banking supervision, as of for BCP Stand-alone and Mibanco. Therefore, these non-banking competitors are not subject to the same specific solvency or liquidity requirements as banks.

As a result of Peru's better economic growth, some international banks and microfinance institutions have sought and obtained authorization to open representative offices in Peru. With the increased competition, more individuals will have access to credit, and the percentage of the population using banking services will likely climb. This also will eventually put downward pressure on interest rates. Any negative impact on BCP Stand-alone and Mibanco as a result of increased competition could have a material adverse effect on our results of operations and financial condition. For further detail about the competitive market in our LoB's, see "ITEM 4. INFORMATION ON THE COMPANY – 4.B. Business Overview – (5) Competition".

Our business and results of operations could continue to be negatively impacted by the COVID-19 outbreak or other public health crises beyond our control.

A more recent event that implies risks for the Peruvian economy and our result of operations is the ongoing outbreak of the COVID-19 pandemic, which was first reported in Wuhan, China, on December 31, 2019. On January 30, 2020, the World Health Organization (WHO) declared COVID-19 a public health emergency of international concern and on March 11, 2020, declared the pandemic outbreak. Due to the nature of the outbreak, strong measures to mitigate the COVID-19 contagion were taken by governments all around the world, which included closed international borders, severe mobility restrictions (quarantines) and forced economic shutdowns. As a result, global GDP contracted severely in 2020 (lowest since the Great Depression of 1929), which affected Peru's main trade partners. Moreover, Peru's exports prices were also affected due to lower global demand.

As a result of COVID-19, the economies in which Credicorp operates (mainly Peru, Bolivia, Colombia, Chile and Panama) were severely disrupted by two factors: (i) the effect on the global economy (lower economic growth of our main trade partners like China and the U.S.) , as well as lower commodity prices and (ii) the local effect of government measures to stop the COVID-19 outbreak such as quarantines, economic shutdowns, greater fiscal expenditure, higher public debt, and expansionary monetary policy. This pandemic circle that forced lockdowns in the economy with the fall of GDP during 2020, and the increase of public debt to afford COVID-19 programs resulted in a higher Debt-to-GDP rate for almost all countries, that together with the higher fiscal deficit and a very expansionary monetary policy worldwide have resulted in a high inflation not seen since the 80's all across the world.

[Content](#)

These factors significantly impacted macroeconomic variables in the countries where we operate, which might adversely affect our results. As a consequence, some of the main economic indicators affected include exchange rates, interest rates, credit spreads, commodity prices, GDP and sovereign government debt.

After the economy fell 11% in 2020, the economy rebounded 13.3% in 2021. In addition to the reopening of the economy and the progress in the vaccinations process, also contributed to the rebound a high copper price of US\$4.23 in 2021, which implied an increase of 51% compared to the average price of 2020; as well as expansionary monetary and fiscal policies.

In 2021, inflation has become a worldwide issue. The annual inflation rate in Peru closed 2021 at 6.4% year-over-year (YoY), the highest increase in 13 years, and exceeded the upper limit of the BCRP's target range (1%-3%). The acceleration of inflation was mainly explained by food and energy in response to factors such as higher international prices for oil and agricultural products, as well as the 11% depreciation in 2021.

In a context of high inflation, central banks, with the aim of anchoring inflation expectations, have in some cases aggressively increased their reference rates. In 2022, rates increased by 300 bps in Chile, 200 bps in Colombia and 200 bps in Peru. In Peru, the Central Bank raised the reference rate to 4.50% in April 2022, the highest since October 2017 (+425 bps since the upward cycle began in August 21).

Furthermore, any actions taken by governmental authorities and other third parties in response to the pandemic may negatively impact our business, results of operations and financial condition. Government measures are constantly evolving, and future measures are uncertain and hardly predictable. Any decision by the government, such as changes to the monetary, trade and fiscal policies, among other measures, are also expected to affect our results of operations.

For further detail, see "ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS – 5.A Operating Results – (2) Political and Macroeconomic Environment"

Likewise, the effect of the COVID-19 pandemic may adversely affect the credit risk of Credicorp's investment portfolio and wholesale loan portfolio, including reduced business volumes, temporary closures, and insufficient liquidity, which may have a higher impact on clients engaging in certain economic activities. Our business and results of operations were less affected during 2021 than in 2020 given that many businesses reopened, despite the second wave of COVID-19.

The impact of the COVID-19 pandemic negatively affected the credit risk of some sectors of the portfolio, such as tourism, restaurants, and real estate, among others. Likewise, in 2021 the Peruvian State provided the facility to reschedule with an additional year of grace period the debt of the Peru Reactive Program to customers who showed a greater drop in sales at the end of 2020, in order to support them in their economic recovery.

[Content](#)

The impact of the COVID-19 pandemic may adversely affect the credit risk of Credicorp's retail and microfinance loan portfolio, due to its effect in small and medium enterprise (SME) and individual clients. SME clients may be adversely impacted in case mobility restrictions or lockdown periods be imposed to mitigate potential new waves and/or significant variants of the virus, resulting inability to perform operations and generate cash flows. SMEs may also face a period of reduced level of operations because of the restrictions that may be imposed on the reopening of different economic sectors, restrictions such as restricted opening hours or reduced capacity. Individuals may be adversely impacted by an increase of the unemployment rate and the reduction of business operations. In this scenario, Credicorp expects an adverse effect on the credit quality of its loan portfolio and an increase of the cost of risk.

Consequently, the emergence of futures waves of COVID-19 cases could have a negative impact on our financial results. Considering these potential effects, BCP Stand-alone has segmented its Retail Banking Group (RBG) portfolio into risk levels based on credit scores and ratings, both of which adjusted to recognize the potential exposure to COVID-19 in their modeling, aiming to achieve a more accurate assessment and management of risk. Following this segmentation, the High Risk Viable and High Risk Not Viable segments would be the most vulnerable to the economic conditions previously described. The High-Risk Viable segment consists of customers with a probability of default greater than 20% in SMEs, greater than 32% in Individuals and internal rating worse than CC (rating with probability of default greater than 13%), in Medium-size companies. The High Risk Not Viable segment mainly consists of customers in default, for whom recoverability would be adversely impacted.

Additionally, our insurance business may be impacted negatively given the possible increase in the level of claims, mainly in the life and health segment.

Regarding our pension fund business, possible government measures or pension reforms may lead to higher demand for early redemptions from clients, which could impact our revenues through a reduction in the management fees.

Prolonged economic stress and market disruptions may generate pressure on our liquidity management and increased volatility in financial markets, such as disruption in fixed and equity income global markets (resulting in the fall of stock prices, including the price of Credicorp). Moreover, the increase in liquidity risk may result in limited and/or costly access to financing sources, inability to access capital markets, an increase in draws of outstanding credit lines and a change in the expected level of cash inflow as consequence of large-scale loan reprogramming.

In terms of non-financial risks, given the high rate of contagion of the disease, a significant number of our employees may acquire the virus, which may affect our ability to continue operating. Additionally, due to prolonged lockdowns, some of our critical suppliers may stop providing us with certain key services for business continuity. Finally, since we have adopted a remote work approach, we may be exposed to a greater risk of cybersecurity threats because many of our employees now connect to the Group's systems from outside our controlled technological environments, as well as increased periods of service unavailability and network congestions.

[Content](#)

The full extent of the effect on Credicorp's operating and financial results is still difficult to predict due to the uncertainty about the duration and concentration of the outbreak, but the COVID-19 pandemic, or any other health crisis beyond our control, could have a material adverse effect on our business, financial condition, and results of operations. For further detail, see "ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS – 5.A Operating Results – (2) Political and Macroeconomic Environment – COVID-19 Measures."

Our financial statements, particularly our interest-earning assets and interest-bearing liabilities, could be exposed to fluctuations in interest rates, foreign currency exchange rates and exchange controls, which may adversely affect our financial condition and results of operations.

Since January 1, 2014, the functional currency of our financial statements has been the Sol; however, Group's subsidiaries generate revenues in Soles, US Dollars, Bolivian Bolivianos, Colombian Pesos, and Chilean Pesos. As a consequence, the fluctuation of our functional currency against other currencies, or any exchange controls implemented in the countries in which we operate, could have an adverse impact on our financial condition and results of operations.

Except in specific circumstances, the Peruvian government generally does not impose restrictions on companies' ability to transfer Soles, US Dollars, or other currencies from Peru to other countries, to convert Peruvian currency into other currencies. Nevertheless, Peru has implemented restrictive exchange controls in its history, and the Peruvian government might, in the future, consider it necessary to implement restrictions on such transfers, payments or conversions. For further information, see "ITEM 10. ADDITIONAL INFORMATION – 10.D Exchange Controls".

The interest income we earn on our interest-earning assets, and the interest expense we pay on our interest-bearing liabilities, could be affected by changes in domestic and international market interest rates, which are sensitive to many factors beyond our control, including monetary policies and domestic and international economic and political conditions.

We have implemented several policies to manage the interest rate risk exposure and seek proactively to update the interest rate risk profile to minimize losses and optimize net revenues; however, a sudden and/or significant volatility in market interest rates could have a material adverse effect on our financial condition and results of operations. For further information, see "ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT RISK MANAGEMENT – (12) Sensitivity to Changes in Interest Rates."

[Content](#)

We also face foreign exchange risk on credit that we extend through our banking business, which is primarily conducted through BCP Stand-alone. To address this risk, BCP Stand-alone identifies borrowers that may not meet their debt obligations due to currency mismatches, by performing a sensitivity analysis of the credit rating of companies and the debt-service capacity of individuals. Then, we classify borrowers according to their level of foreign exchange credit risk exposure. We monitor these clients, and, on an ongoing basis, we revise our risk policies for underwriting loans and managing our portfolio of foreign currency denominated loans. However, these policies may not sufficiently address our foreign exchange risk, resulting in adverse effects on our financial condition and results of operations.

We have taken steps to manage the gap between our foreign currency-denominated assets and liabilities in several ways, including closely matching their volumes and maturities. Nevertheless, a sudden and significant depreciation of the Sol could have a material adverse effect on our financial condition and results of operations. For further information, see "ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT RISK MANAGEMENT – (13) Foreign Currency Exchange Rate Risk".

Our trading activities expose us to volatility in market prices, declines in market liquidity or fluctuations in foreign currency exchange rates, which may result in losses that could have a material adverse effect on our business, financial condition, and results of operations.

The securities and derivative financial instruments in our trading portfolio may cause us to record gains or losses, when sold or marked to market, and may fluctuate considerably from period to period due to numerous factors that are beyond our control, including foreign currency exchange rates, interest rate levels, the credit risk of our counterparties and general market volatility. These losses from trading activities could have a material adverse effect on our business, financial condition, and results of operations.

As risk is inherent in the Group's trading activities, we have implemented a risk management process of ongoing identification, measurement, and monitoring, subject to risk limits and other controls. This process is critical to the Group's continuing profitability.

Business Performance Risks

A deterioration in the quality of our loan portfolio may adversely affect our results of operations.

Given that a significant percentage of our income is related to lending activities, a significant deterioration of loan quality would have a material adverse effect on our business, financial condition, and results of operations. We are subject to concentration default risks in our loan portfolio. Problems with one or more of our largest borrowers may adversely affect our financial condition and results of operations. While loan portfolio risk associated with lending to certain economic sectors or clients in certain market segments can be mitigated through adequate diversification, our pursuit of opportunities in which we can charge higher interest rates, and thereby increase revenue may have an impact in the profile of loan portfolio and exposure at risk.

[Content](#)

In addition, loan concentration in commercial sectors is particularly salient in Peru and significant deterioration in such sectors may have a material adverse effect on our business, financial condition, and results of operations. For additional detail on the composition of our loan portfolio see “ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview – (7) Selected Statistical Information – 7.3 Loan portfolio and – 7.3.3 Concentrations of loan portfolio and lending limits”. Our current strategy includes increasing our exposure to market segments with heightened credit risk, including middle-market and consumer segments, such as unsecured small companies and consumer loans and consumer mortgages, which have higher risk profiles as compared to loans to large corporate customers. Given the changing composition of our loan portfolio and the possible adverse changes in the environment in which we operate, our future results may differ significantly from our past results.

Finally, the Group relies heavily in the use of models all throughout the credit management process (prospection, underwriting, monitoring, and collection). This requires a comprehensive governance framework seeking excellent standards in the quality and stability of these models. Those standards mitigate the impact that severe or unexpected changes in the macro and micro economic environment could have in the risk quality of our portfolio, especially in the consumer and SME segments.

Accurate underwriting and setting of premiums are important risk management tools for primary insurance companies, including Grupo Pacifico. But we face the risks that the estimates underlying our underwriting and premiums may be inaccurate.

Grupo Pacifico’s operating performance and financial condition depend on its ability to underwrite and set premium rates accurately across a full spectrum of risks. In order to be profitable, Grupo Pacifico must generate sufficient premiums to offset losses, loss adjustment expenses and underwriting expenses.

To price premium rates accurately, Grupo Pacifico must:

- Collect and analyze a substantial volume of data;
- Provide sufficient resources to its technical units;
- Develop, test, and apply appropriate rating formula;
- Closely monitor changes in trends in a timely fashion; and
- Predict both severity and frequency with reasonable accuracy.

If Grupo Pacifico fails to assess the risks that it assumes accurately or does not accurately estimate its retention, it may fail to establish adequate premium rates. Failure to establish adequate premium rates could reduce income and have a material adverse effect on our operating results or financial condition. Moreover, there is inherent uncertainty in the process of establishing life insurance reserves and P&C loss reserves. Reserves are estimates based on actuarial and statistical projections at a given point in time of what Grupo Pacifico ultimately expects to pay out on claims and the related costs of adjusting those claims, based on the facts and circumstances then known. Factors affecting these projections include, among others: (i) in the case of life insurance reserves, changes in mortality /longevity rates, interest rates, persistency rates and regulation; and (ii) in the case of P&C loss reserves, morbidity, changes in medical costs, repair costs and regulation. Any negative effect on Grupo Pacifico could have a material adverse effect on our results of operations and financial condition.

[Content](#)

Reinsurance is an important tool in risk management of any primary insurance company and as such, it allows achieving a level of risk diversification that in turns helps to reduce losses. But we face the possibility that the reinsurance companies will be unable to honor their contractual obligations.

Credicorp assumes reinsurance risk in the normal course of business for our insurance contracts when applicable. Premiums and claims on assumed reinsurance are recognized as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, considering the product classification of the reinsured business.

While Credicorp's internal requirements in regard to reinsurer counterparty credit risk are higher than local regulatory requirements, as set by Grupo Pacifico's risk management unit and approved by the Risk Committee, a failure by one or more of our counter-party reinsurance companies to honor their contractual obligations could have a material adverse effect on our financial condition and results of operations.

Risks not contemplated in our insurance policies may affect our results of operations.

We maintain insurance in amounts that we believe to be adequate to cover risks related to our operations, including, among others, internal and external fraud, computer crime, professional liability for services we provide, Directors and officers liability and general liability against general claims involving bodily injuries and property damage. However, it is possible that the terms and conditions of the insurance policies we have will not cover a specific event or incident, or that our insurance will cover only part of the losses that we may incur. The insurance policies of Credicorp and its subsidiaries are contracted with Grupo Pacifico. Grupo Pacifico reinsures the policies in the cases it deems pertinent due to the materiality of the risk.

The adoption of the IFRS 17 norm may impact our results of operations.

IFRS 17 will imply fundamental changes in the recognition, measurement, presentation and disclosure of information on insurance and reinsurance contracts, as well as in their related processes. Insurance contracts combine financial and service characteristics and, in many cases, generate long-term variable cash flows. To properly reflect these characteristics, IFRS 17 combines the measurement of future cash flows with the results of the insurance contract during the period in which the service is provided and requires the presentation of the financial results of the provisions for the service. This allows Companies, through the choice of an accounting policy option, to recognize such financial results in the income statement or in other financial results. IFRS 17 norms will be effective as of January 1, 2023.

[Content](#)

Under strict governance and participation of the units involved in the processes involved, the Group has been making adjustments to its processes, architecture, controls and corporate governance in order to implement the standard, as well as to have the necessary financial and management reports.

In this process, the Group made the decision to use the computer platform of Fidelity National Information Services – FIS, a provider specialized in insurance business worldwide, and has been supported in its implementation by firms such as Deloitte and Management Solutions, both based in Spain. The implementation includes extensive tests performed regarding the accounting of insurance contracts under IFRS 17. In parallel, the progress of the work has been presented to external auditors.

IFRS 17 is expected to have the following impacts depending on the type of risk in which the Group operates:

- P&C businesses Risks: The Group expects a reduction in insurance liabilities due to reserves discount, which is expected to be low given the current interest rate environment as well as the nature of this risk in terms of the reserve duration.
- Life businesses Risks: The Group considers that there will be an increase in insurance liabilities related to the interest rates effect and to the constitution of an explicit future profit margin known as the contractual service margin. The variation in reserves, as a result of discounting liabilities for reserves, will result in a decrease in equity.

At this time, the execution of the implementation schedule is within the established deadlines and the estimated effects on equity, attributable to higher liabilities for reserves requirements, is expected to be assessed by the third quarter of 2022. Management constantly evaluates the impacts on the presentation and disclosure in the Group's Financial Statements related to insurance operations and considers that the recording of the effect of the implementation of the standard will not have a material impact on the Group's regulatory capital needs.

Acquisitions and strategic partnerships may not perform as expected, which could have an adverse effect on our business, financial condition, and results of operations.

Acquisitions and strategic partnerships, including those made in our investment banking and wealth management; insurance; and microfinance businesses, may not perform as expected since our assessment could be based on assumptions with respect to operations, profitability and other matters that may subsequently prove to be incorrect. Future acquisitions, investments and alliances may not produce the anticipated synergies or perform in accordance with our expectations, which could have an adverse effect on our business, financial condition, and results of operation.

[Content](#)

For example, in 2020, the Group recorded a gross impairment loss totaling S/64.0 million equivalent to US\$17.7 million and 68,134 million Colombian Pesos (COP) for its investment in Mibanco Colombia (formerly Bancopartir) as a result of its assessment of the recoverable amount. In this assessment, the fair value of Mibanco Colombia was estimated to be 366,691 million COP, equivalent to US\$95.7 million and S/346.5 million, in comparison to its book value of 434,825 million COP, equivalent to US\$113.4 million and S/410.6 million. During 2021, the group has not recorded a gross impairment loss. For further detail, please see Note 11(b) (Intangible Assets and Goodwill) to the consolidated financial statements.

Credicorp's increasing investments in digital transformation and disruptive initiatives may fail to achieve the ambitions, efficiencies and other performance improvements that it is pursuing.

As part of its transformation strategy, Credicorp is increasing investments in developing capabilities such as, IT, data analytics or cybersecurity. The Company is attracting digital talent, evolving its agile culture to maximize client's experience, and strengthening its self-disruptive mindset. Moreover, Credicorp is increasing its investments in innovation and disruptive initiatives. The Company may fail to achieve ambitions related to acquisition of clients, income generation, efficiency and other performance improvements described in "ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview – (1) Credicorp Overview".

Credicorp continues to invest in its technology and digital capabilities across its franchises, including digital platforms and cloud-based solutions. Credicorp has also been pursuing productivity and operational performance improvements through evolving its diverse business models. For example, in microfinance, Mibanco has leveraged data and analytics to develop centralized credit assessment capabilities and generate loan offers to current clients; and has leveraged alternative channels to increase loan disbursements. In addition, Credicorp has been making other investments in new ventures within its LoBs such as Yape, and through its corporate venture capital center Krealo, which is investing in startup fintech such as Tempo, Tyba, Culqi and Wally.

Failure to properly invest in Credicorp's digital and innovation strategy could result in an inability to be sufficiently competitive or provide superior customer experience. There is no guarantee that these or other initiatives at Credicorp will achieve the ambitions, efficiencies, profitability or other performance improvements that the Company is pursuing or have any benefits at all.

Furthermore, Credicorp's digital investments involve execution complexity, and could result in additional losses, charges or other negative financial impacts. For example, Credicorp may not be able to achieve its objectives related to monetization of disruptive initiatives.

[Content](#)

Credicorp's digital investment and other initiatives may continue to evolve as its business strategies, the market environment and regulatory expectations change, which could make the initiatives more costly and more challenging to implement and limit their effectiveness. Moreover, Credicorp's ability to achieve expected returns on its investments and costs savings depends partially on factors that it cannot control, including, among others, interest rates; inflation; impacts related to the pandemic; customer, client and competitor actions; and ongoing regulatory changes.

Our ability to pay dividends to shareholders and to pay corporate expenses may be adversely affected by the ability of our subsidiaries to pay dividends to us.

As a holding company, our ability to make dividend payments, if any, and to pay corporate expenses will depend upon the receipt of dividends and other distributions from our operating subsidiaries. Our principal operating subsidiaries are BCP Stand-alone, BCP Bolivia, Mibanco, Grupo Pacifico, ASB Bank Corp, Prima AFP and Credicorp Capital. Subject to certain minimum liquidity, reserve, and capital adequacy requirements under applicable regulations, we are able to cause our subsidiaries to declare dividends. If our subsidiaries do not have funds available, or are otherwise restricted from paying us dividends, we may be limited in our ability to pay dividends to shareholders. Currently, apart from the minimum capital requirements, there are no restrictions on the ability of BCP Stand-alone, BCP Bolivia, Mibanco, Grupo Pacifico, ASB Bank Corp., Prima AFP or Credicorp Capital to pay dividends abroad. In addition, our right to participate in the distribution of assets of any subsidiary, upon any subsidiary's liquidation or reorganization (and thus the ability of holders of our securities to benefit indirectly from such distribution), is subject to the prior claims of creditors of that subsidiary, except where we are considered an unsubordinated creditor of the subsidiary. Accordingly, our securities will effectively be subordinated to all existing and future liabilities of our subsidiaries, and holders of our securities should look only to our assets for payments. Further, to mitigate the financial effects of the COVID-19 outbreak and ensure a strong capital base, Credicorp may reduce the dividends declared by its subsidiaries, which may affect Credicorp's ability to declare dividends to its shareholders.

Since our main Peruvian subsidiaries pay dividends considering the accumulated results shown in the financial statements prepared under GAAP in Peru applicable to financial entities, it is necessary to consider that there could be differences between Peruvian GAAP and IFRS. The main difference between these is concentrated in the application of IFRS 9, for both the methodology used to determine the provision for credit losses in loan portfolio and for the determination of financial income for loans. For 2021, the application of IFRS9 resulted in provision reversal for credit losses in the loan portfolio being S/644.8 million and a net higher interest income of S/144.7 million. The effects of these differences, net of income tax, resulted in net profit being S/556.4 million higher under IFRS than under Peruvian GAAP.

Finally, the value of any dividend paid by our operating subsidiaries that declare dividends in a currency different from Credicorp's dividends (such as ASB Bank Corp., BCP Bolivia, Credicorp Capital Holding Chile, and Credicorp Capital Holding Colombia) is subject to the impact of the depreciation of the dividend's currency against Credicorp's functional currency. This would have a negative impact on our ability to pay dividends to shareholders. For further details about Credicorp's Dividend Policy refer to "ITEM 8. FINANCIAL INFORMATION – 8.A Consolidated Statements and Other Financial Information – (3) Dividend Policy".

[Content](#)

Operational Risks

A failure in, or breach of, our operational or security systems, fraud by employees or outsiders, other operational errors, and the failure of our system of internal controls to discover and rectify such matters could temporarily interrupt our businesses, increasing our costs and causing losses.

Like most companies, we are increasingly dependent on information technology (IT) systems, particularly due to our remote work policy. The use of IT brings risks such as availability & continuity risk, change risk, data integrity risk, outsourcing risk, and cybersecurity risk. These risks can be triggered by people, technology, or process failures or by malicious internal or external actors. While we constantly strive to provide more and better functionality to our customers by expanding our mobile and internet-based products and services, at the same time we increase our footprint and visibility, and thus our exposure to these risks.

Ensuring the availability and continuity of our systems becomes a challenge due to the complexity and variety of services offered; the risk of change is added to this, and despite the controls and contingency plans that we have in place, an error in the process or incident in our infrastructure would directly affect our systems. We have third-party services that also store, transmit and process our confidential information and that of our clients, which constitutes the outsourcing risk. In addition, we have seen an increase in recent years of cyberattacks not only against financial institutions but also their providers worldwide and these cyberattacks are increasingly sophisticated; using new techniques and tools; and exploiting unidentified vulnerabilities.

To face these risks, we implement security technologies and improvements in the monitoring and control processes to protect the integrity and confidentiality of our data, as well as the strengthening incident response management and our cybersecurity awareness program. However, we cannot assure that our system of internal controls will be entirely effective. These cyberattacks could cause a significant loss of customer data or confidential information, in addition to large costs to resolve the incident, loss of revenue, loss of customers, legal risks which would directly affect our business and operation.

Our anti-money laundering and counter-terrorist financing measures might not prevent third parties from using us as a conduit for such activities and could damage our reputation or expose us to fines, sanctions or legal enforcement, which could have a material adverse effect on our business, financial condition, and results of operation.

[Content](#)

As financial institutions, our subsidiaries are subject to comply with significant anti-money laundering and counter-terrorist financing laws, regulations, as well as the international standards and recommendations such as the ones provided by the Financial Action Task Force (FATF) and from local directives. Aligned with these principles, our group has developed a comprehensive risk-based approach strategy to implement an Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) Program, preventing third parties from channeling illicit funds through Credicorp. Nonetheless, the COVID-19 pandemic and new digital businesses has forced financial institutions and regulators across the globe to rethink operations and adapt to an entirely new environment.

Key regulators have encouraged financial institutions to be flexible with certain aspects of their AML/CTF requirements, such as client onboarding and customer due diligence, but at the same time, they are requiring financial institutions to maintain control and compliance. At Credicorp, our financial institutions have continued to face many of the pre-COVID AML/CTF risks such as fines, commercial sanctions, or legal enforcement. Since the advent of the COVID-19 pandemic, these risks may be experienced under more complex circumstances, as well as an increase in fraudulent activities. To address confinement and social distancing measures introduced to contain COVID-19, we have adapted our compliance AML/CTF program and processes to a work-from-home setting and shifted entire operations to online platforms and digital channels without reducing the enforcement of our procedures for investigations, onboarding, and customer identification.

In Peru, the SBS published the Anti-Money Laundering and Anti-Financing of Terrorism (AML/AFT) Risk Management Regulation in 2015 (SBS Resolution No. 2660-2015 and subsequent amendments); which includes provisions that extend the duties and functions of the Compliance Officer, make clear the obligation of companies to carry out customer classification under strict terms, establish enhanced due diligence for high risk customers and set out the guidelines for transferring funds, as well as many other specific details for daily transactions. These guidelines result in higher operational costs, due to the significant investment in technology required to keep up with the strict terms of the regulation.

Environmental, Social and Governance Risks

Natural disasters in Peru could disrupt our businesses and affect our results of operations and financial condition.

We are exposed to natural disasters in Peru, such as earthquakes, floods, and mudslides. Earthquakes in Peru are common occurrences as the country is located in a seismic zone: the interface between the Nazca and South American tectonic plates. Peru has been adversely affected by earthquakes in the past, including a 7.9 magnitude earthquake that struck the central coast of Peru in 2007. The country is also vulnerable to the El Niño Phenomenon (El Niño), an oceanic and atmospheric phenomenon that causes a warming of temperatures in the Pacific Ocean, which provokes heavy rains off the coast of Peru that may result in floods and mudslides in the north and central Andean regions. Due to its very strong intensity, the 1997-1998 El Niño destroyed crops and infrastructure equivalent to 2.2% of Peru's GDP. In early 2017, El Niño adversely affected agricultural production, transportation services, tourism, and commercial activity, caused widespread damage to infrastructure and displaced people, resulted in a deceleration of growth from 4.0% in 2016 to 2.5% in 2017. According to Peru's fiscal council, El Niño caused US\$6.2 billion in damages (equivalent to 2.9% of Peru's GDP) in affected regions in the first half of 2017 through damages to bridges, roadways, housing, and education services, among others. This weather phenomenon will continue to negatively affect Peru's GDP from time to time and may affect the financial situation of some of Credicorp's clients and the quality of our loan portfolio.

[Content](#)

Similar natural disasters, or other types of disaster, could impair our operational capacity. Our business continuity plans include emergency response, disaster recovery, operations continuity, crisis management, data protection and recovery, and critical systems redundancy. Although we test our business continuity plans annually, these plans may prove to be ineffective which could have a material adverse effect on our ability to carry out our businesses, especially if an incidence or disaster affects computer-based data systems or damages customer or other data. In addition, if a significant number of our employees were affected by the natural disaster, our ability to conduct business could be impaired.

Our subsidiary Grupo Pacifico is further exposed to risks associated with natural disasters due to the policies that it underwrites. To protect Grupo Pacifico's solvency and liquidity, our insurance business historically has obtained reinsurance contracts for a substantial portion of its earthquake-related risks through automatic quota share and excess of loss; however, there can be no assurance that a major catastrophe would not have a material adverse impact on our results of operations or financial condition or that our reinsurance policies will be an effective hedge against our exposure to risks resulting from natural disasters.

We may incur financial losses and damages to our reputation from environmental, social and governance (ESG) risks. In recent years, these risks have been recognized as increasingly relevant since they can affect the creation of long-term value for stakeholders of the Company.

Environmental issues may affect our businesses, mainly our banking and asset management business, as the relation with some of our clients may be damaged if the Company is perceived as not being environmentally responsible. Also, we may suffer from reputational risk if the projects or companies we finance, or invest into, cause environmental damage. Additionally, we are exposed to the physical risks of climate change, which can generate adverse climate effects such as, for example, a more frequent or a more intense El Niño Phenomenon as described in more detail in "ITEM 3. KEY INFORMATION – 3.D Risk Factors – Natural disasters in Peru could disrupt our businesses and affect our results of operations and financial condition".

Social issues related to managing employee, customers and/or communities' relationships may affect our business mainly through talent and/or capabilities deficit, high training costs, compliance failures, operational inefficiencies, and reputational risks. Corporate governance issues may affect our business mainly through reputational risk, if we are perceived by stakeholders as a company that has any controversy related to transparency, Board structure and remuneration or stakeholder governance.

[Content](#)

ITEM 4. INFORMATION ON THE COMPANY

4. A History and development of the Company

Credicorp Ltd. (The New York Stock Exchange (NYSE) and Lima Stock Exchange (*Bolsa de Valores de Lima* or BVL by its Spanish initials) trading code: BAP) is an exempted company that was formed in Bermuda on August 17, 1995 pursuant to the Bermuda Companies Act 1981 to act as a holding company for, and to coordinate the policy and administration of our subsidiaries, which include BCP Stand-alone, BCP Bolivia, Mibanco, Mibanco Colombia, Grupo Pacifico, Prima AFP, Credicorp Capital and ASB Bank Corp. We currently hold, directly and indirectly, 97.74% of BCP, 99.96% of BCP Bolivia, 99.92% of Mibanco, 85.58% of Mibanco Colombia, 98.86% of Grupo Pacifico, 100.00% of Prima AFP, 100.00% of Credicorp Capital and 100.00% of ASHC (and 100.00% of ASB Bank Corp. through ASHC). See "ITEM 4. INFORMATION ON THE COMPANY – 4.C Organizational Structure". In Bermuda, Credicorp operates under the Bermuda Companies Act 1981 (as to date amended).

Our principal activity is to coordinate and manage the business plans of our subsidiaries in an effort to implement a universal banking service mainly in Peru, Bolivia, Colombia, Chile and Panama and to develop our insurance and pension funds and Investment Banking and Wealth Management businesses. Though we primarily focus on the aforementioned countries, we also make limited investments in other countries in the same region. Our registered address in Bermuda is at Clarendon House, 2 Church Street, Bermuda, the phone number is +1 441 295 5950 and the address of our Internet website is <https://www.grupocredicorp.com/> (which website, and the information on such website, are not incorporated in this Form 20-F). The management and administrative office (that is, principal place of business) of our principal subsidiary, Banco de Credito del Peru, is located at Calle Centenario 156, La Molina, Lima 12, Peru, and its phone number is +51-1-313-2000.

The SEC maintains an Internet website that contains reports of issuers that file electronically with the SEC. Our electronic filings with the SEC are available to the public from the SEC's Internet website at <http://www.sec.gov>. (Trading Code – BAP)

As of December 31, 2021, our total assets were S/244.8 billion and our equity attributable to Credicorp's equity holders was S/26.5 billion. Our net profit attributable to Credicorp's equity holders in 2019, 2020 and 2021 was S/4,265.3 million, S/346.9 million and S/3,584.6 million, respectively. See "ITEM 3. KEY INFORMATION – 3.A Selected Financial Data" and "ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS".

During 2012, Credicorp initiated the creation of a regional investment banking platform. On April 27, 2012, Credicorp acquired a 51% stake in Correval S.A. Comisionista de Bolsa in Colombia and On July 31, 2012, Credicorp acquired 60.6% of IM Trust S.A. Corredores de Bolsa in Chile. In April 2013, Credicorp Capital Peru S.A.A. was created and included Credicorp Capital Bolsa, Credicorp Capital Titulizadora, Credicorp Capital Fondos and BCP Stand-alone's investment banking activities.

[Content](#)

On March 20, 2014, Credicorp, through its subsidiary Edyficar S.A. (Edyficar), acquired a 60.68% stake in Mibanco, Banco de la Microempresa S.A. (Mibanco). During the following months, Credicorp acquired an additional total of 26.25% of Mibanco's capital stock. As of December 31, 2014, Credicorp owned 86.93% of Mibanco's capital stock. A merger transaction between Edyficar and Mibanco was made effective on March 2, 2015. As of the date that the merger became effective, Credicorp held 95.36% of the new Mibanco's capital stock.

In 2015, Grupo Pacifico signed an agreement with Banmedica to participate as equal partners in the health insurance and medical services business. This association includes the private health insurance managed by Pacifico Seguros, the corporate health insurance for employees sold by Pacifico Seguros corporate health insurance business, and medical subsidiaries (associate clinics, cancer centers and health laboratories) that provide medical services. As a result, Grupo Pacifico transferred the majority control of Pacifico corporate health insurance business and medical services to Banmedica. Consequently, the Pacifico corporate health insurance business and medical services are no longer consolidated with Grupo Pacifico for accounting purposes and are reported as an investment in associates.

On May 12, 2016, BCP Stand-alone sold its shares of BCP Bolivia to ICBSA, an indirect subsidiary of Credicorp Ltd. This transfer was part of the reorganization of Credicorp's organizational structure in Bolivia to efficiently manage its investments in that country and to comply with applicable Bolivian rules and regulations.

On September 30, 2016, Credicorp Capital, concluded the acquisition of the remaining stake in Credicorp Capital Colombia and Credicorp Capital Chile. As a result of these acquisitions, Credicorp Capital is now the owner of 100% of Credicorp Capital Colombia and 100% of Credicorp Capital Chile.

On February 23, 2017, at the Annual Shareholders' Meetings of PPS and Pacifico Vida, the merger between PPS and Pacifico Vida was approved. The merger came into effect on August 1, 2017, after the SBS issued the corresponding merger authorization. The resulting company was Pacifico Seguros.

On December 20, 2017, Credicorp's Board of Directors resolved to organize Credicorp's subsidiaries in four LoBs: Universal Banking; Microfinance; Insurance and Pension; and Investment Banking and Wealth Management. These changes took effect on April 1, 2018.

On April 18, 2018, Credicorp Ltd., through its subsidiaries Grupo Credito and BCP Stand-alone acquired 3.23% and 0.06%, respectively, of the share capital of Mibanco from minority shareholders for approximately S/129.0 million and S/2.4 million, respectively. Additionally, on May 22 and 23, 2018, BCP Stand-alone acquired 1.22% and 0.05%, respectively, of the share capital of Mibanco from minority shareholders for approximately S/47.3 million and S/1.9 million, respectively. These acquisitions of non-controlling interest were recorded as equity transactions. Through these acquisitions, Credicorp Ltd. increased its interest in the share capital of Mibanco from 93.18% to 97.74%.

[Content](#)

On May 7, 2018, Credicorp Ltd. sold to its subsidiary Grupo Credito 220,113,636 shares of BCP Stand-alone owned by Credicorp Ltd., which represented 2.77% of BCP Stand-alone's share capital. The amount paid per share was S/6.61. Following this sale, Credicorp, in conjunction with its subsidiary Grupo Credito, continued to own 97.7% of the shares of BCP Stand-alone.

In January 2019, 91.36% of Compañía Incubadora de Soluciones Mviles S.A. (Culqi) was acquired, and Tenpo SpA was chartered. In March 2019, Credicorp Capital Negocios Digitales S.A.S. (Tyba) was chartered; in July 2019, 100% of Tenpo SpA (Tenpo) and 100% of Multicaja Prepago S.A. were acquired.

On February 12, 2019, Credicorp Ltd., through its subsidiary Credicorp Holding Colombia S.A.S., reached an agreement with the shareholders of Ultraserfinco S.A. Comisionista de Bolsa, a financial services company in Colombia, to acquire a 100% stake in Ultraserfinco S.A. Comisionista de Bolsa and its subsidiaries, which include 100% of Ultra Holding Group Inc., which in turn holds 100% of Ultralat Group Inc. (including 100% of Ultralat Investment Advisor and 100% of Ultralat Capital Market, LLC. (UCM)), for approximately US\$43.0 million. On November 1, 2019, after obtaining the necessary regulatory approvals, the complete acquisition of 100% of the capital stock of Ultraserfinco S.A. Comisionista de Bolsa completed through Credicorp Holding Colombia S.A.S. and Credicorp Capital Fiduciaria S.A. Ultraserfinco S.A. Comisionista de Bolsa had several subsidiaries including Ultralat, a company regulated by the SEC.

On June 28, 2019, Credicorp Ltd., through its subsidiary Credicorp Holding Colombia S.A.S., reached an agreement with the majority shareholders of Banco Compartir S.A. (Bancopartir) to acquire a majority stake in Bancopartir, which provides microfinance and SME financing solutions to micro entrepreneurs and was one of the top four microfinance banks in Colombia. On December 2, 2019, Credicorp Ltd. announced that after obtaining the necessary regulatory approvals, it completed the acquisition of 77.46% of the capital stock of Bancopartir for approximately US\$76.0 million, as part of Credicorp Ltd.'s strategy of expanding its microfinance business in Latin America.

On October 30, 2020, Credicorp Ltd. confirmed the merger of Bancopartir and Edyficar S.A.S. (Encumbra), to be integrated under the name Mibanco – Banco de la Microempresa de Colombia S.A. (Mibanco Colombia). The merged entity has a consolidated loan portfolio of more than US\$270 million as of December 31, 2020. Its operating model focuses on achieving financial inclusion and social development serving and accompanying small and micro entrepreneurs in line with the business strategy proposed by Credicorp.

[Content](#)

On February 1, 2021, we finalized a merger between CCSI and UCM, which resulted in Credicorp Capital LLC.

On August 2, 2021, we finalized the merger by absorption between Atlantic Security Bank (Cayman Islands) and ASB Bank Corp. (Panama), with the latter being the surviving entity. ASB Bank Corp. is a financial institution incorporated under the laws of Panama, with an International Banking License and a securities brokerage license, issued by the SBP and the Panamanian Superintendency of the Securities Market, respectively.

Subsequent Events

On January 27, 2022, Credicorp's Board of Directors resolved to appoint Mr. Cesar Rivera as Head of Insurance and Pensions. Mr. Rivera succeeded Mr. Alvaro Correa effective as of February 1, 2022. Mr. Rivera maintained his position as CEO of Pacifico Seguros, which is a subsidiary of Credicorp.

On January 27, 2022, Credicorp's Board of Directors resolved to appoint Ms. Francesca Raffo as Chief Innovation Officer (CINO) of Credicorp, reporting to the CEO of Credicorp. This appointment was effective as of February 1, 2022. Ms. Raffo maintained her position as Deputy CEO Retail Banking at Banco de Credito del Peru, which is a subsidiary of Credicorp.

On March 15, 2022, Credicorp incorporated CC Asset Management Mexico S.A. de C.V., an unregulated legal entity (specifically, a variable capital corporation) in Mexico. This entity will distribute mutual funds and investment funds through private offerings. The company was constituted as a subsidiary of Credicorp Capital Ltd.

On March 21, 2022, S&P Global Ratings confirmed the credit rating of Credicorp Ltd. at BBB and the outlook as negative. Also, as a result of the change in rating and outlook for long-term sovereign ratings on Peru, the rating agency has changed the credit rating from BBB+ to BBB and the outlook from negative to stable of BCP Stand-alone and Mibanco. On April 7, 2022, Fitch Ratings affirmed Credicorp Ltd.'s risk ratings at 'BBB' with a stable outlook.

4. B Business Overview

(1) Credicorp Overview

Credicorp is the leading financial services holding company with operations in Peru with over 130 years of experience in the financial sector. We are organized into four LoBs: (1) Universal Banking, and (2) Insurance and Pensions that mainly serve the overall Peruvian market, together with (3) Microfinance and (4) Investment Banking and Wealth Management that have a strong presence in Latin America.

[Content](#)

Throughout its history, Credicorp has leveraged the strength of its franchises and has evolved towards customer-centricity, innovation, and growth, and has consolidated into a Group with more than 36,000 employees and operations mainly in six countries: Peru, Bolivia, Colombia, Chile, Panama and USA. We have a purpose, a vision and values oriented towards the creation of value for our stakeholders and the societies of countries where we operate.

Our Purpose

Contributing to improve lives by driving the changes that our countries need.

Our Vision

To be a sustainable financial services leader in Latin America. We are purpose-led, future-oriented and focused on creating superior and sustainable value for our employees, customers, shareholders, and the countries we operate in.

Our Values

- **Respect:** We have an open-door culture that respects and values people, their beliefs and decisions, always promoting a participatory, collaborative and horizontal work environment.
- **Fairness:** We act in a fair and equitable manner in the treatment and recognition of people, seeking equal rights, responsibilities and opportunities for all.
- **Honesty:** We promote transparency and seek to act consistent with what we believe and say; this is the only way we will continue to build relationships of trust.
- **Sustainability:** Because people are at the center of everything we do, we carefully attend to their needs, seeking to guarantee social, economic and environmental well-being, for the present and for the future.

Our North Stars

- Efficiency
- Customer Experience
- Growth

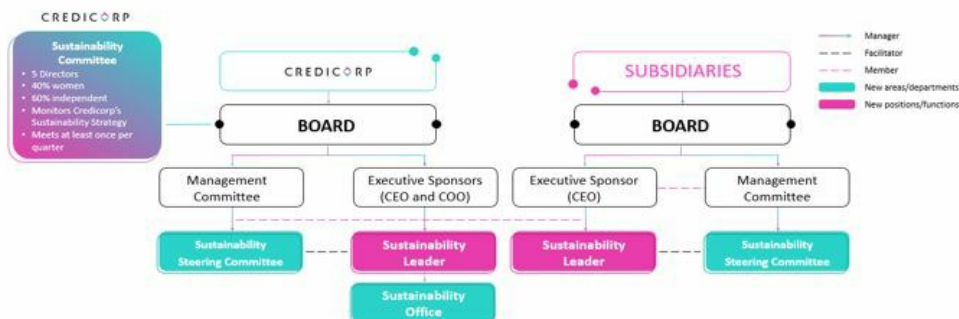
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Sustainability Strategy

Governance

For Credicorp, integrating sustainability in our day-to-day management of our businesses is vital to ensuring effective implementation of Credicorp’s corporate sustainability strategy. The sustainability governance structure’s objective is to increase the visibility of sustainability within the organization and establish clear responsibilities for the strategy and its successful execution at the Credicorp and subsidiary levels.

We opted to add a series of roles to the existing governance structures to drive implementation and align actions at the subsidiary level with the sustainability strategy developed at the corporate parent level. Involving the Board and the leaders of the organization in this process has been key to its success.



Governance Structure

Forum / Team	Description
Sustainability Committee	The Sustainability Committee reviews Credicorp’s sustainability strategy and initiatives.
Sustainability Executive Sponsors (CEO, COO)	To ensure that adequate responsibility is assumed for the implementation of the Sustainability Program at the corporate parent level, we designated an executive sponsor to take charge of supervising the sustainability strategy.
Sustainability Steering Committee	The objective of this forum is to ensure that the sustainability strategy is adequately executed in all of the subsidiaries and at every level.
Sustainability Leader at Credicorp	The sustainability leader reports directly to Credicorp’s Sustainability Sponsor (COO) and is in charge of the Corporate Sustainability Office.
Sustainability Office	The Sustainability Office works alongside the Sponsor, sustainability leaders and project leaders at all the subsidiaries to extend and align efforts while ensuring synergy development and consistency as it supports different instances in the execution of their initiatives.
Sustainability Leaders (Subsidiaries)	These leaders supervise the implementation plan at the company level and monitor the initiatives’ progress.

[Content](#)

For further information about the Sustainability Committee, please see “ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES – 6.C Board Practices”.

Our ESG Approach

To further strengthen our long-term performance and competitiveness in the markets in which we operate, we developed a program to integrate sustainability more deeply within our business strategy and activities. The result is our 2020-2025 Commitment to Sustainability Program (the Sustainability Program) summarized below.

Each of the main subsidiaries of Credicorp will play a vital role in the Sustainability Program. By executing on tangible and feasible business opportunities that aim to improve both business performance and positive ESG impact, we aim to create long-term value for both Credicorp and its stakeholders. The Sustainability Program defines three pillars, that will guide Credicorp’s sustainability ambitions for 2020-2025:

(i) Create a more sustainable and inclusive economy:

At Credicorp, we are conscious that we are a significant player in and have notable shares of the markets in which we operate and, accordingly, must assume a proportionate role in promoting a more sustainable and inclusive economy. For this reason, our main ambitions include diverse efforts to drive the financial inclusion of people, as well as micro and small businesses. On this front, Mibanco has played a particularly important role given its historic commitment to the financial inclusion of SMEs (small and medium enterprise), which contributes to the transition to a more formal economy. The efforts directed at supporting growth in this segment, which is the engine of our economy, coupled with initiatives to close gender gaps (for example, through Mibanco’s *Crédito Mujer* product), will help Credicorp generate positive impacts in our society. Our financing programs complement our innovative initiatives for financial inclusion, such as our Yape mobile application, which has become one of Peru’s primary conduits for low-value payments and transfers and has greatly accelerated Credicorp’s efforts in financial inclusion.

To guide our efforts to create a more sustainable economy, we have focused on systematizing our approach and rolled out policies to guide our sustainability journey. In 2021, we published our environmental policy and we seek to continue publishing relevant information about our sustainability. The purpose of both documents is to provide guidelines to implement and manage our environmental and sustainability approaches respectively. Additionally, we set an aspiration to hone our management of environmental risks and have taken initial steps in this regard, taking into consideration international best practices. To complement these endeavors, we developed the first version of our ESG taxonomy for the environmental front. Additionally, we strengthened our credit policy to ensure better alignment with environmental considerations and demonstrate a greater commitment to continuously improving our risk management.

[Content](#)

(ii) Improve the financial health of citizens:

We believe that we bear significant responsibility for improving the financial health of individuals, increasing their economic resilience, and improving their relations with the financial system, in the countries where we operate. When people are financially healthy, they are in a better position to take advantage of opportunities to achieve personal and professional objectives.

In 2021, Credicorp and its companies continued to support and lead multiple initiatives for financial education, which included programs for the general public, such as ABC at BCP, ABC del Seguro at Pacifico, the web series *El Depa* (pension education program from Prima AFP) and *5to piso* (financial education product from BCP), and targeted programs, such as *Munay Voluntariado* from Mibanco, which provides personalized advice to entrepreneurs. These programs benefitted millions of people and demonstrated Credicorp's commitment to helping people bolster their financial knowledge as well as financial and digital skills. We are certain that these efforts will allow people to take advantage of opportunities that may lead them to a lifetime of financial health and prosperity, which should also help mitigate the financial impacts of unforeseen events on their financial health.

As we develop our sustainability initiatives, we seek to build long-term relations with our clients based on trust. We do so by invoking high levels of transparency and continuously simplifying designs for communication, products, and processes.

Finally, to anticipate the needs of our clients, in 2021, we redesigned our disruptive innovation model. We have revamped our innovation governance to strengthen the Group's capacity to incubate businesses that are close to our core in the Innovation Centers of each of our business lines as we seek to innovate through our Corporate Venture Capital, which we call Krealo. We have directed a large number of resources to these fronts and will report our advances down the line.

(iii) Empower our people to thrive:

As a Group, we seek to empower people both in and outside the organization so that they can thrive. We promote a diverse and inclusive workforce with equal opportunities to strengthen creativity and innovation; ensure long-term prosperity; and boost our employees' motivation. For this purpose, we continue to implement our Gender Equality Program, which promotes equitable treatment at every level of the organization. This year, we conducted a number of initiatives to improve the gender balance in leadership positions by ensuring that the final rounds of interviews respect a gender balance; establishing internal targets and aspirations for gender balance in mid-level management; and conducting training of the Human Management and Development teams to prepare them to conduct interviews free of gender and other biases. Additionally, we worked to update our corporate governance policy to include a gender focus in the diversity guidelines that govern the composition of the board and its committees.

[Content](#)

Together with our efforts to achieve equality at our companies through equitable treatment, we have implemented initiatives to promote the development of our human capital. In a constantly changing environment, our workforce will require critical abilities in the area of digital knowledge; data management; and agility. For this reason, the corporate office of Human Management and Development is strengthening programs to bolster these capacities and is working to ensure that the roll out is structured, phased, and organized in every company in the Group. Additionally, a hybrid work model was launched to improve our employees' experiences (based on the nature of the position held). This model's flexibility allows us to capture and retain talent as we gain organizational efficiencies.

At Credicorp, we are conscious of the fact that our sustainability strategy has multiple fronts and, to heighten its effectiveness, many actors influence its development and implementation. To ensure that the impacts we generate with our initiatives can be multiplied to benefit more people, we have identified spaces to cultivate alliances. An example of this kind of effort is Yape's participation in the distribution of government relief payments in the context of the pandemic. Through this collaborative effort, Yape, along with other mobile wallets, ensured that vulnerable Peruvians received much needed support in an agile, rapid, and cashless manner.

The three pillars described above are aligned with our core business operations and with the United Nations Sustainability Development Goals (SDGs), specifically with the following SDGs:

SDG 5 – Gender Equality: Achieve gender equality and empower all women and girls

SDG 8 – Decent Work and Economic Work: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all

SDG 9 – Industry, Innovation, and Infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

SDG 10 – Reduced Inequalities: Reduce inequality within and among countries

SDG 13 – Climate Action: Take urgent action to combat climate change and its impacts

[Content](#)

SDG 16 – Peace and Justice Strong Institutions: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels

SDG 17 – Partnerships for the Goals: Strengthen the means of implementation and revitalize the global partnership for sustainable development

To achieve our vision of sustainability, we have identified the business initiatives that we must pursue based on their relevance to the market and to the products and services that improve our competitiveness. These efforts ensure that sustainability is at the core of our business model. We have also determined which internal changes must be made to our operating model so that it provides an adequate launchpad for initiatives and catalyzes our impact. The business initiatives are concentrated in Platforms while internal changes are situated in Enablers.

In 2021, we rolled out 7 of our 8 platforms, which are comprised of 40 initiatives or business opportunities that have been identified by the Group's different companies and at the corporate level. Each of these platforms is equipped with a forum for discussion and coordination, which generates visibility and alignment and provides a platform to share good practices and develop synergies. These platforms have been designed to generate positive impacts among interest groups while they generate value for the business. Additionally, each of our companies contribute to the development of these platforms by sharing its experience and specialized business knowledge.

[Content](#)

Credicorp's Integrated 2020-2025 ESG Business Strategy						
Our Vision	To be a sustainable financial services leader in Latin America. We are purpose-led, future-oriented and focused on creating superior value for our employees, customers, shareholders, and the countries we operate in					
Three Pillars	Create a more Sustainable and Inclusive Economy		Improve the Financial Health of Citizens		Empower our People to Thrive	
12 Key Ambitions	<ul style="list-style-type: none"> •Increase financial inclusion •Contribute to the transition to a more formal economy •Support the transition to an environmentally sustainable economy, including the effects of climate change •Enable small and medium-sized businesses to start and grow, including our supplier ecosystem 		<ul style="list-style-type: none"> •Become #1 in delivering the best experience for our customers in the most efficient way •Build long-term relationships based on trust, through transparency and simplicity •Help people improve their financial knowledge and skills to make better financial decisions •Increase the pace of innovation to anticipate customer's needs in the future 		<ul style="list-style-type: none"> •Champion diversity, inclusion, and gender equality •Model the development of the workforce for the future by supporting people to enhance their skills, effectiveness, and impact •Enhancing our governance structures and encourage people to do the right thing in their careers and the community •Develop creative solutions and partnerships to solve important societal issues 	
8 Platforms	Sustainable Assets under management	Financial inclusion	Sustainable Finance	Financial Education	Simplicity and Transparency	Female oriented products and opportunities
	Helping small businesses to grow		Transition to more formal economy			
9 Enablers	Human Resources		<ul style="list-style-type: none"> •Workforce of the future Change management •Champion diversity, inclusion, and gender equality 			
	Finance		<ul style="list-style-type: none"> •Optimize communication and reporting to capital markets •Be the steward of long-term value creation 			
	Risk		<ul style="list-style-type: none"> •Integrate ESG into risk management framework including improving cybersecurity and data protection 			
	Compliance and Ethics		<ul style="list-style-type: none"> Encourage people to do the right thing 			
	Other		<ul style="list-style-type: none"> •Enhancing corporate governance framework •Direct environmental footprint, ESG communications and CSR 			

[Content](#)

Through our Sustainability Program, we will continue to identify business opportunities, but success will ultimately depend on the internal measures the Group and its subsidiaries take to advance implementation of the program to achieve key sustainability results. We are laying the groundwork to change the way we measure the success of our operations by adding new metrics that go beyond traditional indicators of financial performance.

As we move forward, our focus will be on improving our disclosure to provide our stakeholders with up-to-date information on our sustainability efforts and policies. We will also focus on incorporating international best practices in our sustainability reporting standards and to our new holistic performance measurement framework.

Our Digital Strategy

Our digital strategy is fundamental to our goal of successfully executing our purpose, leaving our values and advancing towards the future guided by our north stars. With an overarching group strategy, we are deepening our digital and transformation processes to capture opportunities efficiently while expanding our total addressable market and strengthening our operational drivers.

Our transformation journey began in 2015, when BCP Stand-alone decided to raise the bar in customer satisfaction while pursuing greater efficiency. Later, this path was followed by Grupo Pacifico, Mibanco, Prima AFP and Credicorp Capital, where, as of 2021, each of our LoBs have created an independent Innovation Lab, and more importantly have embarked in a cultural and digital transformation.

Throughout all these years we have been innovating by constantly challenging, transforming and disrupting ourselves in order to anticipate and adapt to the increasingly fast changing megatrends that could impact our customers, capture digital opportunities and generate long-term profitability. This has been achieved by the digital capabilities we have been developing such as:

- a) Having a self-disruptive mindset,
- b) Strengthening an agile and user experience culture,
- c) Capturing digital talent, and;
- d) Developing solid tech capabilities.

And by leveraging our competitive strengths:

- a) Diversified and independent LoBs,
- b) Strong brand & extensive network of long-term client relationships,
- c) Sound management with resilient track record, and;
- d) Solid balance sheet and risk discipline.

Despite the significant milestones achieved throughout the years, going forward we're accelerating our transformation process while putting in place a new governance structure that will focus on capturing synergies & leveraging cross-fertilization opportunities across our businesses, while at the same time, we maintain the independence and disruptive initiatives of our different LoBs and develop new initiatives. This new governance will also ensure financial and operational discipline, at a time when our appetite for this kind of investment has increased.

[Content](#)

In order to enhance our disruptive and entrepreneurial culture, while adding an extra layer of support to innovation, we've created two new governance bodies at the Credicorp level, the Innovation Committee and the BAP Innovation Table, both of which are led by the Chief Innovation Officer (CINO), in order to optimize the return on our innovation investment portfolio.

The Innovation Committee will be comprised by C-level voting members, other senior members of the LoBs, and potentially, external advisors. The committee will delineate and propose the innovation strategy, composed by the ambition, the domains in which we want to operate and the fund sourcing and allocation for the Board's approval. This Committee will also determine and monitor key progress and success metrics at aggregate domain and group levels, to take portfolio decisions in order to quickly respond to changes in market and technology trends.

The Innovation Table will serve as a space for sharing ideas and identifying opportunities for synergies and cross-fertilization between our LoBs. From the lessons learned by our Innovation Labs, we will distribute the best ideas, methods, and technologies to implement them across our LoBs.

Corporate Venture Capital – Krealo

We developed Krealo, our open innovation arm, into our Corporate Venture Capital arm, which will focus on external innovation to invest in opportunities that complement current and future LoBs, seeking to create both financial and strategic value for Credicorp and the ventures, bringing innovation from the outside-in. Krealo functions independently to other LoBs, with a similar flexibility to venture capital funds, coupled with the control, network and scalability of Credicorp.

As part of our innovation efforts at the holding level, in 2018, Credicorp set up Krealo, an initiative that has evolved from our open innovation arm to Credicorp's Corporate Venture Capital, bringing innovation from the outside-in.

Krealo's purpose is to identify, screen, and invest in opportunities that complement current and future Credicorp's LoBs by building and/or acquiring new features. Krealo currently manages four ventures across Peru, Chile, and Colombia including: Tenpo SpA (Tenpo), a neobank, or online bank, in Chile; Credicorp Capital Negocios Digitales S.A.S. (Tyba), an online digital broker in Colombia, Chile, and Peru; Compañía Incubadora de Soluciones Mviles S.A. (Culqi), an offline and online payments company in Peru; and Wally POS S.A.C. (Wally), a POS SAAS business also in Peru. Krealo seeks to create both financial and strategic value for (i) Credicorp and (ii) the ventures:

- (i) Regarding Credicorp, Krealo creates strategic value by:
 - a. Boosting Credicorp's current businesses: As an example, in Tyba, through its 100% digital onboarding, it allows its users to invest in funds from less than US\$25, therefore expanding the total addressable market in the Wealth Management business of Credicorp.

[Content](#)

- b. Creating new businesses for Credicorp: Tenpo, our neobank in Chile, has become Credicorp's first step into Chilean retail banking through its product offering. With over 950,000 registered clients since July 2019, Tenpo is democratizing financial services in Chile.
- (ii) Regarding the ventures, Krealo creates strategic value by:
 - a. Providing independence to the ventures with constant support in areas of expertise including growth, IT, data, cybersecurity, among others.
 - b. Acting as a long-term strategic partner, willing to support ventures with capital and expertise throughout their development.
 - c. Offering flexible deal structures with the aim of generating financial and strategic value.
 - d. Helping ventures grow faster by offering partnerships with LoBs, regulatory and financial expertise, relationships with industry leaders and the financial ecosystem, and the opportunity to leverage in Credicorp's distribution channel (both by selling their products through Credicorp channels and selling Credicorp products through the ventures channels).

Krealo seeks to become one of the most relevant actors in the Andean Venture Capital ecosystem by continuing to invest in fintech or startups with financial services angles.

In 2022, our strategic focus is to scale our businesses and increase user engagement. We strive to reduce our customer acquisition costs by leveraging organic channels, as well as partnerships with Credicorp's companies and other market leaders. Furthermore, we are developing more products within our ventures to improve the stickiness of our solutions, generate cross-selling opportunities and keep our customers within our ecosystem with wider options according to their needs.

Risk Rating

In March 2022, S&P Global Ratings confirmed the credit rating of Credicorp Ltd. At 'BBB' and the outlook as negative. Also, as a result of the change in rating and outlook for long-term sovereign ratings on Peru, the rating agency has changed the credit rating from 'BBB+' to 'BBB' and the outlook from negative to stable of 7 Peruvian financial entities, including BCP Stand-alone and Mibanco. In April 2022, Fitch Ratings affirmed Credicorp Ltd.'s risk ratings at 'BBB' with a stable outlook.

Credicorp's LoBs' Contributions

According to IFRS, an operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Chief Operating Decision Maker (CODM), who makes decisions about resources allocated for the segment and assesses its performance, and for which discrete financial information is available.

[Content](#)

The following tables provide certain financial information about our LoBs as of and for the years ended December 31, 2021 and 2020:

	As of and for the year ended December 31, 2021							
	External income ⁽¹⁾		Net interest, similar income and expenses		Non-interest income, net ⁽²⁾		Total assets	
	<i>(Soles in millions, except percentages)</i>							
	<i>Amount</i>	<i>% Total</i>	<i>Amount</i>	<i>% Total</i>	<i>Amount</i>	<i>% Total</i>	<i>Amount</i>	<i>% Total</i>
Universal Banking								
BCP Stand-alone	11,143	57.3	6,194	66.2	3,262	66.3	184,715	75.5
BCP Bolivia	891	4.6	337	3.6	157	3.2	13,800	5.6
Insurance and Pension funds								
Grupo Pacifico	3,544	18.2	610	6.5	228	4.6	16,491	6.7
Prima AFP	407	2.1	(4)	-	406	8.2	840	0.3
Microfinance								
Mibanco	2,114	10.9	1,860	19.9	(12)	(0.2)	16,163	6.6
Mibanco Colombia	302	1.6	229	2.4	35	0.7	1,393	0.6
Investment Banking and Wealth Management	866	4.5	89	1.0	767	15.6	14,744	6.0
Other segments	182	0.8	47	0.4	80	1.6	3,377	1.4
Eliminations	-	-	-	-	-	-	(6,701)	(2.7)
Total consolidated	19,449	100.0	9,362	100.0	4,923	100.0	244,822	100.0

(1) Corresponds to total interest and similar income, non-interest income (includes income and expenses on commissions) and net earned premiums from insurance activities.

(2) Corresponds to total non-interest income (include income and expenses for commissions) and insurance underwriting result.

	As of and for the year ended December 31, 2020							
	External income ⁽¹⁾		Net interest, similar income and expenses		Non-interest income, net ⁽²⁾		Total assets	
	<i>(Soles in millions, except percentages)</i>							
	<i>Amount</i>	<i>% Total</i>	<i>Amount</i>	<i>% Total</i>	<i>Amount</i>	<i>% Total</i>	<i>Amount</i>	<i>% Total</i>
Universal Banking								
BCP Stand-alone	10,775	58.6	5,994	69.9	2,795	58.7	180,766	76.1
BCP Bolivia	773	4.2	330	3.9	103	2.2	12,472	5.3
Insurance and Pension funds								
Grupo Pacifico	3,211	17.5	526	6.1	602	12.6	16,025	6.8
Prima AFP	389	2.1	(8)	(0.1)	388	8.1	1,108	0.5
Microfinance								
Mibanco	1,972	10.7	1,506	17.6	24	0.5	15,649	6.6
Mibanco Colombia	238	1.3	165	1.9	28	0.6	1,208	0.5
Investment Banking and Wealth Management	1,102	6.0	70	0.8	920	19.3	11,715	4.9
Other segments	(78)	(0.4)	(12)	(0.1)	(96)	(2.0)	3,484	1.5
Eliminations	-	-	-	-	-	-	(5,021)	(2.2)
Total consolidated	18,382	100.0	8,571	100.0	4,764	100.0	237,406	100.0

(1) Corresponds to total interest and similar income, non-interest income (includes income and expenses on commissions) and net earned premiums from insurance activities.

(2) Corresponds to total non-interest income (include income and expenses for commissions) and insurance underwriting result.

[Content](#)

The following table sets forth the contribution to the consolidated net profit attributable to our equity holders by each of LoBs and main subsidiaries:

	2019		2020		2021	
	<i>(Soles in millions, except percentages)</i>					
	<i>Amount</i>	<i>% Total</i>	<i>Amount</i>	<i>% Total</i>	<i>Amount</i>	<i>% Total</i>
Universal Banking						
BCP Stand-alone	3,163	74.2	606	174.6	3,312	92.4
BCP Bolivia	79	1.8	(74)	(21.3)	72	2.0
Insurance and Pension						
Grupo Pacifico	377	8.8	192	55.3	(129)	(3.6)
Prima AFP	197	4.6	148	42.7	146	4.1
Microfinance						
Mibanco	392	9.2	(371)	(106.9)	260	7.3
Mibanco Colombia	3	0.1	(97)	(28.0)	37	1.0
Investment Banking and Wealth Management	230	5.4	192	55.3	164	4.6
Other segments and eliminations ⁽¹⁾	(176)	(4.1)	(249)	(71.7)	(277)	(7.8)
Total	4,265	100.0	347	100.0	3,585	100.0

(1) As of December 31, 2021, it includes Credicorp Ltd., Grupo Credito and ASHC which mainly includes expenses and others.

The following table shows our LoBs and main subsidiaries' respective percentage contributions to our total equity attributable to Credicorp's equity holders:

	2019		2020		2021	
	<i>(Soles in millions, except percentages)</i>					
	<i>Amount</i>	<i>% Total</i>	<i>Amount</i>	<i>% Total</i>	<i>Amount</i>	<i>% Total</i>
Universal Banking						
BCP Stand-alone	16,762	63.9	16,122	64.6	18,300	69.1
BCP Bolivia	736	2.8	691	2.8	835	3.1
Insurance and Pension						
Grupo Pacifico	2,801	10.7	2,971	11.9	2,279	8.6
Prima AFP	698	2.7	700	2.8	575	2.2
Microfinance						
Mibanco	2,086	8.0	2,110	8.5	2,363	8.9
Mibanco Colombia	219	0.8	215	0.9	234	0.9
Investment Banking and Wealth Management ⁽¹⁾	1,841	7.0	2,503	10.0	2,990	11.3
Other segments and eliminations ⁽²⁾	1,095	4.1	(366)	(1.5)	(1,079)	(4.1)
Total	26,238	100.0	24,946	100	26,497	100.0

(1) Investment Banking and Wealth Management mainly includes Credicorp Capital Ltd and subsidiaries and ASB Bank Corp.

(2) Includes Grupo Credito, CCR Inc., Inversiones Credicorp Bolivia, BCP Emisiones Latam 1 S.A., SEAH and others.

For a description of the principal markets in which we compete, please refer to "ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview – (2) Lines of Business (LoBs), – (5) Competition, and – (6) Supervision and Regulation" and Note 31 to Credicorp's consolidated financial statements. For a breakdown of total income and operating income by geographic market for each of the last three fiscal years, as well as other historical information about our LoBs, please refer to Note 31 to Credicorp's consolidated financial statements.

[Content](#)

(2) Lines of Business (LoBs)

2.1 Universal Banking

Universal Banking business, which focuses on lending and investment, is organized into (i) retail banking activities, including our Individuals, SME-Business, SME-Pyme (small and micro firm) segments, which are carried out by BCP Stand-alone's Retail Banking Group (RBG); (ii) wholesale banking activities, including our corporate and middle-market banking business segments, which are carried out by BCP Stand-alone's Wholesale Banking Group (WBG); (iii) treasury activities, including asset and liabilities management (ALM); sales and trading; and foreign exchange and derivatives distribution which are carried out by BCP Stand-alone's Treasury function; and (iv) wholesale and retail banking activities in Bolivia.

The majority of our banking business is carried out through BCP Stand-alone, the leading Bank in Peru with close to 31% market share in loans and 33% market share in deposits. We conduct banking activities in Bolivia through BCP Bolivia, a full-service commercial bank.

2.1.1 BCP Stand-alone

(I) BCP Stand-alone's Overview

BCP Stand-alone has one agency in Miami and one branch in Panama. See "ITEM 4. INFORMATION ON THE COMPANY – 4.C Organizational Structure – (1) Credicorp – (i) BCP." BCP Stand-alone's operations are supervised and regulated by the SBS, SMV and the BCRP in Peru, by the Office of Financial Regulation of the State of Florida Department of Financial Services and the FED in the U.S., and by the SBP in Panama. As of and for the year ended December 31, 2021, BCP Stand-alone represented 75.5% of our total assets, and 69.1% of our equity attributable to Credicorp's equity holders.

BCP Stand-alone's purpose and values

Our purpose is "Transforming plans into reality". We aim to support our clients by always being with them, encouraging and transforming their dreams and plans into reality, while building Peru's story of development and progress deepening our connection to communities to generate value for all stakeholders and ensure long-term sustainability.

We believe our values are key elements to fulfilling our purpose and shaping our culture. We call it our WOW culture because it helps us to provide the best Customer Experience with a team committed to achieving our customers goals and dreams. Our values guide our employees and shareholders to work towards our purpose and reflect the role we want in Peruvian society. Our values are:

- Customer Centricity
- Test and Learn
- Risk-conscious and righteous
- Collaboration

[Content](#)

- Give your Best
- Boost your Skills

BCP Stand-alone framework

The framework which guides our path is comprised of key objectives and key results, as well as strategic pillars. The former describes what we want to achieve, while the latter represents how we want to achieve it.

At BCP Stand-alone, we began our transformation process long ago and our digital journey started in 2015. Now, we continue to be focused on our digital transformation, given that it is a fundamental part of our strategy and business development. In 2021, we accelerated our transformation by articulating all our efforts into one comprehensive plan to help us to achieve our goals. We have two key objectives that leads all our business efforts: (i) being number one in customer experience and (ii) having the best efficiency ratio in Latin America.

At BCP Stand-alone, we monitor and manage results and asset allocation by business segments, sub-segments, products, and channels as we seek out opportunities to optimize results. Additionally, we conduct quarterly business reviews, where we monitor more than 400 Objectives Key Results, which are aligned with our 7 strategic pillars, which define how we seek to accomplish our main objectives, to ensure that we are moving in the right direction.

Experience:

- Deepening our connection to communities: We do business taking into consideration our role in the society and our different stakeholders.
- The best experience: We offer a WOW experience in each touchpoint with our customers; and aim to provide solutions to their needs; and to support them at critical moments.

Efficiency

- New sources and optimization of income: We continually develop new products and services to serve our customers and provide financial solutions to more Peruvians. In addition, we focus on optimizing our current revenue streams to their highest potential.
- The most efficient bank in the region: We optimize our products and processes with an overall portfolio perspective. We incorporate technology and innovation to offer the most cost-efficient option.

The following internal capabilities will help us to achieve these objectives:

- Data driven organization: We seek to capture and exploit data in the most effective and intelligent manner.

Content

- Agile and effective operating model: Our operating model allows us to translate our strategy into results in an agile and effective way by prioritizing, allocating resources and managing results.
- The best team: We are a team with the mindset, capabilities, and culture focus on delivering continuing value to our customers.

Enablers that facilitate the fulfillment of our objectives

Technology, Data and Operations:

During 2021, we have increased the number of functionalities and completely renovated our main mobile apps, both for corporate and retail customers. We have also improved our time-to-market, due to multiple improvements thanks to the adoption of scaled agile methodologies and Development Security Operations (DevSecOps) practices.

We continued transforming our legacy technologies to be more scalable, efficient, and stable to provide API services to most internal consumers. We experienced a major refocus on prioritizing operational stability in order to cope with increased transaction volumes coming from customers operating in our digital channels. We expect operational stability will continue to be a key priority during 2022.

We leverage artificial intelligence and advanced analytics to identify and improve the decision-making process of the different businesses of BCP Stand-alone. Our Center of Excellence in Advanced Analytics has developed over 30 initiatives to improve the customer experience and help to reduce costs with automatization.

The initiatives developed by the data laboratory, which is one of our tribes, study the population (including current customers and non-customers) by using non-traditional data sources, as well as data from our digital channels. The data capture strategies, algorithms and data models support lead generation (for people and enterprises) and updating of customers contact information.

Cybersecurity

We are focusing our efforts on the most effective strategies to reduce our exposure to cybersecurity risk and achieve our objective risk appetite at a significantly lower cost, applying the appropriate level of control to the relevant areas of potential risk. For this reason, we maintain an important investment program, which allows us to have the necessary technologies and processes to keep our operations and assets safe.

We have defined the following cybersecurity priorities for all the Group's companies:

- a. Cybersecurity governance structure: The structure consists of three lines of defense (IT Security, Cybersecurity and Audit). Additionally, we have implemented corporate cybersecurity policies.

Content

- b. Adoption of the National Institute of Standards and Technology (NIST) cybersecurity framework: we have taken the NIST cybersecurity framework as a base and using the U.S. Federal Financial Institutions Examination Council (FFIEC) Cybersecurity Assessment Tool, we have performed a self-assessment to determine our risk profile. Based on the results, we are implementing the required controls, as well as a work plan with periodic objectives.
- c. Awareness program: The technology to prevent cyber-attacks is not enough; the weakest point in an organization is, usually, an internal user incorrectly handling digital tools and exposed to possible cyber-attacks. Therefore, since 2018, BCP Stand-alone generated an awareness strategy, defining parameters and best practices to train users to prevent and respond to cyber-attacks.
- d. Cybersecurity indicators: It is necessary to verify whether the controls we implement are effective. For this reason, BCP Stand-alone defined significant cybersecurity indicators (key risk indicators and key performance indicators) for the organization, such as patches deployment, use of the latest antivirus software, and legacy servers.
- e. Third party governance: To ensure that the information we share with our suppliers complies with our standards, we have updated the critical supplier's evaluation process including a questionnaire with cybersecurity controls. Additionally, within BCP Stand-alone, we have implemented an online monitoring tool for those critical providers that have access to our information.
- f. Implementation of security technologies: Cyber-attacks are increasingly sophisticated, so the threat trend is periodically analyzed to generate a list of minimum technologies necessary to address these risks.
- g. "Tabletop" tests: Due to the increase in cyber-attacks in the world, we decided to carry out "tabletop" tests to determine the level of maturity in responding to cybersecurity incidents.

Agility

In 2021, we finish deploying all the agile units contemplated by BCP Stand-alone's business agility strategy. Our agile operation encompasses 26 Tribes and 13 Centers of Excellence (CoEs), which is how we refer to our agile organizations dedicated to the creation and evolution of a company's highly specialized and strategic capabilities.

All tribes and CoEs follow an agile operating model that allows them to plan, prioritize and focus on initiatives that directly contribute to established objectives, providing flexibility and agility to offer value to clients by maximizing productivity.

These agile organizations operate in quarterly cycles. In each quarter they follow a process of planning and value accountability called QBR (Quarterly Business Review) Process. In this process, BCP Stand-alone Tribe Leaders align their objectives with BCP Stand-alone's strategy and coordinate interdependencies among them. Agility is aimed at generating value by creating multidisciplinary, stable, self-organized and empowered teams. In any case, applying agility may introduce operational risks to BCP Stand-alone, which are mitigated by these agile organizations following all control processes established in BCP Stand-alone (risk control, budget, audit, security, etc.) like any other unit in BCP Stand-alone.

[Content](#)

Among BCP Stand-alone's main agile achievements in 2021 were: 1) the implementation of an agile organization scheme with Tribes and CoEs (as of December 2021 BCP Stand-alone had 29 Tribes and 13 CoEs, compared to none as of December 2017); 2) time-to-market improvement for new products from 6-18 months in 2020 to a maximum time of 3 months in 2021; and 3) the deployment of an Agile Academy Program and an Agile Day Event for all employees at Credicorp as part of a cultural educational strategy.

Currently, our main agile focus is to consolidate the agile operating model that we have built, and for this we have 3 ongoing projects: 1) implementing an agile management model, which we believe promotes the alignment, prioritization, and accountability of initiatives, as well as better performance and use of resources towards our objectives as a company; 2) developing high performance agile teams by focusing on initiatives that improve time to market, productivity and quality in our squads, which are our agile, autonomous and multidisciplinary teams that work within the Tribes and CoEs; and 3) strengthening our chapters, which are highly specialized people that compose our CoEs, by raising the quality level of the service they offer to our squads.

We plan to continue our efforts to increase the level of maturity in business agility of our organization.

Where we stand today....

We continue working to progress in our key objectives as well as in key results, in line with our main objectives of providing the best Experience and increase Efficiency.

In terms of customer experience, we identify the customer journeys with the lowest levels of satisfaction, but with the highest value for our customers, and focus our efforts on improving those journeys. We are constantly working to improve operational stability and the service provided through our different channels to continue improving our customer satisfaction, given that it is one of our main strategic priorities.

We also believe that sustained increases in digital sales, accelerated adoption of digital service and increase in IT resources will impact positively in the medium term on our efficiency ratio. See "ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS – 5.A Operating Results – (6) Lines of Business (LoBs) – 6.1 Universal Banking – 6.1.1 BCP Stand-alone – Financial Ratios" for analysis of recent trends in BCP Stand-alone's efficiency ratio.

[Content](#)

We continue to make progress in digitizing our customers by launching new functions and products in our mobile applications. In 2017, retail digital sales represented only 5.4% of total units sold, but in 2021, our digital sales accounted for over 40% of total units sold, of which products such as advance on wages, savings accounts and insurances had higher levels of units sold digitally. We have also increased our share of digital clients, which were 23% of individual clients in 2017 and reached 57% in 2021. Digital clients are retail customers who comply with at least with one of three conditions: (i) carry out at least 50% of their monetary transactions through digital channels, (ii) carry out at least 50% of their non-monetary transactions through digital channels, or (iii) bought products digitally in the last 12 months. To achieve these results, we have improved the experience in our digital channels and have increased our mobile banking users from 0.8 million in 2017 to over 4.5 million in 2021. Moreover, in 2017, we launched Yape, which has since become the largest digital wallet in Peru, according to BCP Stand-alone’s research unit, with over 8 million users by the end of 2021. We increased our volume of loans and deposits per employee (by 47% from 2017 to 2021) and reduced our branches (by 21% from 2017 to 2021) placing us among the most efficient financial institutions in Latin America according to BCP Stand-alone’s research unit analysis of the efficiency ratio of its main regional peers. We have also continued increasing our spending and investment in IT (by 79% from 2017 to 2021) to achieve further improvements in our efficiency indicators in the medium term. For further information about our digital transformation investments please refer to “ITEM 3. KEY INFORMATION – 3.D Risk Factors – Our increasing investments in digital transformation and disruptive initiatives may fail to achieve the ambitions, efficiencies and other performance improvements, which could affect our financial performance.”

(II) BCP Stand-alone’s Business Segments

(III) Retail Banking Group (RBG)

As of December 31, 2021, retail banking-related loans represented 51.9% of BCP Stand-alone’s total loans, while retail banking-related deposits represented 62.4% of BCP Stand-alone’s total deposits.

The following table shows the client segmentation for RBG. This segmentation was a result of an analysis that addressed multiple factors such as the size and volume of activity for each client, the clients’ affiliation with other companies or groups and their credit ratings.

Client Segmentation			
Business	Segment	Group	Client Income/Sales/Total debt
Retail Banking Group (RBG)	Individuals	Enalta	Individual monthly income at least S/20,000; or more than US\$200,000 in asset under management (not including severance indemnity deposits) in each month for the previous 6 months
		Affluent	Individual monthly income from S/5,000 to S/20,000 in each month for the previous 6 months
		Consumer	Focus on medium- and low-income individuals (less than S/5,000 of individual monthly income)
	SME	Business	Annual sales from S/5.6 million to S/33 million; or total debt from S/1.2 million to S/10 million
		Pyme	Annual sales up to S/5.6 million; or total debt up to S/1.2 million

[Content](#)

Individuals' business segments within RBG are:

Enalta

Enalta services include investment advisory, securities-based lending, financial planning, and day-to-day banking services such as loans and cash accounts. Enalta clients have access to 8 exclusive branches, 7 in Lima and 1 in Arequipa, and they benefit from the personalized advice of investment, insurance and loan experts, as well as exclusive, invitation-only products. Enalta has close to 44,000 clients.

Affluent

Customers in RBG's Affluent segment receive a differentiated value proposition that includes dedicated remote customer service, such as specialized account managers, preferential service by tellers at branches, an exclusive contact number, and preferential interest rates on loans. Approximately 80% of these clients are serviced through specialized remote account managers responsible for improving per-client profitability and achieving long-term relationships through personalized service, cross-selling, and share-of-wallet strategies. In 2021, we diverted the remaining clients from the physical branches to remote account managers. This has allowed us to give greater personalized services to customers with more products. Affluent has approximately 355,000 clients, of which 285,000 are served by 298 relationship managers. Clients without a relationship manager are served by a pool of assistants.

Consumer Banking

Our Consumer Banking segment is in charge of developing strategies for the retail customers who are not included in affluent banking or small business banking. Its customer base consists of approximately 9.8 million (only considers clients with at least one product) medium-to-low-income individuals. Consumer Banking focuses on customers who receive their payroll through BCP Stand-alone (which represents around 1.25 million clients). Its strategies vary from basic acquisition of new accounts for wage-earners with special terms regarding fees and interest rates, to more sophisticated, aggressive cross-sell and retention programs that may include non-banking benefits (such as access to discounts on non-banking products) and access to payroll advances.

The main products offered to individuals are:

Mortgage

According to the SBS and the Association of Banks of Peru (*Asociación de Bancos del Peru* or ASBANC by its Spanish initials), as of December 31, 2021, BCP Stand-alone was the largest mortgage lender in Peru, with a market share of 32.06%.

[Content](#)

One of the product lines responsible for recent growth in BCP Stand-alone's mortgage lending to low-income customer is loans funded by the credit program of the Peruvian Housing Development Bank (*Fondo MiVivienda*). The Fondo MiVivienda credit program provides government-funded loans with down payment aid for the purchase of properties valued up to S/427,600. This program seeks to cover the deficit in housing for lower-income population segments.

According to the SBS, in 2021, BCP Stand-alone made over 4,000 MiVivienda loans, representing the largest number of MiVivienda loans in the financial system, according to the SBS. In addition, as of December 31, 2021, BCP Stand-alone had a MiVivienda market share of 40.4%.

Mortgage loans are associated with low losses because of their low LTV, as they are backed by the home equity guarantee. These loans have the added benefit of generating opportunities for cross selling other banking products.

Credit Card & Consumer Loans

BCP Stand-alone's current credit card balances decreased from S/4,004 million as of December 31, 2020 to S/3,754 million as of December 31, 2021, due to our implementation of a risk-reduction strategy in the first half of 2021 and to the fact that clients had excess liquidity from severance indemnity and pension fund withdrawals approved but the government, which led to less use of their credit cards. However, the optimization of our risk models and pricing strategy, enabled BCP Stand-alone to increase its credit card sales by 34% from 2020 to 2021 also following the implementation of new commercial campaigns and the lifting of pandemic related restrictions, contributed to the total credit card usage by BCP Stand-alone's customers increasing by 54% during the same period

In addition, BCP Stand-alone increased its credit card authorization rate by 3.5% compared to 2020, from 88.2% to 91.7%. Furthermore, contactless payments were promoted through credit cards and mobile payments. As a result, this type of payments represented 55% of total transactions (an increase of 19% compared to 2020). Moreover, BCP Stand-alone achieved 34.4% of its sales through digital channels in 2021 (an increase of 7.3% compared to 2020). These improvements enabled BCP Stand-alone to improve its customers' credit card satisfaction rate by 12% from 2020 to 2021, according to BCP Stand-alone's own customer satisfaction surveys led by Ipsos Peru.

[Content](#)

During 2021, consumer loans showed a significant recovery in line with economic reactivation after the initial phase of the COVID-19 pandemic. We achieved record levels of sales, with over S/600 million in 2021.

At the beginning of the year, we focused on increasing our product offering to allow more customers to start building a credit record and be included in the financial system. To reach these objectives, we offered 92,000 customers low credit limits and gradually increased limits for customers with good payment behavior. We also improved our value proposition by using an elasticity model to set interest rates. Consumer loans without collateral grew from S/4,933 million in 2020 to S/6,115 million in 2021 (representing 24% growth), and digital sales accounted for 77% of total loans sold in 2021 (an increase of 17% compared to 2020).

The SME segments within RBG are:

SME-Pyme

SME-Pyme served approximately 647,600 clients as of December 31, 2021. Its credit portfolio reached S/19,787 million in 2021 (compared to S/19,916 million in 2020) and a market share of 22.0%, according to the SBS. In 2021, we continued to serve our clients while digitizing our processes and systems. Finally, according to BCP Stand-alone's own customer satisfaction surveys led by Ipsos Peru in 2021, 52% of SME-Pyme clients indicated that they were satisfied or highly satisfied with BCP Stand-alone products and services.

SME-Business

SME-Business served approximately 11,100 clients as of December 31, 2021. In 2021, SME-Business experienced a reduction in loans and deposits, which decreased 4.7% and 4.9%, respectively, from December 31, 2020, to December 31, 2021, mainly driven by lower Reactiva Peru loans and deposits. See "ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS – 5.A Operating Results – (2) Political and Macroeconomic Environment – Peru" for a description of the Reactiva Peru Program. Excluding the effects of the Reactiva Peru Program, SME-Business's loans balance decreased by 9.4% over the same period. According to the SBS, BCP Stand-alone closed 2021 with 40.8% in loans market share, in Peru, keeping BCP Stand-alone in first place in market share. Furthermore, according to our internal customer satisfaction survey led by Ipsos Peru, 90% of our SME-Business clients indicated that they were satisfied or highly satisfied with BCP Stand-alone products and services in 2021 compared to 92% in 2020.

[Content](#)

Distribution Channels

Digital channels

Mobile Banking: In 2021, more than 373 million monetary transactions were channeled through Mobile Banking at BCP Stand-alone, which represented growth of 48.6% with regard to the level reported in 2020. This growth was driven by client migration to digital channels during the quarantine.

Internet Banking: Transactions through Internet Banking at BCP Stand-alone grew 22.1% in 2021 to close the year with a total of 135 million monetary transactions. Additionally, through different digital platforms, more than 3.4 million sales were made throughout the year. This represented growth of 64.5% with regard to the level reported in 2020.

Yape: Yape registered higher growth in monetary transactions than any of our other channels from 2020 to 2021, reporting expansion of 270% in monetary transactions from 105.9 million in 2020 to 391.3 million in 2021.

Cocos y Lucas: In December 2019, BCP Stand-alone launched its platform to change soles and dollars, Cocos y Lucas. This offered clients a new alternative for exchange transactions.

For more detail about Yape, please see “*Retail Banking Innovations*”.

Self-service channels

ATMs: In 2021, BCP Stand-alone’s ATM monetary transactions increased 11.3% and total transactions increased in 8.4%. BCP Stand-alone decreased its ATM pool by 95 to close the year at 2,222 units. This reduction was in line with the closing of branches where these ATMs were assigned.

Kioskos BCP: Kioskos BCP are digital self-service platforms at which customers can open savings accounts and/or pick up debit cards. 6.8 million transactions were conducted through Kioskos BCP in 2021, which represented a 15.3% decrease from 2020.

Physical channels

BCP Agentes: BCP Agentes, which are legally separated points of contact at allied SMEs, with which we contract to enable our clients to carry out certain transactions, continues to constitute a highly effective channel for providing services to our clients given the wide availability of BCP Agentes in Peru. At the end of 2021, BCP Stand-alone had 8,054 BCP Agentes, which reflected an increase of 1,051 BCP Agentes compared to the end of 2020. BCP Agentes conducted 357 million of monetary transactions, which represent an increase of 24.7% with respect to 2020.

Branches: At the end of 2021, BCP Stand-alone had 357 branches, which represented a reduction of 31 branches with regard to the level reported in 2020. This decline was attributable to an increase in client digitalization levels in the context of the pandemic, which led us to optimize our network.

[Content](#)

Retail Banking Innovations

Yape

Yape's goal is to be the preferred app for Peruvians to solve their daily needs. Yape is an app used to make money transfers and payments through a cell phone. Yape users can receive money transfers to their bank accounts, make transfers and payments to other accounts which are linked to their cell phone number and/or to a unique QR code, or buy cell phone credit. Our main goals for this app are: for it to be the main payments network in Peru, to be present in the daily lives of Yaperos (Yape users); and to solve Yaperos' financial needs.

Yape grew an average of 270,000 new monthly users during 2021, of whom more than 70,000 are new BCP Stand-Alone clients and first-time users of a debit prepaid BCP Stand-Alone bank card. A new Yape user is more likely to acquire other BCP Stand-Alone products and to lead to new clients than a non-Yape user.

The goal of Yape is to achieve financial inclusion for the almost two thirds of Peruvians which today do not have access to banking services in the country. To that end, we launched Yape Card in May of 2020. Yape Card is a prepaid digital account. Any Peruvian citizen, 18 years or older can register with an ID and use Yape without having a BCP Stand-Alone bank account.

In the context of COVID-19 pandemic, in 2021 Yape Card was a key contributor in the distribution and payment of the Bono 600 and Bono Yanapay transfers given by the Peruvian government to more than 780,000 Peruvians who were not users of the formal banking system. Those citizens were able to receive financial aid provided by the government in a timely and safe manner because of Yape Card.

As of December 2021, Yape had more than 8 million users, 57 million monthly transactions, S/25.7 billion transferred annually, and more than 1.6 million small businesses affiliated. More than 54% of users used Yape at least once a month. During 2021, the growth rate for Yape's users was approximately 13,000 registrations per day.

Today, Yape adds value to the organization through four main sources: (i) client's transactional data. Given that cash transactions are replaced by digital ones, it is possible to duly register information about payments and transfers from small businesses and, as a consequence, improve credit risk assessment and develop new products targeted to this segment; (ii) bank accounts remain with a positive balance for longer periods of time because the use of cash is less frequent as it is replaced with digital transactions. In addition, there is a reduction in the use of tellers or ATMs thus reducing associated operating costs; (iii) Yape has generated a significant number of new customers to BCP Stand-Alone. Also, because those clients are mostly digital clients, customer service costs are reduced too. In addition, there are more than one million Yape Card members who can become potential users of BCP Stand-Alone banking products; and finally (iv) current BCP Stand-Alone clients can turn into digital clients, that is, make a more frequent use of digital channels which lowers the cost of attention.

[Content](#)

One of the most important milestones of 2021 occurred in November with the launch of our first product: "Mobile Top-Ups" (cell phone credit recharges), which allows users to buy cell phone credit from the Yape app. This launch has brought with it promising results, since in just a month and a half, 1.3 million top-ups were reached, which represented S/7.6 million transacted. This is the first functionality that generates direct income to the Company, because there is a fee paid by the mobile phone carriers.

COVID-19 management

RBG extended financial facilities to clients through reprogramming loans and debt consolidation and as of December 31, 2021, facilities extended to individuals totaled S/1,282 million, facilities extended to SME-Pyme totaled S/305 million and facilities extended to SME-Business totaled S/299 million.

Also, BCP Stand-alone disbursed approximately 880,000 payments of government financial assistance to vulnerable populations and served 879,000 clients with their severance indemnity withdrawals and approximately 1.2 million clients with their pension fund withdrawals

(III) Wholesale Banking Group (WBG)

As of December 31, 2021, wholesale banking loans represented 46% of BCP Stand-alone's total loans, while wholesale banking deposits represented 36% of BCP Stand-alone's total deposits. WBG competes with local and foreign banks in Peru. WBG's average daily balances amounted to S/52,892 million in 2021 (a 1.6% increase from 2020), compared to average daily balances of S/52,061 million in 2020 (a 13.1% increase from 2019) and S/46,042 million in 2019 (a 2.8% increase from 2018). It also maintained its leadership in the Peruvian Wholesale Banking market with a 37.8% market share in loans, according to the SBS and ASBANC. It has also established longstanding client relationships with major industrial and commercial groups in Peru. The WBG provides its customers with cash management solutions, short- and medium-term loans in local and foreign currencies, foreign trade-related financing, and lease and project financing.

The following table shows the client segmentation of BCP Stand-alone's WBG segments. This segmentation was a result of an analysis, which addressed multiple factors such as the size and volume of activity for each client, the clients' affiliation with other companies or groups and their credit ratings.

Client Segmentation		
Business	Group	Client Income/Sales/Total debt
WBG (1)	Corporate	Annual sales higher than \$100 million (equivalent to S/399 million)
	Middle-Market	Annual sales from \$10 million to \$100 million

(1) Converted into Soles at the exchange rate of S/3.987 per US Dollar, December 31, 2021 - SBS.

[Content](#)

WBG is divided into the following divisions and support areas:

Corporate and International Division (CID)

The CID served 4,831 clients as of December 31, 2021. The CID provides financing for capital expenditures and investments, sales, international trade, and inventories. It offers medium- and long-term financing, financial leases, and project financing and includes the following subdivisions:

1. Corporate banking subdivision, which provides loans and other credit and financial services. Focuses on serving large-sized companies in Peru that have annual sales of over US\$100 million, corporate governance, audited financial statements, and dominant market positions in their particular brands or product areas. Even if clients do not meet any of these criteria, the CID may provide services to firms under this category if they belong to a large economic group of an important industry to Peru's economy.
2. International banking & leasing subdivision manages relationships with financial institutions (locally and abroad) and provides trade products, international operational services, and financial leasing products.
 - BCP Stand-alone's Correspondent Banking Unit focuses on obtaining and providing short-term funding for international trade, as well as medium-term lines of credit funded by international commercial banks and other countries' governmental institutions. Besides, this unit earns fees by confirming letters of credit and guarantees issued by international banks and otherwise by providing international payment and trade finance services. The department also provides funding to some other Latin American banks which send their international trade and guarantee flows to Peru through BCP Stand-alone. BCP Stand-alone's Correspondent Banking Unit also promotes international trade activities with its local clients by structuring trade products and services, organizing and sponsoring conferences, and advising customers through a wide range of trade products.

Through the CID, BCP Stand-alone assists its corporate clients with financial services, cash management solutions, and short- and medium-term financing through the CID. BCP Stand-alone's corporate banking loans, measured in average daily balances, increased from S/28,269 million in 2019 to S/30,801 million in 2020, but decreased to S/29,992 million in 2021.

BCP Stand-alone has a leading position in the Peruvian banking system with 37.7% of the market share for corporate banking loans, according to the SBS and ASBANC. Despite the intense competition of foreign banks that may offer lower rates to the market since they finance their operations at lower costs from their headquarters.

Middle-Market Banking Division (MMD)

The MMD served 8,931 clients as of December 31, 2021. Regarding MMD, we note the following:

- (i) The MMD serves mid-sized companies, organizations, and institutions. MMD considers a mix of different characteristics in identifying potential clients, such as annual revenues, financial leverage, overall debt, product penetration, and complexity. The MMD clients' annual revenues generally range between US\$10 million to US\$100 million and are serviced nationwide by 12 BCP Stand-alone regional managers and multiple industry-focused service teams.

[Content](#)

- (ii) MMD focuses principally on serving for-profit and non-profit organizations, state-owned companies, and other significant institutions.
- (iii) Furthermore, the Institutional Banking Unit, which operates within the MMD, serves 1,557 clients throughout Peru. In Lima, a specialized MMD team serves governmental entities, educational institutions, religious organizations, international bodies, non-governmental organizations, civil associations, and regulated entities, such as microfinance institutions, insurance companies, pension funds, and private funds. Also, BCP Stand-alone has deployed specialized MMD teams in the largest provinces in Peru. On the other hand, in the smaller provinces in Peru, MMD is supported by the Retail Banking Division team who attends our customers' needs.
- (iv) Cash management and transactional services subdivision, which develops products and services to support clients' daily cash management activities, collections payments, and investments, among others.

The MMD loan portfolio was S/17,773 million as of December 31, 2019, S/21,260 million as of December 31, 2020, and S/22,900 million as of December 31, 2021. As of December 31, 2021, BCP Stand-alone had a market share of 37.9% in the Peruvian middle-market segment, according to the SBS and ASBANC.

The products offered to middle-market clients are similar to those offered to corporate banking clients. The major types of products are:

- (1) Revolving credit lines to finance working capital needs and international trade financing;
- (2) Standby letters of credit and bond guarantees;
- (3) Structured long-term and medium-term financing, through loans or financial leasing; and
- (4) Cash management, transactional products, and electronic banking.

WBG Tribes

There are three tribes in the WBG, and their main objectives are:

- (1) Tribe of Business Credit Products: Giving their business clients efficient financial solutions through an outstanding and unique experience that satisfies their main needs.
- (2) Tribe of Transactional Products for Businesses: Giving their business clients integral solutions that simplify their cash management processes and generate customer loyalty.
- (3) Tribe of Digital Platforms for Businesses: Giving their business clients an outstanding and unique digital experience to become their 'top of mind' choice.

[Content](#)

Digital Transformation

At WBG we aim to strengthen our clients' preferences by improving business profitability, preserving risk quality, and enhancing our digital platforms. Therefore, our strategy has been focused on the following points:

- Collection process enhancement: due to greater competition in the non-lending business, we have implemented projects focused on digitalizing our clients' collection journey, providing them with an improved customer experience and maintaining our leadership position in the market. During 2021, we deployed initiatives based on educating and rewarding clients for the use of digital channels for service payments and worked on improving their customer experience.
- A unique and powerful digital platform offering: make our Office Banking the best digital platform in the local financial market that allows us to accompany our clients in all their journeys, offering a digital end to end solution with 24/7 accessibility to our product and services portfolio.
- Operational stability improvement: assure security and availability of our platforms.
- Financial ecosystems and Open API development: we focus on creating an interconnected services network that allows users to satisfy multiple needs through a single integrated digital experience.

Sustainable Finance

WBG is committed to the sustainability objectives of Credicorp, which intends to create a more sustainable and inclusive economy. Hence, we offered green financing alternatives to our clients such as green loans and Eco-factoring; with the aim of empowering them to finance projects with a distinctive environmental footprint. In March 2021, as part of a club deal with another local bank, we granted Arca Continental Lindley a green loan for the repay of international bonds, issued to build the first industrial plants in Peru with LEED (Leadership in Energy and Environmental Design) Gold and Platinum certifications for their high-level of efficiency on resource management and care of human health.

COVID-19 Management

Since mid-March 2020, most companies have struggled with liquidity due to COVID-19. The WBG helped many companies to overcome the crisis by creating a specialized unit department in charge of rescheduling credits.

This area serves 148 clients from 12 economic groups, and its loan portfolio was S/2,807 million as of December 2021. This area was created to look after some of our Middle-Market and Corporate division clients who might need closer monitoring and special financing structures, with the aim of maintaining the commercial relationship and ensuring their financial performance recovery.

[Content](#)

Likewise, in March 2021, the Peruvian government approved rescheduling of loans acquired in the Reactiva Peru Program for clients that were still recovering from revenues losses due to the global pandemic. WBG proceeded to reschedule a total of S/1,406 million loans of 548 clients.

(II.III) Treasury

BCP Stand-alone's Treasury function is divided into four primary units: (1) the ALM Group, (2) the Sales & Trading Unit, (3) the Foreign Exchange and Derivatives Distribution Unit, and (4) the Treasury Tribe.

ALM Group

The ALM Group is responsible for managing BCP Stand-alone's statement of financial position and for taking reasonable interest rate and liquidity risks under the oversight of our Asset and Liabilities Committee (ALCO). The ALM Group is also responsible for maintaining our investment portfolio, Liquidity Coverage Ratio (LCR) and Capital Management. In addition, the ALM Group participates in money and debt capital markets, oversees reserve requirements, and manages BCP Stand-alone's liquidity and the bank's statement of financial position. The ALM Group has been active in auctions held by the BCRP for certificates of deposit as well as in financing its funding needs, interbank transactions, guaranteed negotiable notes, and other instruments.

Sales and Trading Unit

BCP Stand-alone's Sales and Trading Unit manages both foreign exchange and interest rate risk exposure and investments for proprietary positions purposes. The managed risk originates mainly from client liquidity transactions and from open proprietary positions. Market risk exposures and limits are independently defined by the Market Risk Unit and closely monitored by the Treasury Risk Unit. Additionally, an Investor Sales team within the Sales and Trading Unit actively reaches out to institutional investors, providing direct access to market maker prices and liquidity. The Sales and Trading Unit includes both a Foreign Exchange Desk and an Interest Rates Desk that manages risk as follows:

- **Foreign Exchange:** The Foreign Exchange Desk provides liquidity for spot and forward transactions for its clients and other market makers in US Dollar-Peruvian Soles (USDPEN), other Latin-American currencies, and G-10 currencies. The Foreign Exchange Trading Desk also manages foreign exchange volatility book for USDPEN. Additionally, the desk participates in Foreign Exchange transactions related to different instruments designed by the BCRP to smooth out any currency volatility.
- **Interest Rates (IR):** The Interest Rates Desk manages the investments and risk originated from both fixed-income and swap transactions from clients and from proprietary positions. BCP Stand-alone's fixed-income portfolio consists mainly of government bonds (both in local and hard currency) from Latin-American countries and US Treasuries. The Interest Rates Desk is one of the main liquidity providers in the Peruvian government bond market, where it is a leading participant of the Market Maker Program of the Ministry of Economy and Finance of Peru.

[Content](#)

Foreign Exchange and Derivatives Distribution Unit

BCP Stand-alone's Foreign Exchange and Derivatives Distribution Unit helps companies with their foreign exchange needs (spot and hedging) through its Distribution Desk. The broad portfolio of foreign exchange products provided to its client base has allowed the Foreign Exchange and Derivatives Distribution Unit to position itself as a benchmark in the foreign exchange business in the Peruvian market.

Treasury Tribe

The Treasury Tribe is responsible for providing technological support to the different units that make up the Treasury function through the enabling of platforms and technological tools; as well as, through the implementation of different initiatives that allow business scalability. The Tribe is made up of six squads — five for the development of initiatives related to products (Exchange, Foreign Exchange & Derivatives, Investments & Funding, Liquidity and ALM) and one for shared requirements across those products.

Role in LIBOR Transition

The Treasury team has been leading the transition process from LIBOR to other references rates. During this process, the group has measured the exposure and risks regarding the transition in terms of products, clients, funding, contracts, training, infrastructure, and other areas.

BCP Stand-alone has adopted most of the recommendations given by the ARRC convened by the FED. Specifically, Treasury and commercial bank products have been conformed to use Secured Overnight Financing Rate (SOFR) as the main alternative reference floating rate. This new alternative rate has been implemented in BCP Stand-alone's systems that register and value contracts. BCP Stand-alone also has adopted the Fallbacks Protocol of the International Swaps and Derivatives Association (ISDA), amended legacy contracts, and advised its clients about changes in the market and current trends. The Treasury team has also trained the commercial teams and kept them up to date, in order to offer the most accurate information to BCP Stand-alone's clients.

(III) BCP Stand-alone's lending policies and procedures

BCP Stand-alone has adopted a risk appetite framework and established objective metrics and thresholds to periodically monitor the Bank's evolving risk profile. The framework was approved by the Bank's Board of Directors; and is managed and monitored by the Risk Management Division within BCP Stand-alone's Central Risk Management Group. The adoption of a risk appetite framework reflects BCP Stand-alone's commitment to aligning its forward-looking business strategy with its corporate risk vision.

[Content](#)

BCP Stand-alone's uniform credit policies and approval and review procedures are based upon conservative criteria. These policies are administered in accordance with guidelines established by the Peruvian financial sector laws and SBS regulations. For further information, see "ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview – (6) Supervision and Regulation".

BCP Stand-alone's credit approval process is based primarily on an evaluation of each borrower's repayment capacity and commercial and historical credit behavior. BCP Stand-alone determines a corporate borrower's repayment capacity by analyzing the historical and projected financial condition of the company and of the industry in which it operates. Other factors that BCP Stand-alone analyzes include the company's current management and the quality of any collateral to be provided. In addition, BCP Stand-alone's credit officers analyze the corporate client's ability to repay obligations, estimate the probability of default of the client using an internal risk rating model, and define the maximum credit exposure that BCP Stand-alone wants to hold with the client.

The process of standardized risk model building, and monitoring based on new sources of information and innovative statistical techniques was crucial to the Group transformation to endure decisions in the credit process, such as admission, monitoring, and recovery. In particular, more complex models with enriched data allow for the inclusion of lesser-known customers into BCP Stand-alone portfolio and the more precise estimation of income and sales, which otherwise would have been done by physical means. These models are continuously monitored in order to assess their accuracy and revised if necessary. During 2021, some of the model adjustments introduced because of COVID-19 were reviewed and dismantled, particularly in credit admissions, as the uncertainty regarding customers' payment behavior began to decrease.

BCP Stand-alone evaluates individual and small business borrowers by considering the client's repayment capacity, a documented set of policies (including, among other issues, the client's financial track record and the degree of knowledge of the client) and credit scores, which assign loan-loss probabilities relative to the expected return of each market segment. Nowadays a significant part of BCP Stand-alone's loan application decisions for Individuals and SME applicants, are made through automatic means. However, more sophisticated loans application decisions are made by credit officers who use credit scores and profitability models as inputs for their evaluations. In 2021, BCP's Credit Risk Department continued operating in an agile framework, in which tribes and squads follow an agile operating model that allows them to plan, prioritize and focus on initiatives that directly contribute to established objectives, providing flexibility and agility, in order to create value for our clients.

Under the agile framework, tribes and squads consist of diverse team members such as risk specialists, data scientists, risk policy implementation members, among others, that previously worked more separately and more remotely in distinct units. Operating under cross-functional Squads has created a better understanding and alignment of goals in a timely schedule, through increased and improved communication and collaboration. Squads achieve a faster and more effective exchange of data, information, and knowledge. Consequently, BCP's Retail Risk Division has used the framework to enhance the bank's abilities to more precisely and timely identify and assess the specific segments and subsegments that may require adjustments in credit policies and processes in order to be optimally managed.

[Content](#)

Our performance in the small business and personal lending areas depends largely on BCP Stand-alone's ability to obtain reliable credit and client information about prospective borrowers. BCP Stand-alone has a large body of transactional information that is used in credit risk models. Also, the SBS has an extensive credit bureau, which has expanded its credit exposure database service to cover businesses and individuals that have borrowed any amounts from Peruvian financial institutions.

As a result of COVID-19, BCP Stand-alone has introduced methodological adjustments and new sources of information (including payment record and behavior on different pandemic phases, information about economic and geographic restrictions, and other internal variables) to calibrate the expected loss models. Some of these improvements include a greater granularity and improved assessment of the real situation of deterioration of the clients (mainly SME-Pyme and Consumer portfolios). This led to closely monitoring the potential continued effects and impacts of COVID-19, as well as the effectiveness of actions and measures especially for our vulnerable clients.

BCP Stand-alone has a strictly enforced policy that limits the lending authority of its loan officers. It also has procedures to ensure that these limits are adhered to before a loan is disbursed. Under BCP Stand-alone's credit approval process, the lending authority for WBG is centralized into a specialized credit risk analysis division. This division is operated by officers and committees that have specific lending limits set by client and economic group. Likewise, for RBG, there is another specialized credit risk analysis division that also operates with lending limits by product portfolio. In addition to the controls built into the loan approval workflow systems, the credit risk management divisions and internal auditors regularly review credit approvals to ensure compliance with lending policies.

For the WBG, in accordance with international standards, BCP Stand-alone has established lending authority limits based on risk rating (probability of default) and particular guarantees of the borrower. Requests for credit facilities in excess of the limits set for credit officers are reviewed by the Credits Committee, Executive Committee or, if the amount requested is sufficiently large, by the BCP Stand-alone's Board of Directors. In addition, BCP Stand-alone has concentration limits in the loan portfolio by industry, which is based on its target risk appetite and market share.

[Content](#)

BCP Stand-alone believes that an important factor to maintain the quality of its loan portfolio is the selection and training of its loan and risk officers. BCP Stand-alone requires loan officers to have degrees in economics, accounting, business administration or related fields from competitive local or foreign universities. In addition, training for new loan officers begins with a three-month program that covers all aspects of banking and finance. Subsequently, loan officers receive training in specific matters throughout their careers at BCP Stand-alone. Laterally hired officers are generally required to have prior experience as loan officers.

BCP Stand-alone operates in substantial part as a secured lender. As of December 31, 2021, approximately S/60.7 billion of its loan portfolio and off-balance-sheet exposure was secured by collateral, which represents 45.0% of its total loan portfolio based on unconsolidated figures (excluding overseas branch office BCP Panama and overseas agency BCP Miami), as compared to 47.2% in 2020 and 38.3% in 2019. The increase since 2020 was driven in large part by the loans guaranteed under the Reactiva Peru Program (which provides coverage between 80% and 95%). Excluding these loans, 38.3% of the portfolio was secured by collateral in 2021.

Liquid collateral is a small portion of BCP Stand-alone's total collateral. BCP Stand-alone requires collateral for the extension of credit depending on the risk profile and the business segment of the client, among other factors. When BCP Stand-alone requires collateral, it is usually valued at between 110% and 150% of the principal amount of the credit facility granted. The appraisal of illiquid collateral, in particular real estate assets, machinery and equipment, is performed by independent experts. BCP Stand-alone's internal audit division conducts selected revisions and analyses on borrowers' financial statements, consistent with the local banking regulations of the jurisdictions in which it operates.

In BCP Stand-alone's credit monitoring unit, we continue improving the anticipation of credit deterioration for Wholesale Banking and Business Banking customers. We included transactional flows (cash flows in checking accounts, both input and output) in our alarm system.

Additionally, we have a sectorial taxonomy for risk management in case of unexpected events. This map is prepared by segmenting the portfolio by economic activities and identifying the risks for each sector. In relation to rescheduled loans and loans under the Reactiva 1 and Reactiva 2 programs, we prepare quarterly portfolio monitoring for different risk variables in order to identify the level of portfolio risk. These variables include: rating, type of credit according to SBS, classification, credit exchange risk, and unique risk, among others; Likewise, we carry out an individual follow-up on a quarterly basis according to the alerts of each client.

2.1.2 BCP Bolivia

(I) BCP Bolivia Overview

BCP Bolivia's activities include wholesale banking and retail banking. As of December 31, 2021, BCP Bolivia had total assets of S/13,799.8 million, which include total net loans of S/9,148.7 million. At the same time, BCP Bolivia had customer deposits of S/10,585.8 million, and equity of S/835.0 million, with a 2021 ROAE of 9.24%.

[Content](#)

As of December 31, 2021, BCP Bolivia's loans represented approximately 8.8% of total loans in the Bolivian financial system, and its deposits represented approximately 8.7% of total deposits in the Bolivian financial system, according to the ASFI.

The following table shows the client segmentation of BCP Bolivia. This segmentation was a result of an analysis, which addressed multiple factors such as the size (by income, sales, and/or debt) and volume of activity for each client, the clients' affiliation with other companies or groups, and their credit ratings.

Client Segmentation (1)

Business	Group	Income/Sales/Total Debt
Wholesale Banking	Large companies (2)	Annual sales higher than approximately S/60 million
	Medium companies (3)	Annual sales from approximately S/4 million to S/60 million
	Small business (5)	Annual sales from approximately S/0.1 million to S/4 million
Retail Banking (5)	Micro business (5)	Annual sales of at least approximately S/0.1 million
	Consumer (6)	Payroll workers and self-employed workers
	Mortgage Banking (7)	Payroll workers, independent professionals, and business owners

- (1) Converted into Soles at the exchange rate of S/3.987 per U.S. Dollar, December 31, 2021 - SBS.
- (2) Loans to Large companies account for 36% of BCP Bolivia's total loans. This segment accounts for approximately 297 customers.
- (3) Loans to Medium companies account for 12% of BCP Bolivia's total loans. This segment accounts for approximately 534 customers.
- (4) At the end of 2021, retail banking loans accounted for 52% of total loans of BCP Bolivia, while retail banking deposits accounted for 30% of BCP Bolivia's total deposits.
- (5) Small and Micro business banking accounts for 11% of total loans of BCP Bolivia, small business banking serves approximately 6,931 clients while Micro Business serves approximately 9,574 business clients.
- (6) Consumer banking accounts for 9% of total loans of BCP. Its customer base consists of approximately 56,370 Payroll and self-employed workers. Our strategies are based on cross-selling and retention programs that expand benefits to non-banking products.
- (7) This segment serves 11,682 customers, representing 31% of BCP's total loans.

(II) BCP Bolivia Transformation

During 2021, we extended our portfolio of digital products to include insurance policies, consumer loans, saving accounts, fixed-term deposits, and payroll-linked loans. We also digitalized and automated the credit evaluation processes of the above-mentioned products.

Other initiatives that are related to our digital transformation program that were implemented in 2021 include:

1. The set-up of data governance and the implementation of data architecture and a Data Lake.
2. The development of digital ecosystems through a mobile app called SOLI (a 100% digital payment method) to the market (specially the unbanked).
3. The strengthening of our innovation capabilities with the creation of new squads (multidisciplinary teams that work under agile methodologies).

[Content](#)

Distribution Channels

Digital channels

- **Soli:** As part of our commitment to increasing access to banking products, BCP Bolivia fosters the development of an ecosystem for digital payments called Soli, launched in 2016, which at the end of 2021 had 248 thousand users.

Self-service channels

- **ATMs:** BCP Bolivia reported 310 units on December 31, 2021.

Physical channels

- **BCP Agentes:** BCP Bolivia, incorporated 128 new BCP Agentes in 2021, bringing the total number of BCP Agentes to 1,019 as of December 31, 2021.
- **Branches:** BCP Bolivia reduced its branches in 10 and reported a total of 44 branches at the end of 2021.

2.2 Microfinance

(l) Microfinance Overview

The Microfinance LoB is focused on offering commercial banking activities and specialized financial services to small and micro business clients in Peru and Colombia through Mibanco. Mibanco Colombia was created in October 2020 after a reverse merger between Edyficar S.A.S. (whose commercial name was Encumbra) and Bancompartir (the surviving entity). According to the Economist, Mibanco franchise is the leading Microfinance group in the Americas and the second largest private microfinance bank in the world with a loan portfolio of S/14,491 million and approximately 1.9 million clients, representing around 7.1% of Credicorp's total assets and 9.4% of the equity attributable to Credicorp's equity holders. As of December 31, 2021, Mibanco Peru represented around 92.7% of the total loans of the Microfinance LoB.

Mibanco's purpose

Mibanco's purpose is to transform lives and accompany our clients as they write their success stories. By doing so, we expand financial inclusion in the markets in which we operate. Microfinance is a social business, and its success depends on the social development of our clients, employees, and communities.

[Content](#)

Microfinance transformation

In Microfinance, our transformation strategy is focused on migrating our traditional business model, which is intensive in people and offices, to a hybrid multichannel model guided by information and analysis to improve our customers' experiences. Transformation entails: ensuring the evolution of our culture; driving a change in mindset; and making innovations in the way we serve our clients and in our business model. We will accomplish this by leveraging new technologies and forms of work to ensure that we are on track to meet our objectives.

Our focus covers three main objectives: to become a reference point for customer experience; lead growth in the region; and become a benchmark for the microfinance business model.

We are focused on five enabling fronts:

- Customer Centric: to provide an extraordinary experience that is in tune with the needs of our clients.
- Digital Business Model: to generate digital capacities and evolve the current business model by focusing on customer experience and efficient growth.
- Collaborative Organizational Culture: focused on implementing a customer-client focus; reinforcing reliability and commitment; and ensuring that we have the talent and leadership required for transformation while forming work squads and tribes.
- Data driven: focused on creating a competitive advantage by generating advanced analytical capacities to support core business practices (origination, collections, commercial effectiveness, pricing, and key personnel) and analytics to make decisions.
- IT & Digital Risk: Having flexible architecture to support digital transformation and to ensure that cybersecurity is at necessary levels.

In Colombia, there is an opportunity to replicate, through the "Mibanco Way," the improvements that we are already seeing in Peru in terms of productivity, cost of risk and efficiency.

2.2.1 Mibanco Peru

The following table shows how Mibanco segments its clients. This segmentation is based on an analysis that considers multiple factors, such as business size and client income, sales, and/or total debt, among others, as well as the client's affiliation with other companies or groups and their credit ratings.

[Content](#)

Client Segmentation (1)

Group	Income/Sales/Total debt
SME – medium (2)	Annual sales up to S/20 million Total debt higher than S/300,000, without issued debt in the capital markets
SME – small (3)	Total debt from S/20,000 to S/300,000
Microbusiness (4)	Total debt up to S/20,000
Consumer (5)	Focus on debt unrelated to business
Mortgage (6)	Focus on individuals for the acquisition and construction of homes and granting mortgages

- (1) As of December 31, 2021, Mibanco had 903,109 registered clients. All portfolio percentages and customer counts in this table and the associated notes are as of December 31, 2021, unless otherwise disclosed.
- (2) Mibanco’s SME – medium segment focuses on financing production, trade, or service activities for companies that (1) have total debt in the last 6 months higher than S/300,000, (2) annual sales up to S/20 million in the last 2 consecutive years, and (3) have not participated in the capital markets. This segment represents 4% of Mibanco’s total loans and 3,331 of its clients.
- (3) Mibanco’s SME – small segment focuses on financing production, trade, or service activities for companies that have total debt between S/20,000 and S/300,000 in the last 6 months (without including mortgage loans). This segment represents 61% of Mibanco’s total loans and 217,834 of its clients.
- (4) Mibanco’s microbusiness segment focuses on financing production, trade, or service activities for companies that have total debt up to S/20,000 in the last 6 months (without including mortgage loans). Microbusiness loans represent 27% of Mibanco’s total loans and 565,561 of its clients.
- (5) Mibanco’s consumer segment focuses on financing individuals to cover payments of goods and services or expenses unrelated to business. Consumer loans represent 4% of Mibanco’s total loans and 115,881 of its clients.
- (6) Mibanco’s mortgage segment focuses on financing individuals’ acquisition, construction, renovation, remodeling, expansion, improvement, and subdivision of homes. Mortgage loans represent 3% of Mibanco’s total loans and 5,340 of its clients. Mibanco’s mortgage segment has a policy of limiting LTV to up to 90%.

Progress in Transformation

In 2021, we made the following progress on our transformation journey:

Customer Centric

During 2021, our efforts were aimed at improving our digital channels and their functionalities in order to provide the best experience to our customers. For this we have worked on three fronts.

- (i) **Client Digitization:** The use of the mobile application was promoted to answer queries and carry out operations. As a result, as of December 31, 2021, our mobile application had 570 thousand users and more than 14% of loan disbursements are made through this channel (compared to 306 thousand users and 2% of loan disbursements in 2020). Likewise, the digitization of our clients’ businesses was promoted through the use of Yape and Culqi, which are part of our payment ecosystem solutions, to carry out collection operations. Furthermore, in line with providing an extraordinary experience to our customers, business advisors conducted 144,000 training sessions on the use of digital channels for our customers.
- (ii) **Disbursements generated through leads:** Mibanco’s hybrid model is based on the capacity to generate loans through leads. Starting in 2021 and boosted by the economic reactivation, the generation of loans through leads became the lead process’s power to generate loans. In 2021, 67.5% of disbursement balances were generated through leads compared to 51.4% registered in 2020.
- (iii) **Disbursements through alternative channels:** Since 2020, to better meet the needs of Mibanco’s clients, we began to make loan disbursements through alternative channels. This has allowed clients to receive disbursed amounts directly through internet home banking or via mobile banking, eliminating the need to visit a branch. During 2021, loan disbursement through alternative channels began to pick up, in line with an increase in total disbursements driven by economic reactivation. In 2021, disbursements through alternative channels accounted for 33.1% of total disbursements and represented 8.6% of the total amount disbursed, compared to 11.2% of total loan disbursements through alternative channels in 2020, which represented 5.6% of the total amount disbursed.

Content

At the same time, we are taking a more active role in the SME-Pyme financial ecosystem with Yevo, which is our digital platform where entrepreneurs can apply for loans, and receive advice related to digital issues and financial health. Yevo also offers services that add value to businesses, such as creating a virtual store, among others.

Finally, we are working on deploying the NPS (Net Promoter Score) throughout Mibanco's branch network to align the whole organization under the Customer Centric enabling front. Mibanco's NPS was 30% as of December 2021. We are also using the Employee Net Promoter Score (ENPS) indicator in our management processes to measure the employee experience. Mibanco's ENPS score was situated at 55% as of December 2021.

Digital Business Model

We have advanced in our journey to a hybrid business model by developing digital tools and implementing new sale channels as alternatives to traditional outlets (business advisor), providing customers services through:

- Telephone sales, APP, home banking, teller, and platform.
- URPI, a digital instrument for business advisors, which facilitates the advisor's assessment, sales, and collections in the field to ensure that they have more face-to-face time with clients. As of December 2021, 43.5% of the credit operations were conducted through alternative sales channels and 97% of our relationship managers were utilizing the functionalities available on URPI. These functionalities include field information on the clients, an operation simulator (amount, tenure, and rate), planning sales priorities and collections in the field.
- We have launched a digital model through an alliance with Uber Technologies Inc. and MO Technologies, a fintech that conducts a digital assessment of potential clients with the database of Uber drivers to grant them loans which are disbursed in Mibanco's deposit accounts; this provides information that allows us to expand our client base selectively and provides a great deal of information to scale up our business with controlled risk.

Collaborative Organizational Culture

We have adopted agile forms of work through tribes, COEs and squads in order to serve our customers better more efficiently. By the end of 2021, we had 4 tribes (Traditional Channels, Product Segment, Business Ecosystem and Digital Channels); 2 COEs (Agility COE and Customer Experience COE); and 25 squads, which supported origination, collections, digital development, experimental work, and client experience. Additionally, we developed six business models for intelligent business and an advanced analytics team.

[Content](#)

Additionally, we have implemented our own network of Innovation Coaches and Architects to ensure innovation is maintained at all levels of the organization. In line with this, we launched the “Spiral of Innovation” award among the employees of Mibanco Peru and Mibanco Colombia, which is a contest where we evaluate the results of initiatives and choose the best one between various categories such as: new products and services, efficiency, employee experience, customer experience and sustainability. This contest highlighted Mibanco Peru’s Crediagua and Credito Mujer initiatives for their promotion of innovation in various economic sectors. Finally, we have implemented our ideas incubator named Muru, which aims to transform ideas within Mibanco Peru and Mibanco Colombia into tangible results.

Data Driven

In 2021, we were focused on generating competitive advantages through centralized lending and working on a multi-channel collections strategy. Improvements in this regard were supported by advanced analytics models, which helped us increase the number of loans approved through leads from 28.3% in 2020 to 36.3% in 2021.

IT & Digital Risk

We made progress in integrating the platform that supports digital transformation and rolled out processes to ensure that we meet all cybersecurity requirements. We also advanced in our quest to implement tools for digital collaboration.

Distribution Channels

Digital channels

- **Mibanco Mobile App:** In 2021, 8.8 million transactions were processed through Mibanco’s Mobile App, which represented an increase of 171%, compared to 2020. Additionally, 131,389 loans were requested through the app, which translated into S/156.4 million in disbursements
- **Mibanco Web:** Mibanco’s web page processed 1.2 million transactions in 2021, which represented a growth of 115% compared to 2020. Additionally, 20,605 loans were requested through the web, which translated into S/23.4 million in disbursements.
- **Yape:** Since June 2020, Mibanco’s clients have been able to create a Yape account with their bank account.
- **Culqi:** Mibanco created an alliance with Culqi, a digital POS, in October 2019.

[Content](#)

Physical channels

- **Agentes Kasnet:** As part of the services offered to its clients, Mibanco has an agreement with Agentes Kasnet, a network of Multibank correspondents in Peru. At the end of 2021, 12,631 Agentes Kasnet were available for Mibanco clients; this represented an increase of 39.9% compared to the figure registered in 2020.
- **Branches:** At the end of 2021, Mibanco had 315 branches; 281 were own branches while 34 belonged to Banco de la Nacion, a Peruvian state-owned bank that offers services to Mibanco clients under a special agreement.

COVID-19 Management

Credit Reprogramming: In response to liquidity needs, Mibanco offered reprogramming for short and long-term loans to provide clients with payments schedules that are better aligned with their payment capacities. Approximately 890,000 loans were reprogrammed (in the total amount of S/8,607 million) in 2020. As of December 31, 2021, the reprogrammed portfolio totaled S/1,832 million.

Reactiva Peru Program: Mibanco participated in the program, and we granted loans to approximately 245,000 clients (in the total amount of S/2,485 million) in 2020. As of December 31, 2021, Reactiva portfolio totals 238,000 loans (in the total amount of S/2,099 million). In March 2021, the government allowed the reprogramming of Reactiva loans. At Mibanco, the reprogramming has been generated with an additional 12 months of grace and up to 36 months for the payment of credit installments.

FAE-Mype Program: The Peruvian government implemented the micro and small Business Support Fund (*Fondo de Apoyo Empresarial a la Mype* or FAE-Mype by its Spanish initials) program to provide working capital to micro and small businesses in all productive sectors. Mibanco participated in the FAE-Mype program and granted loans to approximately 35,000 loans for a total of S/386 million in 2020. As of December 31, 2021, this programmed totaled 24,000 loans (in the total amount of S/236 million).

2.2.2 Mibanco Colombia

The following table shows how Mibanco Colombia segments its clients. This segmentation is based on an analysis that considers multiple factors, such as business size, client income, assets and/or total debt, among others, as well as the client's affiliation with other companies or groups and their credit ratings.

[Content](#)

Client Segmentation

Group	Income/Sales/Total debt ⁽¹⁾
Commercial ⁽²⁾	Debt not categorized as micro, consumer, or mortgage.
Micro ⁽³⁾	Total debt up to 120 statutory minimum wages (equivalent to S/107,000).
Consumer ⁽⁴⁾	Focus on debt unrelated to business.
Mortgage ⁽⁵⁾	Focus on individuals for acquisition, construction of homeownership and granted with mortgages.

- (1) Converted into Soles at the exchange rate of S/0.000981 per Colombian Peso as of December 31, 2021. As of December 31, 2020, Mibanco had 115,414 registered clients. All portfolio percentages and customer counts in this table and the associated notes are as of December 31, 2021, unless otherwise disclosed.
- (2) Mibanco's commercial segment focuses on all credits other than Micro, Consumer and Mortgage. Commercial loans represent 22% of Mibanco's total loans and 4,772 of its clients.
- (3) Mibanco's microbusiness segment focuses on financing production, trade, or service activities for companies that have total debt up to 25 statutory minimum wages (approximately S/22 thousand) and workers up to 10. Microbusiness loans represent 73% of Mibanco's total loans and 107,817 of its clients.
- (4) Mibanco's consumer segment focuses on financing individuals to cover payments of goods and services or expenses unrelated to business. Consumer loans represent 1% of Mibanco's total loans and 1,673 of its clients.
- (5) Mibanco's mortgage segment focuses on financing individuals' acquisition, construction, renovation, remodeling, expansion, improvement, and subdivision of homes. Mortgage loans represent 4% of Mibanco's total loans and 1,152 of its clients.

2.3 Insurance & Pensions

2.3.1 Grupo Pacifico

(I) Grupo Pacifico Overview

We conduct our insurance business exclusively through Grupo Pacifico, which operates in Peru and Bolivia and is the second-largest Peruvian insurance company by written premiums in 2021, according to the SBS and the Peru's National Health Superintendence (*Superintendencia Nacional de Salud* or SUSALUD by its Spanish Initials). Grupo Pacifico provides a broad range of insurance products focusing on three business areas: P&C, life insurance business, and corporate health insurance and medical services. Grupo Pacifico, like other major Peruvian insurance companies, sells its products both directly (through its own sales force) and through independent brokers, bancassurance, and sponsors.

For further information see "ITEM 4. INFORMATION ON THE COMPANY – 4.A History and development of the Company".

In the last three years, we have focused on the development of digital channels in our insurance business, both for sales and client service. This has helped us improve the acceptance and widened the adoption by clients of digital channels in our insurance business in order to respond to the greater need for protection.

During 2021, we have continued our strategy to seize this opportunity, which establishes three main axes: customer-centric innovation, focus on Credicorp distribution channels and process digitalization for both sales and services.

The first strategic axis is to provide customer-centric products and service to our clients. This axis has allowed us to create new digital sales experiences for our customers, and the share of our digital policies, which are the retail policies sold through our digital channels such as ecommerce, digital platforms for insurance brokers and digital integration with retail alliances. Retail policies out of our total policies increased from 13% as of December 31, 2020 to 24% as of December 31, 2021. This growth is supported by the steady pace in which we have enabled digital products to fit our client's needs.

[Content](#)

The second strategic axis is focus on taking advantage of the reach provided by Credicorp channels. This year, through BCP Stand-alone digital channels, we have enabled two digital products on the BCP Stand-alone Insurance Marketplace, which is an insurance dedicated section in BCP Stand-alone's main website, that we created in 2020. In addition, through a combined team with representatives from both Grupo Pacifico and Mibanco, we have established a coordinated roadmap to develop digital insurance products on Mibanco's sales and client platforms; this enabled us to increase the digital sales of optional policies, such as limited health cancer insurance, business insurance, limited life insurance and bodily injury liability car insurance. The number of digital sales increased from 396 as of December 31, 2020 to 10,745 as of December 31, 2021.

The third axis is process digitalization. The need for both digital sales and digital client servicing has scaled significantly as a result of the COVID-19 pandemic and has become a part of our client's basic needs during 2021. Therefore, we keep seeking to be at the forefront of this development. In 2021, Credicorp's digital premiums, which are the premiums sold through our digital channels, increased by 144% from 2020.

We also seek to automate our processes. By the end of 2021, we have started to pilot a self-service claim process for our retail home insurance product, a claim process that is supported by artificial intelligence software.

COVID-19 Management

Pacifico as well as other subsidiaries joined the Ministry of Health campaign, *Pongo el Hombro por el Perú*, and collaborated on the process to vaccinate Peruvians by developing brigades at the largest drive through vaccination site in Peru. In a complementary effort, we strengthened communication for clients to stress the importance of vaccination by leveraging our presence in the social networks.

Distribution Channels

Digital channels

- **Mi Espacio Pacifico App:** In 2021, 257 thousand clients used Grupo Pacifico's app, compared to 169 thousand in 2020. Additionally, 67.7% of inquiries were self-managed as compared to 60.0% of inquiries that were self-managed in 2020.
- **Pacifico Web:** In 2021, over 6.3 million visits were made to Grupo Pacifico's website, compared with the 7 million reported in 2020. Sales through the website and other digital channels totaled S/144 million, which represented a growth of 63% with regard to the level in 2020.

[Content](#)

Physical channels

- **Branches:** At the end of 2021, Pacifico had 26 branches (compared to 35 branches in 2020). Due to the social distancing measures enacted during the pandemic, Grupo Pacifico temporarily closed its offices and branches to the public. Nevertheless, the company has continued providing its clients with the services they need.

(II) Risk Rating

Grupo Pacifico managed to reaffirm the solidity and solvency of the company, maintaining its international credit's ratings despite the Peruvian context: AM Best affirmed "A-" in December 2021, Fitch affirmed "BBB+" in April 2021 and Moody's "Baa2" in December 2021.

2.3.2 Prima AFP

(I) Prima AFP Overview

Credicorp conducts its pension fund business through Prima AFP, the second largest player in the Pensions business in Peru, which operates through individual capitalization accounts and provides its affiliates with retirement, disability, survival, and burial benefits. For this purpose, Prima AFP collects affiliates' mandatory and voluntary contributions, and invests the funds in local and foreign financial markets. The funds that Prima AFP holds in custody for its affiliates are non-attachable and are autonomous assets, which are not affected by Prima AFP's financial results. Prima AFP offers four types of funds, which differ by risk profile and the asset classes in which they invest. The investment and risk management policies are defined by internal committees and supervised by the SBS and the SMV.

For further information see "ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview – (5) Competition – 5.3 Insurance & Pensions – 5.3.2 Prima AFP" and "Item 4. INFORMATION ON THE COMPANY – 4.B Business Overview – (6) Supervision and regulation – 6.2. Subsidiaries – 6.2.1 Peru."

In 2021, Peruvian companies continued to face new challenges due to high political uncertainty and the COVID-19 pandemic. The Private Pension System was impacted by the Peruvian government approval of new laws that allowed clients to withdraw part of their funds, as well as reducing from 55 to 50 the age to access early retirement.

Despite these developments, during 2021 Prima AFP continued to focus on:

- (i) Digitalization of the client's service model by improving its digital channels and digitalizing several services to give its customers a better experience.
- (ii) Execution of infrastructure and technology projects by launching a virtual self-service platform for client operations.

[Content](#)

- (iii) Strengthening cybersecurity by executing an investment plan to reduce the risk of cyberattacks and protect our clients.
- (iv) Improving efficiency by optimizing processes and structures and controlling expenses.
- (v) Operating under an environmental, social, and governance (ESG) model with special attention on (i) responsible investing, (ii) building trust through transparency and simplicity, and (iii) educating society on the private pension system.

COVID-19 Management

Prima AFP served more than S/9.2 billion in fund withdrawals in 2021. As a result, our number of service requests increased significantly, reaching nearly 9 times higher than the previous year, going from an average of 120,000 monthly handled requests in 2020 to an average of 1,000,000 monthly handled requests in 2021. However, to continue providing the best experience to our customers, we worked on processes that helped increase our communications with clients.

Distribution Channels

Digital channels

- **Prima AFP's App:** Thanks to our clients' migration to digital channels, more than 6 million sessions were initiated in Prima AFP's mobile app in 2021, compared to 8 million in 2020. This decrease is due to the fact that in 2021 the number of affiliates who had a balance available for withdrawal was lower.
- **Prima AFP's Web:** In 2021, more than 1 million sessions were initiated through Prima AFP's web page, compared to 2 million in 2020. Users can use the web page to check contributions; find details on fund movements and balances; and request a change in fund risk level.

Physical channels

- **Branches:** Prima has 15 offices nationwide. Nevertheless, since March 2020, all offices have been closed to the public due to government measures in the context of COVID-19.

For further detail about Prima AFP COVID-19 Management, see "ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview – (1) Credicorp Overview" and "ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS – 5.A Operating Results – (2) Political and Macroeconomic Environment – COVID-19 Measures."

2.4 Investment Banking & Wealth Management

Credicorp Capital carries out its investment banking and wealth management operations in the Latin America region through Credicorp Capital Peru, Credicorp Capital Colombia, Credicorp Capital Chile, Credicorp Capital US and ASB Bank Corp., which hold a considerable market share in the Peruvian, Colombian, Chilean, and Panamanian markets, respectively.

[Content](#)

In 2018, we created the Investment Banking & Wealth Management LoB by adding BCP Stand-alone's Wealth Management Division and ASB to Credicorp Capital to operate as a single regional wealth management model within one business unit. This new structure facilitates sharing of best practices and delivery of a regional value proposition, with ASB supporting all wealth management business units and clients (instead of focusing on Peru-based wealth management customers).

In 2019, Credicorp Capital completed the acquisition of Ultraserfinco and its subsidiaries, a leading financial services company licensed to operate as a broker-dealer in Colombia. In June 2020, the merger with Credicorp Capital Colombia concluded successfully. In February 2021, the merger between Credicorp Capital Securities (CSI) and Ultralat, a broker-dealer and financial advisor in the U.S., also concluded successfully. This allowed our Wealth Management business to expand in Colombia, in addition to the possibility of building a robust Capital Markets and Wealth Management Platform in the U.S.

With operations in Chile, Peru, Colombia, Panama and the United States, we are consolidating our leadership position through four main business units: Asset Management, Capital Markets, Corporate Finance and Wealth Management, with ASB Bank Corp. as our banking operation in Panama that supports our Wealth Management business, consolidates some of our Capital Markets Trading Strategies and increasingly provides its balance sheet to support our Corporate Finance business unit.

Asset Management

Through our regional platform, our Asset Management business unit offers a wide array of products, including mutual funds, alternative funds, and portfolio management, as well as structured products to a broad base of clients, including those in our retail, private and high-net-worth, corporate, and institutional segments. We also act as a third-party distributor in Latin America, representing other global asset managers.

Capital Markets

Our capital markets business unit has an active role in secondary markets, particularly equity and fixed-income products, as well as exchange rate products and derivatives. Our participation in the placement of equity and debt instruments, vis-à-vis our corporate finance team, is also active, especially for corporate issuances in local markets. We also have proprietary investments, with trading books managed in Peru, Colombia, Chile, and Panama.

[Content](#)

Corporate Finance

Our corporate finance business unit provides advisory services for the structuring of mid- and long-term financing and the structuring and placement of equity and fixed-income instruments in capital markets. It also offers a wide range of financial advisory services and advisory services for mergers and acquisitions.

Wealth Management

We run a financial and investment advisory model tailored to high-net-worth and ultra-high-net-worth individuals under a comprehensive value proposition where we offer our clients a broad range of products (including investment advisory, investment management, long-term financial planning, banking services, and credit solutions), an expert advisory model (in which a single relationship manager coordinates the various financial services for their clients) and a multi-platform network that provides access to local, regional and international markets, including the United States.

Distribution Channels

Digital channels

- **Via BCP:** BCP Stand-alone's web channel, through which its clients can view their investments in Mutual Funds and in the Stock Market managed by Credicorp Capital. Likewise, through Via BCP, clients can perform Mutual Funds subscription and redemption operations.
- **Tyba:** our online application that operates as a digital broker in Colombia and Peru, allowing clients to manage their personal finances, making investments according to their own risk profile and tailored to their own investment plans. It provides a simple and secure means for clients to access investment products in a digital platform, allowing investments with a minimum amount of US\$100, S/100 or COP 100,000.

Physical channels and Telephone

- **Offices:** Credicorp Capital's clients can be served through its 23 regional offices, which are distributed across Peru, Colombia, and Chile, and also have points of contact in the United States and Panama. Additionally, BCP clients can manage some of our investment's products through its network of agencies across Peru.
- **Call center:** Through a specialized team, we serve and advise our Capital Market clients in the intermediation of fixed income and variable income securities in Peru, Colombia, and Chile.

(3) Corporate compliance and ethics

Our Compliance and Ethics management system is a key enabler in Credicorp's sustainability framework. We meet the needs both of our businesses and stakeholders through: (i) ensuring the clarity of the terms and conditions of financial products and services, (ii) providing a framework and monitoring it to ensure a good work environment and equal opportunities for all employees, and (iii) ensuring the responsibility and integrity through all our businesses.

[Content](#)

Credicorp and all its subsidiaries, using a comprehensive approach based on international best practices and our principles and ethical values, have established 11 corporate compliance and ethics programs that cover local and international regulations and mitigate conduct risks by encouraging ethical behavior in order to protect the reputation of the corporation. These programs are the following:

- Anti-money laundering and Counter financing of terrorism (AML/CFT)
- Financial stability
- Fiscal transparency (FATCA & CRS)
- Regulatory compliance
- Ethics and conduct
- Anti-corruption
- Market abuse prevention
- Personal data protection
- Occupational safety and health
- Market Conduct
- Antitrust (implementation started at the end of 2021 and is expected to be completed by 2022)

The programs listed above are under the oversight of the Chief Compliance and Ethics Officer who has full autonomy to carry out functions and duties independently. The Chief reports directly to our Board of Directors through the Sustainability Committee, providing regular and consolidated reports about the performance of the compliance and ethics programs at all our subsidiaries. Each subsidiary has a Compliance and Ethics Officer, who works with a specialized team and reports to the head office.

Anti-money laundering and Counter financing of terrorism (AML/CFT)

Through this program, we manage all the procedures and policies related to the risks of entrance or movement of money from illicit activities. In 2021, we continued to face the COVID-19 pandemic and the presence of new digital businesses. In this increasingly dynamic context, we have adapted our customer experience and services to all our stakeholders with effective policies, guidelines, and robust AML controls, in order to meet the new demands that are defined by an intensive use of the technology as a preferred form of connection. Therefore, we are strongly committed in working with innovative technologies for these new business models that present additional challenges for the traditional KYC (Know Your Customer) strategies.

Furthermore, all of Credicorp's subsidiaries have continued to manage the AML/CFT program based on key KRI (Key Risk Indicators), aiming for a solid governance, searching for efficiencies, identifying automation opportunities, and using technology & analytics. We continue directing our efforts to minimize risks, meet our client's needs and develop fast and efficient processes that help us achieve our business key goals.

[Content](#)

Financial stability

The Financial Stability Program supports our compliance with the applicable regulations derived from the U.S. Dodd-Frank, Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), the European Market Infrastructure Regulation (EMIR) and the European Bank Recovery and Resolution Directive. During 2021, we focused on carrying out actions for the exchange of information with counterparts regarding the regulations that make up the Financial Stability Program. Also, the necessary actions were taken to comply with the requirements of Initial Margin Rules.

Fiscal Transparency

The Fiscal Transparency Unit within Credicorp oversees the implementation of two international regulations, the U.S. Foreign Account Tax Compliance Act (FATCA) and the OECD's Common Reporting Standard (CRS), which are the global standards for the automatic exchange of financial information between governments and contributes to the global effort against tax evasion and increased collection through exchange of financial information among participating countries. These standards apply to all of Credicorp's financial institutions. Understanding FATCA and CRS requirements and having a comprehensive tax transparency compliance program are essential for financial institutions to limit non-compliance risk and meet the obligations set out by applicable country Intergovernmental Agreements (IGAs) with the U.S. Internal Revenue Service (IRS) and the commitments signed with Organization for Economic Co-operation and Development (OECD). As an example, in 2021, Credicorp sent more than 80 FATCA and CRS reports to the tax authorities of a total of eight countries, which demonstrates our commitment to international standards for the prevention of tax evasion. This process begins at the moment that the customer is enrolled in our systems and the related Know Your Customer due diligence processes are commenced.

FATCA at Credicorp: Credicorp has investment vehicles located in countries under IGA Model I (Bahamas, Luxembourg, Colombia, the Cayman Islands and Panama), IGA Model II (Bermuda and Chile), and General Regulation (Bolivia and EE.UU.). Obligations include complying with client due diligence, client annual reporting and financial counterparties exchange of status information. Peru still holds the status of "agreement in substance" while the Peruvian government and the U.S. Department of the Treasury continue with the negotiations to sign an IGA Model I. Given this status, in 2018 Peru's Ministry of Economy and Finance (MEF) announced that the Annual Client Reporting obligation would be on hold while negotiations continue. However, all Peruvian financial institutions must comply with all other FATCA obligations.

CRS at Credicorp: Credicorp has financial institutions located in countries that started CRS implementation in 2016 (Colombia, the Cayman Islands and Luxembourg), 2017 (Panama and Chile) and 2019 (Peru). In the countries that adopted CRS in 2016 and 2017, our main activities will continue to focus on (i) keeping the information of our clients and counterparties updated, (ii) sending annual reports to tax authorities and (iii) completing the certifications and audits according to the laws applicable to each country.

[Content](#)

In Peru, the implementation of CRS is part of the mandatory requirements of the OECD to grant full membership status to Peru. Therefore, all Credicorp financial institutions in Peru, including BCP, Grupo Pacifico, Mibanco, Prima AFP, Credicorp Capital Bolsa, Credicorp Capital Fondos, and Credicorp Capital Titulizadora; are obliged to comply. As part of these commitments, our Peruvian companies submitted their first annual report to the Superintendencia of Tax Administration of Peru (*Superintendencia Nacional de Aduanas y de Administración Tributaria de Peru* or SUNAT by its Spanish initials), the Peruvian Tax Authority in 2021.

Regulatory compliance

At Credicorp and its subsidiaries, we are committed to complying and following external legal mandates set forth by regulatory entities, such as the SBS or the relevant governments. We ensure the implementation of all the regulatory framework applicable to each of the companies, using methodologies with a comprehensive approach based on risk and international best practices in order to reduce risks that would arise from regulatory noncompliance, like sanctions and reputational risks. Over the last two years, the number of laws, regulations, standards, and guidelines applicable to our business has increased due to COVID-19 pandemic, and we have worked to implement our regulatory obligations while remaining committed to the success of our clients, employees, and other stakeholders.

Ethics and conduct

This program manages our Corporate Code of Ethics (the Code) and complementary Ethics Policies to provide guidelines for employees to avoid misconduct and provide tools to properly manage potential conflict of interest scenarios. It is also responsible for the operations of our international "Alerta GenEtica" ethics and compliance hotline.

The Code, approved by the Board of Directors, is the conduct reference for Directors and employees, who must comply with it each year. The Code is reviewed periodically, but in 2021 we started a key project to renew our commitment with our stakeholders by updating our Code, which is presented in our corporate webpage. Our Board of Directors, senior management, employees, clients, suppliers, and other stakeholders participated actively in the process, in order to ensure a dynamic and transparent document that reflects our corporate values and current beliefs, such as responsible financial inclusion, human rights, diversity and gender equity, among others

To manage potential conflict of interests, Directors and employees must submit relevant information periodically, including their outside business activities. We also have policies to manage operations between Credicorp's related parties, where relevant transactions are disclosed to the Sustainability Committee and to other stakeholders. In 2021, we updated the guidelines to manage potential conflicts of interest and held 3 multidisciplinary workshops to identify risks in critical processes, allowing us to strengthen our controls. We also continuously foster awareness of our "Alerta GenEtica" ethics and compliance hotline through communication campaigns and training and encourage stakeholders to use the hotline.

[Content](#)

Anti-corruption

Credicorp has a Corporate Compliance System based on international standards, which allows us to develop procedures that ensure compliance with anti-corruption regulatory requirements and maintain responsible businesses to offer our clients legal and reputational support.

At Credicorp, we are committed to maintain honest, transparent, and corruption-free businesses. In this sense, we strictly comply with the anti-corruption and anti-bribery legislation of the countries or markets where we operate. In addition, we have a Corporate Policy for the Prevention of Corruption and Bribery, which is aligned with the requirements of foreign (FCPA – U.S. and UKBA - United Kingdom) and Peruvian regulations, such as Law No. 30424, which regulates the administrative liability of legal persons.

As part of the efforts of the Anti-Corruption Program, BCP Stand-alone obtained the international certification ISO 37001 - Anti-Bribery Management System. As an organization, we are willing to implement and follow the best practices and international standards. For this reason, we have certified 5 key processes with ISO 37001, which are:

- Regulatory Affairs Management
- Commercial Management of Institutional Banking
- Selection and Management of External Law Firms in the Legal Division and Labor Relations.
- Centralized Purchases
- Municipal Operations Management

In 2021, BCP Stand-alone obtained the Anti-Bribery Certification from the *Empresarios por la Integridad* organization in Peru, which uses an audit-based process to demonstrate compliance with anti-bribery requirements at the entity-wide level.

Market abuse prevention

Through Credicorp's Market Abuse Prevention program, guidelines and controls are established to prevent insider trading and market manipulation.

In 2021, we continued to perform risk assessments in two of our subsidiaries, that allowed us to assess the risks of the program and generate a plan to reduce them. We were able to implement guidelines and controls to mitigate risks of insider trading and market manipulation in our Universal Banking business. Furthermore, Pacifico Seguros claimed compliance with the Asset Manager Code of the CFA Institute, being the 4th subsidiary of Credicorp to comply with the code, along with Prima AFP, Credicorp Capital Peru, and Credicorp Capital Chile.

[Content](#)

Personal data protection

At our companies, we strive to protect and ensure the privacy of our users' personal information. We guarantee absolute confidentiality and use the highest security standards in accordance with the Personal Information Protection Law N° 29733 and the related regulation, approved by Supreme Decree, No. 003-2013-JUS ("rules to protect personal information").

Our companies, as so-called personal data bank owners, must comply with these rules' guiding principles for the protection of personal data. Also, as personal data bank owners, we are required to secure the consent of the personal data owners to process and transfer their personal data, taking into account the provisions of the Personal Data Protection Statutes, which are part of Credicorp's internal compliance policy.

We must ensure the exercise of protected rights that may be exercised by the personal data owner. To this end, we must make available channels, procedures and information to tend to these requests within the timeframes established under the Personal Data Protection Statutes and the rules.

Consequently, our corporate personal data protection policy has the following goals:

- a) Establishing general guidelines for the processing and transfer of personal data of stakeholders such as employees, users, customers and suppliers of all our companies.
- b) Ensuring that our companies comply with the Personal Data Protection Statutes.
- c) Advise all employees of our companies of the impact of non-compliance with the applicable standards of personal data protection.

Occupational safety and health

Credicorp has an Occupational Health and Safety Program, which aims to maintain and ensure safe and healthy environments for all employees, suppliers, customers, and visitors, in order to avoid work accidents and occupational diseases. In 2021, as the pandemic continued, we sustained the measures and controls to mitigate contagion, managing to limit the impact of the new waves and making the confinement measures more flexible through various control activities, such as training to prevent contagion by using safety equipment properly. We also continued to improve the processes, such as inspections to verify controls and identify unsafe conditions, investigation of undesirable events, among others. As a result, we were able to reduce reported accidents by 16% compared to 2020. In 2022, we will continue with the activities focused on preventing COVID-19, as well as the other maintenance activities of the Occupational Health and Safety Program.

[Content](#)

Market conduct

Credicorp's market conduct program is aimed at promoting good business practices with customers, mitigating the risk of marketing and design of products that do not meet the needs of clients, ensuring the information transparency, giving clarity of the terms and conditions of financial products and services and, to properly manage the attention of claims. These actions allow us to encourage ethical behavior, in order to protect the reputation of the corporation and achieving sustainable relationships with our customers.

During 2021, we implemented new regulatory requirements, such as Peru's Credit Reprogramming regulation, which provides facilities to customers who had difficulties paying their debts during the pandemic, and Peru's Usury Law Regulation, which establishes maximum interest rates for consumer products, eliminates certain commissions and requires that borrowers be presented with a choice of credit life insurance with redemption or return of premium. In addition, we have been part of the great effort to implement more digital channels and new initiatives that facilitate marketing and customer service.

Antitrust

In 2021, Credicorp strengthened its commitment to free competition in the markets where it operates, through the implementation of the Antitrust Compliance Program. The goal is to implement actions through policies and operating controls to prevent, detect and remedy any anticompetitive behavior, complying regulations in this matter, under a prevention model described in Compliance Guide of Peru's National Institute for the Defense of Competition and the Protection of Intellectual Property (*Instituto Nacional de Defensa de la Competencia y de la Proteccion de la Propiedad Intelectual or INDECOPI* by its Spanish initials).

BCP Stand-alone executed a consultant project with EY Peru, with the main objectives of (i) creating an Antitrust Risk Matrix, and (ii) setting the actions plans to implement the Antitrust Compliance Program. Through the project, 18 risks were identified, none of which was considered to be at a RHC (Relevant, High, Critical) level. EY recommended nine controls related to multiple bank processes and eleven action plans related to implementation of the compliance program. The Antitrust Compliance Program started during October 2021.

Besides BCP Stand-alone, three other companies (Pacífico, Prima and Mibanco) will begin their own Antitrust Compliance Programs in 2022.

(4) Internal Audit

In 2021, our internal audit unit focused on creating a permanent risk-based framework to evaluate the effectiveness and efficiency of Credicorp's risk management, control, and governance processes. The unit's objectives are improving and protecting the corporation's value through an agile and timely independent assessment, as well as data-based consulting and risk analysis. For this purpose, our internal audit unit formulated the Annual Audit Plan using a risk-based audit methodology, which is aligned with the rules of The Institute of Internal Auditors (IIA) and approved by the SBS. Based on industry-specific concerns, topics related to data analytics, cybersecurity and agility were given special attention and therefore addressed the audit management strategy. For 2022, we will introduce "Innovation" as a fourth pillar of our strategy.

[Content](#)



During 2021, for the eleventh consecutive year, an internal evaluation was conducted in compliance with Standard 1311 of the IIA. During this evaluation, we received the qualification of “General Compliance” (the highest qualification rating provided by the IIA) due in part to our Quality Assurance and Improvement Program. The evaluation also verified that our internal audit function complies with the International Standards for Professional Practice, Fundamental Principles and the IIA Code of Ethics. For the year 2022, we plan to a) conduct an external quality assessment performed by the IIA Global and b) deploy the Internal Audit Ambition Model, which is a tool that helps to assess level of Internal Audit Functions and determine the ambition level, as recommended by the Institute of Internal Auditors Netherland’s.

During 2021, our Chief Internal Auditor completed his term as Chairman of the Financial Services Guidance Committee of the IIA, whose mission is to strategically direct the development of the International Framework for Professional Practice of Internal Auditing to support the advancement of the professional auditing practice in the global financial services industry by identifying, prioritizing, launching and, ultimately, approving guidelines specifically geared to the special needs of internal auditors who provide services to the financial services industry. In July 2021, he has become a member of the Board of IIA Global, the highest governing body of the institution. The Board is composed of 17 representatives of the different chapters of the Institute, and they were elected during the IIA’s Annual Business Meeting. Furthermore, during the year, Grupo Pacifico’s Chief Auditor continued as Chairman of the Lima Chapter of the Information Systems Audit and Control Association (ISACA), and participated with our Chief Auditor on behalf of Credicorp, with counterparts from various peer universal banking institutions from various Latin-American countries, in the Agility Internal Audit Committee - Latin American Banks of the Latin American Foundation of Internal Auditors (*Fundación Latinoamericana de Auditores Internos* or FLAI by its Spanish initials), a self-organized group composed by the internal audit function of those banks.

[Content](#)

Consistent with recommended industry practices, Credicorp continued to apply the Cybersecurity Assessment Tool (CAT) of the U.S. Federal Financial Institutions Examination Council (FFIEC) to its operations. In addition, Credicorp implemented a centralized methodology to apply data analytics in a coordinated and integrated manner and also began to apply a decentralized data analytics model following best practices and promoted the use of Agile audit methodology guidelines.

In 2021, we achieved important advances in two of the main action fronts of Data Analytics: the construction of analytical models that allow us to identify suspicious transactions or transactions with a greater probability of error, and the digitization of audit tests, which may reduce the time incurred during the review.

During 2021, we continue auditing agile tables, under a risk-based methodology that seeks to evaluate the correct application of agile methodologies in the corporation, especially in the relevant domains of IT security and cybersecurity.

Despite the COVID-19 pandemic, Credicorp's internal audit function was able to fulfill its annual plan remotely, due to the technical facilities deployed by the different companies of the group. In this field, special methodologies were developed for remote visits to agencies that serve our clients.

In 2021, we provided 20,657 hours of training to our internal auditors, with an average of 89 hours per auditor (above the 40 hours per auditor recommended by international practices) in topics related to fraud prevention, IFRS 9, new cybersecurity frameworks such as those promulgated by the IIA, NIST or the FFIEC, internal quality assessment, data analytics, risk management, programming language, anti-money laundering, validation of models and other topics of financial and operational audit.

[Content](#)

(5) Competition

5.1 Universal Banking

As of December 31, 2021, there are 52 financial institutions, and four state-owned banks (*Banco de la Nación*, COFIDE, *Banco Agropecuario* (Agrobanco) and Fondo MiVivienda), in the Peruvian universal banking sector.

	Private Financial System as of December 31, 2021			
	Number of entities	Assets (Soles in thousands)	Deposits (Soles in thousands)	Loans (Soles in thousands)
Banking Sector (1)	16	518,094,060	331,259,595	350,028,574
Financial firms (2)	10	14,973,820	7,415,885	12,640,409
Municipal savings banks (3)	12	34,989,805	24,719,608	29,286,072
Rural savings banks (4)	6	2,699,848	1,549,579	2,239,536
Edpymes (5)	8	3,214,732	-	2,678,834
Total	52	573,972,265	364,944,667	396,873,425

Source: SBS

- (1) “*Banca Multiple*” under SBS definition and terminology
- (2) “*Empresas Financieras*” under SBS definition and terminology
- (3) “*Cajas Municipales*” under SBS definition and terminology
- (4) “*Cajas Rurales*” under SBS definition and terminology
- (5) The same name under SBS definition and terminology (as defined below under “– 5.2 Microfinance – 5.2.1 Peruvian microfinance system”).
- (6) The total Private Financial entities does not include savings and loans associations (COOPACS), because the information for COOPACS is not yet publicly available from the SBS.

(i) Banking Sector

The Banking Sector includes universal banks, offering financial services to retail and wholesale clients, among others. The following table sets forth the percentages, by assets, deposits, and loans, represented by the major Peruvian banking institutions.

as of December 31, 2021	As % of total Private Financial System			As % of Banking Sector		
	Assets	Deposits	Loans	Assets	Deposits	Loans
BCP Stand-alone	32.39%	33.37%	30.84%	35.88%	36.77%	34.97%
BBVA Banco Continental	17.71%	17.32%	18.76%	19.62%	19.08%	21.27%
Scotiabank Peru	13.42%	12.13%	14.28%	14.87%	13.36%	16.19%
Interbank	11.91%	12.17%	10.85%	13.20%	13.40%	12.30%
Banco Interamericano de Finanzas	3.32%	3.41%	3.30%	3.68%	3.75%	3.74%
Mibanco	2.75%	2.28%	3.38%	3.05%	2.52%	3.84%

Source: SBS

As of December 31, 2021, BCP Stand-alone ranked first among all Peruvian multiple banks by assets, deposits, and loans, according to the SBS.

As of December 31, 2021, the principal Peruvian non-state financial institutions reported total loan balances of S/259,007 million in local currency and of US\$22,830 million in foreign currency (in comparison to S/243,371 million and US\$22,825 million as of December 31, 2020, respectively). These figures represented an expansion of local currency loan balances of 6.4% and an expansion 0.1% in foreign currency loan balances from December 31, 2020 (compared to an expansion of 21.5% and contraction of 11.8%, respectively, from December 31, 2019 to December 31, 2020). As a result, the dollarization of loans reached 26% as of December 31, 2021 (compared to 25.4% as of December 31, 2020 and 30.0% as of December 31, 2019).

[Content](#)

As of December 31, 2021, Peru's total amount of multiple banking deposits were S/331,259 million, and the multiple banking dollarization rate for deposits was 43.0% (compared to 37.9% as of December 31, 2020 and 38.9% as of December 31, 2019). As part of its plan to decrease the dollarization level of loans in the Peruvian financial system, in order to reduce the risks of currency depreciation associated with borrowing in US Dollars, the BRCP established a de-dollarization program beginning in January 2015. For further information, see "ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview – (6) Supervision and Regulation – 6.2 Subsidiaries – 6.2.1 Peru – (i) Peruvian Regulators".

Peru's capital ratio (regulatory capital divided by risk-weighted assets (RWAs)) was 14.92% as of December 31, 2021, which was above the 10% legal minimum that became effective in July 2011 and represented a decrease of 53 basis points from the capital ratio reported as of December 31, 2020 (15.52%). In 2020, the ratio increased by 95 basis points from a ratio of 14.57% as of December 31, 2019.

Peru's loan portfolio quality indicators generally improved in 2021. As of December 31, 2021, internal overdue ratio reached 3.77%, 3 basis points below than the ratio reported as of December 31, 2020 (3.80%). As of 2020, the ratio had increased 78 basis points compared to December 31, 2019 (3.02%). Also, the internal overdue, refinanced, and re-structured loans over total loans ratio was 5.65% as of December 31, 2021, 13 basis points higher than the figure reported at year-end 2020, 5.52% (compared to 4.46% in 2019). Similarly, the coverage ratio of Peru's internal overdue loan portfolio was 155.4% as of December 31, 2021 (compared to 177.7% as of December 31, 2020 and 152.1% as of December 31, 2019).

The liquidity of the Peruvian banking system remained at relatively high levels. As of December 31, 2021, the local currency liquidity ratio and the foreign currency liquidity ratio were 33.7% and 51.4%, respectively (compared to 52.2% and 49.2% in 2020 and to 27.0% and 49.6% in 2019, respectively). The decrease in the local currency liquidity ratio is consistent with bank customer drawing down their deposits as economy reactivated. These liquidity ratio levels were well above the minimum required by SBS regulations (8% for local currency, which will return to 10% on March 2022, and 25% for foreign currency).

(ii) Other financial institutions

BCP Stand-alone also faced a strong competition from credit providers, aside banking institutions, primarily with respect to consumer loans and SME-Pyme loans. SME-Pyme loan providers from other financial institutions, lent S/22.2 billion to borrowers in 2021, compared to S/19.7 billion in 2020, and S/17.3 billion in 2019, according to the SBS. In 2021, overall SME-Pyme loans to customers of other financial institutions represented 19.8% of the total loans in the Peruvian financial system (compared to 18.0% in 2020 and 22.8% in 2019).

[Content](#)

Consumer loan providers from other financial institutions lent S/13.4 billion to borrowers in 2021, compared to S/14.0 billion in 2020 and S/15.1 billion in 2019, according to the SBS. In 2021, overall loans to consumers of other financial institutions represented 19.4% of total loans in the financial system (compared to 21.2% in 2020 and 21.2% in 2019).

(iii) Recent Competitive Developments

In recent years, several foreign companies have shown interest in entering the Peruvian universal banking market while financial companies already in Peru have taken steps to expand operations and develop new businesses. In addition, non-traditional players, such as fintech and startup companies, began to operate in the financial sector in recent years. These new strong competitors may affect adversely our results as they set and provide similar products and services. In particular, the following authorizations and applications from and to the SBS may be significant to our competitive environment in Peru:

- (1) In November 2019, the SBS modified the credit and debit card regulations given the current context of technological innovation that has been transforming the business models. This new regulation is focused on ensuring a responsible offer, changing the definition of a traditional credit and debit card, and improving their security.
- (2) In December 2019, BCP won a contest held by Peru's Deposit Insurance Fund (*Fondo de Seguro de Depósitos*), to be the entity in charge of returning the money of Financiera TFC S.A. (TFC) to its clients after the SBS order its closure. For further details about the closure of TFC, see "ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview - (5) Competition – 5.2. Microfinance – 5.2.1 Peruvian microfinance system – Recent competitive developments". The SBS pointed out that in a first stage the payments will correspond to the savings and term deposits of individuals that do not maintain joint accounts, severance indemnity deposits, or debts with TFC that are covered by the Deposit Insurance Fund.
- (3) In April 2020, the SBS authorized the operation of Bank of China (Peru) S.A. as a multiple operation banking company. Bank of China already has a representative office on Peru.
- (4) In February 2021, the RappiBank digital platform was launched, an alliance between Interbank and Rappi that offers digital financial services such as digital savings accounts, debit cards and credit cards.
- (5) In March 2021, Peruvian congress approved the Usury Law Regulation, which protects consumers of financial services from usury. This law establishes caps on the interest rates charged by the financial institutions, which must be within the limit proposed by the BCRP. Likewise, the rule also prohibits the capitalization of interest and the collection of a penalty or other commission or expense in the event of non-compliance or delay in the payment of the loan.
- (6) In September 2021, the SBS authorized the organization of banking company under the corporate name *Banco BCI Perú*. It will operate as a subsidiary of the Chilean banking company BCI, which had already agreed to its international expansion in Peru in September 2019.

[Content](#)

During 2021, along with our traditional competitors, new technology-driven entities such as fintech and startup companies, showed greater interest in the financial sector, in line with higher digitization under the COVID-19 context. We highlight specific strategic alliances between these and current financial institutions competitors such as: (i) BBVA: Kontigo, (ii) Banco Interamericano de Finanzas: Microwd, and (iii) Interbank: RappiBank and Kambista.

5.2 Microfinance

According to The Economist Intelligence, Peru and Colombia have the most conducive environments for financial inclusion. We are aware that a large portion of microbusiness owners in both countries are currently unbanked, which constitutes an opportunity to contribute to these economies while growing our businesses.

5.2.1 Peruvian microfinance system

As of December 31, 2021, the Peruvian Microfinance System is mainly regulated by the SBS and is comprised of entities that vary in size, client segments, and ambit of geographic action: 1 bank, which is Mibanco; 10 financial firms, 12 municipal savings banks, 6 rural savings banks and 8 development entities for small and microbusinesses (Edpymes). This system also includes 439 savings and loan associations (*Cooperativa de Ahorro y Créditos* or COOPACS by its Spanish initials), which have small portfolios and target specific geographic areas.

As of December 31, 2021, the Peruvian microfinance system (excluding COOPACS) represented around 69% of the total entities regulated by the Peruvian financial system, with microfinance loans totaling approximately 60.3 billion soles (15% of Peruvian Financial System). As of December 2021, according to the SBS, microfinance customers represented 58.3% of borrowers in the regulated Peruvian financial system.

	Peruvian Microfinance System as of December 2021			
	Number of entities	Assets (Soles in thousands)	Loans (Soles in thousands)	Deposits (Soles in thousands)
Multiple banking	1	15,806,707	13,431,828	8,336,949
Financial firms	10	14,973,820	12,640,409	7,415,885
Municipal savings banks	12	34,989,805	29,286,072	24,719,608
Rural savings banks	6	2,699,552	2,239,536	1,549,579
Edpymes	8	3,214,732	2,678,834	-
Savings and loan associations (COOPACS) ⁽¹⁾	439	N/A	N/A	N/A
Total	476	71,684,616	60,276,679	42,022,021

(1) In 2019, SBS began overseeing COOPACS and according to the latest financial information available, at the end of 2019, 131 COOPACS reported (aggregate) a total of S/13.2 billion in assets, S/9.8 billion in loans and S/9.7 billion in deposits.
Source: SBS

[Content](#)

According to the SBS, as of December 31, 2021, Mibanco led the market for loans in the micro and small business segments regulated by SBS, with shares of 26.6% and 20.6% respectively (compared to 26.6% and 18.2%, respectively, as of December 31, 2020 and 24.5% and 21.1%, respectively, as of December 31, 2019).

Municipal savings banks are important players in the microfinance system in Peru. In 2021, 12 institutions were operating and represented 49% of the total loans at year-end. The business model used by municipal savings associations is similar to the traditional relational model used by Mibanco, which conducts an on-site cash flow assessment of the customer. The municipal savings associations operate in municipal government ambits, and as such, their ability to innovate and modify products and processes is limited by the existence of multiple layers of approval.

In 2021, in the context of the pandemic, Mibanco worked to keep its portfolio quality in check while acting prudently to manage its internal overdue loan coverage ratio, which was situated at 126.6% in IFRS. In local GAAP, Mibanco's internal overdue loan coverage ratio was situated at 135.3% and the average for municipal savings banks was situated at 180.8% at the end of December 2021. Mibanco's global capital ratio was situated at 16.4% at year-end, which far exceed the 14.5% reported by municipal savings associations at the end of December 2020. Furthermore, in 2021, Mibanco presented profitability indicators higher than those shown by the Municipal Savings Banks system, registering a ROE of 8.3% that exceeded the 3.1% reported by the municipal savings banks system.

Recent competitive developments

The most relevant news and developments in the Peruvian microfinance sector from 2019 to 2021 were:

- In January 2019, Law No. 30822 (COOPAC Law) went into effect, which created a registry of cooperatives that operate in the market and set up the cooperative deposit insurance fund. This law gives the SBS oversight powers, which utilize a modular scheme that considers the business's size and assets.
- In November 2019, through Resolution SBS N° 5646-2019, the coverage for insurance fund deposits was extended to COOPACS Coverage maximums are S/5,000 or S/10,000, depending on the cooperative's size and assets; the objective is to protect members' savings.
- In December 2019, the SBS ordered the closure of TFC, after its effective equity level fell more than 50% in 12 months. TFC operated in the microfinance sector and most of its loan funding was for the medium, mortgage and small business segments. In January 2020, through Urgent Decree No. 013-2020, new regulation was issued to advance efforts to fund microbusinesses by introducing a regulatory framework that contemplates establishing crowdfunding platforms to finance entrepreneurial projects, micro and small-sized companies, and startups in Peru.

[Content](#)

- In January 2020, through Urgent Decree No. 013-2020, new regulation was issued to advance efforts to fund microbusinesses by introducing a regulatory framework that contemplates establishing crowdfunding platforms to finance entrepreneurial projects, micro and small-sized companies, and startups in Peru.
- In 2020, Peru's Ministry of Production (*Ministerio de la Producción*) signed a new trust agreement with COFIDE for the administration of Peru's Microenterprise Development Fund (Fondemi by its Spanish initials). Fondemi was intended to fund loans of up to S/100,000 to medium and small businesses. These resources will be offered to clients through financial institutions, municipal savings banks, rural savings banks, Edpymes and non-governmental organizations (NGOs).
- In 2020, most of the developments and regulations affecting the Peruvian microfinance were related to government relief measures in the context of COVID-19. In March 2020, through Multiple Resolution (*Oficio Multiple*) No. 11170-2020-SBS, the SBS authorized entities in the financial system to modify loan contracts to extend grace periods for borrowers. This allowed clients to repay debts over longer periods without generating the usual black marks on credit histories that are generated when grace periods expire. For more information, please refer to the following section: ITEM 3 KEY INFORMATION – 3.D Risk Factors – Our business and results of operations may continue to be negatively impacted by the COVID-19 outbreak or other public health crises beyond our control.
- In December 2020, through Multiple Official Letter No. 42138-2020, the SBS provided that, exceptionally and subject to prior authorization, companies in the financial system may reduce their capital stock, legal reserve and/or other equity accounts for the purpose of constituting new specific and/or generic provisions (including voluntary) for their credit portfolio.
- In March 2021, by means of Ministerial Resolution No. 119-2021-EF/15, the entities of the financial system were authorized to grant guaranteed credits obtained for a single time under the Reactiva Peru Program, with a new grace period of 6 to 12 months, which allows rescheduling in 24 months or, in exceptional cases, in 36 months.
- In March 2021, Peruvian congress approved the Usury Law Regulation, which protects consumers of financial services from usury. This law establishes caps on the interest rates charged by the financial institutions, which must be within the limit proposed by the BCRP. Likewise, the rule also prohibits the capitalization of interest and the collection of a penalty or other commission or expense in the event of non-compliance or delay in the payment of the loan.
- In April 2021, through Law No. 31171, dependent workers were authorized to withdraw their Severance Indemnity deposits in order to cover the economic needs caused by the COVID-19 pandemic. A single withdrawal was allowed and had to be made before December 31, 2021. The withdrawal could be up to 100% of their accumulated Severance Indemnity deposits on the date of disposal.
- In 2021, the SBS intervened in more than 10 COOPACS that had incurred a cause of total loss of their equity. Among the most important of these COOPACS were AELUCOOP and Credicoop Arequipa. The SBS attributed these losses to mismanagement by its directors, alleged criminal actions committed by them and failure to carry out an adequate analysis of the debtor's ability to pay.

[Content](#)

5.2.2 Colombian microfinance system

The Colombian microfinance system is regulated by the SFC. As of December 2021, Colombian microfinance institutions represented around 30% of the total entities regulated by the Colombian financial system, with microfinance loans totaling approximately 16.5 billion Colombian pesos. Mibanco Colombia, which belongs to the Multiple Banking sector, was ranked fifth in the microfinance system with a market share of 10.44% of loans in this segment according to the SFC. Microfinance institutions reported a presence in 1,079 municipalities (96% of total municipalities in the country) and 56.0% of the microentrepreneurs were women, according to the Association of Microfinance Institutions of Colombia (or Asomicrofinanzas by its Spanish initials)

Colombian Financial System in December 2021					
	Number of entities	Assets (Pesos in millions)	Deposits (Pesos in millions)	Loans (Pesos in millions)	Microfinance Loans (Pesos in millions)
Multiple banking	27	817,570,848	508,146,991	550,204,275	13,864,028
Financial corporations	10	13,784,490	7,117,209	11,851,555	402,078
Finance company	2	25,217,277	5,304,873	-	-
Financial cooperatives	5	4,448,949	2,815,447	3,707,387	733,380
Microfinance institutions	19	N/A	N/A	N/A	1,494,228
Total	63	861,021,564	523,384,520	565,763,217	16,493,713

Source: SFC

Recent competitive developments

The most relevant new developments in the Colombian microfinance sector were:

- The elimination of restrictions on activities of banks and non-bank institutions to allow remote account openings and proportional reductions in due diligence requirements. These changes have allowed financial institutions to open simplified accounts with requirements similar to those imposed on companies that specialize in electronic deposits and payments.
- In May 2019, Law No. 1955-2019 formally adopted a regulatory approach to the testing environment, which adds to previous regulations, such as Decree No. 1357 of 2018, to facilitate the use of collective financing or “crowdfunding,” and bank investment in financial technology.
- Electronic payments on existing cash transfer programs such as Families in Action (*Familias en Acción* or FA by its Spanish initials), Youth in Action (*Jóvenes en Acción* or JA by its Spanish initials) and Colombia Elderly (*Colombia Mayor* or CM by its Spanish initials) increased during the COVID-19 pandemic.

[Content](#)

- In April 2020, through Decree No. 518 of 2020, the Solidarity Income Program (*Programa Ingreso Solidario* or IS by its Spanish initials) was created to support impoverished households by providing monetary support to individuals who were not included in the FA, CM, JA and VAT Refund (*Devolución del IVA* or DI by its Spanish initials) programs. The program has banked 2.5 million individuals who were previously not included in the formal system.
- In 2020, “*Unidos por Colombia*” was created to guarantee US\$12 billion to fund credit for any company but with particular emphasis on providing funds to small and medium businesses (SMEs) and microbusinesses with guarantees that cover up to 60% of the loans granted by banks and non-banking entities, including microfinance institutions.
- In July 2020, Bill 122-2020, created the Law for Entrepreneurial Endeavors, which seeks to propitiate the growth, consolidation, and sustainability of entrepreneurship to increase social wellbeing and generate equity in the country.
- In June 2021, the first bond issue in the Colombian market with a gender focus was launched by Bancamía S.A. The issue had a value of US\$54 million and was intended to grant credit to 50,000 women in vulnerable situations.

5.3 Insurance & Pensions

5.3.1 Grupo Pacifico

The Peruvian insurance market, which includes P&C, life, and corporate health insurance market, is comprised of 18 active companies, which 6 are dedicated to P&C and lifelines, 7 exclusively to P&C, and 5 exclusively to life. According to the SBS and SUSALUD, as of December 31, 2021, four companies (Rimac, Grupo Pacifico, La Positiva and Mapfre) represented a combined 80.9% market share in terms of written premiums, and the leading two companies had a combined market share of 57.6%, both according to the SBS.

In 2021, Grupo Pacifico was the second-largest insurance company in Peru in terms of written premiums, with a consolidated market share of 26.7% (compared to 28.9% in 2020), according to the SBS and SUSALUD. Grupo Pacifico had a 14.1% written premium increase from 2020 to 2021, which was lower than the Peruvian average growth of 23.4%, in line with the higher economic activity. However, Grupo Pacifico remains the largest insurance company in the life and health insurance market with 26.7% and 43.5% of market share respectively according to the SBS and SUSALUD.

Grupo Pacifico has a relatively well-diversified product portfolio, with composition comparable to that of the overall Peruvian insurance industry. In contrast to the Latin-American region, Peru maintains a low insurance penetration level: as of December 31, 2020, the region has an insurance penetration level of 3.0%, while Peru’s was 2.3% in 2021, according to the SBS and BCRP.

[Content](#)

In 2021, the Peruvian insurance market registered an increase of 25.7% in terms of total direct premiums (S/20,176 million compared to S/16,542 million in 2020), explained by the country's economic recovery, aligned to lower confinement and social distancing measures to face the COVID-19 pandemic, as compared to 2020. This increase is mainly due to the life segment, for which production increased 38.5% from 2020 to 2021, and by the P&C segment, for which production increased 15.1% from 2020 to 2021.

The SBS had initiated a reform to the PPS in September 2013, by establishing a tender process for the exclusive right to manage the PPS's collective insurance policies for disability and survivorship (D&S) and burial expenses. As a result of the SBS's reform, these exclusive rights were offered for the collective insurance contract. In 2017 and 2019, Grupo Pacifico won the third and fourth tender process, which allowed the company to continue in the D&S business from 2017 to 2020. Grupo Pacifico won the latest D&S tender process, which allows it to continue in the D&S business from January 1, 2021 to December 31, 2022.

Market Share by Annual Written Premiums (1)	2019	2020	2021
1. Rimac	32.2%	32.1%	30.9%
2. Grupo Pacifico	28.7%	28.9%	26.7%
3. La Positiva	11.2%	11.6%	11.7%
4. Mapfre	12.3%	12.1%	11.6%
5. Interseguro	5.1%	4.5%	6.2%
6. Protecta	2.4%	2.5%	3.3%
Annual Written Premiums (Soles in millions)	16,567	16,542	20,417

Source: SBS + SUSALUD

(1) P&C + Life + Corporate Health Insurance Businesses

Life and P&C insurance market

In 2021, total written premiums in the Peruvian life and P&C insurance sectors increased 26.2% after a decrease 0.7% in 2020, and a higher growth of 9.7% increase in 2019. Written premiums in the Peruvian life and P&C insurance market totaled S/17,695 million in 2021, higher than S/14,021 million registered in 2020. Total written premiums in the Peruvian life insurance business increase 38.5% from 2020 to 2021, and in the P&C business grew 15.1% from 2020 to 2021, according to the SBS. In the same year, Peru's GDP increased by 13%, according to the BCRP.

According to the SBS, in 2021, Grupo Pacifico's written premiums in the consolidated life and P&C businesses was 24.1% of the Peruvian market, compared to 26.1% in 2020. These figures place Grupo Pacifico as the second largest company in the consolidated life and P&C insurance market.

[Content](#)

Life Insurance market

In 2021, written premiums in Peru's Life insurance market totaled S/9,217.2 million, which represents an increase of 38.5% from 2020, according to the SBS. This was mainly attributable to Annuities (which increased 73.7% from 2020), D&S (which increased 43.7% from 2020), Group life (which increased 40.0% from 2020), Individual life (which increased 26.9% from 2020), and to a lesser extent, Credit life (which increased 4.8% from 2020).

According to the SBS, in 2021, Grupo Pacifico had the largest market share in the Peruvian life insurance market by written premiums (26.7%), which was lower than its market share of 30.0% in 2020. In 2021, Grupo Pacifico's written premiums increased 23.1% from 2020, lower than Peru's average growth of 38.5%. The increase in Grupo Pacifico's written premiums was primarily attributable to D&S (which increased 53.2% from 2020), which experienced higher premium collections under the new SISCO V regimen, via an increase in the premium rate; Annuities (which increased 37.6% from 2020), due to growth in sales of Survivorship Annuities; Individual life (which increased 13.9% from 2020), due to higher sales and an exchange rate effect; Group life (which increased 14.1% from 2020), attributable to statutory life product sales growth; and to Credit life (which increased 3.7% from 2020), mainly driven by the bancassurance channel.

P&C Insurance market

In 2021, the written premiums of Peru's P&C insurance market totaled S/8,478.3 million, which represents an increase of 15.1% from 2020, according to the SBS. This result was primarily attributable to automobile (which increased 16.2% from 2020), medical assistance (which increased 11.7% from 2020), earthquake insurance (which increased 9.7% from 2020), liability insurance (which increased 30.0% from 2020) and fire risk (which increased 15.2% from 2020).

According to the SBS, Grupo Pacifico had the second largest market share in Peru's P&C sector, standing at 21.3% in 2021, which is lower than its 22.5% market share in 2020. Grupo Pacifico's written premiums increased 9.4% from 2020, which is lower than Peru's average growth rate of 15.1%. Grupo Pacifico's increase was mainly driven by commercial lines (which increased 15.2% from 2020), due to higher volume of fire, liability insurance and transportation risks policy renewals; medical assistance (which increased 7.8% from 2020), due to growth in premium renewals for comprehensive health and oncological products; and automobile (which increased 1.1% from 2020), due to an increase in renewals in the Brokers and Digital Sales channels.

Corporate Health Insurance and Medical Services market

According to SUSALUD, in 2021, written premiums in Peru's health insurance market totaled S/2,721 million, which represented an increase of 8.0% compared to the previous year. Based in figures from SUSALUD, Grupo Pacifico had Peru's largest market share (43.5%) in this market in 2021, compared to 44.8% in 2020.

[Content](#)

5.3.2 Prima AFP

The PPS consists of four companies, and Prima AFP is the second largest of the four by funds under management. According to the SBS, as of December 31, 2021, funds under management in the PPS reached S/133.3 billion, of which Prima AFP managed S/40.1 billion. This represented a market share of 30.1%, a decrease compared to its market shares of 30.2% and 31.0% in 2020 and 2019, respectively also according to SBS data.

On December 31, 2021, the PPS reached 8.3 million affiliates, of which 2.3 million were Prima AFP’s customers, this represented a market share of 28.5%, lower than its market shares of 30.3% and 31.7% in 2020 and 2019, respectively, according to the SBS.

Collections in the PPS in 2021 reached S/13.9 billion, of which S/4.0 billion was collected by Prima AFP. This represents a market share of 28.9%, which is lower than its market shares of 31.4% and 35.4% in 2020 and 2019, according to the SBS.

As discussed below under “PPS Reforms”, the Peruvian government began a process of reforming the PPS in 2012 through the passage of the PPS Reform Law. This reform contemplated a tender process to be held every 24 months, in which the AFP that offers the lowest management fee wins the tender. As a result, new workers who enter the PPS become members of the tender holder and remain in it for at least 24 months.

The following table shows the PPS tender processes held to date and their respective winners:

No.	Date Held	Period	Winner
-	September 2012	October 2012 – May 2013	Prima AFP
1 st	December 2012	June 2013 – May 2015	AFP Habitat
2 nd	December 2014	June 2015 – May 2017	AFP Habitat
3 rd	December 2016	June 2017 – May 2019	Prima AFP
4 th	December 2018	June 2019 – May 2021	AFP Integra
5 th	December 2020	June 2021 - May 2023	AFP Integra

5.4 Investment Banking and Wealth Management

Our Investment Banking and Wealth Management LoB is organized into four main business units: Asset Management, Capital Markets, Corporate Finance, and Wealth Management. In addition, there is a regional Business Support team and a centrally managed Treasury Department.

Asset Management

In Asset Management, Credicorp Capital’s proprietary funds reduced its market share by institutional clients and individuals, driven by significant local outflows in Peru, in a context of high political uncertainty. However, we maintained the leading market position in mutual funds in Peru, with a market share of 30.5% by total market assets under management, according to the SMV. We are also developing alternative funds in real estate, infrastructure, and private debt at a regional level and offer third-party funds from global asset managers to our clients.

[Content](#)

Capital Markets

In capital markets, our brokerage house in Peru reaffirmed its leadership, holding the largest market share in equities (31% of traded value) and the second largest in fixed income (41% of traded volume), excluding the volumes outside of the stock market, according to the BVL. Similarly, our brokerage company in Colombia held the largest market share among brokers in equities (20% of traded value) and in fixed income (29% of traded volume) according to the Colombian Stock Exchange. In Chile, we held the fifth largest market share in equities (5%) and the second largest in fixed income proprietary accounts (4%), in terms of traded volume, according to the Santiago Stock Exchange.

Corporate Finance

In Corporate Finance, our teams are mainly recognized in Peru and Chile, while the team in Colombia continues to build up its reputation after a notable performance throughout this year. These teams offer lending and capital markets solutions for corporations' financing needs and offer them advisory services for mergers and acquisitions.

Wealth Management

In Wealth Management, while the team is consolidated in Peru, we seek to capitalize on the growth opportunity in Colombia and Chile. In this business, we compete in a regional market led by global banks and financial institutions, especially in the ultra-high-net-worth segment.

Other Relevant Businesses

Credicorp Capital also offers trust services to its clients in Peru and Colombia. In Peru, we have a strong leadership position in fiduciary and custody services to retail and institutional clients, but further growth is limited by market size. On the other hand, we have a relatively low market share in fiduciary services in Colombia (less than 5% measured by number of trust deeds), according to the Association of Fiduciaries of Colombia (*Asociación de Fiduciarias de Colombia*), which also presents us with an opportunity for growth.

[Content](#)

(6) Supervision and regulation

6.1 Credicorp

Credicorp Ltd. is an exempted company located in Bermuda. Credicorp maintains a presence and conducts its activities in Peru, Cayman Islands, Bolivia, Colombia, Chile, Panama, and the United States, through its different LoBs and subsidiaries.

Other than as described under “ITEM 3. KEY INFORMATION - 3. D Risk Factors - Credicorp, as a Bermuda exempted company, may be adversely affected by any change in Bermuda law or regulation,” there are no applicable regulations under Bermuda law that are likely to materially impact our operations as they are currently structured. Under Bermuda law, there is no regulation applicable to Credicorp as a holding company that would require that we separate the operations of our subsidiaries incorporated and existing outside Bermuda.

Our common shares are listed on the NYSE. We are therefore subject to regulation by the NYSE and the SEC as a “foreign private issuer”. We also must comply with the Sarbanes-Oxley Act of 2002.

We are subject to certain requirements set forth by Peru’s Law No. 26702, as well as certain banking resolutions issued by the Peruvian banking regulator, the SBS, including SBS Resolution No. 11823-2010, which was enacted in September 2010 and which approved the “Regulation of the Consolidated Supervision of Financial and Mixed Conglomerates”. SBS Resolution No. 11823-2010 was partially amended by SBS Resolutions No. 2945-2013, 1200-2018, 00779-2021 and 01378-2021. These regulations affect us primarily in the areas of reporting, risk control guidelines, limitations, ratios, and capital requirements.

Since our common shares are listed on the BVL in addition to the NYSE, we are subject to certain reporting requirements to the SMV, the Peruvian securities market regulator, and the BVL. See “Item 9. The Offer and Listing – 9.C Markets – (2) Market Regulation”. In the last year, the SMV issued SMV Resolution 016-2019-SMV/01 - “Guidelines for the qualification of Independent Directors”. These Guidelines are not binding rules; they are only recommendations to the issuers listed on the BVL that are under SMV supervision.

(i) Capital Adequacy Requirements

SBS Resolution 11823-2010 established the methodologies for calculating the regulatory capital and capital requirements for financial and mixed conglomerates. Article 4 of SBS Resolution 11823-2010 identifies two categories of consolidated groups: (i) the financial system consolidated group and (ii) the insurance system consolidated group. A combined group of companies formed by these two categories of entities is called a financial group. The financial system consolidated group, the insurance system consolidated group, and the financial group are each required to hold regulatory capital that is greater than or equal to the capital requirements applicable to each respective group.

The capital requirements applicable to the financial group are the sum of the capital requirements applicable to the financial system consolidated group and to the insurance system consolidated group. The capital requirements applicable to the financial system consolidated group and to the insurance system consolidated group are the sum of the capital requirements applicable to the companies that belong to each respective group. For unsupervised companies, regulatory capital is required to be the greater of: (i) 10% of third-party assets or (ii) the ratio of third-party assets over total assets multiplied by the sum of paid-in-capital, legal reserves, supplementary capital premiums, voluntary reserves distributable only with prior SBS approval, and retained earnings with capitalization agreements net of current and past years’ losses.

[Content](#)

Article 6 of SBS Resolution 11823-2010, provides that regulatory capital of the consolidated groups comprises the sum of basic capital and supplementary capital and is calculated as follows:

- Basic Capital: Basic Capital or Tier 1 capital is comprised of:

- (i) paid-in-capital (which includes common stock and perpetual non-cumulative preferred stock), legal reserves, supplementary capital premiums, voluntary reserves distributable only with prior SBS approval, and retained earnings with capitalization agreements (that is, earnings that the shareholders or the Board of Directors, as the case may be, have committed to capitalize as common stock); and
- (ii) other elements that have characteristics of permanence and loss absorption that are in compliance with regulations enacted by the SBS;

Items deducted from Tier 1 capital include:

- (a) current and past years' losses;
- (b) deficits of loan loss provisions;
- (c) goodwill resulting from corporate reorganizations or acquisitions; and
- (d) half of the amount referred to in "Deductions" below. Absent any Tier 2 capital, 100% of the amount referred to in "Deductions" below must be deducted from Tier 1 capital.

The elements referred to in item (ii) above should not exceed 17.65% of the amount resulting from adding components (i) of Basic Capital or Tier 1 capital net of the deductions in (a), (b), and (c) in the list above.

- Supplementary Capital: Supplementary capital comprises the sum of Tier 2 and Tier 3 capital. Tier 2 capital elements include:

- (e) paid-in-capital, legal reserves, supplementary capital premiums, and voluntary reserves that may be reduced without prior consent from the SBS;
- (f) the eligible portion of the consolidated redeemable subordinated debt and of any other components that have characteristics of debt and equity as provided by the SBS;
- (g) for banks using the SBS standardized approach method, the generic loan loss provision up to 1.25% of total credit RWAs; or, alternatively, for banks using the internal ratings-based (IRB) method, the generic loan loss provision up to 0.6% of total credit RWAs (pursuant to Article 189 of Law No. 26702); and

[Content](#)

(h) half of the amount referred to in "Deductions" below. Tier 3 capital comprises consolidated redeemable subordinated debt that is incurred with the sole purpose of covering market risk.

- Deductions: The following elements are deducted from Tier 1 and Tier 2 capital:

- (i) for the financial system consolidated group, all investments in shares and subordinated debt issued by other local or foreign financial institutions and insurance companies; for the insurance system consolidated group, all investments in shares and subordinated debt issued by other local or foreign insurance companies;
- (ii) all investments in shares and subordinated debt issued by entities that are part of the holding but do not belong to any of the consolidated groups;
- (iii) for the financial system group, the amount by which (a) an investment in shares issued by a real sector company which is neither part of the holding nor part of the negotiable portfolio exceeds 15% of the financial system consolidated group's regulatory capital; and (b) the amount by which the aggregate amount of all investments in shares issued by real sector companies which are not part of the Conglomerate and which are not part of the financial system consolidated group's negotiable portfolio exceeds 60% of the regulatory capital.

Article 7 of SBS Resolution 11823-2010 provides that the following limits apply when calculating regulatory capital: (i) the aggregate amount of supplementary capital must not exceed the aggregate amount of basic capital; (ii) the amount of redeemable Tier 2 subordinated instruments must be limited to 50% of the amount resulting from the sum of Tier 1 elements in "Basic Capital" above; and (iii) the amount of Tier 3 capital must be limited to 250% of the sum of Tier 1 elements.

Article 10 of SBS Resolution 11823-2010 provides that regulatory capital of the financial group is comprised of the sum of basic capital and supplementary capital, and is calculated as follows:

- Basic Capital: Basic Capital or Tier 1 capital comprises:

- (i) paid-in-capital (which includes common stock and perpetual non-cumulative preferred stock), legal reserves, supplementary capital premiums, voluntary reserves distributable only with prior SBS approval, and retained earnings with capitalization agreements (that is, earnings that the shareholders or the Board of Directors, as the case may be, have committed to capitalize as common stock); and
- (ii) other elements that have characteristics of permanence and loss absorption that are in compliance with regulations enacted by the SBS.

[Content](#)

- Items deducted from Tier 1 capital include:
 - (i) current and past years' losses;
 - (ii) deficits of loan loss provisions;
 - (iii) goodwill resulting from corporate reorganizations or acquisitions; and
 - (iv) half of the amount referred to in "Deductions" below. Absent any Tier 2 capital, 100% of the amount referred to in "Deductions" below must be deducted from Tier 1 capital.
- Supplementary Capital: Supplementary capital is comprised of the sum of Tier 2 and Tier 3 capital. Tier 2 capital elements include:
 - (i) paid-in-capital, legal reserves, supplementary capital premiums, and voluntary reserves that may be reduced without prior consent from the SBS;
 - (ii) the eligible portion of the consolidated redeemable subordinated debt and of any other components that have characteristics of debt and equity as provided by the SBS;
 - (iii) the generic loan loss provision included in the supplementary capital of the financial consolidated group; and
 - (iv) half of the amount referred to in "Deductions" below.

Tier 3 capital comprises consolidated redeemable subordinated debt computed in the consolidated groups.

- Deductions: The following elements are deducted from Tier 1 and Tier 2 capital:
 - (i) all investments in shares and subordinated debt issued by other local or foreign financial institutions and insurance companies;
 - (ii) all investments in shares and subordinated debt issued by entities that are part of the Conglomerate but do not belong to any of the consolidated groups;
 - (iii) all investment in shares issued by real sector companies that are not part of the Conglomerate and the negotiable portfolio, computed as deductions in the financial system consolidated group.

For further information, see "ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS – 5. B Liquidity and Capital Resources – (1) Capital Adequacy and Solvency Management – (1.1) Credicorp".

(ii) Other Regulations

The Dodd-Frank Act imposes obligations on swap dealers in respect of swap transactions, including trading relationship documentation and disclosure obligations.

EMIR is a European Union regulation aimed at reducing systemic counterparty risk by increasing transparency of both parts in over-the-counter transactions.

[Content](#)

Credicorp comply with both regulations through the International Swaps and Derivatives Association (ISDA) Protocols.

For further information, see "ITEM 4. INFORMATION ON THE COMPANY– 4. B Business Overview – (3) Corporate compliance and ethics".

6.2 Subsidiaries

6.2.1 Peru

Credicorp's main subsidiaries, BCP Stand-alone, Mibanco, Grupo Pacifico, Prima AFP, and Credicorp Capital Peru, are located in Peru and they offer banking and financial services. Furthermore, they are regulated by Peruvian laws and supervised by Peruvian Financial Regulators.

In Peru financial institutions, insurance companies and pension funds are regulated by Law No. 26702. In general, it provides for loan loss reserve standards, brings asset risk weighting in line with Basel Committee on Banking Regulations and Supervisory Practices of International Settlements (Basel Committee) guidelines, empowers the SBS to supervise financial holding companies, and includes specific treatment of a series of recently developed products in the capital markets and derivatives areas.

(i) Peruvian Regulators

The Peruvian Central Bank (BCRP)

The BCRP was established in 1922. Pursuant to the Peruvian Constitution, its primary role is to ensure the stability of the Peruvian monetary system. The BCRP regulates Peru's money supply, administers international reserves, issues currency, targets inflation ranges, determines Peru's balance of payments and other monetary accounts, and furnishes information regarding the country's financial situation. It also represents the government of Peru at the IMF and the Latin American Reserve Fund, which is a financial institution intended to provide balance of payments assistance to its member countries by granting credits or guaranteeing loans to third parties.

The highest decision-making authority within the BCRP is its seven-member Board of Directors. Each Director serves a five-year term. Of the seven Directors, four are selected by the executive branch and three are selected by Peru's congress. The Chairman of the BCRP is one of the executive branch nominees but must be approved by Peru's congress.

The BCRP's Board of Directors develops and oversees monetary policy, establishes reserve requirements for entities within the financial system, and approves guidelines for the management of international reserves. All entities within the financial system are required to comply with the decisions of the BCRP.

[Content](#)

Instruments of Monetary Policy

a) Monetary policy rate

One of the functions of the BCRP is to periodically revise its monetary policy rate (reference interest rate) in accordance with its monetary policy objectives. Once a month, the Board of Directors of the BCRP approves and announces the monetary program through a press release.

The BCRP reference rate went from 2.25% in November 2019 to 0.25% in April 2020, in response to the COVID-19 pandemic shock, which represented a new all-time low for Peru's reference rate. This rate was maintained until July 2021, and, since August 2021, the Central Bank began a series of increases due to the fact that the twelve-month inflation rate and inflation expectations have been increasing since June 2021 above the upper limit of the inflation target range. Additionally, the Central Bank will seek to anchor inflation expectations to the target range, while trying to ensure that the real reference rate is in a neighborhood of 0 positive, which as of April 2022 is (0.11%).

The following table summarizes the reference interest rate changes from August 2019 to April 2022:

Changes in BCRP's reference interest rate (August 2019 - April 2022)	
Month	Rate
August 2019	2.50%
November 2019	2.25%
March 2020	1.25%
April 2020	0.25%
August 2021	0.50%
September 2021	1.00%
October 2021	1.50%
November 2021	2.00%
December 2021	2.50%
January 2022	3.00%
February 2022	3.50%
March 2022	4.00%
April 2022	4.50%

b) Reserve requirement for domestic currency

The Central Bank resolved to increase the minimum legal reserve of 5.00% in January 2022 to 5.25% in February 2022, to 5.50% in March 2022, to 5.75% in April 2022 and to 6.00% from May 2022, of the total obligations subject to reserve requirements. These measures seek to support monetary sterilization mechanisms and strengthen the liquidity levels of entities subject to reserve requirements with a view to preserving monetary stability.

[Content](#)

c) *Reserve requirement for foreign currency*

Reserve requirement funds are composed solely of (i) cash in foreign currency that the Reserved Entity keeps in cash, in its offices in the country, and (ii) deposits in current accounts in dollars of the United States of America, which the Reserve Subject Entity maintains in the Central Bank with a minimum level equivalent to 3.0% of the total obligations subject to reserve requirements.

- (i) **Minimum legal reserve and additional reserve.** The BCRP, as of March 19, 2021, resolved to modify the additional reserve requirements based on the evolution of total credit and vehicle and mortgage consumer credit in currency foreign. These measures are intended to continue promoting a process of gradual reduction in credit dollarization. Entities Subject to Reserve Requirements must maintain a minimum legal reserve requirement of 9% for the total of its obligations subject to reserves. The required reserve that exceeds the minimum legal is called additional reserve.
- (ii) **Required reserves for obligations subject to the general regime.** Obligations that exceed the amount of the Base (marginal obligations) are subject to a rate of 35%. Also, the obligations of the companies that become part of the Entities Subject to Reserve, will be subject to a reserve rate of 35%.
- (iii) **Obligations subject to the special regime and their required reserves.**
 - a. Obligations with average terms equal to or less than 2 years with foreign financial entities have a required reserve rate of 9%.
 - b. Indexed Obligations have a required reserve rate of 9%.
 - c. External lines of credit to finance foreign trade operations, up to an amount equivalent to 40% of the effective equity as of December 31 of the last year published by the SBS of the Entity Subject to Reserve Requirements are not subject to reserve requirements. The excess is subject to the reserve requirement rate of 9%.
- (iv) **Additional reserve based on the evolution of credit in foreign currency.**
 - a. Due to the evolution of total credit in foreign currency. For entities subject to cash reserves that at the end of the period have an average daily balance of credits (excluding the average balance of credits for foreign trade and the average balance of credits granted as of January 1, 2015 for a term greater than 3 years exceeding an amount of US\$10 million) greater than or equal to US\$200 million, an additional reserve is established if, during the reserve period, its average daily balance of total credits (excluding the average balance of credits for foreign trade and the average balance of credits granted as of January 1, 2015 for a term greater than 3 years that exceed an amount of US\$10 million) exceeds the average daily balance of credits in foreign currency of December 2018 (excluding the average balance of credits for foreign trade and the average balance of credits granted as of January 1, 2015 for a term greater than 3 years that exceed an amount of US\$10 million) plus 30% of the accumulated flow of the average credit in national currency compared to December 2018, excluding from said flow that corresponding to mortgage, consumer and foreign trade credit. The accumulated flow resulting from the average credit in national currency is considered for the calculation of the limit, as long as it is positive. For the conversion to dollars of this flow, the accounting exchange rate at the end of the 2018 period, published by the SBS, will be used.

[Content](#)

- b. Due to the evolution of consumer credit for vehicles and mortgages in foreign currency. The Entities Subject to Reserves whose average daily balance of total vehicle and mortgage consumer loans exceeds 90% of the balance reached as of December 31, 2018 or 6% of their effective equity last published by the SBS, whichever is higher, will be subject to an additional reserve equivalent to 15% of the percentage deviation with respect to the limit, which will be applied to total liabilities in foreign currency.

As a note, it is important to mention that the “marginal reserve rate” was used for the last time on June 28, 2018. Since 2019, this term has no longer been used.

Repo operations to promote debt payment reschedules at lower interest rates and longer terms. Since June 2020, with these new Operations, the companies of the financial system can temporarily sell to the Central Bank first quality securities, including those representative of the credit portfolio, or foreign currency and, in the same operation, commit to repurchase them at the established maturity. This operation is carried out only when the companies of the financial system comply with refinancing an amount of loans with their clients, at least in an amount equivalent to that assigned in the Operations. For this purpose, they may also include credits purchased from other financial institutions, offering the end customer a rescheduling of the original conditions. These rescheduling must be for a period of no less than 6 months and at interest rates lower than those originally agreed. In this way, debtors will benefit from the reduction in interest rates on their credits, thus reflecting the reduction in the reference rate of the BCRP’s monetary policy and the lower interest rates achieved by the Reactiva Peru Program for new credits. It should be noted that the rescheduling of debt payments is voluntary, but it is estimated that this new BCRP operation will generate a coordination effect whereby the rescheduling will be extended to all financial entities. Likewise, these operations will allow companies and families to recover more quickly from the substantial drop-in economic activity and employment.

Currency Repurchase Agreements (known as Repo) and Swaps conditioned to the expansion of long-term credit. Since December 2020, BCRP has incorporated Operations Conditional on the Expansion of Long-Term Credit as part of its monetary instruments with the aim of promoting the transmission of its monetary policy towards long-term interest rates. Financial entities that grant new business and mortgage loans in national currency with a term greater than or equal to 3 years, will be able to access Repos and Interest Rate Swaps, for the equivalent of the accumulated amount of the credits granted by the financial entity to as of January 1, 2021. This amount will include the purchase of debts to other financial entities with the characteristics of the aforementioned credits and will exclude rescheduled or refinanced credits. The Interest Rate Swaps will be placed through auctions and may have terms between 3 and 7 years, while the Repos Transactions will be carried out through direct operations and may have terms between 1 and 3 years. The BCRP will charge a fixed interest rate in national currency for Repos, which will be established in the corresponding call.

[Content](#)

Repos with negotiable invoices. In December 2020, the BCRP created a reporting operations facility with negotiable invoices for 1 and 2 month terms. Through this facility, financial entities will be able to temporarily sell to the BCRP negotiable invoices registered in CAVALI, instruments that are preferably used by MYPES to finance their working capital operations. With this, it is expected that the offer of discount operations of negotiable invoices will increase, and the interest rates for these operations will be reduced, in a manner consistent with the expansionary position of the monetary policy.

The Superintendence of Banks, Insurance and Pension Funds (SBS)

The SBS is the regulatory authority in charge of, supervising and regulating all financial, insurance and pension fund institutions in Peru. Peru's Constitution and Law No. 26702, which contains the statutory charter of the SBS, grant the SBS the authority to oversee and control banks and financial institutions (apart from brokerage firms, which are regulated by the SMV), insurance and reinsurance companies, companies that receive deposits from the general public, AFPs and other similar entities as defined by Law No. 26702. The SBS is also responsible for supervising the BCRP to ensure that it abides by its statutory charter and Bye-laws.

The SBS has administrative, financial, and operating autonomy. Its objectives include protecting the public interest, ensuring the financial stability of the institutions over which it has authority and punishing violators of its regulations. Its responsibilities include: (i) reviewing and approving, with the assistance of the BCRP, the establishment and organization of subsidiaries of the institutions it regulates; (ii) overseeing mergers, dissolutions and reorganization of banks, financial institutions and insurance companies; (iii) supervising financial, insurance and related companies from which information on an individual or consolidated basis is required, through changes in ownership and management control (this supervision also applies to holding companies that are not banks, such as Credicorp); (iv) reviewing the Bye-laws and amendments to Bye-laws of these companies; (v) issuing criteria governing the transfer of bank shares, when permitted by law, for valuation of assets and liabilities and for minimum capital requirements; and (vi) controlling the bank's Risk Assessment Center, to which all banks are legally required to provide information regarding all businesses and individuals with whom they deal without regard to the amount of credit risk (the information provided is made available to all banks to allow them to monitor individual borrowers' overall exposure to Peru's banks). The SBS is also responsible for setting criteria for the establishment of financial or mixed conglomerates in Peru and for supervising these entities. As a result, in addition to its supervision of BCP Stand-alone, Mibanco, Grupo Pacifico and Prima AFP, the SBS also supervises Credicorp Ltd. because Credicorp Ltd. is a financial conglomerate conducting most of its operations in Peru.

[Content](#)

The Superintendence of the Securities Market (SMV)

The SMV is the Peruvian government institution in charge of: (i) promoting the securities markets, (ii) making sure fair competition takes place in the securities markets, (iii) supervising the management of businesses that trade in the securities markets, and (iv) regulating such businesses' activities and accounting practices. The SMV enjoys functional, administrative, economic, technical, and budgetary autonomy relative to other branches of the Peruvian government. Financial institutions such as banks, insurance companies, pension funds and brokerage firms must inform the SMV of significant events that affect their business and are required to provide financial statements to both the SMV and the BVL each quarter. Those institutions are also regulated by the SMV when they conduct operations in the local Peruvian securities market.

National Institute for the Defense of Competition and the Protection of Intellectual Property (INDECOPI)

INDECOPI regulates the protection of the consumer's rights. This regulation is stated in Peru's Law No. 29571. INDECOPI has the authority to issue fines to financial institutions if they violate the laws and regulations regarding protection of the consumer rights.

National Authority for the Protection of Personal Data (ANPDP)

The ANPDP regulates the protection of personal data in Peru. The primary governing regulation for the ANPDP is Peru's Law No. 29733. ANPDP has the authority to issue fines to financial institutions that violate the laws and regulations regarding personal data protection.

(ii) Supervised Institutions

Under Peruvian law, financial institutions are classified as universal banks, insurance companies, pension funds, finance companies and other financial institutions such as small business finance companies, savings and loan corporations, financial services companies, investment banks, mutual housing associations, municipal savings and credit associations and savings and credit cooperatives.

Financial institutions must obtain the SBS's authorization before beginning operations. BCP Stand-alone and Mibanco are each classified as a universal bank, Grupo Pacifico is classified as an insurance company and Prima AFP is classified as a pension fund company.

Universal Banks

A universal bank, or bank, is defined by Law No. 26702 as an enterprise whose principal business consists of (i) receiving money from the public, whether by deposits or by any other form of contract, and (ii) using such money (together with the bank's own capital and funds obtained from other sources) to grant loans or discount documents, or in operations that are subject to market risks.

[Content](#)

Banks are permitted to carry out various types of financial operations, including the following:

- receiving demand deposits, time deposits, savings deposits, and deposits in trust;
- granting direct loans;
- discounting or advancing funds against bills of exchange, promissory notes, and other credit instruments;
- granting mortgage loans and accepting bills of exchange in connection with the mortgage loans;
- granting conditional and unconditional guarantees;
- issuing, confirming, receiving, and discounting letters of credit;
- acquiring and discounting certificates of deposit, warehouse receipts, bills of exchange and invoices of commercial transactions;
- performing credit operations with local and foreign banks, as well as making deposits in those institutions;
- issuing and placing local currency and foreign currency bonds, as well as promissory notes and negotiable certificates of deposits;
- issuing certificates in foreign currency and entering into foreign exchange transactions;
- purchasing banks and non-Peruvian institutions that conduct financial intermediation or securities exchange transactions in order to maintain an international presence;
- purchasing, holding, and selling gold and silver, as well as stocks and bonds listed on one of the Peruvian stock exchanges and issued by companies incorporated in Peru;
- acting as financial agent for investments in Peru for external parties;
- purchasing, holding, and selling instruments evidencing public debt, whether internal or external, as well as obligations of the BCRP;
- making collections, payments, and transfers of funds;
- receiving securities and other assets in trust and leasing safety deposit boxes; and
- issuing and administering credit cards and accepting and performing trust functions.

In addition, banks may carry out financial leasing operations by forming separate departments or subsidiaries. Banks may also promote and direct operations in foreign commerce, underwrite initial public offerings, and provide financial advisory services apart from the administration of their clients' investment portfolios. By forming a separate department within the bank, a bank may also act as a trustee for trust agreements.

Under Peruvian law, universal banks may conduct brokerage operations and administer mutual funds but must do so through subsidiaries. However, universal bank employees may market the financial products of the bank's brokerage and mutual fund subsidiaries. Banks are prohibited from issuing insurance policies but are not prohibited from distributing insurance policies issued by insurance companies.

[Content](#)

Peruvian branches of foreign banks enjoy the same rights and are subject to the same obligations as Peruvian universal banks. Multinational banks, with operations in various countries, may perform the same activities as universal Peruvian banks, although their foreign activities are not subject to Peruvian regulations. To carry out banking operations in local Peruvian markets, multinational banks must maintain capital in Peru of at least the minimum amount that is required for Peruvian banks.

Those universal banks who violate Law No. 26702 and its underlying regulations may be subject to administrative sanctions and criminal penalties. Additionally, the SBS and the BCRP have the authority to issue fines to financial institutions and their directors and officers if they violate the laws or regulations of Peru, or their own institutions' Bye-laws.

Insurance companies

Since the Peruvian insurance industry was deregulated in 1991, insurance companies have been authorized to conduct all types of operations and to enter into all forms of agreements that are needed to offer risk coverage to customers. Insurance companies may also invest in financial and non-financial assets in order to maintain liquidity and capital requirements to pay their clients when claim occurs.

Peru's law No. 26702 and Law No. 29946, which are discussed below, are the main laws governing insurance companies and insurance in Peru. The SBS is the government agency charged with the supervision and regulation of all insurance companies. The incorporation of an insurance company requires prior authorization of the SBS. Also, SMV supervises and regulates insurance companies through the Peru's Law No. 26126 and its amendments.

On May 27, 2013, a new Peruvian insurance law, Insurance Law No. 29946, became effective. Law No. 29946 governs all insurance contracts, except for those that are expressly governed by other regulations. It substantially changes how insurance policies are offered by insurance companies, regulates the information provided by the insured and includes changes to termination and arbitration clauses included in insurance contracts. Law No. 29946 also provides a list of terms and conditions that cannot be included in any insurance contract and ensures that any changes in the contract can only be made if 45 days' notice is given to the policyholder prior to renewal of the policy. Other measures include restrictions on the duration and renewal of contracts, consumer protection rules, and regulations governing how to address non-payment of premium installments required under insurance contracts.

Content

In September 2013, the SBS established a tender process for the exclusive right to manage collective insurance policy for D&S and burial expenses of the PPS as part of its reform.

Peruvian insurance companies must submit regular reports to the SBS concerning their operations. In addition, the SBS conducts on-site reviews on an annual basis, primarily to evaluate compliance with solvency margin, reserve and investment requirements and rules governing the recognition of premium income. If the SBS determines that a company is unable to meet the solvency margin or technical reserve requirements or is unable to pay claims as they become due, it may either liquidate the company or permit it to merge with another insurance company.

Under Peruvian law, insurance companies may engage in certain credit risk operations, such as guarantees, bonds, and trusteeships, but are prohibited from offering other banking services, operating mutual funds, or offering portfolio management services. In addition, insurance companies may not conduct brokerage operations for third parties.

Peruvian insurance companies are also prohibited by an SBS resolution (SBS Resolution No. 3930-2017) from having an ownership interest in other insurance or reinsurance companies of the same class unless such risks are offset by insurance companies acting as subsidiaries and that risk is withdrawn from the principal insurance company's activities. This resolution also prohibits Peruvian insurance companies from having an ownership interest in private pension funds.

Peruvian law establishes certain minimum capital requirements for insurance and reinsurance companies, which must be satisfied by cash investments in the company.

Pension Funds

The operations of pensions funds in Peru are regulated by the Unified Text of the Private System for the Administration of Fund Act, approved by Supreme Decree No. 054-97-EF, and modified by Law No. 29903, which has been in force in Peru since August 2013.

Under Peruvian legislation, AFPs must have only one business activity: managing pension funds through individual capitalization accounts, sourced by mandatory and/ or voluntary contributions. AFPs must also provide benefits for retirement, disability, and survivorship and finance funeral expenses.

Finance companies

Under Law No. 26702, finance companies are authorized to carry out the same operations as banks, except for (i) issuing loans as overdrafts in checking accounts and (ii) participating in derivative operations. These operations can be carried out by finance companies only if they fulfill the requirements stated by the SBS.

[Content](#)

Other financial institutions

The Peruvian financial system has a number of less significant entities that may provide credit, accept deposits, or otherwise act as financial intermediaries on a limited basis. Leasing companies specialize in financial leasing operations where goods are leased over the term of the contract and in which one party has the option of purchasing the goods at a predetermined price. Savings and loans associations or cooperatives may accept certain types of savings deposits and provide other similar financial services.

Peru also has numerous mutual housing associations, municipal savings and credit associations, savings and credit cooperatives and municipal credit bureaus. Over the past seven years the entry of new participants, including foreign banks and non-bank financial institutions, has increased the level of competition in Peru.

(iii) Peruvian Commercial Banks Regulation - BCP Stand-alone and Mibanco

Management of operational risk Requirements

SBS Resolution No. 37-2008, which sets forth the guidelines for enterprise risk management (ERM), and SBS Resolution No. 2116-2009, collectively established guidelines for operational risk management by banks. Under these resolutions, operational risk management is defined broadly to include those risk resulting from the possibility of suffering financial losses due to inadequate or failed internal processes, people, and systems, or from adverse external events. These resolutions also establish responsibilities for developing policies and procedures to identify, measure, control and report such risks. Banks are required to manage risks involved in the performance and continuity of their operations and services adequately to minimize possible financial losses and reputation damage due to inadequate or non-existent policies or procedures. Banks also are required to develop an information security model to guarantee physical and logical information integrity, confidentiality, and availability.

On April 1, 2018, SBS Resolution No. 37-2008 was replaced by SBS Resolution No. 272-2017. The new regulation has introduced the following modifications regarding risk management:

- a. Risk management must also consider the macroeconomic environment that affects the markets in which the company operates;
- b. The following new types of risk are incorporated in the regulation: (a) money laundering and terrorist financing risk, defined as the possibility of the company being used for money laundering and terrorist financing purposes; and (b) reinsurance risk, defined as the possibility of losses caused by the insufficiency of reinsurance coverage contracted by the assigning insurance company; and
- c. The definition of liquidity risk has been modified. It is now understood as the possibility of losses due to anticipated or forced sale of assets at unusual discounts for the company to meet its obligations, as well as not being able to close open positions or cover positions in sufficient quantity. Before this modification, it was understood as the possibility of losses caused by the failure to comply with the financing requirements and the application of funds arising from the mismatches of cash flows requirements.

[Content](#)

In addition, the new regulation provides that companies must incorporate a centralized unit or units specialized in specific risk management. Under the previous regulation this was optional. The SBS may require companies to create specialized risk units if considered necessary. Under the previous regulation, if the company did not have a specialized risk unit, it was understood that these functions had been assigned to the CEO. With the new regulation this provision has been eliminated.

Companies must submit the annual risk report to the SBS within 90 days from the end of each year.

Credicorp, following these SBS requirements, as well as the guidelines issued by the Basel Committee on Banking Supervision and the advice of international consultants, has appointed a specialized team responsible for operational risk management across our organization. This team reports regularly to our risk committee, top managers, and the Board of Directors.

In evaluating operational risks and potential consequences, we mainly assess risks related to critical processes, critical suppliers, critical information assets, technological components, new products and significant changes to our services, and channels. To support the operational risk management process, we have developed a Business Continuity Management (BCM) discipline, which involves the implementation of continuity plans for critical business processes, incident management, and training and testing. In addition, our methodology and data processing team has developed procedures to register, collect, analyze, and report operational risk losses, using advanced models for operational risk capital allocation. We also have monitoring and reporting procedures that are designed to monitor KRIs and other performance metrics.

We intend to be guided by the risk control standards of international financial institutions that are noted for their leadership in this field. Our overall objective is to implement an efficient and permanent monitoring system to control operational risks, while training our operational units to mitigate risks directly.

Pursuant to Section 404 of the U.S. Sarbanes-Oxley Act of 2002, we are required to make certain certifications regarding our internal controls over financial reporting. We have developed internal methods to identify and evaluate risk and controls over our critical processes to determinate how effective internal controls are over financial reporting using the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 Internal Control Framework.

[Content](#)

Capital adequacy requirements

Capital adequacy requirements applicable to us are set forth in Peru's Law No. 26702 and Legislative Decree No. 1028. Legislative Decree No. 1028 was aimed at adapting Law No. 26702 to the capital guidelines and standards established by the second Basel Committee Accord (Basel II). Capital adequacy requirements are also included in Peruvian GAAP guidelines. Pursuant to Basel II guidelines, financial institutions are required to hold regulatory capital that is greater than or equal to the sum of (i) 10% of credit RWAs, and (ii) 10 times the amount required to cover market and operational risks.

Since July 2009, Peruvian financial institutions generally have applied a standardized approach to calculate their capital requirement related to credit, market, and operational risk. As an alternative to the standardized approach, financial institutions may request authorization from the SBS to use different models for calculating the reserve amount associated with any of these three risks. In July 2009, the SBS started accepting applications to use alternative models, referred to as Internal Models Methods. If the amount of an institution's reserve requirements would be higher using the standard model than it would be using the approved Internal Models Method, then the institution will have to maintain between 80% and 95% of the standard amount during a phase-in period. Even after the phase-in period, institutions using an Internal Models Method are subject to regulatory capital floors.

On July 20, 2011, the SBS issued SBS Resolution 8425-2011, establishing the methodologies and the implementation schedule of additional capital requirements consistent with certain aspects of Basel III, which is a comprehensive set of reform measures and guidelines, followed by the SBS, to strengthen the regulation, supervision, and risk management of the banking sector. The additional capital requirements include requirements to cover concentration, excessive interest rate risk in the banking book and systemically important risk. Additionally, pro-cyclical capital requirements were established. These additional requirements were fully implemented in July 2016.

Article 184 of Law No. 26702, as amended by Legislative Decree No. 1028, provides that regulatory capital may be used to cover credit risk, market risk and operational risk. Regulatory capital is comprised of the sum of basic capital and supplementary capital, and is calculated as follows:

Basic Capital: Basic Capital or Tier 1 capital comprises:

- (i) paid-in-capital (which includes common stock and perpetual non-cumulative preferred stock), legal reserves, supplementary capital premiums, voluntary reserves distributable only with prior SBS approval, and retained earnings with capitalization agreements (earnings that the shareholders or our Board of Directors, as the case may be, have committed to capitalize as common stock); and
- (ii) other elements that have characteristics of permanence and loss absorption that are in compliance with regulations enacted by the SBS, such as hybrid securities.

[Content](#)

Items deducted from Tier 1 capital include:

- (a) current and past years' unrealized losses; deficits of loan loss provisions;
- (b) banks must deduct the difference between total expected loss and eligible provisions in case internal models are used to estimate credit capital requirements.
- (c) goodwill resulting from corporate reorganizations or acquisitions; and
- (d) half of the amount referred to in "Deductions" below. Absent any Tier 2 capital, 100% of the amount referred to in "Deductions" below must be deducted from Tier 1 capital.

The elements referred to in item (ii) above should not exceed 17.65% of the amount resulting from adding components (i) of Basic Capital or Tier 1 capital net of deductions (a), (b) and (c) from "Basic Capital" listed above.

Supplementary Capital: Supplementary capital is comprised of the sum of Tier 2 and Tier 3 capital. Tier 2 capital elements include:

- (i) voluntary reserves that may be reduced without prior consent from the SBS;
- (ii) the eligible portion of redeemable subordinated debt and of any other components that have characteristics of debt and equity as provided by the SBS;
- (iii) for banks using the SBS standardized approach method, the generic loan loss provision up to 1.25% of credit RWAs; or, alternatively, for banks using the internal ratings-based (IRB) method, the generic loan loss provision up to 0.6% of total credit RWAs (pursuant to Article 189 of Law No. 26702); and
- (iv) half of the amount referred to in "Deductions" below.

Tier 3 capital is comprised of redeemable subordinated debt that is incurred with the exclusive purpose of covering market risk, as referred to in Article 233 of Law No. 26702.

Deductions: The following elements are deducted from Tier 1 and Tier 2 capital:

- (i) all investments in shares and subordinated debt issued by other local or foreign financial institutions and insurance companies;
- (ii) all investments in shares and subordinated debt issued by an affiliate with which the bank consolidates its financial statements, including its holding company and such subsidiaries referred to in Articles 34 and 224 of Law No. 26702;
- (iii) the amount in which an investment in shares issued by a company with which the bank does not consolidate its financial statements and which is not part of the bank's negotiable portfolio exceeds 15% of the bank's regulatory capital;
- (iv) the aggregate amount of all investments in shares issued by companies with which the bank does not consolidate its financial statements and which are not part of the bank's negotiable portfolio exceeds 60% of the regulatory capital;

[Content](#)

- (v) when applicable, the amount resulting from the formula prescribed in Article 189 of Law No. 26702; and
- (vi) unrealized gains and retained earnings in subsidiaries.

For the purposes herein, "regulatory capital" excludes the amounts referred to in clauses (iii), (iv) and (v) of the elements deducted from Tier 1 and Tier 2 capital listed above.

Article 185 of Law No. 26702 also provides that the following limits apply when calculating regulatory capital:

- (i) the aggregate amount of supplementary capital must not exceed the aggregate amount of basic capital;
- (ii) the amount of redeemable Tier 2 subordinated instruments must be limited to 50% of the amount resulting from the sum of Tier 1 elements net of deductions (a), (b), and (c) from "Basic Capital" listed above;
- (iii) the amount of Tier 3 capital must be limited to 250% of the amount resulting from the sum of Tier 1 elements net of deductions (a), (b), and (c) from "Basic Capital" listed above in the amounts assigned to cover market risk.

SBS Resolution No. 8548-2012, adopted in 2012, modified the regulatory capital requirements for credit RWAs in SBS Resolution No. 14354-2009 and established a schedule for implementing the modifications.

On February 24, 2016, SBS issued Resolution 975 -2016 - "Subordinated Debt Regulation", which aims to improve the quality of banks' total regulatory capital and align Peruvian regulation towards Basel III, by modifying:

- The characteristics that subordinated debt must meet to be considered in the calculation of total regulatory capital; and
- The calculation of RWAs.

Under this regulation, subordinated debt issued prior to the regulation that did not meet the requirements was to be recognized as total regulatory capital, according to the following:

- Tier 1 subordinated debt: as of January 2017, and for 10 years following, Tier 1 subordinated debt is subject to a 10% discount. However, the amount not computable as Tier 1 regulatory capital may be computed as a Tier 2 instrument if it has a residual maturity equal to or greater than 15 years.
- In November 2019, BCP Stand-alone redeemed the total amount of its Tier 1 subordinated debt issuance (issued in 2009) totaling US\$250 million. Thus, as of December 2019, neither Tier 1 nor Tier 2 of BCP's regulatory capital was comprised of non-compliant Tier 1 subordinated debt.
- Tier 2 subordinated debt: during the five years prior to maturity, the principal balance will be discounted by 20%. In the year prior to its maturity, the Tier 2 subordinated debt will not be considered in the calculation of Tier 2. This treatment did not change compared to previous regulation. As a result, Tier 2 Subordinated debt issued previous to the rule was grandfathered.

[Content](#)

In addition, the SBS Resolution also included changes to the calculation of RWAs of the following accounting items:

- Intangibles (excluding goodwill);
- Deferred tax assets (DTAs) that are originated by operating losses; and
- DTAs that are associated with temporary differences and that exceed the threshold of 10% of the "adjusted total capital". In each case, DTAs are to be net of deferred income tax liabilities.

These assets will experience a gradual increase in their risk weights (until they reach a maximum of 1,000% in 2026) to replicate the deductions established by Basel III. The RWAs calculated based on these risk weights will be used exclusively for calculating the Basel III ratios.

Furthermore, the new regulation requires the calculation of a new solvency ratio: Adjusted total capital on adjusted total RWAs. This methodology is similar to that which is used to calculate the CET1 ratio under Basel III. As a result, the accounting items mentioned above are deducted from the numerator of the new solvency ratio, and the calculation of RWAs (the denominator) does not consider these deductions. As of December 31, 2020, BCP Stand-alone's CET1 ratio was 11.40%.

SBS Resolution 4280-2018, adopted in October 2018, modified the risk weight applied to intangibles (excluding goodwill) to speed up the increase in this risk weight towards 100%, with the purpose of closing the regulatory gap with Basel III guidelines, which clearly require intangibles to be fully deducted from core capital measurements.

In March 2020, as the scale of the global COVID-19-induced economic shock became apparent, the SBS passed Resolution 1264-2020, which suspended the countercyclical capital requirements for the banking system, unlocking a significant capital buffer for local banks, which was built during the last several years, in order to prevent a credit contraction.

Furthermore, in April 2020, the Ministry of Finance and the BCRP engineered and launched a large credit-enhancement program, Reactiva Peru, in response to the economic crisis, which comprised government guarantees for a broad range of loans to local enterprises. This program successfully promoted the expansion of credit to local enterprises in 2020 without consuming significant capital requirements to local banks.

As some of the restrictions and consequences due to COVID-19 continued early 2021, Presidential Urgent Decree No. 037-2021 was approved in March 2021. The minimum global capital ratio, which is the minimum requirement mandated by the regulator, was temporarily reduced from 10% to 8%. This gave an additional buffer to financial institutions until the economic outlook start presenting stronger signs of improvement. The same decree ordered the minimum global capital ratio to be lifted back to 10% in March 2022.

[Content](#)

In December 2021, the SBS issued Resolution 3718-2021, modifying cyclical provisions from Resolution 11356-2008 and, as an extension, the activation of the countercyclical capital buffer. Among the main changes were decreasing the threshold for the activation of the countercyclical rule from 5% to 4% for the average of annualized percentage change in GDP for the last 30 months and the minimum rates for the cyclical provision component. It should be noted that the countercyclical capital buffer could be activated no earlier than of January 1, 2024.

Additionally, in December 2021, the SBS adopted Resolution 3921-2021, which adds capital rules regarding the domestic systemically important capital requirement, which is a requirement similar to the D-SIB under Basel 3 where an additional requirement is calculated based on the relative size of the bank within the local financial system. This additional requirement affects both BCP Stand-alone and Mibanco by increasing the regulatory requirement of Credicorp. The changes will have a transition phase of two years, with 75% of the additional requirements to take effect in December 2022 and the full requirement effective in December 2023.

In March 2022, Legislative Decree 1531 was passed by the Government, Regulatory Capital definition rules in Banking Law 26702 were revised. Changes were aimed to better comply with the standards established by the Basel International Regulatory Framework for Banks (Basel III). The new regulatory capital framework defines CET1 and Total regulatory capital new minimum requirements at 4.5% and 10%, plus capital buffers. Although the main changes will be applied from January 2023, there still relevant regulation to be passed by the Banking Regulator to implement the aforementioned law and provide any adequacy period.

Common Equity Tier 1 (CET1)

In November 2013, BCP Stand-alone's Board of Directors decided to track the Basel III ratio known as CET1. CET1 comprises:

- paid-in-capital (which includes common stock and perpetual non-cumulative preferred stock);
- legal and other capital reserves;
- accumulated earnings;
- unrealized profits (losses);
- deficits of loan loss provisions;
- intangibles;
- net deferred taxes that rely on future profitability;
- goodwill resulting from corporate reorganizations or acquisitions; and
- 100% of the amount referred to in "Deductions" above.

[Content](#)

CET1 Internal Targets

In October 2018, BCP Stand-alone's Risk Committee approved a rise on CET1 ratio limits for BCP Stand-alone and Mibanco, targeting them at 11% and 15%, respectively. These limits are part of their risk appetite framework. BCP Stand-alone's CET1 ratio is estimated based on BCP Stand-alone's understanding, expectations and interpretation of the proposed Basel III requirements in Peru.

Intervention by the SBS

Pursuant to Peru's Law No. 26702, as amended by Law No. 27102, the SBS has the authority to seize the operations and assets of a bank. These laws provide for three levels of action by the SBS: a supervisory regime, an intervention regime, and the liquidation of the bank. Any of these actions may be taken if certain events occur, such as if the bank: (i) interrupts payments on its liabilities, (ii) repeatedly fails to comply with the regulations of the SBS or the BCRP, (iii) repeatedly violates the law or the provisions of the bank's Bye-laws, (iv) repeatedly manages its operations in an unauthorized or unsound manner or (v) has its regulatory capital fall or be reduced by more than 50%.

During the intervention regime, rather than seizing the operations and assets of a bank, the SBS may adopt other measures, including (i) placing additional requirements on the bank, (ii) ordering it to increase its capital stock or divest certain or all of its assets, or (iii) imposing a special supervision regime during which the bank must adhere to a financial restructuring plan.

The SBS intervention regime stops a bank's operations for up to 45 days, which may be extended for an additional 45 days. During this time, the SBS may institute measures such as: (i) canceling losses by reducing reserves, capital, and subordinated debt, (ii) segregating certain assets and liabilities for transfer to another financial institution and (iii) merging the intervened bank with an acquiring institution according to the program established by Presidential Urgent Decree No. 108-2000, which was enacted in November 2000. After the intervention, the SBS will liquidate the bank unless it is merged with an acquiring institution, as described in clause (iii) above.

The intervention procedure entails an automatic stay, protecting the assets of the bank or insurance company. Hence, the following actions are temporarily suspended: (i) collection of debts (judicially or administratively), (ii) execution of any judicial order, (iii) creation of liens, and (iv) making payments, advances, or offsetting debts; although statute regulates some specific cases where offsetting is admitted during the stay.

In case of dissolution of the bank, the priority of payments goes as follows: (a) wages and social benefits of the bank's employees, (b) return of saving deposits (in the portion not covered by the Deposit Insurance Fund), (c) tax obligations; and (d) the rest of the obligations under general rules of payment.

[Content](#)

Liens created against bank's assets survive the dissolution, but the following rules apply:

1. Each encumbered asset is sold separately.
2. The proceeds of the sales are deposited separately from the rest of the bank's assets to preferentially pay the secured obligations.
3. If the wages and social benefits of the bank's employees are fully paid with the rest of the company's assets, the proceeds described in clause (2) above are used to pay the secured obligations. Otherwise, they are used to complete such payments, reducing pro-rata the amount available for payment of secured obligations.
4. If the secured obligations are fully paid and there is an excess from the proceeds described in clause (2) above, the balance is added to the rest of the bank's assets.
5. If the secured obligations are not fully paid, the unpaid balance is treated as an unsecured obligation and may be collected, if possible, against the rest of the bank's assets.

Legal reserve requirements

In accordance with Peruvian regulation (article 67 of Law No. 26702) a reserve of up to at least 35% of paid-in capital of the Group's subsidiaries operating in Peru is required to be established through annual transfers of at least 10% of their net profit.

Under Law No. 26702, banks and financial institutions are required to maintain legal reserve requirements for certain obligations. The BCRP requires financial institutions to maintain marginal reserve requirements for foreign currency obligations and sets the exact level and method of calculation of that requirement. The reserve requirements in Peru apply to obligations such as demand and time deposits, savings accounts, securities, certain bonds and funds administered by banks. Additionally, the BCRP requires reserves on amounts due to foreign banks and other foreign financial institutions. Since January 2011, obligations of foreign subsidiaries and affiliates also have been subject to the reserve requirement.

Lending activities requirements

Law No. 26702 sets the maximum amount of credit that a financial institution may extend to a single borrower, whether the borrower is an individual or an economic group. SBS Resolution No. 5780-2015 establishes that an "economic group" is one that has a single or common risk exposure and includes a person, such person's close relatives and the companies in which such person or his or her close relatives have significant share ownership or decision-making capability. Significant decision-making capability is deemed to be present when, among other factors, a person or group can exercise material and continuous influence over the decisions of a company, when a person or company holds seats on the Board of Directors or has principal officers in another company, or when it can be assumed that one company or person is the beneficiary of credit facilities granted to another company.

[Content](#)

The limit on credit that may be extended to one borrower varies according to the type of borrower and the collateral received. The credit limit for any Peruvian borrower is 10% of a bank's regulatory capital, applied to both unconsolidated and consolidated records, which may be increased to up to 30% if the loan is collateralized in a manner acceptable under Law No. 26702. If a financial institution exceeds these limits, the SBS may impose a fine on the institution. As of December 31, 2019, 2020 and 2021, the 10.0% unconsolidated credit limit per borrower of BCP Stand-alone for unsecured loans was S/1,940.8 million, S/2,121.0 million and S/2,277.2 million, respectively. As of December 31, 2019, 2020 and 2021, the 30.0% credit limit for secured loans was S/5,822.4 million, S/6,363.1 million and S/6,831.6 million, respectively.

Pursuant to Article 52 of the Organic Law of the BCRP, under certain circumstances, the BCRP has the authority to establish limits on interest rates charged by commercial banks and other financial institutions. Such limits are not currently in place; however, there can be no assurance that the BCRP will not establish such limits on interest rates in the future.

In addition, according to SBS Resolution No. 6941-2008, as amended, banks and other financial entities must adopt a system to manage the risk of over-indebtedness that (a) allows the mitigation of such risk before and after making the loan, (b) permits the performance of a permanent monitoring of the portfolio to identify over indebted borrowers and (c) includes the periodic evaluation of the control mechanisms being used and of the corrective actions or required improvements, as the case may be.

Portfolio Classification Requirement

In order to comply with the SBS regulation, we have a loan portfolio classified in accordance with SBS Resolution No. 11356-2008 and it was amended as of July 1, 2010. For this reason, a bank's portfolio is classified into eight different categories: corporate, large companies, medium-sized companies, small companies, micro-companies. Commercial, consumer revolving, non-renewable consumer, and residential mortgage loans.

Related party transactions requirements

Law No. 26702 regulates transactions between financial institutions on the one hand and related parties or affiliates on the other. The SBS and the SMV have also enacted regulations that define indirect ownership, related parties, and economic groups, in order to limit transactions with related parties and affiliates. These regulations also provide standards for the supervision of financial and mixed conglomerates formed by financial institutions.

The total amount of loans to directors, employees, or close relatives of any such persons may not exceed 7% of a bank's regulatory capital. All loans made to any single director or employee borrower, considering his or her close relatives, may not exceed 0.35% of regulatory capital (that is, 5% of the overall 7% limit).

[Content](#)

Pursuant to Law No. 26702, as amended by Law No. 27102, the aggregate amount of loans to related party borrowers considered to be part of an economic group (as defined above) may not exceed 30% of a bank's regulatory capital. For purposes of this test, related party borrowers include (i) any person holding, directly or indirectly, 4% or more of a bank's shares, (ii) directors, (iii) certain principal executive officers of a bank, and (iv) people affiliated with the administrators of the bank. Loans to individual related party borrowers are also subject to the limits on lending to a single borrower described under "ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview – (6) Supervision and Regulation – 6.2 Subsidiaries – 6.2.1 Peru". All loans to related parties must be made on terms no more favorable than the best terms that BCP Stand-alone or Mibanco offers to the public.

Ownership restrictions

Law No. 26702 establishes certain restrictions on the ownership of a bank's shares. Banks must have a minimum of two shareholders. Among other restrictions, those convicted of drug trafficking, money laundering, terrorism, or other felonies, and those who are directors, employees or advisors of public entities that regulate and supervise the activities of banks, are subject to ownership limitations. All transfers of shares in a bank must be recorded at the SBS. Transfers involving the acquisition by any individual or corporation, whether directly or indirectly, of more than 10% of a bank's capital stock require prior authorization from the SBS. The SBS may deny authorization to such transfer of shares if the purchasers (or their shareholders, directors, or employees, in the case of juridical persons) are legally disabled or have engaged in illegal activity in the area of banking, finance, insurance or reinsurance, or if objections are raised on the basis of the purchaser's moral fitness or economic solvency, among other reasons. The decision of the SBS on such matters is final and cannot be overturned by the courts. If a transfer is made without obtaining the prior approval of the SBS, the purchaser shall be fined with an amount equivalent to the value of the transferred shares and is obligated to sell the shares within 30 days, or the fine is doubled. In addition, the purchaser is not allowed to exercise its voting rights at the shareholders' meetings. Foreign investors receive the same treatment as Peruvian nationals under the limitations described above.

Additionally, on January 7, 2021, the Peruvian government promulgated Law No. 31112, which provides that any transaction that causes ownerships to cross the threshold set by Law No. 31112 and can result in action in concert must have the authorization of INDECOPI to complete that ownership. According to this law, financial institutions must present the acquisition request to the SBS. If the SBS determines that there is a financial crisis, the acquisition does not require authorization from INDECOPI.

Finally, under Peruvian law, individuals or corporations that acquire, directly or indirectly, 1% of the capital stock of a bank in a period of 12 months, or acquire a 3% or more share participation, have the obligation to provide the information that the SBS may require to identify such individuals' or corporations' main economic activities and asset structure.

[Content](#)

Risk rating requirements

Law No. 26702 and SBS Resolutions No. 672 and 18400-2010 require that all financial companies be rated by at least two risk rating companies on a semi-annual basis, in addition to the SBS's assessment. Criteria to be considered in the rating include risk management and control procedures, loan quality, financial strength, profitability, liquidity, and financial efficiency. Five risk categories are assigned, from "A" (lowest risk) to "E" (highest risk), allowing for sub-categories within each category. In September 2021, the Moody's *Local PE Clasificadora de Riesgos S.A.* and *Apoyo y Asociados Internacionales S.A.C.* rating agencies, affirmed their respective "A+" risk categories for BCP Stand-alone. In September 2021, both rating agencies affirmed their "A" risk categories for Mibanco. As of December 2021, BCP Stand-alone and Mibanco maintained the risk categories of "A+" and "A", respectively, with both rating agencies.

Deposit insurance fund

Law No. 26702 provides for mandatory deposit insurance to protect the deposits of financial institutions by establishing the Deposit Insurance Fund for individuals, associations, not-for-profit companies, and demand deposits of non-financial companies. Financial institutions must pay an annual premium calculated and based on the type of deposits accepted by the entity and the risk classification of such entity, made by the SBS and at least two independent risk-rating agencies. The annual premium, which is set by Law No. 26702, begins at 0.65% of total funds on deposit under the coverage of the Deposit Insurance Fund and increases to 1.45%, which is applicable to banks in the highest risk category. Such annual premium basis and maximum were modified by SBS Resolution No. 0657-99 which established complementary proceedings and modified the amount of the annual premium; such that the annual premium now begins at 0.45% of total funds on deposit and increases to 1.45% which is applicable to banks in the highest risk category. BCP Stand-alone and Mibanco are currently classified in the lowest risk category and apply the 0.45% set by the SBS Resolution No 0657-99.

The maximum amount that a customer is entitled to recover from the Deposit Insurance Fund is S/115,637 for the period starting from December 2021 until February 2022.

(iv) Peruvian Insurance Companies Regulation - Grupo Pacifico

Solvency requirements

Pursuant to Law No. 26702, the SBS regulates the solvency margin of Peruvian insurance companies. The solvency margin calculations consider the amount of premiums written and losses incurred during a specified period prior to the date of the calculation.

Insurance companies must also maintain solvency equity, which must be the greater of (i) the solvency margin and (ii) the minimum capital requirement, as established by law. The required amount of solvency equity is recalculated at least quarterly. If an insurance company has outstanding credit risk operations, part of the solvency equity must be set aside for its coverage.

[Content](#)

Legal reserve requirements

Peruvian law also requires that all insurance companies establish a legal guarantee reserve for policyholders by setting aside 10% of income before taxes until the reserve reaches at least 35% of paid-in capital.

Technical reserve requirements

Pursuant to Law No. 26702 and regulations issued by the SBS, Peruvian insurance companies must establish technical reserves. Law No. 26702 also requires insurance companies to create a reserve for incurred but not reported (IBNR) claims that are reflected as a liability in their consolidated financial statements. Reserves for IBNR claims are estimated by using generally accepted actuarial reserving methods. See Note 3(e) to our consolidated financial statements. Finally, Grupo Pacifico is required by the SBS to establish pre-event reserves for risk of catastrophes, which, in accordance with IFRS principles, are not considered in our financial statements. See "ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS – 5.A Operating results – (6) Lines of Business (LoBs) – 6.3 Insurance & Pensions – (i) Grupo Pacifico".

According to a new regulation regarding actuarial management, SBS Resolution No. 3863-2016, the actuarial function must (i) ensure the use of real and adequate parameters in both pricing and technical reserves calculation and (ii) guarantee the consistency of the results obtained. Likewise, based on the sufficiency evaluation analysis, actuarial management must propose changes in the methodologies applied in the calculation of technical or additional reserves.

Investment requirements

Pursuant to Law No. 26702 and a regulation issued by the SBS Resolution No. 1041-2016, the total amount of an insurance company's solvency equity and technical reserves must be permanently supported by diversified assets, which may not be pledged or otherwise encumbered. The investment regulations further state that deposits in and bonds of one financial institution together cannot exceed 7% of the total of an insurer's solvency equity and technical reserves combined. In general, no more than 15% of an insurance company's combined solvency equity and technical reserves may be invested in instruments (including stocks and bonds) issued by a company or group of companies. In order for an insurance company to invest in non-Peruvian securities, the securities must be rated by an internationally recognized credit rating agency and the asset class must be authorized by Peruvian SBS regulations. Securities owned by insurance companies must be registered in the Public Registry of Securities of Peru or the comparable registry of their respective country.

[Content](#)

Related party transactions requirements

Law No. 26702 provides that insurance companies may not extend credit to or guarantee the obligations of employees or members of the Board of Directors, except for certain home mortgage loans to employees.

Ownership restrictions

Law No. 26702 sets forth the same types of restrictions regarding the ownership and transfer of insurance company shares as it does regarding the ownership and transfer of shares in banks. See "ITEM 4. INFORMATION ON THE COMPANY – 4.B Business overview – (6) Supervision and Regulation – 6.2 Subsidiaries – 6.2.1. Peru".

(v) Peruvian Pension Fund Regulation – Prima AFP

Minimum capital requirements

SBS authorization is required for an AFP to begin operations. Peruvian law requires a minimum capital requirement, paid in cash by shareholders. There are certain limitations on the ownership and transfer of AFP shares. Additionally, Peruvian law requires that companies maintain a legal reserve funded with 10% of their net profit, until the reserve reaches the equivalent of 20% of their share capital

Investment limits

The SBS has set investment limits, which restrict investments in certain asset classes, economic groups, and issuers. In addition, some of these limits differ according to the fund's risk profile. The general limits are:

- The total amount invested in instruments issued or guaranteed by the Peruvian State cannot exceed 30% of the fund value;
- The total amount invested in instruments issued or guaranteed by the BCRP cannot exceed 30% of the fund value;
- The total amount invested in instruments issued or guaranteed by the Peruvian State and the BCRP overall cannot exceed 40% of the fund value; and
- The total amount invested in instruments issued by governments, financial institutions, and non-financial institutions whose commercial activities are mostly abroad cannot exceed 50% of the fund value.

The SBS requires that AFPs ensure a minimum yield. Part of the guarantee is the obligatory reserve requirement, which is paid with resources belonging to the AFPs. The amount depends on the assets in the portfolio, but it is approximately 1% of the AFP's funds under management.

[Content](#)

PPS Reforms

PPS Reform and changes of the PPS between 2012 and 2017

Since 2012, the Private Pension System has witnessed different reforms and changes applied by the Peruvian government and its regulators. The most relevant changes contemplated during 2012 to 2017 were the following:

- In 2012, a tender process held every 24 months were incorporated, in which the AFP that offers the lowest management fee wins the tender. As a result, new workers who enter the PPS become members of the tender holder and remain in it for at least 24 months.
- In 2014, new local and foreign investment regulations made the PPS registration process for new investment securities more flexible. It allows AFPs to make non-complex investments and use derivatives instruments under certain restriction without authorization from the SBS.
- In 2015, SBS Resolution No. 5540-2015 was also published and regulates the new Fund Type Zero, which is mandatory for participants from the age of 65 and up who opt for a statutory retirement pension. The Fund Type Zero became effective on April 1, 2016 and invests only in national currency short-term instruments and debt securities.
- In April 2016, Peruvian Law No. 30425 (further modified by Law No. 30478) was passed and came into force in Peru. Among the most relevant changes, the law allows affiliates to: (i) withdraw up to 95.5% of their pension funds when they reach the age of 65 (retirement age); (ii) use up to 25% of their pension funds as the down payment or amortization of a mortgage loan used to buy a first house; and (iii) in the case of affiliates with terminal illness, withdraw up to 50% of their pension funds. The new law also extended the Special Regime of Early Retirement until December 31, 2018, for affiliates who had been unemployed for at least 12 months. The Regime applies to men and women who are at least 55 and 50 years old respectively, and pensioners who choose the retirement program.
- In 2017, BCRP raised the foreign investment limit up to 46% for pension funds to encourage AFPs to diversify their investments.

For further detail please refer to Credicorp's previous 2019 20-F document, see "ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview – (9) Supervision and Regulation – 9.5 Prima AFP".

Changes to PPS in 2018

Between February and September 2018, the BCRP raised the foreign investment limit for pension funds at a rate of 0.5 percentage points per month until it reached the 50% limit set by the SBS.

In 2018, the withdrawals of funds in Prima AFP totaled approximately S/2,992 million.

[Content](#)

Changes to PPS in 2019

On April 3, 2019, Peru's congress permanently approved the Special Regime of Early Retirement for affiliates with a minimum age of 55 years old for men and 50 years old for women, who are unemployed for at least 12 consecutive months, and who prove an income of less than S/29,400 (7 UIT), to receive independent employment (4th category) income during their unemployment period. These modifications were promulgated by Peruvian Law No. 30939.

Peru's congress also approved new criteria to apply for Ordinary Early Retirement. Ordinary Early Retirement is available to affiliates with a minimum age of 55 years old for men and 50 years old for women, who have a pension fund that allows them to access a pension of at least 40% of the average income received during the last 120 months. These modifications were promulgated by Peruvian Law No. 30939. In 2019, the withdrawals of funds in Prima AFP totaled approximately S/2,797 million.

Changes to PPS in 2020

In 2020, the Peruvian government and congress took measures to provide liquidity to private pensioners by allowing them to draw down their funds. These measures had an impact on funds under management and on income at the AFP in 2020 and 2021.

Changes to PPS in 2021

On May 7, Law No. 31192 was published, which authorizes affiliates of the Private Pension Fund Administration System to withdraw up to S/17,200 from their funds.

On August 6, Law No. 31332 was published, which reduces from 55 to 50 the age to access early retirement for men.

For further information about the measures taken by the government, see "ITEM 3. KEY INFORMATION – 3.D Risk Factors – Regulatory changes and adoption of new international guidelines to sectors in which we operate could impact our earnings and adversely affect our operating performance" and "ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS – 5.A Operating results – (2) Political and Macroeconomic Environment".

Peruvian Investment Banking & Wealth Management Regulation - Credicorp Capital Peru

Credicorp Capital Peru is the main shareholder of Credicorp Capital Sociedad Agente de Bolsa S.A., Credicorp Capital Sociedad Titulizadora S.A., Credicorp Capital Servicios Financieros S.A., and Credicorp Capital S.A. Sociedad Administradora de Fondos.

The Securities Market Law (Legislative Decree No. 861), as amended, governs the public offering and trading of securities listed on the SMV and the BVL. The BVL, as the only stock exchange in Peru, also provides internal regulations that form part of the regulations and administrative rulings that govern the offering and trading of securities.

[Content](#)

6.2.2 Cayman Islands

Cayman Islands Regulation - Atlantic Security Holding Corporation (ASHC)

ASHC is an entity regulated under Cayman Islands Companies Law, duly supervised by the Cayman Island Monetary Authority (CIMA). Under the law of the Cayman Islands, ASHC is subject to the following continuing requirements: (i) to remain in good standing under the Cayman Islands Companies Law, including the filing of annual and other returns and the payment of annual fees; (ii) to file any change in the information or documents required to be provided and to pay annual fees with the Registrar of Companies; (iii) to file certain prescribed forms with CIMA on a quarterly basis; (iv) to file audited accounts with CIMA within three months of each financial year (in the case of a locally incorporated bank, which is not part of a substantial international banking group, a senior officer or board member discusses these accounts each year at a meeting with CIMA); and (v) to file an annual questionnaire.

6.2.3 Bolivia

Bolivian Regulators

Pursuant to Supreme Decree No. 29894, in May 2009 the ASFI was vested with the authority to regulate the Bolivian banking system. The ASFI also supervises brokerage and mutual fund management activities that Credicorp Ltd. conducts through BCP Bolivia's affiliates, Credibolsa and Credifondo. These affiliates operate under the Securities Markets Law No. 1834, enacted on March 31, 1998. Additionally, the Central Bank of Bolivia (Banco Central de Bolivia or BCB by its Spanish initials) regulates financial intermediation and deposit activities, determines monetary and foreign exchange policy, and establishes reserve requirements on deposits.

Regulation of Bolivian Financial Institutions

Until November 2013, the Bolivian banking system operated under the Law of Banks and Financial Entities No. 1488, enacted on April 14, 1993, and later modified by Law No. 3076 of June 20, 2005. On August 21, 2013, the Bolivian government enacted a new Banking Law (Law No. 393), which became effective on November 21, 2013. This new law envisions a more active role of government in the financial services industry and emphasizes the social objective of financial services.

On December 10, 2010 through the enactment in Bolivia of Law No. 065 (*Ley de Pensiones*), the supervision of all insurance activities in Bolivia was transferred from the ASFI to the APS. Our life and P&C insurance affiliates in Bolivia, which operate under the commercial name Crediseguro, are thus regulated, and supervised by the APS.

[Content](#)

In 2012, the Bolivian government imposed an additional income tax of 12.5% on earnings before taxes, which applied to all financial institutions with a ratio of earnings before taxes to equity in excess of 13%. Additionally, in November 2012, the government approved a new tax on sales of foreign exchange. This new tax, which levied all sales of foreign exchange with a 0.70% rate on the amount of foreign currency sold, was in effect for 36 months and expired in December 2015.

The additional income tax rate was subsequently increased to 22% in December 2015, and to 25% in March 2017, and was made applicable to all financial institutions with a ratio of earnings before taxes to equity in excess of 6%.

In 2013, Supreme Decree No. 1842 set interest rate caps for social housing loans ranging from 5.5% to 6.5%, and for loans to productive sectors (agriculture, tourism, manufacture, etc.), and established loan quotas pursuant to which, by December 31, 2018, and afterwards, at least 60% of the loan portfolio of all universal banks needs to be comprised of loans to productive sectors and social housing loans, with a sublimit that establishes that loans to productive sectors must represent at least 25% of the portfolio.

Further to Law 393, in 2014, the Bolivian government, through Supreme Decrees No. 2136 and No. 2137, instructed banks in Bolivia to contribute 6% of that year's total profits for the creation of a guarantee fund – to be administered by the banks - intended to provide guarantees of up to 20% of the amount financed of productive sector and social housing loans. From 2015 to 2019, the government instructed banks to contribute 6% of those years' profits to replenish either the existing guarantee funds or to make contributions to a newly created seed capital fund administered by the government-owned development bank.

In response to the COVID-19 pandemic, on April 1, 2020, the Bolivian government enacted Law No 1294, which established the automatic deferral of all loan installments (capital, interest, and other charges) payable to financial institutions for the duration of Bolivian Coronavirus Pandemic Emergency Declaration. These deferred installments will start to be collected after the final installment established on the original payment schedule. Supreme Decree No. 4206 established an initial deferral period from March 2020 to May 2020, which was subsequently extended to August 2020 through Supreme Decree No. 4248, and then to December 2020 through Law No. 1319.

On December 2, 2020, the Bolivian government issued Supreme Decree No. 4409, establishing that the capital portion of the installments that had been deferred in 2020 would not accrue interest until their cancellation. Supreme Decree No. 4409 also established that once the deferral period has concluded, upon request of the borrowers that had their installments deferred, banks must refinance and/or reschedule their loans, based on the borrowers' economic situation and payment capacity. The refinanced and/or rescheduled loans have the benefit of a six-month grace period during which no interest or capital payments are required from the borrower. The collection of the amount of interest accrued but not collected during the aforementioned grace period will be made pro rata during the new term of the loan.

[Content](#)

On December 28, 2020, the Bolivian government enacted Law No.1356 was enacted, eliminating the tax exemption for capital gains generated in the Bolivian Stock Exchange and introducing an additional income tax of 25% applicable to all brokerage houses, mutual fund administrators and insurance companies with a ratio of earnings before taxes to equity in excess of 6%.

In accordance with Bolivian regulation, a reserve of up to at least 50% of paid-in capital of the Group's subsidiaries operating in Bolivia is required to be established through annual transfers of at least 10% of their net profit. As of December 31, 2018, 2019, and 2020, these reserves amounted to approximately S/5,179.0 million, S/6,236.5 million and S/6,990.1 million, respectively.

6.2.4 Colombia

Colombian Regulation – Credicorp Holding Colombia, Mibanco Colombia & Credicorp Capital Colombia

Credicorp Holding Colombia S.A.S. is the main shareholder of Credicorp Capital Colombia S.A., Credicorp Capital Fiduciaria S.A., Credicorp Capital Servicios S.A.S., Credicorp Negocios Digitales S.A.S. and Mibanco Colombia S.A.

The SFC is an entity whose main function is to oversee Colombia's financial sectors. Although it has an important role in monitoring and surveillance, it also has certain regulatory powers that permit it to issue regulations through regulatory circular letters laws and decrees. Separately, the AMV supervises and regulates the conduct of securities intermediaries, as well as the certification of those who carry out such activities. The AMV is a private entity and is the product of a self-regulatory scheme established after the termination of Law No. 964 of 2005.

The regulation of the financial sector and the securities market in Colombia is directed by Colombia's congress, which issues laws, and the Colombian Ministry of Finance's URF, which issues decrees. Also, the Taxes and National Customs Authority (*Dirección de Impuestos y Aduanas Nacionales* or DIAN by its Spanish initials) oversees the regulation related to FATCA & CRS.

Finally, the Colombian Ministry of Commerce, Industry and Tourism's Superintendencia of Corporations (*Superintendencia de Sociedades*) is a regulatory agency that oversees commercial corporations that are not under the supervision of other Superintendencies.

[Content](#)

6.2.5 Chile

Chilean Regulation – Credicorp Capital Chile

The CMF is responsible for the supervision of entities in the securities market, insurance, banks, financial institutions, and other financial entities. The CMF regulates Credicorp Capital Chile through the Chilean stock exchange market. The CMF ensures that supervised institutions comply with laws, regulations, statutes, and other provisions governing the functioning of these markets. The CMF also authorizes companies to manage mutual and investment funds (known as Mutual Fund Administrators and General Fund Management or AFM and AGF, respectively, by their Spanish initials) and supervises such companies and their managed funds by monitoring their legal, financial, and accounting information to ensure compliance with applicable laws and regulations.

Chilean regulators have established several laws, regulations, and rules to address the various sectors of the stock market. One of those laws is the Chilean Securities Market Law, which governs the functioning of the Chilean market, its corporations, management of third-party funds (investment funds, mutual funds, pension funds and others), and deposit and custody of securities.

6.2.6 Panama

International Bank Regulation – BCP Panama

BCP Panama is a branch of BCP Stand-alone, registered in the Republic of Panama in 2002, under an international license issued by the SBP in accordance with Law Decree No. 9 of February 26, 1998, as amended.

BCP Panama is subject to an inspection made by auditors and inspectors of the SBP, to determine, among other things, its compliance with the Law Decree No. 2 of February 22, 2008 and No. 23 of April 27, 2015, the Law on the Prevention of Money Laundering, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction.

ASB Bank Corp.

ASB Bank Corp., a subsidiary of ASHC, is regulated by the SBP, registered in 2020 under an international banking license issued by the SBP, in accordance with Law Decree No. 9 of February 26, 1998, as amended.

As a holder of this license, ASB Bank Corp. can manage banking operations carried out outside of Panamanian territory from an office located in Panama. Likewise, it grants the right to exercise any other activity authorized by the SBP. ASB Bank Corp. may not take deposits from any person residing in the Republic of Panama.

ASB Bank Corp. is also regulated and holds a Securities Broker license issued by the Panamanian Superintendency of the Securities Market that enables the entity to act as securities broker, manager, and custodian. It is required to comply with regulations pertaining to corporate governance; minimum working capital and liquidity requirements to meet obligations with customers and vendors; adequate accounting practices and recordkeeping; provision of regulatory reports; adherence to confidentiality standards, code of ethics and prevention of conflict of interest; and adequate anti-money laundering and terrorism finance laundering controls, policies, and programs, among others.

[Content](#)

ASB Bank Corp. must receive prior approval from the SBP and the Superintendent of the Securities Market for: (i) any proposed changes in the Board of Directors or senior officers; (ii) the issuance, transfer or other disposal of shares (it is uncommon for a waiver to be granted with respect to shares related matters except in the case of a branch of a substantial international bank and where the shares are widely held and publicly traded); (iii) any significant change in the business plan filed on the original licenses applications; or (iv) to open a subsidiary, branch, agency, or representative office outside the Republic of Panama. Finally, ASB Bank Corp. must obtain the prior approval of the SBP and the Panamanian Superintendent of Securities Market to change its name and must notify them of any change in its principal office or its authorized agent in the Republic of Panama.

6.2.7 United States

International Bank Regulation – BCP Miami

BCP Miami Agency is licensed to operate as an international bank agency in the State of Florida and was authorized to transact business by the Comptroller of Florida on September 3, 2002. The BCP Miami Agency is regulated, supervised, and examined by the Office of Financial Regulation of the State of Florida Department of Financial Services and by the FED through the Federal Reserve Bank of Atlanta. Our direct and indirect nonbanking subsidiaries doing business in the United States also are subject to the authority of relevant U.S. financial regulatory agencies depending on their U.S. activities.

Investment Banking and Wealth Management Company Regulation – Credicorp Capital LLC.

Credicorp Capital LLC. is a broker-dealer registered with FINRA and the SEC. Credicorp Capital LLC. was the entity resulting from the merger between Credicorp Capital Securities, Inc. (CRD No. 122199) and Ultralat Capital Markets, LLC (UCM) (CRD No. 136791), which took place on February 1, 2021. Credicorp Capital LLC. is owned by Credicorp Capital Limited, which is wholly owned by Credicorp Ltd. Headquartered in Brickell, Florida, Credicorp Capital LLC. provides brokerage services through a clearing agreement with Pershing, LLC. As of December 31, 2021, there were nine registered principals at Credicorp Capital LLC., all of whom are Series 7 and Series 24 licensed. At the trading desk, all registered representatives maintain their Series 7 and Series 63 licenses.

Credicorp Capital LLC. has an affiliate investment adviser, Credicorp Capital Advisors LLC. They share the same Board of Directors and ownership.

[Content](#)

(7) Selected statistical information

In the following tables, we have set forth certain selected statistical information and ratios regarding our business for the periods indicated. You should read the selected statistical information in conjunction with the information included in "ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS – 5.A Operating Results" and the consolidated financial statements (and the notes that accompany the consolidated financial statements). The statistical information and discussion and analysis given below for the years 2019 through 2021 reflect our consolidated financial position as well as that of our subsidiaries, as of December 31, 2019, 2020 and 2021 and our results of operations for the years then ended.

7.1 Average statements of financial position and income from interest-earning assets

The tables below set forth selected statistical information based on our average statements of financial position prepared on a consolidated basis. Except as otherwise indicated, we have classified average balances by currency (Soles or foreign currency, primarily US Dollars) rather than by the domestic or international nature of the balance. For the years 2019, 2020 and 2021, the average balances are computed as the average of period-beginning and period-ending balances on a monthly basis. Any of these month-end balances that were denominated in US Dollars have been converted into Soles using the applicable SBS exchange rate as of the date of such balance. Our management believes that the stated averages are representative of our operations, and that it would be too costly to produce daily averages using daily book balances in IFRS but does not believe that the stated averages present trends in a materially different manner from those that would be presented by daily averages.

Average Statements of Financial Position
Assets, interest earned and average interest rates ⁽¹⁾

	Year ended December 31,								
	2019			2020			2021		
ASSETS:	Average Balance	Interest Earned	Nominal Avg. Rate	Average Balance	Interest Earned	Nominal Avg. Rate	Average Balance	Interest Earned	Nominal Avg. Rate
<i>(in thousands of Soles, except percentages)</i>									
<i>Interest-earning assets:</i>									
<i>Deposits in BCRP</i>									
Soles	194,045	4,978	2.57%	4,158,501	10,551	0.25%	5,210,865	31,505	0.60%
Foreign Currency	15,438,824	248,337	1.61	19,792,862	41,908	0.21	21,370,530	2,293	0.01
Total	15,632,869	253,315	1.62	23,951,363	52,459	0.22	26,581,395	33,798	0.13
<i>Deposits in other Banks</i>									
Soles	480,586	13,103	2.73	520,306	3,826	0.74	407,357	1,642	0.40
Foreign Currency	6,189,004	54,295	0.88	6,568,981	18,528	0.28	9,010,149	14,197	0.16
Total	6,669,590	67,398	1.01	7,089,287	22,354	0.32	9,417,506	15,839	0.17
<i>Investment securities</i>									
Soles	23,282,679	926,539	3.98	30,422,192	983,791	3.23	34,968,222	1,089,913	3.12
Foreign Currency	11,645,709	384,903	3.31	14,395,322	388,373	2.70	19,931,263	436,880	2.19
Total	34,928,388	1,311,442	3.75	44,817,514	1,372,164	3.06	54,899,485	1,526,793	2.78
<i>Total loans ⁽¹⁾</i>									
Soles	67,091,181	8,222,685	12.26	84,042,922	7,695,726	9.16	94,750,905	7,789,085	8.22
Foreign Currency	43,818,575	2,441,834	5.57	45,916,114	2,332,108	5.08	47,791,467	2,381,595	4.98
Total	110,909,756	10,664,519	9.62	129,959,036	10,027,834	7.72	142,542,372	10,170,680	7.14
<i>Total dividend-earning assets</i>									
Soles	561,253	8,990	1.60	484,417	8,123	1.68	358,451	23,794	6.64
Foreign Currency	101,031	16,269	16.10	307,482	17,480	5.68	110,104	16,843	15.30
Total	662,284	25,259	3.81	791,899	25,603	3.23	468,555	40,637	8.67
<i>Total interest-earning assets</i>									
Soles	91,609,744	9,176,295	10.02	119,628,338	8,702,017	7.27	135,695,800	8,935,939	6.59
Foreign Currency	77,193,143	3,145,638	4.08	86,980,761	2,798,397	3.22	98,213,513	2,851,808	2.90
Total	168,802,887	12,321,933	7.30	206,609,099	11,500,414	5.57	233,909,313	11,787,747	5.04
<i>Noninterest-earning assets:</i>									
<i>Cash and due from banks</i>									
Soles	2,798,404			2,946,320			2,941,680		
Foreign Currency	2,666,835			2,159,340			2,824,559		
Total	5,465,239			5,105,660			5,766,239		
<i>Allowance for direct loan losses</i>									
Soles	(3,925,507)			(6,530,146)			(7,487,480)		
Foreign Currency	(1,016,238)			(1,390,331)			(1,767,750)		
Total	(4,941,745)			(7,920,477)			(9,255,230)		
<i>Premises and equipment</i>									
Soles	1,832,146			1,383,640			1,094,085		
Foreign Currency	836,470			882,677			929,155		
Total	2,668,616			2,266,317			2,023,240		
<i>Other non-interest-earning assets, derivatives and other interest income</i>									
Soles	5,049,093	29,313		8,873,581	32,965		8,198,900	50,773	
Foreign Currency	6,183,773	30,418		3,723,751	14,269		6,286,945	11,886	
Total	11,232,866	59,731		12,597,332	47,234		14,485,845	62,659	
<i>Total non-interest-earning assets</i>									
Soles	5,754,136	29,313		6,673,395	32,965		4,747,185	50,773	
Foreign Currency	8,670,840	30,418		5,375,437	14,269		8,272,909	11,886	
Total	14,424,976	59,731		12,048,832	47,234		13,020,094	62,659	
<i>Total average assets</i>									
Soles	97,363,880	9,205,608	9.45	126,301,733	8,734,982	6.92	140,442,985	8,986,712	6.40
Foreign Currency	85,863,983	3,176,056	3.70	92,356,198	2,812,666	3.05	106,486,422	2,863,694	2.69
Total	183,227,863	12,381,664	6.76	218,657,931	11,547,648	5.28	246,929,407	11,850,406	4.80

(1) Figures for total loans include internal overdue loans, but do not include accrued but unpaid interest on such internal overdue loans in the year in which such loans became internal overdue loans. Accrued interest is included.

[Content](#)

Average Statements of Financial Position

Liabilities and Equity, Interest Paid and Average Interest Rates (1)

LIABILITIES	2019			2020			2021		
	Average Balance	Interest Paid	Nominal Avg. Rate	Average Balance	Interest Paid	Nominal Avg. Rate	Average Balance	Interest Paid	Nominal Avg. Rate
<i>Interest-bearing liabilities:</i>									
Savings deposits									
Soles (1)	18,086,800	107,467	0.59%	24,980,192	146,089	0.58%	30,138,029	173,193	0.57%
Foreign Currency (1)	15,263,456	69,312	0.45	17,761,179	76,798	0.43	22,670,476	93,930	0.41
Total	33,350,256	176,779	0.53	42,741,371	222,887	0.52	52,808,505	267,123	0.51
Time deposits									
Soles (1)	21,700,375	870,034	4.01	20,014,910	610,238	3.05	17,277,160	328,679	1.90
Foreign Currency (1)	19,317,889	436,061	2.26	19,931,021	394,083	1.98	19,857,929	355,248	1.79
Total	41,018,264	1,306,095	3.18	39,945,931	1,004,321	2.51	37,135,089	683,927	1.84
Due to banks and correspondents									
Soles	3,491,145	210,876	6.04	4,110,388	227,246	5.53	4,230,960	228,427	5.40
Foreign Currency	4,675,523	163,879	3.51	3,914,547	108,291	2.77	2,460,979	44,438	1.81
Total	8,166,668	374,755	4.59	8,024,935	335,537	4.18	6,691,939	272,865	4.08
Bonds									
Soles	3,676,399	229,542	6.24	3,741,617	203,617	5.44	3,468,936	177,481	5.12
Foreign Currency	11,849,698	670,630	5.66	12,360,656	680,296	5.50	13,662,502	623,320	4.56
Total	15,526,097	900,172	5.80	16,102,273	883,913	5.49	17,131,438	800,801	4.67
Payables from repurchase agreements									
Soles	5,817,107	174,760	3.00	18,007,100	204,409	1.14	22,800,403	155,808	0.68
Foreign Currency	3,110,816	104,684	3.37	2,309,341	46,947	2.03	2,312,115	28,384	1.23
Total	8,927,923	279,444	3.13	20,316,441	251,356	1.24	25,112,518	184,192	0.73
Total interest-bearing liabilities									
Soles	52,771,826	1,592,679	3.02	70,854,207	1,391,599	1.96	77,915,488	1,063,588	1.37
Foreign Currency	54,217,382	1,444,566	2.66	56,276,744	1,306,415	2.32	60,964,001	1,145,320	1.88
Total	106,989,208	3,037,245	2.84	127,130,951	2,698,014	2.12	138,879,489	2,208,908	1.59
<i>Non-interest-bearing liabilities and equity:</i>									
Demand deposits (2)									
Soles (1)	13,784,465	57,963	0.42	23,333,665	78,880	0.34	27,352,388	66,943	0.24%
Foreign Currency (1)	18,608,112	69,701	0.37	23,382,041	65,381	0.28	32,632,889	61,222	0.19
Total	32,392,577	127,664	0.39	46,715,706	144,261	0.31	59,985,277	128,165	0.21
Other liabilities, derivatives and other interest expenses									
Soles	10,523,703	34,905		10,115,435	34,788		10,607,850	26,107	
Foreign Currency	7,658,275	90,099		10,033,400	99,244		11,740,807	125,246	
Total	18,181,978	125,004		20,148,835	134,032		22,348,657	151,353	
Equity attributable to Credicorp equity holders									
Soles									
Foreign Currency	25,211,482			24,168,217			25,207,194		
Total	25,211,482			24,168,217			25,207,194		
Non-controlling interest									
Soles									
Foreign Currency	452,618			494,222			508,790		
Total	452,618			494,222			508,790		
Total non-interest-bearing liabilities and equity									
Soles	24,308,168	92,868		33,449,100	113,668		37,960,238	93,050	
Foreign Currency	51,930,487	159,800		58,077,880	164,625		70,089,680	186,468	
Total	76,238,655	252,668		91,526,980	278,293		108,049,918	279,518	
Total average liabilities and equity									
Soles	77,079,994	1,685,547	2.19	104,303,307	1,505,267	1.44	115,875,726	1,156,638	1.00
Foreign Currency	106,147,869	1,604,366	1.51	114,354,624	1,471,039	1.29	131,053,681	1,331,788	1.02
Total	183,227,863	3,289,913	1.80	218,657,931	2,976,306	1.36	246,929,407	2,488,426	1.01

(1) Includes the amount paid - for the deposit insurance fund.

(2) Our policy does not consider the payment of interests for demand deposits; however, in exceptional circumstances the group pays interest on certain demand deposits of corporate clients that exceed certain amounts. These payments are not considered material.

[Content](#)

7.1.1 Changes in net interest, similar income, and expense: volume and rate analysis

The table below sets forth the net effect on annual variation in interest income and interest expense of increases and decreases due to changes in volume and rate. Volume and rate variations have been calculated based on variations in average balances over the period and changes in average rates on interest-earning assets and interest-bearing liabilities from one period to the other. The net changes in "Interest and similar income" and "Interest and similar expense" attributable to both changes in functional currency (Sol) and changes in foreign currency also are presented in the table:

	2020/2019			2021/2020		
	Increase/(Decrease) due to changes in:			Increase/(Decrease) due to changes in:		
	Volume	Rate	Net Change	Volume	Rate	Net Change
	<i>(in thousands of Soles)</i>					
Interest and similar income:						
Interest-earning deposits in BCRP						
Soles	55,881	(50,308)	5,573	4,516	16,438	20,954
Foreign Currency	39,627	(246,056)	(206,429)	1,755	(41,370)	(39,615)
Total	95,508	(296,364)	(200,856)	6,271	(24,932)	(18,661)
Deposits in other banks						
Soles	688	(9,965)	(9,277)	(643)	(1,541)	(2,184)
Foreign Currency	2,203	(37,970)	(35,767)	5,366	(9,697)	(4,331)
Total	2,891	(47,935)	(45,044)	4,723	(11,238)	(6,515)
Investment securities						
Soles	257,498	(200,246)	57,252	144,351	(38,229)	106,122
Foreign Currency	82,530	(79,060)	3,470	135,349	(86,842)	48,507
Total	340,028	(279,306)	60,722	279,700	(125,071)	154,629
Total loans ⁽¹⁾						
Soles	1,814,928	(2,341,887)	(526,959)	930,389	(837,030)	93,359
Foreign Currency	111,711	(221,437)	(109,726)	94,352	(44,865)	49,487
Total	1,926,639	(2,563,324)	(636,685)	1,024,741	(881,895)	142,846
Total dividend-earning assets						
Soles	(1,260)	393	(867)	(5,237)	20,908	15,671
Foreign Currency	22,491	(21,280)	1,211	(20,707)	20,070	(637)
Total	21,231	(20,887)	344	(25,944)	40,978	15,034
Total interest-earning assets						
Soles	2,422,338	(2,896,616)	(474,278)	1,113,434	(879,512)	233,922
Foreign Currency	356,870	(704,111)	(347,241)	343,775	(290,364)	53,411
Total	2,779,208	(3,600,727)	(821,519)	1,457,209	(1,169,876)	287,333
Interest and similar expense:						
Demand deposits						
Soles	36,218	(15,300)	20,918	11,710	(23,648)	(11,938)
Foreign Currency	15,615	(19,936)	(4,321)	21,611	(25,770)	(4,159)
Total	51,833	(35,236)	16,597	33,321	(49,418)	(16,097)
Savings deposits						
Soles	40,636	(2,014)	38,622	29,902	(2,798)	27,104
Foreign Currency	11,071	(3,585)	7,486	20,784	(3,652)	17,132
Total	51,707	(5,599)	46,108	50,686	(6,450)	44,236
Time deposits						
Soles	(59,482)	(200,314)	(259,796)	(67,777)	(213,782)	(281,559)
Foreign Currency	12,982	(54,960)	(41,978)	(1,376)	(37,459)	(38,835)
Total	(46,500)	(255,274)	(301,774)	(69,153)	(251,241)	(320,394)
Due to banks and correspondents and issued bonds						
Soles	35,820	(19,450)	16,370	6,588	(5,407)	1,181
Foreign Currency	(23,862)	(31,726)	(55,588)	(33,229)	(30,624)	(63,853)
Total	11,958	(51,176)	(39,218)	(26,641)	(36,031)	(62,672)
Bonds						
Soles	3,811	(29,736)	(25,925)	(14,395)	(11,741)	(26,136)
Foreign Currency	28,520	(18,854)	9,666	65,522	(122,498)	(56,976)
Total	32,331	(48,590)	(16,259)	51,127	(134,239)	(83,112)
Payables from repurchase agreements						
Soles	252,296	(222,647)	29,649	43,583	(92,184)	(48,601)
Foreign Currency	(21,632)	(36,105)	(57,737)	45	(18,608)	(18,563)
Total	230,664	(258,752)	(28,088)	43,628	(110,792)	(67,164)
Total interest-bearing liabilities						
Soles	450,439	(651,519)	(201,080)	117,538	(445,549)	(328,011)
Foreign Currency	51,338	(189,489)	(138,151)	98,435	(259,529)	(161,094)
Total	501,777	(841,008)	(339,231)	215,973	(705,078)	(489,105)

(1) Figures for total loans include internal overdue loans, but do not include accrued but unpaid interest on such internal overdue loans in the year in which such loans internal overdue loans. Accrued interest is included.

[Content](#)

7.1.2 Average interest-earning assets, net interest margin (NIM), and yield spread

The following table shows for each of the periods indicated, by currency, the levels of average interest-earning assets, net interest income, gross yield, NIM, and yield spread, all on a nominal basis:

	Year ended December 31,		
	2019	2020	2021
	<i>(in thousands of Soles, except percentages)</i>		
Average interest-earning assets ⁽¹⁾			
Soles	91,609,744	119,628,338	135,695,800
Foreign Currency	77,193,143	86,980,761	98,213,513
Total	168,802,887	206,609,099	233,909,313
Net interest income from interest-earning assets			
Soles	7,583,616	7,310,418	7,872,351
Foreign Currency	1,701,072	1,491,982	1,706,488
Total ⁽²⁾	9,284,688	8,802,400	9,578,839
Gross yield ⁽³⁾			
Soles	10.02%	7.27%	6.59%
Foreign Currency	4.08%	3.22%	2.90%
Weighted-average rate	7.30%	5.57%	5.04%
NIM ⁽⁴⁾			
Soles	8.28%	6.11%	5.80%
Foreign Currency	2.20%	1.72%	1.74%
Weighted-average rate	5.50%	4.26%	4.10%
Yield spread ⁽⁵⁾			
Soles	7.00%	5.31%	5.22%
Foreign Currency	1.41%	0.90%	1.02%
Weighted-average rate	4.46%	3.44%	3.45%

(1) Monthly average balances.

(2) Net interest income includes the interest earned on total interest-earning assets and interest paid on total interest-bearing liabilities, as shown in section "7.1 Average statements of financial position and income from interest-earning assets".

(3) Gross yield is interest income divided by average interest-earning assets.

(4) NIM represents "Net interest income from interest-earning assets" divided by "Average interest-earning assets", both computed on a monthly basis.

(5) Yield spread, on a nominal basis, represents the difference between gross yield on average interest-earning assets and average cost of interest-bearing liabilities.

[Content](#)

7.1.3 Interest-earning deposits with other banks

The following table shows the short-term funds deposited with other banks. These deposits are denominated by currency as of the dates indicated. Deposits held in countries other than Peru are denominated in several currencies; however, the majority of these deposits are denominated in US Dollars. All currencies were converted to Soles using the applicable SBS exchange rate as of the dates indicated.

	Year ended December 31,		
	2019	2020	2021
	<i>(in thousands of Soles)</i>		
Sol-denominated:			
BCRP	668,760	6,980,064	2,500,242
Commercial banks	311,099	436,218	280,009
Total Sol-denominated	979,859	7,416,282	2,780,251
Foreign Currency-denominated:			
BCRP (US Dollars)	17,698,891	19,023,351	22,679,713
Commercial banks (US Dollars)	1,038,176	1,838,676	6,700,668
Commercial banks (other currencies)	92,480	298,073	234,776
Total Foreign Currency-denominated	18,829,547	21,160,100	29,615,157
Total	19,809,406	28,576,382	32,395,408

7.2 Investment portfolio

As of December 31, 2019, 2020 and 2021, the Group classified each of its investments in one of the categories defined by IFRS 9 based on the business model for managing the financial assets and the characteristics of the contractual cash flows of the investment.

For information about how we classify, and measure of investments refer to Note 3(f) (Significant Accounting Policies: Financial Instruments: Initial recognition and subsequent measurement) to the consolidated financial statements.

The following table shows, for 2019, 2020 and 2021, the fair value of our investments at fair value through profit or loss, investments at fair value through other comprehensive income and the amortized cost of our investments at amortized cost under IFRS 9, in each case, without accrued interest and broken down by type of security at the dates indicated.

[Content](#)

	Year ended December 31,		
	2019	2020	2021
	<i>(in thousands of Soles)</i>		
Sol-denominated:			
Government treasury bonds	8,893,831	15,861,567	14,610,773
Certificates of deposit BCRP	8,665,272	15,364,282	8,337,432
Corporate bonds	3,287,587	5,353,190	5,235,958
Securitization instruments	-	-	398,089
Subordinated bonds	117,522	155,426	121,442
Negotiable Certificates of Deposit	-	-	6,755
Equity securities	561,253	484,417	358,450
Restricted mutual funds	460,086	436,770	365,774
Other investments of equity	-	-	144,886
Other investments of debt	697,804	796,149	165,350
Total Sol-denominated	22,683,355	38,451,801	29,744,909
Foreign currency- denominated:			
Government treasury bonds	2,379,653	2,697,579	3,325,653
Certificates of deposit BCRP	-	1,872,875	1,111,142
Corporate bonds	5,711,238	8,231,914	10,072,583
Securitization instruments	-	-	324,868
Subordinated bonds	126,719	159,318	295,182
Negotiable Certificates of Deposit	-	-	627,106
Equity securities	101,031	307,482	110,105
Participation in RAL Funds	300,398	278,819	323,139
Restricted mutual funds	-	111	180
Other investments of equity	-	-	2,243,315
Other investments of debt	1,892,142	2,646,285	195,636
Total foreign currency- denominated	10,511,181	16,194,383	18,628,909
Total securities holdings (1)	33,194,536	54,646,184	48,373,818

(1) Excludes accrued interest, which amounts to S/336.3 million, S/528.3 million and S/578.7 million as of December 31, 2019, 2020 and 2021, respectively. Also excludes provision for credit losses on investment at amortized cost.

The allowance for decline in value of marketable securities is debited from the value of each individual security.

The weighted-average yield on our Sol-denominated interest-earning investment securities was 3.8% in 2019, 3.2% in 2020 and 3.1% in 2021. The weighted-average yield on our foreign currency-denominated portfolio was 3.6% in 2019, 2.7% in 2020 and 2.2% in 2021. The total weighted-average yield of our investment securities was 3.8% in 2019, 3.1% in 2020 and 2.8% in 2021.

[Content](#)

The weighted-average yield on our Sol-denominated dividend-earning assets was 1.6% in 2019, 1.7% in 2020 and 6.6% in 2021. The weighted-average yield on our foreign currency-denominated portfolio was 16.1% in 2019, 5.7% in 2020 and 15.3% in 2021. The total weighted-average yield of our dividend-earning assets was 3.8% in 2019, 3.2% in 2020 and 8.7% in 2021.

As of December 31, 2021, the investments at fair value through other comprehensive income and investments at amortized cost pledged as collateral amounted to S/4,172.4 million. The following table shows the maturities, as of December 31, 2021, of our investments at fair value through other comprehensive income and at amortized cost designated by type of security:

[Content](#)

Investments at fair value with changes in other comprehensive income

	Without maturity	Within 1 year	Weighted average yield	After 1 year but within 3 years	Weighted average yield	Maturing after 3 years but within 5 years	Weighted average yield	Maturing after 5 years but within 10 years	Weighted average yield	After 10 years	Weighted average yield	Total
<i>(in thousands of Soles)</i>												
Sol-denominated:												
Government treasury bonds	-	-	-	1,201,736	4.21%	965,548	4.72%	2,152,458	5.43%	2,662,915	6.33%	6,982,657
Certificates of deposit BCRP	-	8,087,110	2.57%	250,322	3.36%	-	-	-	-	-	-	8,337,432
Corporate bonds	-	1,395,644	3.60%	809,983	4.72%	569,452	5.61%	1,256,765	7.00%	1,174,565	7.59%	5,206,409
Securitization instruments	-	-	-	-	-	32,270	8.44%	43,394	7.23%	322,425	11.61%	398,089
Negotiable Certificates of Deposit	-	6,755	3.88%	-	-	-	-	-	-	-	-	6,755
Subordinated bonds	-	17,654	2.24%	16,799	2.87%	56,233	5.55%	30,145	7.36%	-	-	120,831
Other investments of debt	-	-	-	31,527	1.77%	-	-	31,775	4.17%	7,656	7.99%	70,958
Equity securities	357,754	-	-	-	-	-	-	-	-	-	-	357,754
Total Sol-denominated	357,754	9,507,163		2,310,367		1,623,503		3,514,537		4,167,561		21,480,885
Foreign Currency-denominated:												
Government treasury bonds	-	1,408,848	0.11%	103,122	0.66%	195,233	1.8%	155,842	2.31%	392,697	4.44%	2,255,742
Corporate bonds	-	664,095	1.50%	2,017,237	7.84%	2,106,741	1.77%	2,258,960	5.60%	2,461,979	3.68%	9,509,012
Securitization instruments	-	6,272	4.23%	62,778	4.49%	10,592	4.33%	55,423	2.17%	188,235	8.15%	323,300
Negotiable Certificates of Deposit	-	196,710	3.51%	250,761	5.98%	145,552	3.65%	21,095	4.15%	3,638	2.58%	617,756
Subordinated bonds	-	-	-	29,823	1.51%	22,338	3.59%	23,305	3.32%	22,982	3.45%	98,448
Other investments of debt	-	17,836	3.62%	30,141	4.42%	7,317	5.02%	-	-	-	-	55,294
Equity securities	20,074	-	-	-	-	-	-	-	-	-	-	20,074
Total Foreign Currency-denominated	20,074	2,293,761		2,493,862		2,487,773		2,514,625		3,069,531		12,879,626
Total securities holdings:	377,828	11,800,924		4,804,229		4,111,276		6,029,162		7,237,092		34,360,511

- (1) Yields on non-taxable investment securities have not been calculated on a tax-equivalent basis because the effect of such calculation would not be material.
- (2) The average-weighted yields have been calculated by obtaining the weighted average of the yields for each type of investment, to maturity, taking into account the currency and using a constant effective interest rate.

[Content](#)

Investments held to maturity

	Without maturity	Within 1 year	Weighted average yield	After 1 year but within 3 years	Weighted average yield	Maturing after 3 years but within 5 years	Weighted average yield	Maturing after 5 years but within 10 years	Weighted average yield	After 10 years	Weighted average yield	Total
<i>(in thousands of Soles)</i>												
Sol-denominated:												
Government treasury bonds	-	-	-	1,386,732	4.21%	451,903	4.72%	2,988,410	5.55%	2,611,319	6.56%	7,438,364
Total Sol-denominated	-	-	-	1,386,732		451,903		2,988,410		2,611,319		7,438,364
Foreign Currency-denominated:												
Government treasury bonds	-	74,121	1.56%	-	-	-	-	-	-	-	-	74,121
Corporate bonds	-	217,575	1.79%	202,688	1.58%	-	-	-	-	-	-	420,263
Subordinated bonds	-	55,837	2.28%	12,359	2.52%	-	-	18,667	4.14%	-	-	86,863
Other investments of debt	-	27,477	2.54%	39,561	3.16%	7,460	4.11%	-	-	-	-	74,498
Total Foreign Currency-denominated	-	375,010		254,608		7,460		18,667		-		655,745
Total securities holdings:	-	375,010		1,641,340		459,363		3,007,077		2,611,319		8,094,109

- (1) Yields on non-taxable investment securities have not been calculated on a tax-equivalent basis because the effect of such calculation would not be material.
- (2) The average-weighted yields have been calculated by obtaining the weighted average of the yields for each type of investment, to maturity, taking into account the currency and using a constant effective interest rate.

[Content](#)

The maturities of our investment securities classified as fair value through other comprehensive income, as of December 31, 2021, are described in "ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT RISK MANAGEMENT".

As of December 31, 2019, 2020 and 2021, the Group held in investments at fair value with changes in other comprehensive income 87,530, 153,760 and 80,541 certificates of deposit of the BCRP, respectively. These certificates of deposit are instruments issued at discount through public auction, traded on the Peruvian secondary market and payable in soles.

Pursuant to the criteria described below, our management has determined that the unrealized losses of our investments at fair value through other comprehensive income, as of December 31, 2019, 2020 and 2021, amounted to S/21.7 million, S/94.4 million and S/999.0 million, respectively, were temporary, and we intend to hold each investment for a sufficient period of time to allow for a potential recovery in fair value. This holding period will last until the earlier of the investment's recovery or maturity.

As of December 31, 2019, 2020 and 2021, for debt instruments measured at amortized cost or fair value through other comprehensive income, the management establishes a three-stage expected credit loss model, based on whether there has been a significant increase in the credit risk of the financial asset since its initial recognition. These three stages determine the amount of expected credit loss (ECL) to be recognized at each reporting date.

The ECL is an estimate that considers multiple forward-looking macro-economic scenarios that result in more timely recognition of credit losses.

Management considers a number of factors to determine whether to hold an investment, including (i) a quantitative estimate of the expected recovery period (which may extend to maturity), (ii) the severity of the impairment and (iii) its strategy with respect to the security or portfolio. If management had determined it is not desirable to hold the security for a sufficient period of time to allow for a potential recovery in the security's amortized cost, we recorded the unrealized loss in our consolidated income statement.

7.3 Loan portfolio

Except where otherwise specified, references to loans in this section 7.3 are to our direct loans. Our direct loans are distinct from our indirect loans (which are discussed in Note 21(a) of our consolidated financial statements) and our due from customers on banker's acceptances (which are discussed in Note 3(r) of our consolidated financial statements),

[Content](#)

7.3.1 Loans by type of loan

The following table shows our loans by type of loan, at the dates indicated:

	As of December 31,		
	2019	2020	2021
	<i>(in thousands of Soles)</i>		
Loans (1)	99,960,555	120,842,725	126,247,209
Leasing receivables	5,978,421	5,775,917	6,446,450
Discounted notes	2,200,142	1,483,723	2,718,321
Factoring receivables	2,015,513	2,153,689	3,572,697
Advances and overdrafts in current account	162,149	52,807	69,238
Refinanced and restructured loans	1,186,292	1,669,395	1,800,465
Total performing loans	111,503,072	131,978,256	140,854,380
Internal overdue loans	3,304,886	4,685,569	5,562,439
Unearned interest	(68,689)	(201,429)	(99,669)
Accrued interest	870,410	1,197,489	1,280,262
Total loans (2)	115,609,679	137,659,885	147,597,412

(1) The credit card loans balance amounts to S/8,479.4 million, S/5,629.2 million and S/5,626.0 million for the years 2019, 2020 and 2021, respectively.

(2) "Total loans" refers to "loans, net of unearned income" as disclosed in our consolidated financial statement, which refers to direct loans minus unearned interest plus accrued interest. See Note 7 to the consolidated financial statements. In addition to loans outstanding, we had off-balance-sheet items that amounted to S/21,081.0 million, S/20,973.8 million, and S/22,914.3 million, as of December 31, 2019, 2020 and 2021 respectively. See Note 21 to the consolidated financial statements.

The loan portfolio categories set forth in the table above are based on internal classifications, which apply to loans generated by BCP Stand-alone, SEAH, Mibanco, BCP Bolivia, Mibanco Colombia and ASB. We categorize loans as follows:

- Loans: Basic term loans documented by promissory notes and other extensions of credit, such as mortgage loans, credit cards and other consumer loans in various forms, including trade finance loans to importers and exporters on specialized terms adapted to the needs of the international trade transaction.
- Leasing receivables: Transactions that involve our acquisition of an asset and the financial leasing of that asset to a client.
- Discounted notes: Loans discounted at the outset (the client signs a promissory note or other evidence of indebtedness for the principal amount payable at a future date). Discounted loans also include discounting of drafts, where we make a loan supported by a draft signed by one party and discounted by another party, with recourse to both parties.
- Factoring receivables: The sale of title of a company's account receivables to a bank (or financial company). The receivables are sold without recourse, and the bank cannot recover from the seller in the event that the accounts are uncollectible. For factoring loans, the seller receives funds from the bank prior to the average maturity date based on the invoice amount of the receivable, less cash discounts and allowances for estimated claims and returns, among other items.

[Content](#)

- Advances and overdrafts in current account: Extensions of credit to clients by way of an overdraft facility in the client's checking account. This category also includes secured short-term advances.
- Refinanced loans: Loans that were refinanced because the client was unable to pay at maturity. A loan is categorized as a refinanced loan when the debtor is experiencing payment problems and asks for a new payment schedule that will allow the debtor to comply with the installments. This policy is based on internal models and past experience as well as IFRS.
- Internal overdue loans: Includes overdue loans and under legal collection loans. See "ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview – (7) Selected statistical information – 7.3 Loan Portfolio – 7.3.9 Internal overdue Loan Portfolio" for further detail.

7.3.2 Loans by economic activity

The following table shows our total loan portfolio composition, net of unearned interest, based on the borrower's principal economic activity:

Economic Activity	As of December 31,					
	2019		2020		2021	
	<i>(in thousands of Soles, except percentages)</i>					
	Amount	% Total	Amount	% Total	Amount	% Total
Mortgage Loans	19,675,821	17.02	20,568,378	14.94	21,831,460	14.79
Commerce	19,344,169	16.73	26,440,537	19.21	28,675,217	19.43
Manufacturing	17,397,443	15.05	20,204,843	14.68	23,450,465	15.89
Consumer Loans	15,281,239	13.22	14,205,774	10.32	16,014,227	10.85
Realty Business and Leasing Services	9,145,997	7.91	12,648,755	9.19	12,019,162	8.14
Communication, Storage and Transportation	6,263,029	5.42	8,047,222	5.85	7,717,777	5.23
Community Services	5,868,022	5.08	7,897,438	5.74	8,014,016	5.43
Agriculture	3,549,298	3.07	4,330,378	3.15	4,864,701	3.30
Construction	2,797,020	2.42	4,066,692	2.95	4,099,452	2.78
Electricity, Gas and Water	3,314,968	2.87	3,742,212	2.72	4,637,316	3.14
Mining	3,379,787	2.92	3,702,900	2.69	4,774,821	3.24
Hotels and Restaurants	2,387,737	2.07	3,077,985	2.24	3,039,811	2.06
Financial Services	2,881,599	2.49	2,891,472	2.10	1,395,138	0.95
Education, Health and Other Services	1,501,122	1.30	1,855,636	1.35	1,962,405	1.33
Fishing	477,736	0.41	677,858	0.49	640,932	0.43
Others	1,542,971	1.33	2,305,745	1.66	3,279,919	2.21
Sub total	114,807,958	99.31	136,663,825	99.28	146,416,819	99.20
Unearned interest	(68,689)	(0.06)	(201,429)	(0.15)	(99,669)	(0.07)
Earned interest	870,410	0.75	1,197,489	0.87	1,280,262	0.87
Total	115,609,679	100.00	137,659,885	100.00	147,597,412	100.00

[Content](#)

As of December 31, 2021, 89.57% and 6.50% of the loan portfolio was concentrated in Peru and Bolivia, respectively, which represent, separately, more than 54.00% and 3.92% of total assets of the Group, respectively. As of December 31, 2020, 91.00% and 6.31% of the loan portfolio was concentrated in Peru and Bolivia, respectively.

7.3.3 Concentrations of loan portfolio and lending limits

As of December 31, 2021, loans and other off-balance-sheet exposure to our 20 largest customers (considered as economic groups) equaled S/20,562.2 million and represented 13.93% of our total loan portfolio. See “ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview (6) Supervision and Regulation – 6.2 Subsidiaries – 6.2.1 Peru” for the definition of “economic group”. Our total loans and other off-balance-sheet exposure outstanding to each of these customers ranged from S/604.3 million to S/1,947.3 million, including 11 customers with over S/830.5 million. Total loans and other off-balance-sheet exposure outstanding to our 20 largest customers were ranked in the following risk categories as of December 31, 2021: Class A (normal)—95.56%; Class B (potential problems)—0.43%; Class C (substandard)—3.33%; Class D (doubtful)—0.00% percent; and Class E (loss)—0.68%. For further information, see “– 7.3 Loan Portfolio – 7.3.7 Classification of the Loan Portfolio”.

BCP Stand-alone’s loans to a single borrower are subject to lending limits imposed by Law No. 26702. See “ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview – (6) Supervision and Regulation – 6.2 Subsidiaries – 6.2.1 Peru”. The lending limits depend on the nature of the borrower involved and the type of collateral received. The sum of BCP Stand-alone’s loans and deposits in either another Peruvian universal bank or Peruvian FI, plus any guarantees of third-party performance received by BCP Stand-alone from such institution, may not exceed 30% of BCP Stand-alone’s regulatory capital (as defined by the SBS). The sum of BCP Stand-alone’s loans and deposits in non-Peruvian financial institutions, plus any guarantees of third-party performance received by BCP Stand-alone from such institutions, are limited to 5%, 10% or 30% of BCP Stand-alone’s regulatory capital, depending upon the level of government supervision of the institution and whether the institution is recognized by the BCRP as an international bank of prime credit quality. The limits on lending to non-Peruvian financial institutions increase to 50% of BCP Stand-alone’s regulatory capital if the amount by which such loans exceed the 5%, 10% or 30% limits is backed by certain letters of credit.

BCP Stand-alone’s loans to Directors and employees and their relatives have a global limit of 7% of regulatory capital and an individual limit of 5% of such global limit.

[Content](#)

Loans to non-Peruvian individuals or companies that are not financial institutions have a limit of 5% of BCP Stand-alone's regulatory capital. However, this limit increases to 10% if the additional 5% is guaranteed by a mortgage or certain publicly traded securities. The limit rises to 30% if the additional amount is guaranteed by certain banks or by cash deposits in BCP Stand-alone. Lending on an unsecured basis to individuals or companies residing in Peru that are not financial institutions is limited to 10% of BCP Stand-alone's regulatory capital. This limit rises to 15% if the additional 5% is guaranteed by a mortgage, certain securities, equipment or other collateral, and to 20% if the additional amount is either backed by certain debt instruments guaranteed by other local banks or a foreign bank determined by the BCRP to be of prime credit quality, or by other highly liquid securities at market value. The single borrower lending limit for loans backed by a cash deposit at BCP Stand-alone or by debt obligations of the BCRP is 30% of BCP Stand-alone's regulatory capital.

Considering the regulatory capital of BCP Stand-alone, which amounted to S/22,772.2 million on December 31, 2021, BCP Stand-alone's legal lending limits varied from S/1,138.6 million to S/11,386.1 million. The Group's consolidated lending limits, based on our regulatory capital on a consolidated basis of S/29,741.6 million on December 31, 2021, ranged from S/1,487.1 million to S/14,870.8 million. As of December 31, 2021, BCP Stand-alone was in compliance with the lending limits of Law No. 26702.

As of December 31, 2021, we complied with the applicable legal lending limits in each of the jurisdictions in which we operate. These limits are calculated quarterly based upon our consolidated equity plus reserves for impaired loans not specifically identified at quarter-end. We have also set internal lending limits, which are more restrictive than those imposed by law. A limited number of exceptions to our internal limits have been authorized by our Board of Directors based on the credit quality of the borrower, the term of the loan, and the amount and quality of collateral provided. We may, in appropriate and limited circumstances, increase or choose to exceed these internal limits as long as our credit exposure does not exceed the legal lending limits.

We may experience an adverse impact on our financial condition and results of operations if (i) customers to which we have significant credit exposure are not able to satisfy their obligations to us, and any related collateral is not sufficient to cover these obligations, or (ii) a reclassification of one or more of these loans or other off-balance sheet exposure results in an increase in provisions for loan losses.

7.3.4 Loan portfolio denomination

The following table presents our Sol and foreign currency-denominated loan portfolio at the dates indicated:

	As of December 31,					
	2019		2020		2021	
	<i>(in thousands of Soles, except percentages)</i>					
Total loan portfolio:						
Sol-denominated	70,838,841	61.27%	92,956,345	67.53%	97,825,661	66.28%
Foreign Currency-denominated	44,770,838	38.73%	44,703,540	32.47%	49,771,751	33.72%
Total loans ⁽¹⁾	115,609,679	100.00%	137,659,885	100.00%	147,597,412	100.00%

(1) Includes unearned interest and accrued interest

[Content](#)

7.3.5 Maturity composition of the performing loan portfolio

The following table sets forth an analysis of our performing loan portfolio on December 31, 2021, by type and by time remaining to maturity. Loans are stated before deduction of the allowance for loan losses.

	Amount at December 31, 2021	Maturing			
		Within 12 months	After 1 year but within 5 years	After 5 years but within 15 years	After 15 years
		<i>(in thousands of Soles, except percentages)</i>			
Loans	120,621,183	49,518,399	40,949,752	26,005,396	4,147,636
Credit Cards	5,626,026	4,203,346	1,422,680	-	-
Leasing receivables	6,446,450	3,740,711	2,467,219	238,520	-
Discounted notes	2,718,321	2,656,414	5,262	56,645	-
Factoring receivables	3,572,697	3,572,697	-	-	-
Refinanced loans	1,800,465	335,222	836,403	625,647	3,193
Advances and overdrafts in current account	69,238	69,238	-	-	-
Total	140,854,380	64,096,027	45,681,316	26,926,208	4,150,829
Internal overdue loans and under legal collection loans	5,562,439				
Unearned interest	1,280,262				
Accrued interest	(99,669)				
Total Loans	147,597,412				
% of total performing loan portfolio	100.00%	45.51%	32.43%	19.12%	2.94%

7.3.6 Loan portfolio by interest rate type

The following table sets forth the breakdown of our loan portfolio as of December 31, 2021 by interest rate type, currency, and remaining maturity:

[Content](#)

	Amount at December 31, 2021	Maturing After 1 year
	<i>(in thousands of Soles)</i>	
Variable Rate		
Sol-denominated	74,790	2,856,580
Loans	74,790	58,751
Internal overdue loans and under legal collection loans	-	2,797,829
Foreign Currency-denominated	3,776,569	2,995,093
Loans	3,282,261	2,652,857
Leasing receivables	458,400	-
Refinanced loans	7	6
Internal overdue loans and under legal collection loans	35,901	342,230
Total	3,851,359	5,851,673
Fixed Rate		
Sol-denominated	97,769,389	52,055,423
Loans	82,010,175	48,449,137
Leasing receivables	2,081,331	1,272,999
Credit cards	4,798,280	1,185,431
Factoring receivables	1,262,132	-
Discounted notes	1,059,405	3
Advances and overdrafts in current account	40,058	-
Refinanced loans	1,451,316	805,816
Internal overdue loans and under legal collection loans	5,066,692	342,037
Foreign Currency-denominated	44,796,071	18,851,257
Loans	35,253,957	16,812,792
Leasing receivables	3,906,719	1,442,611
Credit cards	827,746	237,256
Factoring receivables	2,310,565	-
Discounted notes	1,658,916	6617
Advances and overdrafts in current account	29,180	153
Refinanced loans	349,142	265,153
Internal overdue loans and under legal collection loans	459,846	86,675
Total	142,565,460	70,906,680
Sub total	146,416,819	76,758,353
Unearned interest	(99,669)	
Accrued interest	1,280,262	
Total loans	147,597,412	

7.3.7 Classification of the loan portfolio

We classify Credicorp's loan portfolio in accordance with internal practices. According to these criteria, all loans and other credits are classified into one of four categories based upon the purpose of the loan. These categories are:

- (1) Commercial loans, which generally finance the production and sale of goods and services, including commercial leases, as well as credit card debt on cards held by business entities.
- (2) Microbusiness loans, which are exclusively targeted for the production and sale of goods and services, are made to individuals or companies with no more than S/300,000 in total loans received from the financial system (excluding mortgage loans).
- (3) Consumer loans, which are generally granted to individuals, including credit card transactions, overdrafts on personal demand deposit accounts, leases, and financing goods or services not related to a business activity.
- (4) Residential mortgage loans, which are all the loans granted to individuals for the purchase, construction, remodeling, subdivision or improvement of the individual's home, in each case backed by a mortgage. Mortgage loans made to Directors and employees of a company are also considered residential mortgage loans. Mortgage-backed loans are considered commercial loans. The classification of the loan determines the amount to reserve should the borrower fail to make payments as they become due.

[Content](#)

The following table sets forth our loan portfolio by class at the dates indicated:

	As of December 31,		
	2019	2020	2021
	<i>(in thousands of Soles)</i>		
Commercial loans	63,097,073	79,899,769	87,006,950
Residential mortgage loans	19,675,821	20,568,378	21,831,460
Microbusiness loans	16,753,825	21,989,904	21,582,601
Consumer loans	15,281,239	14,205,774	15,995,808
Total	114,807,958	136,663,825	146,416,819
Accrued interest	870,410	1,197,489	1,280,262
Unearned interest	(68,689)	(201,429)	(99,669)
Total loans	115,609,679	137,659,885	147,597,412

We employ a range of policies and practices to mitigate credit risk. Our usual practice is to take security for fund advances. We implement guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are mortgages over residential properties, liens over business assets (such as premises, inventory and accounts receivable), and liens over financial instruments (such as debt securities and equities).

Long term financing and lending to corporate entities are generally secured, while revolving individual credit facilities are generally unsecured. In order to minimize credit loss, we seek additional collateral as soon as impairment indicators become apparent.

We determine the appropriate collateral to hold as security for financial assets (other than loans) according to the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, except for asset-backed securities and other similar instruments, which are secured by portfolios of financial instruments.

Our management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of the additional collateral obtained during its review of the allowance for impairment losses. Our policy is to dispose of repossessed properties in an orderly manner. We use the proceeds to reduce or repay the outstanding claim. In general, we do not use repossessed properties for our own business.

We review our loan portfolio on a continuing basis and we classify our loans based upon risk by assessing the following factors: (i) the payment history of the particular loans, (ii) the history of our dealings with the borrower, (iii) the borrower's management, (iv) the borrower's operating history, (v) the borrower's repayment capability, (vi) the borrower's availability of funds, (vii) the status of collaterals or guarantees, (viii) the borrower's financial statements, (ix) the general risk of the sector in which the borrower operates, (x) the borrower's risk classification made by other financial institutions and (xi) other relevant factors.

[Content](#)

In accordance with IFRS7, we classify our loan portfolio, according to its credit risk quality, in one of the three following levels:

- Loans neither past due nor impaired: this level comprises those direct loans which are zero days past due and which are not in default.
- Past due but unimpaired loans: this level comprises those direct loans for which debtors have failed to make a payment on the contractually agreed due date but are not in default.
- Impaired loans: this level comprises all the direct loans in default.

We continually review our loan portfolio to assess the completeness and accuracy of our loan classifications.

We assess financial guarantees and letters of credit in the same way we assess loans.

When a borrower is in a country where there is an increased risk of difficulty servicing external debt, we assess the political and economic conditions in that country, and factor additional country risk into our assessment.

When we determine that a loan is uncollectible, it is written off against the provision for loan impairment. We write off these loans after all necessary procedures have been completed and the amount of the loss is determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in our consolidated income statements.

The following tables show our direct loan portfolio at the dates indicated:

As of December 31, 2021					
(in thousands of Soles, except percentages)					
Level of Risk Classification	Stage 1	Stage 2	Stage 3	Total	% Total
	Amount	Amount	Amount	Amount	
Neither past due nor impaired	110,764,795	21,522,072	-	132,286,867	90.4
Past due but not impaired	1,037,432	1,809,327	-	2,846,759	1.9
Impaired debt	-	-	11,283,193	11,283,193	7.7
Total ⁽¹⁾	111,802,227	23,331,399	11,283,193	146,416,819	100.0

As of December 31, 2020					
(in thousands of Soles, except percentages)					
Level of Risk Classification	Stage 1	Stage 2	Stage 3	Total	% Total
	Amount	Amount	Amount	Amount	
Neither past due nor impaired	105,185,254	19,489,880	-	124,675,134	91.2
Past due but not impaired	841,400	1,341,067	-	2,182,467	1.6
Impaired debt	-	-	9,806,224	9,806,224	7.2
Total ⁽¹⁾	106,026,654	20,830,947	9,806,224	136,663,825	100

[Content](#)

As of December 31, 2019

(in thousands of Soles, except percentages)

Level of Risk Classification	Stage 1	Stage 2	Stage 3	Total	
	Amount	Amount	Amount	Amount	% Total
Neither past due nor impaired	99,220,798	6,923,249	-	106,144,047	92.4
Past due but not impaired	1,745,518	1,099,098	-	2,844,616	2.5
Impaired debt	-	-	5,819,295	5,819,295	5.1
Total ⁽¹⁾	100,966,316	8,022,347	5,819,295	114,807,958	100

(1) Without unearned interest and accrued interest. Includes internal overdue loans (overdue loans and under legal collection loans).

7.3.8 Classification of the loan portfolio based on the borrower's payment performance

We classify a loan as internal overdue according to three criteria: (i) the number of days past-due based on the contractually agreed due date; (ii) the banking subsidiary; and (iii) the type of loan. In that sense:

- BCP Stand-alone, SEAH and Mibanco consider loans as internal overdue: (i) after 15 days for corporate, large business and medium business loans; (ii) after 30 days for small and micro business loans and (iii) after 30 days for overdrafts. In the case of consumer, mortgage and leasing loans, the past-due installments are considered overdue after 30 to 90 days; after 90 days, the outstanding balance of the loan is considered overdue.
- Mibanco Colombia considers loans as internal overdue: (i) after 90 days for commercial loans; (ii) after 60 days for micro business loans; (iii) after 60 days for consumer loans and (iv) after 30 days for mortgage loans.
- ASB considers loans as internal overdue when they are 1 or more days past due.
- BCP Bolivia considers loans as internal overdue when they have 30 or more days past due.

Furthermore, with regards to refinanced loans, Credicorp's policy categorizes a loan as "refinanced" when a debtor is experiencing payment problems and asks for a new payment schedule that will allow the debtor to comply with the installments. This policy is based on internal models and experience as well as IFRS.

[Content](#)

Finally, Non-performing loans are composed of internal overdue, refinanced, and restructured loans. For further detail, see Note 34.1(c) to the consolidated financial statements.

	As of December 31,		
	2019	2020	2021
	<i>(in thousands of Soles, except percentages)</i>		
Current	111,503,072	131,978,256	140,854,380
Internal overdue loans:			
Overdue up to 90 days	692,161	984,630	1,353,655
Overdue 90 days or more	2,612,725	3,700,939	4,208,784
Subtotal internal overdue	3,304,886	4,685,569	5,562,439
Total	114,807,958	136,663,825	146,416,819
Accrued interest	870,410	1,197,489	1,280,262
Unearned interest	(68,689)	(201,429)	(99,669)
Total direct loans	115,609,679	137,659,885	147,597,412
Internal overdue loans amount as % of total loans ⁽¹⁾	2.88%	3.43%	3.80%

(1) Without unearned interest and accrued interest. Includes overdue loans (overdue loans and under legal collection loans).

For IFRS 7 disclosure requirements on past-due loans, see Note 34.1 to the consolidated financial statements.

7.3.9 Internal overdue loan portfolio

The following table analyzes our internal overdue loans portfolio by the type of loan at the dates indicated:

	As of December 31,		
	2019	2020	2021
	<i>(in thousands of Soles)</i>		
Internal overdue loan amounts:			
Loans	2,820,909	3,984,422	4,866,319
Discounted notes	46,544	53,006	22,309
Advances and overdrafts in demand deposits	36,068	38,758	53,827
Leasing transactions	66,905	176,604	207,817
Refinanced and restructured loans	334,460	432,779	412,167
Total internal overdue loans	3,304,886	4,685,569	5,562,439
Less: Allowance for loan losses ⁽¹⁾	(5,507,759)	(10,435,623)	(9,071,011)
Total internal overdue loans portfolio net of allowance	(2,202,873)	(5,750,054)	(3,508,572)

(1) Includes allowance for direct and indirect credits (see section “(7) Selected Statistical Information – 7.3.11 Allowance for loan losses”).

7.3.10 Total Non-performing loans

Non-performing loans include internal overdue loans (\$/5,562.4 million as of December 31, 2021), as well as current refinanced and restructured loans (\$/1,800.5 million as of December 31, 2021). Therefore, Non-performing loans amounted to \$/7,362.9 million. As of December 31, 2021, our delinquency ratio (internal overdue-loan ratio) was 3.77% and our Non-performing loan ratio (including internal overdue and refinanced and restructured loans) was 4.99%. As of December 31, 2020, our delinquency ratio was 3.40% and our Non-performing loan ratio was 4.62%. See “ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS – 5.A Operating Results – (5) Financial Position – 5.1 Total Assets – Portfolio quality”. For the ratio of Non-performing loans to total loans and the ratio of allowance for loan losses to Non-performing loans (which we refer to as coverage of Non-performing loans) as of December 31, 2019, 2020 and 2021, see “ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS – 5.A Operating Results – (4) Historical Discussion and Analysis – 4.2 Financial performance.”

[Content](#)

7.3.11 Allowance for loan losses

The following tables show the changes in our allowance for loan losses during the periods indicated. The first table corresponds to years 2019, 2020 and 2021 under IFRS 9 methodology:

	Year ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2021
	<i>(in thousands of Soles)</i>		
Allowance for loan losses at the beginning of the year	5,314,531	5,507,759	10,435,623
Credit loss of the period:			
New loans and liquidation, net	396,405	(128,653)	(919,447)
Changes in PD, LGDs, EADs	1,768,419	6,208,942	2,478,398
Loans Write-offs	(1,822,919)	(1,193,770)	(2,929,332)
Loans Forgiveness	(64,733)	(75,348)	(137,050)
Sale of loan portfolio	(111,312)	(23,490)	(40,833)
Exchange difference and others ⁽¹⁾	(90,735)	140,183	183,652
Acquisition of business	118,103	-	-
Total allowance for loan losses at the end of the year	<u>5,507,759</u>	<u>10,435,623</u>	<u>9,071,011</u>

(1) Corresponds to the effect of fluctuation in the exchange rate for foreign currency loans. Considering that the functional currency is the Peruvian Sol, and that the main impact of foreign currency is the US Dollar; the effects presented in this account are primarily driven by changes in the Sol/US Dollar exchange rate.

For a discussion of the risk elements in the loan portfolio and the factors considered in determining the amount of specific reserves, see “ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview – 7.3.7 Classification of the Loan Portfolio” and “– 7.3.8 Classification of the loan portfolio based on the borrower’s payment performance”. The balance of the allowance for loan losses as of December 31, 2019, 2020 and 2021 are included in Note 7(c) to the consolidated financial statements.

As of December 31, 2021, the allowance for loan losses was S/9,071.0 million which meant a decrease of 13.08% compared to S/10,435.6 million in 2020. The allowance for loan losses, as of December 31, 2021, included S/8,477.3 million for direct loans losses and S/593.7 million for indirect loan losses or off-balance-sheet exposure losses as compared to S/9,898.8 million and S/536.8 million, respectively, in 2020. The allowance for indirect loans is included in the “Other liabilities” caption of our consolidated statement of financial position. See Notes 7(c) and 13(a) to the consolidated financial statements. For the ratio of the allowance for loan losses to total loans as of December 31, 2019, 2020 and 2021, see “ITEM 3. KEY INFORMATION – 3.A Selected Financial Data.”

[Content](#)

The write-off process is performed with prior approval of our board of Directors and the SBS. Potential write-offs are considered by the board of Directors on a case-by-case basis.

Provision for credit losses on loan portfolio decreased to S/1,212.2 million in 2021 from S/5,920.5 million in 2020. This decrease is primarily explained by the extraordinarily high provision made in 2020, which represented an increase from S/1,845.9 million in 2019 and reflected Credicorp's perceptions of risk and a deterioration of Credicorp's loan portfolio due to the impact of the COVID-19 pandemic on the financial condition of the Group's clients.

7.3.12 Allocation of allowance for loan losses

The following table sets forth the amounts of our allowance for loan losses attributable to commercial, microbusiness, consumer, and residential mortgage loans at the dates indicated (see also Note 7(c) to the consolidated financial statements):

	As of December 31,		
	2019	2020	2021
Allowance for loan losses for:	<i>(in thousands of Soles)</i>		
Commercial loans	1,870,047	3,616,932	3,991,453
Microbusiness	1,636,487	3,144,154	2,208,049
Consumer loans	1,464,745	2,765,113	1,896,776
Residential mortgage loans	536,480	909,424	974,733
Total	5,507,759	10,435,623	9,071,011

Credicorp's total allowance for loan losses decreased by 13.1% from December 31, 2020 to December 31, 2021. This was mainly driven by: (i) calibrations of the internal credit risk models, both Probability of Default (PD) and Loss Given Default (LGD), which generated a decrease in Stage 1 and 2 loans that was partially offset by updates to macroeconomic models and projections; (ii) a high volume of write-offs, which generated a decrease in Stage 3, mostly due to the impairments generated by the COVID-19 pandemic, mainly in BCP Stand-alone and Mibanco.

The main methodological calibration made in the internal credit risk models during 2021 were:

- PD models: we evaluated if the adjustments implemented during the first wave of COVID-19 and the measurement of credit risk given the subsequent aid measures implemented by the Peruvian government and the Group were still appropriate; particularly in a context where those aid measures had already expired (or were never given) and we had observed enough payment behavior.

[Content](#)

Therefore, we began again to use actual customer payment records to measure credit risk in some segments first, in Consumer loans, and then in the Mortgage and SME segments also considering the additional political uncertainty. BCP Stand-alone ended 2021 with models in which more than 90% of the retail portfolio and approximately two-thirds of the SME portfolio (without considering Reactiva Peru loans) was calibrated using historical default rates.

- LGD models: we evaluated whether the assumptions implemented during 2020 were still adequate. Given that observed payment behavior was better than expected, we adjusted the roll rates in all segments; but we kept the assumptions on the evolution of real estate prices in the future, because we expect a less dynamic macroeconomic environment in the coming years.

7.3.13 Credit Ratios

The following table sets forth our ratio of allowance for loan losses to total loans outstanding and, for both total loans and each type of loan, net write-offs to average loans outstanding, as well as the components of these ratios, at and for the years ended December 31, 2019, 2020 and 2021.

	At and for the year ended December 31,		
	2019	2020	2021
	<i>(in thousands of Soles, except percentages)</i>		
Allowance for loan losses to total loans outstanding:	4.94%	7.91%	6.44%
Allowance for loan losses	5,507,759	10,435,623	9,071,011
Total loans outstanding	111,503,072	131,978,256	140,854,380
Total net write-offs to average loans outstanding:	1.7%	1.0%	2.2%
Total net write-offs	(1,822,919)	(1,193,770)	(2,929,332)
Average loans outstanding	106,826,676	125,100,978	136,243,721
Net write-offs to average loans outstanding:			
Loans:			
Average amount outstanding	87,396,531	107,303,800	118,371,601
Net write-offs	(1,242,645)	(622,502)	(1,936,112)
Net write-offs to average amount outstanding	1.4%	0.6%	1.6%
Credit cards:			
Average amount outstanding	8,245,868	7,085,872	5,140,892
Net write-offs	(394,668)	(277,898)	(498,625)
Net write-offs to average amount outstanding	4.8%	3.9%	9.7%
Leasing receivables:			
Average amount outstanding	6,023,461	5,960,427	6,010,948
Net write-offs	-	-	-
Net write-offs to average amount outstanding	0.0%	0.0%	0.0%
Discounted notes:			
Average amount outstanding	2,014,064	1,559,482	1,999,481
Net write-offs	-	-	-
Net write-offs to average amount outstanding	0.0%	0.0%	0.0%
Factoring receivables:			
Average amount outstanding	1,716,044	1,668,337	2,623,819
Net write-offs	-	-	-
Net write-offs to average amount outstanding	0.0%	0.0%	0.0%
Advances and overdrafts in current account:			
Average amount outstanding	198,479	192,572	147,567
Net write-offs	-	-	-
Net write-offs to average amount outstanding	0.0%	0.0%	0.0%
Refinanced loans:			
Average amount outstanding	1,232,229	1,330,488	1,949,413
Net write-offs	(185,606)	(293,370)	(494,595)
Net write-offs to average amount outstanding	15.1%	22.0%	25.4%

[Content](#)

The ratio of allowance for loan losses to total loans outstanding increased from 4.94% in 2019 to 7.91% in 2020, due to the recognition of the deterioration of the credit risk quality of Credicorp's loan portfolio as a result of the COVID-19 pandemic from 2019 to 2020, which resulted in general increases in PD and LGD estimates that Credicorp uses to calculate the allowance for loan losses of its loan portfolio. In 2021, this ratio decreased to 6.44% due to a decrease in the allowance for loan losses resulting from PD and LGD estimates decreasing as uncertainty related to the pandemic partially dissipated. The diminished uncertainty was partially offset by higher perceived risk to the Peruvian macroeconomic outlook due to political uncertainty. The allowance for loan losses also decreased due to an elevated level of write-offs in 2021 compared to 2019 and 2020, as discussed in the following paragraph.

The ratio of net write-offs to average loans outstanding ratio decreased from 1.4% in 2019 to 0.6% in 2020 as defaults were postponed due to clients receiving government and Credicorp support to mitigate the impacts of the COVID-19 pandemic. Postponed defaults started to materialize in late 2020 and continued materializing in 2021. Consequently, net write-offs increased from S/0.62 billion in 2020 to S/1.94 billion in 2021 (compared to S/1.24 billion in 2019). Net write-offs particularly increased in 2021 at BCP Stand-alone and Mibanco Peru due to disproportionate defaults related to the pandemic by their clients.

7.4 Deposits

The following table presents the components of our deposit base at the dates indicated:

	As of December 31,		
	2019	2020	2021
	<i>(in thousands of Soles)</i>		
Demand deposits:			
Sol-denominated	14,882,670	27,879,297	23,765,622
Foreign currency-denominated	19,330,518	26,651,058	34,864,039
Total	34,213,188	54,530,355	58,629,661
Savings deposits:			
Sol-denominated	19,599,971	29,944,969	32,409,764
Foreign currency-denominated	15,579,799	20,124,160	24,535,498
Total	35,179,770	50,069,129	56,945,262
Time deposits:			
Sol-denominated	15,960,194	12,214,773	12,607,182
Foreign currency-denominated	16,893,382	15,906,321	16,060,938
Total	32,853,576	28,121,094	28,668,120
Severance indemnity deposits			
Sol-denominated	5,707,854	5,512,943	2,733,699
Foreign currency-denominated	2,189,345	2,223,804	1,283,366
Total	7,897,199	7,736,747	4,017,065
Bank's negotiable certificates			
Sol-denominated	401,178	512,509	497,103
Foreign currency-denominated	779,283	690,487	830,587
Total	1,180,461	1,202,996	1,327,690
Total deposits:			
Sol-denominated	56,551,867	76,064,491	72,013,370
Foreign currency-denominated	54,772,327	65,595,830	77,574,428
Total deposits and obligations without interest payable	111,324,194	141,660,321	149,587,798

[Content](#)

Our total deposits and obligations without interest payable increased 5.6% from December 31, 2020 to December 31, 2021, which is attributable to an increase in the level of total savings and demand deposits, mainly at BCP Stand-alone and Mibanco. The increase in savings and demand deposits was related to greater liquidity due to the Peruvian government's approval of new law in 2021 that allowed clients to withdraw their severance indemnity funds and part of their funds from AFPs, as well as reducing from 55 to 50 the age to access early retirement, and the effects of exchange rates.

The following table presents the non-interest-bearing demand deposits and the interest-bearing demand deposits at the dates indicated:

	As of December 31,		
	2019	2020	2021
	<i>(in thousands of Soles)</i>		
Sol-denominated:			
Non-interest-bearing demand deposits	14,861,045	24,454,469	21,084,666
Interest-bearing demand deposits	21,625	3,424,828	2,680,956
Total	14,882,670	27,879,297	23,765,622
Foreign currency-denominated:			
Non-interest-bearing demand deposits	18,969,121	23,168,650	30,766,541
Interest-bearing demand deposits	361,397	3,482,408	4,097,498
Total	19,330,518	26,651,058	34,864,039

Deposits are generally insured to mitigate losses to depositors in case a financial institution goes bankrupt; the insured value of any particular deposit will vary depending on the country where the bank is located. As of December 31, 2021, deposits in Peru are insured by the *Fondo de Seguro de Depósitos* (Deposit Insurance Fund) up to a maximum of S/115,637 (US\$29,004) per depositor; in Colombia, they are insured by "Financial Institutions Guarantee Fund" (Fogafin by its Spanish acronym) up to a maximum of S/49,050 (US\$12,302) per depositor; in Bolivia, they are insured by ASFI up to a maximum of S/55,509 (US\$13,922) per depositor; in Panama, deposits are not insured. As of December 31, 2019, 2020 and 2021 the uninsured deposits held by the group, that were estimated based on the same methodologies and assumptions used for the regulatory reporting requirements, are S/76,764,733; S/97,797,275 and S/101,616,083, respectively.

[Content](#)

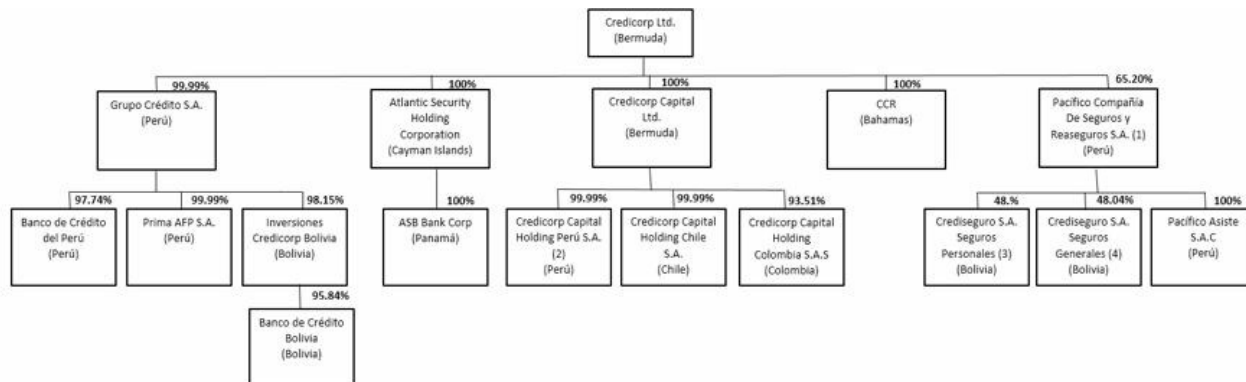
Below are the estimated uninsured time deposits as of December 31, 2021:

	<u>As of December 31, 2021</u>
	<i>(in thousands of Soles)</i>
Time deposits:	
Maturing within 60 days	11,933,512
Maturing after 61 but within 90 days	1,501,005
Maturing after 91 but within 180 days	3,451,288
Maturing after 181 but within 360 days	3,429,739
Maturing after 361 days	5,684,916
Total time deposits	26,000,460

4. C Organizational structure

(1) Credicorp

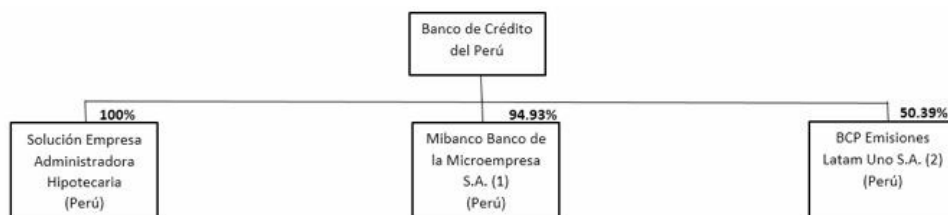
The following tables show our organizational structure and the organization of our main subsidiaries as of December 31, 2021, indicating in each case its country of incorporation:



- (1) Grupo Credito holds 33.66%.
- (2) Credicorp Capital Holding Peru S.A. holds 85.07% of Credicorp Capital Peru S.A.A., and Credicorp Capital Ltd holds an additional 12.795% of Credicorp Capital Peru S.A.A.
- (3) Pacífico Compañía de Seguros y Reaseguros S.A. controls the entity; Inversiones Credicorp Bolivia S.A. holds 51.95%.
- (4) Pacífico Compañía de Seguros y Reaseguros S.A. controls the entity; Inversiones Credicorp Bolivia S.A. holds 51.87%.

[Content](#)

(i) BCP



- (1) Grupo Credito holds 4.99%.
- (2) Grupo Credito holds 49.61%. In addition, this entity is in the process of liquidation.

BCP's principal subsidiaries as of December 31, 2021 are as follows:

- (i) Mibanco, Banco de la Microempresa S.A., is a limited liability company that was chartered in Peru in March 1998. As of the end of December 2018, BCP Stand-alone owns 94.93% of this entity's shares, and Grupo Credito owns 4.99%.
- (ii) Solucion Empresa Administradora Hipotecaria S.A. (SEAH) is a company that specializes in offering mortgage loans. It was initially chartered as a financial company in Peru in 1979. After several modifications to the company's structure, it became a mortgage loan company in 2010. BCP owns 100% of its shares. On September 1, 2017, SEAH absorbed Edyficar Peru, of which BCP had held 99.95%, before the merger.
- (iii) BCP Emisiones Latam 1 S.A. is a special purpose company 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. The company is currently in liquidation process.

4. D Property, plants, and equipment

As of December 31, 2021, we owned 308 properties (291 in Peru, 12 in Bolivia, 4 in Colombia and 1 in Chile) and leased 734 properties (530 in Peru, 67 in Bolivia, 130 in Colombia, 4 in Chile, 2 in Panama and 1 in the United States), which we use for the operation of our branch network and our business. We own the buildings where our headquarters are located in Lima, Peru and La Paz, Bolivia. As of December 2021, we had 715 bank branches, of which 359 were BCP Stand-alone branches, 51 were BCP Bolivia branches and 305 were Mibanco branches in Peru.

There are no significant encumbrances on any of our properties and addition, both, owned and leased properties, have multi-risk property insurance. The respective policy is renewed annually and covers our properties against the risks of fire, natural disasters, and socio-political risks among others.

[Content](#)

During the year 2021, the principal disbursement was related mainly to the remodeling of its headquarters in La Molina, San Pedro and Lima offices. For more details on the balance of properties, plants and equipment in progress, see Note 10 to the consolidated financial statements.

For further detail about the possible impact of IFRS 16, please refer to Note 3 Significant accounting policies - ad) International Financial Reporting Standards issued but not yet effective – (i) IFRS 16, “Leases”.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

5. A Operating results

(1) Management Discussion and Analysis

a) General Economic Conditions

In 2021, the global economy experienced an extraordinary rebound after one of the most difficult health and economic crises as a result of the COVID-19 pandemic. In Peru, the economy started to reactivate after due to the relaxation of social distancing measures. In 2021, Peruvian GDP expanded by 13.3%, reflecting a favorable international economic environment and an uptick in several economic indicators for the local economy, such as consumption, employment, debit, and credit cards transactions, among others.

After maintaining an expansive economic policy and stimulating the economy through several mechanisms, the BCRP started a contractionary economic policy to curb inflation. In 2021, core inflation (excluding food and energy) was 6.4%, with inflation registering above the target of 3% since June 2021. The BCRP has rose the reference rate and set it at 4.50% in April 2022. With these measures, the BCRP expect to return to inflations target levels.

b) Credicorp 2021 Financial Performance

In 2021, Credicorp generated S/3,584.6 million of net profit attributable to its equity holders and net basic earnings per common share attributable to its equity holders of S/45.09, as compared with S/346.9 million of net profit attributable to its equity holders and net basic earnings per common share attributable to its equity holders of S/4.37 in 2020. This translates to a return on average assets (ROAA) of 1.49% and a return on average equity (ROAE) of 13.94% in 2021, up from 0.16% and 1.36%, respectively, in 2020.

[Content](#)

As of December 31, 2021, loans, net of unearned income, totaled \$/147,597.4 million, representing an increase of 7.2% compared to \$/137,659.9 million as of December 31, 2020. This growth was driven by Wholesale Banking, SME-Pyme, and Mibanco, all of which benefited from economic reactivation after the government started loosening pandemic restrictions while the sanitary situation improved. Total deposits grew to \$/150,340.9 million as of December 31, 2021, up \$/7,975.4 million from \$/142,365.5 million as of December 31, 2020, which was primarily driven by a 13.7% increase in saving deposits, from \$/50,069.1 million as of December 31, 2020 to \$/56,945.3 million as of December 31, 2021. The increase in saving deposits was primarily due to more liquidity in the system as a consequence of Pension and Severance Indemnity funds were released.

In 2021, net interest income was \$/9,362.0 million, up from \$/8,571.3 million, or 9.2%, with respect to 2020. This increase was fueled by growth in structural loans and a reduction in the funding cost. The latter was attributable to growth in low-cost deposits and a decrease in market rates. In this context, NIM was situated at 4.10%, 20 basis points below the figure reported in 2020, in line with the decrease in interest rates.

The provisions for credit losses on loan portfolio, net of recoveries, totaled \$/1,212.2 million for 2021, representing a contraction of 79.5% from \$/5,920.5 million for 2020. Thus, cost of risk in 2021 was 0.82% as compared to 4.30% in 2020. Additionally, the reduction in allowance for loan losses and the expansion registered by the Non-performing loan portfolio, led to a subsequent decrease in the coverage ratio for the Non-performing loan portfolio, which was positioned at 115.3% in 2021, as compared to 156.1% in 2020.

In 2021, other income was \$/4,926.9 million, representing a 11.8% increase compared to \$/4,406.2 million in 2020. This was attributable to an increase in line with economic reactivation and new services in our digital channels. In this context, fee income was the component that registered the most significant impact with an increase of \$/581.0 million or 19.9%.

Credicorp's underwriting result was (\$/3.7) million in 2021 representing a decline of \$/361.8 million, or (101.0%), compared to \$/358.1 reported in 2020. This was attributable to growth in claims in the life insurance business due to COVID-19-related mortality rates in the second wave, which was partially mitigated by an increase in both Life and P&C businesses.

The efficiency ratio in 2021 improved by 40 basis points to 45.9% (as compared to 46.3% in 2020), which was due to an increase in income, mainly at net interest income and fee income.

These results reflect the economic reactivation registered in 2021, as well as the positive effects of the higher levels of vaccination on the population.

[Content](#)

c) LoBs Highlights

Universal Banking

ROAE

BCP Stand-alone: 18.8%

BCP Bolivia: 9.24%

- BCP Stand-alone net interest income was S/6,258.8 million in 2021, up by S/166.9 million, or 2.7%, compared to 2020.
- BCP Stand-alone cost of risk was 0.65% in 2021, 333 basis points below the registered in 2020.
- BCP Stand-alone other income was S/3,940.4 million in 2021, up by S/1,141.8 million, or 40.8%, from 2020.
- BCP Stand-alone efficiency ratio was 43.4% for 2021, up by 253 basis points compared to 40.9% from 2020.
- BCP Stand-alone CET1 ratio was 11.84% in 2021, compared to 11.40% from 2020.

Insurance and Pension Funds

ROAE

Grupo Pacifico: -5.0%

Prima AFP: 22.9%

- Grupo Pacifico net earned premiums were S/2,686.5 million in 2021, up 9.2% from S/2,461.2 million in 2020.
- Grupo Pacifico net claims were S/2,346.5 million, up 35.5% from S/1,731.9 million in 2020.
- Grupo Pacifico insurance underwriting result was (S/378.2) million, from S/28.5 million in 2020.
- Grupo Pacifico loss ratio was 87.3% in 2021, up 1,690 basis points from 70.4% in 2020.
- Prima AFP income from commission was S/378.7 million, up 7.6% from S/352.1 million in 2020.

Microfinance

ROAE

Mibanco: 11.9%

Mibanco Colombia: 11.6%

- Mibanco net interest income was S/1,860.4 million in 2021, growing 18.4% compared to the S/1,550.1 registered in 2020.
- Mibanco cost of risk was 3.15% in 2021, 528 basis points below the 8.43% in 2020.
- Mibanco 2021 non-interest income was S/98.8 million, down 8.4% from the S/107.9 million from 2020.
- Mibanco efficiency ratio was 55.8% for 2021, down by 730 basis points compared to 63.1% from 2020.
- Mibanco CET1 ratio was 14.90% in 2021, below the 17.70% from 2020, after growth in the risk weighted assets due to higher structural origination.

Investment Banking and Wealth Management

ROAE

Credicorp Capital: 8.8%

Atlantic Security Bank: 11.8%

- Credicorp Capital net income was S/56.3million, up 0.6% from S/55.9 million reported in 2020.
- ASB Bank Corp. net income was S/107.6million, down by 20.8% with respect to S/135,9million reported in 2020.
- Total assets under management in the Asset Management business were S/94,438 million as of December 31, 2021, down from S/95,834 million as of December 31, 2020.
- Total assets under management in the Wealth Management business were S/65,303 million in 2021, up from S/62,129 million in 2020.

[Content](#)

d) 2021 Events and Developments

- On August 2, 2021, Atlantic Security Bank (Cayman Islands) and ASB Bank Corp. (Panama) finalized their merger, with the latter being the surviving entity.
- On December 23, 2021, The Board of Directors approved to designate Ms. Patricia Lizarraga Guthertz as new member of the Risk Committee and Ms. Maria Teresa (Maite) Aranzabal Harreguy as new member of the Compensation and Nomination Committee. These appointments were part of the plan of generate greater independence in each committee.

(2) Political and Macroeconomic Environment

Although Credicorp Ltd. is incorporated in Bermuda, the holding, through BCP Stand-alone, has been present in the Peruvian financial sector for over 130 years. It is important to note that most of BCP Stand-alone, Prima AFP, Mibanco, and a significant part of Credicorp Capital's and Grupo Pacifico's operations and customers are located in Peru. In addition, although ASHC is based outside of Peru, a substantial number of its customers are also located in Peru. Therefore, our results of operations and financial health could be affected by political and economic changes or policies in Peru.

For further details, see "ITEM 3. KEY INFORMATION – 3.D Risk Factors – Our geographic location exposes us to risk related to Peruvian political, social and economic conditions".

Political Environment

Historically, Peru has experienced political instability, including domestic terrorism, military coups, and a succession of regimes that featured heavy government intervention. In 1995, when Credicorp was established, President Alberto Fujimori was re-elected, despite the administration being accused of authoritarian behavior, including dissolving Peru's congress in 1992 and crafting a new constitution in 1993. In 2000, Fujimori was ousted and succeeded by a transitional government led by Valentin Paniagua, who called for elections to be held in April 2001.

The presidents who have been elected since 2001 include Alejandro Toledo, from 2001 to 2006; Alan Garcia, from 2006 to 2011; Ollanta Humala from 2011 to 2016; and Pedro Pablo Kuczynski, whose term began in 2016 and was set to end in 2021. Since early 2017, Peruvian prosecutors have been investigating former and current local officials for allegedly accepting bribes from Odebrecht, a Brazilian construction company implicated in the Lava Jato investigation. In midst of the Lava Jato investigation, in December 2017, Peru's congress proposed a motion to remove the president; however, the motion failed to gain the required 87 votes for approval. In March 2018, congress presented a second motion to remove the president. On March 21, 2018, President Kuczynski resigned amid political turmoil. His resignation was accepted on March 22, and on March 23, Martin Vizcarra, Kuczynski's former vice-president, took office as President for a term ending on July 28, 2021.

[Content](#)

Under President Vizcarra's term, political turmoil continued. On December 9, 2018, a nationwide referendum was held to address the following issues: (i) re-election of members of Peru's congress, (ii) reforms regarding financing for political parties, (iii) a reform of the judiciary system, and (iv) return to the bicameral parliamentary system. All the reforms, excluding the latter, were approved. Moreover, President Vizcarra dissolved the congress on September 30, 2019, after it delivered two votes of no-confidence to two different cabinets during the same presidential term and called for parliamentary elections on January 26, 2020. On January 15, 2020, the Constitutional Court ruled that the dissolution of Peru's congress was constitutional. As a result of the parliamentary elections held in January 2020, a new Peruvian congress was formed, and with a plan to carry out its functions until July 2021. After a first presidential vacancy motion failed in September 2020, in November 2020, congress presented a second presidential vacancy motion based on corruption allegations against Vizcarra's term as a Regional Governor from 2011 to 2014. The motion succeeded, with 105 votes cast in favor. On November 10, 2020, Manuel Merino, president of Peru's congress, assumed control of the government. This generated riots across the country, particularly among the young adult population. On November 15, 2020, President Merino resigned, amid extremely high political turmoil and uncertainty not seen in 20 years. Peru's congress elected a new Directive Board led by Francisco Sagasti, and on November 16, 2020, Sagasti assumed the presidency for a term set to end on July 28, 2021.

In 2021, the deterioration in the political environment hardened after Pedro Castillo, of the far-left party Peru Libre won the presidential elections with 50.13% of the votes. These results entailed an important fragmentation of Congress, as 10 political parties became part of the parliament's composition. Since July 2021, after continuous messages from the executive of greater state control of the economy, promises to expand popular loans, greater spending on social services such as education and health, a new system of universal pension plans, the expropriation of various mining and hydrocarbon operations, and a new constituent assembly, political and regulatory uncertainty became even more fragmented and risk perception increased. In this riskier environment, in September 2021 the rating agency Moody's Investor reduced Peru's foreign-currency long-term debt credit rating to Baa1 from A3 and changed the outlook to Stable from Negative. In October 2021, the rating agency Standard and Poor's maintained Peru's credit rating at A- but lowered the outlook to negative from stable.

President Castillo has appointed four prime ministers since July-2021, Guido Bellido in July 2021, Mirtha Vasquez in October 2021, Hector Valer in February 2022, and Anibal Torres in February 2022. The current minister of finance is Oscar Graham is an experienced economist from the Central Bank and has worked at the Ministry of Finance (MEF) as General Director of Financial Markets and as an advisor to the Minister. However, support for the president is around 25%, and disapproval is at 69%, according to a survey led by Ipsos in February 2022. The high disapproval of the government reduces the risk of a Constituent Assembly and a radical change in the economic regime. If this context continues, agents anticipate that it would be unlikely to see a net capital outflow like the one in 2021, which reached a historical record of around US\$16.5 billion (7.3% of GDP).

[Content](#)

For further details, please refer to our previous 20-F documents under “ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS – 5.A Operating results – (2) Political and Macroeconomic Environment” and “ITEM 3. KEY INFORMATION – 3.D Risk Factors – Our geographic location exposes us to risk related to Peruvian political, social and economic conditions.”

Macroeconomic Environment

The adoption of market-oriented macroeconomic policies since the early 1990s, and two decades of strong macroeconomic fundamental outlook for Peru’s economy and stable credit rating have allowed the country to grow at an average annual rate of 4.9% from 2001 to 2019, according to data from the BCRP. Between 2000 and 2013, the Peruvian economy, on average, outperformed the global economy primarily due to favorable metal prices and financial conditions. Nonetheless, since 2014 the Peruvian economy has been affected by several economic shocks such as decline in metal prices, contraction of public investment, El Niño Phenomenon of 2017, the Lava-Jato investigations, and political turmoil. As such, the average annual growth rate for the Peruvian economy from 2014 through 2019 stood at 3.1% and remained among the highest of the Latin American region economies.

Peruvian economic policy has been based on three pillars: trade policy, fiscal policy and monetary policy. Peru has maintained an open trade policy for more than two decades. Some examples of Peru’s open trade policy include free trade agreements with the United States in effect since 2009, with China since 2011, with Chile, Colombia and Mexico in the Pacific Alliance. In addition, after the withdrawal of the United States from the TPP, the remaining Pacific Rim countries, including Peru, entered into the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership in 2018.

Before the economic shock of the COVID-19 pandemic, Peruvian policymakers maintained a conservative and prudent approach to fiscal policy and government spending, and Peru’s fiscal policy evolved since 1999 to promote sound macroeconomic fundamentals. Peru’s debt-to-GDP ratio fell from 51.1% in 1999 to 26.8% in 2019 as the government cut its spending and privatized most state-run enterprises. Peru’s fiscal position also benefited from the accumulation of surpluses most years in the period from 2004 to 2013, resources that help Peru to respond to the pandemic needs in 2020 and 2021. Since 2009, the government approved the Law of Responsibility and Fiscal Transparency that include a set of macroeconomic fiscal rules that have been evolving up to 2019. The main rules are as follows: (a) the fiscal deficit must not exceed 1% of GDP; (b) public debt cannot exceed 30% of GDP. In exceptional cases of financial volatility, and only if other fiscal rules are met, a temporal deviation of 4 percentage points of GDP is allowed; (c) non-financial spending by the government is limited by long-run real GDP growth of the economy (+/- 1 %). Compliance with this rule assumes mutual compliance with the two prior fiscal rules; and (d) Current spending by the government, excluding for maintenance, cannot exceed the long-run real GDP growth of the economy (-1%). Amid the COVID-19 pandemic, fiscal rules were suspended exceptionally for the years 2020 and 2021, by Legislative Decree No.1457, which was published on April 12, 2020.

[Content](#)

Regarding Peru's monetary policy, the BCRP obtained its independence in 1992, and officially presides over a reserve banking system. The BCRP has had an inflation target of 2.0% (+/-1%) since 2007, the lowest in Latin America, reflecting the BCRP's commitment to price stability. The BCRP has considerable foreign reserves that closed 2021 at US\$78.5 billion (approximately 35% of Peru's GDP) and as of February 11th, 2022 is US\$77.5 billion). The BCRP also has other mechanisms to provide liquidity to Peru's domestic financial system. The BCRP also sets regulations for the financial system, including pension funds, in coordination with the SBS. Finally, the currency regime in Peru does not have currency controls or barriers to capital inflows but the BCRP is an important player in the market, selling or buying US Dollars to soften volatility.

For further information, see "Item 4.B Business Overview – (6) Supervision and Regulation – 6.2 Subsidiaries – 6.2.1 Peru".

COVID-19 Measures

In 2020, the global economy was impacted by the COVID-19 pandemic. During this unprecedented health crisis, we are engaged in reducing the contagion not only within our facilities but also across Peru and in the countries in which we operate.

While the impact of the pandemic on our operational results and financial condition remains extremely difficult to predict, we may expect to experience negative impacts on Credicorp's consolidated financial results during the current fiscal year, depending on the length of the pandemic and Peruvian government measures to control COVID-19. We are closely monitoring the evolution of the pandemic, in order to take preventive measures to ensure the continuity of operations.

For further information on COVID-19's impact on our business, see "ITEM 3. KEY INFORMATION – 3.D Risk Factors – Our business and results of operations could continue to be negatively impacted by the COVID-19 outbreak or other public health crises beyond our control."

Below, we highlight the relevant COVID-19 measures taken in the countries in which we operate.

[Content](#)

Peru

In Peru, former president Vizcarra established a state of emergency on March 16, 2020 and ordered a general lockdown on the country. Minor exceptions were made for key sectors (specifically, food supply, health, and banking). The lockdown resulted in a contraction of economic activity of 11% from 2019 to 2020. In response to the major public health and economic shocks from COVID-19, the MEF, the BCRP, the SBS, and Peru's Congress offered an ample package of measures to mitigate and stimulate the economy for the equivalent of approximately 20% of GDP. The measures enacted by the MEF include tax relief, public spending, access to private savings (pension fund accounts and severance indemnity deposits), and government-backed liquidity programs.

On the monetary policy side, the BCRP lowered its reference rate by 200 basis points to 0.25% from 2020 to July 2021, a historic minimum, and has provided liquidity for 6 to 12 months through Repo operations since March 2020.

On Government Loans Program, in particular, the government supported the business sector through two government-backed programs: (i) Reactiva Peru, a liquidity program that aimed to quickly and effectively meet the liquidity needs of companies facing the impacts of COVID-19 with government guarantee coverage levels between 80% to 98%, and (ii) The Business Support Fund (FAE-Mype) program enabled banks and microfinance entities to provide small and micro businesses loans for up to S/4.0 billion with government guarantee coverage levels between 90% and 98%. The government also established a COVID-19 Guarantees Program in October 2020 for consumer, personal, mortgages, vehicle and SME loan rescheduling. The program enabled loan rescheduling with a government guarantee in which financial institutions lower interest rates to their clients by at least 15%. The government guarantee was partial and progressive depending on each loan segment (according to the previous client's performance and segment, they stand between 40% and 80%).

Likewise, the SBS applied macro-prudential measures during the pandemic, which included: (i) the inapplicability of the LCR, (ii) flexibility of capital requirements for rescheduled loans and use of cyclical capital buffers, and (iii) zero generic and capital provisions for Reactiva Peru and FAE-Mype loans, this only affects the domestic accounting system and not the NIIF accounting system. Moreover, the SBS introduced micro-prudential measures, which included, most notably, the massive loan rescheduling scheme from financial institutions to retail loans and medium-size firm loans.

During the first quarter of 2021 the government announced additional measures to support firms. In February 2021 it created the Enterprise Support Program for Small and Micro businesses (PAE-Mype, by its Spanish initials) and authorized the program for up to S/2 billion through Urgent Decree No. 019-2021. The program is similar to FAE-Mype, but covers loans of up to S/60,000, with government guaranteed coverages between 90% and 98%, whereas the FAE-Mype covers loans for up to S/30,000. In addition, in March 2021 the government also enabled the rescheduling of Reactiva Peru and FAE-Mype loans through Urgent Decrees No. 026-2021 and 029-2021, respectively. In the case of Reactiva Peru loans, up to S/16 billion can be rescheduled should they meet specific criteria (depending on the size of the loan up to S/90,000, the criteria consider a decline of sales of 10% or 20% in the fourth quarter of 2020 compared to the same period of 2019), and the ability to grant another grace period of 12 months. The government also established a government transfer to vulnerable households in February 2021 of S/600 for each 4.2 million vulnerable households, totaling approximately S/2.5 billion.

[Content](#)

Regarding public finances, the government tapped into the international debt market in order to finance its spending needs during 2020. In April 2020, the government issued US\$3 billion in two branches: (i) US\$1 billion with a 5-year tenor, coupon rate of 2.392%, and 200 basis points spread over Treasury, and (ii) US\$2 billion with a 10-year tenor, coupon rate of 2.783%, and 212.5 basis points spread over Treasury. Moreover, in November 2020, the government issued US\$4 billion in three branches: (i) US\$1 billion with a 12-year tenor, coupon rate of 1.862%, and 100 basis points spread over Treasury, (ii) US\$2 billion with a 40-year tenor, coupon rate of 2.780%, and 125 basis points spread over Treasury, and (iii) US\$1 billion with 101-year tenor, coupon rate of 3.230%, and 170 basis points spread over Treasury.

Peru's Congress proposed and adopted populist measures including, but not limited to: (i) Nation Pension Fund system withdrawals for up to S/4,300 of individual contributions (later declared unconstitutional by the Constitutional Court), (ii) interest rate ceilings established by the BCRP and limits on certain fee charges by the SBS, and (iii) the following measures regarding the Private Pension Fund System. Congress also proposed measures that implied higher public spending such as: (i) the government's payment of the debt derived from court rulings against the three levels of government, (ii) the elimination of the Administrative Contracting of Services (Contratacion Administrativa de Servicios or CAS by its Spanish initials) labor regime in the public sector (estimated cost of S/4.2 billion), (iii) the regulation of the collective negotiation at the public sector (which excluded the Ministry of Finance's technical reports for its application), and (iv) the renegotiation of toll payments in the national roadways amid the national emergency (later declared unconstitutional by the Constitutional Court). In March 2021, the congress approved a bill that enables the Central Bank to establish interest rates ceilings for banking loan operations, as well as certain fee charge regulations. Therefore, regulatory risks after the COVID-19 crisis are important to monitor due to their potential impact on Credicorp's businesses.

In 2021, a new law permitting withdrawals of the individual Pension Fund were approved by government and Congress. This law allows two withdrawals per person during the year, with amounts depending on the total amount of the individual fund. The average withdrawal was approximately 12 thousand soles each, and each withdrawal was paid in two parts. Congress also approved a new law permitting the extraordinary withdrawal of 100% of the severance indemnity deposits until December 31, 2021.

Since August 2021, in response to the global inflationary process due to the global pandemic responses, the Central Bank raised its policy rate in 7 increases since August, totaling 325 bps from 0.25% to 3.50% in February 2022. Throughout 2021, the BCRP made net sales of US\$11,626 million (compared to net purchases of US\$405 million in 2019 and US\$159 million in 2020) in order to control high volatility of the foreign exchange. Moreover, Peru's net international reserves stood at US\$78.5 billion as of December 31, 2021 (compared to US\$68.3 billion at the end of 2019 and US\$74.7 billion at the end of 2020).

[Content](#)

At the beginning of 2021, COVID-19 cases started to increase once again, and the Ministry of Health declared the occurrence of a second wave in Peru. The government established restrictive measures based on the severity of COVID-19 indicators, including the designation of high, very high and extreme risk levels. On January 28, 2021 the government ordered a new focalized lockdown from January 31 to February 28, 2021. Since February 2021, the Government has implemented other temporary and localized lockdowns in order to mitigate COVID-19 contagion. At the same time, COVID-19 vaccine doses started to arrive to Peru in February 2021, and the vaccination process begun.

For further details, please refer to our previous 20-F documents under “ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS – 5.A Operating results – (2) Political and Macroeconomic Environment” and “ITEM 3. KEY INFORMATION – 3.D Risk Factors – Our business and results of operations could continue to be negatively impacted by the COVID-19 outbreak or other public health crises beyond our control.”

Bolivia

In December 2020, the following was approved with respect to taxes: (i) a tax on “Fortunes,” applicable to all natural persons with assets above Bs 30 million, with a tax range between 1.4% to 2.4%, and estimated impact to 130 families; (ii) a refund of the VAT of 5% of the sales price subject to VAT (13% in Bolivia) for natural persons with average monthly income equal to or less than Bs 9,000 (US\$1,300). Government measures to counteract negative effects of the pandemic implemented in 2020 remained in force in 2021. With respect to the financial system, the government renewed a deferral of bank loan payments until July 2021 (clients did not pay capital or interests since March 2020). In December 2020, the government decreed that other entities of the financial system, such as general deposit warehouses, investment fund management companies, brokerage agencies, and securitization companies, must pay an additional 25% tax on profits if their profitability exceeds 6% per year. So far, the measure has only applied to banks and financial companies. Additionally, the government approved the capitalization of 100% of the 2020 net profits obtained by banks and financial entities.

The government also approved an increase in the national minimum wage by 2.0% in 2021, as well as a bill that allowed a partial or total withdrawal of individual pension fund accounts, which according to the Ministry of Finance reached 1,070 billion Bolivianos or 0.4% of GDP.

Bolivia’s credit rating deteriorated. In March 2021, S&P affirmed the country’s B+ rating but changed its outlook to negative from stable on a rising governmental debt burden. In September 2021 Moody’s affirmed the B2 rating but changed outlook to negative due to large and recurring fiscal deficits, a declining foreign exchange reserves and large government financing needs in the next years. Finally, in October 2021 Fitch affirmed the B credit rating with outlook stable.

[Content](#)

Colombia

The COVID-19 pandemic hit Colombia while its economy was in the process of gradual recovery from a drop in oil prices. Colombia has exhibited the highest level of current account deficit in the region, while public debt has been increasing over the past years. In Colombia, the government established a state of emergency on March 12, 2020. According to the National Bureau of Statistics (DANE), the economy contracted 6.8% during 2020.

To cope with the economic shock of COVID-19, Colombia's government gradually implemented a series of measures such as grace periods and credit restructuring for individuals and legal entities, wage subsidies, deferment of payment of corporate income taxes and household transfers. Moreover, the Central Bank cut the reference rate by 250 basis points to a new minimum of 1.75% in September 2020.

Likewise, in September 2020, the government took advantage of the low interest rates and held two global bond issuances of US\$2,500.0 million (representing 0.8% of 2019 GDP), with maturities of 11 and 31 years and at historically low interest rates.

On May 2021, Fitch and S&P gave a BB+ rating for Colombia debt, losing its investment grade rating.

The Ministry of Health announced that it had signed a contract with the COVAX facilities to acquire vaccines for Colombian citizens. The vaccination process started on February 17, 2021.

In 2021, unspent resources from the emergency mitigation fund (FOME) created last year will be used to finance the extension of some transfer programs during the first half of 2021 as well as to fund the vaccination program.

Chile

Chile's GDP grew 11.7% in 2021 (one of the fastest growth rates in Latin America and among emerging countries), rebounding significantly from its 5.8% contraction in 2020. The economic recovery has been a positive surprise to many observers; it has been attributable to unprecedented fiscal support, favorable external conditions with copper prices, its main export product, reaching all-time highs in May 2021 and one of the most successful vaccination processes within the Latam region. Likewise, Chile's COVID-19 vaccination process continues evolving positively, and Chile leads the region in terms of population vaccinated for COVID-19; it is even one of most highly vaccinated countries in the world. In fact, during January 2022, the government started distributing 4th doses of COVID-19 vaccines. As a result, the GDP is expected to grow around 8% in 2022 according to BCCh statistics, above pre-pandemic levels.

Inflation in Chile accelerated during the second half of 2021, ending at 7.2% in 2021 according to INE, its highest rate in fourteen years and largely above the 2.0% to 4.0% target range of the BCCh. In response to this inflation, the BCCh started the process of normalizing its monetary policy in July 2021 and, since then has increased its reference rate by 500 basis points to 5.50% as of January 2022. Prices were also driven by a large depreciation the Chilean pesos against the U.S. dollars of almost 20% from December 2020 to December 2021.

[Content](#)

In politics, on May 15 and 16, 2021, Chile held a Constitutional Convention Election to select the members of the body in charge of writing its new Constitution; results showed that left-wing parties would predominate. On December 19, 2021, Chile held a runoff presidential election, in which Gabriel Boric was elected president with 56% of the votes while the conservative candidate, Jose Antonio Kast from the Republican Party, obtained 44%. In congressional elections, in the upper house, the right-wing coalition increased its participation from 44% to 50%, while in the lower chamber, it reduced its participation from 46% to 44%. However, the left-wing coalition now is even more fragmented. The new administration will have no majority in Congress and heightened uncertainty will surround the constitutional process with the exit plebiscite, where the population will vote to accept or reject the new Constitution, expected to take place in September 2022.

In this context, during the last two years, Chile's sovereign credit rating has deteriorated. On October 15, 2020, Fitch downgraded Chile's long-term foreign currency rating from A to A- in response primarily to a marked deterioration in fiscal accounts. And on March 24, 2021, Standard and Poor's followed suit cutting its rating to A from A+, due to the expectation that the country's public finances will stabilize at a structurally weaker level.

Panama

Panama was one of the Latin American countries hardest hit by the pandemic due to the importance of the services sector, which represents more than 75% of GDP, and its reliance on external demand. Its model as a regional trade, logistics and financial hub, highly integrated into the world economy, left it vulnerable to a severe global downturn. The prolonged social distancing measures also played an important role in making the 2020 recession an unprecedented one, where GDP fell 17.9%.

Panama's economy grew 15.3% in 2021 after a historical contraction in 2020. However, the recovery has been weaker compared to other countries where Credicorp operates given the lack of fiscal space to adopt an expansionary fiscal policy and the absence of a central bank that executes its own monetary policy as it is a dollarized economy. In that sense, GDP is still 5.4% below pre pandemic levels (year 2019). Growth in 2021 has been supported by the continued global economic recovery, big infrastructure projects and the first full year of copper production of Minera Cobre Panama. This mining project has been the largest private investment project in Panama's history (US\$6.7 billion or 10.0% of 2019 GDP) and will be part of the top 15 copper production mines in the world. Copper exports have more than doubled from US\$1.1 billion in 2020 to US\$2.8 billion in 2021, representing 79% of total exports (in comparison to 0% in 2019).

[Content](#)

Panama faces important public debt sustainability issues and is part of the grey list of the Financial Action Task Force (FATF). Public debt as a percentage of GDP peaked in 2020 at 68% of GDP. As a result of this weakened fiscal position, Panama's credit rating has suffered downgrades. In November 2020, Standard & Poor's (S&P) reduced its credit rating to BBB with stable outlook and later, in August 2021, changed the outlook to negative. Additionally, in March 2021, Moody's also lowered its credit rating by one notch to Baa2. Lastly, in February 2020, Fitch changed its outlook to negative (BBB) and a year later, in February 2021 it downgraded its credit rating to BBB- with no upgrade of the outlook, which left Panama only one notch above investment grade. As of December 2021, Panama's public debt as a percentage of GDP was 63%, still higher than pre-pandemic levels. The outlook was changed from negative to stable in January 2022.

For further information on COVID-19's impact on our business in the aforementioned countries, see "ITEM 3. KEY INFORMATION – 3.D Risk Factors – Our business and results of operations could continue to be negatively impacted by the COVID-19 outbreak or other public health crises beyond our control".

Macroeconomic Results

In 2020, the global economy was shocked by the COVID-19 pandemic, which led to historical economic contraction, amid the effects of quarantines implemented to mitigate contagion. However, lower revenues and higher spending significantly weakened fiscal accounts, resulting in high fiscal deficits as a percentage of GDP not seen in decades and credit rating downgrades. In that context, in 2020, the Peruvian economy contracted 11%. As a result of higher fiscal expenditure, in December 2020, Fitch revised Peru's sovereign credit rating outlook in long-term foreign currency from Stable to Negative while affirming its BBB+ rating. According to Fitch, Peru reflects a Negative Outlook due to a weakened government balance sheet and a deterioration of policy predictability, as a result of congressional populist measures in recent months. The weakening of political cohesiveness and institutions since 2016 could undermine the capacity of the next government to implement wide-ranging fiscal, political and productivity enhancing economic reforms.

In 2021, despite a highly fragmented political environment that have resulted in the increase of financial risks and negative shock in business expectations, the Peruvian economy has shown a strong resilience with rebound of 13.3% compared to 2020, helped by better international prices for commodities, the reopening of the economy, and faster vaccination process. Other factors that contributed to the rebound were: (i) high average price of copper of US\$4.23 in 2021, which implied an increase of 51% compared to the average price of 2020; as well as (ii) expansionary monetary and fiscal policies.

Even though, the pandemic shock increased the Fiscal Deficit to 8.9% of GDP in 2020, Peru has been able to return to Fiscal Deficit of 2.5% of GDP in January 2022. Therefore, some of the strongest economic indicators as a percentage of 2021 GDP include Foreign Exchange Reserves (35%), Public Debt (36.1%), and Fiscal Balance (2.6%).

[Content](#)

On the external accounts side, the current account deficit stood at (2.8%) of GDP in 2021 compared to a surplus of 0.8% of GDP in 2020. In the external sector, the trade balance closed in 2021 at a historical maximum of US\$14,757 million. Exports reached 28% of GDP, the highest since the 1950s. The trade balance surplus is expected to widen with the entry into operation of new copper mines that will increase production by around 20% by 2023 vs. 2019. The terms of trade reached their highest level in almost 50 years in 2021. For its part, 2021 saw the largest short-term capital outflow since the 1980s (7.3% of GDP).

Macroeconomic Indicators for Peru	2019	2020	2021
GDP (Millions of US Dollars)	230,846	203,524	224,664
Real GDP (% change)	2.2	(11.1)	13.3
Inflation	1.9	2.0	6.4
Reference Rate	2.25	0.25	2.50
Fiscal Balance (% GDP)	(1.6)	(8.9)	(2.6)
Public Debt (% GDP)	26.8	35.0	36.1
Financial System Loans (% change)	6.2	12.4	7.0
Current Account Balance (% GDP)	(1.5)	0.5	(2.8)
Exchange rate, end of period	3.31	3.62	3.99
Exchange rate, (% change)	(1.7)	9.3	10.2

On monetary authorities, in October 2021, the new government and Congress ratified Julio Velarde as president of the BCRP, while announcing the election of other three directors of the six that would join Velarde: the economists Roxana Barrantes, José Távora and Germán Alarco. Congress appointed the other three directors: Carlos Oliva (ex-Minister of Finance), Diego Macera, and Inés Marylin Choy. The Board of the Central Bank is made up of 7 members: 1 president of the Board of directors and 6 directors. The executive branch appoints the chairman of the board and other three directors, while Congress appoints another three.

Inflation has been an important global widespread factor in 2021, that has also affected the Peruvian economy. Inflation rate for Metropolitan Lima went from 3.3% in June 2021 to 6.4% in December 2021, and 6.8% in March 2022, due to higher international prices of fuels and grains driven by global supply shocks, higher prices of foods with imported content, and the depreciation of the sun. In response, the Central Bank raised its policy rate in 9 opportunities since August, totaling 425 bp from 0.25% to 4.50% in April 2022. Additionally, the Central Bank will seek to anchor inflation expectations to the target range (1% to 3%), while trying to ensure that the real reference rate (+0.11% as of April 2022) is located in a 0 positive neighborhood.

[Content](#)

Throughout 2021, the Central Bank made net sales of US\$11,626 million (compared to net purchases of US\$405 million in 2019 and US\$159 million in 2020) to control high volatility of the foreign exchange. In 2022, the Central Bank has sold US\$207 million as of February 25. Moreover, Peru’s net international reserves closed 2021 at US\$78.5 billion, (US\$68.3 billion at the end of 2019 and US\$74.7 billion at the end of 2020) and stood at US\$77,505 million as of February 11, 2022. Political instability lingers in Peru, but our economic fundamentals remain strong. Peruvian Soles (PEN) closed 2021 at 3.99, and was as of February 17, 2022 at 3.73, after reaching a peak of 4.14 on October 6, 2021.

Regarding Peru’s Long-Term Foreign Currency Debt Credit Rating, as of September 2021, given rating agency Moody’s view that an increasingly polarized political environment would undermine the effectiveness of the country’s policymaking. Moody’s lowered Peru’s credit rating from A3 (negative) to Baa1 (stable). In October 2021, Fitch Rating lowered Peru’s credit rating from BBB+ (negative) to BBB (stable) and indicates that Peruvian government debt is higher today (37% of GDP) than when the rating was upgraded to BBB+ in 2013 (19% of GDP). For its part, the rating agency Standard & Poor’s (S&P) changed Peru’s outlook from “stable” to “negative” due to political instability. S&P maintained Peru’s rating at BBB+ (and A- for local currency).

In 2021, the Public Treasury successfully issued global bonds in March and October/November, denominated in USD and Euros. In March, the issue of USD denominated bonds was the reopening of 2031 for US\$1.75 billion, and two new references 2041 for US\$1.25 billion and 2051 for US\$1 billion. Also, in March, the Treasury issued the Euro denominated bond 2033 for Euros 825 million. In the second operation between October and November, the Public Treasury issued USD denominated bonds with the reopening of 2051 for 750 million, and two new sustainable bond references in 2034 for US\$2.25 billion and 2072 for US\$1 billion; in addition, a new social bond reference 2036 in Euros for 1 billion. As result in 2021 the Public Treasury issued a total of US\$8 billion and Euros 1.85 billion. The March operation, at a competitive cost, was intended to finance the financial requirements set forth in the Budget Law for Fiscal Year 2021. The October/November operation will finance the needs of 2022.

Macroeconomic Indicators 2021	Bolivia	Colombia	Chile	Panama
Real GDP (% change)	6.8	10.6	11.7	15.3
Inflation	0.9	5.6	7.2	1.6
Reference Rate	N.A.	3.0	4.0	N.A.
Public Debt (as % GDP)	78.9	61.5	36.0	63.7
Exchange rate, end of period	6.91	4,064.92	850	N.A.
Exchange rate, (% change)	0.0	18.6	(19.9)	N.A.
N.A. – Not Applicable				

[Content](#)

In Bolivia, after falling 8.8% in 2020, GDP rebounded close to 7% in 2021 thanks to the easing of restrictions put in place due to the pandemic and a favorable international environment with higher oil and metal prices, which allowed a recovery in sectors such as hydrocarbons and mining. For its part, the decline in international reserves slowed down due to a controlled demand for dollars and higher remittances from Bolivians abroad (as of December 2021, 25% higher compared to the same period in 2020). International reserves closed 2021 at US\$4.8 billion (12% of GDP), which decreased by just over US\$500 million compared to 2020. Meanwhile, fiscal imbalances persisted with a deficit of around 8% of GDP and a public debt close to 80% of GDP (a high in 17 years).

Colombia was hit hard by the pandemic and the economy contracted by 6.8% in 2020 (as compared to a 3.3% increase in 2019). In the first half of 2021, the normalization of political and social turmoil let the outlook improved as protests eased, the vaccination process accelerated and restrictions on activity subside. In 2021, a faster-than-expected recovery made the economy reach pre-pandemic levels in June and ends 2021 with a growth rate of around 10% (after 2020: (6.8%)). These good results were mainly explained by the notable strength of consumption, as household spending maintained a strong momentum throughout the year amid favorable financial conditions, record remittances from foreign workers and a continued reopening of the economy that boosted spending on services. The government maintained an expansionary spending stance, similar to that of the first year of the pandemic, which also stimulated domestic demand growth. The recovery of investment has been much slower than that observed in consumption, given the prevailing uncertainty due to the political scenario and the presence of the pandemic. Consumer inflation reached 5.6% in December 2021, the highest since December 2016. However, Colombia's inflation is the lowest in the region. The inflation has been accelerating steadily since March 2021 (1.5%) due to higher international commodities prices and bottlenecks in global supply chains.

Due to a faster-than-expected recovery and inflationary pressures, the Central Bank of Colombia started its monetary policy normalization process from a policy rate of 1.75% in August to 3.0% in December 2021.

On the fiscal side, on April 15, 2021, the government presented a fiscal reform to the Parliament, thus maintaining a trend of tax changes every 2-3 years. The goal was to raise funds (2% of GDP) via mainly a VAT hike, and individual and businesses taxes. A higher tax collection sought to strengthen the main social programs and to achieve the required fiscal adjustment after the strong hit on public finances from the pandemic. However, the government withdrew the tax reform due to growing social protests. After that, the government structured another tax reform project, less ambitious than the previous one, which was approved by Congress in September 2021. The tax reform is expected to limit the risk of further fiscal slippage, at least in the short term, and intends to collect US\$4.0 billion. The government issued global bonds in the international markets. In February, it issued global bonds for US\$2.8 billion. In April for US\$3.0 billion (US\$2.0 billion by 2032 and US\$1.0 billion by 2042). In October 14, 2021, the government raised US\$1.0 billion in the international markets through the reopening of the 2049 global bond.

Afterwards, on May 19, 2021, S&P removed the Investment Grade status of Colombia by cutting the sovereign rating from BBB- to BB+ (outlook stable), while Fitch followed suit with the same move on July 1, 2021. Moody's in October improved the outlook to stable and kept the rating at Baa2.

[Content](#)

In Chile, GDP expanded 11.7% in 2021, one of the fastest catch-up in the Latam region and among emerging countries, rebounding significantly from the 5.9% contraction of 2020. The economic recovery has surprised to the upside thanks to an unprecedented fiscal support, favorable external conditions and one of the most successful vaccination processes within the Latam region. However, because of high government spending, the fiscal deficit rose to 7.6% of GDP and public debt jumped to 36%. Inflation ended the year at 7.2% according to INE, while the BCCh increased its rate by 500 basis points since July to 5.50% in January 2022. Prices were also driven by a large foreign exchange depreciation of almost 20% to USDCLP 850 at the end of 2021. In politics, on May 15 and 16, 2021, Chile held a Constitutional Convention Election to select the members of the body in charge of writing its new Constitution results showed that left-wing parties would predominate. On December 19, 2021, Chile held presidential election runoff, in which Gabriel Boric was elected president with 56% of the votes, while the conservative candidate, Jose Antonio Kast from the Republican Party, obtained 44%.

Panama's economic recovery has been weaker compared to other countries where Credicorp operates due to the lack of fiscal space to adopt an expansionary fiscal policy and the absence of a central bank that executes its own monetary policy as it is a dollarized economy. So, although the economy rebounded 15.3% in 2021, one of the highest growth rates in the region, GDP is still 5.4% below the same period of 2019. The first full year of copper production of *Minera Cobre Panamá* has been one of the main drivers of growth. In August 2021, Standard & Poor's (S&P) changed the outlook of its BBB rating to negative to reflect a weak fiscal position with public debt as a percentage of GDP at 64% in 2021. Inflation closed the year in 1.6% after two consecutive years of negative readings.

For further information, see "ITEM 3. KEY INFORMATION – 3.D Risk Factors – "Economic and market conditions in other countries may affect the Peruvian economy and the market price of Peruvian securities" and "Our business and results of operations could continue to be negatively impacted by the COVID-19 outbreak or other public health crises beyond our control."

(3) Critical accounting policies

3.1 Basis of presentation, use of estimates and changes in accounting policies

The accompanying consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB. For further details, refer to Notes to the consolidated financial statements, "3. Significant Accounting Policies, a) Basis of presentation and use of estimates".

[Content](#)

3.2 Consolidation

The consolidated financial statements comprise the financial statements of Credicorp and its controlled subsidiaries for all the years presented. Control is achieved when Credicorp is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. For further details refer to Notes to the consolidated financial statements, “3. Significant Accounting Policies, b) Basis of Consolidation.”

3.3 Functional, presentation and foreign currency transactions

Functional and presentation currency

Credicorp and its Subsidiaries operating in Peru consider the Peruvian Sol to be their functional and presentation currency since it reflects the nature of the economic events and relevant circumstances for most of the Group’s entities, taking into account their major transactions and/operations. These include: loans granted, financing obtained, sale of insurance premiums, interests and similar income, interest and similar expenses, as well as a significant percentage of their purchases. These transactions and/or operations are agreed to and settled in Soles.

Transactions and balances in foreign currency

Foreign currency transactions are those entered into in a currency other than the functional currency. These transactions are initially recorded by the Group’s entities at the exchange rates of their functional currencies at the transaction dates. For further detail refer to Notes to the consolidated financial statements, “3. Significant Accounting Policies, c) Functional, presentation and foreign currency transactions.”

3.4 Recognition of income and expenses from banking activities

Effective interest rate method:

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortized cost and at fair value through other comprehensive income. Interest expenses corresponding to the liabilities measured at amortized cost are also recorded using the EIR.

The EIR is the rate that discounts future cash flows that are estimated to be paid or received during the life of the instrument or a shorter period, if appropriate, to the gross carrying amount of the financial asset or financial liability. The EIR (and, therefore, the amortized cost of the financial asset or liability) is calculated by taking into account any discount, premium and transaction costs that are an integral part of the EIR of the financial instrument, without including the expected credit loss.

[Content](#)

Interest income and expenses:

The Group calculates interest income by applying the EIR to the gross carrying amount of those financial assets that are not impaired.

When a financial asset becomes impaired and, therefore, is considered in Stage 3 (as set out in Note 3(i) to the consolidated financial statements), the Group calculates interest income by applying the EIR at the carrying amount of the asset, net of its provision for credit loss. If the criteria for the recognition of the financial asset in Stage 3 are no longer met, the Group recalculates interest income in gross terms.

Interest income and expenses accrued from all financial instruments that generate interest, including those related to financial instruments carried at fair value through profit or loss, are recorded under the heading "Interest and similar income" and "interest and similar expenses" of the consolidated statement of income.

Dividends

Dividends are recorded as income when they are declared.

Commissions and fees

Commission income (which is not an integral part of the EIR) and fees are recorded as they accrue. Commissions and fees include, among other things, the commission charged for the banking service in general such as account maintenance, shipping, transfers, loan syndication fees and contingent credit fees.

Non-interest income and expenses

All non-interest income and expenses are recorded in the period in which the performance obligation is satisfied.

3.5 Insurance activities

Insurance contracts are those contracts in which the Group (the insurer) has accepted a significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. These contracts also include reinsurance contracts that the Group holds.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

[Content](#)

Life insurance contracts offered by the Group include retirement, disability and survivorship insurance, annuities and individual life insurance, including Investment Link insurance contracts. The non-life insurance contracts issued by the Group mainly include automobile, fire and allied lines, technical branches and healthcare.

Reinsurance

The Group cedes insurance risk in the normal course of its operations for most of its businesses. Reinsurance assets represent balances due from reinsurance companies. Reinsurance ceded is placed on both a proportional and non-proportional basis.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims reserve or settled claims and ceded premiums, associated with the ceded policies and in accordance with the related reinsurance contracts.

Reinsurance assets are reviewed for impairment at each reporting date of the consolidated statement of financial position or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is recorded in the consolidated statement of income.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

The Group also assumes reinsurance risk in the normal course of its business for non-life insurance contracts when applicable. Premiums and claims on assumed reinsurance are recognized as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, considering the classification of the reinsured insurance contract.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Premiums and claims are presented as gross amounts for reinsurance ceded. Reinsurance assets or liabilities are written off when contractual rights are terminated or expire or when the contract is transferred to a third party.

Reinsurance contracts that do not transfer significant insurance risk are not material to the insurance segment.

Insurance receivables

Insurance receivables are recognized when they are enforceable and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortized cost.

[Content](#)

As of December 31, 2020, and 2021, the carrying amount of the insurance receivables is similar to their fair value due to their short term. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The impairment loss is recorded in the consolidated statement of income.

“Investment Link” assets

“Investment Link” assets represent financial instruments held for purposes of funding a group of life insurance contracts and for which investment gains and losses are allocated directly to the policyholders who bear the investment and reinvestment risk. Each account has specific characteristics and the assets are carried at fair value. The balances of each account are legally segregated and are not subject to claims that arise out of any other business of the Group. The liabilities linked to these contracts are equal in amount to the assets that support them, net of the commissions that the Group charges for the management of these contracts.

Deferred acquisition costs (DAC)

DAC comprise the direct costs that originate with and are related to traditional life and Investment Link insurance contracts, which are deferred; all other acquisition costs are recognized as an expense when incurred. The direct acquisition costs are composed primarily of agent commissions corresponding to the underwriting and policy issuance costs.

Subsequent to initial recognition, these costs are amortized on a straight line basis based on the average expiration period of the related insurance contracts. Amortization is recorded in the consolidated statement of income.

DAC for general insurance and health products are amortized over the period in which the related revenues are earned.

DAC are derecognized when the related contracts are either settled or disposed of.

An impairment review is performed at the date of the consolidated statement of financial position or more frequently when an indication of impairment arises. When the recoverable amounts are less than the carrying value, an impairment loss is recognized in the consolidated statement of income. DAC is also considered in the liability adequacy test for each reporting period.

Reinsurance commissions

Commissions on reinsurance contracts for ceded premiums are amortized on a straight line basis over the term of the coverage of the related insurance contract.

3.5.1 Insurance contracts liabilities

Life insurance liabilities are recognized when contracts are entered into.

[Content](#)

The technical reserves maintained by the Group include the reserves of all of the business lines, comprising both the mathematical reserves and those of ongoing risk, as well as the reserves for outstanding claims, settled claims, claim settlement costs, and claims incurred but not reported (IBNR), as applicable to each line.

Due to the nature of the business, the mathematical reserves of the pension lines represent the main part of the Group's reserves, with life annuities as the major source of reserves due to the important volume of premiums and as a result of having only single premiums. In order to determine the mathematical reserves of this business, the discounted present value of the expected future pensions is calculated on the basis of mortality tables and interest rates. Those mathematical reserves are based on the market value of the assets portfolio that back the liabilities. Additionally, the constituted reserves include the amount required to cover the maintenance expenses related to the administration of the payment of future pensions.

The mathematical reserves of the income lines are determined by the sum of the value discounted from future expected pensions to be paid during a defined or undefined period, calculated on the basis of the current mortality and morbidity tables, and the market discount interest rates of the investment portfolio. During 2018, the Group adopted the new mortality tables approved and published by the SBS through Resolution SBS No.886-2018; these tables reflect recent changes in the life expectancy.

The Group also uses discount rates in measuring annuities, in order to reflect the market value in the measurement of insurance liabilities, as of December 31, 2019, 2020, and 2021, the Group uses the market rate for harvests of the portfolio of its financial assets for pension flows shifted by currency (market rates).

These situations were treated as a change in accounting policies in accordance with the provisions of IFRS 4 - Insurance Contracts. Additionally, these changes generated a greater technical reserve amounting to S/666.6 million, which was recognized in the consolidated statement of comprehensive income for the year 2019, under the heading "insurance reserves" of the consolidated statement of changes in equity. Such reserves were reported in accordance with the provisions of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, wasn't applied retroactively, given that the effect was not material in previous years.

For further details, refer to Notes to the consolidated financial statements, "3. Significant Accounting Policies, e) Insurance activities."

3.6 Financial Instruments: Initial recognition and subsequent measurement

As of December 31, 2019, 2020 and 2021, the Group classified financial assets in one of the categories defined by IFRS 9: financial assets at fair value through profit or loss, at fair value through other comprehensive income and at amortized cost, based on:

- The business model for managing the financial assets and

[Content](#)

- The characteristics of the contractual cash flows of the financial asset.

The business model: explains how the financial assets are managed to generate cash flows and does not depend on Management's intention regarding to an individual instrument. Financial assets can be managed for the purpose of: (i) obtaining contractual cash flows; (ii) obtaining contractual cash flows and sale; or (iii) others. In order to evaluate a business model, the Group considers the risks affecting the performance of the business model, and the manner in which the performance of the business model is evaluated and reported to Management. If the cash flows are carried out in a manner other than what is expected by the Group, the classification of the remaining financial assets in this business model is not modified.

When the financial asset is held in business models i) or ii), it requires the application of the "Solely Payments of Principal and Interest" (SPPI) test. This test evaluates the cash flows generated by a financial instrument in order to verify if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest. In order to conform to this concept, the cash flows must solely include the consideration of the time value of money and the credit risk. If the contractual terms introduce risk exposure or cash flow volatility, such as the exposure to changes in the prices of capital instruments or the prices of raw materials, the financial asset is classified at fair value through profit or loss. Hybrid contracts must be evaluated as a whole, including all the integrated characteristics. The accounting of a hybrid contract that contains an embedded derivative is carried out jointly; in other words, the entire instrument is measured at fair value through profit or loss.

3.7 De-recognition of financial assets and financial liabilities

3.7.1 Financial assets

A financial asset (or, where applicable a part of a financial asset or a part of a group of similar financial assets) is derecognized when: (i) the rights to receive cash flows from the asset have expired; or (ii) Credicorp has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either Credicorp has transferred substantially all the risks and rewards of the asset, or Credicorp has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement.

[Content](#)

In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of (i) the original carrying amount of the asset, and (ii) the maximum amount of consideration that the Group could be required to repay.

3.7.2 Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the original financial liability and the consideration paid is recognized in the consolidated statements of income.

3.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and management has the intention to settle on a net basis or realize the assets and settle the liability simultaneously.

3.9 Impairment of financial assets

As of December 31, 2019, 2020 and 2021, the Group applies a three-stage approach to measure the provision for credit loss, using an impairment model based on the expected credit losses as established in IFRS 9, for the following categories:

- Financial assets at amortized cost,
- Debt instruments classified as investments at fair value through other comprehensive income, and
- Indirect loans that are presented in off-balance accounts.

Financial assets classified or designated at fair value through profit or loss and the equity instruments designated at fair value through other comprehensive income, are not subject to an impairment evaluation.

Financial assets migrate through three stages according to the change in the credit risk from the initial recognition.

For further details, refer to Note 3(i) (Significant Accounting Policies: Impairment of financial assets) to the consolidated financial statements.

[Content](#)

3.10 Leases

Policy applicable from January 1, 2019

As of December 31, 2020, and 2021, the Group maintains mainly leased premises, used as offices, agencies, servers, and technological platforms, which were registered in accordance with the provisions of IFRS 16 for Leases. This standard states that a contract is, or contains, a lease if the contract transfers the right to control the use of an identified asset for a period of time in exchange for a consideration.

Initial Recognition

The lease contracts are recorded in the consolidated statement of financial position as a right-of-use asset and a lease liability as of the date the leased asset is available for use.

The right-of-use assets are initially recognized at cost including the following:

- The amount of the initial measurement of the lease liability.
- Any lease payment paid to the lessor before the start date or on the same date.
- Direct costs incurred and costs for dismantling or rehabilitation, if any.

Lease liabilities include the present value of fixed payments and variable lease payments that are based on an index or rate. Lease payments that will be made under renewal options with reasonable certainty of being exercised are included in the measurement of the liability.

Lease payments are discounted using the interest rate implicit in the lease, if that rate could be determined easily, or the incremental interest rate by loans of the lessee, which is the interest rate that the lessee would have to pay for borrowing for a similar term, the funds necessary to obtain an asset of similar value asset by the right-of-use in a similar economic environment with similar terms, guarantees and conditions.

In determining the term of the lease, Management considers all the facts and circumstances that create an economic incentive to exercise the extension option, or not to exercise a termination option. Likewise, the estimation of the extension or termination options will be revalued only if an event or changes in the circumstances occur within the control of the entity that affects said estimate.

Subsequent Recognition

The right-of-use asset is generally depreciated in a straight line during the shortest period of the asset's useful life and the lease term. If the Group is reasonably certain of exercising a purchase option, the right-of-use asset depreciates over the useful life of the underlying asset.

[Content](#)

The Group has chosen to measure the asset at cost less depreciation and accumulated impairment loss, with adjustments for any new measurement of the lease liability. Depreciation is calculated in a straight line within the term of the lease.

The liability will be recorded at its amortized cost, that is, it will be increased to reflect the accrued interest. This is recognized under the section titled "Interest, returns and similar expenses" of the consolidated statement of income. The fees paid will be subtracted.

Likewise, the balance of the liability will be reviewed in the following cases:

- When there is a change in the expected amount to be paid under a residual value guarantee.
- When there is a change in future lease installments to reflect the variation in an index or interest rate.
- When there is a change in the terms of the lease.
- When there is a change in the evaluation of an option to purchase the underlying asset.

The changes will be recorded as an adjustment of the lease liability and the right of use, unless the book value of the right of use has been reduced to zero, in which case it must be recorded against the consolidated statement of income.

Short-term leases with little significant value are recognized in a straight line as an expense in the "Administrative expenses" item of the consolidated statement of income.

The accounting treatment of lessors continues with a similar model to that of IAS 17. Thus, lessors continue to distinguish between financial and operating leases.

3.11 Business combination

Business combinations made are accounted for using the acquisition method in accordance with IFRS 3 "Business Combination", regardless of whether they are equity instruments or other acquired assets.

The acquisition cost is the sum of the consideration paid for the acquisition measured at fair value at the acquisition date and the amount of the share in the non-controlling interest acquired. For each business combination, the Group decides whether to measure the non-controlling interest in the acquire at fair value or at the proportional share in the identifiable net assets of the acquired. Acquisition-related costs are recognized as expenses and are included as "Administrative expenses" in the consolidated statement of income.

[Content](#)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for its own classification and denomination according to the contractual terms, economic circumstances and prevailing conditions at the date of acquisition. This includes the separation of embedded derivative contracts signed by the acquiree.

Any contingency transferred by the acquirer is recognized at fair value at the acquisition date. The contingency classified as an asset or liability that is a financial instrument and is within the scope of IFRS 9 "Financial instruments", is measured at fair value with changes recognized in the consolidated statement of income or consolidated statement of comprehensive income. If the contingency is not within the scope of IFRS 9, it is measured in accordance with the applicable IFRS. A contingency that is classified as equity should not be measured again and its subsequent settlement is accounted for within equity.

The acquisition of a non-controlling interest is recorded directly in net equity, and any difference between the amount paid and the acquired net assets is recorded as an equity transaction. Accordingly, the Group recognizes no additional goodwill after the acquisition of the non-controlling interest, nor does it recognize any profit or loss from the disposal of the non-controlling interest.

Equity attributable to the non-controlling interest is shown separately in the consolidated statement of financial position. Profit attributable to the non-controlling interest is shown separately in the consolidated statement of income and consolidated statement of comprehensive income.

If a business combination is achieved in stages, the acquisition date and the value of the previous participation of the acquirer is measured again at a fair value at the date of acquisition. The gains or losses arising from such remedy are recognized as profit or loss. There have been no business combinations in 2021.

Combinations of entities under common control

A business combination between entities, or businesses under common control is outside the scope of IFRS 3, because it corresponds to a business combination in which all the entities or businesses that are combined are controlled, ultimately, by the same part or parts, before and after the business combination. In these transactions, the Group recognizes the assets acquired under the interest unification method, whereby the assets and liabilities of the combined companies are reflected at their book values and no goodwill is recognized as a result of the combination.

[Content](#)

3.12 Goodwill

Goodwill is the excess of the aggregate of the consideration transferred and the fair value recognized for the acquisition of the net value of the identifiable net assets acquired and liabilities assumed. If the fair value of the net assets acquired exceeds the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to these units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill and the assets disposed of are included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

3.13 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indicator that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of the value of the asset or the CGU less costs to sell and its value in use, and is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions, if any, are considered. If this type of transaction cannot be identified, an appropriate valuation model is used. These calculations are verified against valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For non-financial assets, excluding goodwill, an assessment is made at each reporting date of whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Group estimates the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

[Content](#)

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

3.14 Derivative financial instruments and hedge accounting

Credicorp negotiates derivative financial instruments in order to satisfy clients' needs. Credicorp may also take positions with the expectation of profiting from favorable movements in prices, rates or indexes. Credicorp also uses derivative instruments to manage exposures to interest rates and foreign currency. In order to manage particular risks, Credicorp applies hedge accounting for transactions which meet the specified criteria. For further details about the accounting policies used for Derivative financial instruments, refer to Note 3(y) (Significant Accounting Policies: Derivative financial instruments and hedge accounting) to the consolidated financial statements.

3.15 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. Additionally, the fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The chosen valuation technique incorporates all of the factors that market participants would consider in pricing a transaction.

[Content](#)

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of input used that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized at fair value in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics, and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.16 Segment reporting

The Group reports financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria.

Operating segments are a component of an entity for which separate financial information is available that is evaluated regularly by the entity's CODM in making decisions about how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the same basis as it is used internally for evaluating operating segments' performance and deciding how to allocate resources to segments.

3.17 Fiduciary activities, management of funds and pension funds

The Group provides custody, trustee, investment management, and advisory services to third parties that result in the holding of assets on their behalf. These assets and income arising thereon are excluded from the consolidated financial statements, as they are not assets of the Group.

Commissions generated for these activities are included as "Commissions and fees" in the consolidated statement of income.

[Content](#)

3.18 Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise balances of cash and non-restricted balances with central banks, overnight deposits, time deposits and amounts due from banks with original maturities of three months or less, excluding restricted balances.

Cash collateral pledged as a part of repurchase agreements are presented as “Cash collateral, reverse repurchase agreement and securities borrowings” in the consolidated statement of financial position.

Cash collateral pledged as a part of derivative financial instrument and others are presented in “Other assets” in the consolidated statement of financial position.

(4) Historical Discussion and Analysis

Credicorp monitors the results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Regarding Credicorp’s LoBs, total external income from the universal banking LoB amounted to 63.5%, 62.8%, and 61.9% of Credicorp’s total external income (which corresponds to total interest and similar income, including income and expenses on commissions and net premiums earned from insurance activities) in 2019, 2020 and 2021, respectively. Therefore, the following historical discussion and analysis is presented principally for the universal banking LoB, except when otherwise indicated, and is based upon information contained in our consolidated financial statements and should be read in conjunction therewith. The discussion in this section regarding interest rates is based on nominal interest rates.

The financial information and the discussion and analysis presented below for 2019, 2020 and 2021 reflects the financial position and results of operations of our subsidiaries. For further details, see “ITEM 3. KEY INFORMATION – 3.A Selected Financial Data.”

4.1 Consolidated contributions

See “*Item 4.B Business Overview – (1) Credicorp*” for the contribution to the consolidated net profit attributable to our equity holders by each of our principal LoBs and subsidiaries, as well as for the percentage contribution to Credicorp total assets, total revenues, net profit, and equity attributable to Credicorp’s equity holders.

[Content](#)

4.2 Financial performance

In 2021, we recorded a net profit, after non-controlling interest, of \$/3,584.6 million (compared to \$/346.9 million in 2020 and \$/4,265.3 million in 2019). This represented an increase of 933.3% as compared to the results in 2020. The increase was attributable to higher net income in Universal Banking, Microfinance and Investment Banking and Wealth Management which stemmed from higher interest rates from structural loans that have been replacing government program loans made in 2020. In addition, it is important to highlight that other expenses grew due to investment and expenses related to digital transformation and disruptive initiatives and to an increase in variable compensation in line with higher net income. In 2021, ROAE was 13.94% (compared to 1.36% in 2020 and 17.03% in 2019), and ROAA was 1.49% (compared to 0.16% in 2020 and 2.34% in 2019).

The main factors behind Credicorp's results were:

- The growth in total loans was 7.2% in year end balances and 9.9% in average-daily balances. This increase was led by the Wholesale and the SME-Pyme segments at BCP Stand Alone, and Mibanco, due to a reactivation in internal demand in a context of loosening pandemic restrictions and improvements in the sanitary situation.
- The cost of risk decreased by 348 basis points to situate at 0.82%. The reduction was due primarily to (i) the economic reactivation, which performed better-than-expected, (ii) positive client's payments behaviors, in line with income levels recovery and higher liquidity from individuals, and (iii) lower risk levels, attributable to an improvement in originations and a decrease in advancements between Stages. Lower provisions were mainly registered in the Retail Portfolio, particularly in the SME-Pyme and Consumer segments. The credit quality ratios are explained below in "ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS – 5.A Operating Results – (5) Financial Position – 5.1 Total Assets – Portfolio quality".
- Net interest income grew by 9.2% as compared to 2020. This was mainly driven by an increase in interest income on loans, after registering an impairment charge in 2020. Growth in net interest income was also driven by uptick in structural loans and a decrease in interest expenses. The latter was attributable to growth in low-cost deposits and a decrease in market rates, which improved the funding structure. Regarding NIM, the ratio registered a decrease of 20 basis points from at 4.30% in 2020 to 4.10% in 2021 mainly because of lower market rates.
- Other income increased by 11.8% as compared to 2020. This was driven mainly by (i) an expansion in fee income (19.9%) driven by growth in transaction in line with economy reactivation and new services in our digital channels; and (ii) to a lesser extent, increase in Net gain on foreign exchange transactions (47.9%) as a result of market volatility.
- Total insurance underwriting results (net earned premiums less claims and acquisition cost) decreased by 101.0% as compared to 2020 as a result of higher net claims levels in the life insurance business and, IBNR provisions for excess mortality related to the second wave of COVID-19, which was attenuated by an increase in net earned premiums in the Life and P&C business as a result of economic reactivation.
- Total other expenses increased 7.6%, mainly due to (i) expenses related to digital transformation and disruptive initiatives; and (ii) to an increase in variable compensation in line with growth in net income.

Content

- The efficiency ratio decreased by 40 basis points to register at 45.9% primarily due to an expansion in net interest income and fee income.

Main ratios

	2019	2020	2021	2020 – 2019	2021 – 2020
	<i>(Expressed in basis points)</i>				
ROAE (1)	17.03%	1.36%	13.94%	(1,560)	1250
ROAA (2)	2.34%	0.16%	1.49%	(210)	130
NIM (3)	5.40%	4.30%	4.10%	(110)	(20)
Funding cost (4)	2.36%	1.79%	1.29%	(57)	(50)
Cost of risk (5)	1.60%	4.30%	0.82%	270	(348)
Loan to deposit (6)	103.22%	96.69%	98.18%	(653)	149
Internal overdue ratio (7)	2.86%	3.40%	3.77%	55	36
Non-performing loan ratio (8)	3.88%	4.62%	4.99%	74	37
Coverage of Internal overdue loans (9)	155.38%	211.71%	152.71%	5,630	(5,900)
Coverage on Non-performing loans (10)	114.36%	156.12%	115.32%	4,170	(4,080)
Operating efficiency (11)	43.57%	46.27%	45.92%	270	(40)

(1) Net profit attributable to Credicorp / Average* equity before non-controlling interest.

(2) Net profit attributable to Credicorp / Average* assets.

(3) NIM / Average* interest earning assets.

(4) Interest expense / Average* total funding. Figures differ from the previously reported due to the implementation of IFRS 16.

(5) Provisions for loan losses, net of recoveries / Total loans.

(6) Total loans, net of unearned income / Total deposits and obligations.

(7) Internal overdue loans / Total loans. For the definition of Internal overdue loans see "ITEM 3. KEY INFORMATION – 3. A Selected financial data, Note (14)."

(8) Non-performing loans / Total loans. Non-performing loans = Internal Overdue Loans + Refinanced Loans + Restructured Loans

(9) Allowance for loan losses / Internal overdue loans.

(10) Allowance for loan losses / Non-performing loans.

(11) (Salaries and employee benefits + Administrative expenses + Depreciation and amortization + Acquisition cost + Association in participation) / (Net interest income + Commissions and fees + Net gain from exchange differences + Net gain in associates + Net premiums earned + Net gain on foreign exchange transactions + Net loss(gains) on financial assets designated at fair value through profit or loss + Net gain on derivatives held for trading + Net loss from exchange differences). Acquisition cost includes net fees, underwriting expenses, and underwriting income.

* Averages are determined as the average of period-beginning and period-ending balances.

For more details, see "ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS – 5.A. Operating results – (4) Historical Discussion and Analysis – 4.3 Results of Operations for the Three Years Ended December 31, 2019, 2020 and 2021."

[Content](#)

4.3 Results of operations for the three years ending on December 31, 2019, 2020 and 2021

The following table sets forth, for the years 2019, 2020 and 2021, the principal components of our net profit:

	Year ended December 31,		
	2019	2020	2021
	<i>(in thousands of Soles)</i>		
Interest and similar income	12,381,664	11,547,648	11,850,406
Interest and similar expenses	(3,289,913)	(2,976,306)	(2,488,426)
Net interest, similar income and expenses	9,091,751	8,571,342	9,361,980
Provision for credit losses on loan portfolio	(2,100,091)	(6,080,289)	(1,558,951)
Recoveries of written-off loans	254,155	159,781	346,728
Provision for credit losses on loan portfolio, net of recoveries	(1,845,936)	(5,920,508)	(1,212,223)
Net interest, similar income and expenses, after provision for credit losses on loan portfolio	7,245,815	2,650,834	8,149,757
Total non-interest income	4,897,769	4,406,217	4,926,866
Total insurance underwriting results	496,977	358,133	(3,721)
Total other expenses	(6,665,048)	(7,191,023)	(7,740,086)
Profit before income tax	5,975,513	224,161	5,332,816
Income tax	(1,623,182)	109,977	(1,660,987)
Net profit	4,352,331	334,138	3,671,829
Net profit attributable to:			
Credicorp's equity holders	4,265,304	346,894	3,584,582
Non-controlling interest	87,027	(12,756)	87,247

The net profit attributable to our equity holders for 2021 reflected an increase of 933.3%, as compared to 2020. This result was primarily due to (i) a 74.4% decrease in our provision for credit losses on loan portfolio, as compared to 2020, stemming reduction in the probability of default of our clients driven by the economy reactivation, (ii) higher net interest, similar income and expenses (increase of 9.2%, as compared to 2020) as government loans began to be replaced by structural loans, and (iii) higher total non-interest income as a result of an increase in fee income (attributable to higher transaction rates and new services in our digital channels), as well as an increase in net gain on foreign exchange transactions.

The net profit attributable to our equity holders for 2020 reflected a decrease of 91.9%, as compared to 2019. This result was primarily due to (i) an 189.5% increase in our provision for credit losses on loan portfolio, as compared to 2019, stemming from the new macroeconomic projections affected by the COVID-19, (ii) lower net interest, similar income and expenses (contraction of 5.7%, as compared to 2019) attributable to lower rate loans from government programs, and (iii) lower total non-interest income as a result of a decrease in fee income (attributable to waivers offered to the clients), as well as a decrease in net gain on foreign exchange transactions.

For more detail about our main financial indicators, see "ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS – 5.A. Operating Results – (4) Historical Discussion and Analysis – 4.2 Financial performance – 4.3.1 Net interest, similar income and expenses."

[Content](#)

4.3.1 Net Interest, similar income, and expenses

The following table sets forth the components of net interest, similar income, and expenses:

	Year ended December 31,		
	2019	2020	2021
	<i>(in thousands of Soles)</i>		
Interest and similar income:			
Interest on loans	10,664,519	10,027,834	10,170,680
Interest on investments at fair value through other comprehensive income	1,070,469	1,097,952	1,152,542
Interest on investments at amortized cost	194,803	226,516	323,689
Interest on due from banks	320,713	74,813	49,637
Interest on investments at fair value through profit or loss	46,170	47,696	50,562
Dividends received	25,259	25,603	40,637
Other interest and similar income	59,731	47,234	62,659
Total interest income	12,381,664	11,547,648	11,850,406
Interest and similar expenses:			
Interest on deposits and obligations	(1,458,910)	(1,188,335)	(865,474)
Interest on bonds and notes issued	(900,172)	(883,913)	(800,801)
Interest on due to banks and correspondents	(590,908)	(557,141)	(435,426)
Deposit Insurance Fund	(151,626)	(183,132)	(213,741)
Interest on lease liabilities	(36,484)	(32,295)	(27,374)
Other interest and similar expense	(151,813)	(131,490)	(145,610)
Total interest expense	(3,289,913)	(2,976,306)	(2,488,426)
Net interest, similar income and expenses	9,091,751	8,571,342	9,361,980

Net interest income grew by 9.2%, as compared to 2020. This was a result of higher interest income and a reduction in interest expenses. In 2021, net interest income fell by 5.7%, as compared to 2019, due to a contraction in interest income, which was partially mitigated by a reduction in interest expenses.

Interest and similar income grew by 2.6% in 2021, as compared to 2020, after declining by 6.7% in 2020, as compared to 2019. The increase in 2021 was mainly due to the fact that in 2020 an impairment charge was registered in interest income because of zero-rate loan facilities granted to our clients. The increase in interest income was also attributable to higher structural origination but was partially offset by a drop in market rates.

The average balance of our foreign currency denominated loan portfolio increased by 4.1% to S/47.8 billion in 2021, as compared to S/45.9 billion in 2020, which was an 4.8% increase compared to S/43.8 billion in 2019. The average balance of the Sol-denominated loan portfolio increased by 12.7% to S/94.8 billion in 2021, compared to S/84.0 billion in 2020, which was a 25.3% increase from S/67.1 billion in 2019.

The average nominal interest rates earned on loans decreased from 9.6% in 2019 to 7.7% in 2020 and to 7.1% in 2021. The average nominal interest rate for foreign currency-denominated loans decreased from 5.6% in 2019 to 5.1% in 2020 and to 5.0% in 2021. Average nominal interest rates for Sol-denominated loans decreased from 12.3% in 2019 to 9.2% in 2020 and to 8.2% in 2021.

Interest and similar expenses decreased by 16.4% in 2021 compared to the level registered in 2020. In 2020, interest expense also registered a reduction of 9.5% compared to 2019. The 2021 decrease in interest expenses was attributable to a lower-cost funding structure due to growth in the share of low-cost deposits, and to a drop in market interest rates.

[Content](#)

Average interest-bearing foreign currency denominated deposits increased in 2021 by 23.1% to S/75,161.3 million from S/61,074.2 million in 2020. This followed a 14.8% increase in 2020 from S/53,189.4 million in 2019. Our average interest-bearing Sol-denominated deposits increased by 9.4% in 2021 to S/74,767.6 million from S/68,328.8 million in 2020 and increased by 27.5% in 2020 from S/53,571.6 million in 2019.

Average nominal interest rates paid on foreign currency-denominated deposits was 1.1%, 0.9%, and 0.7% in 2019, 2020 and 2021, respectively. Average nominal interest paid on Sol-denominated deposits increased from 1.9% in 2019 to 1.2% in 2020 and increased to 0.8% in 2021. NIM (net interest income divided by average interest-earning assets) was 4.10% in 2021, 4.27% in 2020 and 5.54% in 2019. For more detail, see "ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview – (7) Selected Statistical Information".

4.3.2 Provisions for loan losses

The following tables set forth the changes in our allowance for loan losses:

	Year ended December 31,		
	2019	2020	2021
	<i>(in thousands of Soles)</i>		
Provision for credit losses on loan portfolio	(2,100,091)	(6,080,289)	(1,558,951)
Recoveries of written-off loans	254,155	159,781	346,728
Provision for credit losses on loan portfolio, net of recoveries	<u>(1,845,936)</u>	<u>(5,920,508)</u>	<u>(1,212,223)</u>

Provisions for credit losses on loan portfolio, net of recoveries decreased by 79.5% in 2021 to S/1,212.2 million as compared to S/5,920.5 million in 2020 and to S/1,845.9 million in 2019. The contraction reflects the lower provisions across Credicorp's banking businesses, specifically in BCP Stand-alone and Mibanco. This was mainly due to the decrease of provisions in:

- Retail Banking: particularly in the SME-Pyme, Consumer and Credit Card segments, mainly due to (i) a reduction in the Probability of Default and Loss Given Default risk levels due to adjustments to score models and lower delinquency, (ii) a decrease in the volume of advancements between Stages, and (iii) higher clients' income levels, due to an influx of liquidity driven by government facilities.
- Mibanco: mainly driven by (i) methodological adjustments to the PD (Probability of Default) Bottom-Up models related to better payment behaviors, (ii) a decrease in risk levels, which was attributable to an improvement in originations, and (iii) to improvements in collection processes. Additionally, the drop was attributable to an uptick in the recovery of written-off loans.

[Content](#)

- Wholesale Banking: attributable to (i) positive on-time payments, mainly from specific clients who emerged from default, (ii) lower volume of loans that advanced from Stage 2 to Stage 3, and (iii) an uptick in companies' sales.
- BCP Bolivia: decreased to S/5.5 million in 2021, as compared to S/245.3 million in 2020. Reduction was mainly attributable to (i) methodological adjustments to our models, (ii) positive payment behaviors, and (iii) higher recoveries of written-off loans.

Total recoveries of written-off loans reached S/346.7 in 2021, as compared to S/159.8 million in 2020, constituting a 117.0% increase.

4.3.3 Other Income

The following table reflects the components of our other income:

	Year ended December 31,		
	2019	2020	2021
	<i>(in thousands of Soles)</i>		
Commissions and fees	3,232,781	2,912,778	3,493,734
Net gain on foreign exchange transactions	748,382	622,783	920,797
Net gains on securities	546,814	523,082	28,650
Net gains on derivatives held for trading	6,043	40,789	185,271
Net gain from exchange difference	19,520	19,804	34,698
Other	344,229	286,981	263,716
Total other income	4,897,769	4,406,217	4,926,866

Other income, excluding net premiums earned, increased by 11.8% to S/4,926.9 million in 2021, compared to S/4,406.2 million in 2020, which represented a decrease of 10.0% from S/4,897.8 million in 2019. The expansion in 2021 was primarily driven by the higher commission and fees, as well as net gain on foreign exchange transactions.

Commissions and fees increased by 19.9% to S/3,493.7 million in 2021 as compared to S/2,912.8 million in 2020, which was an 9.9% decrease from S/3,232.8 million in 2019. The expansion in commissions and fees from 2020 to 2021 was primarily due to higher transaction rates in line with economic reactivation and new services released in our digital channels.

Net gains on foreign exchange transactions increase by 47.9% to S/920.8 million in 2021 as compared to S/622.8 million in 2020, which was a contraction of 16.8% from S/748.4 million in 2019. Expansion in gains was a result of higher transaction rates in a context of market volatility.

[Content](#)

4.3.4 Insurance Premiums and Claims on Insurance Activities

The following table reflects the earned premiums and claims incurred in connection with our insurance activities:

	Year ended December 31,		
	2019	2020	2021
	<i>(in thousands of Soles)</i>		
Gross written premiums	3,606,774	3,641,917	4,279,422
Technical reserve adjustment	(747,035)	(781,460)	(923,849)
Gross written premiums after adjustments	2,859,739	2,860,457	3,355,573
Premiums ceded to reinsurers, net	(559,160)	(548,024)	(738,706)
Results of assets designated at fair value through profit or loss	93,664	115,627	54,663
Net premiums earned	2,394,243	2,428,060	2,671,530
Net claims incurred for life insurance	(901,239)	(1,244,771)	(1,777,295)
Net claims incurred for general insurance	(315,381)	(194,739)	(254,616)
Net claims incurred for health insurance	(314,798)	(268,603)	(310,006)
Acquisition cost	(365,848)	(361,814)	(333,334)
Total net premiums and claims	496,977	358,133	(3,721)

For further details, please see Notes 25 and 26 to the consolidated financial statements.

4.3.5 Other Expenses

The following table reflects the components of our expenses:

	Year ended December 31,		
	2019	2020	2021
	<i>(in thousands of Soles)</i>		
Salaries and employee benefits	3,411,023	3,312,954	3,668,476
Administrative expenses	2,361,117	2,386,108	2,956,093
Depreciation and amortization	455,033	497,910	521,967
Depreciation for right-of-use assets	169,406	172,005	161,287
Impairment loss on goodwill	-	63,978	-
Other	268,469	758,068	432,263
Total other expenses	6,665,048	7,191,023	7,740,086

Salaries and employee benefits increased by 10.7% to S/3,668.5 million in 2021 as compared to S/3,313.0 million in 2020, which was a 2.9% decrease from S/3,411.0 million in 2019. This was mainly due to an increase in variable compensation in line with higher net income in 2021.

Administrative expenses increased by 23.9% to S/2,956.1 million in 2021 as compared to S/2,386.1 million in 2020, which was a 1.1% increase from S/2,361.1 million in 2019. This was attributable to higher investments and expenses related to digital transformation and disruptive initiatives.

[Content](#)

4.3.6 Exchange difference

The exchange difference reflects exposure to appreciation of net monetary positions in foreign currencies, principally US Dollars, in 2019, 2020 and 2021, to Peruvian Soles. We recorded a gain on exchange difference of S/19.5 million, S/19.8 million and S/34.7 million, respectively.

Credicorp manages foreign exchange risk by monitoring and controlling the position values due to changes in exchange rates. We measure our performance in Soles (since 2014, when we changed our functional currency from US Dollars) such that if the net foreign exchange position (mainly US Dollar) is an asset, any depreciation of Soles with respect to the relevant foreign currency would positively affect Credicorp's consolidated statements of financial position. The current position in a foreign currency comprises exchange rate-linked assets and liabilities in that currency. An institution's open position in individual currencies comprises assets, liabilities and off-balance sheet items denominated in the respective foreign currency for which the institution itself bears the risk; any appreciation/depreciation of the foreign exchange would affect the consolidated statements of income.

As of December 31, 2019, 2020 and 2021, Credicorp's net foreign exchange balance is the sum of its positive open non-Soles positions (net long position) less the sum of its negative open non-Soles positions (net short position). For further details, see "ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT RISK MANAGEMENT – (13) Foreign Currency Exchange Rate Risk".

4.3.7 Income Taxes

We are not subject to income taxes, taxes on capital gains, capital transfers or equity or estate duty under Bermuda law. However, some of our subsidiaries are subject to income tax and taxes on dividends paid to us, depending on the legislation of the jurisdictions in which they generate income.

Peru

Our Peruvian subsidiaries, including BCP Stand-alone, are subject to corporate taxation on income under Peruvian Tax Law. At December 31, 2020 and 2021, the Peruvian statutory income tax rate was 29.5% on taxable profit after calculating the workers' profit sharing, which is determined using a 5.0% rate.

An additional 5.0% withholding tax is applied to dividends, which we register as income tax based on the liquid amount received from BCP Stand-alone, Grupo Credito and Pacifico Seguros. Through Legislative Decree No. 1261, published on December 11, 2016, the withholding tax on dividends for the profits generated was increased according to the following terms:

Rate for the profits generated in the years	%
Until 2014	4.1
2015 and 2016	6.8
From 2017 onward	5.0

Content

Peruvian tax legislation is applicable to legal entities established in Peru, and on an individual (not consolidated) basis. Our non-Peruvian subsidiaries are not subject to taxation in Peru and their assets are not included in the calculation of the Peruvian extraordinary tax on net assets.

The Peruvian Tax Authority has the right to review and, if necessary, amend the annual income tax returns filed by Peruvian subsidiaries up to four years after their filing date. Income tax returns of the major subsidiaries open for examination by the tax authorities are as follows:

-	<i>Banco de Crédito del Perú S.A.</i>	2016 to 2021
-	<i>Mibanco, Banco de la Microempresa S.A.</i>	2016 to 2021
-	<i>Pacífico Compañía de Seguros y Reaseguros S.A.</i>	2017 to 2021
-	<i>Credicorp Capital Servicios Financieros S.A.</i>	2017 to 2021
-	<i>Credicorp Capital Perú S.A.A.</i>	2017 to 2021
-	<i>Credicorp Capital Holding Perú S.A.A.</i>	2017 to 2021

It is important to mention that the Peruvian Tax Authority is auditing the Income Tax declaration of Mibanco for the year 2015 and BCP Stand-alone for 2016 and 2017.

The Tax Authority concluded the audit of BCP Stand-alone for 2014 and 2015, obtaining satisfactory results.

Bolivia

The income tax rate in Bolivia is 25.0% as of December 31, 2020 and December 31, 2021. Financial entities have an additional rate if the ROE exceeds 6.0%; in that case, they must consider an additional 25.0%, with which the rate would be 50.0%. Situation that as of the 2021 administration, was also established for brokerage firms, investment fund management companies and insurance entities.

Chile

In the case of Chile, there were two tax regimes: partially integrated regime and attributed regime. Credicorp Capital Holding Chile and all its Subsidiaries were taxed under the partially integrated regime, whose first category income tax rate for domiciled legal entities was 27.0%. This regime was maintained until December 31, 2019.

With the change in Chile's tax legislation in 2020, two new regimes, which are currently in force, were established: the general regime and the Pro SME regime, for smaller companies. Credicorp Capital Holding Chile, like all its subsidiaries, is taxed under the general tax regime, whose first category income tax rate for domiciled legal entities remains at 27.0% as of December 31, 2021.

[Content](#)

On the other hand, natural or legal persons not domiciled in Chile will be subject to a tax called "Additional income tax" whose rates range between 4.0% and 35.0%, depending on the nature of the rent. Additionally, Chile has signed agreements to avoid double taxation with different countries, so that certain income could be released from withholding taxes or for the use of reduced rates.

Colombia

In the case of Colombia, according to Law No.2155 of 2021 issued on September 14, 2021, the income tax rate for the year 2022 will be 35.0% of taxable income, for financial institutions it will be You must pay some additional points to the income tax and complementary during the following taxable periods.

Financial institutions must pay some additional points to the income tax and complementary during the following taxable periods:

- For the taxable year 2022, 3.0 percent points will be added to the general tax rate, totaling 38.0%.
- For the taxable year 2023, 3.0 percent points will be added to the general tax rate, totaling 38.0%.
- For the taxable year 2024, 3.0 percent points will be added to the general tax rate, totaling 38.0%.

The additional rate will be applicable only to financial institutions that in the corresponding tax year have a taxable income equal to or greater than 120,000 Tax Value Units (UVT), which as of December 31, 2021 is equivalent to a total of S/4.7 million (S/4.5 million as of December 31, 2020); in this sense, Credicorp Capital Colombia, Credicorp Capital Fiduciaria and Mibanco Colombia must pay income tax taking into consideration the above. In the event that the company receives occasional profits, quoted and established by the National Government in the Tax Statute and that are not subject to income tax, the company must apply a differential rate of 10.0% on net profit and expenses. associated respectively.

The Tax Reform Law No. 2155 of 2021 repeals paragraph 1 of article 115 of the Tax Statute, which would allow from the year 2022 to take 100.0% of the industry and commerce tax as a tax discount for income tax, notices and boards. Thus, only 50.0% of the industry and commerce tax, notices and boards can be taken as a tax discount.

In addition to the Tax Reform Law No. 2155 of 2021, the possibility of reducing the term of finality of the income tax return and complementary for the taxable periods 2022 and 2023 is established as follows:

Increase in net income tax compared to the previous year	Firmness of the declaration
35%	6 months
25%	12 months

[Content](#)

The Bolivian, Chilean and Colombian Tax Authorities have the power to review and, if applicable, make a new determination for the income tax the subsidiaries to Credicorp located in said countries, upon presentation of their Income Tax declarations. Additionally, in the case of Colombia, a period of 6 years was established for the taxpayers obliged to apply Transfer Prices or taxpayers who report tax losses. The annual income tax declarations pending examination by the overseas tax authorities are the following:

-	<i>Banco de Crédito de Bolivia S.A.</i>	2016 to 2020
-	<i>Credicorp Capital Colombia S.A.</i>	2016 to 2020
-	<i>Credicorp Capital Holding Chile S.A.</i>	2019 to 2020

Since tax regulations are subject to interpretation by the different Tax Authorities where Credicorp subsidiaries are located, it is not possible to determine at the present date whether any significant additional liabilities may arise from any eventual tax examinations of the Credicorp subsidiaries. Any resulting unpaid taxes, tax penalties or interest that may arise will be recognized as expenses in the year in which they are determined. However, Management of Credicorp and its Subsidiaries and their legal counsel consider that any additional tax assessments would not have a significant impact on the consolidated financial statements as of December 31, 2020 and 2021.

(5) Financial Position

5.1 Total Assets

The following table shows changes to the principal assets of Credicorp from 2019 through 2021:

	2019	2020	2021	2020-2021	2019-2020
	<i>(in millions of Soles)</i>			<i>% Change</i>	<i>% Change</i>
Cash and due from banks	25,987	36,753	39,321	7.0	41.4
Cash collateral, reverse repurchase agreements and securities borrowings	4,289	2,394	1,767	(26.2)	(44.2)
Investments:					
At fair value through profit or loss	3,851	6,467	5,928	(8.3)	67.9
At fair value through other comprehensive income	26,203	43,744	34,758	(20.5)	66.9
Amortized cost	3,477	4,962	8,266	66.6	42.7
Net loans	110,486	127,761	139,120	8.9	15.6
Other assets (1)	13,566	15,325	15,662	2.2	13.0
Total assets	187,859	237,406	244,822	3.1	26.4

(1) Includes financial assets designated at fair value through profit and loss, premiums and other policies receivable, accounts receivable from reinsurers and coinsurers, property, furniture and equipment, due from customers on acceptances, intangible assets and goodwill, and other assets. Also include the payment in favor of Latam Airlines Group S.A. Sucursal Peru for US\$113.9 million (equivalent in soles to S/454.0 million) on account of the Latam Pass Miles that the Bank has been crediting to its customers for the use of their credit and debit cards, and other BCP Latam Pass financial products. Customers can use these miles directly with Latam to exchange tickets, goods or services offered by them.

As of December 31, 2021, Credicorp had total assets of S/244.8 billion, an increase of 3.1% as compared to the total assets of S/237.4 billion in 2020. In 2019, total assets were S/187.9 billion.

[Content](#)

As of December 31, 2021, our total loans, which correspond to direct loans including accrued interest and excluding unearned interest, were S/147.6 billion, which represented 60.3% of total assets. Loan's net of allowance for loan losses totaled S/139.1 billion and grew 8.9% from 2020. As of December 31, 2020, total loans totaled S/137.7 billion representing 58.0% total assets and net of allowance for loan losses totaled S/127.8 million. From December 31, 2019 to December 31, 2020 loans net of allowance for loan losses increased by 15.6%. As of December 31, 2019, total loans totaled S/115.6 billion representing 61.5% total assets and net of allowance for loan losses totaled S/110.5 million. From December 31, 2018 to December 31, 2019 our loans net of allowance for loan losses increased by 4.4%.

Our total deposits with the BCRP decreased to S/25,359.6 million as of December 31, 2021 from S/26,003.4 million as of December 31, 2020 (our total deposits with the BCRP were S/18,367.7 million in 2019). As of December 31, 2021, 2020 and 2019, our securities holdings include investments at fair value through profit or loss, investments at fair value through other comprehensive income and amortized cost investments, which amount to S/48,952.5 million, S/55,173.7 million and S/33,530.5 million, respectively.

- Loan evolution

The increase of 7.2% of Credicorp's total loans from 2020 to 2021 was a result of the dynamics from the Wholesale Banking, SME-Pyme, and Mibanco segments, all of which benefited from economic reactivation after the government started loosening pandemic restrictions while the sanitary situation improved.

Total year-end balances	2019	2020	2021	2020 - 2019	2021 - 2020	2021 - %		2020 - %	
	<i>(in millions of Soles)</i>				<i>% Change</i>		Local Currency	Foreign Currency (1)	Local Currency
BCP Stand-alone (2)	95,549	113,465	122,752	18.8	8.2	70.3	29.7	71.4	28.6
Mibanco	10,728	12,929	13,513	20.5	4.5	99.8	0.2	99.6	0.4
Bolivia	7,620	8,838	9,597	16.0	8.6	-	100.0	-	100.0
ASB Bank Corp.	2,437	2,710	2,652	11.2	(2.1)	1.1	98.9	-	100.0
Others (3)	(724)	(282)	(917)	N/A	N/A	N/A	N/A	N/A	N/A
Total loans	115,610	137,660	147,597	19.1	7.2	66.3	33.7	67.5	32.5

(1) Includes mainly US dollar currency and other foreign currencies (BOB, COP, and CLP).

(2) Includes BCP Panama and BCP Miami, does not include the loan by BCP to Credicorp for the sale of Banco de Credito e Inversiones de Chile shares.

(3) Includes other banking and elimination for consolidation.

In 2021, growth in loans was primarily attributable to the increase in the loan portfolio of BCP Stand-alone, whose loan book grew by 9.4% in average daily balances in line with the following dynamics:

- Retail Banking was the largest contributor to total growth, led by SME-Pyme (increase of S/5,248 million, or 36.5% in average daily balances) and SME-Business (increase of S/2,515 million, or 29.7% in average daily balances), both of which received large inflows of loans from Reactiva Peru and experienced better dynamics by year-end due to seasonality and loosening pandemic restrictions. Other segments that contributed to expansion in this portfolio were the Mortgage segment (increase of S/1,073 million, or 6.3% in average daily balances) and Consumer (segment increase of S/916 million, or 10.0% in average daily balances).

[Content](#)

- Wholesale Banking, which include Middle Market and Corporate Banking segments, also contributed to total growth. Middle Market Banking grew S/2,053 million or 9.4% in average daily balances. By the contrary, Corporate Banking, fell S/657 million or 2.1% in average daily balances, driven by the fact that companies had fewer financial needs given that they had already shored up liquidity at the beginning of the pandemic. Expansion in these segments was also attributable to the exchange rate effect generated by the depreciation of the Sol.

Growth in the total portfolio was also due to the increase in Mibanco's loan balances of 14.6% in average daily balances with respect to 2020, which was primarily associated with operating capabilities, the economic reactivation and year-end seasonality.

BCP Bolivia also performed positively mainly because of the evolution of the exchange rate.

Lastly, ASB Bank Corp. loans continued losing participation and registered a decline of S/65 million or 2.7%. It is important to note that ASB Bank Corp. main business is in asset and wealth management industry.

The following table shows the composition of Credicorp's loan portfolio for loans issued in local currency in year-end balances:

Local currency year-end balances	2019	2020	2021	2020 - 2019	2021 - 2020
	<i>(in millions of Soles)</i>			<i>% Change</i>	
BCP Stand-alone	61,748	81,036	86,298	31.2	6.5
Mibanco	10,671	12,881	13,480	20.7	4.7
ASB Bank Corp.	-	-	28	-	100.0

The following table shows the composition of Credicorp's loan portfolio in foreign currency in year-end balances:

Foreign currency year-end balances	2019	2020	2021	2020 - 2019	2021 - 2020
	<i>(in millions of US Dollars)</i>			<i>% Change</i>	
BCP Stand-alone	10,199	8,956	9,143	(12.2)	2.1
Mibanco	17	13	8	(23.5)	(38.5)
BCP Bolivia	2,299	2,441	2,407	6.2	(1.4)
ASB Bank Corp.	735	748	658	1.8	(12.0)

[Content](#)

The following table shows the composition of Credicorp's loan portfolio, measured in average daily balances.

	2019	2020	2021	2020-2019	2021 – 2020
	<i>(in millions of Soles)</i>			<i>% Change</i>	<i>% Change</i>
BCP Stand-alone	90,936	106,514	116,546	17.10%	9.40%
Wholesale Banking	46,266	52,527	53,923	13.50%	2.70%
Corporate*	28,155	30,786	30,129	9.30%	(2.10%)
Middle-Market*	18,111	21,741	23,795	20.00%	9.40%
Retail Banking	44,670	53,987	62,623	20.90%	16.00%
SME-Business*	5,487	8,474	10,989	54.40%	29.70%
SME-Pyme	9,754	14,390	19,638	47.50%	36.50%
Mortgage*	15,831	16,969	18,042	7.20%	6.30%
Consumer	8,105	9,166	10,082	13.10%	10.00%
Credit card	5,493	4,988	3,871	(9.20%)	(22.40%)
Mibanco	10,080	11,431	13,095	13.40%	14.60%
Mibanco Colombia	-	811	995	-	22.70%
BCP Bolivia	7,334	8,002	8,002	9.3%	9.1%
ASB Bank Corp.	2,452	2,397	2,397	(5.6%)	(2.2%)
Total loans	110,802	129,155	141,933	15.80%	9.90%

• Portfolio quality

In terms of portfolio quality, our internal overdue ratio (which includes loans under legal collection) was 3.77% at the end of 2021, 37 basis points higher than the 3.40% ratio recorded at the end of 2020 (2.86% at the end of 2019). The reported increase over the last year reflects the higher pace of growth in internal overdue loans balances compared to the growth of the total portfolio, as the Government Program Portfolio (which includes Reactiva Peru and FAE loans) grace periods expired. The Non-performing loan ratio increased by 37 basis points from 4.62% in 2020 to 4.99% in 2021. This was mainly due to growth of overdue and refinanced loans, which was primarily attributable to the deterioration in client debt service capacities after grace periods expired and new facilities were offered to clients. As of December 31, 2021, the Government Program (GP) Portfolio represented 13% of Credicorp's total portfolio (in comparison to 18% as of December 31, 2020). It is important to highlight that a large part of the GP Portfolio is backed by state guarantees, whose recovery processes for loans over 90 days past due are underway with the regulatory entities.

Regarding Credicorp's Structural portfolio quality, which excludes the GP Portfolio, the Non-performing loan (NPL) ratio decreased by 74 basis points from 5.61% in 2020 to 4.87% in 2021. This significant improvement is mainly driven by positive loan volumes evolution and strong on-time payments in our banking businesses. This positive evolution was attributable to (i) the economic reactivation, (ii) growth in individuals' liquidity due to Government reliefs, and (iii) an increase in transactional activity. Additionally, NPL's balances were favored by higher write-offs.

[Content](#)

An analysis of the Structural NPL ratio by business segment shows that:

- Wholesale Banking: increased 1 basis points due to specific clients (2.17% for the Structural NPL ratio in 2021 and 2.16% in 2020). As of December 2021, the non-performing loan portfolio was mainly composed of clients from the transportation, energy and leisure and tourism sectors, which were highly affected by the pandemic. This was partially offset by an increase in loan volumes.
- SME-Business: The delinquency ratio increased by 66 basis points in 2021 (10.15% and 9.49% in 2021 and 2020, respectively). This was primarily due to the expiration of facilities, which outpaced loan growth.
- SME-Pyme: a deterioration of 10 basis points was registered, situating its NPL ratio at 15.72% versus 15.62% in 2020. Higher non-performing loans are due to clients that received facilities but were unable to meet payment obligations once the grace periods expired.
- Mortgage: The delinquency level grew in the Mortgage segment, as clients opted for refinancing facilities. In 2021, the ratio stood at 3.56% versus 3.19% in 2020.
- Consumer: The delinquency level in the Consumer sector registered a decline from 10.37% in 2020 to 7.24% in 2021. This was primarily driven by a contraction in the overdue loan portfolio, as individual's liquidity rose after severance indemnity and pensions funds were government-mandated released.
- Credit Card: the segment registered a significant drop of 715 basis points in its delinquency ratio, which situated at 3.30% in 2021 versus 10.45% in 2020. This is the result of higher individual's income levels and expansion of loan volumes, situating the ratio below pre-pandemic levels.
- Mibanco: showed a decrease in the delinquent portfolio balances, in line with the increase in write-offs and positive payment behaviors. The NPL ratio reduced by 310 basis points, from 10.15% in 2020 to 7.05% in 2021.
- BCP Bolivia: NPL ratio improved by 21 basis points, from 1.52% in 2020 to 1.31% in 2021, in line with the improvements of on-time payments, higher write-offs and loan growth.

It is important to keep in mind that traditional delinquency ratios such as internal overdue loan and non-performing loan ratios continue to be distorted by the presence of loans with real estate collateral (commercial and residential properties). This means that a significant portion of loans that are more than 150 days past due cannot be written-off (despite the fact that provisions have been set aside) given that a judicial process must be initiated to liquidate the collateral, which may take several years to culminate.

The Structural Coverage ratio of NPL's decreased from 154.0% in 2020 to 132.0% at the end of 2021. This was mainly due to the contraction of the allowance for loan losses, which outpaced the reduction of the NPL's balances.

[Content](#)

5.2 Total Liabilities

	2019	2020	2021	2021 - 2020	2020 - 2019
	<i>in millions of Soles</i>			<i>% Change</i>	
Time deposits	32,854	28,121	28,668	1.9	(14.4)
Demand deposits	34,213	54,530	58,630	7.5	59.4
Saving deposits	35,180	50,069	56,945	13.7	42.3
Severance indemnity deposits	7,897	7,737	4,017	(48.1)	(2.0)
Bank's negotiable certificates	1,180	1,203	1,328	10.4	1.9
Interest payable	681	705	753	6.8	3.5
Total deposits	112,005	142,365	150,341	5.6	27.1
Payables from to repurchase agreements and security lending	7,678	27,924	22,014	(21.2)	263.7
Due to banks and correspondents	8,842	5,978	7,213	20.7	(32.4)
Bonds and notes issued	14,946	16,320	17,079	4.7	9.2
Other liabilities ⁽¹⁾	17,642	19,374	21,138	9.1	9.8
Total liabilities	161,113	211,961	217,785	2.7	31.6

(1) Includes banker's acceptances outstanding, accounts payable to reinsurers, lease liabilities, financial liabilities at fair value through profit or loss, technical reserves for insurance claims and premiums, deferred tax liabilities, net, and other liabilities.

As of December 31, 2021, we had total liabilities of S/217.8 billion, a 2.7% increase from S/212.0 billion as of December 31, 2020, which was a 31.6% increase as compared to S/161.1 billion in 2019.

As of December 31, 2021, we had total deposits of S/150.3 billion, a 5.6% increase from S/142.4 billion on December 31, 2020, which was a 27.1% increase compared to S/112.0 billion in 2019. The increase in 2021 was driven by growth in savings deposits as a result of the measures taken by the government, specifically facilities to personal clients for draw down funds from Pension funds and severance indemnity accounts, which subsequently transferred to low-cost bank accounts primarily in BCP Stand-alone; and also a growth in demand deposits, particularly non-interest bearing deposits in foreign currency from wholesale and personal clients in ASB Bank Corp. and BCP Stand-alone which sought to increase their exposure related to an increase in the exchange rate

According to the SBS, as of December 31, 2021, Credicorp accounted for 41.1% of total savings deposits, 43.9% of total demand deposits, 28.0% of total time deposits, and 39.3% of total deposits in the Peruvian banking system, the highest of any Peruvian bank in all these types of deposits. In addition, as of December 31, 2021, we were in possession of 47.3% of the entire Peruvian banking system's severance indemnity deposits. We have traditionally attracted a high percentage of the savings, demand, and time deposits market because of our reputation as a sound institution, our extensive branch network, and the quality of our service.

As of December 31, 2021, our total due to banks and correspondents was S/7.2 billion, representing a 20.7% increase from S/6.0 billion as of December 31, 2020, which in turn represented a 32.4% decrease from S/8.8 billion as of December 31, 2019. The increase in 2021 was attributable a higher obligation with local financial institutions at Mibanco and, to a lesser extent, obligations taken with companies in the foreign financial system and with COFIDE at BCP Stand-alone.

[Content](#)

As of December 31, 2021, our total bonds and notes issued were S/17.1 billion, a 4.7% increase from S/16.3 billion as of December 31, 2020, which was a 9.2% increase as compared to S/15.0 billion in 2019. The increase in 2021 was attributable to an increase in the exchange rate PEN/USD given that 78% of the total balance is in foreign currency.

As of December 31, 2021, our payables from repurchase agreements and security lending were S/22.0 billion, a 21.2% decrease from S/27.9 billion as of December 31, 2020, which was a 263.7% increase compared to S/7.7 billion in 2019. During 2021, BCRP instruments witnessed a significant decrease primarily in BCP Stand-alone and slight in Mibanco, driven by the progressive amortization of Reactiva loans disbursements, facilities offered by the Peruvian government.

5.2.1 Funding Structure

At the end of 2021, Credicorp's total funding was S/195.6 billion, which represents a 2.2% increase as compared to S/191.5 billion at the end of 2020 (and S/142.0 billion at the end of 2019).

Credicorp's funding structure shows an on-going growth in total deposits throughout 2021, despite a decrease of Severance indemnity deposits driven by government-mandated facilities to withdrawal 100% of available funds, deposits registered a funding share of 76.9%, as compared to 74.4% at the end of 2020 (and 78.9% at the end of 2019).

The increase in deposits was mainly associated with saving deposits and demand deposits, which increased by 13.7% and 7.5% respectively, as compared to 2020. It is important to note that the shares of savings deposits and non-interest-bearing demand deposits continued to increase within the deposits mix (72.4% at the end of 2021, as compared to 68.6% in 2020 and 56.7% in 2019). Both types of deposits are considered low-cost alternatives within the mix of deposits.

With respect to other funding sources, our analysis shows a decrease in the volume of BCRP instruments in 2021, representing 10.1% of total funding (on December 31, 2020, they represented 13.4% of total funding). This decrease was a result of the amortization of Reactiva Program funding instruments. It is important to mention that these funding sources were administrated at low rates.

Finally, as part of its Liability Management strategy, BCP Stand-alone executed a new issuance of international subordinated bond for US\$500 million in March with a coupon rate of 3.25% and an expiration in 2031 with the objective of reprofiling expiration dates in a context of low market rates. This issuance was used to exchanges of subordinated callable bonds 2026 and 2027 awarded at rates of 6.875% and 6.125% respectively.

[Content](#)

5.3 Total Equity

	2019	2020	2021	2021 - 2020	2020-2019
	<i>in millions of Soles</i>			<i>% Change</i>	
Capital stock	1,319	1,319	1,319	-	-
Treasury stock	(208)	(208)	(208)	-	-
Capital surplus	226	192	229	19.3	(15.0)
Reserves	19,438	21,430	21,364	(0.3)	10.2
Other reserves	1,088	1,866	237	(87.3)	71.5
Retained earnings	4,375	347	3,556	924.8	(92.1)
Equity before non-controlling interest	26,238	24,946	26,497	6.2	(4.9)
Non-controlling interest	508	500	540	8.0	(1.6)
Total equity	26,746	25,446	27,037	6.3	(4.9)

As of December 31, 2021, we had total equity of S/27.0 billion, a 6.3% increase from S/25.4 billion as of December 31, 2020, which was an 4.9% decrease compared to S/26.7 billion as of December 31, 2019.

During 2019, 2020 and 2021, we had 94,382,317 issued shares each at US\$5.00 par value.

As provided in Note 18 to our consolidated financial statements, on December 31, 2021, 14,850,369 of our issued shares were treasury stock. The term “treasury stock,” as used in this Annual Report and our consolidated financial statements, follows the IFRS definition of treasury stock, which includes (i) shares acquired and held by subsidiaries and members of the consolidated group and (ii) shares sold, issued or cancelled in connection with employee share option plans, employee share purchase plans and all other share-based payments arrangements. The term “treasury stock” is not related to the term “treasury shares” as used under the Companies Act 1981 of Bermuda, which defines “treasury shares” (in Section 42B of such Act) as shares that (i) were (or are treated as having been) acquired directly by the company that issued the shares and have not been cancelled and (ii) have been continuously held by the company since they were acquired. Credicorp is not allowed to hold “treasury shares” as such term is used under Bermuda Law. Under Bermuda law, a company cannot (i) exercise any rights with respect to treasury shares, including any right to attend and vote at meetings or (ii) pay dividends with respect to treasury shares.

[Content](#)

We present below the following table presents our treasury stock as of December 31, 2021:

	As of December 31, 2021					
	Shares of the Group		Shared-based payment ⁽¹⁾		Total treasury stock	
	Soles in thousands	Units	Soles in thousands	Units	Soles in thousands	Units
Atlantic Security Holding Corporation	204,326	14,620,846	-	-	204,326	14,620,846
BCP	-	-	1,875	134,133	1,875	134,133
Grupo Credito	-	-	110	7,871	110	7,871
Pacifico Seguros	-	-	321	22,966	321	22,966
Credicorp Capital Servicios Financieros	-	-	217	15,561	217	15,561
Mibanco	-	-	201	14,418	201	14,418
ASB Bank Corp. (Atlantic Security Bank)	-	-	156	11,193	156	11,193
Prima AFP	-	-	90	6,406	90	6,406
Other entities	-	-	237	16,975	237	16,975
Total	204,326	14,620,846	3,207	229,523	207,533	14,850,369

(1) Correspond to Credicorp's long-term compensation program that were granted to its employees and senior management, for which they have the right to vote. These stocks are not vested at December 31, 2021. For further detail refer to Note 20 to the consolidated financial statements and ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS – 7. A Major Shareholders.

At meetings held on February 25, 2021, February 27, 2020, and February 27, 2019, the Board of Directors decided to transfer S/347.0 million, S/1,977.1 million and S/1,858.8 million, respectively, from "Retained earnings" to "Reserves".

During 2021, 2020 and 2019, Credicorp paid cash dividends, net of the effect of treasury stock, of approximately US\$96.5 million, US\$702.1 million and US\$669.7 million, respectively (equivalent to approximately S/398.8 million, S/2,392.8 million and S/2,233.3 million, respectively). Thus, during these years, cash dividend payouts per share totaled US\$1.2, US\$8.8, and US\$8.4, respectively. In accordance with current Peruvian legislation, there is no restriction for overseas remittance of dividends or the repatriation of foreign investment. On December 31, 2019, 2020 and 2021 dividends paid by our Peruvian subsidiaries to Credicorp were subject to a 5% withholding tax.

At meeting held on September 25, 2019, the Board of Directors agreed to make an additional payment of dividends, net of the effect of treasury stock, of approximately US\$188.5 million (equivalent to S/638.1 million) from accumulated results and reserves. These dividends were paid on November 22, 2019.

5.4 Off-Balance Sheet Arrangements

We record various contractual obligations as liabilities in our consolidated financial statements. We do not recognize other contractual arrangements, such as off-balance-sheet exposures, as liabilities in our consolidated financial statements. These other contractual arrangements are required to be registered in off-balance-sheet accounts. We enter into these off-balance-sheet arrangements in the ordinary course of business to provide support to our clients and to hedge risks in our statement of financial position, including through use of guarantees, letters of credit, derivatives and swaps.

[Content](#)

The following table reflects our off-balance sheet arrangements as of December 31, 2019, 2020 and 2021:

	As of December 31,		
	2019	2020	2021
	<i>(in thousands of Soles)</i>		
Off-balance-sheet exposure			
Guarantees and stand-by letters	18,894,456	18,562,120	20,455,238
Import and export letters of credit	2,186,579	2,411,690	2,459,105
Sub Total	21,081,035	20,973,810	22,914,343
Responsibilities under credit line agreements (*)	75,615,563	86,074,859	88,382,322
Derivatives (notional amount)			
Forwards	27,422,634	22,030,623	28,618,406
Currency swaps	8,177,179	9,095,243	15,935,149
Options	1,565,083	426,848	576,398
Interest rate swaps	31,052,559	22,162,392	27,634,201
Cross currency swaps	1,221,030	1,096,911	806,290
Cross currency swaps and interest rate swaps	265,120	-	-
Futures	16,901	32,589	72,165
Sub Total	69,720,506	54,844,606	73,642,609
Total	166,417,104	161,893,275	184,939,274

(*) Lines of credit include consumer loans and other consumer loan facilities (credit card receivables) granted to customers and are cancelable upon related notice to the customer.

In the normal course of business, our banking subsidiaries are parties to transactions with off-balance-sheet risk. These transactions expose them to additional credit risks relative to amounts recognized in the consolidated statements of financial position.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss as a result of any other party to a financial instrument failing to perform in accordance with the terms of the contract. The exposures to losses are represented by the contractual amount specified in the related contracts. We apply the same credit policies in making commitments and conditional obligations as we do for on-balance sheet instruments (see Note 21(a) of the consolidated financial statements), including the requirement to obtain collateral when necessary. The type and amount of collateral held varies, but may include deposits in financial institutions, securities or other assets. Many contingent transactions are expected to expire without any performance being required. Therefore, the total committed amounts do not necessarily represent future cash requirements.

Credicorp has currency-forwards derivatives. Currency-forwards are commitments to buy or sell currency at a future date at a contracted price. Risk arises from the possibility that the counterparty to the transaction will not perform as agreed and from the changes in the prices of the underlying currencies. As of December 31, 2021, and 2020, the nominal amounts for forward currency purchase and sale agreements, which in general have maturities of less than one year, were approximately S/22,030.6 million and S/28,618.4 million, respectively.

These agreements are entered into to satisfy client requirements and are recognized in the consolidated financial statements at their fair value. As of December 31, 2020, and 2021, the forward contracts' net position was approximately (S/6,293.9) million and S/539.9 million, respectively.

Credicorp's swap contracts include interest rate and currency swap contracts, as well as cross-currency swap contracts. Interest rate and currency swap contracts are derivatives contracts, where counterparties exchange variable interest rates for fixed interest rates or different currencies, respectively, in the terms and conditions established at the contract's inception. The risk arises each time the projected level of the variable rate during the term of the contract is higher than the swap rate, as well as from non-compliance with contractual terms by one of the parties. As of December 31, 2021, the notional amount of open interest rate and currency swap contracts was approximately S/43,569.4 million, compared to approximately S/31,257.6 million as of December 31, 2020, see Note 13(b) to the consolidated financial statements.

[Content](#)

Cross-currency swap contracts involve the exchange of interest payments based on two different currency principal balances and referenced interest rates. They generally also include the exchange of principal amounts at the start and end of the contract. As of December 31, 2021, the notional amount of cross-currency swap contracts was approximately S/806.3 million compared to approximately S/1,096.9 million as of December 31, 2020; see Note 13(b) to the consolidated financial statements.

As of December 31, 2021, the fair values of the asset and liability forward-exchange contracts, options, futures and interest rate and cross-currency swaps amounted to approximately S/1,661.6 million and S/1,524.8 million, respectively (compared to approximately S/1,214.5 million and S/1,205.2 million as of December 31, 2020) and are included under the "Other assets and other liabilities" section of the consolidated statements of financial position, respectively, see Note 13(b) to the consolidated financial statements.

(6) Lines of Business (LoBs)

6.1 Universal Banking

6.1.1 BCP Stand-alone

Asset Structure

At the end of 2021, BCP Stand-alone's total assets amounted to S/187.0 billion, which represents a 2.3% increase compared to S/182.9 billion in 2020 (and S/141.9 billion in 2019). The increase in total assets in 2021 was mainly explained by the growth of our loan portfolio, which grew by 8.2% in 2021 totaling S/122.8 billion compared S/113.5 billion in 2020 (and S/95.5 billion in 2019).

In 2021, BCP Stand-alone's total loans grew 9.4%, in average daily balances, driven by growth in Retail Banking led by SME-Pyme, SME-Business, Mortgage and the Consumer segments which experienced better dynamics by year-end due to seasonality and loosening pandemic restrictions. The inflows of loans from Reactiva Peru also contributed to this growth.

For further analysis of our asset structure, please see "*Item 5.A Operating results – (5) Financial position – 5.1 Total Assets – Loan evolution*".

[Content](#)

Portfolio Quality

The internal overdue loan ratio at BCP Stand-alone increased to 3.67% in 2021, compared to 3.19% in 2020 (which represented an increase from 2.69% in 2019). This was mainly driven by the SME and Wholesale Banking segments, specifically due to clients from the Government Program Portfolio. For further analysis of the ratio per business segment, see “*Item 5.A Operating results – (5) Financial position – 5.1 Total Assets – Portfolio quality*” (bullets one to six).

BCP Stand-alone’s provisions for credit losses on loan portfolio, net of recoveries decreased by 82.4%, with respect to 2020 (in comparison to the 230.1% increase in 2020 with respect to 2019) attributable to economic reactivation, growth in individuals’ liquidity due to Government reliefs, and an increase in transactional activity. The decrease in provisions was seen among all segments, situating BCP Stand-alone’s cost of risk at 0.65% in 2021 (in comparison to 3.98% in 2020), representing historic lows.

Funding Structure

At the end of 2021, BCP Stand-alone’s total funding increased by 0.8% (in comparison to 33.8% in 2020 and 4.4% in 2019), due to higher volumes of deposits and lower BCRP instruments, which decreased by 24.6% fueled by amortizations of Reactiva loans.

As a result of (i) higher personal liquidity after AFPs and Severance Indemnity funds were released and (ii) an exchange rate effect, total deposits grew to S/123.8 billion (as compared to S/118.3 billion in 2020 and S/90.8 billion in 2019). The growth mainly due to savings deposits and demand deposits, which grew 14.0% and 5.5% respectively.

Financial Ratios

BCP Stand-alone’s net earnings contribution to Credicorp totaled S/3,312.2 million in 2021, which represented an increase of 446.8% with regard to the S/605.8 million reported in 2020 (and S/3,163.2 million in 2019). This was a result of the lower level of provisions for credit losses, higher net interest income, fee income and net gain from foreign exchange transactions in line with economy reactivation during 2021.

BCP Stand-alone’s ROAE contribution to Credicorp was 18.8% in 2021 (compared to 1.4% in 2020 and 20.4% in 2019). The higher contribution in 2021 reflects (i) an increase in net interest income as government program loans with lower rates were replaced by structural loans with higher rates and (ii) an increase in fee income as a result of higher transactional volumes in line with economic reactivation, despite a challenging regulatory environment.

NIM stood at 3.52% in 2021, representing a decline of 48 basis points with regard to 2020’s NIM of 3.94% (and 4.83% in 2019). This decline was in line with the lower market rates and the impact of Reactiva loans in BCP balances.

[Content](#)

In 2021, the efficiency ratio at BCP Stand-alone stood at 43.4% (versus 40.9% in 2020 and 40.9% in 2019). This was a result of growth in administrative and general expenses and taxes given digital transformation investment and expenses in technology, data analysis and consultancy. In addition, Salaries and Employee Benefits increase, after earnings rose in a context marked by economic reactivation and moves to hire more specialized technical profiles under our digital transformation strategy.

6.1.2 BCP Bolivia

Asset Structure

By the end of 2021, BCP Bolivia's total assets amounted to S/13.8 billion, which represents a 10.4% increase compared to S/12.5 billion in 2020. The increase in the loan portfolio was approximately 8.7%. At the same time, temporary and permanent investments grew by 20.2%. Adjusting for variations in the Peruvian Sol to Boliviano exchange rate, in 2021, the growth rate would have been 0.8% in total assets, (1.0%) in the loan portfolio, and 9.5% in the temporary and permanent investments.

Portfolio Quality

BCP Bolivia's allowance for loan losses fell 98.59% after especially high provision were registered in 2020 due to COVID-19 pandemic. The internal overdue ratio has improved by 8 basis points, from 1.01% in 2020 to 0.94% in 2021.

Funding Structure

By the end of 2021, BCP Bolivia increased its total liabilities by 10.0%, in comparison to the increase of 20.9% in 2020. This includes an increase in total deposits of 7.8%. Adjusting for variations in the Peruvian Sol to Boliviano exchange rate, the growth rate in total liabilities would have been 0.3% and (1.8%) in total customer deposits.

6.2 Microfinance

6.2.1 Mibanco Peru

Asset Structure

Total assets at Mibanco were S/16.2 billion as of December 31, 2021 (compared to S/15.6 billion as of December 31, 2020 and S/13.7 billion as of December 31, 2019). The 3.3% increase in total assets in 2021 reflects growth in the loan portfolio, an increase in short term investments to make excess liquidity more profitable and a decrease in provisions for loans losses as higher provision were registered due to COVID-19 pandemic in 2020.

[Content](#)

On December 31, 2021, Mibanco's loans totaled \$13.5 billion, which represent 4.5% growth with respect to 2020 (compared to 20.5% and 6.8% in 2020 and 2019 respectively). The growth was driven by structural loans, the majority of which were concentrated in the SME-Small segment, which registered a 12.5% increase in its loan level in 2021 (compared to an increase of 15.1% in 2020 and 9.5% in 2019). This was partially offset by a decrease in microbusiness of 11.1% in 2021 (compared to an increase of 46.5% in 2020 and a decrease of 0.9% in 2019). The small business and micro business segments represented a higher share of total loans in 2021 with shares of 61.5% and 27.0% respectively (as compared to 56.5% and 31.4% in 2020 and 60.0% and 26.2% in 2019). Finally, the loan portfolio represented 83.3% of total interest-earning assets in 2021 (as compared to 79.8% in 2020).

Cash and investments decreased by 18.13% in 2021 (as compared to an increase of 23.57% in 2020 and decrease of 18.10% in 2019). This was attributable to a year-over-year decrease in liquid assets that were necessary to cover the outflow of retail time deposits.

Portfolio Quality

Despite the deterioration observed in credit quality during 2020 due to COVID-19 pandemic impacts in the economy, the credit quality improved in 2021 and the cost of risk was situated at 3.2% by the end of 2021 (as compared to 8.4% and 3.8% in 2020 and 2019 respectively). The decrease in cost of risk was primarily driven by methodological adjustments models parameter and to a decrease in risk levels, which was attributable to an improvement in originations, and to collection processes. The coverage ratio for total loans in 2021 was situated at 8.5% (as compared to 14.1% and 8.7% in 2020 and 2019 respectively).

Funding Structure

On December 31, 2021, total liabilities at Mibanco amounted to \$13.8 billion, which represent an increase of 1.9% as compared to \$13.5 billion at the end of 2020 (and \$11.7 billion at the end of 2019). In 2021, Mibanco's funding strategy reflected an increase in due to other banks and in institutional deposits, which were partially offset by the amortizations of the government-backed Reactiva and FAE-Mype loans and a decrease in retail time deposits.

In 2021, total deposits continued to represent the largest source of funding, accounting for 61.1% (as compared to 64.0% in 2020 and 73.4% in 2019) of total liabilities. The significant growth in due to other banks was driven by the amortizations of government-backed Reactiva and FAE-Mype loans and a decrease in Mibanco's share of retail time deposits. Nonetheless, there was a significant increase in institutional time deposits which grew by 14.9%. This new funding structure and lower market rates led our funding cost to fall to 2.22% by the end of 2021 (as compared to 2.28% at the end of 2020 and 4.11% at the end of 2019).

[Content](#)

In 2021, retail time deposits and CTS funds fell as a result of the country's political uncertainty. In that context, Mibanco took advantage of lower market interest rates and at the same time improve its funding structure to cover its funding needs.

Financial ratios

Net earnings at Mibanco totaled S/266.1 million in 2021, as compared to S/379.0 million in net losses in 2020 (and S/401.1 million in net earnings in 2019). Net earnings attributable to Credicorp totaled S/260.2 million in 2021, as compared to net losses of S/370.5 million in 2020 (and net earnings of S/391.7 million in 2019).

Mibanco's ROAE contribution to Credicorp was 11.9% in 2021 (a positive contribution, as compared to its contribution of (18.1%) and 20.1% in 2020 and 2019 respectively). This increase reflects (i) a decline in net provisions for loan losses, in line with better economic modeling scenarios and an improvement in originations and collection processes; and (ii) an increase in net interest income. The aforementioned was partially offset by (i) a decrease in non-interest income driven by lower fees from bancassurances as a result of a decrease in transaction levels during 2021; and (ii) higher operating expenses due to the execution of strategic initiatives.

NIM was situated at 11.9% in 2021 which represents an increase of 101 basis points as compared to last year's NIM (10.8% in 2020 and 14.9% in 2019). The increase in NIM was fueled by growth in the loan portfolio, higher interest rates and more profitable asset mix, which was boosted by a decrease in interest expenses due to lower market interest rates and an improvement in the funding mix.

In 2021, Mibanco's efficiency ratio was 55.8%, which represents a decrease as compared to the 63.1% and an increase to the 53.1% ratios registered for 2020 and 2019 respectively. This result was primarily attributable to an increase in net interest income which was partially offset by operating expenses increase due to higher provisions for contingencies and distribution of profits, as well as execution of strategic initiatives and marketing campaigns.

6.2.2 Mibanco Colombia

At Mibanco Colombia, the loan portfolio totaled \$1,079.3 billion pesos at year-end, which represents an increase of 22.3% year-over-year. The year's growth was sustained by the increase in the productivity (monthly loans disbursed per executive). The microcredit segment registered a stronger pace of recovery and represented 73.08% of total gross loans at the end of December 2021.

The interest income and other income increase were in line with the growth in gross loan. The increases generated were 12% and 10%, respectively.

[Content](#)

Our funding cost fell 156 basis points between 2020 and 2021, which was primarily attributable to liquidity excess in the market and to a decrease in the reference rate, which was situated at 1.75% during the first 9 months of the year. As of December 31, 2021, the reference rate was 3% given the inflationary pressures of the region.

Better macroeconomic expectations and improvements in collection management generated a significant decrease in net provisions for loan losses. NPL ratio 30 days closed at 6%, 146 basis points less than 2020. These facts generated a cost of risk of (0.70%) for the end of 2021.

Finally, Mibanco Colombia's operating expenses increased 1% due to higher salaries and employees' benefits driven by the increase in our loan officers during 2021. In addition, important expenses were made such as: remodeling of agencies, digital transformation, organizational culture and strengthening of administrative positions. The efficiency ratio improved from 96.9% in 2020 to 79.08% in 2021.

6.3 Insurance & Pensions

6.3.1 Grupo Pacifico

Net Profits

Grupo Pacifico's net profit before non-controlling interest reported a loss of (S/130.5) million in 2021, 167.0% lower than its S/194.6 million reported in 2020 (compared to S/381.5 million in 2019). Lower net profit was mainly associated with:

- A decrease in Life insurance business, which totaled (S/341.9) million in 2021, 548.8% lower than the (S/53.7) million reported in 2020 and S/234.8 million in 2019. This decrease was primarily due to an increase in net claims as a consequence of the excess mortality of the second wave of COVID-19, where we have protected thousands of families since the beginning of the pandemic. Pacifico's Life insurance claims topped over S/1 billion, the highest amount paid by any company in the history of the Peruvian insurance market. This was partially offset by an increase in written premiums and higher net financial income.
- A decrease in P&C insurance business, which totaled S/148.5 million in 2021, 17.8% lower than the S/180.7 million reported in 2020 and S/73.5 million in 2019. This decrease is attributable to an increase in net claims as a result of higher case frequency in Medical Assistance, Cars and Commercial Lines due to fewer confinement measures were imposed by the government in 2021 compared to 2020. This was partially offset by an increase in written premiums.
- A decrease in the Corporate health insurance and medical services (only 50% of this business profits corresponds to Grupo Pacifico, given the partnership with Banmedica), which totaled S/53.8 million in 2021, 10.2% lower than the S/59.9 million reported in 2020 and higher than S/53.5 million reported in 2019.

[Content](#)

The aforementioned was partially offset by an increase in the Crediseguro business, which represented \$/8.4 million in 2021, 15.8% higher than the \$/7.3 million reported in 2020 and \$/19.5 million in 2019.

Grupo Pacifico's net profit contribution to Credicorp was (\$/129.3) million in 2021, 167.3% lower than the \$/192.0 million reported in 2020.

Grupo Pacifico reported written premiums of \$/4,339.2 million in 2021, which represented an increase of 17.0% compared to 2020. This was mainly attributable to disability and survivorship, annuities, commercial lines, individual life, medical assistance, and credit life, but attenuated by SOAT.

Written premiums (1)

	2019	2020	2021
	(in thousands of Soles)		
TOTAL WRITTEN PREMIUMS (2)	3,664,067	3,707,525	4,339,198
P&C Business	1,668,763	1,656,302	1,813,579
Commercial Lines	441,540	478,822	586,832
Personal Lines (3)	340,889	332,545	343,639
Automobile	401,512	349,202	348,943
Medical Assistance	484,822	495,733	534,165
Life Business	1,942,239	1,991,417	2,460,277
Annuities Line	471,953	473,303	606,710
Credit Life	488,853	521,296	552,019
Individual Life	381,999	403,782	485,005
Group Life	213,364	223,556	250,321
Disability and Survivorship	386,070	369,480	566,222
Crediseguro	53,066	59,806	65,344

(1) The association with Banmedica stipulates that the corporate health insurance business and medical services (network of clinics, medical centers, and laboratories) must be reported as an investment in subsidiaries and are not consolidates in the Grupo Pacifico financial statements. Both businesses are managed by Banmedica, and Grupo Pacifico receives 50% of net earnings.

(2) Without eliminations

(3) From the year 2019 the Personal Accident line is included in Personal Lines in P&C Business.

[Content](#)

Financial Ratios

Grupo Pacifico's ROAE was (5.0%) in 2021, lower than its return of 6.7% in 2020. This was explained by (i) lower underwriting results in the Life business due to the increase in net claims explained by the excess mortality generated as a consequence of the second wave COVID-19 pandemic, (ii) lower underwriting result in the P&C business was attributable to growth in claims through the Medical Assistance, Cars and Commercial Lines due to an uptick in claims frequency and severity after mobilization. These effects were mitigated by higher net financial income in Life business due to higher financial income, lower impairment loss and higher value fluctuation.

ROAE (1)	2019	2020	2021
Grupo Pacifico	14.1%	6.7%	(5.0%)
Grupo Pacifico (2)	16.5%	8.2%	(6.0%)

- (1) Annualized and average are determined as the average of period beginning and period ending. Includes 50% of corporate health insurance and medical services business results due to the agreement with Banmedica. Figures do not include eliminations for Credicorp's consolidation purposes.
 (2) Exclude unrealized gains or losses.

P&C Insurance Business

Grupo Pacifico's P&C insurance business achieved net profit of S/148.5 million in 2021, which was 17.8% lower than the S/180.7 million reported in 2020. This decrease is attributable to (i) a decrease in underwriting result due to higher net claims, (ii) lower financial net income and (iii) higher operating expenses. This was partially offset by an increase in net premiums and lower underwriting expenses.

The 2021 underwriting result fell 8.3% from 2020, which was mainly attributable to an increase in net claims and higher acquisition cost, which was partially offset by an increase in written premiums.

Net claims increased 17.4% was attributable to growth in claims through the Medical Assistance, Cars and Commercial Lines due to an uptick in claims frequency and severity after mobilization restrictions were lifted in the year. As a result, the loss ratio in 2021 was 46.7% higher than 41.5% in 2020 because of the increase in claims as discussed above.

The net financial income decreased 39.1% from 2020 due to higher impairment loss and loss on sale of securities

Written premiums totaled S/1,813.6 million in 2021, which represented an increase of 9.5% compared to 2020. This increase was mainly attributable to Commercial Lines, due to the volume of policy renewals in Fire, Third-party Liability and Transportation risks; Medical Assistance, due to growth in premium renewals for comprehensive health and oncological products; Cars, due to an increase in renewals in the Brokers and Digital Sales channels, and Personal lines, due to an increase in policy issuances for the credit card product through digital sales and Personal Accidents. The aforementioned is lower than market growth (+15.1%). However, Pacifico maintained the second place in the P&C business with 21.3% of market share as of December 31, 2021, (versus 22.5% at the end of 2020), according to SBS.

[Content](#)

The decrease in the acquisition cost was associated with lower net underwriting expenses given that the expenses registered in 2020 was particularly high in Cars (in line with premium reimbursements in the context of the pandemic). This was attenuated by higher fees attributable to higher written premiums.

Net Profit and Selected Ratios for Grupo Pacifico's - P&C business ⁽¹⁾

	2019	2020	2021
	(in thousands of Soles)		
Written premiums	1,668,762	1,656,303	1,813,578
Ceded premiums	(445,380)	(484,783)	(572,362)
Reserves	(23,942)	(2,607)	(24,147)
Net earned premiums	1,199,440	1,168,913	1,217,069
Net claims	(652,743)	(484,617)	(568,784)
Acquisition cost ⁽²⁾	(263,798)	(256,896)	(256,183)
Underwriting result	282,899	427,400	392,102
Net financial income	78,760	56,190	34,201
Total expenses	(275,495)	(267,490)	(272,894)
Other income/loss	12,963	11,362	21,126
Translation result	(2,988)	5,269	21,116
Gain (loss) from Grupo Pacifico and Banmedica agreement	(22,636)	(52,020)	(47,176)
Income tax	-	-	-
Income before minority interest	73,502	180,711	148,475
Non-controlling interest	-	-	-
Net profit	73,503	180,711	148,475
Loss ratio ⁽³⁾	54.4%	41.5%	46.7%
Acquisition cost ratio ⁽⁴⁾	22.0%	22.0%	21.0%
Operating expenses / net earned premiums	23.0%	22.9%	22.4%
Combined ratio of P&C ⁽⁵⁾	99.4%	86.3%	90.2%

- (1) Financial statements without consolidation adjustments.
- (2) Fees + Underwriting expenses, net
- (3) Net claims / Net earned premiums.
- (4) Acquisition cost / net earned premiums
- (5) (Net claims / Net earned premiums) + [(Acquisition cost + Total expenses) / Net earned premiums].

Life Insurance Business

Grupo Pacifico's life insurance business's net profit was (S/341.9) million in 2021, which was 536.9% below the (S/53.7) million reported in 2020. This decrease was mainly attributable to (i) a significant uptick in net claims, (ii) higher acquisition cost and total expenses and (iii) lower other income and translations results. These effects were mitigated by an important increase in written premiums and higher net financial income.

[Content](#)

In 2021, net claims increased by 44% compared to 2020, due to the excess mortality generated as a consequence of the second wave COVID-19 pandemic, mainly in D&S and Credit Life. This resulted in an increased loss ratio from 55.5% in 2020 to 80.5% in 2021.

Grupo Pacifico's life insurance business reported written premiums of S/2,460.3 million in 2021, which represented an increase of 23.5% compared to 2020. This result is explained by the country's economic recovery, mainly attributable to (i) D&S, which experienced an uptick in premium collections under the new SISCO V regimen via an increase in the premium rate; (ii) Annuities, due to growth in sales of Survivorship Annuities; (iii) Individual Life, which registered higher sales and an exchange rate effect; (iv) Credit life through the bancassurance channel due to higher sales; and (v) Group Life mainly by Statutory Life product. All these effects contributed to maintaining Grupo Pacifico's leadership in the market, according to the SBS.

The acquisition cost ratio increased in 2021 compared to 2020 mainly due to the increase in fees in Individual life and Credit life according to higher premiums.

Financial income grew by 24% in 2021 compared to 2020 as a result of the increase in financial income as a result of an optimal investment management in terms of profitability and control, despite the volatile capital context during the second wave COVID-19 pandemic and the political situation.

Net Profit and Selected Ratios for Grupo Pacifico's- Life business (1)

	2019	2020	2021
	(in thousands of Soles)		
Written premiums	1,942,239	1,991,417	2,460,276
Ceded premiums	(113,551)	(108,054)	(206,584)
Reserves	(657,542)	(654,610)	(852,876)
Net earned premiums	1,171,146	1,228,753	1,400,816
Net claims	(882,953)	(1,210,213)	(1,742,093)
Acquisition cost (2)	(427,474)	(439,226)	(462,563)
Underwriting result	(139,281)	(420,686)	(803,840)
Net financial income	487,383	499,805	619,928
Total expenses	(122,006)	(130,005)	(138,822)
Other income/loss	6,236	4,511	2,353
Translations results	2,468	(7,314)	(21,567)
Income before minority interest	234,800	(53,689)	(341,948)
Non-controlling interest	-	-	-
Net profit	234,800	(53,689)	(341,948)
Loss ratio (3)	33.6%	55.5%	80.5%
Acquisition cost ratio (4)	36.5%	35.7%	33.0%
Operating expenses / net earned premiums	10.4%	10.6%	9.9%
Combined ratio of Life (5)	80.5%	104.1%	123.5%

(1) Financial statements without consolidation adjustments.

(2) Fees + underwriting expenses, net

(3) (Net claims + Financial Income without real estate sales, impairment loss and fluctuation) / Net earned premiums.

(4) Acquisition cost / net earned premiums

(5) (Net claims + Financial Income without real estate sales, impairment loss and fluctuation + Reserves / Net earned premiums) + [(Acquisition cost + Total expenses) / Net earned premiums].

Corporate Health and Medical Services Insurance Business

Corporate health insurance and medical services achieved a net profit of S/107.6 million in 2021, which was 10.2% lower than the S/119.7 million reported in 2020. This decrease in net profit can be attributed to a lower net profit in corporate health insurance, as a result of a higher expense for COVID-19 claims and also for the recovery of claims for other diseases, while in 2020 there is a lower consumption of claims during the first semester of 2020 (pandemic quarantine). The decrease in net profit was offset by an increase in medical services income, which was mainly attributable to health clinics and specialized clinics (S/102.3 million in 2021 versus S/28.2 million in 2020) as a result of an increase in the demand for services.

[Content](#)

Net Profit and Selected Ratios for Grupo Pacifico's Corporate Health Insurance & Medical Services (1)

	2019	2020	2021
	(in thousands of Soles)		
Written premiums	1,013,346	1,131,466	1,195,094
Ceded premiums	(6,483)	(12,706)	(15,086)
Reserves	(373)	651	(7,610)
Net earned premiums	1,006,490	1,119,411	1,172,398
Net claims	(848,003)	(854,107)	(1,019,908)
Acquisition cost (2)	(59,991)	(57,659)	(62,093)
Underwriting result	98,496	207,645	90,397
Net financial income	4,985	5,851	6,217
Total expenses	(74,902)	(86,281)	(88,112)
Other income/loss	5,223	3,199	3,502
Translation results	115	3,352	6,659
Income tax	(10,538)	(42,202)	(13,436)
Net profit Corporate health insurance	23,379	91,564	5,227
Medical Services	77,027	28,180	102,352
Net profit	100,406	119,744	107,579
Loss ratio (3)	84.3%	76.3%	87.0%
Acquisition cost ratio 4)	6.0%	5.2%	5.3%
Operating expenses / net earned premiums	7.4%	7.7%	7.5%
Combined ratio (5)	97.7%	89.2%	99.8%

- (1) Financial statements without consolidation adjustments.
- (2) Fees + underwriting expenses, net
- (3) (Net claims) / Net earned premiums.
- (4) Acquisition cost / net earned premiums
- (5) (Net claims / Net earned premiums) + [(Acquisition cost + Total expenses) / Net earned premiums].

Underwriting, Actuarial and Reinsurance

Underwriting guidelines for substantially all the risks associated with the P&C and corporate health insurance business are developed by profit centers in collaboration with the actuarial staff. Grupo Pacifico's P&C insurance business unit has an engineering staff that ensures that most medium and medium-to-large commercial properties are insured for risks prior to underwriting, while third party surveyors are employed to inspect smaller and/or lower risk properties. Pricing and underwriting guidelines, rates, and approval thresholds for these risks, are periodically reviewed by the staff, reported to the Risk and Pricing Committees, and continuously monitored to ensure that they are within competitive market conditions and profitability targets.

Grupo Pacifico's P&C insurance business transfers risks to reinsurers in order to limit maximum aggregate potential losses and minimize exposures to large individual risks. Reinsurance companies are chosen based on the evaluation of the credit quality of the reinsurer, financial rating, terms of coverage and price. The P&C insurance business acts as a reinsurer on a very limited basis, providing excess facultative reinsurance capacity to other Peruvian insurers that are unable to satisfy their reinsurance requirements and/or the interests of Peruvian clients in the Latin American region.

Historically, Grupo Pacifico's P&C insurance business has obtained reinsurance for a substantial portion of its earthquake-related insurance portfolio through excess loss reinsurance treaties. In 2012, Grupo Pacifico's P&C insurance business negotiated proportional reinsurance support for this portfolio, which it maintains as of December 31, 2021. The insurance business has property catastrophe reinsurance coverage that covers its probable maximum loss under local regulatory requirements. However, there is no guarantee that a major catastrophe would not have a material adverse impact on Grupo Pacifico's financial condition and/or its operations.

In 2021, Grupo Pacifico's total ceded reinsurance premiums totaled approximately US\$197.0 million (approximately 18.2% of total group written premiums), of which approximately 90% were ceded to carriers with A- and above ratings.

Grupo Pacifico's life insurance business holds excess loss reinsurance contracts for its individual life, personal accident, group life and credit life products; in the case of work compensation risk insurance and D&S products, a quota share contract is held. Catastrophic reinsurance contracts cover all of Grupo Pacifico's lifelines (Individual Life, Personal Accident, Group Life, Credit Life, SCTR and D&S), except for the annuity line. Life premiums ceded to reinsurers represented less than 8.5% of the life insurance businesses written premiums in 2021.

[Content](#)

Investment Portfolio

Grupo Pacifico's investments are primarily made to meet its solvency equity ratio and provide reserves for its claims. Investments are managed by product within P&C and life insurance business; and are designed to contain sufficient assets to match the company's liabilities. Grupo Pacifico has adopted strict policies related to investment decisions that are reviewed and approved by Grupo Pacifico's Board of Directors on a monthly basis. Grupo Pacifico invests in local and international markets, emphasizing investments in Peru, the United States, and Latin America.

As of December 31, 2021, the market value of Grupo Pacifico's investment portfolio was S/14,021 million, which included mainly S/11,542 million in fixed income instruments, S/1,370 million in investment properties, S/707 million in equity securities, and S/402 million in alternative investments. This diversified portfolio follows an asset-liability management strategy focused on cash flow, duration, and currency matching of assets (portfolio) and liabilities (reserves), as well as on supporting Grupo Pacifico's capital structure. Grupo Pacifico's financial income increased by 18% in 2021 to S/654.3 million from S/555.9 million in 2020.

6.3.2 Prima AFP

As of December 31, 2021, the number of affiliates in Prima AFP was 2.3 million, slightly lower than the 2.4 million in 2020 and 2.4 million in 2019.

Prima AFP's funds under management reached S/40.1 billion in 2021, which was 19.4% lower than the S/49.8 billion in 2020 and 26.0% lower than the S/54.2 billion in 2019. The decrease was mainly due to fund withdrawal approved by the government in response to the COVID-19 pandemic. In 2021, nominal annual yields were 0.7%, -2.2%, 6.4%, and 18.9% for Funds 0, 1, 2, and 3, respectively. Since 2006, Prima AFP's nominal annualized yields were 6.5%, 7.6%, and 6.8% for Funds 1, 2, and 3 respectively.

Prima AFP's revenues were S/378.7 million in 2021, higher than S/352.1 million in 2020 and lower than S/403.3 in 2019.

Additionally, operating expenses amounted to S/189.5 million in 2021, which was an increase as compared to S/162.3 million in 2020 and S/172.1 million in 2019. This increase was mainly due to higher projects, technology, and personnel expense.

Prima AFP's net profit was S/146.1 million in 2021, which was a decrease compared to S/148.1 million and S/196.6 million in 2020 and 2019, respectively. In 2021, Prima AFP's ROAE increased to 22.9% compared to 21.2% in 2020 and decreased compared to 29.5% in 2019.

[Content](#)

The following table summarizes the administration fees charged by the AFPs' for PPS in 2021:

AFP	Remuneration scheme	Mixed-commission scheme	
	Monthly fee on salary	Monthly fee on salary	Annual fee on funds
Prima AFP	1.60%	0.18%	1.25%
AFP Integra	1.55%	0.00%	0.79%
Profuturo AFP	1.69%	0.28%	1.20%
AFP Habitat	1.47%	0.23%	1.25%

As of December 31, 2021, Prima AFP had S/839.8 million in assets (compared to S/1,107.7 million and S/982.6 million as of December 31, 2020 and December 31, 2019, respectively), S/265.2 million in liabilities (compared to S/407.5 million and S/284.7 million as of December 31, 2020 and December 31, 2019, respectively), and shareholders' equity of S/574.6 million (compared to S/700.2 million and S/697.9 million as of December 31, 2020 and December 31, 2019, respectively).

6.4 Investment Banking and Wealth Management

Our Investment Banking and Wealth Management LoB registered a net profit attributable to Credicorp of S/163.9 million in 2021. During this year, we faced a particularly challenging context in which, in addition to the challenges brought by the COVID-19 pandemic, we went through periods of high political uncertainty and social instability in the region. This situation had an impact on the performance and dynamism of our business units, especially those with higher volatility, and tested the company's ability to adapt to the new needs of our customers while developing ongoing key strategic projects for our future growth. This year, despite the difficult conditions and adversities, we maintained our leadership position in financial advisory services to the region's main companies, reaching total revenues that exceeded 2020 figures by 8%.

6.4.1 Corporate Finance

Our Corporate Finance business was affected by a context in which both economic and market conditions proved unfavorable for the execution of corporate transactions. However, we achieved to execute a series of large-scale transactions throughout 2021 (mainly towards the last quarter of the year), including the structuring of the loans granted to Aeropuertos del Peru, Cementos Pacasmayo, Ferrocarril Central Andino and Universidad Tecnologica del Peru in Peru; and a series of transactions in Colombia (especially in Advisory and M&A) where the business grew considerably as compared to the previous year.

[Content](#)

6.4.2 Asset Management

In our Asset Management business, market conditions driven by the political and social context led to early withdrawals from local traditional funds during the second and third quarters of the year. This was mainly attributable to Peru, where Mutual Funds lost assets under management by almost 50% between April (where the first round of the presidential elections took place) and the end of the year. However, local asset outflows were partially offset as part of this funds migrated to our offshore platforms, where we offer proprietary funds under regional strategies (such as our Vision Global funds and Luxembourg funds) and third-party funds to our private banking and institutional clients. Clients were attracted by an offer of products that maintained international standards and competitive returns, as well as an investment team with knowledge and specialization in the Latin American market.

By the end of the year, total assets under management, including institutional and retail clients, exceeded S/94 billion, representing a decrease of 1.5% compared to the previous year. Nonetheless, revenues exceeded results in 2020 by 29%, boosted by the growth in traditional and third-party offshore funds (especially from Peruvian clients), higher revenues from distribution of third-party products (especially in Chile and Colombia) and a continued development of a regional platform of alternative funds.

One of the main objectives for the business is to expand our offering outside the region, mainly through our platform fund in Luxembourg, which, in 2021, exceeded US\$790 million in assets under management among four funds, with a significant participation of institutional clients within the region. We plan to continue enhancing our Luxembourg platform with new strategies, as well as reaching new pockets of funds in foreign markets through alliances with placement agents in Europe and the United States.

	Asset Management Assets under Management		
	2019	2020	2021
	<i>(in millions of Soles)</i>		
Assets under management – Peru ⁽¹⁾	24,832	34,815	29,074
Assets under management – Colombia	12,153	23,906	27,853
Assets under management – Chile	24,494	37,112	37,512
Total assets under management	61,479	95,834	94,438
Total assets under custody	68,829	85,127	83,538

(1) Includes assets under management in ASB Bank Corp. Includes assets under management for which there is a service agreement between ASB and Credicorp Capital for the latter to perform functions as Portfolio Manager (ASB Bank Corp. funds in millions of Soles are: S/5,563, S/6,490 and S/10,672 in 2019, 2020 and 2021 respectively).

[Content](#)

6.4.3 Capital Markets

Our Capital Markets business was significantly affected by the volatility introduced by the political and social context in the region. Revenues in the management of proprietary trading positions, including long and short positioning strategies, together with hedging strategies with derivatives instruments, decreased as compared to 2020. On the other hand, our sales business saw higher traded volumes in Peru, as our private banking clients settled their equity positions as a measure to reduce their exposure to the local market; and higher revenues from the Corporate segment in Colombia and Chile; allowing us to match 2020 revenues and to maintain our leadership in both fixed income and equities intermediation.

It should be noted that, in alignment with the company's strategy of jointly managing the businesses of Credicorp Capital and ASB Bank Corp., a Chilean Equity proprietary portfolio, a Peruvian Local Fixed Income portfolio and an International Fixed Income portfolio are managed in ASB Bank Corp.

Capital Markets Securities Portfolio

Traded volume	2019	2020	2021
	<i>(in millions of Soles)</i>		
Equity securities – Peru ¹	7,594	8,753	10,485
Fixed income – Peru ¹	44,065	49,032	58,321
Equity securities – Colombia ²	16,154	12,027	10,521
Fixed income – Colombia ²	191,248	148,028	141,427
Equity securities – Chile ³	23,834	13,422	18,969
Fixed income – Chile ³	99,931	59,710	35,242

(1) Peru: BVL information. Fixed income data also includes information from Datatec platform. Does not include repo operations.

(2) Colombia: Colombia Stock Exchange information. Fixed income data also includes *Banco de la República*'s information. Does not include repo operations.

(3) Chile: Santiago Stock Exchange information. Fixed income data includes financial intermediation operations. Equity securities include operations with investment fund shares and foreign stock. Does not include repo operations.

6.4.4 Wealth Management

Our Wealth Management business saw varied results across countries: Revenues grew in Peru and Chile but were partially offset by lower income in Colombia. Total revenues increased 37% as compared to 2020 and assets under management reached a total of S/65.3 billion (an increase of 5.1% as compared to 2020).

In Peru, the business was also impacted by the conditions set by the political and social context. Significant outflows were recorded in our onshore platform, as a risk-mitigation measure from our clients to reduce their exposure to the local markets due to political instability. As mentioned above, clients placed early withdrawals from traditional local funds and settled their equity positions in the local capital markets. However, local outflows were offset as funds migrated to our offshore platforms, where we also registered fresh funds inflows. As a result, assets under management increased in Peru as compared to 2020. Likewise, revenues were boosted by increased offshore proprietary and third-party funds; larger traded volumes in brokerage; increased deposit balances; and Victus, our Multi Family Office service. It should be noted that revenues were also boosted by an important reversal of provisions for impairment of some private banking clients.

[Content](#)

In Chile, both revenues and assets under management increased as compared to 2020, driven by higher traded volumes in asset management products and brokerage; and by an important client outreach effort in Vicctus. In Colombia a reduced number of bankers and changes in the advisory model led to lower revenues in brokerage and asset management products. However, assets under management increased as compared to 2020, measured in local currency.

It should be noted that, in 2020, we launched Vicctus, our renewed Multi Family Office service for the ultra-high-net-worth clientele of the region led by a senior and highly talented team. Vicctus, among other things, offers the most exclusive investment opportunities, specialized services beyond financial and investment advisory, direct access to the United States, and the possibility to provide advisory services within third party platforms.

Wealth Management Assets under Management

	2019	2020	2021
	<i>(in millions of Soles)</i>		
Assets under management – Peru ⁽¹⁾	41,600	41,357	43,786
Assets under management – Colombia	5,315	10,344	10,124
Assets under management – Chile	8,921	10,428	11,393
Total assets under management ⁽²⁾	55,836	62,129	65,303
Total Clients ⁽³⁾	4,083	5,300	5,911

(1) Includes assets under management booked in ASB Bank Corp.

(2) Includes Asset Management products for S/15,548, S/19,958, and S/19,689 million as of 2019, 2020 and 2021, respectively.

(3) Estimated. Includes clients with net worth over US\$1 million.

6.4.5 Other Relevant Businesses

Our Trust Services Business, which mainly includes income from custody of securities in Peru and administration of trusts in Peru and Colombia, had a positive year in 2021 with a growth of 18% as compared to 2020. Finally, the long-term portfolio managed in ASB Bank Corp. went from an approximated balance of US\$501 million at the end of 2020 to just under US\$490 million at the end of 2021, aligned with the defined Strategic Asset Allocation for this year.

[Content](#)

5.B Liquidity and Capital Resources

(1) Capital Adequacy and Solvency Management

1.1 Credicorp

Our solvency buffers, measured by either regulatory or internal capital ratios, are deemed appropriate in order to comply with both current and expected capital requirements and support our business growth in the coming years. In a similar fashion, our working capital and other liquidity measures are deemed sufficient for current and projected business and regulatory requirements.

The following table shows regulatory capital and capital adequacy requirements applicable to the financial group under IFRS rules, as of December 31, 2019, 2020, and 2021:

	Regulatory Capital and Capital Adequacy Ratios		
	2019	2020	2021
	In millions of Soles		
Capital stock	1,319	1,319	1,319
Treasury stocks	(208)	(208)	(208)
Capital surplus	226	193	229
Legal and other capital reserves (1)	19,438	21,430	21,364
Minority interest (2)	393	443	420
Loan loss reserves (3)	1,691	1,838	2,001
Perpetual subordinated debt	-	-	-
Subordinated debt	4,410	5,491	6,125
Investments in equity and subordinated debt of financial and insurance companies	(701)	(716)	(713)
Goodwill	(835)	(821)	(797)
Deduction for subordinated debt limit (50% of Tier I excluding deductions) (4)	-	-	-
Deduction for Tier I limit (50% of regulatory capital) (4)	-	-	-
Total Regulatory Capital (A)	25,733	28,969	29,740
Tier I (5)	14,010	15,313	15,352
Tier II (6) + Tier III (7)	11,722	13,657	14,389
Financial Consolidated Group (FCG) Regulatory Capital Requirements	20,751	20,136	18,530
Insurance Consolidated Group (ICG) Capital Requirements	1,200	1,304	1,431
FCG Capital Requirements related to operations with ICG (8)	(329)	(467)	(513)
ICG Capital Requirements related to operations with FCG (9)	-	-	-
Total Regulatory Capital Requirements (B)	21,622	20,973	19,448
Regulatory Capital Ratio (A) / (B)	1.19	1.38	1.53
Required Regulatory Capital Ratio (10)	1.00	1.00	1.00

(1) Legal and other capital reserves include restricted capital reserves (PEN 13,465 million) and optional capital reserves (PEN 5,972 million).

(2) Minority interest includes Tier 1 (PEN 000 million)

(3) Up to 1.25% of total RWAs of Banco de Credito del Peru, Solucion Empresa Administradora Hipotecaria, Mibanco and Atlantic Security Bank.

(4) Tier 2 + Tier 3 cannot be more than 50% of total regulatory capital.

(5) Tier 1 = capital + restricted capital reserves + Tier 1 minority interest - goodwill - (0.5 x investment in equity and subordinated debt of financial and insurance companies) + perpetual subordinated debt.

(6) Tier 2 = subordinated debt + Tier 2 minority interest tier + loan loss reserves - (0.5 x investment in equity and subordinated debt of financial and insurance companies).

(7) Tier 3 = Subordinated debt covering market risk only.

(8) Includes regulatory capital requirements of the financial consolidated group.

(9) Includes regulatory capital requirements of the insurance consolidated group.

(10) Regulatory Capital / Total Regulatory Capital Requirements (legal minimum = 1.00).

[Content](#)

1.2 BCP Stand-alone and Mibanco

BCP Stand-alone and Mibanco actively manage their capital resources, in order to comply with both solvency regulatory requirements and their own internal limits.

In March 2021, BCP Stand-alone successfully made a tender offer of its subordinated debt maturing in 2026 and 2027, where a combined amount of US\$477 million of the outstanding debt was redeemed and new Tier 2 notes maturing in 2031 for US\$500 million were issued instead. The successful tender offer effectively extended BCP Stand-alone's bond maturity profile while helping BCP Stand-alone maintain an efficient capital structure.

In December 2020, Mibanco generate capital contributions for a total of S/400.1 million. Subsequently, in March 2021, portfolio provisions were established in line with that recommended by SBS and complying with the conditions stipulated in official letter 42138-2020-SBS. This reduced the capital previously contributed and reflected the Board's decision to support management needs in the context of the COVID-19 pandemic.

In December 2020, a capital increase was executed for Mibanco Colombia for 75,000 million COP to strengthen future growth under the strategic plan in place.

For transparency purposes and to demonstrate the calculation of the CET1 ratio, Credicorp periodically discloses BCP Stand-alone and Mibanco's adjusted total RWAs.

The following table presents regulatory capital information for BCP Stand-alone and Mibanco as of December 31, 2019, 2020 and 2021:

BCP Stand-alone Regulatory Capital and Capital Adequacy Ratios (in millions of Soles)

	2019	2020	2021
Capital stock	10,217	11,067	11,317
Legal and other capital reserves	4,695	6,167	6,708
Accumulated earnings with capitalization agreement	850	-	-
Loan loss reserves (1)	1,367	1,596	1,735
Perpetual subordinated debt	-	-	-
Subordinated debt	3,981	4,817	5,397
Unrealized gain (loss)	-	-	-
Investment in subsidiaries and others, net of unrealized profit and net income	(1,581)	(2,315)	(2,264)
Investment in subsidiaries and others	(1,965)	(2,298)	(2,436)
Unrealized profit and net profit in subsidiaries	384	(17)	172
Goodwill	(122)	(122)	(122)
Total regulatory capital	19,407	21,210	22,771
Tier 1 (2)	14,850	14,784	15,143
Tier 2 (3) + Tier 3 (4)	4,558	6,426	7,629
Total RWAs	134,129	142,043	152,376
Credit RWAs	122,234	125,874	137,707
Market RWAs (5)	2,264	4,859	2,409
Operational RWAs	9,631	11,309	12,260
Capital ratios			
Tier 1 ratio (6)	11.07%	10.41%	9.94%
CET1 ratio (7)	12.35%	11.40%	11.84%
BIS ratio (8)	14.47%	14.93%	14.94%
RWAs / Regulatory capital	6.91	6.70	6.69

(1) Up to 1.25% of total RWAs.

(2) Tier 1 = Capital + Legal and other capital reserves + Accumulated earnings with capitalization agreement + (0.5 x Unrealized profit and net profit in subsidiaries) - Goodwill - (0.5 x Investment in subsidiaries) + Perpetual subordinated debt (maximum amount that can be included is 17.65% of Capital + Reserves + Accumulated earnings with capitalization agreement + Unrealized profit and net profit in subsidiaries - Goodwill).

(3) Tier 2 = Subordinated debt + Loan loss reserves + (0.5 x Unrealized profit and net profit in subsidiaries) - (0.5 x Investment in subsidiaries).

(4) Tier 3 = Subordinated debt covering market risk only. Tier 3 exists since 1Q10.

(5) It includes capital requirement to cover price and rate risk.

(6) Tier 1 / RWAs

(7) CET1 = Capital + Reserves - 100% of applicable deductions (investment in subsidiaries, goodwill, intangibles, and net deferred taxes that rely on future profitability) + retained earnings + unrealized gains.

(8) Regulatory Capital / RWAs (legal minimum = 10% since July 2011).

[Content](#)

As of December 31, 2021, BCP Stand-alone's regulatory capital was 14.94% of its unconsolidated RWAs. As of December 31, 2020, and December 31, 2019, BCP Stand-alone's regulatory capital was 14.93% and 14.47% of its unconsolidated RWAs, respectively.

Mibanco - Regulatory Capital and Capital Adequacy Ratios (in millions of Soles)

	2019	2020	2021
Total regulatory capital	1,667	2,450	2,305
Tier 1 (1)	1,397	2,184	1,962
Tier 2 (2)	271	266	343
Total RWAs	11,536	12,357	14,088
Credit RWAs	10,759	10,315	12,018
Market RWAs (3)	79	135	181
Operational RWAs	698	1,907	1,889
Capital ratios			
Tier 1 ratio (4)	12.11%	17.67%	13.93%
CET1 ratio (5)	15.70%	17.70%	14.87%
BIS ratio (6)	14.45%	19.82%	16.36%
RWAs / Regulatory capital	6.92	5.04	6.11

- (1) Tier 1 = Capital + Legal and other capital reserves + Accumulated earnings with capitalization agreement + (0.5 x Unrealized profit and net profit in subsidiaries) - Goodwill - (0.5 x Investment in subsidiaries) + Perpetual subordinated debt (maximum amount that can be included is 17.65% of Capital + Reserves + Accumulated earnings with capitalization agreement + Unrealized profit and net profit in subsidiaries - Goodwill)
- (2) Tier 2 = Subordinated debt + Loan loss reserves + (0.5 x Unrealized profit and net profit in subsidiaries) - (0.5 x Investment in subsidiaries).
- (3) It includes capital requirement to cover price and rate risk.
- (4) Tier 1 / RWAs
- (5) CET1 = Capital + Reserves - 100% of applicable deductions (investment in subsidiaries, goodwill, intangibles and net deferred taxes that rely on future profitability) + retained earnings + unrealized gains.
- (6) Regulatory Capital / RWAs (legal minimum = 10% since July 2011)

As of December 31, 2021, Mibanco Peru regulatory capital was 16.36% of its unconsolidated RWAs. As of December 31, 2020, and December 31, 2019, Mibanco Peru regulatory capital was 19.82% and 14.45% of its unconsolidated RWAs, respectively.

As of December 31, 2021, BCP Stand-alone's and Mibanco's CET1 ratio were 11.84% and 14.87%, of their respective unconsolidated RWAs and above their corresponding limits of 11.00% and 15.00%.

1.3 Grupo Pacifico

Grupo Pacifico has solid solvency indicators given the equity requirements of the insurance business, which has allowed the capacity of Grupo Pacifico to satisfy its obligations to its policyholders and thus have an adequate level of financial leverage.

[Content](#)

The following table shows the regulatory capital adequacy requirements applicable to Grupo Pacifico, as of December 31, 2019, 2020 and 2021:

	As of December 31,		
	2019	2020	2021
Grupo Pacifico Regulatory Ratios			
<i>(in thousands of Soles)</i>			
(A) Capital Adequacy	1,557,115	1,749,908	1,683,534
(B) Regulatory Capital Requirement	1,199,849	1,304,266	1,430,566
(B.1) Solvency I Required capital	889,111	966,023	1,059,693
(B.2) Security Fund	310,738	337,581	370,329
(B.3) Credit risk	-	-	-
(B.4) Other Capital Requirement	-	662	544
(C) Leverage	702,761	910,440	1,063,610
Surplus 1 = (A) - (B)	357,266	445,642	252,968
Ratio (A)/(B)	1.30	1.34	1.18
Surplus 1 = (A) - (C)	854,354	839,468	619,924
Ratio (A)/(C)	2.22	1.92	1.58

(2) Cash flows and Capital Expenditures

The following table shows net cash from operating, investing and financing activities, for the periods indicated:

	2019	2020	2021
	In thousands of Soles		
Net cash flow from operating activities	6,933,711	12,686,823	3,972,994
Net cash flows from investing activities	726,207	(1,873,356)	(3,727,711)
Net cash flows from financing activities	(3,551,805)	(2,088,460)	(465,296)

Operating Activities

The decrease in net cash flow from operating activities of S/8,714 thousand in 2021 compared to 2020, was mainly due to the reduction in accounts payable from repurchase agreements associated with government programs and the increase in loans. This was partially offset by a decrease in investments at fair value through other comprehensive income and an increase in deposits.

In 2020, the increase in net cash flow from operating activities was S/5,753 thousand compared to 2019, which was mainly due to higher growth of deposits and payables from repurchase agreements, as a result of government programs. The increase in net cash flow was partially offset by higher growth of loans and investments at fair value through other comprehensive income.

Investing Activities

Variations in net cash flow from investing activities were mainly due to the net effect of purchases and sales of investments sovereign bonds at amortized cost.

In 2021, 2020, and 2019 intangibles assets consumed cash of S/532 million, S/535 million, and S/372 million, respectively, mainly driven by digital transformation efforts and disruptive initiatives.

[Content](#)

Financing Activities

The lower cash used in net cash flow from financing activities of S/1,623 thousand in 2021 compared to 2020, was mainly due to lower dividend payments in line with lower earnings due to the pandemic.

The lower cash used in net cash flow from financing activities was S/1,463 thousand in 2020 compared to 2019, which was mainly due to the issuance of subordinated notes of US\$850 million by BCP stand-alone, partially offset by repurchases of subordinated bonds.

(3) Liquidity Risk

We manage our assets and liabilities to ensure that we have sufficient liquidity to meet our present and future financial obligations and take advantage of appropriate business opportunities as they arise. Liquidity risk represents the potential for loss as a result of limitations on our ability to adjust future cash flows to meet the needs of depositors and borrowers and to fund operations on a timely and cost-effective basis. Financial obligations arise from withdrawals of deposits, repayment on maturity of purchased funds, extensions of loans or other forms of credit, and working capital needs.

The growth of our deposit base over the years has enabled us to significantly increase our lending activity. BCP Stand-alone and Mibanco are subject to SBS Resolution No. 9075-2012, enacted in December 2012, which set responsibilities for liquidity management within the different committees and risk units, and established minimum liquidity ratios. The ratio of liquid assets as a percentage of short-term liabilities, as defined by the SBS, must exceed 8% for Soles-based transactions and 20% for foreign exchange transactions. The aggregate average daily ratios of BCP Stand-alone and Mibanco during December 2021 was 32.69% and 49.06% for Soles and foreign exchange transactions, respectively, demonstrating our excess liquidity. We have never defaulted on any of our debt or been forced to reschedule any of our obligations. Even during the early 1980s, when the government of Peru and many Peruvian companies and banks were forced to restructure their debt as a result of the Latin American debt crisis and government restrictions, BCP Stand-alone and Grupo Pacifico complied with all of their payment obligations.

The available sources of excess liquidity for Soles and foreign exchange transactions for BCP Stand-alone are as follows. Information with respect to BCP Stand-alone and Mibanco has been aggregated for December 2019, 2020 and 2021:

[Content](#)

SOLES RATIO	2019	2020	2021
	in thousands of Soles	in thousands of Soles	in thousands of Soles
CURRENT ASSETS			
Cash	2,721,004	2,946,602	2,797,386
Deposits in BCRP and Deposits in Peruvian and foreign banks	909,908	6,743,088	4,540,407
Peruvian Government treasury bonds and BCRP certificates of deposit	12,722,970	25,040,078	16,335,655
Others	21	2	6
Total	16,353,903	34,729,768	23,673,454
CURRENT LIABILITIES			
Demand deposits	16,381,056	28,242,834	25,822,361
Saving deposits	19,022,347	28,622,004	31,353,804
Time deposits	16,734,279	12,824,488	13,527,441
Others	3,489,061	1,851,829	1,723,288
Total	55,626,743	71,541,155	72,426,894
Current ratio	29.40	48.55	32.69

FOREIGN EXCHANGE RATIO	2019	2020	2021
	in thousands of Soles	in thousands of Soles	in thousands of Soles
CURRENT ASSETS			
Cash	395,752	361,969	500,024
Deposits in BCRP and Deposits in Peruvian and foreign banks	5,867,898	5,775,043	6,092,995
Peruvian Government treasury bonds and BCRP certificates of deposit	-	748,933	350,250
Others	19,023	18,915	19,650
Total	6,282,673	6,904,860	6,962,919
CURRENT LIABILITIES			
Demand deposits	4,968,859	6,124,288	7,388,298
Saving deposits	3,958,174	4,756,948	5,158,353
Time deposits	3,025,493	2,268,408	1,626,094
Others	926,333	953,841	20,722
Total	12,878,859	14,103,485	14,193,467
Current ratio	48.78	48.96	49.06

The capability of replacing interest-bearing deposits at their maturity is a key factor in determining liquidity requirements, as well as the exposure to interest and exchange rate risks. RBG, as well as BCP Stand-alone's private banking group, have developed a diversified and stable deposit base that, in each case, provides us with a low-cost source of funding. This deposit base has traditionally been one of our greatest strengths. The deposit-gathering strategy has focused on products considered to be BCP Stand-alone's core deposits: demand deposits, savings, time deposits, and severance indemnity deposits. Other sources of funds and liquidity, which are mostly short- and long-term borrowings from correspondent banks and other financial institutions, issued bonds, and notes issued, are of a considerably lower significance compared to our core deposits.

Corporate policies have been implemented by the Group for liquidity risk management. These policies are consistent with the appropriate characteristics of each operating segment, where each of the Group companies operates. The Risk Committee establishes limits and autonomy models to determine the adequate liquidity indicators to be managed.

[Content](#)

Throughout 2021 the Group continuously assessed and monitored the sufficiency of its liquid assets in order to cover or mitigate contingencies that could stress the funding requirements of the Group's companies.

Universal banking and Microfinance

Liquidity risk exposure is based on indicators such as the Internal Liquidity Coverage Ratio (ILCR) which measures the amount of liquid assets available to meet needs that would result from cash outflows within a given stress scenario for a period of 30 days, and the Internal Net Stable Funding Ratio, which is intended to ensure that long-term assets are financed with a minimum number of stable liabilities within a prolonged liquidity crisis scenario (funding crisis); the latter indicator functions as a minimum compliance mechanism that supplements the ILCR. The core limits of these indicators are 100% and any excess is presented to the Credicorp Treasury and ALM Risk Committee, Credicorp Risk Committee and ALM Committee of the respective subsidiary. Furthermore, Credicorp has internal appetite risk limits that are monitored and reported on to the Credicorp Treasury and ALM Risk Committee.

Insurance

Liquidity risk management follows a particular approach reflecting the nature of the business. For annually renewable businesses, the focus of liquidity is the quick availability of resources in the event of a systemic event (for example, an earthquake). For this purpose, there are minimum investment indicators in place relating to local cash/time deposits and foreign fixed-income instruments of high quality and liquidity.

For long-term insurance businesses, given the nature of the products offered and the contractual relationship with customers, the liquidity risk is not material. Rather, the focus is on maintaining a sufficient flow of assets and matching their maturities with the maturities of obligations (for example, through the mathematical reserve). For this purpose, there are indicators that measure the asset/liability sufficiency and adequacy, as well as calculations of economic capital subject to interest rate risk.

Pension funds

Liquidity risk management is differentiated between the fund administrator and the funds being managed. Liquidity risk management regarding the fund administrator is focused on meeting periodic operating expense needs, which are supported by the collection of commissions. The fund administrator does not record unexpected outflows of liquidity because its main financial obligations are payroll payments, taxes, reserve requirements and other accounts payable to suppliers. Liquidity risk in the funds managed (pension funds) is focused on meeting liquidity requirements due to scheduled pension payments, funds transfers to other AFPs, withdrawals of voluntary contributions, or anything else deemed necessary to be included in estimations. For this purpose, the company holds highly liquid assets as part of the managed portfolios to meet these cash requirements.

[Content](#)

Investment banking

Liquidity risk principally affects the security brokerage. In managing this risk, limits on the use of liquidity have been implemented to promote matching maturities by dealing desk. Follow-up liquidity assessments are performed on a daily basis for a short-term horizon covering imminent settlements. If short-term unmatched maturities are observed, repurchase agreements are used. On the other hand, structural risk is not significant given the low levels of debt, which are monitored regularly using financial planning tools.

Funding Sources

The following table presents the components of our funding sources at the dates indicated:

	As of December 31,		
	2019	2020	2021
	<i>(in thousands of Soles, except percentages)</i>		
Core Deposits:			
Demand deposits	34,213,188	54,530,355	58,629,661
Savings deposits	35,179,770	50,069,129	56,945,262
Severance indemnity deposits	7,897,199	7,736,747	4,017,065
Total core deposits	77,290,157	112,336,231	119,591,988
Other Deposits:			
Time deposits	32,853,576	28,121,094	28,668,120
Bank certificates	1,180,461	1,202,996	1,327,690
Total deposits	111,324,194	141,660,321	149,587,798
Payables from repurchase agreements and security lending	7,678,016	27,923,617	22,013,866
Due to banks and correspondents	8,797,995	5,913,487	7,111,461
Bonds and notes issued	14,766,848	16,181,568	16,944,418
Total sources of funds	142,567,053	191,678,993	195,657,543
Core deposits as a percentage of total deposits	69.4%	79.3%	79.9%
Core deposits as a percentage of total sources of liquid funds	54.2%	58.6%	61.1%

BCP Stand-alone is required to keep deposits with the BCRP as legal reserves. The amount of required deposits in the BCRP is determined as a percentage of the deposits and other liabilities owed by BCP Stand-alone to its clients. The current requirement is approximately 4.77% of BCP Stand-alone's Soles-denominated deposits and approximately 33.17% of BCP Stand-alone's US Dollar-denominated deposits as of December 31, 2021. For further detail, see "ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview - (6) Supervision and Regulation – 6.2 Subsidiaries – 6.2.1 Peru."

[Content](#)

The following table presents our deposits at the BCRP and our investments in the BCRP's certificates of deposit at the dates indicated:

	As of December 31,		
	2019	2020	2021
	<i>(in thousands of Soles, except percentages)</i>		
Funds at the BCRP			
Deposits	18,367,651	26,003,415	25,359,565
Certificates of deposit	8,665,272	17,237,157	9,448,574
Total funds at the BCRP	27,032,923	43,240,572	34,808,139
Total funds at BCRP as a percentage of total deposits (*)	24.3%	30.5%	23.3%

(*) Total deposits exclude interest payable.

As of December 31, 2021, we had uncommitted credit lines, including long-term facilities that are mainly used for project financing, of which no significant amount was drawn down. We have also received long term funding from COFIDE and other international lenders. These funding sources have average annual rates (including Libor) ranging from 1.15% to 7.53% in soles and from 0.40% to 8.30% in foreign currency. As of December 31, 2021, we maintain S/7,111.5 million in due to banks and correspondents, secured by the collection of BCP Stand-alone's (including its foreign branches) instructing correspondent banks to make a payment of a certain amount to a beneficiary that is not an FI. For further details, see Notes 15(a), (b) and (c) to the consolidated financial statements. As of December 31, 2019, 2020 and 2021, borrowed funds due to banks and correspondents, including payable interests, amounted to S/8,841.7, S/5,978.3 million and S/7,212.9 million, respectively.

In addition, another source of funds arises out of issuing bonds and notes. The following table presents our principal issued bonds from 2019 to 2021:

	Years ended December 31,		
	2019	2020	2021
	<i>(in millions of Soles)</i>		
Issued bonds			
Senior notes	5,204	1,920	173
Corporate bonds	151	-	-
Subordinated bonds	-	3,312	2,134
Total issuance	5,355	5,232	2,307

In November 2021, BCP Stand-alone issued ¥5,000.0 million (equivalent to S/173.2 million) of senior notes due in 2023, with a fixed annual interest rate of 0.45%. In March 2021, BCP Stand-alone issued US\$500.0 million (equivalent to S/1,979 million) of subordinated notes due in 2031, with a fixed semi-annual interest rate of 3.25%.

Additionally, In March 2021, Mibanco issued S/155.0 million of subordinated notes due in 2031, with a fixed semi-annual interest rate of 5.84%.

5. C Research and Development, Patents and Licenses, Etc.

Not applicable.

[Content](#)

5. D Trend Information

The following list sets forth the most important trends, uncertainties and events that are reasonably likely to have a material effect on our revenues, income from continuing operations, profitability, liquidity, or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

We expect Peru's GDP to grow 2.5% in 2022 due to a contractionary monetary and fiscal policies in Peru in response to high levels of inflation in 2021. In 2022, the BCRP has already raised the reference rate three times, rising it to 4.5%. On the other hand, there are several factors driving uncertainty, which may affect these results. For further information regarding GDP expectations from the countries where Credicorp operates, see "ITEM 3. KEY INFORMATION – 3.D Risk Factors – Our banking and capital market operations in neighboring countries expose us to risk related to political and economic conditions" and "ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview – (6) Supervisión and regulation – 6.2 Subsidiaries – Instruments of Monetary Policy".

COVID-19

The first factor is the scope and duration of the COVID-19 pandemic, particularly with the emergence of new variants that are more contagious. In January 2022 a new subvariant of the Omicron variant was discovered and has been called BA.2. This subvariant is called "the silent variant" because it is more difficult to detect with current tests. These variants have already caused a new wave in Denmark and cases have been found in Peru since February 2022.

Nevertheless, Peru has a positive vaccination trend and more than 80% of the population over 12 years old is already vaccinated. Starting in January 2022, children between 5 and 12 years of age also have begun to be vaccinated. Thus, this vaccination level could help Peru to face a new wave without high levels of deaths as up to date with the third wave of COVID-19 that Peru is facing.

For further information about COVID-19 and its effect in the countries where Credicorp operates, see "ITEM 3. KEY INFORMATION – 3.D Risk Factors – Our business and results of operations could continue to be negatively impacted by the COVID-19 outbreak or other public health crises beyond our control".

Executive measures

Stimulus packages could affect our business operations and growth expectations. Recently, the executive branch proposed a number of economic measures, including:

- **Public Spending:** The government effected transfers to vulnerable households.
- **Liquidity Programs:** The government reprogrammed the Reactiva Peru program. Between June and December 2022, new grace periods will expire.

[Content](#)

For further information, see “ITEM 3. KEY INFORMATION – 3.D Risk Factors – *Our geographic location exposes us to risks related to Peruvian political, social, and economic conditions*” and “ITEM 3. KEY INFORMATION – 3.D Risk – *Regulatory changes and adoption of new international guidelines to sectors in which we operate could impact our earnings and adversely affect our operating performance.*”

AND FINANCIAL REVIEW AND PROSPECTS – 5.A Operating Results – (2) Political and Macroeconomic environment”.

New imposed regulations

In March 2022, changes aimed at better compliance with the standards established by the Basel International Regulatory Framework for Banks (Basel III) were made to the Regulatory Capital definitions rules. Although the main changes will be applied beginning January 2023, there still relevant regulation to be passed by the Banking Regulator to implement the aforementioned law and provide any adequacy period.

For further information about capital requirements, please see “ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview – (6) Supervision and regulation – 6.2 Subsidiaries – Capital Requirements”

The evolution of the above factors may impact Credicorp’s results and operations in the following ways:

- Loans: Lending activity is expected to follow dynamics similar to those seen during the second half of 2021. In this context, the Structural Loan Portfolio, which excludes Reactiva loans, is expected to grow between 8 and 10% in average daily balances. The evolution in total loans will depend on the pace at which Reactiva balances are amortized.
- NIM: We expect an upward trend in market rates due to the positive sensitivity to the BCRP’s contractionary monetary policy, which has already raised the reference rate to 4.5% in April 2022, since our efforts will be focused on retail segments.
- Portfolio quality and Cost of risk: As we have seen positive payment trends continue and we have improved our intelligence capabilities, we anticipate that the cost of risk will fluctuate still below prepandemic levels.
- Net Premiums and claims: We expect to maintain the positive trend in premiums growth and a reduction in claims, given the higher vaccination rate of the population and the fact that the most widespread COVID-19 variants are currently less lethal than the previous ones.
- Operating efficiency: In 2022, we will focus on the evolution of digital transformation and disruptive ecosystem. Therefore, we will maintain higher expenses related to these objectives.

For further information, see “ITEM 3. KEY INFORMATION – 3.D Risk Factors” where we present risks to our business operations, operating results, liquidity or capital resources.

[Content](#)

In a medium-term perspective, we review our strategic initiatives on a constant basis:

- Credicorp: We are committed to collaborating to create a more sustainable and inclusive economy, to improve the financial health of the population and to empower our customers and employees to thrive. In order to accomplish this commitment, we are leveraging our digital transformation strategy and disruptive innovation to continue creating value for all of our stakeholders.
- Universal Banking: Maintaining our clients' experience and operating efficiency remain our priorities.
 - o At BCP Stand-alone, we will continue to focus on anticipating changes and trends in the market and on challenging our business models to ensure on-going innovation.
 - o At Yape, we aspire to expand the value proposition for small businesses and individual clients through new products and services.
 - o At BCP Bolivia, we will continue to migrate retail sales to digital channels and work on increase the user base and number of transactions in our Soli ecosystem.
- Microfinance: We seek to consolidate our presence at the base of the pyramid as it continues to accompany client growth.
 - o At Mibanco Peru, will continue to increase the number of monthly disbursements; and continue to accelerate the implementation of our hybrid model by increase the disbursements through alternative channels and generated through leads.
 - o At Mibanco Colombia, we will drive organic and inorganic growth with a special emphasis on implementing alternative channels and developing alliances
- Insurance and Pensions:
 - o At Pacifico, we will increase our digital sales and levels of self-management as we strengthen the simplicity and transparency of our processes to ensure client satisfaction. Additionally, we will work hand-in-hand with BCP and Mibanco to reach more people through inclusive insurances.
 - o At Prima AFP, we will continue developing products and alliances that promote voluntary savings and will contribute proposals for changes in the regulatory framework that benefit both affiliates and the pension system in general.
- Investment Banking & Wealth Management: we will be focus on reformulating the offshore service model and on developing a value proposition to grow in the retail segment.

5.E Critical accounting estimates

The audited annual consolidated financial statements have been prepared according to International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

The preparation of the consolidated financial statements in accordance with IFRS requires that management make estimates and assumptions that affect the reported figures of assets, liabilities, income, and expenses and disclose significant events in the notes to the consolidated financial statements.

[Content](#)

Our estimates and assumptions are continually evaluated and are based on historical experience and other factors, including the reasonable expectation of future events that are believed to be reasonable under current circumstances. The final results could differ from these estimates; however, Management expects that the variations, if any, will not have a significant effect on the consolidated financial statements.

Key areas involving a high degree of judgment with respect to our estimates and assumptions in the consolidated financial statements include:

- (1) the calculation of the impairment of the portfolio of loans and financial investments;
- (2) the measurement of the fair value of the financial investments;
- (3) the assessment of the impairment of the goodwill;
- (4) the liabilities for insurance contracts;
- (5) the measurement of the fair value of derivative financial instruments; and
- (6) the valuation of share-based payment plans.

Other estimates include the estimated useful life of intangible assets, property, furniture and equipment, and deferred income tax assets and liabilities.

We believe that our judgments, estimates and assumptions are appropriate under the circumstances and that our audited annual consolidated financial statements fairly present, in all material respects, the financial positions of Credicorp as of December 31, 2020 and 2021 and the results of our operations and cash flows for the years ended December 31, 2019, 2020 and 2021, in accordance with IFRS.

For more information about our critical accounting estimates and judgments, see: “Note 3 Significant accounting policies, a) Basis of presentation, use of estimates and changes in accounting policies” to the consolidated financial statements; “Note 34.1 Credit Risk” and “Note 34.2 Market Risk Management” for a discussion of risk and sensitivity of certain items; “ITEM 3. KEY INFORMATION – 3.D Risk Factors” of this Annual Report on Form 20-F; and “ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS” of this Form 20-F for more information.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

6. A Directors and Senior Management

(1) Board of Directors

The following table sets forth information about the Directors of Credicorp Ltd.:

Name	Position	Years served as a Director ⁽¹⁾	Birth Date
Luis Enrique Romero Belismelis	Chairman	12	09/01/1961
Raimundo Morales Dasso	Vice Chairman	13	11/09/1946
Fernando Fort Marie	Director	39	01/23/1940
Patricia Lizarraga Guthertz	Director	4	07/14/1966
Irzio Pinasco Menchelli	Director	3	12/22/1965
Antonio Abruña Puyol	Director	1	04/08/1954
Alexandre Gouvêa	Director	1	02/12/1959
Maria Teresa Aranzabal Harreguy	Director	1	02/22/1963
Leslie Pierce Diez Canseco	Director	1	12/31/1948

(1) In Credicorp or BCP Stand-alone as of December 31, 2021.

[Content](#)

Luis Enrique Romero Belismelis

Mr. Romero has been the Chairman of the Board of Credicorp since June 9, 2020 and a Director since March 2017. He is also the Executive Chairman of Credicorp and Grupo Credito S.A. He has been Chairman of the Board of Banco de Credito del Peru since 2021 and Grupo Credito since 2020 and is a Member of the Board of Pacifico Compañia de Seguros y Reaseguros S.A., Credicorp Peru S.A.C., Pacifico S.A. EPS and Atlantic Security Holding Corporation.

Mr. Romero has experience as Head of Finance and General Manager in different companies in the consumer and services sector which are related to Grupo Romero. Currently, Mr. Romero is a director of the following companies: Inversiones Centenario S.A.A., Edenred Peru S.A. (Ex-Accor Services Peru S.A.), Alicorp S.A.A., Corporacion Primax S.A., Consorcio Naviero Peruano S.A., Corporacion Comercial del Amazonas S.A., DI Propiedades, Fundacion Romero, Frutas del Chira S.A., Grio S.A., Grupo Piurano de Inversiones S.A., Inverlog Valores S.A., Inversiones Logicorp S.A., Inversiones Piuranas S.A., Inversiones Valle del Chira S.A., Maray S.A., Ransa Comercial S.A., Santa Sofia Puertos S.A., Salaverry Terminal Internacional S.A., Terminal Internacional del Sur S.A., Trabajos Maritimos S.A. and Tramarsa General Services S.A.

Mr. Romero holds a bachelor's degree in Economics from Boston University (U.S.A).

Raimundo Morales Dasso

Mr. Morales has been the Vice-Chairman of the Board of Credicorp and Banco de Credito del Peru since 2009 and 2008, respectively, as well as of Grupo Credito S.A. and Pacifico Compañia de Seguros y Reaseguros S.A. He also is a Member of Soluciones Empresa Administradora Hipotecaria S.A. and Atlantic Security Holding Corporation. Currently, he is the Chairman of the Risk Management Committee of Credicorp and Grupo Credito S.A.

Mr. Morales joined Banco de Credito del Peru in 1980 and has held various executive management positions, including Executive Vice President for Wholesale Banking and Credit and Risk Management. He became CEO of Banco de Credito del Peru in 1990 and served in that role until 2008. Mr. Morales was also Chairman of the Board and CEO of ASB Bank Corp. He led Credicorp's IPO on the NYSE in October 1995.

[Content](#)

He also has experience in a range of organizations, including ASBANC and Association of AFP, and CONFIEP at where he served as Vice-Chairman. Prior to joining Credicorp, Mr. Morales worked for 10 years at Wells Fargo in its offices in San Francisco and Miami (USA), Sao Paulo (Brazil), Caracas (Venezuela), and Buenos Aires (Argentina). The last position he held at Wells Fargo was Regional Vice President.

He is also director of Cementos Pacasmayo S.A.A., Salmueras Sudamericanas S.A., Fosfatos del Pacifico S.A. and Alicorp S.A.A.

Mr. Morales has a bachelor's degree in Economics and Administration from the Universidad del Pacifico (Peru) and holds an MBA from the University of Pennsylvania's Wharton Graduate School of Finance (U.S.A).

Fernando Fort Marie

Mr. Fort has been a Director of Credicorp since 1999. He has been also a Director of Banco de Credito del Peru from 1979 to 2021, except between 1988 and 1990. He is also a Member of the Board of Directors of Grupo Credito S.A. and Atlantic Security Holding Corporation.

Mr. Fort is a senior partner at Estudio Fort, Bertorini, Godoy & Asociados, which specializes in business advisory services. In the past he has provided advice to firms with international presence such as PepsiCo, Inc., International Finance Corporation (IFC), Alcatel, International Telephone & Telegraph (ITT), Sheraton Hotels, Volvo Corp., Sandvik, Procter & Gamble, Crown Cork, Chrysler Corp., among others.

Mr. Fort has been a board member of numerous other private companies in Peru. Currently, he is a board member of Inversiones Centenario S.A.A., Hermes Transportes Blindados S.A., Motores Diesel Andinos S.A. (Modasa) and Fort, Bertorini, Godoy & Pollari Abogados S.A.

Mr. Fort is an attorney at law and graduated from the Pontificia Universidad Catolica del Peru (Peru).

Patricia Lizarraga Guthertz - Independent Director

Ms. Lizarraga has been a Director of Credicorp and Banco de Credito del Peru since 2017. She has also been a Member of the Board of Directors of Grupo Credito S.A. since October 2020. Currently, she is Chairwoman of the Audit Committee of Credicorp.

Ms. Lizarraga is an experienced Wall Street executive with over 25 years working in international mergers & acquisitions, capital markets, private equity and valuation experience with Allen & Company, Donaldson Lufkin & Jenrette, and Citigroup. She is the founder and CEO of Hypatia Capital Group, since 2007 and founder and major shareholder of family group Del Ande Alimentos.

Ms. Lizarraga's board experience includes serving as both President of the Board and Chair of the Audit Committee of non-profit organizations, as well as serving on the board of private companies. She has served as President of the Privatization Committee of Toll Roads of Peru.

[Content](#)

Ms. Lizarraga received her Bachelor of Arts degree from Yale University (USA) and her MBA from Harvard Business School (USA).

Irzio Pinasco Menchelli – Independent Director

Mr Pinasco has been a Director of Credicorp since June 2021. He has also been a Member of the Board of Directors of Grupo Crédito S.A and Banco de Crédito del Perú since 2020 and 2018, respectively. Mr Pinasco has more than 30 years of experience leading companies in diverse areas, including in the industrial, commercial and financial sectors. Currently he is Executive Director of Acurio Restaurantes, a leader in the internationalization of Peruvian gastronomy where he served as CEO between 2007 and 2018. In addition to his extensive business and professional activities, Mr Pinasco chaired the Organization Committee of the Copa América football tournament held in Perú in 2004.

He is a promoter/director of Sigma Safi, a leading fund manager in Perú, since 2007.

Mr Pinasco holds a bachelor's degree in Economics and International Relations from Brown University (U.S.A.) and an MBA from Columbia University (U.S.A.). He has also a complete a specialization in Marketing for Executives at ESAN (Perú)

Antonio Abruña Puyol – Independent Director

Mr. Abruña has been Director of Credicorp and Grupo Credito S.A. since 2020. He has also been a Member of the Board of Directors of Banco de Credito del Peru since March 2021.

Mr. Abruña is a Spanish attorney-at-law with extensive experience as a legal scholar and manager of academic institutions. Since 2018, Mr. Abruña has been Rector of Universidad de Piura (Peru) where he has had a long and successful career. He participated in the reorganization of General Studies as well as in the launch of the Law School, where he has been dean and a professor.

Mr. Abruña was part of the Special Commission appointed by the Peruvian government to designate the seven members of the National Justice Council. He was Peru's representative of the Istituto per la Cooperazione Universitaria (ICU). He is currently director of Universia Peru.

Mr. Abruña has a law degree from the Universidad Complutense de Madrid (Spain) and a doctorate in Law from the Universidad de Navarra (Spain).

Alexandre Gouvêa – Independent Director

Mr. Gouvêa has been a Director of Credicorp, Grupo Credito S.A. and Banco de Credito del Peru since 2020. Currently, he is Chairman of the Compensation and Nominations Committee of Credicorp Ltd. And Grupo Credito S.A.

[Content](#)

Mr. Gouvêa is Brazilian and has 30 years of international experience at McKinsey and specializes in providing advice to financial services clients. Mr. Gouvêa is an expert in retail banking and insurance (including its technological transition and digital transformation). He has provided financial services in Latin America and built the Organizations Practice and the Recovery and Transformation Unit. He was previously a director of McKinsey.

Mr. Gouvêa is currently on the Board of Lojas Renner (the largest retailer in Brazil).

Mr. Gouvêa has a degree in Mechanical Engineering from Universidade Federal do Rio de Janeiro (Brazil) and has an MBA from UCLA's Anderson School of Management (USA).

Maria Teresa (Maite) Aranzabal Harreguy - Independent Director

Mrs. Aranzabal has been a Director of Credicorp, Grupo Credito S.A. and Banco de Credito del Peru since 2020. Currently, she is Chairwoman of the Sustainability Committee of Credicorp Ltd and Grupo Credito S.A.

Mrs. Aranzabal is a Spanish executive with an international career and has relevant experience serving on the boards of public and private companies as well as non-profit organizations. She has International experience as executive across a variety of sectors, ranging from retail, fashion, consumer goods and real estate.

She began her career at McKinsey & Co. in Spain and Argentina where she consulted with clients in various industries, including retail banking. She then joined Grupo Cortefiel, a Spanish family-owned retailer, where she successfully led business development, strategy and international growth. She also collaborated with Advent International, the private equity firm, as retail expert, and was later in charge of the turnaround of KA International

Mrs. Aranzabal currently leads Alir Consulting and Trade SL, her own consulting company, which specializes in retail and real estate, serves as Vice-President of the Board of Adolfo Dominguez S.A. and as an advisory director of Corporación Hijos de Rivera (Estrella Galicia).

Mrs. Aranzabal has a degree in Business Administration from ICADE (Spain), and an MBA from The Wharton School of the University of Pennsylvania (USA).

Leslie Pierce Diez Canseco

Mr. Pierce has been a Director of Credicorp Ltd. and Grupo Credito S.A. since October 2020. He has served as a Member of the Board of Directors of Banco de Credito del Peru since March 2021 and of Atlantic Security Holding Corporation.

Mr. Pierce has served in executive leadership positions, primarily of Peruvian companies, for almost 40 years. He served as CEO of Alicorp (BVL: ALICORC1), Peru's largest consumer goods company with operations throughout Latin America, from 1991 to 2011. Prior to that, Mr. Pierce served as a Vice Minister of Commerce in the Ministry of Economy and Finance from 1983 to 1984.

Mr. Pierce currently serves as a director in a number of private businesses including Compañía Latinoamericana de Radio difusión, Cerámicas Lima, Transber, Inka Crops., Empresa Siderurgica del Peru, S.A.A., H&V Contratistas S.A., Redondos, Maquinarias, S.A., Corporación Primax S.A., Negocios Industriales Real NIRSA S.A. (an Ecuadorian company) and Canvia (a Peruvian company). He also serves as a community leader in philanthropic organizations such as Vida Peru, Banco de Alimentos del Peru and Crea+.

[Content](#)

Mr. Pierce holds a bachelor's degree in Economics from Pontificia Universidad Catolica de Peru (Peru) and a post-graduate degree in Economics from, Pontificia Universidad Catolica de Chile (Chile).

Corporate Secretary

Conyers Corporate Services (Bermuda) Limited serves as Credicorp's Corporate Secretary. Mrs. Miriam Böttger is Credicorp's Deputy Secretary.

(2) Senior Management

Credicorp believes that a unified financial group with a coordinated strategy is best able to take advantage of growth in the Peruvian economy and achieve synergies from cross-selling financial services and products (such as through BCP's extensive branch network). Pursuant to Credicorp's Bye-laws, the Board of Directors has the power to delegate its authority to oversee the day-to-day management of the company to one or more Directors or officers.

The following table sets forth the name, position(s), and principal Credicorp entities for each member of our senior management:

Position(s) (1)	Name	Entity(ies)
Executive Chairman	Luis Romero B.	Credicorp
Chief Executive Officer	Gianfranco Ferrari	Credicorp
Chief Risk Officer	Reynaldo Llosa	Credicorp, BCP Stand-alone
Chief Financial Officer	Cesar Rios	Credicorp, BCP Stand-alone
Chief Operating Officer	Alejandro Perez-Reyes	Credicorp
Chief Innovation Officer	Francesca Raffo	Credicorp, BCP Stand-alone
Head of Universal Banking (Credicorp), CEO (BCP Stand-alone)	Diego Cavero	Credicorp, BCP Stand-alone
Head of Microfinance (Credicorp), CEO (Mibanco)	Javier Ichazo	Credicorp, Mibanco
Head of Insurance & Pensions (Credicorp), CEO (Grupo Pacifico)	Cesar Rivera	Credicorp, Grupo Pacifico
Head of Investment Banking and Wealth Management (Credicorp), CEO (Credicorp Capital)	Eduardo Montero	Credicorp, Credicorp Capital
Chief Corporate Audit Officer	Jose Esposito	Credicorp, BCP Stand-alone
Chief Compliance and Ethics Officer	Barbara Falero	Credicorp, BCP Stand-alone
Head of Legal	Guillermo Morales	Credicorp
Head of Talent Management	Ursula Alvarez	Credicorp
Head of Corporate Affairs	Enrique Pasquel	Credicorp

1. In Credicorp or in any subsidiary as of April 25, 2022.

[Content](#)

On June 23, 2021, Credicorp released changes in its management structure after Mr. Walter Bayly and Mr. Alvaro Correa announced their respective retirements. Mr. Bayly and Mr. Correa held the positions of CEO and Deputy CEO of Credicorp, respectively, until December 31, 2021. As of January 1, 2022, Mr. Gianfranco Ferrari succeeded Mr. Bayly as CEO.

Additionally, in the Board session of June 23, 2021, Credicorp appointed Mr. Diego Cavero as Head of Universal Banking and created the position of Chief Operating Officer (COO) to be held by Mr. Alejandro Perez-Reyes, both effective as of January 1, 2022. The COO will oversee the corporate functions of Sustainability, Open Innovation, Corporate Strategy and Development, M&A and Human Development.

Finally, in the Board session of January 27, 2022, Credicorp appointed Ms. Francesca Raffo as Chief Innovation Officer (CINO) and Mr. Cesar Rivera as Head of Insurance & Pensions of Credicorp, effective February 1, 2022. Mr. Rivera will succeed Mr. Correa as new Head of the LoB and CEO of Pacifico. For further information please refer to "ITEM 4. INFORMATION ON THE COMPANY – 4.A History and Development of the Company – Subsequent Events" and to Credicorp's Investor Relations website Press Releases.

Gianfranco Ferrari

Mr. Ferrari was born in 1965. He has been appointed as Chief Executive Officer (CEO) of Credicorp Ltd. in January 2022. Previously, he held the position of Deputy CEO and Head of Universal Banking of Credicorp Ltd. and was the CEO of Banco de Credito del Peru from April 2018. He has worked at Credicorp Ltd. since 1995.

Mr. Ferrari's extensive and diverse experience includes strategic roles as Head of Corporate Banking & Corporate Finance, Head of Retail Banking & Wealth Management at Banco de Credito del Peru, and CEO of BCP Bolivia from 2005 to 2008. He led the acquisition of Edyficar in 2009 and Mibanco in 2014. In 2015, he began leading our Digital Transformation Strategy. He is also member of the Board of BCP Stand-alone and BCP Bolivia.

Mr. Ferrari holds a degree in Business Administration from Universidad del Pacifico and has an MBA from Kellogg Graduate School of Management, Northwestern University (USA).

Reynaldo Llosa

Mr. Llosa was born in 1961. He is the Chief Risk Officer (CRO) of Credicorp Ltd. and Banco de Credito del Peru since January 2012. Previously, Mr. Llosa held various positions at BCP Stand-alone as Head of Risk, Head of Middle-Market Banking, and Head of Corporate Banking. Currently, he is member of the Board at Mibanco and Banco de Credito de Bolivia.

[Content](#)

Mr. Llosa holds a bachelor's degree in Business Administration from St. Mary's University in San Antonio, Texas, USA and an MBA with specialization in Finance from Northwestern University (J.L. Kellogg Graduate School of Management), Chicago, Illinois (USA).

Cesar Rios

Mr. Rios was born in 1967. He has served as the Chief Financial Officer (CFO) of Credicorp Ltd. and Banco de Credito del Peru since April 2018. He has worked at Credicorp since 1993, when he joined as a Corporate Finance associate. In 1997, he was appointed as the CFO and Chief Operating Officer (COO) of Banco Capital in El Salvador, following Credicorp's acquisition. In 2003, Mr. Rios re-joined BCP Stand-alone, where he worked in strategic roles such as Head of Credit and Operating Risk in the Risk Management Unit, Head of Collections for Retail Banking, and Head of Corporate Strategy, which includes corporate strategy, internal consulting, mergers and acquisitions, and business incubation. In 2013, he became Head of Financial Planning and Control at BCP.

Currently, Mr. Rios is a board member of several of Credicorp's subsidiaries, including Mibanco, Solucion Empresa Administradora Hipotecaria, among others.

Mr. Rios holds a bachelor's degree in engineering from Pontificia Universidad Catolica (Peru); a master's degree from ESAN Escuela de Administracion de Negocios para Graduados (Peru); and an MBA from the Massachusetts Institute of Technology's Sloan Fellows Program (USA).

Alejandro Perez-Reyes

Mr. Perez Reyes was born in 1976. He is the Chief Operating Officer of Credicorp Ltd. since January 2022. He oversees M&A, Internal Consulting, ESG and HR, as well as Krealo, the corporate venture capital company of Credicorp. Previously, he served as COO and Country Head of Credicorp Capital Peru until December 2021. Additionally, he held the position of Investment Manager of Prima AFP, a Pension Fund where he managed US\$10 billion in assets. He has worked in the Credicorp Group since 1999, where he has also been Head of Financial Derivatives and Structured Products of Banco de Credito del Peru and Investment Manager of Credifondo SAF.

Mr. Perez-Reyes has a bachelor's degree in Economics from the University of Lima and an MBA from Harvard University.

Francesca Raffo

Ms. Raffo was born in 1969. She was appointed Credicorp's Chief Innovation Officer in February 2022 and has also been Retail Banking Deputy CEO at BCP since June 2020.

[Content](#)

Ms. Raffo's successful career at BCP spans 26 years and includes heading BCP's transformation, managing the Satisfied Customers Division, creating BCP's first Innovation Center and leading the Marketing Services. Ms. Raffo joined BCP in 1994 as a member of the Process Reengineering pioneer team and subsequently led various strategic projects within Retail Banking.

Ms. Raffo holds a bachelor's degree in Business Administration and an MBA in Management Information Systems, both from The American University in Washington D.C. in the US.

Diego Cavero

Mr. Cavero was born in 1968. He has served as the Chief Executive Officer (CEO) of BCP and Head of Universal Banking since January 2022. Previously, he was Deputy CEO at BCP focusing on Wholesale Banking. He was named Wholesale Banking Managing Director in March 2018 and was Head of the Efficiency, Administration and Processes Division from May 2017 to March 2018. In the year 2013, Mr. Cavero led the creation of the Efficiency Division and the implementation of the Efficiency Program at BCP. He was responsible for various management positions at the Wholesale Banking Division, such as Head of Corporate Banking. Mr. Cavero oversaw the launch of BCP's representative offices at Chile and Colombia. Prior to this, Mr. Cavero was CEO of BCP Bolivia from 2008 to 2012 and served at various BCP's Boards of Directors as well.

Mr. Cavero is currently member of BCP Bolivia Board of Directors. He started working at Credicorp Ltd. in 1994.

Mr. Cavero graduated in Business Administration at Universidad de Lima and holds an MBA from University of Texas (USA).

Javier Ichazo

Mr. Ichazo was born in 1969. He is the Chief Executive Officer (CEO) of Mibanco and Head of Microfinance of Credicorp. He began his career at Banco de Credito del Peru in 1996 and held different positions in various regions of Peru. In addition to his extensive knowledge in banking and finance, Mr. Ichazo brings his experience as Business Manager from 2004 to 2017 at Banco de Credito del Peru.

Mr. Ichazo is the Chairman of the Board of Edyficar SAS, Encumbra, and Vice Chairman of the Board of the Association of Microfinance Institutions of Peru (*Asociación de Instituciones de Microfinanzas del Peru* or ASOMIF by its Spanish initials).

Mr. Ichazo holds a bachelor's degree in Economics and Administration from the University of Piura (Peru) and holds an MBA from the School of Management of the University of Piura.

[Content](#)

Cesar Rivera

Mr. Rivera was born in 1964. He is the Chief Executive Officer (CEO) of Pacifico Seguros since January 2020. With over 25 years of experience in the Pensions and Insurance sector, Mr. Rivera has also held the positions of CEO at Santander Life Insurance Company in Peru from June 1997 to January 1999, Deputy CEO at American Life Insurance Company (ALICO) in Argentina from July 2001 to December 2002, and CEO at Pacifico Vida Life Insurance Company from November 2013 to December 2019.

Mr. Rivera has served as a teacher at the Universidad de Piura at the Business and Economy Faculty and has been member of the Board of Directors in the Iberoamerican Foundation for Occupational Health and Safety (FISO). Currently, he is member of the Board of Directors at Prima AFP, Mibanco SA, and Crediseguro Personas and Crediseguro Generales at BCP Bolivia.

Mr. Rivera has a degree in Industrial Engineering from the Universidad de Piura and an MBA from ESAN. He also holds a Diploma in Corporate Finance from the Universidad del Pacifico. He has studied different programs in management and technical areas, such as the Management Program at Wharton School University of Pennsylvania, USA, and the Life Insurance Program at the Swiss Insurance Training Centre in Zurich.

Eduardo Montero

Mr. Montero was born in 1971. He is the Head of Investment Banking and Wealth Management of Credicorp Ltd. and the CEO of Credicorp Capital Ltd. since January 2019. He has worked at Credicorp since 1994. His extensive experience in the organization includes expertise in different areas such as Corporate Finance, Business Solutions, as well as Personal Banking and Wealth Management at Banco de Credito del Peru. He also held the position of CEO at ASB, BCP Miami and Credicorp Securities (USA).

Mr. Montero holds a bachelor's degree in economics from Lehigh University (USA) and an MBA from the Wharton School of Business at the University of Pennsylvania (USA).

Jose Esposito

Mr. Esposito was born in 1964. He has been the Chief Corporate Audit Officer of Credicorp Ltd. since January 2010. He is a member of the Board of Directors of the Institute of Internal Auditors (IIA) Global, and formerly Chairman of the Financial Services Guidance Committee Board of IIA Global. Mr. Esposito has also served as Chairman of the Committee of Internal Auditors of the Latin American Federation of Banks (FELABAN by its Spanish initials) and Chairman of the Committee of Internal Auditors of ASBANC. Currently, he is a lecturer in the Master of Finance program at the Universidad del Pacifico and Director of the specialization in Integral Risk Management.

[Content](#)

Since 1996, Mr. Esposito has been working for Credicorp Ltd.'s various subsidiaries. His last position prior to leading the Audit Division at Credicorp Ltd. was at Pacifico Peruano Suiza Compania de Seguros y Reaseguros S.A., where he was CFO and the Controller's Officer. He was also 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.

Mr. Esposito holds a bachelor's degree in Economics from Universidad del Pacifico, Lima; and a master's degree in Economics from the University of Wisconsin – Milwaukee, USA. He also held the designation of Certified Internal Auditor (CIA) and Risk Management Assurance (CRMA) by the Institute of Internal Auditors Global (IIA); Risk and Information Systems Control (CRISC) by ISACA; and Anti-Money Laundering Certified Associate (AML/CA) from the Florida International Bankers Association and Florida International University.

Barbara Falero

Ms. Falero was born in 1972. She has been the Chief Compliance and Ethics Officer at Credicorp Ltd. and Banco de Credito del Peru since February 2008 and reports directly to Credicorp Ltd.'s Board of Directors. Before her arrival in Peru, Ms. Falero was the Compliance Officer and Vice President of BCP Miami Agency. Prior to that, she worked as a regulator for the Federal Reserve Bank of Atlanta for six years in supervision and regulation of international banks.

Ms. Falero has been the President of the Committee of Compliance Officers of ASBANC and, during a three-year period, was a Member of the Advisory Committee of the Florida International Bankers Association (FIBA). Ms. Falero has also held various other positions including as the Community Reinvestment Officer at BAC Florida Bank in Miami, Florida.

Ms. Falero holds a bachelor's degree in Finance from Florida International University (USA) and an MBA from St. Thomas University in Miami, Florida (USA).

Guillermo Morales

Mr. Morales was born in 1966. He has been the Head of Legal at Credicorp Ltd. since April 2018 and Head of Legal Division at BCP since January 2010 until January 2022. Previously, Mr. Morales was the Manager of the Legal Advisory Area at BCP from September 2007 to December 2009, Legal Manager at Grupo Santander Peru SA from January 2003 to July 2007 and Legal Manager at Banco Santander Central Hispano Peru from April 2000 to December 2002. He has also served as Director of Edelnor SAA, Red Electrica del Sur (Redesur) and Uniersia Peru SA.

Mr. Morales has been the President of the Legal Committee of ASBANC.

Mr. Morales holds a law degree from the Pontificia Universidad Catolica del Peru and a Master of Laws (LL.M) from the University of Texas in Austin (USA).

[Content](#)

Ursula Alvarez

Ms. Alvarez was born in 1976. She has been the Head of Talent Management since 2009. She began working at BCP in 2006 as Manager of Selection in Human Development Management. Ms. Alvarez holds a bachelor’s degree in Psychology from the University of Lima and a master’s degree in Development from the Universidad de los Andes in Bogota.

Enrique Pasquel

Mr. Pasquel was born in 1979. He has served as the Head of Corporate Affairs at Credicorp Ltd. since April 2018 and Head of Corporate Affairs of BCP since 2017. Previously, between 2011 and 2017, he worked at El Comercio newspaper, where he held the positions of Deputy Opinion Editor, Politics Editor, and Deputy Editor in Chief. Before his journalist career, he was an attorney in INDECOPI, the Peruvian antitrust agency, where he served as Commissioner of the Bureaucratic Barriers Commission and Technical Secretary of the Competition Chamber.

Mr. Pasquel holds a law degree from Pontificia Universidad Catolica del Peru and a Master of Laws degree from Yale Law School.

6. B Compensation

The following section contains the compensations of the members of Credicorp Ltd.’s Board of Directors and senior management for 2019, 2020, and 2021:

	As of December 31,		
	2019	2020	2021
	<i>(in thousands of Soles)</i>		
Director’s compensation (1)	6,766	6,106	6,862
Senior Management Compensation (2)			
i) Remuneration	32,218	32,396	45,164
ii) Stock awards (3)	27,157	22,756	10,351
Total	66,141	61,258	62,377

(1) This item includes the amounts received from Credicorp Ltd. and from its subsidiaries by the nine Directors of Credicorp Ltd. as exclusive compensation for their role as Directors serving in the Board of Directors, in the Audit Committee, in Compensation and Nomination Committee, in Sustainability Committee and in Risk Committee of Credicorp Ltd., and in the Board of Directors and in the Executive Committee of Credicorp Ltd.’s subsidiaries; The members of the Board of Directors are listed in ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES - 6.A Directors and Senior Management - (1) Board of Directors.

(2) The members of senior management according to ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES - 6. A Directors and Senior Management.

(3) This item includes the related income taxes assumed by the Group. The amounts correspond to the expenses accrued in the period for the services rendered.

Credicorp and its subsidiaries do not set aside or accrue funds to provide pension, retirement, or similar benefits for the directors and other members in management”.

For further details about the compensation of Directors and Senior Management, see “ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES – 6.C Board Practices”.

[Content](#)

Board of Directors Compensation

We are not required to disclose our directors' compensation in our home country. Moreover, we do not disclose to our shareholders, or otherwise make available our directors' compensation to the public, information as to the compensation on an individual basis of any member of Credicorp Ltd.'s Board or of our senior management.

Board Remuneration

The remuneration of the Directors of Credicorp Ltd. and its subsidiaries is approved at their respective Annual General Meetings (AGM).

The total compensation of the Members of Credicorp Ltd.'s Board of Directors is composed of a gross annual remuneration of US\$50,000 to each Director, as approved beginning June 5, 2020, gross annual remuneration of US\$40,000 to each Director who serves in the Audit Committee; and up to US\$1,500 per attended session to each Director who participates in one or more of the Board Committees other than the Audit Committee.

Additionally, the Directors of Credicorp Ltd. who also serve as Directors of its subsidiaries might receive a remuneration from such subsidiary. Those who participate in the Board of Directors of BCP, the main subsidiary of Credicorp Ltd., receive a gross annual remuneration of US\$130,000 each and US\$1,500 for each session attended by each Director serving on its Executive Committee.

Directors received no other compensation or benefits in their capacities as directors of Credicorp Ltd. in 2021. Neither Credicorp Ltd. nor any of its subsidiaries has any type of agreement with Credicorp Ltd.'s Directors providing for benefits upon termination of their term as Directors.

Senior Management Compensation

Our senior management's compensation can be classified as follows:

- **Remuneration**

The remuneration scheme for members of our senior management comprises a fixed remuneration and a variable remuneration. Variable remuneration has two different components: (i) a legal component, which all employees receive based on the net profit of the Company for each fiscal year in accordance with the laws of the country of each subsidiary and (ii) an incentive-based component, which is determined based on the achievement of objectives and goals established for the year. These remunerations are approved by the Corporate Compensation Committee.

[Content](#)

• **Stock awards**

In March of each year, Credicorp grants common shares to members of its senior management as part of the long-term compensation program for these senior managers. These granted shares are vested over the three subsequent years, with up to 33.3% of the granted shares vesting per year. Credicorp assumes the payment of the related income-tax on behalf of its employees, which depends on the country of residence and the annual compensation of the employee.

The shares used for grants to members of senior management are obtained through repurchases in the market. We present below the treasury stock granted to Credicorp's senior management and employees during the years 2019, 2020, and 2021, and granted but unvested shares as of December 31, 2019, 2020, and 2021.

	Year ended December 31,			As of December 31,		
	2019	2020	2021	2019	2020	2021
	<i>Granted shares in units</i>			<i>Granted but unvested shares in units</i>		
Senior Management	26,425	36,806	15,142	56,687	64,204	48,488
Employees	90,169	139,124	73,365	190,244	229,402	181,035
Total	116,594	175,930	88,507	246,931	293,606	229,523

6. C Board Practices

Board Structure

Credicorp's management is the responsibility of its Board of Directors, which, pursuant to Credicorp's Bye-laws, is composed of nine members. As of April 29, 2022, five Directors are independent. Directors may be, but are not required to be, shareholders. Directors are elected, and their remuneration is determined, at the Annual General Meeting of Shareholders. Directors hold office for three-year terms. Current Directors were elected at the Annual General Meeting of Shareholders held on June 5, 2020 and Extraordinary Annual General Meeting of Shareholders held on October 16, 2020, and will hold office until the Annual General Meeting of Shareholders in 2023. The Board of Directors has the power to appoint any person as a Director to fill a vacancy as a result of the death, disability, disqualification, or resignation of any Director for the remainder of such Director's term. Pursuant to Credicorp's Bye-laws, the required quorum for business to take place during a Board meeting is the simple majority of the Directors. A resolution in writing signed by all directors will be valid as if it had been passed at a Board meeting duly called and constituted. For further details, see "ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES – 6.A Directors and Senior Management".

[Content](#)

Board Decision-making

For the purposes of complying with the Bermuda Government's Economic Substance regulations, the Board of Directors decided to limit its decisions to matters pertaining to the strategy, objectives, and goals of the Company, as well as main action plans and policies, risk control and management, annual budgets, business plans and control of their implementation, supervision of main expenses, investments, and acquisitions and dispositions, among other decisions of a "passive" nature related to the Company, beginning in October 29, 2020.

The Board of Directors of Grupo Credito S.A., a subsidiary of Credicorp, will have the authority to make "active" decisions pertaining to Credicorp's subsidiaries, such as making relevant strategic or management decisions, incurring expenditures on behalf of affiliates, coordinating group activities, and providing credit facilities to its affiliates.

Board Committee Structure

The Boards of Directors (and Board Committees) of Credicorp and Grupo Credito are composed of the same individuals and the management structure in both companies has been standardized. Credicorp's and Grupo Credito's Board of Directors, acting on the recommendation of the Compensation and Nominations Committee, decides on the appointment, ratification or removal of committee members. Directors who are members of committees are appointed to an initial term of up to three-years and maintain such appointments only while being a member of the Board. Regarding Board Committees, the Board of Directors of each of Credicorp and Grupo Credito, designates a chairperson among its members and approves the respective charters.

On February 5, 2020, the Board of Directors agreed to simplify the structure of its committees, reducing the number of committees from seven to four. As a result, the Executive Committee and the Investment Committee were eliminated, and the Remuneration and Compensation Committees and the Nominating Committee were integrated.

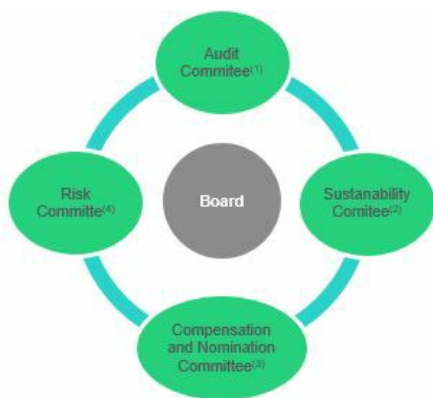
On June 3, 2020, the Board of Directors approved new criteria to define which Directors are categorized as Independent. International references for best practice were utilized to improve and broaden the Independence criteria. The new scope can be found in Credicorp's Corporate Governance Policy, which is available on Credicorp's web page.

For the purposes of complying with the Bermuda Government's Economic Substance regulations, Credicorp's Board of Directors decided to limit its decisions to "passive" matters related to the Company, beginning on October 29, 2020. For further details, see "ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES – 6.C Board Decision-Making".

On December 17, 2020, the Board of Directors of Credicorp approved an initiative to broaden the scope of the Corporate Governance Committee and was renamed to "Sustainability Committee" to reflect its goal to lead and supervise Credicorp's Sustainability program. For further information, see "ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview – (1) Credicorp Overview – Our ESG Approach."

[Content](#)

Credicorp's Board of Directors has established the following Committees:



- (1) The Audit Committee was created on October 31, 2002.
- (2) The Corporate Governance Committee was created on June 23, 2010. On December 17, 2020 it expanded its functions and renamed as the Sustainability Committee.
- (3) The Compensation and Nominations Committee was formed on June 5, 2020 because of the integration of the Compensation Committee (created on January 25, 2012) and the Nominations Committee (created on March 28, 2012).
- (4) The Risk Committee was created on March 28, 2012.

(1) Audit Committee

The Audit Committee is manned by three Directors from Credicorp. The Committee must include at least one member who is considered to be a financial expert and one should be a woman. The Chairman must not be a member of the Committee. All members of the Committee must be independent, according to the definition of independence set forth by the SEC. In order to be considered independent pursuant to the Exchange Act, an Audit Committee member must not (i) accept, directly or indirectly, any consulting, advisory or other compensatory fee from Credicorp or any of its subsidiaries beyond the compensation paid to him or her in his/her capacity as a Director with the exception of retirement plans that meet the conditions established by the SEC; (ii) be an affiliated person of Credicorp or its subsidiaries (that is, must not own or control, directly or indirectly, more than 10% of the Company's voting shares and must not be an executive officer of Credicorp) according to Rule 10A-3 under the Securities Exchange Act of 1934 and the U.S. Securities and Exchange Commission - SEC).

The Committee has the purpose of carrying out the supervision, monitoring and independent review of:

- The processes for the presentation of financial and accounting information of Credicorp and its subsidiaries (hereinafter "Credicorp" or "the Corporation");

[Content](#)

- The internal control procedures of Credicorp and subsidiaries; in particular the internal control system over financial reporting;
- The audits carried out on the financial statements of Credicorp and subsidiaries;
- The integrity of the financial statements of Credicorp and subsidiaries;
- Establishes procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls and auditing matters, through Credicorp's Complaint System;
- The appointment of the independent auditor and the internal auditor.

The Audit Committee looks after the interests of investors and supervises compliance with the standards established by the SEC and other regulatory entities.

The Audit Committee should act as supervisor of Credicorp's financial information system, helping to ensure that:

- Management implements an adequate internal control system; in particular the internal control system over financial reporting;
- There are adequate procedures to objectively and regularly evaluate the Corporation's internal control system;
- The external auditors, through their own evaluation, review the accounting and financial policies applied in the preparation of the Corporation's financial statements.

Likewise, the Committee must facilitate communication between the external auditors, the general managers of Credicorp and its subsidiaries, the Internal Audit Division of BCP, in charge of the internal audit work of Credicorp, hereinafter "Internal Audit Division", and the Credicorp Board of Directors.

There are currently three members on the Audit Committee: Ms. Patricia Lizarraga Guthertz (financial expert, independent, Chairwoman since June 2020 and Member since May 2017), Ms. Maria Teresa Aranzabal Harreguy (independent, member of the Audit Committee since June 2020) and Mr. Irzio Pinasco Menchelli (independent, member of the Audit Committee since June 2020). In June 2020, Mr. Raimundo Morales Dasso was named advisor to this committee. In 2021, Credicorp's Audit Committee held thirteen meetings.

The Board of Directors has also assigned the Audit Committee the responsibility of overseeing the audit committees at all of Credicorp's subsidiaries, to the extent permitted by local regulations. Credicorp's Audit Committee therefore functions as the statutory audit committee for all Credicorp subsidiaries, with the exception of Credicorp Capital Colombia, Credicorp Holding Colombia, Credicorp Capital Chile, ASB Bank Corp. (formerly ASB), Mibanco Colombia (formerly Bancompartir), BCP Bolivia and ICBSA, which are bound by special audit committee requirements set by local regulators. The Audit Committee receives periodic information from the chief audit executive for all of Credicorp's subsidiaries, including Credicorp Capital Colombia, Credicorp Holding Colombia, Credicorp Capital Chile, ASB Bank Corp., Mibanco Colombia (formerly Bancompartir), BCP Bolivia and ICBSA. Therefore, in practice, Credicorp's Audit Committee oversees all of its subsidiaries' systems of internal control. For further information, please refer to "Item 16G. A The New York Stock Exchange – Corporate Governance."

[Content](#)

(2) Sustainability Committee

On December 17, 2020, the Board of Directors renamed the Corporate Governance Committee as the Sustainability Committee. Credicorp's Sustainability Committee is comprised of five Directors from Credicorp. At least two members should be independent, one of them chairs the Committee and one should be a woman.

The current members of the Sustainability Committee include Mrs. Maria Teresa Aranzabal (Chairwoman, independent), Mr. Fernando Fort (non-independent), Mr. Antonio Abruña (independent), Mrs. Patricia Lizarraga (independent), Mr. Leslie Pierce (non-independent). In 2021, Credicorp's Sustainability Committee held four meetings.

The Sustainability Committee is responsible, among other functions, for (i) reviewing Credicorp's Sustainability and ESG strategy and initiatives and following up its most relevant activities, including the Sustainability program; (ii) proposing to the Board of Directors and ensure the execution of good practices and sustainability and corporate governance policies to be implemented throughout the Company; (iii) supervising the development of the strategic initiatives of the Corporate Compliance and Ethics Division, including proposing to the Board of Directors the appointment of Compliance and Ethics Officers, the annual work plan and review periodic reports, and changes in policies; (iv) supervising the operation of the complaints system; (v) ensuring the adequate attention to conflicts of interest or ethics of Directors and senior executives, as well as transparency in relationships with related parties; and (vi) proposing to the Board of Directors the independence criteria of the Directors and the members of the Audit Committee and reviewing them periodically to ensure their validity over time.

(3) Compensation and Nominations Committee

Until June 5, 2020, Credicorp's Board of Directors had separate committees for Compensation and Remunerations, and Nominations. These committees were subsequently combined to form the Compensation and Nominations Committee. Credicorp's Compensation and Nominations Committee consists of five Directors from Credicorp. At least two members should be independent, one of them chairs the Committee and one should be a woman.

The current members of the Compensation Committee include Mr. Alexandre Gouvêa (Chairman, independent), Mr. Luis Romero Belismelis (non-independent), Mr. Raimundo Morales (non-independent), Mr. Antonio Abruña (independent) and Mrs. Maria Teresa Aranzabal (independent). The Compensation and Nominations Committee held seven meetings in 2021.

[Content](#)

Credicorp does not have a fully independent Compensation and Nominations Committee. When the Committee was created, the Board of Directors determined that the most important criterion to select Directors to serve on the Committee was deep knowledge of the organization and its people, which, coupled with the leadership and continuity provided by senior management, ensures that the organization functions efficiently. The Board of Directors believes that each individual on the Committee makes quality, independent judgments in the best interests of Credicorp with regard to all relevant issues and that the committee's structure currently represents the best possible configuration to ensure that goals are met.

The Compensation and Nominations Committee is responsible for (i) selecting and recommending to the Board of Directors the candidates to be proposed to the General Meeting of Shareholders of Credicorp, as well as to fill any vacancies; (ii) evaluating candidates for the Board of Directors to determine if they meet Credicorp's independence criteria; (iii) proposing to the Board of Directors of Credicorp, for submission to the General Meeting of Shareholders, the attendance fees and remuneration levels of the members of the Boards of Directors and Committees of Credicorp; and (iv) defining the general guidelines of the Compensation Policy that must be implemented in Credicorp.

(4) Risk Committee

Credicorp's Risk Committee's consists of five Directors from Credicorp or its subsidiaries. At least one member must be independent, and one should be a woman.

The current members of the Risk Committee include: Mr. Raimundo Morales (Chairman, non-independent), Mr. Luis Romero Belismelis (Chairman of the Board of Directors, non-independent), Mr. Alexandre Gouvêa (independent), Mrs. Patricia Lizarraga (independent), and Mr. Pedro Rubio (non-independent Director of BCP and other subsidiaries). In 2021, Credicorp's Risk Committee held three meetings.

The Risk Committee's duties are: (i) acknowledging and informing Credicorp's Board of Directors the level of compliance with the risk appetite and the level of exposure assumed by the Group; and (ii) acknowledging the relevant improvements in the comprehensive risk management of the Group.

[Content](#)

6. D Employees

As of December 31, 2021, Credicorp had 36,358 employees (including full-time and part-time employees), as set forth in the following table:

As of December 31,			
	2019	2020	2021
Universal Banking			
BCP Stand-alone ⁽¹⁾	17,005	16,770	17,435
Inversiones Credicorp Bolivia (ICBSA) ⁽²⁾	1,802	1,724	1,632
Microfinance			
Mibanco	11,553	10,781	9,878
Mibanco Colombia ⁽³⁾	527	2,076	2,357
Insurance and Pensions			
Grupo Pacifico ⁽⁴⁾	2,904	2,984	2,562
Prima AFP	616	631	610
Investment Banking and Wealth Management			
ASB Bank Corp.	147	167	139
Credicorp Capital Ltd. ⁽⁵⁾	1,216	1,601	1,652
Others			
Grupo Credito ⁽⁶⁾	58	72	93
Total Credicorp	35,828	36,806	36,358

(1) BCP Stand-alone includes employees from BCP Miami and BCP Panama.

(2) ICBSA includes BCP Bolivia, Credibolsa, Credifondo, Crediseguro Seguros Personales and Crediseguro Seguros Generales.

(3) Mibanco Colombia is a result of the merger of Encumbra and Bancompartir. 2019 figures only include Encumbra employees.

(4) Does not include the employees of the acquired private hospitals. Pacifico corporate health insurance employees are not included since 2015.

(5) Includes Credicorp Capital Colombia, Credicorp Capital Chile, Credicorp Capital Securities, Credicorp Capital USA and Credicorp Capital Peru.

(6) Started operations in April 2018. Previously called Credicorp Peru.

All bank employees in Peru have the option of belonging to an employee union. The last strike of employees of BCP Stand-alone occurred in 1991 and did not interfere with our operations. In July 2013, we were informed of the establishment of the BCP Stand-alone independent employee union, which represented 0.17% of the BCP Stand-alone's employees at that time. Today, the employee union represents 1.06% of the total employees of BCP Stand-alone. The relationship with this union has been cordial with an agreement in April 2016, an arbitration award and collective bargaining agreement valid from August 2016 to December 2018, and a last collective bargaining agreement that run from January 2019 to December 2020.

[Content](#)

6. E Share Ownership

Board of Directors

The following persons were beneficial owners of the listed numbers of common shares of Credicorp Ltd. (as the term “beneficial owner” is defined in Form 20-F) as of December 31, 2021.

<u>Director</u>	<u>Share Ownership</u>	<u>Percentage</u>
Luis Enrique Romero B.	11,800,147 ⁽¹⁾	12.50%
Raimundo Morales D.	-	-
Fernando Fort M.	-	-
Patricia Lizarraga G.	-	-
Antonio Abruña P.	-	-
Maite Aranzabal H.	-	-
Alexandre Gouvea	-	-
Irzio Pinasco M.	-	-
Leslie Pierce D.	-	-

(1) Includes beneficially owned shares of the Romero family (Mr. Luis Enrique Romero B. and their family or companies owned or controlled by them).

Common shares held by our Directors and our senior management does not have voting rights different from shares held by our other shareholders. As of December 31, 2021, there are no stock options granted by Credicorp to acquire any of Credicorp’s outstanding common shares.

Senior Management

Excluding Mr. Luis Romero Belismelis, our Executive Chairman, whose share ownership is set forth above, as of December 31, 2021, members of our senior management, as defined in “ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES” own 128,111 Credicorp shares, which represents 0.14% of our total outstanding shares. While each member of our senior management owns Credicorp shares, none (other than our Executive Chairman) owns more than 1% of our total outstanding shares.

Employees

As of December 31, 2021, Credicorp’s employees, excluding the senior management, own 677,969 Credicorp shares (granted by Credicorp as part of Credicorp’s long-term compensation program for its key employees and purchased by Credicorp’s employees), which represents 0.72% of our total outstanding shares.

[Content](#)

ITEM 7 MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7. A Major Shareholders

As of December 31, 2021, Credicorp had issued 94,382,317 common shares, of which 14,620,846 were held by ASHC. Under Bermuda law, ASHC has the right to vote the common shares it owns. In order to restructure long term holdings, substantially all of our common shares held by BCP Stand-alone and Grupo Pacifico were transferred to ASHC in April 2004. The table below provides details about the percentage of Credicorp's common shares owned by holders of 5% or more of our total common shares, as of February 14, 2022.

Owner	Common Shares	Percent of Class (1)
Atlantic Security Holding Corporation	14,620,846	15.49%
Romero family (2)	11,800,147	12.50%
BlackRock, Inc.	5,558,624	5.89%
Dodge & Cox	5,556,977	5.89%

- (1) As a percentage of all issued and outstanding shares (including shares held by ASHC).
- (2) It includes common shares directly or indirectly owned by Luis Romero Belismelis and his family or companies owned or controlled by them. Mr. Romero B. is the Chairman of the Board.

Voting rights of major shareholders are not different from voting rights of other shareholders. Each share has right to one vote, including the shares owned by Atlantic Security Holding Corporation.

Approximately 9.82% of Credicorp's total issued and outstanding common shares are currently held in 4,014 individual accounts with Cavalli, a Peruvian security clearing company.

As of December 31, 2021, Credicorp had 79,531,948 floating common shares (excluding the 14,620,846 shares held by ASHC and 229,523 shares held by Credicorp's subsidiaries that correspond to Credicorp's long-term compensation program for its key employees). For more details regarding our treasury stock see Note 18 (b) to our consolidated financial statements. Approximately 89.59% of the 94,382,317 Credicorp's issued common shares were held in the United States. There were approximately 50 registered holders of Credicorp's common shares in the United States. Because many of these common shares were held by brokers or other nominees, and because of the impracticability of obtaining accurate residence information for all beneficial shareholders, the number of registered holders in the United States is not a representative figure of the beneficial holders or of the residence of beneficial holders. Credicorp is neither directly nor indirectly controlled by another corporation or by any foreign government.

7. B Related Party Transactions

Under Bermuda law, Credicorp is not subject to any restrictions on transactions with affiliates, other than such restrictions as are applicable to Bermuda companies generally. Credicorp's Bye-laws provide that a Director may not vote with respect to any contract or proposed contract or arrangement in which that Director has an interest or a conflict of interest. Credicorp has not engaged in any transactions with related parties except through our subsidiaries.

Credicorp's consolidated financial statements as of December 31, 2019, 2020 and 2021 include transactions with related parties, including (i) related companies such as associates or others, (ii) its Board of Directors, (iii) its senior management, (iv) close members of the families of its Directors or members of its senior management and (v) enterprises that are controlled by these individuals or entities through majority shareholding or their role as chairman or principal executive officer in those companies.

[Content](#)

Transactions between the Credicorp companies and those related to Credicorp that exceed US\$1 million must have the approval either of the Board of Directors involved or of the body to which this Board has delegated the responsibility. The Finance Areas of each company are responsible of identifying these operations and escalating them to the Board of Directors.

Transactions between Credicorp companies and between Credicorp companies and their employees (without being limited to banking, financial, securities brokerage, investment, other financial services, payments of tariffs and regulatory contributions) that are made in the normal course of its operations, at market prices and values, or in substantially the same terms, including yields, interest rates and collateral, as compared to those prevailing at the same time with third parties, and that do not imply a higher collectability risk and do not present any additional unfavorable terms for Credicorp, are expressly exempted from this requirement. These transactions are considered pre-approved by Credicorp's Board of Directors and may be reported to the Sustainability Committee in order to ensure good practices and detect potential conflicts of interest. For the daily approval of these transactions, the current policies and regulations of each Credicorp company will be followed.

The following table shows Credicorp's main transactions with related companies as of and for the years ended December 31, 2019, 2020 and 2021.

	Year ended December 31,*		
	2019	2020	2021
	<i>(in thousands of soles)</i>		
Statement of financial situation			
Direct loans	1,657,206	1,909,516	1,848,299
Investments (1)	935,286	1,165,661	871,779
Deposits	(751,990)	(1,582,412)	(768,564)
Derivatives at fair value	4,984	4,408	2,325
Statement of income -			
Interest income related to loans – income	28,477	57,373	39,603
Interest expense related to deposits – expense	(10,377)	(17,212)	(16,236)
Non-interest income	9,698	24,411	10,243
Off-balance sheet			
Total performance bonds, and stand-by letters of credit	373,865	431,089	459,562

(1) The balance year 2021, includes mainly S/183.3 million of corporate bonds, S/178.6 million of corporate bonds issued by Cementos Pacasmayo S.A., S/137.7 million of shares of Alicorp S.A.A. and S/184.8 million of shares of Inversiones Centenario. The decrease in the balance corresponds mainly to the fluctuation that negatively affected the investments in shares of Inversiones Centenario and Alicorp S.A.A.A.

During the year 2020, the balance mainly includes S/208.2 million of corporate bonds and S/120.9 million of Alicorp S.A.A. shares, S/174.4 million of corporate bonds issued by Cementos Pacasmayo S.A., and S/196.5 million of Inversiones Centenario shares

(*) The table does not consider Subsidiaries Transactions.

[Content](#)

Credicorp has entered into these transactions with related parties in the ordinary course of business and in accordance with normal market terms, including interest rate and collateral, which were available to other customers for comparable transactions at that time, and they did not involve more than the normal risk of collectability or present other unfavorable features. Outstanding loan balances at year-end were guaranteed by the related party. Peruvian financial system law prohibits us from giving more favorable conditions to related parties. On December 31, 2021, direct loans to related companies were secured by collateral, which had maturities between January 2022 and March 2029, at an annual soles average interest rate of 6.37% and at an annual foreign currency average interest rate of 4.03% (as of December 31, 2019, maturities were between January 2021 and December 2036, and the annual soles average interest rate was 5.33% and the annual foreign currency average interest rate was 4.45%). As of December 31, 2021, we recorded an S/23.4 million allowance for loan losses for doubtful debt in connection with loans to related parties. As of December 31, 2020, this provision amounted to S/9.1 million. The amount of this provision is adjusted on a continuous basis and based on the financial position of each related party and the market in which it operates.

As of December 31, 2021, the related company that had the largest debt balance of direct loans with Credicorp was in the cement sector with a total balance of S/450.8 million. This balance included short-term financing. Interest rates of the operations ranged from 1.55% to 2.62% in soles and 1.80% in dollars. As of December 31, 2020, the related company that had the largest debt balance of direct loans with Credicorp was in the real estate sector with a total balance of S/239.0 million. This balance included short-term financing, as well as medium-term operations. Interest rates of the operations ranged from 6.05% to 6.33% in soles and from 2.80% + 3 month libor to 3.08% + 3 month Libor. As of December 31, 2019, the related party with the largest debt balance of direct loans with Credicorp, was a manufacturing company with a total balance of S/322.3 million. This balance included short-term financing, as well as medium and long-term operations. Interest rates of the most relevant operations ranged from 2.20% to 7.50% in soles.

As of December 31, 2019, 2020 and 2021, Credicorp's Directors, officers and employees had been involved, directly and indirectly, in credit transactions with certain subsidiaries of the Group, as permitted by Peruvian Banking and Insurance Law No. 26702, which regulates and limits certain transactions with employees, Directors and officers of a bank and insurance company. On December 31, 2019, 2020 and 2021, direct loans to employees, Directors, senior management, and their family members amounted to S/1.0 billion, S/1.1 billion and S/1.0 billion, respectively. These loans have been granted in the ordinary course of business and on market terms as allowed by regulations promulgated under Section 402 of the Sarbanes-Oxley Act. Therefore, no privileged conditions have been granted on any type of loans to Directors and executive officers. These loans are paid monthly and earn interest at rates that are similar to market rates for comparable loans.

In 2021, Credicorp and subsidiaries made payments totaling approximately US\$48.05 million to the following related suppliers: Hermes Transportes Blindados, McKinsey & Company Peru Inc., Grupo Romero and subsidiaries, Grupo Centenario and subsidiaries, Falabella Peru and subsidiaries, ENEL Distribucion Peru SAA, and AI Inversiones Palo Alto II. This information is being disclosed in accordance with our Corporate Policy on Related Parties, which came into effect in December 2019.

[Content](#)

Subsidiaries Transactions

The following table shows Credicorp's main transactions with subsidiaries companies as of and for the years ended December 31, 2019, 2020 and 2021 which does not consider related party transactions.

	As of December 31,(**)		
	2019	2020	2021
	<i>(in thousands of soles)</i>		
Statement of financial situation			
Direct loans / receivables (1)	2,191,317	1,997,763	3,104,188
Investments	51,013	245,624	115,642
Funds / Deposits (2)	(1,617,118)	(1,939,364)	(2,917,661)
Derivatives at fair value receivable / payable (*)	8,054	10,092	20,392
Statement of income -			
Interest income related to loans – income (**)	98,045	85,196	58,270
Interest expense related to deposits – expense (**)	(9,096)	(3,337)	(1,499)
Non-interest income (**)	57,465	64,930	76,645
Off-balance sheet			
Total performance bonds, and stand-by letters of credit	172,119	280,878	331,920

(1) The loans granted by these companies are recognized as receivable by the group companies that received the placement. These transactions are eliminated from the Statement of Financial Position.

(2) Funds available from various group companies are received by these subsidiaries as deposits. These operations are eliminated in the Statement of Financial Position.

(*) Accounts receivable for derivatives held by group companies will be accounts payable for the subsidiaries with which the derivative is agreed and vice versa. These transactions are eliminated from the Statement of Financial Position.

(**) Income recognized by group companies will be an expense for the subsidiaries with which the transaction was agreed. These transactions are eliminated from the statement of income.

(***)The table does not consider related party transactions.

[Content](#)

The main direct loans and receivables between subsidiaries of the group are:

Grant the Loan	Receive the Loan	At December 2021 <i>(in thousands of Soles)</i>
<i>Sol-denominated:</i>		
BCP Stand-alone	Mibanco	1,555,000
BCP Stand-alone	ASB Bank Corp	293,123
BCP Stand-alone	Grupo Crédito	90,600
BCP Stand-alone	SEAH	42,574
BCP Stand-alone	Credicorp Capital SAB	15,000
BCP Stand-alone	Pacifico	20,000
BCP Stand-alone	Compañía Incubadora de Soluciones Móviles S.A.- Culqui	5,621
Others		42,696
Total Sol-denominated		2,064,614
<i>Foreign Currency-denominated:</i>		
ASHC	Atlantic Sec Intern Financ Ser	912,336*
CCR	BCP Stand-alone	75,016
BCP Stand-alone	SEAH	31,824
ASB Bank Corp	Credicorp Capital Chile S.A.	7,917
BCP Stand-alone	Credicorp Capital Chile S.A.	3,643
Others		8,838
Total Foreign Currency-denominated		1,039,574
Total		3,104,188

*Credicorp invests the liquidity from its US\$500 million bond issue in mutual funds, in investments made through investment management agreements (IMAs) with third parties, and in direct investments in bonds. With respect to the proceeds of the bond issue, as of December 31, 2021, investments in mutual funds totaled US\$263.4 million, investments with third parties under IMAs totaled US\$233.3 million, and investments in bonds held to maturity totaled US\$6.6 million. Credicorp Ltd. itself only maintains passive investments, such as deposits, mutual funds and bonds held to maturity, while investments with third parties under IMAs and any active management of liquidity is carried out by ASIFS (Atlantic Security International Financial Services Inc.), an operating subsidiary of ASHC, which is in turn a subsidiary of Credicorp Ltd. The flow of financing for investments with third parties under IMAs is through capital contributions from Credicorp Ltd. to ASHC, then through non-interest loans from ASHC to ASIFS, which as of December 31, 2021, totaled US\$228.8 million. During the twelve-month period ended December 31, 2021, the largest outstanding amount of the non-interest loan from ASHC to ASIFS was US\$ 228.8 million.

Main loans granted between group companies in soles amount to S/2,064.6 million with an average rate of 3.5% and with maturity between January and November 2022; in dollars amount to S/1,039.6 million with an average rate of 1.86% and with maturity between January 2022 and August 2023.

7. C Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

8.A Consolidated Statements and Other Financial Information

Our annual consolidated financial statements, audited by an independent registered public accounting firm and accompanied by an audit report, are included beginning on page F-1 of this Annual Report.

[Content](#)

(1) *Legal Proceedings*

We, along with our 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.

The following is a description of material litigation in which we or our subsidiaries are engaged in as of the date of this Annual Report, or that has had, in the recent past, significant effects on the Company's financial position or profitability.

Madoff Trustee Litigation. In September 2011, the Trustee for the liquidation of Bernard L. Madoff Investment Securities LLC. (BLMIS) and the substantively consolidated estate of Bernard L. Madoff (the Madoff Trustee) filed a complaint (the Madoff Complaint) against Credicorp's subsidiary, ASB (currently ASB Bank Corp.), in the U.S. Bankruptcy Court for the Southern District of New York (the Bankruptcy Court). The Madoff Complaint seeks recovery of approximately US\$120 million in principal amount, which is alleged to be equal to the amount of redemptions between the end of 2004 and the beginning of 2005 of ASB-managed Atlantic U.S. Blue Chip Fund assets invested in Fairfield Sentry Limited (Fairfield Sentry) together with fees, costs, interest, and expenses. The Madoff Complaint seeks the recovery of these redemptions from ASB Bank Corp. as "subsequent transfers" or "avoided transfers" from BLMIS to Fairfield Sentry, which Fairfield Sentry in turn subsequently transferred to ASB Bank Corp. The Madoff Trustee has filed similar "claw back" actions against numerous other alleged "subsequent transferees" that invested in Fairfield Sentry and its sister entities, which, in turn, invested in and redeemed funds from BLMIS.

There has been significant briefing on issues related to these Madoff Trustee actions, and these cases have been pending for many years. In November 2016, the Bankruptcy Court issued a Memorandum Decision Regarding Claims to Recover Foreign Subsequent Transfers (the Memorandum Decision) holding that the recovery of certain subsequent foreign transfers is barred under the doctrine of comity and/or extraterritoriality, and dismissed the claims brought by the Madoff Trustee against a number of parties, including ASB. In March 2017, the Madoff Trustee filed an appeal (the Appeal) of the Memorandum Decision to the United States Court of Appeals for the Second Circuit, which reversed the Dismissal Order and remanded the matter to the Bankruptcy Court (the Second Circuit Opinion). In April 2019, the defendant-appellees, including ASB, filed, and the Second Circuit granted, a motion to stay the issuance of the mandate pending the filing of a petition for a writ of certiorari in the United States Supreme Court. The petition for a writ of certiorari was filed in the United States Supreme Court in August 2019. On or about June 1, 2020, the United States Supreme Court denied the petition for a writ of certiorari. Following the denial of the petition for writ of certiorari, the judgment for dismissal by the Bankruptcy Court was vacated and the matter was remanded back to the Bankruptcy Court. The case now remains pending in the Bankruptcy Court. On March 25, 2022, ASB Bank Corp. filed a Motion to Dismiss the Complaint. While management believes that ASB has defenses against the Madoff Trustee's claims and intends to defend against any action by the Madoff Trustee, in view of recent judicial decisions in cases not involving ASB, certain defenses are no longer available. In this context, Credicorp has constituted a provision that management considers reasonable with the information available today.

[Content](#)

Fairfield Litigation. In April 2012, Fairfield Sentry (In Liquidation) and its representative, Kenneth Krys (the Fairfield Liquidator), filed a complaint (the Fairfield Complaint) against ASB in the Bankruptcy Court (the Fairfield v. ASB Adversary Proceeding). The Fairfield Complaint seeks to recover US\$115.2 million in principal amount from ASB, representing the amount of ASB's redemptions of certain investments in Fairfield Sentry, together with fees, costs, interest, and expenses. These are essentially the same funds that the Madoff Trustee seeks to recover in the Madoff Trustee litigation as described above. After the Fairfield Complaint was filed, the Bankruptcy Court procedurally consolidated the Fairfield v. ASB Adversary Proceeding with other adversary actions brought by the Fairfield Liquidator against former investors in Fairfield Sentry.

Similar to the Madoff Trustee litigation, the Fairfield v. ASB Adversary Proceeding, and related adversary actions have been pending for many years. In October 2016, the Fairfield Liquidator filed a Motion for Leave to Amend (the Motion for Leave) various complaints, including the Fairfield Complaint. Certain defendants, including ASB, filed a motion to dismiss (the Motion to Dismiss) and a consolidated memorandum of law (i) in opposition to the Motion for Leave and (ii) in support of the Motion to Dismiss. In December 2018, the Bankruptcy Court entered a memorandum decision granting in part and denying in part the Motion to Dismiss and the Motion for Leave (the Memorandum Decision). In March 2019, the Fairfield Liquidator submitted a form of a stipulated order dismissing the adversary proceeding against ASB (the Dismissal Order), as directed by the Bankruptcy Court, but filed notices of appeal, including of the dismissal of the claims asserted against ASB and other defendants, in May 2019. The appeal remains pending. Management believes that ASB has defenses against the Fairfield Liquidator's claims alleged in the Amended Complaint and the Fairfield Liquidator's appeal.

(2) *Government Investigations*

The former Chairman and the current Vice Chairman of the Board of Directors of Credicorp, in their respective capacities as Chairman of the Board and as a Director of BCP Stand-alone, were summoned as witnesses by Peruvian prosecutors, along with 26 other Peruvian business leaders, to testify in connection with a judicial investigation that is being carried out regarding contributions made to the electoral campaign of a political party in the 2011 Peruvian presidential elections. Our former Chairman testified on November 18, 2019, and our Vice Chairman testified on December 9, 2019. The former Chairman informed prosecutors that in 2010 and 2011 Credicorp made donations totaling US\$3.65 million to the Fuerza Popular 2011 campaign (in total amounts of US\$1.7 million in 2010 and US\$1.95 million in 2011). These contributions were made in coordination with the General Manager of Credicorp at that time. While the amount of these contributions exceeded the limits then permitted under Peruvian electoral law, the law in place at that time provided no sanction for contributors, and instead only for the recipient of the campaign contribution.

[Content](#)

The former Chairman also informed prosecutors that in 2016, three subsidiaries of Credicorp (BCP Stand-alone, Mibanco and Grupo Pacifico) made donations totaling S/711,000 (approximately US\$200,000) to the Peruanos Por el Kambio campaign. These contributions were made in compliance with both Peruvian electoral law and Credicorp's own political contributions guidelines, adopted in 2015. These guidelines provided details on the procedures for obtaining approval for contributions and outlined the specific required conditions for transparent contributions.

The Peruvian SMV has initiated a sanctioning process against Credicorp, for failing to disclose to the market, in due course, the political campaign contributions in the years 2011 and 2016. The SMV also has initiated a sanctioning process against three subsidiaries of Credicorp (BCP Stand-alone, Mibanco and Grupo Pacifico) for failing to disclose to the market, in due course, the political campaign contributions made in connection with the 2016 presidential elections. The SMV has recently notified Credicorp, BCP, Mibanco and Grupo Pacifico with first instance Resolutions on these proceedings. The mentioned Resolutions imposed pecuniary sanctions (fines) on Credicorp and the three subsidiaries as a consequence of these sanctioning processes. Credicorp, BCP, Mibanco and Grupo Pacifico have appealed the Resolutions.

On December 8, 2021, Credicorp informed that the Peruvian SMV was notified of the resolution issued by the Provisional Superior Chamber Specialized in Administrative Litigation of the Superior Court of Justice of Lima (the "Court"), pursuant to which the Court has admitted for consideration Credicorp's contentious-administrative claim challenging the SMV's resolution (by negative administrative silence), with reference to the appeal filed by Credicorp mentioned in the prior paragraph.

Under the Resolution, the SMV resolved to sanction Credicorp (i) with a fine of 300 Peruvian Tax Units (Unidades Impositivas Tributarias or UITs by their Spanish initials), representing approximately US \$270,000, for, allegedly, having infringed (categorized as "very serious") (*muy grave*) subsection 1.6, numeral 1 of Annex 1 of the Sanctions Regulation, approved by CONASEV Resolution N° 055-2001-EF / 94.10, effective as from 2011; and (ii) with a fine of 210 UITs (approximately US \$207,375) for, allegedly, having violated (categorized as "very serious") (*muy grave*) subsection 1.5, numeral 1 of Annex 1 of the Sanctions Regulation, approved by CONASEV Resolution N° 055-2001-EF / 94.10 and modified by Resolution N° 006-2012-SMV / 01, effective as from 2016. The charges made by the SMV against Credicorp were that the company had affected the transparency of the stock market by not having disclosed relevant information to the market regarding Credicorp's cash contributions to the political party Fuerza Popular during the 2011 Peruvian presidential campaign (first charge) and that the Company had affected the transparency of the stock market by not having disclosed relevant information to the market regarding Credicorp's agreement to make contributions to the political party Peruanos por el Kambio during the 2016 Peruvian presidential campaign (second charge).

[Content](#)

Because Credicorp was neither in agreement with the categorization of the facts nor with the sanctions imposed, Credicorp filed an appeal challenging the Resolution. Subsequently, after the expiration of the term to resolve in the appeal (second administrative instance), Credicorp asserted its right to negative administrative silence and to resort to the Judiciary. Notwithstanding, Credicorp proceeded to pay the fines imposed by the SMV, in compliance with Peruvian law.

Thus, since Credicorp's contentious-administrative claim filed was admitted for consideration by the Court, the administrative procedure has terminated with respect to Credicorp, and the matter is now subject to the decision of the Judiciary.

On March 4, 2022, Grupo Pacifico was informed that the Peruvian SMV was notified of the resolution issued by the Superior Chamber Specialized in Administrative Litigation of the Superior Court of Justice of Lima (the "Court"), pursuant to which the Court has admitted for consideration Grupo Pacifico's contentious-administrative claim challenging the SMV's resolution (by negative administrative silence), with reference to the appeal filed by Grupo Pacifico mentioned above. Thus, since Grupo Pacifico's mentioned claim was admitted for consideration by the Court, the administrative procedure has terminated with respect to Grupo Pacifico, and the matter is now subject to the decision of the Judiciary.

Regarding BCP and Mibanco the administrative proceedings are still in the SMV.

Credicorp believes that neither the contributions disclosed by our former Chairman and the current Vice Chairman in 2019 nor the related SMV sanctioning processes pose a significant risk of material liability to the Company. Furthermore, Credicorp does not believe that either of the contributions will have a material effect on the Company's business, financial position, or profitability.

On November 11, 2021, Credicorp disclosed that its incoming CEO, Mr. Gianfranco Ferrari de las Casas, informed the Company that he was notified of a Prosecutor's Decision issued by the Corporate Supraprovincial Prosecutor's Office Specialized in Officer Corruption Offenses Special Team – Fourth Court Division (*Fiscalia Supraprovincial Corporativa Especializada en Delitos de Corrupcion de Funcionarios Equipo Especial – Cuarto Despacho*). Through such notice, Mr. Ferrari was informed that he has been included in the preparatory investigation carried out against Mr. Yehude Simon M. and an additional 65 individuals on the grounds of, in his particular case, alleged primary complicity in the alleged crime against the public administration, aggravated collusion, incompatible negotiation or improper use of position and criminal organization detrimental to the Peruvian State, in connection with the financial advisory services provided by BCP Stand-alone to the Olmos Project.

Credicorp has reviewed the performance of the officers of Banco de Credito del Peru in relation to the financial advisory services provided by the Bank in connection with the Olmos Project and has concluded that the facts under investigation do not give rise to any liability of Banco de Credito del Peru or its officers. Credicorp bases this view on the qualified opinion of external consultants specializing in the matter. Therefore, Credicorp considers that the opening of the aforementioned preparatory investigation will not have any impact on the normal operation of the Company and that it will not affect the dedication and performance of its officers in undertaking their regular duties.

[Content](#)

(3) Regulatory Sanctions

In January 2021, The SBS imposed a fine on Prima AFP in the amount of twenty-five UIT (approximately US\$27,500) for serious infringement related to incorrect categorization of investments in relation to Infrastructure Funds and Private Equity. The Company's management acknowledged the infringement and adopted all necessary measures to prevent any further occurrence.

In October 2021, the SBS imposed a fine on BCP Stand-alone in the amount of thirty-one UIT (approximately US\$34,100) for serious infringement related to unauthorized disclosure of client's operations. The Company's management acknowledged the infringement and adopted all necessary measures to prevent any further occurrence.

(4) Dividend Policy

Under Bermuda law, a dividend may only be declared and paid if the Company is able to (i) pay its liabilities as they become due, and (ii) the realizable value of its assets is not less than the aggregate value of its liabilities, issued share capital and share premium accounts.

Each year, the Company intends to declare and pay dividends in cash of at least 25% of the Company's consolidated net profits based on the last audited financial accounts. The Board of Directors shall take into consideration the following when deciding whether to distribute dividends:

- The availability of dividends from the Company's subsidiaries;
- Whether the declaration and payment of dividends would cause the Company to breach any applicable laws or adversely impact on the equity growth requirements of the Company or its subsidiaries;
- Financial performance of the Company;
- General business and economic-financial conditions affecting the Company; and
- Any other factors that the Board may deem relevant.

The Board of Directors may in its sole discretion declare and pay a dividend below 25%, if any of the aforementioned conditions are not met. Subject to the foregoing, it is expected that dividend payments are to be made once a year within 90 calendar days of the meeting held by the Board to approve the dividend declaration. No interim dividends are to be paid. This policy has been in force since 2016 and it will continue to be applicable until amended or rescinded by the Board of Directors. For further details about the risk associated with our ability to pay dividends, please refer to "ITEM 3. KEY INFORMATION – 3.D Risk Factors – *Our ability to pay dividends to shareholders and to pay corporate expenses may be adversely affected by the ability of our subsidiaries to pay dividends to us.*"

[Content](#)

Furthermore, the Board of Directors of the Company, in its session held on December 23, 2021 resolved that, subject to the provisions of Credicorp's Dividend Policy, the Board expects that Credicorp will declare dividends, if any, in the month of April 2022 or thereafter once the Company's subsidiaries have agreed the declaration and date of payment of any dividends in their respective shareholder and board meetings. This decision was made in accordance with Credicorp's Dividend Policy.

The following table shows the cash and stock dividends that we paid based on the results of our operations in the periods indicated:

Year ended December 31,	Number of Shares Entitled to Dividends		Cash Dividends Per Share	Stock Dividends Per Share
2001	94,382,317	US\$	0.10	0.00
2002	94,382,317	US\$	0.40	0.00
2003	94,382,317	US\$	0.30	0.00
2004	94,382,317	US\$	0.40	0.00
2005	94,382,317	US\$	0.80	0.00
2006	94,382,317	US\$	1.10	0.00
2007	94,382,317	US\$	1.30	0.00
2008	94,382,317	US\$	1.50	0.00
2009	94,382,317	US\$	1.70	0.00
2010	94,382,317	US\$	1.95	0.00
2011	94,382,317	US\$	2.30	0.00
2012	94,382,317	US\$	2.60	0.00
2013	94,382,317	US\$	1.90	0.00
2014	94,382,317	US\$	2.1873	0.00
2015	94,382,317	US\$	2.3160	0.00
2016	94,382,317	S/	12.2865	0.00
2016	94,382,317	S/	15.7000	0.00
2017	94,382,317	S/	14.1726	0.00
2018 ⁽¹⁾	94,382,317	S/	20.0000	0.00
2018 ⁽¹⁾	94,382,317	S/	8.0000	0.00
2019 ⁽²⁾	94,382,317	S/	30.0000	0.00
2020 ⁽³⁾	94,382,317	S/	5.0000	0.00
2021 ⁽⁴⁾	94,382,317	S/	-	0.00

- (1) At a meeting held on February 27, 2019, the Board of Directors declared a cash dividend of S/20.0000 per common share. The cash dividend was paid in US Dollars using the weighted exchange rate registered by the SBS for the transactions at the close of business on May 8, 2019. The US Dollar dividend amount was rounded up to four decimals. The aforementioned cash dividend was paid on May 10, 2019 to those shareholders that were registered as shareholders of Credicorp as of the close of business on April 16, 2019. At a meeting held on September 25, 2019, the Board of Directors declared a special cash dividend of S/8.0000 per common share. The cash dividend was paid in US Dollars using the weighted exchange rate registered by the SBS for the transactions at the close of business on November 20, 2019. The US Dollar dividend amount was rounded up to four decimals. The aforementioned cash dividend was paid on November 22, 2019 to those shareholders that were registered as shareholders of Credicorp as of the close of business on October 23, 2019.
- (2) At a meeting held on February 27, 2020, the Board of Directors declared a cash dividend of S/30.0000 per common share. The cash dividend will be paid in US Dollars using the weighted exchange rate registered by the SBS for the transactions at the close of business on May 6, 2020. The US Dollar dividend amount will be rounded up to four decimals. The aforementioned cash dividend was paid on May 8, 2020 to those shareholders that were registered as shareholders of Credicorp as of the close of business on April 13, 2020.
- (3) At a meeting held on February 25, 2021, the Board of Directors discussed the probability of approving a distribution of dividends for the results obtained in 2020. Due to the uncertainty in the health and economic expectations of Peru and the countries in which we operate, this decision will be defined in the following directories agreed during 2021, taking into account the evolution of the pandemic and its possible impact on the solvency, liquidity and profitability of Credicorp. At a meeting held on August 26, 2021, the Board of Directors declared a cash dividend of S/5.0000 per common share. The cash dividend was paid in U.S. Dollars using the weighted exchange rate registered by the SBS for the transactions at the close of business on October 5, 2021. The U.S. Dollar dividend amount will be rounded up to four decimals. The aforementioned cash dividend was paid on October 7, 2021 to those shareholders that are registered as shareholders of Credicorp as of the close of business on September 15, 2021.
- (4) Cash dividends for the result of 2021 have not been declared yet.

[Content](#)

8. B Significant changes

There have not been any significant changes since the date of our consolidated financial statements.

ITEM 9. THE OFFER AND LISTING

9. A Offer and Listing Details

Our common shares have been traded on the NYSE since October 25, 1995. Our common shares also trade on the BVL. They are quoted in US Dollars and trade under the symbol BAP on both exchanges.

As of December 31, 2021, Credicorp had issued 94,382,317 registered common shares with a nominal par value of US\$5.00 per share. Under Credicorp's Bye-laws, any holder of such shares is entitled to one vote per share, to such dividends as the Board of Directors may from time to time declare and to the surplus assets of Credicorp in the event of a winding-up or dissolution. Credicorp's shareholders do not have preemptive purchase rights under the Company's Bye laws.

9. B Plan of Distribution

Not applicable.

9. C Markets

The BVL is the principal non-U.S. trading market for our common shares.

(1) Trading

As of December 2021, there were 264 companies listed on the BVL, which is Peru's only securities exchange established in 1970. Trading on the BVL is primarily done on an electronic trading system, though trading may also occur in an open outcry auction floor session. Trading hours occur from Monday through Friday as follows:

From the second Sunday of March through the first Sunday of November of each year:	Pre-Opening	07:30	-	08:20
	Opening session:	08:20	-	08:30
	Trading I:	08:30	-	14:22
	Trading II	14:22	-	14:52
	Closing session:	14:52	-	15:00
	Closing Price publication	15:00	-	15:02
	Trading at closing price:	15:02	-	15:10
	Post-Closing	15:10	-	15:30
From the first Sunday of November through the second Sunday of March of each year:	Pre-Opening	07:30	-	09:00
	Opening session:	09:00	-	09:30
	Trading I:	09:30	-	15:22
	Trading II	15:22	-	15:52
	Closing session:	15:52	-	16:00
	Closing Price publication	16:00	-	16:02
	Trading at closing price:	16:02	-	16:10
	Post-Closing	16:10	-	16:30

[Content](#)

Transactions during both the open trading and the electronic sessions are executed through brokerage firms and stockbrokers on behalf of their clients. Brokers submit their orders in strict accordance with written instructions, following the chronological order in which they were received. The orders specify the type of security ordered or offered as well as the amounts and price of the sale or purchase. In general, share prices are permitted to increase or decrease up to 15% for Peruvian companies, and up to 30% for foreign companies, within a single trading day.

At the beginning of 2020, the BVL General Index was falling after uncertainty with regards to COVID-19 around the world, and especially due to lower commodities prices, with copper falling from 280 cUSS/lb in the beginning of January 2020, to 212 cUSS/lb at the end of March 2020, when the first pandemic shock hit Peru, and forced to social and economic lockdowns due to COVID-19. The BVL General Index dropped to 13,539 points on April 3, 2020.

Since that point in time international copper prices started to recover up to 478 cUSS/lb at the beginning of November 2021. In this context, the BVL General Index started to recover from the April 2020 drop and increased until February 2021 to 23,200 points, an increase of 71%.

In February 2021, new lockdowns and measures were enacted by the government due to new variants of COVID-19 around the world, and in this context the BVL General Index began another decline, falling again to a low in August 2021 of 15,532 points, 33% below its recent high.

Since August 2021, economic recovery started, with the vaccination process advancing at decent pace in Peru. As a result of the return to some normality in the economy, the important level of vaccinations, the broader opening of the economy with respect to 2020, and high prices of copper, a recovery in the BVL General Index started to happen, helping 2021 to close at 21,112 points, an increase of 36% from the drop in August 2021.

However, and despite this recovery of the BVL General Index, it increased only 1% from year-end 2020 to year-end 2021 and 2.9% from year-end 2019 to year-end 2021. From year-end 2018 to year-end 2019, the BVL General Index increased 6%. As of, March 4, 2022, copper prices had hit a historical record of 492 USD/lb, and the BVL General Index had increased 21% since the end of 2019 and 18% since the end of 2021.

The total amount traded on the BVL was US\$5.7 billion in 2021, US\$5.8 billion in 2020 and US\$5.5 billion in 2019. These figures are still far from the record level obtained in 2007, in which trading volume reached US\$12.4 billion. The Peruvian stock market capitalization amounted to US\$148.5 billion in 2021 compared to US\$165.5 billion in 2020 and US\$162.0 billion in 2019. The General Index of the Lima Stock Exchange (*Indice General de la Bolsa de Valores de Lima* or IGBVL by its Spanish initials) closed at 21,111.73 points at the close of the last trading day in 2021 (an increase of 1.39% compared to the close of the last trading day 2020).

[Content](#)

(2) Market Regulation

The Securities Market Law (Legislative Decree No. 861) addresses matters such as transparency and disclosure, takeovers and corporate actions, capital market instruments and operations, the securities markets and broker-dealers, and risk rating agencies. The SMV, which is a governmental entity attached to the MEF, was given additional responsibilities relating to the supervision, regulation, and development of the securities market, while the BVL and its member firms were given the status of self-regulatory organizations. Additionally, a unified system of guarantees and capital requirements was established for the BVL and its member firms.

The SMV is governed by a five-member board, which includes an Independent Director and the Superintendent, both of whom are appointed by the government. SMV has broad regulatory powers, which include studying, promoting, and establishing rules for the securities market, supervising its participants, and approving the registration of public offerings of securities.

SMV supervises the securities markets and the dissemination of information to investors. It also (i) governs the operations of the Public Registry of Securities and Brokers, (ii) regulates mutual funds and their management companies, (iii) monitors compliance with accounting regulations by companies under its supervision as well as the accuracy of financial statements and (iv) registers and supervises auditors who provide accounting services to those companies under SMV's supervision.

On August 22, 1995, the SMV approved regulations governing the public offering of securities in Peru by entities organized outside of Peru and, for the first time, authorized foreign companies to be listed on the BVL. On October 25, 1995, we became the first non-Peruvian company to list our shares on the BVL. For further details, see "ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview – (6) Supervision and Regulation – 6.2 Subsidiaries – 6.2.1 Peru".

Pursuant to the Securities Market Law, the BVL must maintain a guarantee fund that is funded by its member firms. The actual contributions to be made by the 24 member firms of the BVL are based on volume traded over the exchange. In addition to the guarantee fund managed by the BVL, each member firm is required to maintain a guarantee for operations carried out outside the exchange in favor of SMV. Such guarantees are generally established through bank guarantees issued by local banks.

9.D Selling Shareholders

Not applicable.

9.E Dilution

Not applicable.

[Content](#)

9. F Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

10. A Share Capital

Not applicable.

10. B Memorandum of Association and Bye-laws

The registration number of Credicorp in the Registrar of Companies of Bermuda is EC21045.

The following sections set forth certain information concerning Credicorp's Board of Directors and its share capital, and a summary of certain significant provisions of Credicorp's Memorandum of Association and Bye-laws and Bermuda corporate law. This description does not purport to be complete and is qualified by reference to Credicorp's Memorandum of Association and Bye-laws and to applicable corporate law. For further information on Credicorp's current Bye-laws, as amended in 2020, see Exhibit 1.1 to this Annual Report.

(1) Credicorp Ltd.'s Objects

The objects under which Credicorp is formed and incorporated under its Memorandum of Association are:

- (1) To act and perform all the functions of a holding Company in all of its branches and to coordinate the policy and administration of any subsidiary Company or companies wherever incorporated or carrying on business or of any group of companies of which Credicorp or any subsidiary Company is a member, or which are in any manner controlled directly or indirectly by Credicorp;
- (2) To carry on the business of an investment Company and for that purpose to acquire and hold, whether in the name of Credicorp or in that of any nominee, shares, stocks, debentures, debenture stock, bonds, notes, obligations, and securities issued or guaranteed by any Company however incorporated or carrying on business; and
- (3) Certain other standard objects of Bermuda exempted companies as set out in the Second Schedule to the Bermuda Companies Act 1981.

Credicorp's business falls within the scope of its objects under its Memorandum of Association.

[Content](#)

(2) Directors

Credicorp's business is managed and conducted by the Board of Directors, which is fixed by Credicorp's Bye-laws at nine Directors. For additional information regarding the membership and operation of Credicorp's Board of Directors, see "ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES – 6. A Directors and Senior Management" and "– 6. C Board Practices".

Each Director holds office for a period (the Election Period) commencing at the annual general meeting in which the Director was elected and ending at the annual general meeting in the third successive year of his election or until his successor is elected or appointed subject to his office being vacated.

There are no age limit requirements regarding retirement or non-retirement of Directors. Holding shares is not a requirement in order to be appointed as a Director of the Company.

The office of Director shall be vacated if the Director: (i) is removed from office pursuant to Credicorp's Bye-laws or is prohibited from being a Director by law; (ii) is or becomes bankrupt or makes any arrangement or composition with his creditors generally; (iii) is or becomes of unsound mind or dies; or (iv) resigns his or her office by notice in writing to the Company. At any general meeting, the shareholders may authorize the Board to fill for the remainder of the Election Period any vacancy in their numbers left unfilled at the general meeting. Shareholders in general meeting or the Board shall have the power to appoint any person as a Director to fill a vacancy on the Board for the remainder of the Election Period occurring as a result of the death, disability, disqualification, or resignation of any Director.

A Director may not vote in respect of any contract or proposed contract or arrangement in which such Director is interested or in respect of which such Director has a conflict of interest.

Directors' remuneration is determined by Credicorp's shareholders in general meetings. Directors living outside Lima may also be paid all travel, hotel, and other expenses properly incurred in attending meetings of the Board of Directors, meetings of any committee appointed by the Board of Directors, general meetings of the Company, or any meetings in connection with the business of the Company or their duties as Directors generally.

Any Director, or any Director's firm, partner, or any Company with whom any Director is associated, may act in a professional capacity for Credicorp, and such Director or such Director's firm, partner or such Company may be entitled to remuneration for professional services as if such Director were not a Director, provided that a Director or Director's firm, partner or such Company is not authorized to act as auditor of the Company.

The Board of Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled share capital, or any part thereof. The Board of Directors may also issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability, or obligation of the Company or any third party.

[Content](#)

(3) Common Shares

Credicorp's Bye-laws provide for its share capital to be a single class of common shares, with a par value of \$5.00 per share, subject to any resolution of the shareholders to the contrary. To date, Credicorp has issued 94,382,317 common shares with a par value of US\$5.00 per share, each fully paid.

Under Credicorp's Bye-laws, any holder of Credicorp's common shares is entitled to one vote per share, such dividends as the Board of Directors may from time to time declare, and the surplus assets of Credicorp in the event of winding-up or dissolution. Unclaimed dividends do not earn interest. Dividends unclaimed for three years after they are declared revert back to the Company, and shareholders do not have any rights to such dividends. For more information regarding Credicorp's dividend policy and applicable Bermuda law, refer to "ITEM 8. FINANCIAL INFORMATION – 8. A Consolidated Statements and Other Financial Information (3) Dividend Policy".

Subject to applicable law, in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganization or otherwise, or upon any distribution of share capital, the holders of our common shares will be entitled to the surplus assets of the Company.

Credicorp can, from time to time, purchase its own shares in accordance with Section 42A of the Companies Act 1981 of Bermuda. Section 42A of the Companies Act 1981 of Bermuda provides that a Company cannot purchase its shares if there are reasonable grounds for believing that the Company is, or after the purchase would be, unable to pay its liabilities as they become due. Shares purchased under Section 42A are treated as cancelled, and the amount of the Company's issued capital, but not its authorized share capital, is diminished by the nominal value of the cancelled shares.

Under the Companies Act 1981 of Bermuda, shareholders may resolve in a general meeting to reduce paid-up share capital that is more than the Company's requirements. Upon such a shareholder resolution reached in accordance with Credicorp's Bye-laws, the Company must publish notice in a newspaper 15 to 30 days before the reduction in share capital is to become effective, stating (i) the amount of share capital as last determined by the Company; (ii) the amount by which the share capital is to be reduced; and (iii) the date on which the reduction will become effective. Then, the Company may proceed to reduce its share capital in any way, including by (a) extinguishing or reducing the liability on any of its shares in respect of capital not paid up; (b) with or without extinguishing or reducing liability on any of its shares, cancel any paid up capital that is lost or unrepresented by available assets; or (c) with or without extinguishing or reducing liability of any of its shares, and with or without reducing the number of such shares, pay off any paid-up capital that is in excess of the requirements of the Company. Subject to Credicorp's Bye-laws, when share capital is to be reduced by cancellation of part of a class of shares, the shares to be cancelled must be selected (a) by lot, in such manner as the Directors determine; (b) as nearly as may be in proportion to the number of shares of the class registered in the name of each shareholder; or (c) in such other manner as the Directors, with the consent of the majority of shareholders of the share class to be cancelled, determine. When shares are to be cancelled to reduce the Company's share capital, the shares shall be acquired at the lowest price at which the shares are obtainable, in the opinion of the Directors, but not exceeding an amount, if any, stated in the Bye-laws. Credicorp's Bye-laws do not state any amount or price at which shares are to be cancelled when undertaking a share capital reduction of this kind. There are no conditions in our Memorandum of Association or Bye-laws governing changes in our share capital that are more stringent than those required under Bermuda law.

[Content](#)

The rights of Credicorp's shareholders can be changed by amendment of Credicorp's Bye-laws. Amendments, rescissions, or alterations to Credicorp's Bye-laws generally require approval by a resolution of its Board of Directors and a resolution of the shareholders passed by a majority of the votes cast in accordance with the provisions of the Bye-laws. Amending Bye-laws 4.11 and 4.23 of Credicorp's Bye-laws, regarding the number of Directors, tenure, election process and filling of vacancies, among other matters, requires affirmative votes of at least two-thirds of the total issued voting shares of the Company. Bye-law amendments may be made at a general meeting or at a special meeting.

Credicorp's annual general meeting is held each year to consider and adopt resolutions, to receive the report of the auditors and the consolidated financial statements for the last financial year, to elect Directors, to consider fees payable to Directors, to appoint auditors and to consider other matters properly brought before the meeting. At least fourteen days' notice of an annual general meeting is given to each shareholder. Notice of an annual general meeting will state the date, place, and time at which the meeting is to be held, that the election of Directors will take place at the meeting, and as far as practicable, the other business to be conducted at the meeting. At least ten days' notice of a special general meeting is given to each shareholder. Notice of a special general meeting will state the date, time, place, and the general nature of the business to be considered at the meeting. Subject to the provisions of the Bermuda Companies Act 1981 and Credicorp's Bye-laws, any question proposed for the consideration of the shareholders at any general meeting will be decided by the affirmative votes of a majority of the votes cast in accordance with the provisions of Credicorp's Bye-laws. In the case of a tie, the resolution fails.

No limitations on the rights to own our securities, or on the rights of non-resident or foreign shareholders to hold or exercise voting rights on those securities, are imposed by the Companies Act 1981 of Bermuda or by the Memorandum of Association, or Bye-laws of Credicorp.

There is no provision of the Company's Memorandum of Association or Bye-laws that would delay, defer, or prevent a change in control of the Company and that would operate only with respect to a merger, acquisition or corporate restructuring involving the Company (or any of its subsidiaries).

[Content](#)

There are no Bye-law provisions or provisions of Bermuda law governing the ownership threshold above which ownership of Credicorp shares must be disclosed. Under Peruvian law, any individual or legal entity who acquires, directly or indirectly, 1% or more of the share capital of a Company operating in the financial and insurance systems (or that is engaged in activities that are either associated with or complementary to the purpose of such companies) in a 12-month period, or who obtains a shareholder stake of 3% or more, must provide the SBS with the information that the SBS requests to identify the shareholder's main economic activities and the structure of its assets. In addition, the acquisition of shares of a Company operating in the financial or insurance system exceeding 10% of the Company's share capital (or resulting, when aggregated with previous holdings, in the holding of 10% of the Company's share capital) by a single individual or entity, whether directly or indirectly, require prior authorization from the SBS. In order to acquire more than 10% of the share capital of a legal person domiciled in Peru that holds shares in the Financial Company, prior authorization from the SBS is required. If the Holding Company is a legal person that is not domiciled in Peru, such as Credicorp, the SBS must be informed if there is a modification in the composition of the Holding Company's shareholders in proportions that exceed 10%, indicating the names of such shareholders.

Under Peruvian securities market regulation, any issuer with shares registered in a centralized exchange, such as Credicorp, must present to the SMV a list of its shareholders who hold more than 0.5% of its capital stock and update the list within the first 15 calendar days of the following month in which a change occurs. The issuer also must update the Securities Market Public Register with information on shareholders holding 4% or more of its share capital following any change.

10. C Material Contracts

As of the date hereof, we have not, nor have our subsidiaries, entered into any material contracts in the immediately preceding two years other than those contracts entered into in the ordinary course of our business.

10. D Exchange Controls

We rely almost exclusively on dividends from Grupo Credito, BCP Stand-alone, BCP Bolivia, ASHC, Grupo Pacifico, Credicorp Capital, and our other subsidiaries for the payment of dividends to holders of our common shares. To the extent that our subsidiaries are legally restricted from paying us dividends, our ability to pay dividends on our common shares will be adversely affected.

Although substantially all of the clients of BCP Stand-alone, ASB, and Grupo Pacifico are located in Peru, as of December 31, 2021, approximately 29.7% of BCP Stand-alone's loan portfolio, 97.2% of ASB's loan portfolio, and 53.4% of Grupo Pacifico's written premiums were denominated in US Dollars (28.6%, 100.0% and 49.0%; and 35.4%, 99.9% and 43.9% in 2020 and 2019, respectively).

[Content](#)

Since March 1991, there have been no exchange rate controls in Peru, and all foreign exchange transactions are based on market exchange rates. The Peruvian Constitution establishes equal treatment between national and foreign investment in Article 63, and Legislative Decree No. 662 allow foreign holders of equity shares of Peruvian companies to receive and repatriate 100% of the cash dividends distributed by the Company. These investors are allowed to purchase foreign exchange at market exchange rates through any member of the Peruvian banking system.

One circumstance that could lead to depreciation is a decline in Peruvian foreign reserves to inadequate levels. Although the current level of Peru's foreign reserves (US\$78,495 million or 35% of GDP as of December 31, 2021) compares favorably with those of other Latin American countries, there can be no assurance that Peru will be able to maintain adequate foreign reserves to meet its foreign currency-denominated obligations or that Peru will not devalue its currency should its foreign reserves decline. See "Item 4. Information on the Company – 4.B Business Overview – (7) Peruvian Government and Economy".

We have been designated as a non-resident for Bermuda exchange control purposes under the Bermuda Exchange Control Act 1972 and associated regulations and are able to conduct our day-to-day operations free of Bermuda exchange control formalities. We are able to pay dividends, distribute capital, and open and maintain bank accounts in any foreign currency without reference to the Bermuda Monetary Authority.

10. E Taxation

The disclosures in the following sections describe certain material implications to shareholders under the tax laws of Bermuda, Peru, Chile, Colombia, and the United States, but are not intended to provide legal advice to investors. Investors should consult with their own tax advisers in these and other jurisdictions. For details on income tax review by the Tax Authorities on the jurisdictions in which we operate, please refer to Note 19 (a) and (d) to the consolidated financial statements.

Credicorp's dividends are paid without withholding tax at the source.

10.1 Bermuda regulation

As of the date of this report, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty, or inheritance tax that we must pay or that our shareholders must pay with respect to their shares. We have obtained assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 that, in the event that any legislation is enacted in Bermuda imposing any tax computed on profits or income, or computed on any capital asset, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until March 31, 2035, be applicable to us or to any of our operations or to our shares, debentures, or other obligations. This assurance, however, does not cover any tax applicable to persons who ordinarily reside in Bermuda or to any taxes that we must pay with respect to real property that we own or lease in Bermuda.

[Content](#)

As an exempted company, we are liable to pay in Bermuda an annual government fee based on our authorized share capital and the premium on our issued common shares, which amounted to approximately US\$18,670 (Bermuda annual government fee for 2017 and 2018.) However, with effect beginning in 2019, the annual government fee increased to \$19,605.

10.2 Peruvian regulation

On February 15, 2011, the Peruvian government enacted Law No. 29663, which was subsequently amended on July 21, 2011, by Law No. 29757. This law partially modifies the country's income tax regime by (i) subjecting to taxation in Peru capital gains derived from an indirect transfer of shares issued by a domiciled entity and (ii) introducing more types of income that will qualify as Peruvian source income. Under the law, an indirect transfer of shares issued by a domiciled entity occurs, and is subject to the Peruvian Income Tax (at a 0%, 5% or 30% rate) when the shares of a non-domiciled entity, which in turn owns (directly or indirectly through other entities) shares issued by a domiciled entity, are transferred, provided that both of the following conditions are met:

- (1) During the 12 months prior to the transfer, the fair market value (FMV) of the shares of the domiciled entity owned by the non-domiciled entity equals 50% or more of the FMV of the shares of the non-domiciled entity. There is a rebuttable presumption that this condition is met if the non-domiciled entity is a resident in a tax haven; and
- (2) During any given 12-month period, shares representing 10% or more of the non-domiciled entity's share capital are transferred.

The Legislative Decree No. 1424 (published on September 13, 2018) established an additional rule according to which if the "total amount" of domiciled entity's shares indirectly transferred is equal to or exceeds 40,000 Peruvian Tax Units (approximately US\$52 million), an indirect transfer of Peruvian shares would always be deemed to be triggered, regardless of whether either of conditions (1) or (2) above are met. This new rule based on the sales price is in force as of January 1, 2019, jointly with the general rule referred above.

On April 21, 2020, Supreme Decree No. 085-2020-EF established for purposes of determining the FMV of the non-domiciled shares and the Peruvian entities, the following methods must be followed:

- Higher listed value: In the case of shares listed on the Stock Exchange, the market value will be the highest listed value.
- Discounted cash flow (DCF): In the case of shares that are not listed on the Stock Exchange, the market value will be the discounted cash flow value in case the entity evidences a predictable horizon of future cash flows or has elements such as licenses, authorizations or intangibles that allows the existence of such cash flows to be anticipated. If the Company has several business units, a projection must be made for each business unit.

[Content](#)

The DCF methodology of the Company will be applied if there is no expectation of debt linked to the economic activity or business unit of the Company; otherwise, the DCF methodology of the shareholder will apply.

For the development of the projection, the following will be considered:

- (1) The cash flow period should be at least 10 years. If the Company has a shorter duration, the balance of the duration will be considered.
- (2) If the Company's cash flow is applied, the discount rate is the weighted average cost of capital, which must consider the opportunity cost of capital and the cost of debt. If the shareholder's cash flow is applied, the opportunity cost of capital must be considered as the discount rate, which includes the minimum profitability expected by the shareholder at market value.
- (3) Continuity value, when the Company is expected to receive income for an unspecified period of time or the residual value, as applicable.

In case the domiciled entity directly or indirectly owns shares of another or other domiciled entities and/or non-domiciled entities, the market value of such shares must include the market value of these other companies.

For the determination of the discounted cash flow value to be credited, the taxpayer must have a technical report containing at least the following information: (i) an executive summary; (ii) an analysis of the sector in which the Company operates; (iii) an analysis of the Company; (iv) valuation; and (v) annexes that accredit the results obtained.

- Equity Participation Value (EPV): If the methods described above are not complied with, the EPV is calculated on the basis of the last audited balance sheet of the issuing Company closed within 90 days prior to the disposal. This is applicable in the case of entities that are under the supervision of the SMV, or entities authorized to perform the same functions in other jurisdictions. If, within 90 days prior to the sale, a reduction in the share capital of the non-resident entity is made, the balance sheet of the non-resident entity will be the one corresponding before the reduction.
- Residual Method: If the previous methods are not applicable, the EPV will be one of the following:

[Content](#)

1. The EPV shall be the result of dividing the equity value of the entity based on the last balance sheet closed within 90 days prior to the disposal, in accordance with the accounting standards officialized or approved by the competent body of the country, increased by the average monthly active market rate in local currency (TAMN), and by the number of shares issued, provided the following conditions are met:
 - The entity's shares are not listed on a stock exchange or in any centralized trading mechanism, and;
 - The entity is not under the control and supervision of an entity that is entitled to perform the same functions as the SMV under its country of residence.
2. The EPV will be the appraised value established within the six months prior to the date of the transfer.

The tax rate will apply according to the following table:

Tax rate

Exempt (0%)	Income derived from the transfer of securities in the Lima Stock Exchange will be exempt from the Income Tax until December 31, 2022, as long as they have a stock market presence and; if in a period of 12 months, the tax-payer or its related parties, through a single or successive operation, do not transfer 10% or more of the total shares issued by the respective Company.
5%	If the aforementioned requirements are not met and the transfer of shares is realized through the BVL by a non-domiciled subject.
30%	If the transfer of shares is not realized through the BVL by a non-domiciled subject, even if the shares are listed in the Lima Stock Exchange.

In addition, the following obligations were imposed on domiciled entities that have "economic relationships" (defined below) with non-domiciled sellers:

- Reporting to the SUNAT the direct or indirect transfer of its shares, and;
- To the extent that shares of a domiciled company are being directly or indirectly transferred by a non-domiciled seller, the domiciled company is jointly liable for the income tax that is not paid by the non-domiciled seller when such seller and the Peruvian domiciled company are deemed to be economically related for Peruvian Income Tax purposes for any period of time, within 12 months prior to the transfer. However, the joint income tax liability does not apply when the purchaser or acquirer of the transferred shares is a domiciled individual or entity.

According to Supreme Decree No. 275-2013-EF, enacted on November 7, 2013, which defined the concept of "economic relationships", a domiciled entity is considered to be economically related to a non-domiciled seller, if, in any given time within the 12-month period prior to the transfer, at least one of the following conditions is met:

- o The non-domiciled seller owns more than 10% of the equity of the domiciled entity, directly or through a third party;
- o 10% or more of the equity of each of the domiciled entity and the non-domiciled seller is owned by common shareholders;
- o The domiciled entity and the non-domiciled seller have one or more common Directors, managers, or administrators, with authority over financial, operative, and commercial agreements;

[Content](#)

- o The domiciled entity and the non-domiciled seller prepare joint consolidated financial statements; or
- o The non-domiciled seller has a dominant influence on the decisions of the administrative areas of the domiciled entity, or vice-versa.

10.3 Chilean Regulation

The Chilean Statutory Income Tax rate to resident legal entities has been 27% under the semi-integrated regime 2018. Foreign individual or legal resident entities are subject to a 35% dividend withholding tax. This tax applies at the moment of the effective remittance of the dividend and the corporate income tax can be used as a credit. In case of non-treaty country resident shareholders, the corporate tax credit is limited to 65% of the corporate income tax associated to such dividend. Therefore, in this case, the total tax burden for foreign taxpayers, subject to a 35% tax rate, will be 44.45%. Nonetheless, the "65% limit" does not apply to those investors domiciled or resident in a country with which Chile has a Double Taxation Treaty in force. Additionally, a transitory rule provides that this benefit will also be applicable to those investors who are residents of countries with which Chile has a Double Taxation Treaty subscribed and pending ratification, to the extent that the treaty was signed prior to December 31, 2020. This transitory rule would be in effect until December 31, 2025. The Group is under the Income Tax semi-integrated system.

10.4 Colombian Regulation

The Colombian general corporate income tax rate was 31% in 2021 and is increasing to 35% in 2022. In addition, a temporary surtax will be applied only to financial institutions whose taxable income equal to or exceeds approximately US\$1.3 million. Credicorp Capital Colombia, Credicorp Capital Fiduciaria, our Colombia Trustee Company and Mibanco Colombia, are subject to for this surtax. From 2018 through 2020, the surtax rate was 4%, and has decreased decreasing to 3% from 2021 until 2025. Therefore, the combined income tax rate for financial institutions in Colombia is 34% for 2021, 38% between 2022 and 2025, and 35% for 2026 onwards. Without prejudice of the provisions established in tax treaties, distribution of dividends to non-residents is subject to a 10% dividend tax. When the corresponding profits were not taxed at the level of the distributing company, the corporate income tax rate would be applied over the dividends (the percentage will depend on the year of distribution), and after that, the 10% dividend tax is applied. Foreign portfolio investment is also subject to the 10% withholding tax. However, in case of previously untaxed corporate profits, instead of applying the general income tax rate, a withholding tax of 25% will be assessed. Corporate profits earned up to December 31, 2016, are not subject to the 7.5% or 10% withholding tax on dividends, even though the distribution occurs from and after January 1, 2017. Finally, as of 2019, profits distributed to Colombian companies are also subject to the 7.5% tax, under similar conditions of non-resident investors, though some exceptions apply. In any case, the tax paid by the Colombian company over the dividends can be transferred to its foreign investors. Therefore, they are entitled to use it as a tax credit against its own tax when they receive dividends.

[Content](#)

10.5 Material U.S. Federal Income Tax Consequences

This section describes certain material U.S. federal income tax consequences of the purchase, ownership and disposition of our common shares held by U.S. Shareholders (as defined below) that hold our common shares as capital assets for U.S. federal income tax purposes (generally, property held for investment). This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the Code), applicable regulations of the U.S. Department of the Treasury promulgated thereunder (the Treasury Regulations), U.S. Internal Revenue Service (IRS) rulings and decisions, and judicial decisions thereon and existing interpretations thereof, all as in effect on the date of this Annual Report. These authorities may be subject to different interpretations or changes, possibly with retroactive effect, so as to result in U.S. federal income tax consequences different from those summarized below.

We have not sought any ruling from the IRS in respect of the statements made and the conclusions reached in this discussion, and there can be no assurance that the IRS will agree with such statements and conclusions, or that the IRS will not challenge any of the positions taken by us and that such challenge, if any, will not be sustained. A different treatment from that described below could adversely affect the tax consequences of the ownership and disposition of our common shares as set forth in this summary.

This summary does not purport to deal with all aspects of U.S. federal income taxation that may be relevant to a particular holder in light of such holder's circumstances. In particular, this summary does not address all of the tax consequences that may apply to members of a special class of holders subject to special rules, including:

- (1) dealers in securities or currencies;
- (2) persons subject to special tax accounting rules under Section 451(b) of the Code;
- (3) regulated investment companies;
- (4) real estate investment companies;
- (5) traders in securities that elect to use a mark-to-market method of accounting for securities holdings;
- (6) tax-exempt organizations;
- (7) banks, insurance companies, or any other financial institution;
- (8) persons that actually or constructively own 10% or more, by vote or value, of our common shares;
- (9) persons that hold our common shares as part of a straddle or a hedging, conversion, or other integrated transaction for U.S. federal income tax purposes;
- (10) persons that purchase or sell common shares as part of a wash sale for U.S. federal income tax purposes;
- (11) partnerships or other pass-through entities and investors therein; or
- (12) persons whose functional currency is not the US Dollar.

[Content](#)

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of common shares, the U.S. federal income tax treatment of a partner in that partnership generally will depend on the status of the partner and the activities of the partnership. Partners of a partnership holding common shares should consult their own tax advisors regarding the U.S. federal income tax consequences to them.

Prospective investors of our common shares should consult their own tax advisors regarding the U.S. federal, state, local, and non-U.S. and other tax consequences of owning and disposing of the common shares in their particular circumstances.

This summary applies to U.S. Shareholders. As used in this section 10.5, a "U.S. Shareholder" means a beneficial owner of our common shares who or that is, for U.S. federal income tax purposes, any of the following:

- an individual who is a citizen or resident of the United States,
- a corporation, or other entity taxable as a corporation, created or organized under the laws of the United States, any state thereof or the District of Columbia,
- an estate whose income is subject to U.S. federal income tax regardless of its source, or
- a trust if a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons (as defined in the Code and Treasury Regulations) are authorized to control all substantial decisions of the trust.

Taxation of Dividends

Subject to the discussion of the "passive foreign investment company" rules below, the gross amount of any distributions of cash or property with respect to our common shares generally will be treated as dividends for U.S. federal income tax purposes to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of current and accumulated earnings and profits, as determined for U.S. federal income tax purposes, will be treated first as a return of capital that is applied against and reduces the U.S. Shareholder's adjusted tax basis in the common shares, but not below zero, and thereafter as capital gain realized on the sale or other disposition of the common shares. Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to U.S. Shareholders as dividends. The amount of any distribution paid in a foreign currency will be equal to the U.S. dollar value of such currency, translated at the spot rate of exchange on the date such distribution is received, regardless of whether the payment is in fact converted into U.S. dollars at that time.

[Content](#)

Any dividends that a U.S. Shareholder receives will be includable in such holder's gross income as ordinary income on the day such holder actually or constructively receives them. Such dividends will not be eligible for the dividends received deduction generally allowed to certain corporate U.S. Shareholders. Dividends paid by us generally will be non-U.S. source income for purposes of the U.S. "foreign tax credit" rules. The rules governing U.S. foreign tax credits are complex and involve the application of rules that depend on the particular circumstances of each U.S. Shareholder. Therefore, each U.S. Shareholder should consult his, her or its own tax advisor with respect to the availability of U.S. foreign tax credits in such U.S. Shareholder's particular circumstances.

Subject to certain limitations, including certain limitations based on taxable income and filing status, and subject to certain minimum holding period requirements, dividends paid to non-corporate U.S. Shareholders, including individuals, may be eligible for a reduced rate of taxation if we are deemed to be a "qualified foreign corporation" for U.S. federal income tax purposes. A qualified foreign corporation includes a non-U.S. corporation if (1) its stock is readily tradable on an established securities market in the United States or (2) it is eligible for the benefits of a comprehensive income tax treaty with the United States that meets certain requirements. However, a corporation is not a qualified foreign corporation if it is a "passive foreign investment company" (as discussed below) for the taxable year in which the dividend is paid or the preceding taxable year. The common shares are traded on the NYSE, an established securities market. The United States does not have a comprehensive income tax treaty with Bermuda or Peru. Each U.S. Shareholder should consult his, her or its own tax advisor regarding the treatment of dividends and such holder's eligibility for a reduced rate of taxation.

Taxation of Capital Gains

Subject to the discussion of the "passive foreign investment company" rules below, a U.S. Shareholder generally will recognize gain or loss on the sale or exchange of common shares equal to the difference between the amount realized on the sale or exchange and the U.S. Shareholder's adjusted tax basis in the common shares. Such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the common shares were held for more than one year. Gain or loss, if any, recognized by a U.S. Shareholder generally will be treated as U.S.-source gain or loss for U.S. foreign tax credit limitation purposes. Therefore, U.S. Shareholders may not be able to use any U.S. foreign tax credit arising from any Peruvian tax imposed on the sale or exchange of common shares unless the credit can be applied (subject to applicable limitations) against tax due on other non-U.S. source income. A U.S. Shareholder's adjusted tax basis in its common shares generally is equal to its purchase price for such shares, adjusted according to U.S. federal income tax principles. Long-term capital gains recognized by non-corporate U.S. Shareholders generally will be subject to tax at reduced rates. The deductibility of capital losses is subject to limitations. Each U.S. Shareholder should consult his, her or its own tax advisor regarding the taxation of capital gains and deductibility of capital losses in light of their particular facts and circumstances.

Passive Foreign Investment Company (PFIC)

A non-U.S. corporation will be classified as a passive foreign investment company (PFIC) for U.S. federal income tax purposes if either:

[Content](#)

- 75% or more of its gross income for the taxable year is passive income; or
- on a quarterly average for the taxable year by value (or by adjusted basis, if it is not a publicly traded corporation and it is a so-called controlled foreign corporation (as the definition of that term is modified under the PFIC rules) or it so elects), 50% or more of its assets produce or are held for the production of passive income.

For the purposes of this test, such non-U.S. corporation will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock.

We have not determined whether we have previously been a PFIC for any year, or whether we are currently, or will be a PFIC in future years. Furthermore, because this determination is made on an annual basis, no assurance can be given that we will not be classified as a PFIC in future taxable years. If we are classified as a PFIC for U.S. federal income tax purposes, a U.S. Shareholder that does not make an election to treat us as a "qualified electing fund" and did not make a "mark-to-market" election, each as described below, will be subject to the following U.S. federal income tax consequences:

1. "Excess distributions" we make to a U.S. Shareholder will be taxed in a special way. "Excess distributions" are amounts received by a U.S. Shareholder with respect to our common shares in any taxable year that exceed 125% of the average distributions received by the U.S. Shareholder from us in the shorter of either the three previous years or the U.S. Shareholder's holding period for such common shares before the current taxable year. Excess distributions must be allocated ratably to each day that a U.S. Shareholder has held our common shares. A U.S. Shareholder must include amounts allocated to the current taxable year and to any non-PFIC years in his or her gross income as ordinary income for that year. A U.S. Shareholder must pay U.S. federal income tax on amounts allocated to each prior taxable PFIC year at the highest marginal tax rate in effect for that year on ordinary income and the tax is subject to an interest charge at the rate applicable to deficiencies for U.S. federal income tax.
2. The entire amount of gain that is realized by a U.S. Shareholder upon the sale or other disposition of our common shares will also be considered an excess distribution and will be subject to U.S. federal income tax as described above.
3. A U.S. Shareholder's adjusted tax basis in shares that were acquired from a U.S. decedent would not receive a step-up to fair market value (FMV) as of the date of the decedent's death but instead would be equal to the decedent's adjusted tax basis, if lower than such value.

[Content](#)

The special PFIC rules do not apply to a U.S. Shareholder if the U.S. Shareholder makes an election to treat us as a “qualified electing fund” in the first taxable year in which the U.S. Shareholder owns our common shares and if we comply with certain reporting requirements. Instead, a shareholder of a qualified electing fund is required for each taxable year to include in income a pro rata share of the ordinary earnings of the qualified electing fund as ordinary income and a pro rata share of the net capital gain of the qualified electing fund as long-term capital gain, subject to a separate election to defer payment of taxes, which deferral is subject to an interest charge. The election generally is made on a shareholder-by-shareholder basis and may be revoked only with the consent of the IRS. A U.S. Shareholder makes the election by attaching a completed IRS Form 8621, which includes the PFIC annual information statement, to a timely filed U.S. federal income tax return. Even if an election is not made, a U.S. Shareholder generally must file a completed IRS Form 8621 in each year that we are a PFIC. U.S. Shareholders should be aware that, for each taxable year, if any, that we are a PFIC, we can provide no assurances that we will satisfy the record keeping requirements of a PFIC, or that we will make available to U.S. Shareholders the information such U.S. Shareholders require to make a “qualified electing fund” election with respect to us.

A U.S. Shareholder who owns PFIC shares that are publicly traded could elect to mark the shares to market annually, recognizing as ordinary income or loss each year an amount equal to the difference as of the close of the taxable year between the FMV of the PFIC shares and the U.S. Shareholder’s adjusted tax basis in the PFIC shares. If such a mark-to-market election is made, then the rules set forth above would not apply for periods covered by the election. Assuming that we are trading on the NYSE, our common shares are expected to be treated as publicly traded for purposes of the mark-to-market election and, therefore, such election should be able to be made if we are classified as a PFIC. A mark-to-market election is, however, subject to complex and specific rules and requirements, and U.S. Shareholders are strongly urged to consult their tax advisors concerning this election if we are classified as a PFIC.

U.S. Shareholders are urged to consult their tax advisors regarding the adverse tax consequences of owning our common shares if we are, or become, a PFIC, and the possibility of making certain elections designed to lessen those adverse consequences.

Medicare Tax on Net Investment Income

A U.S. Shareholder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% tax (the “Medicare tax”) on the lesser of (i) such holder’s “net investment income” (or “undistributed net investment income” in the case of an estate or trust) for the relevant taxable year and (ii) the excess of such holder’s modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between \$125,000 and \$250,000, depending on the individual’s circumstances and tax filing status). A U.S. Shareholder’s net investment income generally includes its dividend income and its net gains from the disposition of our common shares unless such dividends or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). A U.S. Shareholder that is an individual, estate or trust is urged to consult his, her or its own tax advisor regarding the applicability of the Medicare tax in respect of its investment in our common shares.

[Content](#)

Information with Respect to Foreign Financial Assets

Owners of “specified foreign financial assets” with an aggregate value in excess of \$50,000 on the last day of the taxable year, or \$75,000 at any time during the taxable year, may be required to file information reports with respect to such assets with their U.S. federal income tax returns. Depending on your circumstances, higher threshold amounts may apply. “Specified foreign financial assets” include any financial accounts maintained by non-U.S. financial institutions, as well as any of the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons, (ii) financial instruments and contracts that have non-U.S. issuers or counterparties, and (iii) interests in non-U.S. entities. Our common shares may be treated as specified foreign financial assets, and the holders of those shares may be subject to this information reporting regime. Failure to file information reports may subject holders to penalties. Holders should consult their own tax advisors regarding their obligation to file information reports with respect to the common shares.

Backup Withholding and Information Reporting

Dividends paid, if any, on our common shares to a U.S. Shareholder may be subject to information reporting and, unless a U.S. Shareholder either furnishes its taxpayer identification number or otherwise establishes an exemption, may also be subject to U.S. backup withholding tax (currently at a rate of 24%). In addition, information reporting generally will apply to payments of proceeds from the sale, exchange, redemption or other disposition of our common shares by a paying agent, including a broker, within the United States to a U.S. Shareholder. A paying agent within the United States will be required to impose backup withholding on any payments of the proceeds from the sale, exchange redemption or other disposition of the common shares within the United States to a U.S. Shareholder if such U.S. Shareholder fails to furnish its correct taxpayer identification number or otherwise fails to establish an exemption or comply with such backup withholding requirements. Backup withholding is not an additional tax and may be refunded (or credited against the U.S. Shareholder’s U.S. federal income tax liability, if any), provided that certain required information is furnished to the IRS. The information reporting requirements may apply regardless of whether withholding is required.

Foreign Account Tax Compliance Act (FATCA)

Sections 1471 through 1474 of the Code (commonly known as the Foreign Account Tax Compliance Act, or FATCA) impose, under certain circumstances, a 30% U.S. federal withholding tax on certain payments to certain non-U.S. financial institutions that fail to comply with certain information reporting, account identification, withholding, certification and other FATCA-related requirements in respect of their direct and indirect U.S. shareholders and/or U.S. accountholders. To avoid becoming subject to FATCA withholding, we may be required to report information to the Bermuda government or the IRS regarding our U.S. Shareholders. Each U.S. Shareholder should consult his, her or its own tax advisor to obtain a more detailed explanation of FATCA and to learn how FATCA might affect that U.S. Shareholder in his, her or its particular circumstances.

[Content](#)

10.6 Double tax treaties

As of January 25, 2021, Peru has tax treaties with the following jurisdictions: Brazil, Canada, Chile, Mexico, Portugal, South Korea, Switzerland, and the member countries of the Andean Pact (Bolivia, Colombia, and Ecuador). Peru has also signed a tax treaty with Japan, which went into effect on January 29, 2021, for information exchange purposes and will be effective on January 1, 2022 for income tax purposes. Peru does not have a tax treaty with Bermuda, and the United States does not have a comprehensive income tax treaty with Bermuda or Peru.

10.F Dividends and Paying Agents

Not applicable.

10.G Statement by Experts

Not applicable.

10.H Documents on Display

As a foreign private issuer, we are subject to the information reporting requirements of the Exchange Act. As such we must file or furnish reports and other information to the SEC, which typically may be inspected at the public reference facilities of the SEC, at 100 F Street, N.E., Washington, D.C. 20549. Due to COVID-19, however, the SEC closed its public reference room until further notice. Members of the public who have questions about information available from the public reference room should contact the staff at library@sec.gov or at (202) 551-5450.

In addition, the SEC maintains a website at which the documents concerning the Group that have been filed or furnished electronically may be inspected. These documents can be obtained in electronic form at <http://www.sec.gov>, as well as from certain commercial document retrieval services. Neither information contained on the SEC's website nor information gathered from commercial document retrieval services forms part of this Form 20-F.

10.I Subsidiary Information

Not applicable.

[Content](#)

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT RISK MANAGEMENT

The following section describes the risks to which Credicorp is exposed and the management tools used to measure and control these. As a result of its financial activities, including lending, borrowing, trading and investing, the Group faces risks which could incur in potential losses if adverse changes are presented.

The Group's principal activity consists of receiving deposits from customers, mainly at fixed rates and for different periods, and invests these funds in high-quality assets, using financial instruments, such as derivatives, to cover from any risk factor and to take advantage of market movements on securities, bonds, currencies and interest rates. Additionally, it places these deposits with legal entities and individuals, considering the financial costs and expected profitability.

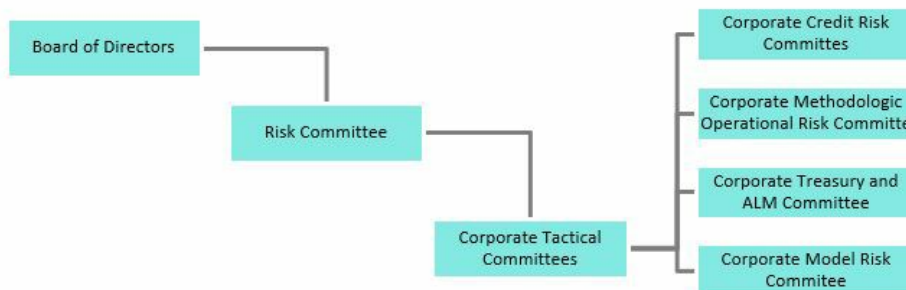
We also seek to raise margins by lending to commercial and retail customers with a range of financial products. Such exposures involve not only on-balance sheet loans and advances but also off-balance sheet facilities and other commitments, such as letters of credit and performance bonds.

Given the Group's activities, it has a framework for risk appetite, a cornerstone of its risk management. The risk management processes involve continuous identification, measurement, treatment, and monitoring. The Group is exposed, principally, to Credit, Non-financial risks, Market, Liquidity, Model Risk and Insurance Technical.

11.1 Risk Management Governance

In order to carry out adequate risk management, Credicorp has established a government with different levels of hierarchies.

Governance Structure



[Content](#)

The highest level of hierarchy in risk governance in Credicorp Ltd and Grupo Credito is the Board of Directors:

- Credicorp's Board of Directors is responsible for the approval of the levels of risk appetite that Credicorp Ltd. is prepared to assume. The Board of Directors also acknowledges the Group's level of compliance with the risk appetite and level of risk exposure, as well as the relevant improvements in the risk management approaches of the Group.
- Grupo Credito's Board of Directors is responsible for the overall risk management approach and the approval of the levels of risk appetite that Grupo Credito and subsidiaries are prepared to assume. Furthermore, it approves the guidelines and policies for comprehensive risk management. The Board also establishes an organizational culture that emphasizes the importance of risk management, oversees the internal control system and ensures compliance to the risk appetite.
- The Board of Directors of each subsidiary is responsible for aligning the risk management approach established by Credicorp's Board of Directors to fit their particular context. To that end, each Board establishes a framework for risk appetite, policies and guidelines.

The second level of hierarchy in risk governance in Credicorp Ltd and Grupo Credito is the Risk Committee:

- The Credicorp Risk Committee, representing Credicorp's Board of Directors, proposes risk appetite levels for Credicorp Ltd. Furthermore, it considers the level of compliance to the risk appetite and level of risk exposure, as well as the relevant improvements, when assessing the Group's comprehensive risk management.
- The Grupo Credito Risk Committee, representing Grupo Credito's Board of Directors (including risk management of Credicorp subsidiaries), defines the strategies used for the adequate management of the different types of risks and the supervision of risk appetite. In addition, the committee establishes principles, policies and guidelines.

For more information about The Board of Directors, The Risk Committees and its functions, please refer to the following section: ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES – 6.C Board Practices.

The Grupo Credito Risk Committee (including risk management of Credicorp subsidiaries) is supported by the following committees, which report periodically on all relevant changes or issues relating to the risks being managed:

a) *Corporate Credit Risk Committees*

The Corporate Credit Risk Committees (retail and wholesale) are responsible for reviewing the level of the credit risk appetite, limits of exposure and implementation of corrective measures in case of deviations. In addition, the committees propose credit risk management guidelines within the framework of governance and organization for the comprehensive management of credit risks. Furthermore, the committees propose the approval of any changes to the credit risk management functions and report important findings to the Risk Committee.

[Content](#)

b) *Corporate Methodologic Operational Risk Committee*

The Corporate Methodologic Operational Risk Committee is responsible for monitoring the operational risk indicators of each of the Group's companies and the progress of the implementation of operational risk and business continuity methodologies. Additionally, the committees share best practices relevant to major challenges faced by the Group's companies.

c) *Corporate Treasury and ALM Risk Committee*

The Corporate Treasury and Assets Liability Management (ALM) Risk Committee is responsible for analyzing and proposing objectives, guidelines and policies for the treasury and ALM risk management of the Group's companies. Furthermore, the committee is responsible for monitoring the market risk indicators and appetite limits for Credicorp and each of the Group's companies. Additionally, it receives reports regarding the actions to implement corrective measures in case of deviations regarding the levels of risk appetite and tolerance assumed by the Group's companies. Furthermore, the committee is responsible for proposing the approval of any changes in the treasury and ALM risk management functions and for reporting any finding to the Risk Committee.

d) *Corporate Model Risk Committee*

The Corporate Model Risk Committee is responsible for analyzing and proposing corrective actions in case of deviations from the model risk appetite limits. Furthermore, the committee proposes the creation and/or modification of the model risk management governance structure. It also monitors the data and analytics strategy of the Group and the health status of its model portfolio. Additionally, it is responsible for informing the Risk Committee about exposures related to model risk, involving variations in the risk profile.

11.2 Risk Management Structure

In order to carry out the correct risk management, Credicorp maintains a management structure according to its needs and based on the risks to which it is exposed.

[Content](#)

Credicorp Risk Management Structure



Chief Risk Officer (CRO)

The CRO is responsible for implementing policies, procedures, methodologies, and actions to identify, measure, monitor, mitigate, report and control the different types of risks to which the Group is exposed. It also participates in the creation of the strategic plans of the business units to ensure compliance to the risk appetite metrics approved by the Board of Directors. Furthermore, it emphasizes the importance of each unit's role in defining and identifying actions regarding risk management.

Likewise, the CRO is responsible of the level of compliance with the risk appetite and the level of exposure assumed by Grupo Credito and Credicorp subsidiaries. Also, it reports the relevant improvements in the comprehensive risk management of Grupo Credito and Credicorp subsidiaries. In addition, it proposes to the Credicorp Risk Committee the risk appetite levels for Credicorp Ltd.

All issues regarding Credicorp's corporate risk management are under the responsibility of Credicorp's CRO, who also is Credicorp Ltd. and Grupo Credito's CRO's. To correctly fulfill this role, it was defined that those three positions should be held by the same person. Credicorp's CRO reports to the CEO but has full independence regarding risk decisions, where these are discussed in Credicorp's Risk Committee.

The Central Risk Management units with corporate risk functions are the following:

a. Wholesale Banking Risk Division – BCP Stand-alone competence

This Division is responsible for proposing credit policies and criteria for evaluating and managing credit risks assumed by lending to wholesale clients. It evaluates and approves loan proposals and suggests their approval to the higher instances for those that exceed its autonomy. These policies and criteria are established based on policies set by the Board of Directors and in accordance with the laws and regulations applicable. In addition, it measures the evolution of the risk faced by wholesale clients and identifies possible signs of deterioration in their payment capacity, taking actions to mitigate or resolve them.

[Content](#)

b. *Retail Banking Risk Division – BCP Stand-alone competence*

The Retail Banking Risk Division is responsible for managing the risk profile of the retail portfolio and promoting retail credit risk specific guidelines that are consistent with the overall guidelines and risk policies set by the Board of Directors. Additionally, it participates defining the products and campaigns aligned with these policies; as well as in the design, optimization and integration of credit assessment tools and income estimation for credit management.

c. *Risk Management Division – Credicorp competence*

The Risk Management Division is responsible for ensuring that risk management directives and policies comply with those established by the Board of Directors. In addition, it is responsible for supervising the process of risk management and coordinating with the Group's companies involved in the process, promoting standard risk management aligned with best practices. It also has the task of informing the Board of Directors of global exposure to risks, by type of risk, as well as the specific exposure of each of the Group's companies.

d. *Non-Financial Risks Division – BCP Stand-alone competence*

The Non-Financial Risks Division is responsible for defining a non-financial risks strategy aligned with the objectives and risk appetite set by the Board. This strategy seeks to strengthen the management process, generate synergies, optimize resources and achieve better results among the units responsible for managing non-financial risks. Additionally, in order to achieve its objectives, the Division promotes corporate risk culture, develops risk skills and tools, defines non-financial risk indicators and generates and keep track of strategic projects and initiatives.

The Non-Financial Risks Division is composed of the following areas: Operational Risk Management, Cybersecurity; and Corporate Security and Cyber Crime Management.

e. *Corporate Risk Management Division*

The corporate risk division scope is the risk management of the subsidiaries (not including BCP) and is responsible for managing day-to-day risk under the risk appetite framework approved by Senior Management; ensuring that corporate policies and guidelines are applied uniformly between the subsidiaries, propose strategic initiatives for better risk management, propose criteria and methodologies to facilitate the process of risk management and submit risk management reports to the Corporate CRO and the Corporate Risk Committees.

11.3 Risk Appetite

To manage the risks to which it is exposed, Credicorp uses different guidelines. This allows Credicorp to maintain adequate risk levels to generate value for the organization and investors.

[Content](#)

Risk Appetite

The Board of Directors annually approves the risk appetite framework defining the maximum level of risk that the organization is willing to tolerate, as it seeks to attain its strategic and financial objectives. In order to ensure consistency with the Group's corporate risk vision, the Board of Directors, through the corporate Risk Committee, has the function of reviewing and approving the risk appetite of each subsidiary, considering its business model. This risk appetite framework is based on "core" and "specific" metrics:

- Core metrics: are intended to preserve the organization's strategic pillars, defined as solvency, liquidity, profit and growth, income stability, balance sheet structure and cybersecurity risk.
- Specific metrics: are intended to monitor on a qualitative and quantitative basis the various risks to which every company of the Group is exposed, as well as defining a tolerance threshold of each of those risks, considering that the risk profile set by the Board of Directors is preserved and any risk concentration is anticipated on a more granular basis.

Risk appetite is measured based on the following guidelines:

- (1) A risk appetite statement establishes general principles and the qualitative declarations that complement the risk strategy.
- (2) A metric scorecard is used to define the levels of risk exposure in the different strategic pillars.
- (3) Risk limits allow control over the risk-taking process within the tolerance threshold established by the Board. Limits also provide accountability for the risk-taking process and define guidelines regarding the target risk profile.
- (4) A governance scheme seeks to guarantee compliance to the framework through different roles and responsibilities assigned to the units involved.
- (5) The risk appetite is integrated in the processes of strategic and capital guidelines, as well as in the definition of the budget exercise, facilitating the strategic decision-making process of the organization.

During 2020 and 2021, the uncertainty produced by the health and economic crisis marked the need to approve temporary modifications to the Group's risk appetite approach, specifically in the management of non-compliance with some financial metrics. Our objective was to facilitate crisis management for the business and risk units. Additionally, protocols related to the monitoring and reporting of all indicators continued, while non-compliance management focused on operational risk, cybersecurity and business continuity.

[Content](#)

11.4 Managed Risks

Credicorp's governance and risk management seek to adequately manage the risks to which we are exposed as an organization.



a) Credit Risk

The Group is exposed to credit risk, which is the probability of suffering losses caused by debtors or counterparties failing to comply with payment obligations in on or off the balance sheet.

Credit risk is the most important risk affecting the Group's business due to relevance of the Universal Banking and Microfinance LoB and its exposure to this type of risk; therefore, Management carefully manages its exposure to credit risk. Credit risk exposures arise principally from lending activities that lead to direct loans, though they also result from investment activities. There is also credit risk in off-balance sheet financial instruments, such as contingent credits (indirect loans), which expose Credicorp to risks similar to direct loans. Likewise, credit risk can also arise from derivative financial instruments as counterparty risk in those derivatives that currently show positive fair values.

Credit risk levels are defined based on risk exposure limits, which are frequently monitored. Risk exposure limits are established in relation to one borrower or group of borrowers, geography, and industry segments. Furthermore, the risk limits by product, industry sector and geographical area are approved by the Risk Committee.

[Content](#)

a. Credit Risk Measurement

All exposures to credit risk (direct or indirect) are mitigated by the Group's control processes and policies. Exposure to credit risk is managed through regular analysis of the ability of debtors and potential debtors to meet interest and principal repayment obligations and changes in the credit limits as appropriate.

As part of managing credit risk, provisions for impairment of its portfolio are assigned as of the date of the statement of financial position.

Provisions for loan losses

In accordance with IFRS9 standard, all the financial assets classified or designated as an amortized cost, debt instruments classified as investments at fair value through other comprehensive income, and indirect loans presented in off-balance accounts are subject to an impairment evaluation.

Measurement of expected credit losses

Measurement of expected credit losses is mainly based on three parameters: PD, LGD, and exposure at default (EAD), discounted at the reporting date using the effective interest rate. The estimates, pursuant to IFRS9 parameters, consider not only past due information, but also all relevant credit information, including actual conditions and expected macroeconomic effects in three scenarios (base, optimistic and pessimistic).

The definitions of the three parameters are as follows:

- Probability of Default (PD): This is a measurement of credit ratings given internally to customers, designed to estimate their probability of default within a specific time period. This measurement is obtained through scoring and rating tools. The definition of default in IFRS9 is consistent with the one used for internal credit risk management purposes, as follows:
 1. In the case of retail products, clients are in default if (i) at a specific moment, they are 60 or more days past due, except for mortgages, for which we allow 120 days; or (ii) if they have operations in one of the following situations: refinanced, restructured, pre-judicial, judicial or write off.
 2. In wholesale banking, clients are in default if (i) they pass to Wholesale Collections; (ii) they have an internal classification of deficient with recurrence, doubtful or loss; (iii) they have operations in refinanced, restructured, pre-judicial, judicial or write off; or (iv) they have significant qualitative signs of impairment.
- Loss Given Default (LGD): This is a measurement that estimates the severity of the loss that would be incurred at the time of the default. It is based on the difference between the contractual cash flows owed and those that the lender would expect to receive, even after the liquidation of the guarantees (for example: deposits or the equivalent, commodity warrants, immovable properties, ships, machinery and equipment). LGD also considers all the costs incurred during the recovery process.

[Content](#)

It is important to mention that when the Group writes off a position, it adjusts the LGD to 100% to add the allowance necessary to reach the required level, in accordance with our internal policy of write-offs, in which Credicorp's subsidiaries do not have reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

- Exposure at Default (EAD): This is a measurement that estimates the exposure at the time that the customer goes into default, considering changes in future exposure, for example, in the case of prepayments and/or greater utilization of unused lines.

Provisions for credit losses are measured on each reporting date following a three-stage model of expected credit losses based on the degree of a financial asset's credit impairment:

- (1) Stage 1: For financial assets with credit risk that has not increased significantly since their initial recognition, a reserve is recognized for losses equivalent to the credit losses expected to occur from defaults in the following 12 months. For those instruments with a maturity of less than 12 months, a probability of default corresponding to the remaining term until maturity is used.
- (2) Stage 2: For financial assets that have presented a significant increase in credit risk since their initial recognition, but are not considered impaired, a reserve is recognized for losses equivalent to the credit losses expected to occur during the remaining life of the asset.
The definition of "significant increase in credit risk" used on the reporting date compared with the origination date considers the following criteria:
 - Whether an account has been more than 30 days in arrears.
 - Risk thresholds have been established based on internal models and relative difference thresholds (by portfolio and risk level) in which the instrument originated. For example, less risky PD assets have a broad threshold to move in without migrating to stage 2, in comparison to risky PD assets for which a small increase in PD can force them to migrate to stage 2.
 - Whether follow-up systems, alerts and monitoring of risk portfolios are integrated, as established by the current risk policy in the Wholesale and Retail Banking segments.
 - Alignment criteria are applied to clients that have more than 20% of their position in stage 2. All the rest of their assets in stage 1 get automatically classified as stage 1.
- (3) Stage 3: For financial assets classified as defaults, with objective evidence of impairment on the reporting date, a provision for these assets reflects the expected credit losses during the residual life of the assets. Alignment criteria are also applied at this stage.

[Content](#)

The fundamental difference in the measurement of expected losses between stage 1 and stage 2 is the PD horizon. The estimates for stage 1 use a 12-month time period, while the estimates for stage 2 use an expected loss calculated based on the remaining term of the asset and considers the effect of the significant increase in credit risk. Finally, estimates for stage 3 are based on the best estimate, according to the collection process of each asset.

For portfolios that are not material, the Group extrapolates the expected credit loss ratio of portfolios with comparable characteristics.

During 2021, the main methodological calibrations made in the group's internal credit risk models were as follows:

- PD models: we evaluated if the adjustments implemented during the first wave of COVID-19 and the measurement of credit risk given the subsequent aids implemented by the Government and the Group were still appropriate; particularly in a context where those aids had already expired (or were never given) and we had observed enough payment behavior. Therefore, we began again to use actual customer payment records to measure credit risk in some segments. First, in Consumer loans, and then in the Mortgage and SME segments, also considering the additional political uncertainty. BCP Stand-alone ended 2021 with models in which more than 90% of the retail portfolio and around two thirds of the SME portfolio (without considering Reactiva Perú loans) is calibrated using historical default rates.
- LGD models: we evaluated whether the assumptions implemented during 2020 were still adequate. In this sense, given that the payment behavior was better than expected, we adjusted the roll rates in all segments; but we kept the assumptions on the evolution of real estate prices in the future, because we expect a less dynamic macroeconomic environment in the coming years.
- The macroeconomic projections were updated as will be explained in the following paragraphs.

The Group's expected credit losses are a weighted estimate of three macroeconomic scenarios: base, optimistic and pessimistic; which are based on macroeconomic projections provided by the internal team of economic research and approved by senior management. In each scenario, the Group considers a wide variety of prospective information as economic inputs, including the growth of the GDP, the inflation rate and the exchange rate.

The macroeconomic scenarios consider the fact that Peru is a small and open economy, dependent on the international environment; with about 60% of GDP growth volatility explained by external factors. These external factors include Peru's terms of trade, growth of Peru's main trade partners, and external interest rates. Information on each of these factors is collected to project each scenario for the next three years.

The aforementioned variables are then incorporated into economic models for the Peruvian economy along with local variables (fiscal and monetary). Two types of models can be distinguished: (i) the structural forecasting model, and (ii) the financial programming model. The first is a stochastic dynamic general equilibrium model constructed with expectations. The second is constructed based on the main identities of national accounts according to the financial programming methodology designed by the International Monetary Fund (IMF) and a set of econometric models.

[Content](#)

Through this process, Credicorp obtains figures for GDP growth, inflation, exchange rate and other variables for the years 2021, 2022 and 2023.

We estimate Peru's real GDP to have rebounded approximately 13% in 2021 (after a real decline in 2020 of 11%). The economy in 2021 has shown a greater than expected resilience amid the recovery of our main trading partners, increase of the terms of trade (its highest level in almost 50 years), combined with expansionary monetary and fiscal policies, as well as withdrawals of Pension Funds and Work Compensation Funds (CTS), allowing real GDP to grow approximately 1% compared to its 2019 level.

We estimate that Peruvian real GDP will grow approximately 2.5% in 2022 (2.0% in the previous estimation: from September 2021) and 1.7% in 2023 (same to the previous estimation) given the greater resilience and higher inertial growth of the Peruvian economy in 2021:

- If the seasonally adjusted level achieved in the third quarter of 2021 is held constant throughout 2022, real GDP would grow by approximately 1.0% in the year 2022. On the other hand, if the seasonally adjusted level reached in the second quarter of 2021 is kept constant throughout 2022, GDP would remain flat, growing approximately 0.0% in the year 2022. In other words, the inertial growth already observed between in the third quarter of 2021 compared to the second quarter of the same year would contribute 1.0% to 2022 real GDP growth, largely explaining our upward revision.
- We believe that private investment will fall by approximately 2.5% in the year 2022 (which is less of a decline than our forecast of approximately 7.0% from a few months ago)
- We expect that the start-up of new copper mining projects such as Quellaveco, Mina Justa and the Toromocho expansion, will contribute to the growth of GDP during the second half of 2022. Compared to September 2021, the global context for the year 2022 looks more challenging, not only because of the new COVID-19 variants, but also because of the expectation of a FED policy rate hike starting in the middle of 2022 (rather than in 2023 as generally expected in late 2021). Even so, we expect that Peru will continue to benefit from a favorable average copper price.
- Domestically, political uncertainty is expected to remain high in 2022, but with lower risks of total changes in the economic regime or the Constituent Assembly. We also expect a gradual withdrawal (although more accelerated than expected three months ago) of the BCRP's broadly expansionary monetary policy. In addition, we expect that consumers will face cumulative inflation of almost 10.0% between 2021 and 2022 and that private consumption will grow approximately 3.0%, a similar rate to 2019.

For 2021, probabilities of 60.0%, 30.0% and 10.0% were considered for the base, optimistic and pessimistic scenarios respectively. As a result, we estimated our provision based on an expected value of the three GDP projections, that gave us a rebound of 13% for 2021.

[Content](#)

The probabilities assigned to each scenario and projection year are validated by fan chart analysis, which uses a probability function to identify and analyze:

- The central tendency of the projections.
- The dispersion that is expected around this value.
- The values that are higher or lower the central value that are more or less probable.

The following table provides a comparison of the reported expected credit loss for Credicorp’s loan portfolio and the expected credit loss under the three scenarios:

At December 31,2021 (in thousands of Soles)	Optimistic Scenario	Base Case Scenario	Pessimistic Scenario	Reported ECL under IFRS9
Total Loans	9,014,409	9,078,873	9,173,730	9,071,011

For further information about the IFRS9 measurement of the expected credit loss, see Note 3(i) to the consolidated financial statements.

For historical data regarding our loan loss reserves, see “ITEM 4. INFORMATION ON THE COMPANY – 4.B Business Overview – (7) Selected Statistical Information – 7.3 Loan Portfolio – 7.3.12 Allocation of Loan Loss Reserves”.

ESG Risks Management

Credicorp manages ESG aspects by focusing on the incorporation of factors to mitigate risks, preserve value and generate it in the financing and in the investments of its portfolios. Below are the achievements related to ESG from the different fronts:

From the Financing front, there is a list of excluded activities and two policies for ESG risk management: The Environmental Credit Risk Policy and the Social and Environmental Credit Risk Policy for Project financing.

Both policies have a scope defined by a threshold in monetary terms and use questionnaires as a methodology to collect and process customer information. On one hand, the Environmental Credit Risk Policy focuses only on an evaluation of the economic sectors of Mining, Hydrocarbons, Electricity and Fishing with an annual periodicity in accordance with the client’s regular evaluation; while the Social and Environmental Credit Risk Policy for Project financing covers all sectors, in accordance with the regulation and the guidelines of the Equator IV Principles, and the application of the questionnaire is for each project.

[Content](#)

In the Environmental Credit Risk Policy, for clients with high risk, an action plan must be defined to mitigate the risk and a periodic follow-up of the same is carried out.

In the Social and Environmental Credit Risk for Project financing, for clients with high risk, reports are requested from an independent third party that validates the analysis and serves for the client to present an action plan and corrective measures.

On the Investment front, the strategy used in the subsidiaries Credicorp Capital, Prima AFP and Pacifico Seguros is transversal in the following aspects:

- Exclusions and Controversies are considered where investing in sectors not consistent with the responsible investment approach is avoided.
- The strategy of Integration of ESG risk factors is used in the analysis of investment assets based on external ratings.

[Risk improvement project](#)

At the beginning of 2021, a corporate scope project was structured, with the involvement of senior management to strengthen ESG risk management in the short, medium and long term with the best practices in the industry.

It has been considered to start the project considering the credit risk in the portfolios of wholesale banking companies in BCP and BCP Bolivia, and investments of the companies Credicorp Capital, Pacifico Seguros, Prima AFP and the BCP Treasury, leaving the rest of the portfolios for a next stage.

During the year, the aspiration was defined for each component of our management framework: Taxonomy, Appetite, Organization and Government, Identification, Evaluation and Treatment, Monitoring and Reporting.

Regarding the front of Financing, during 2021 the following advances were presented:

- An initial version of the ESG sector taxonomy for financing focused on the environmental axis. This includes eligibility criteria aligned to international standards and their impact on the Sustainable Development Goals.
- Updating a list of activities excluded for financing.
- The updating of the ESG risk taxonomy and its prioritization based on the impact on the credit portfolio and in the most relevant sectors.

On the investment front, work plans were established for each subsidiary, seeking to achieve corporate alignment.

[Content](#)

In 2021, a common provider of ESG Rating was defined to be integrated into the evaluation process, in addition an active role is being consolidated to have a close relationship with the companies in which it is invested and at the same time the use of a strategy that seeks to invest in specific industries to contribute with relevant aspects in the ESG axes.

Finally, an improvement is being made in the process of exclusions supported by an ESG rating tool that will allow us to map this issue in greater depth to strengthen the selection of assets to invest.

b) Non-Financial Risk

The Non-Financial Risks Division is composed of the following areas: Cybersecurity Management, Corporate Security and Cyber Crime Management and Operational Risk Management.

Operational Risk

Operational risk is the possibility of the occurrence of losses arising from inadequate processes, human error, failure of IT, relations with third parties or external events. Operational risks are tied to internal fraud, external fraud; labor relations; job security; relations with customers, business products and practices; damages to material assets; business and systems interruption; and failures in process execution, delivery, and management of processes. Operational risks exclude strategic and reputational risks (with the exception of companies under Colombian regulations, under which reputational risk is included in operational risk). Operational risks can lead to financial losses and have legal or regulatory consequences.

In order to develop an efficient risk culture, the Group records operational risks and their respective process controls. The Risk Map, which is a document that lists all the risks that could affect the organization and their characteristics, permits their monitoring, prioritization and proposed treatment. The Group also carries out an active cybersecurity and fraud prevention management program, which is aligned with the best international practices.

Moreover, the business continuity management system enables the establishing, implementing, operating, monitoring, reviewing, maintaining and improving of business continuity based on best practices and regulatory requirements. The Group implements recovery strategies for the resources that support important products and services, which are periodically tested to measure the effectiveness of such strategies. Information security management is carried out through a systematic process, which is documented and known by the entire organization, pursuant to best practices and regulatory requirements. The Group designs and develops the guidelines described in the policies and procedures to have strategies for the availability, confidentiality, and integrity of the information of assets of the organization. To manage operational risk, cybersecurity, fraud prevention and business continuity, corporate guidelines are used, and methodologies and best practices are shared among the Group's companies.

[Content](#)

Finally, in the event of the materialization of operational risks, the Group maintains a diverse portfolio with non-financial risk transfer options, mainly through its contracted insurance policies. These policies cover losses arising from fraud, civil and professional liability, cyber risks, damage to physical assets, among other things. The coverage needs of key areas and new emerging risks are constantly being analyzed, leading to modifications to the existing policies and the incorporation of new insurances, taking into account the Group's risk appetite and the expected and unexpected levels of our losses. This practice allows us to optimize the Group's insured risk profile.

Cybersecurity

Credicorp focuses on the most efficient strategies to reduce exposure to cybersecurity risk and, thereby, meet the Group's risk appetite. Credicorp applies different levels of controls to the different exposed areas and companies. To this end, it maintains an investment program, which allows it to have the technologies and processes necessary to keep the Group's operations and assets safe.

As part of cybersecurity management, the Group has lines of action to mitigate risks, as well as implementation priorities and improvements that take into account the different realities of the companies. These lines of action include:

- The maturity of cybersecurity according to FFIEC, allow for adjustments to cybersecurity controls for each of the Group's companies.
- Strategies, policies, and guidelines standardizing the levels of compliance with cybersecurity controls in each of the Group's companies.
- An awareness program, including constant training that generates a culture of cybersecurity consciousness in all the Group's companies.
- Cybersecurity indicators that show the effectiveness of the processes through periodic evaluations carried out in each of the Group's companies.
- Governance of suppliers, which ensures the deployment of the Group's policies to third parties.
- The implementation of security technologies, which seeks to cover risks according to the threat trend and the risk profile of each company in the Group.
- Tabletop tests and breach simulations that help to identify and fix gaps in the incident response protocols, as well as train the incident response Group's teams.
- Data Privacy Strategy, including several layers of data protection, according to the stages of the data lifecycle, deployment of a data loss prevention program and improvement of data recovery capabilities.

[Content](#)

- Software life cycle assurance strategy and deployment of security practices and controls to improve and monitor compliance of cybersecurity policies, as well as a threat modeling process through the acquisition and deployment of a specialized platform for this purpose.
- Identity and Access Assurance, to manage and protect digital identities and ensure the management of authentication and authorization access of users and devices to the organization's resources.
- Assurance of our remote connections with third parties and optimization of security controls for network access for employees in home office
- Part of the continuous improvement in risk management is to identify opportunities for improvement. For this purpose, the cybersecurity risk taxonomy was deployed, so that technical language can be expressed in business terms and be understandable at all levels. In addition, BCP implemented the Factor Analysis of Information Risk (FAIR) methodology to quantify and prioritize cybersecurity risks, which will also be implemented in other companies of the Group during 2022.

Corporate Security and Cybernetic Crime

The Group implements policies, procedures and actions that safeguard employees, customers and assets of the organization. In addition, it protects the institution against incidents of fraud, security and reputational risk. It also fosters a culture of prevention, allowing it to minimize the risks of fraud and security. Finally, it has established a solid relationship with stakeholders and Financial Institutions in the region.

Management has in place an integral security scheme called MISB for Credicorp (Comprehensive Banking Security Model), which includes variables for prevention, detection, response and recovery. The MISB has six strategic axes: training for internal and external clients, fraud and security risk assessments, business support through early alerts, continuous monitoring and reporting, specialized forensic investigation, and cyber-intelligence. In addition, Management has a second line of defense focused on generating a comprehensive vision of fraud and security risks. This includes state-of-the-art technological tools, as well as advanced analysis models for risk profiling for the detection of internal fraud and tools to detect anomalous behaviors.

This model and strategy are shared with different banks that belong to the Peruvian Banking Association to establish synergies and a robust control scheme at the financial institution level.

c) Market and Liquidity Risk

Market Risk

The Group is exposed to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rates, currency, commodities and equity products; all of which are exposed to general and specific market movements and changes in the level of volatility of prices such as interest rates, credit spreads, foreign exchange rates and equity prices. Due to the nature of the Group's current activities, commodity price risk has not been approved; thus, this type of instrument is not traded.

[Content](#)

1. Market Risk Measurements

The Group separates exposures to market risk into two groups: (i) risks arising from value fluctuation of trading portfolios recognized at fair value through profit or loss, due to movements of market rates or prices (Trading Book) and (ii) risks arising from changes in the structural positions of non-trading portfolios, due to movements of the interest rates, prices and foreign exchange ratios (Banking Book). Most of the structural portfolios are recorded at amortized cost and at fair value with changes in other comprehensive income.

The risks that trading portfolios (Trading book) face are managed through Value at Risk (VaR) historical simulation techniques; while non-trading portfolios (Banking Book) are monitored using rate sensitivity metrics, which are a part of ALM.

Trading Book

The trading book is characterized by liquid positions in stocks, bonds, foreign currencies and derivatives, arising from transactions in which the Group acts as counterparty with the customers or with the market. This portfolio includes investments and derivatives classified by Management as held for trading.

Value at Risk (VaR)

Based on a number of assumptions about changes in market conditions, we apply VaR to our trading portfolios to estimate the market risk of our positions and our maximum losses.

Daily calculation of VaR is a statistically-based estimate of the potential loss on our current portfolio caused by adverse market movements.

VaR expresses the “maximum” amount the Group might lose, but only to a certain level of confidence (99%). There is therefore a specified statistical probability (1%) that actual loss could be greater than the VaR estimate.

The time period used to calculate VaR is one day. However, because the VaR model assumes a ten-day “holding period” within which positions can be closed, the one-day VaR is amplified to a ten-day time frame and calculated by multiplying the one-day VaR by the square root of 10. This adjustment is exact only if the changes in the portfolio in the following days have a normal distribution identical and independent; otherwise, the 10-day VaR is an approximation.

[Content](#)

VaR limits and assumptions are set based on the risk appetite and trading strategy of each subsidiary. The assessment of past movements is based on historical one-year data and 146 market risk factors, which are comprised as follows: 35 market curves, 94 stock prices, 13 mutual funds values and 4 volatility series. The Group applies these historical changes into rates to its current positions (a method known as historical simulation). Management believes that the market risk factors incorporated into its VaR model are adequate to measure the market risk to which the Group's trading book is exposed.

The use of this approach does not prevent losses outside of these limits in the event of more significant market movements. Losses exceeding the VaR figure should occur, on average under normal market conditions, not more than once every hundred days. VaR limits have been established to control and keep track of our risks taken. These risks arise from the size of our positions and/or the volatility of the risk factors embedded in each financial instrument. Regular reports are prepared for the Treasury and ALM Risk Committee, our risk management committees and our senior officers.

VaR results are used to generate economic capital estimates by market risk, which are periodically monitored and are part of the overall risk appetite of each subsidiary. Furthermore, Credicorp has internal appetite risk limits for the trading book which are monitored and reported to the Credicorp Treasury and ALM Risk Committee. In VaR calculations, the foreign exchange effect is not included and as such the calculation is measured assuming a constant exchange rate. For further information, see "ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT RISK MANAGEMENT – (13) Foreign Currency Exchange Rate Risk".

During 2021, the Credicorp's VaR decreased by lower Interest rate risk due to lower volatility in interest rates compared to 2020 due to the COVID-19 pandemic. In addition, we decreased the Fixed Income position, mainly in Peruvian and Colombian bonds. The VaR remains contained within the limits of the risk appetite established by the Group's Risk Management and its subsidiaries.

As of December 31, 2019, 2020 and 2021, our VaR by risk type were as follows:

	<u>2019</u>	<u>2020</u>	<u>2021</u>
		<i>in thousands of Soles</i>	
Interest rate risk	9,274	163,981	35,721
Price risk	7,809	6,529	4,637
Volatility risk (1)	463	708	2,662
Diversification effect	(6,245)	(857)	(4,916)
Consolidated VaR by risk type (2)	11,301	170,361	38,104

(1) Volatility risk

(2) Amplified to the holding period, adjusted by a 10-days period of liquidation.

In VaR calculation, financial instruments from the trading book were taken.

On the other hand, the instruments recorded as fair values through profit or loss, which are not part of the selling business model are considered as part of the sensitivity analysis of rates and market prices in the next section (11.11). See the chart of sensitivity of earnings at risk, net economic value and price sensitivity.

[Content](#)

The information disclosed in these charts addresses the VaR calculation for the entire consolidated Group. However, minimum, maximum and average VaR calculations are estimated only for BCP Stand-alone's trading book. The reason for this is that, although there is a daily VaR calculation for all subsidiaries with trading book positions, the entire Group is consolidated once a month in order to calculate a VaR for reporting purposes and to monitor the economic capital limit. Therefore, since there is not a sufficient sample for the Group, minimum, maximum and average VaR are calculated only for the BCP Stand-alone subsidiary. Nonetheless, the Company believes it is relevant information considering that BCP Stand-alone's trading risk is very close to the total trading risk of the Group's portfolio.

For the years ending on December 31, 2019, 2020 and 2021, the BCP Stand-alone's VaR statistics were as follows:

	2019	2020	2021
	<i>in thousands of Soles</i>		
Average daily	7,007	36,949	22,839
Highest	18,556	114,593	46,435
Lowest	1,727	1,659	12,045

Backtesting

Backtesting is performed on the trading book to verify the predictive power of the VaR calculations. Backtesting compares results of the positions considered for the calculation of VaR and the calculation of the VaR from the previous day. Backtesting exceptions occur when real losses exceed the estimated VaR for the previous day. In order for a backtesting analysis to be considered valid, it should be based on a minimum of 252 observations. Every month, backtesting exceptions are analyzed and reports are prepared to explain the results. These reports are presented to the Treasury and ALM Risk Committee and our Senior Officers. Backtesting is estimated only for BCP Stand-alone's trading book, since it should be based on a minimum of 252 observations and the Group's VaR is consolidated only once a month for reporting purposes and to monitor the Group's economic capital limit.

VaR Backtesting – VaR (1-Day, 99% in millions of Soles) – 2021:

[Content](#)



The backtesting analysis uses the Kupiec statistic test to determine if the number of exceptions is statistically different from the one expected by the VaR confidence level. Since the test uses the last 252 observations and a 99% VaR confidence level, the model will indicate an underestimation of the probability of large losses from the sixth exception, unless a fitting factor is applied to the VaR to correct the model underestimation.

During 2021, BCP Stand-alone recorded two backtesting exceptions, in which actual daily losses exceeded daily VaR. According to the selected test, we believe that the VaR model is statistically correct. The exceptions were due to an increase in market volatility in the Peruvian market curves for the Fixed Income and FX Forward portfolios.

Stress test

A stress test is used to calculate the maximum loss that the Group incurs in light of daily shocks to the market risk factors from March 18, 2008 until the effective date of the stress test. The maximum loss is considered the outcome for the stress test.

The methodology for the stress test assumes a certain “holding period” until positions can be closed (1 - 10 days). The time period used to calculate the losses is one day; however, the final figures are amplified to a 10-day time period and the final calculation is determined by multiplying the one-day losses times by the square root of 10. This adjustment will be exact only if the changes in the portfolio in the following days follow a normal distribution that is identical and independent; otherwise, the worst loss of the ten-day period will be an approximation.

[Content](#)

The results of our stress test as of December 31, 2019, 2020, 2021, by risk type, were as follows:

	2019	2020	2021
	<i>in thousands of Soles</i>		
Interest rate risk	70,199	163,008	143,047
Price risk	25,172	56,743	28,964
Volatility risk (1)	1,119	2,157	5,356
Diversification effect	(33,713)	(87,420)	(36,829)
Consolidated VaR by risk type	62,777	134,489	140,538

(1) Volatility risk is the potential loss that result from fluctuations in option implied volatilities

Given the possibility of any scenario of local or international uncertainty, continuous evaluations of stress test scenarios were carried out in order to anticipate potential losses for the Group and generate action plans to mitigate losses. Additionally, we reviewed the current models and methodologies was carried out to ensure that volatility was included in the market risk indicators and valuations of the instruments.

11.11 Banking Book

The management of risks associated with long-term and structural positions is called ALM. Non-trading portfolios, which comprise the banking book, are exposed to different sensitivities that can deteriorate the value of the Group's assets relative to its liabilities and hence can reduce the Group's net worth. Management of the Banking Book includes management of interest rates and the analysis of the repricing GAP.

Interest Rate Risk

The ALM-related interest rate risk arises from eventual changes in interest rates that may adversely affect the expected gains (risk gains) or market value of financial assets and liabilities reported on the statement of financial position (net economic value). The Group assumes the exposure to the interest rate risk that may affect their fair value as well as the cash flow risk of future assets and liabilities.

The Risk Committee sets the guidelines regarding the level of unmatched repricing of interest rates that can be tolerated, which is periodically monthly monitored by our ALCO.

Corporate policies include guidelines for the management of the Group's exposure to the interest rate risk. These guidelines are implemented considering the features of each segment of business in which the Group entities operate.

In this regard, Group companies that are exposed to the interest rate risk are those in which earnings are based on interest, such as credits, investments and technical reserves. Interest rate risk management at BCP Stand-alone, BCP Bolivia, Mibanco, ASB, Grupo Pacifico and Mibanco Colombia is carried out by performing a repricing gap analysis, sensitivity analysis of the financial margin (EAR) and sensitivity analysis of the net economic value (EVE). These calculations consider different rate shocks in stress scenarios.

[Content](#)

Repricing Gap- Analysis

Repricing gap analysis identifies the term structure of interest rate mismatches within the Group's balance and out of balance assets and liabilities. Different time bucket schemes may be used in the report. Through this analysis, Management can identify the time period in which interest rate variations may have potential impacts.

The tables below provide information about our financial instruments that are sensitive to interest rates, including deposits, bonds and other obligations, and summarize our exposure to interest rate risks as of December 31, 2019, 2020 and 2021. It includes the Group's financial instruments at carrying amounts, categorized into columns based on the earlier of their contractual repricing date and maturity/call date. The products are distributed according to their contractual behavior or distribution assumptions (for those without contractual maturity). In addition, some credit products prepayment assumptions are considered.

	As of December 31, 2019						
	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Non-interest bearing	Total
	<i>in thousands of Soles</i>						
Assets							
Cash, due from banks, receivables from reverse repurchase agreements and security borrowing	12,702,384	1,841,425	3,683,141	5,351,933	125,088	6,571,315	30,275,286
Investments	1,462,956	1,346,028	7,786,732	5,876,624	12,628,641	578,788	29,679,769
Loans, net	14,595,317	17,107,120	28,291,817	35,086,667	15,737,689	(332,893)	110,485,717
Financial assets designated at fair value through profit and loss	-	-	-	-	-	620,544	620,544
Premiums and other policies receivables	802,558	22,866	8,496	4,811	-	-	838,731
Accounts receivable from re-insurers and co-insurers	734	120,600	668,551	1,348	471	-	791,704
Other assets	273,338	38,841	8	-	-	2,023,067	2,335,254
Total assets	29,837,287	20,476,880	40,438,745	46,321,383	28,491,889	9,460,821	175,027,005
Liabilities							
Deposits and obligations	29,478,976	9,711,623	19,010,084	43,285,525	7,339,092	3,180,085	112,005,385
Payables from repurchase agreements, security lending, due to banks and correspondents	3,742,155	3,269,341	4,969,337	1,784,133	2,528,985	225,797	16,519,748
Financial Liabilities designated at fair value through profit or loss	-	-	-	-	-	493,700	493,700
Accounts payable to reinsurers and coinsurers	46,144	133,864	25,838	10,888	-	-	216,734
Technical, insurance claims reserves and reserves for unearned premiums	266,556	703,337	1,166,055	2,703,092	5,056,900	54,293	9,950,233
Bonds and notes issued	180,311	252,316	1,683,166	10,060,986	2,753,679	15,905	14,946,363
Other liabilities	437,529	361,087	3,765	-	-	3,008,995	3,811,376
Equity	-	-	-	-	-	26,746,310	26,746,310
Total liabilities and equity	34,151,671	14,431,568	26,858,245	57,844,624	17,678,656	33,725,085	184,689,849
Off-Balance sheet items							
Derivatives assets	2,806,693	2,849,046	454,349	272,223	165,700	-	6,548,011
Derivatives liabilities	323,360	821,872	3,798,631	1,110,774	406,320	-	6,460,957
Total Off-Balance Sheet items	2,483,333	2,027,174	(3,344,282)	(838,551)	(240,620)	-	87,054
Marginal gap	(1,831,051)	8,072,486	10,236,218	(12,361,792)	10,572,613	(24,264,264)	(9,575,790)
Accumulated gap	(1,831,051)	6,241,435	16,477,653	4,115,861	14,688,474	(9,575,790)	-

[Content](#)

	As of December 31, 2020						
	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years <i>in thousands of Soles</i>	More than 5 years	Non-interest bearing	Total
Assets							
Cash, due from banks, receivables from reverse repurchase agreements and security borrowing	20,110,489	1,607,867	2,052,436	7,682,481	149,669	7,544,354	39,147,296
Investments	4,639,795	11,068,740	2,777,817	8,783,106	20,934,358	502,455	48,706,271
Loans, net	12,721,639	15,427,902	31,709,621	54,248,434	16,352,436	(2,698,907)	127,761,125
Financial assets designated at fair value through profit and loss	-	-	-	-	-	823,270	823,270
Premiums and other policies receivables	897,086	25,288	9,472	5,377	-	-	937,223
Accounts receivable from re-insurers and co-insurers	726	164,184	730,963	1,930	675	20,941	919,419
Other assets	83,113	2,961	34,482	9,539	-	2,176,901	2,306,996
Total assets	38,452,848	28,296,942	37,314,791	70,730,867	37,437,138	8,369,014	220,601,600
Liabilities							
Deposits and obligations	38,284,217	10,646,664	18,968,119	62,281,065	9,594,605	2,590,832	142,365,502
Payables from repurchase agreements, security lending, due to banks and correspondents	620,946	2,900,084	7,709,973	19,573,712	3,042,388	54,771	33,901,874
Financial Liabilities designated at fair value through profit or loss	-	-	-	-	-	561,602	561,602
Accounts payable to reinsurers and coinsurers	72,060	209,035	40,349	17,002	-	-	338,446
Technical, insurance claims reserves and reserves for unearned premiums	296,493	810,514	1,355,486	3,133,235	5,752,899	326,449	11,675,076
Bonds and notes issued	3	425,231	1,238,141	13,867,807	616,225	172,000	16,319,407
Other liabilities	601,545	49,851	8,185	-	-	3,247,834	3,907,415
Equity	-	-	-	-	-	25,445,647	25,445,647
Total liabilities and equity	39,875,264	15,041,379	29,320,253	98,872,821	19,006,117	32,399,135	234,514,969
Off-Balance sheet items							
Derivatives assets	547,271	1,307,322	557,277	341,564	-	-	2,919,134
Derivatives liabilities	112,357	1,017,607	360,010	1,046,481	238,600	-	2,775,055
Total Off-Balance Sheet items	434,914	289,715	197,267	(704,917)	(238,600)	-	(21,621)
Marginal gap	(987,502)	13,545,278	8,191,805	(28,846,871)	18,192,421	(24,030,121)	(13,934,990)
Accumulated gap	(987,502)	12,557,776	20,749,581	(8,097,290)	10,260,831	(13,934,990)	-

[Content](#)

As of December 31, 2021							
	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years <i>in thousands of Soles</i>	More than 5 years	Non-interest bearing	Total
Assets							
Cash, due from banks, receivables from reverse repurchase agreements and security borrowing	21,200,113	835,072	2,164,640	8,430,195	180,678	8,276,990	41,087,688
Investments	7,712,405	1,134,280	3,825,114	11,313,394	18,660,101	378,708	43,024,002
Loans, net	16,062,211	18,690,355	38,761,519	48,659,533	17,619,885	(673,399)	139,120,104
Financial assets designated at fair value through profit and loss	-	-	-	-	-	974,664	974,664
Premiums and other policies receivables	882,182	24,565	9,162	5,194	-	-	921,103
Accounts receivable from re- insurers and co-insurers	1,138	315,184	876,680	3,985	1,392	-	1,198,379
Other assets	299,648	49,697	171,495	-	62,519	1,832,448	2,415,807
Total assets	46,087,697	21,049,153	45,808,610	68,412,301	36,524,575	10,789,411	228,741,747
Liabilities							
Deposits and obligations	38,932,350	13,763,617	21,336,061	65,231,646	8,349,313	2,727,875	150,340,862
Payables from repurchase agreements, security lending, due to banks and correspondents	2,414,504	2,423,081	9,915,571	11,713,052	2,724,155	36,449	29,226,812
Financial Liabilities designated at fair value through profit or loss	-	-	-	-	-	325,571	325,571
Accounts payable to reinsurers and coinsurers	98,755	286,473	55,296	23,301	-	-	463,825
Technical, insurance claims reserves and reserves for unearned premiums	312,617	873,375	1,468,165	3,387,967	6,151,093	341,294	12,534,511
Bonds and notes issued	70	122,746	553,109	15,935,158	399,728	68,018	17,018,829
Other liabilities	135,776	23,896	2,735	57,390	-	4,163,736	4,383,533
Equity	-	-	-	-	-	27,037,439	27,037,439
Total liabilities and equity	41,894,072	17,493,188	33,330,937	96,348,514	17,564,289	34,700,382	241,391,382
Off-Balance sheet items							
Derivatives assets	221,370	700,009	167,250	486,430	-	-	1,575,059
Derivatives liabilities	43,164	222,228	223,146	1,001,554	-	-	1,490,092
Total Off-Balance Sheet items	178,206	477,781	(55,896)	(515,124)	-	-	84,967
Marginal gap	(4,441,831)	4,033,746	12,421,777	(28,451,337)	18,900,286	(23,910,971)	(12,564,668)
Accumulated gap	(4,441,831)	8,475,577	20,897,354	(7,553,983)	11,346,303	(12,564,668)	-

[Content](#)

Investments and derivatives classified by our management as held for trading are not considered in our repricing gap analysis, because these instruments are included in the trading book. Instead of repricing gap analysis, we use VaR methodology to assess risk arising from these instruments. Other assets and other liabilities include only financial accounts.

The COVID-19 outbreak implied changes in customer behavior patterns and government programs that represented a high level of uncertainty and risk for the Group's balance sheet structure and its consequent exposure to interest rate risk in the banking book. To effectively deal with this environment, efforts were focused on analyzing government stimulus packages, the creation of financial relief products for clients, the evolution in the composition of assets and liabilities both in volume and in characteristics, collecting all these aspects in key risk metrics and analytical reports to ensure a level of exposure to interest rate risks consistent with the Group's risk appetite level.

Sensitivity to Changes in Interest Rates

The sensitivity analysis of a reasonable possible change in interest rates on the ALM book comprises an assessment of the sensibility of the financial margin, which seeks to measure the potential changes in interest accruals over a period of time due to the expected parallel movement of the interest rate curves, as well as the sensitivity of the net economic value, which is a long-term metric measured as the difference between the economic value of net assets and liabilities before and after a variation in interest rates.

The sensitivity of the financial margin is the effect of the assumed changes in interest rates on the net interest income before income tax for one year and is based on non-trading financial assets and financial liabilities held at December 31, 2019, 2020 and 2021, including the effect of derivatives instruments. The sensitivity of net economic value is calculated by reassessing the financial assets and liabilities that comprise the banking book, including the effect of any associated hedge and derivative instruments designated as a cash flow hedge. In managing interest rate risk, no distinction is made by accounting category of the investments comprising the banking book, including instruments classified as fair value through other comprehensive income and amortized cost investments.

[Content](#)

The tables below summarize our exposure to interest rate changes as of December 31, 2019, 2020 and 2021:

As of December 31, 2019

Currency	Interest rates changes in basis points		Sensitivity of financial margin	Sensitivity of economic value	
				<i>in thousands of Soles</i>	
Peruvian Currency	+/-	50	-/+	7,696	285,699
Peruvian Currency	+/-	75	-/+	11,544	428,549
Peruvian Currency	+/-	100	-/+	15,392	571,398
Peruvian Currency	+/-	150	-/+	23,088	857,097
US Dollar	+/-	50	+/-	52,276	152,926
US Dollar	+/-	75	+/-	78,413	229,389
US Dollar	+/-	100	+/-	104,551	305,852
US Dollar	+/-	150	+/-	156,827	458,777

As of December 31, 2020

Currency	Interest rates changes in basis points		Sensitivity of financial margin	Sensitivity of economic value	
				<i>in thousands of Soles</i>	
Peruvian Currency	+/-	50	+/-	19,640	391,821
Peruvian Currency	+/-	75	+/-	29,459	587,731
Peruvian Currency	+/-	100	+/-	39,279	783,642
Peruvian Currency	+/-	150	+/-	58,919	1,175,462
US Dollar	+/-	50	+/-	47,929	345,185
US Dollar	+/-	75	+/-	71,894	517,777
US Dollar	+/-	100	+/-	95,859	690,369
US Dollar	+/-	150	+/-	143,788	1,035,554

As of December 31, 2021

Currency	Interest rates changes in basis points		Sensitivity of financial margin	Sensitivity of economic value	
				<i>in thousands of Soles</i>	
Peruvian Currency	+/-	50	+/-	45,487	340,772
Peruvian Currency	+/-	75	+/-	68,231	511,158
Peruvian Currency	+/-	100	+/-	90,975	681,544
Peruvian Currency	+/-	150	+/-	136,462	1,022,316
US Dollar	+/-	50	+/-	115,376	413,488
US Dollar	+/-	75	+/-	173,064	620,232
US Dollar	+/-	100	+/-	230,752	826,976
US Dollar	+/-	150	+/-	346,128	1,240,463

[Content](#)

The interest rate sensitivities set out in the tables above are illustrative only and are based on simplified scenarios. These figures represent the effect of the preform movements in the net interest income based on the projected yield curve scenarios and the Group's current interest rate risk profile. This effect, however, does not incorporate actions that would be taken by Management to mitigate the impact of this interest rate risk. In addition, the Group proactively seeks to change the interest rate risk profile to minimize losses and optimize net revenues. The projections above also assume that interest rate of all maturities move by the same amount and, therefore, do not reflect the potential impact on net interest income of some rates changing while others remain unchanged.

As of December 31, 2019, 2020 and 2021, investments in equity securities and funds that are non-trading, recorded at fair value through other comprehensive income and at fair value through profit or loss, respectively, are not considered as comprising investment securities for interest rate sensitivity calculation purposes; however, 10%, 25% and 30% changes in market prices are conducted to these price-sensitivity securities.

The market price sensitivity tests as of December 31, 2019, 2020 and 2021 are presented below:

Equity at fair value through other comprehensive income	Changes in market prices %	2019	2020 <i>in thousands of Soles</i>	2021
Equity securities	+/- 10	57,920	50,255	37,783
Equity securities	+/- 25	144,800	125,638	94,457
Equity securities	+/- 30	173,760	150,765	113,348

Funds at fair value through profit or loss	Changes in market prices %	2019	2020 <i>in thousands of Soles</i>	2021
Mutual funds	+/- 10	59,127	96,665	157,130
Mutual funds	+/- 25	147,818	241,661	392,825
Mutual funds	+/- 30	177,381	289,994	471,390
Restricted mutual funds	+/- 10	46,009	43,688	36,595
Restricted mutual funds	+/- 25	115,022	109,220	91,489
Restricted mutual funds	+/- 30	138,026	131,064	109,786
Fund of Liquid Assets Requirement (RAL)	+/- 10	30,040	27,882	32,314
Fund of Liquid Assets Requirement (RAL)	+/- 25	75,100	69,705	80,785
Fund of Liquid Assets Requirement (RAL)	+/- 30	90,119	83,646	96,942
Investment Funds	+/- 10	30,576	36,160	49,837
Investment Funds	+/- 25	76,440	90,399	124,591
Investment Funds	+/- 30	91,728	108,479	149,510
Hedge Funds	+/- 10	3,364	12,694	17,682
Hedge Funds	+/- 25	8,410	31,735	44,204
Hedge Funds	+/- 30	10,092	38,081	53,045
Exchange Traded Funds	+/- 10	2,556	3,209	10,531
Exchange Traded Funds	+/- 25	3,399	8,021	26,326
Exchange Traded Funds	+/- 30	4,079	9,626	31,592

[Content](#)

Foreign Currency Exchange Rate Risk

The Group is exposed to fluctuations in foreign currency exchange rates, which impact net open monetary positions and equity positions in a different currency than the group's functional currency.

The group's monetary position is made up of the net open position of monetary assets, monetary liabilities and off-balance sheet items expressed in foreign currency for which the entity itself assumes the risk; as well as the equity position generated by the investment in the group's subsidiaries whose functional currency is different from soles. In the first case, any appreciation/depreciation of the foreign currency would affect the consolidated income statement, on the contrary, in the case of the equity position, any appreciation/depreciation of the foreign currency will be recognized in other comprehensive income.

The Group manages foreign currency exchange risk, which affects the income statement, by monitoring and controlling currency positions exposed to movements in exchange rates. The market risk units of each subsidiary establish limits for said positions, which are approved by their own committees, and monitor and follow up the limits considering their foreign exchange trading positions, their most structural foreign exchange positions, as well as their sensitivities.

Additionally, there is a monetary position limit at the Credicorp level, which is monitored and reported to the Group's Risk Committee.

On the other hand, the Group manages foreign currency exchange risk whose fluctuation is recognized in other comprehensive income, monitoring and controlling equity positions and their sensitivities, which are reported to the Group's Risk Committee.

Net foreign exchange gains/losses recognized in the consolidated statement of income are disclosed in the following items:

- Net gain on foreign exchange transactions
- Net gain on speculative derivatives
- Net gain from exchange difference

Transactions in foreign currency are made at free market exchange rates of the countries where Credicorp's subsidiaries are established. As of December 31, 2019, 2020, and 2021, the net open monetary position with effect on results and the equity position of the group was as follows:

2019	US Dollars	Other currencies
Total monetary assets	65,046,432	(2,156)
Total monetary liabilities	(64,744,138)	(613,171)
	302,294	(615,327)
Currency derivatives	(979,309)	(607)
Accounting hedge (investment abroad) (*)	-	-
Net monetary position with effect on consolidated statement of income	(677,015)	(615,934)
Net monetary position with effect on equity	862,730	1,625,582
Net monetary position	185,715	1,009,648

[Content](#)

2020	US Dollars	Other currencies
Total monetary assets	68,649,158	1,204,923
Total monetary liabilities	(70,735,019)	(427,092)
	(2,085,861)	777,831
Currency derivatives	1,746,886	(364,886)
Accounting hedge (investment abroad) (*)	490,385	-
Net monetary position with effect on consolidated statement of income	151,410	412,945
Net monetary position with effect on equity	998,175	1,583,837
Net monetary position	1,149,585	1,996,782

2021	US Dollars	Other currencies
Total monetary assets	79,005,337	503,809
Total monetary liabilities	(81,716,408)	(415,951)
	(2,711,071)	87,858
Currency derivatives	2,142,654	(55,696)
Accounting hedge (investment abroad) (*)	912,337	-
Net monetary position with effect on consolidated statement of income	343,920	32,162
Net monetary position with effect on equity	1,021,603	1,864,335
Net monetary position	1,365,523	1,896,497

(*) As of December 31, 2021, hedge accounting of a net investment in a foreign operation was carried out. Where the investment in Atlantic Security Holding Corporation is being hedged with part of our dollar liabilities position of the balance of "Bonds and notes issued". The hedged amount is approximately US\$135.4 million, equivalent to S/490.3 million, and US\$228.8 million, equivalent to S/912.3 as of December 31, 2020 and 2021, respectively. For further detail refer to Notes to the consolidated financial statements, 17. Bonds and Notes Issued, (iv) Senior notes - Credicorp Ltd.

We manage foreign exchange risk by monitoring and controlling the position values based on changes in exchange rates. Since 2014, we have measured the performance of these positions in Soles, our functional currency.

As of December 31, 2019, 2020 and 2021 the monetary position with effect on equity in other currencies is mainly made up of the equity of subsidiaries in Bolivian pesos for S/814.3 millions, S/764.6 million and S/928.6 million, respectively, in Colombian pesos for S/632.5 millions, S/570.4 million and S/628.6 million, respectively and, in Chilean pesos for S/176.0 millions, S/245.7 million and S/304.4 million, respectively, among other minors.

[Content](#)

The following tables show the sensitivity analysis of the main currencies to which the Group is exposed and which affect the consolidated income statement and other comprehensive income as of December 31, 2019, 2020 and 2021. The analysis determines the effect of a reasonably possible variation of the exchange rate against the sun for each of the currencies independently, considering all other variables constant. A negative amount shows a potential net reduction in the consolidated income statement and other comprehensive income, while a positive amount reflects a potential increase.

The following is a sensitivity analysis of the foreign exchange position with an effect on consolidated results, with the US dollar as the main currency of exposure. This analysis is shown as of December 31, 2019, 2020 and 2021:

Sensitivity Analysis	Change in Currency Rates	2019	2020	2021
	%	<i>in thousands of Soles</i>		
Depreciation -				
Soles in relation to US dollar	5	(32,239)	7,210	16,377
Soles in relation to US dollar	10	(61,547)	13,765	31,265
Appreciation -				
Soles in relation to US dollar	5	35,632	(7,969)	(18,101)
Soles in relation to US dollar	10	75,224	(16,823)	(38,213)

The following is the sensitivity analysis of the foreign exchange position with effect in other comprehensive income, being the US dollar, the Bolivian Peso, the Colombian Peso and the Chilean Peso the main currencies of exposure. This analysis is shown as of December 31, 2019, 2020 and 2021:

Sensitivity Analysis	Change in Currency Rates	2019	2020	2021
	%	<i>in thousands of Soles</i>		
Depreciation -				
Soles in relation to US dollar	5	41,082	47,532	48,648
Soles in relation to US dollar	10	78,430	90,743	92,873
Appreciation -				
Soles in relation to US dollar	5	(45,407)	(52,536)	(53,769)
Soles in relation to US dollar	10	(95,859)	(110,908)	(113,511)

[Content](#)

Sensitivity Analysis	Change in Currency Rates	2019	2020	2021
	%		<i>in thousands of Soles</i>	
Depreciation -				
Soles in relation to Bolivianos	5	38,777	36,408	44,220
Soles in relation to Bolivianos	10	74,028	69,507	84,421
Appreciation -				
Soles in relation to Bolivianos	5	(42,858)	(40,241)	(48,875)
Soles in relation to Bolivianos	10	(90,479)	(84,953)	(103,181)
Sensitivity Analysis	Change in Currency Rates	2019	2020	2021
	%		<i>in thousands of Soles</i>	
Depreciation -				
Soles in relation to Colombian peso	5	30,121	27,160	29,933
Soles in relation to Colombian peso	10	57,504	51,851	57,145
Appreciation -				
Soles in relation to Colombian peso	5	(33,292)	(30,019)	(33,084)
Soles in relation to Colombian peso	10	(70,283)	(63,373)	(69,844)
Sensitivity Analysis	Change in Currency Rates	2019	2020	2021
	%		<i>in thousands of Soles</i>	
Depreciation -				
Soles in relation to Chilean peso	5	8,381	11,701	14,494
Soles in relation to Chilean peso	10	16,000	22,338	27,671
Appreciation -				
Soles in relation to Chilean peso	5	(9,263)	(12,933)	(16,020)
Soles in relation to Chilean peso	10	(19,556)	(27,302)	(33,820)

Liquidity Risk

Liquidity risk is the risk that the Group is unable to meet its short-term payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. In this sense, the company that is facing a liquidity crisis would be failing to comply with the obligations to pay depositors and with commitments to lend or satisfy other operational cash needs.

For further information about liquidity risk management, please refer to ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS – 5.B Liquidity and Capital Resources - (3) Liquidity Risk

[Content](#)

d) Model Risk

Model risk is defined as the probability of loss resulting from decisions (credit, market, among others) based on the use of poorly designed and/or poorly implemented models. The main sources that generate this risk are: deficiencies in data, errors in the model (from design to implementation) or wrong use of the model.

The Group uses models for different purposes, such as credit admission, capital calculation, monitoring behavior of payment, determination of loan reserves, market risk and liquidity. Model risk management is structured around a set of processes known as the life cycle of the model. The phases of the life cycle of the model in the Group are: Identification, Planning, Development, Internal Validation, Approval, Implementation and use, and Monitoring and control.

Management of model risk is proportional to the importance of each model. To this end, a tiered approach is used to synthesize the level of importance of a model, from which the level of model management is determined.

e) Risk in insurance activity and operational risk

Both our operational risk, which measures the probability of loss of the business operations, and our insurance activity risk, which measures the real cost of claims and benefit payments and the timing thereof, are important for the Group's risk management. How we identify, evaluate, measure, treat and control operational risk and insurance activity risk is defined and explained in the following notes to our audited consolidated financial statements: 34.4 Operational risk and 34.8 Risk of the insurance activity.

The main risk faced by the Group related to insurance contracts is that the real cost of claims and payments or the opportunity cost of claims and payments, differs from what was expected. The magnitude of this risk is influenced by the frequency of claims, the severity of claims, the real benefits paid and the development of long-term claims. Therefore, the Group seeks to ensure that sufficient reserves are available to cover these obligations. The Group constantly monitors the adequacy of its technical reserves by taking appropriate measures against possible adverse results. It also, contracts with independent, recognized actuarial services firms to conduct periodic reviews regarding the sufficiency of reserves for the companies that make up the Insurance & Pensions LoB.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

[Content](#)

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

13. A Material Defaults

Neither we, nor any of our subsidiaries, have ever defaulted on any of our debt or have ever been forced to reschedule any of our obligations.

13. B Dividend Arrearages and Delinquencies

None of our dividends are in arrears, and there has not been any other material delinquency not cured within 30 days relating to any class of preferred stock of our significant subsidiaries. Credicorp Ltd. does not have any preferred stock outstanding.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

There has not been any modification to the rights of security holders.

ITEM 15. CONTROLS AND PROCEDURES

15. A Disclosure Controls and Procedures

Our management, with the participation of and under the supervision of our principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of December 31, 2021. Based on this evaluation, our management, principal executive officer, and principal financial officer have concluded that our disclosure controls and procedures are effective in ensuring that information that we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms.

15. B Management's Annual Report on Internal Control over Financial Reporting

Our Board of Directors and management are responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of published financial statements in accordance with International Financial Reporting Standards, or IFRS, as issued by the IASB.

Our internal control over financial reporting includes policies and procedures that:

[Content](#)

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements, and our receipts and expenditures are being made only in accordance with authorizations of our management and IFRS; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

Because of inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Also, projections about the effectiveness of our internal controls are subject to the risk that controls will become inadequate because of changes in conditions or deterioration in compliance with policies or procedure.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2021, based on the framework set forth by the COSO in Internal Control-Integrated Framework version 2013. Based on this assessment, our management identified no material weakness in our internal control over financial reporting and concluded that, as of December 31, 2021, our internal control over financial reporting was effective, which means that each of the relevant components and seventeen principles are present and functioning and the five components operate together in an integrated manner.

The effectiveness of our internal control over financial reporting as of December 31, 2021 has been audited by Gaveglío Aparicio y Asociados S.C.R.L (a member firm of PricewaterhouseCoopers International Limited), our independent registered public accounting firm. As stated in their report included herein, Gaveglío Aparicio y Asociados S.C.R.L has expressed an unqualified opinion on the effectiveness of our internal control over financial reporting as of December 31, 2021.

15. C Attestation Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Credicorp Ltd

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statement of financial position of Credicorp Ltd and its subsidiaries (the "Company") as of December 31, 2021 and 2020, and the related consolidated statements of income, comprehensive income, changes in net equity and cash flows for each of the three years in the period ended December 31, 2021, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

[Content](#)

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

[Content](#)

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Allowance for credit losses on loan portfolio

As described in Notes 3 f, 3 i, 7 and 34.1 to the consolidated financial statements, the amount recognized as allowance for credit losses on loan portfolio is \$/9,071.0 million as of December 31, 2021. As disclosed by management, the calculations of credit losses are product of models with a series of underlying assumptions with regard to the choice of the variable inputs and their interdependencies, such as the probabilities of default (PD), loss given default (LGD) and exposure at default (EAD), including prospective information, macroeconomic factors and expected life of a financial instrument, among others. The impairment model for expected credit loss reflects the present value of all the cash deficit events related to the events of default, whether (i) during the following twelve months or (ii) during the expected useful life of a financial instrument depending on the impairment of the credit from its beginning. The expected credit loss reflects a result weighted by probability that considers a range of multiple outcomes based on reasonable and supportable forecasts. Additionally, management has reviewed its internal credit risk methodological models, in order to respond to the uncertainty regarding COVID-19 and the political instability, carrying out certain procedures, such as: (i) using information on customers' payment behavior, which, due to the progressive expiration of run-off periods and other assistance granted by the government, reflect credit risk factors to a greater extent; (ii) where there is no information about payment behavior, mainly due to grace periods, certain portfolios do not allow predictability about the non-compliance of future customer payments and continue to use qualitative factors based on analysis and statistical validation of surveys and factors of adjustments considering historical payment behaviors without grace periods; (iii) LGD estimates were updated with assumptions, related to payments from customers in arrears, to see the impact on recoveries; and (iv) the macroeconomic projections and scenario weights were updated to reflect the effect of the reactivation of the economy, which was partially affected under the context of political uncertainty in 2021.

[Content](#)

The principal considerations for our determination that performing procedures relating to allowance for credit losses on loan portfolio is a critical audit matter are there was significant judgement by management when developing their estimate. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence obtained related to the assumptions used such as the PD, LGD and EAD, including prospective information, macroeconomic factors and expected life of a financial instrument and also considering the updates to respond to the uncertainty regarding COVID-19. Also, the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the expected credit loss allowance estimation process, which include controls over data inputs, models and assumptions adopted by management, and the calculation of the allowance for loan losses. These procedures also included, among others, testing the completeness, accuracy, and relevance of underlying data used in the model, the involvement of professionals with specialized skill and knowledge to assist in testing management's process for estimating expected credit loss allowance, including evaluating the appropriateness of the methodologies and models and evaluating the reasonableness of significant assumptions, such as the probabilities of default, loss given default and exposure at default including prospective information, macroeconomic factors, expected life and also considering the updates to respond to the uncertainty regarding COVID-19 and the political instability.

Valuation of the mathematical reserves for annuities

As described in Notes 3 e, 16 and 34.8 to the consolidated financial statements, the amount recognized as mathematical reserves for annuities is \$/6,759.7 million as of December 31, 2021. As disclosed by management, the valuation of the Company's insurance contracts depends on some key subjective assumptions regarding future events. The valuation of the liabilities generated by insurance contracts is made based on the actuarial assumptions and data used in the calculation. Some of the key actuarial and economic assumptions used in the valuation of the insurance contracts are critical and include, among others, the mortality tables and interest rates. Minor changes in each of these key actuarial and economic assumptions could result in significant impacts in the valuation of the obligations for those insurance contracts and in the respective impacts reflected in the consolidated statements of income and comprehensive income.

[Content](#)

The principal considerations for our determination that performing procedures relating to mathematical reserves for annuities is a critical audit matter are there was significant judgement by management when developing their estimate. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating audit evidence obtained related assumptions used such as the mortality tables and interest rates. Also, the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of the mathematical reserves for annuities, which includes controls over data inputs, assumptions, and calculation of the mathematical reserves. These procedures also included, among others, testing the completeness, accuracy and relevance of underlying data used in the model, the reasonableness of interest rates, and the involvement of professionals with specialized skill and knowledge to assist in testing management's process for the valuation of the mathematical reserves for annuities, including evaluating the appropriateness of the methodologies and models and evaluating the reasonableness of significant assumptions, such as mortality tables.

/S/Gaveglio, Aparicio y Asociados S.C.R.L.
Lima, Peru
April 26, 2022

We have served as the Company's auditor since 2015.

Countersigned by

_____ (partner)

/S/Carlos González González
Peruvian Certified Public Accountant Registration No. 50403

15. D Changes in Internal Control over Financial Reporting

During the period covered by this Annual Report, no changes were made to our internal control over financial reporting that have materially affected, or are likely to materially affect, our internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

At the Annual General Meeting of Shareholders held on June 5, 2020, shareholders elected the new members of the Board of Directors of Credicorp as discussed in "ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES – 6. A Directors and Senior Management". Furthermore, our Board of Directors, in its meeting held on June 9, 2020, appointed the following members to the Audit Committee: Ms. Patricia Lizarraga Guthertz (independent, chair of the Audit Committee since June 2020), Mr. Irzio Pinasco Menchelli (independent, member of the Audit Committee) and Ms. Maria Teresa Aranzabal Harreguy (independent, member of the Audit Committee). Mr. Raimundo Morales Dasso, former Chairman of the Audit Committee, has been appointed as Advisor.

[Content](#)

Ms. Lizarraga, Mr. Pinasco and Ms. Aranzabal are "independent" as defined in Rule 10A-3 under the Exchange Act and in Section 303A.02 of the NYSE Listed Company Manual.

Ms. Lizarraga, our Audit Committee Financial Expert as determined by the Board of Directors, is Director of BCP and Credicorp Ltd. Ms. Lizarraga is an experienced Wall Street executive with over 25 years' experience working in international mergers and acquisitions, capital markets, private equity, and valuation experience. She is the founder and CEO of Hypatia Capital Group and a major shareholder of family group Grupo del Ande. Ms. Lizarraga's Board experience includes serving as both President of the Board and Chairman of the audit committee of non-profit organizations, as well as private company Board experience. She served as President of the Privatization Committee of Toll Roads of Peru. Ms. Lizarraga received her Bachelor of Arts degree from Yale University and her MBA from Harvard Business School.

ITEM 16B. CODE OF ETHICS

We have adopted a code of ethics (Codigo de Etica) that applies to our Board of Directors and to our CEO, our chief financial officer, and our other principal executive officers, as well as to all of our other employees. In addition, we have adopted a code of ethics for professionals with financial responsibility (Codigo de Etica Para Profesionales con Responsabilidad Financiera) that applies to employees with financial management responsibilities. Our code of ethics and code of ethics for professionals with financial responsibility are available on the corporate governance section of our web site at <https://www.grupocredicorp.com/>, or at <https://credicorp.gcs-web.com/corporate-governance/governance-documents> (in English).

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Committee Pre-Approval Policies and Procedures

The Audit Committee must approve all of the services that the independent external auditor provides as part of its responsibility to supervise the internal auditor's work. The Audit Committee provides two types of approvals as set forth below:

- (1) The Audit Committee grants a "general approval" in advance for services that the independent external auditor may provide. After a general approval is given, further approval from the Audit Committee is required. A general approval is valid for 12 months from the date of approval unless the Audit Committee determines a different period shall apply. The Audit Committee is regularly informed of the services provided through the general approval process.

[Content](#)

- (2) The Audit Committee also grants “specific approval” on case-by-case basis for services that do not have general approval. All of the services that are not granted general approval need specific approval from the Audit Committee before any agreement is signed with the independent external auditor to provide such services. Any service that exceeds approved costs or budgets will need specific approval from the Audit Committee. The Audit Committee has set a limit on all tax and other fees, which cannot be greater than 35% of total auditor’s fees during a fiscal year. The Audit Committee may change this limit based upon our corporate needs and the complexity of the service provided by the independent external auditor. When considering granting any type of approval, the Audit Committee takes into account whether the requested services are consistent with the SEC’s rules regarding the independence of the independent external auditor.

As necessary, the Audit Committee supervises the execution of services provided by the independent external auditor. It approves, when necessary, any modification in the terms, conditions, fees, and extent of the audit services. The Audit Committee may give a general approval for other audit services where the independent external auditor is in the best position to provide those services. Such services typically include audit services required by regulations, financial audits for our subsidiaries or affiliates, and services associated with the presentation of documents to the SEC or other documents published in connection with the trading of our shares.

The Audit Committee may award a general approval to audit-related services if the committee believes that these services will not negatively affect the integrity of the independent external auditor and are consistent with SEC rules.

Consistent with SEC rules, the Audit Committee requires that all tax services provided by the independent external auditor be subject to its approval. The Audit Committee may grant a specific approval for other services provided by the independent external auditor as long as they do not impair the independence of the independent external auditor and are permissible under SEC rules.

Furthermore, in accordance with a proposal made by the Audit Committee, in 2013, the Board of Directors of Credicorp engaged in a process to select and appoint the company to act as our independent external auditor for the 5-year period starting in 2015. The companies invited to participate in the selection process were the four most prominent auditors with operations in the countries where Credicorp’s subsidiaries operate: Ernst and Young (EY), PricewaterhouseCoopers, KPMG, and Deloitte. After analyzing the proposals, the Audit Committee agreed to recommend EY to serve as the independent external auditor of Credicorp and its subsidiaries for the fiscal year 2014 and Gaveglione, Aparicio y Asociados S.C.R.L, a member firm of PricewaterhouseCoopers International Limited for a period of 5 years starting on January 1, 2015 and ending on December 31, 2019. Our Board of Directors’ continued support for PricewaterhouseCoopers International Limited during its term as independent external auditor is subject to the firm’s performance, which will be evaluated at the end of each year during its appointment.

[Content](#)

Considering the previous recommendation of the Audit Committee and the Board of Directors to hire PricewaterhouseCoopers to audit Credicorp and its subsidiaries for three financial years, as from January 1, 2020 until the end of the financial year 2022, based on the quality of the work carried out by the selected firm, at the Annual General Meeting of Shareholders held on March 29, 2019, the shareholders of Credicorp approved the designation of Gaveglío, Aparicio y Asociados S.C.R.L., a member firm of PricewaterhouseCoopers International Limited, to act as independent external auditors of Credicorp and subsidiaries for the fiscal year 2021 and authorized our Board of Directors to delegate the approval of the independent external auditor's annual fees to its Audit Committee.

At the meeting of the Audit Committee held on May 29, 2019, after assessing the quality, professional experience and international support, the Audit Committee approved to extend the appointment of Gaveglío, Aparicio y Asociados S.C.R.L., a member firm of PricewaterhouseCoopers International Limited, to act as independent external auditors of Credicorp for the fiscal years 2020, 2021 and 2022 subject to the firm's performance, which will be evaluated at the end of each year during its appointment.

The following table sets forth, for each of the years indicated, the fees agreed to for our independent external auditors, Gaveglío, Aparicio y Asociados S.C.R.L., for the audit of our financial statements, for assurance and related services, for tax compliance, tax advice and tax planning and for other services and products for each of the years ended December 31, 2019, 2020 and 2021.

	Year-end December 31,		
	2019	2020	2021
	<i>(in thousands of Soles)</i>		
Audit	17,289	21,106	24,624
Tax	520	410	663
All Other	928	489	244
Total	18,737	22,005	25,531

Audit Fees

Audit fees correspond to audit services performed (i) reviewing the consolidated financial statements of Credicorp and its subsidiaries, (ii) establishing the procedures that the independent auditor needs to perform in order to form an opinion about Credicorp's consolidated financial statements, and (iii) complying with the statutory requirements applicable to Credicorp's subsidiaries. Audit fees also include the audit work in connection with reviews of interim financial information. During, 2021, the Audit Committee approved all fees but there were no services approved by the Audit Committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

Audit fees agreed for Gaveglío, Aparicio y Asociados S.C.R.L. totaled S/21.1 million for 2020 and S/24.6 million for 2021. The increase in audit fees in 2021 compared to 2020 was mainly due to the audit fees of the Subsidiaries in Bolivia, among the main ones are Banco de Credito de Bolivia, Crediseguro S.A. Seguros Personales, Credifondo Sociedad Administradora de Fondos de Inversión S.A., and the exchange rate difference. Fees amounted to US\$0.3 million, equivalent to S/1.3 million.

[Content](#)

Tax Fees

Tax Fees relate to tax services which include all services performed by Credicorp's independent auditor's tax personnel, except those services specifically related to the review and preparation of Credicorp's financial statements, and which principally consist of tax compliance and advisory services approved by the Audit Committee.

Tax fees agreed to for Gaveglío, Aparicio y Asociados S.C.R.L. totaled S/410,000 for 2020 and S/663,000 for 2021.

All Other Fees

In 2021, the other fees were mainly related to the review of accounting hedges to Credicorp Ltd, advice on economic substance to CCR Inc. and review of the design and operational effectiveness of the controls of Credicorp Capital S.A. Corredores de Bolsa. In 2020, the other fees were mainly related to advice on economic substance to Credicorp Ltd and specialized COSO training services to BCP. In 2019, other fees were mainly related to the consulting known as the Proactive Assurance Approach of IFRS 17 to Pacifico Seguros, which was a program that started in 2019 and is expected to finalize in 2022. Audit fees corresponding to "Taxes" and "All other" paid in 2019, 2020 and 2021 were subject to the aforementioned 35% limit and represented 8%, 4% and 4%, respectively, of the total auditor's fees.

All other fees agreed to for Gaveglío, Aparicio y Asociados S.C.R.L. totaled S/489,000 for 2020 and S/244,000 for 2021.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

During 2021, as part of their core businesses, our affiliates, Prima AFP, ASB, Credicorp Capital Sociedad Administradora de Fondos, Grupo Pacifico and Credicorp Capital Bolsa made purchases of our common shares in open-market transactions on behalf of our clients.

In addition, we and our affiliated purchasers repurchased common shares for our 2021 long-term retention plan for certain employees, as explained in Notes 3(x) and 20 to the consolidated financial statements. The following table sets forth, for each month in 2021 in which such repurchases occurred, the total number of shares purchased, and the average price paid per share. None of the repurchased shares were purchased as part of publicly announced plans or programs.

[Content](#)

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
February 2021	88,507	US\$164.69	-	-

(1) Shares repurchased in open-market transactions.

In February 2021, 88,507 shares were repurchased in open market operations at an average price paid per share of US \$164.69. None of the repurchased shares were acquired as part of publicly announced plans or programs.

ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

16G. A The New York Stock Exchange – Corporate Governance

The NYSE’s corporate governance rules, codified in Section 303A of the NYSE’s Listed Company Manual, apply, with certain exceptions for foreign private issuers like Credicorp, in full to companies listing common equity securities on the exchange. The chart below provides a brief description of the significant differences between our corporate governance practices and those followed by U.S. companies under NYSE listing standards:

Section of NYSE Listed Company Manual	NYSE Corporate Governance Rules for US Domestic Issuers	Credicorp Corporate Governance Practices
303A.01	A majority of the members of the Board of Directors must be “Independent Directors”, as defined by the NYSE.	Credicorp is not required under Bermuda law to maintain a Board of Directors with a majority being Independent Directors. As of March 31, 2022, five Directors out of nine are independent.

[Content](#)

Section of NYSE Listed Company Manual	NYSE Corporate Governance Rules for US Domestic Issuers	Credicorp Corporate Governance Practices
303A.02	<p>A Director cannot be “independent” unless the Board of Directors affirmatively determines that the Director has no material relationship with the listed company. In addition, a Director is not independent if the Director:</p> <ul style="list-style-type: none"> (i) is, or has been within the last three years, an employee of the listed company, or an immediate family member is, or has been within the last three years, an executive officer of the listed company (ii) has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than US\$120,000 in direct compensation from the listed company, other than Director and committee fees and pension or other forms of deferred compensation for prior service (iii) (a) is a current partner or employee of a firm that is the listed company’s internal or external auditor; (b) has an immediate family member who is a current partner of such a firm; (c) has an immediate family member who is a current employee of such a firm and personally works on the listed company’s audit; or (d) was, or an immediate family member was, within the last three years a partner or employee of such a firm and personally worked on the listed company’s audit within that time (iv) is, or has been with the last three years, employed as an executive officer of another company where any of the listed company’s present executive officers at the same time serves or served on that company’s compensation committee 	<p>Credicorp has adopted an “independence” standard that is different from the standard established by the NYSE. Credicorp’s independence standard incorporates the SEC’s minimum independence requirements applicable to Directors serving on audit committees. The definition of independence is included in Credicorp’s Corporate Governance Policy. There is no similar requirement under Bermuda law.</p> <p>Under our definition, a Director shall be deemed to be independent if he/she meets each of the following conditions:</p> <ul style="list-style-type: none"> (i) Not being or having been, in the last three years, a Related Director or employee of Credicorp and/or subsidiaries. (ii) Not being or having been, in the last three years, a Director or employee of a company holding >=5% interest in Credicorp. This criterion shall not apply to Directors with an independent status in Credicorp and/or subsidiaries. (iii) Not being a shareholder with >1% interest in Credicorp, not being entitled to exercise voting rights in excess of such percentage nor have preferential voting rights nor have any agreement or agreements allowing such shareholder to exercise the rights to purchase Credicorp shares in excess of such percentage. (iv) Not being a Director or a member of the Senior Management of a company in which any Related Director or member of the Senior Management of Credicorp is a member of the Board of Directors. Such restriction shall not apply when cross Directorship is with respect to Credicorp subsidiaries.

[Content](#)

Section of NYSE Listed Company Manual	NYSE Corporate Governance Rules for US Domestic Issuers	Credicorp Corporate Governance Practices
	<p>(v) is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the listed company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of US\$1 million, or 2% of such other company's consolidated gross revenues.</p>	<p>(v) Not being or having been a member of the Senior Management of a company in which any Related Director or member of the Senior Management of Credicorp is or has been a member of the Compensation Committee (or equivalent) of the Board of Directors in the last three years.</p> <p>(vi) Not being a shareholder with >5% interest, partner, Director, or member of the Senior Management of a third-party company which makes or has made business or contractual transactions for >1% of the annual revenue of Credicorp or >5% of the third-party company, or >5% of the annual income of the proposed Director in the last three fiscal years.</p> <p>(vii) Not having received from Credicorp and/or subsidiaries any compensation >\$120,000 over a period of 12 months during the last three years, excluding Directors' fees and revenue from investments in financial instruments (bonds, shares, term deposits, among others) of Credicorp and/or subsidiaries. Applies also with respect to Relatives.</p>

[Content](#)

Section of NYSE Listed Company Manual	NYSE Corporate Governance Rules for US Domestic Issuers	Credicorp Corporate Governance Practices
		<p>(viii) Not being or having been an employee or partner of the auditing firm of Credicorp and/or subsidiaries in the last three years.</p> <p>(ix) Not being a Relative of shareholders with >=5% interest in Credicorp, or of members of the Board of Directors or the Senior Management of Credicorp.</p> <p>(x) Not acting as an Independent Director in >5 Boards of Directors of companies entered in the Securities Market Public Registry (RMPV). Excludes boards of Directors of Credicorp and/or subsidiaries.</p> <p>(xi) Not being or having been an Independent Director for over 10 continuous or alternate years during the last 15 years in Credicorp and/or subsidiaries.</p> <p>(xii) The Board of Directors shall be entitled to determine the Independence of a Director in situations calling for interpretation or which have not been contemplated in this document.</p> <p>Definitions</p> <p>Senior Management: is made up of the following roles:</p> <p>(i) Executive Chairman</p> <p>(ii) Chief Executive Officer</p> <p>(iii) Chief Operating Officer</p>

[Content](#)

Section of NYSE Listed Company Manual	NYSE Corporate Governance Rules for US Domestic Issuers	Credicorp Corporate Governance Practices
		<p>(iv) Managers in charge of the four Business Units (Universal Banking, Microfinance, Insurance and Retirement, and Investment Banking and Asset Management)</p> <p>(v) Managers with the following Corporate Roles:</p> <ul style="list-style-type: none"> • Chief Financial Officer • Chief Risk Officer • Chief Corporate Audit Officer • Chief Compliance and Ethics Officer • Head of Legal • Head of Talent Management • Head of Corporate Affairs <p>Related Director: the Credicorp Director who is not considered independent.</p> <p>Relative: a person having an up to second-degree blood or affinity relation, including common law or similar affective relationships.</p> <p>Corporate Role: it is the function of corporate scope that implies direct or shared responsibility with the management of the business units.</p>
303A.03	Non-management Directors of a listed company must meet at regularly scheduled executive sessions without management.	Credicorp is not required by Bermuda law to hold regular meetings of the board of Directors at which only independent Directors are present.

[Content](#)

Section of NYSE Listed Company Manual	NYSE Corporate Governance Rules for US Domestic Issuers	Credicorp Corporate Governance Practices
303A.04	Listed companies must have a nominating/corporate governance committee composed entirely of Independent Directors, with a written charter that addresses specific minimum requirements.	<p>Credicorp has established a Compensation and Nominations Committee and a Sustainability Committee (former Corporate Governance Committee). The minimum requirements and procedures to be followed by each committee are set forth in Credicorp's Corporate Governance Policy. Credicorp has adopted a charter for the Sustainability Committee and for the Compensation and Nominations Committee.</p> <p>Although these committees are not required by law to be composed entirely of independent Directors (as defined by the NYSE), under Credicorp's current Corporate Governance Policy:</p> <ul style="list-style-type: none"> - the Compensation and Nominations Committee shall consist of no less than three Directors, at least two of them must be independent and one should be a woman. It will be chaired by one of the independent Directors, and - the Sustainability Committee must be composed of at least three Directors of Credicorp, at least two of whom must be independent (as determined by Credicorp) and one should be a woman. Additionally, the Board of Directors may incorporate as a member one or more Directors of subsidiaries of the Corporation. The chairman of the Board may not be part of the committee. <p>There is no similar requirement under Bermuda law.</p>
303A.05	Listed companies must have a compensation committee composed entirely of independent Directors, with a written charter that addresses specific minimum requirements.	Under Bermuda law, compensation of executive officers does not need to be determined by an independent committee. However, Credicorp has established a Compensation and Nominations Committee that reviews and approves the compensation and benefits for Credicorp's executive officers and other key executives of Credicorp. Credicorp's Board of Directors has adopted a Compensation and Nominations Committee charter.
303A.06	Listed companies must have an audit committee that satisfies the requirements of Rule 10A-3 under the Exchange Act.	Credicorp has an audit committee that satisfies the requirements of Rule 10A-3 under the Exchange Act. There is no similar requirement under Bermuda law.

[Content](#)

Section of NYSE Listed Company Manual	NYSE Corporate Governance Rules for US Domestic Issuers	Credicorp Corporate Governance Practices
303A.07	Listed companies must have an audit committee with at least three members, and all members of the committee must satisfy the “independence” requirements set forth in Section 303A.02 of the NYSE Listed Company Manual (described above). The audit committee must also have a written charter that addresses specific minimum requirements, and listed companies must have an internal audit function.	Credicorp has formed an Audit Committee responsible for advising the Board regarding the selection of independent auditors and evaluating Credicorp’s internal controls. Credicorp’s Audit Committee has three members, and the members satisfy the independence requirements of Rule 10A-3 under the Exchange Act as a foreign private issuer. The Committee shall have at least one member who is considered a financial expert. Credicorp’s Board of Directors has adopted an audit committee charter. There is no similar requirement under Bermuda law.
303A.08	Shareholders must be given the opportunity to vote on equity-compensation plans and material revisions thereto, with limited exemptions set forth in the NYSE rules.	Under Bermuda law, Credicorp is not required to obtain shareholder consent prior to adopting share compensation plans.
303A.09	Listed companies must adopt and disclose corporate governance guidelines addressing specific minimum requirements.	Credicorp has adopted a set of corporate governance guidelines.
303A.10	Listed companies must adopt and disclose a code of business conduct and ethics for Directors, officers and employees and promptly disclose any waivers of the code for Directors or executive officers.	Credicorp has adopted and published on the Company’s website (https://credicorp.gcs-web.com/) a Code of Ethics for Directors, officers and employees and has adopted a Code of Ethics for professionals with financial responsibility. In accordance with our corporate policies, all Directors, executives, employees and suppliers must comply with the laws, regulations and government requirements applicable to business conducted both in Peru and in other jurisdictions where the Corporation operates, acting with honesty and integrity as described in Credicorp’s Corporate Compliance Manual, Credicorp’s Code of Ethics, Credicorp’s Corporate Ethics and Conduct Policy, the Anti-Money Laundering and Financing of Terrorism Manual, and other internal documents related to compliance.

[Content](#)

Section of NYSE Listed Company Manual	NYSE Corporate Governance Rules for US Domestic Issuers	Credicorp Corporate Governance Practices
303A.12	Each listed company must submit an executed written affirmation annually to the NYSE. Each listed company CEO must (i) certify to the NYSE each year that he or she is not aware of any violation by the listed company of NYSE corporate governance listing standards, qualifying the certification to the extent necessary and (ii) promptly notify the NYSE in writing after any executive officer of the listed company becomes aware of any non-compliance with any applicable provisions of Section 303A.	As a NYSE-listed company, Credicorp must submit an executed written affirmation annually to the NYSE, and its CEO must promptly notify the NYSE in writing after any executive officer of Credicorp becomes aware of any non-compliance with any applicable provisions of Section 303A. There is no similar requirement under Bermuda law.

16G. B Bermuda law – Corporate Governance

We are a company incorporated under the laws of Bermuda and are subject to Bermuda laws related to corporate governance. Under Bermuda law, there are no statutory requirements with respect to the independence of a Board of Directors, meetings of non-management Directors, the establishment and composition of certain committees or the adoption and disclosure of corporate governance guidelines or codes of business conduct and ethics. Certain Bermuda common law and statutory provisions, however, relate to duties and obligations of a company and its Directors that are similar to some of the duties and obligations arising from the provisions of Section 303A of the NYSE’s Listed Company Manual.

(1) Fiduciary Duties and Duties of Skill and Care Under Bermuda law

Under section 97(1) of the Companies Act 1981 of Bermuda, as amended (also referred to as the Companies Act), every Director and officer of a company must act honestly and in good faith with a view to the best interests of the company (often referred to as a “fiduciary duty”) and must exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances (often referred to as a “duty of skill and care”).

Fiduciary Duty

Under the common law applicable to Bermuda companies, the fiduciary duty of Directors has four aspects which may be briefly summarized as follows:

[Content](#)

- a) A duty to act honestly and in good faith. A Director has a duty to act honestly and in good faith in what he considers are the best interests of the company and not for any collateral purpose. The courts allow the Director wide discretion in determining this, interfering only if no reasonable Director could have believed that a course of action was in the best interests of the company. However, a Director acting honestly, but not in the best interests of the company, is in breach of such duty.
- b) A duty to exercise powers for a proper purpose. Directors must act within the powers set out in the company's memorandum of association and bye-laws and exercise their powers in the company's interests and for the purposes for which those powers were conferred. Even if the Directors are acting in good faith in the interests of the company as a whole, they must still use their powers for the purposes for which they were intended. For example, in general Directors are not allowed to exercise their powers in such a way as to prevent a majority of the members from exercising their rights.
- c) A duty to avoid conflicts of interest. A Director must not put himself in a position where there is an actual or potential conflict between a personal interest and his duty to the company. However, a Director may enter into a contract where a conflict of interest might arise if the Bye-laws allow it or the company gives its approval in a general meeting. Our bye-laws do not prohibit a Director from entering into a contract where a conflict of interest may arise, but they do prohibit a Director from voting with respect to any contract or proposed contract or arrangement in which such Director is interested or with which such Director has a conflict of interest. In addition, section 97(4) of the Companies Act requires our Directors and officers to disclose at the first opportunity any interest in a material contract, proposed material contract or person that is a party to a material contract or proposed material contract with us or any of our subsidiaries.
- d) A duty not to appropriate, divert or personally profit from corporate opportunities. Unless the bye-laws specifically provide otherwise, a Director's fiduciary position precludes him from appropriating, diverting, or taking a personal profit from any opportunities that result from the directorship. Our Bye-laws do provide an exception to this rule. They provide that any Director, any Director's firm or partner, or any company with which any Director is associated may act for us in a professional capacity. Such Director, firm, partner, or company will be entitled to compensation for professional services as if the Director were not a member of our Board of Directors. However, such Director, firm, partner, or company may not act as our auditor.

[Content](#)

Duty of Skill and Care

Under the common law, applicable to Bermuda companies, the duty of skill and care has three aspects which may be briefly summarized as follows:

- e) **Degree of Skill.** A Director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of like knowledge and experience. A Director is not expected to exercise a level of skill he does not have. The level of skill required of a Director is subjective, in that the Director is not expected, merely by virtue of the office, to possess any particular skills. Performance must be judged by the way the Director applies any skills which he actually has. However, Directors ought to acquire and maintain a sufficient knowledge and understanding of the company's business to enable them to properly discharge their duties as Directors.
- f) **Attention to the Business.** A Director must diligently attend to the affairs of the company. In the performance of this duty, a Director must at a minimum display the reasonable care an ordinary person would be expected to take in the same circumstances on his own behalf. Mere errors of judgment have been held not to breach the duty of skill and care. A Director, as such, is not bound to give continuous attention to the affairs of the company, as his or her duties are of an intermittent nature.
- g) **Reliance on Others.** A Director is not liable for the acts of Co-Directors or other company officers solely by virtue of the position. A Director is entitled to rely on his Co-Directors or company officers as well as subordinates who are expressly put in charge of attending to the detail of management, provided such reliance is honest and reasonable (although a Director cannot absolve himself entirely of responsibility by delegation to others). As a general rule, before delegating responsibility to others, the Directors in question should satisfy themselves that the delegates have the requisite skills to discharge the functions delegated to them. In addition, the Directors must ensure that there is set up an adequate system of monitoring such delegates (e.g., managers). The Directors must, on a regular basis, ensure that their delegates have fulfilled their obligations. The Directors should require a regular flow of information from the delegates to ensure that they are carrying out their duties satisfactorily. In addition, section 97(5A) of the Companies Act provides that a Director shall not have breached the fiduciary duty or duty of skill and care required by section 97(1) if he relies in good faith upon financial statements of the company represented to him by another Director or officer of the company or a report of an attorney, accountant, engineer, appraiser, or other person whose profession lends credibility to a statement made by him.

(2) *Other Statutory Duties and Obligations*

The Companies Act imposes certain specific duties and obligations on companies and Directors, both directly and indirectly, including duties and obligations with respect to (i) loans to Directors and related persons, (ii) limits on indemnities for Directors and officers and (iii) the keeping of proper books of account.

Loans to Directors and Related Persons

It is not lawful for a company to make a loan or to enter into a guarantee or provide security in connection with a loan to a Director or certain persons related to a Director without the consent of the members of the company holding in the aggregate not less than 90% of the total voting rights of all the members having the right to vote at any meeting of the members of the company, except in certain specific circumstances.

[Content](#)

Limits on Indemnity for Directors

Section 98 of the Companies Act provides generally that a Bermuda company may indemnify its Directors, officers, and auditors against any liability which, by virtue of any rule of law, would otherwise be imposed on them with respect to any negligence, default, breach of duty or breach of trust. However, this rule does not apply in cases where such liability arises from fraud or dishonesty of which such Director, officer or auditor may be guilty in relation to the company or any of its subsidiaries. Any provision, whether contained in the Bye-laws of a company or in any contract or arrangement between the company and one of its Directors which would exempt such Director from, or indemnify him against, any liability that would otherwise attach to him with respect to his fraud or dishonesty in relation to the company will be void. Section 98 further provides that a Bermuda company may indemnify its Directors, officers and auditors against any liability incurred by them in defending any proceedings, whether civil or criminal, in which judgment is awarded in their favor or in which they are acquitted or granted relief by the Supreme Court of Bermuda pursuant to section 281 of the Companies Act. In the event that an allegation of fraud or dishonesty is proven, the Director is obligated to disgorge any money provided for his defense.

Books of Account

It is the duty of the Directors to cause to be kept proper books of account with respect to all sums of money received and expended by the company and the matters with respect to which the receipts and expenditures take place, all sales and purchases by the company, and the assets and liabilities of the company.

16G. C Peruvian Law – Corporate Governance

Although we are a holding company whose principal subsidiaries (Grupo Credito, BCP, and Grupo Pacifico) are incorporated under and subject to the laws of Peru, we are registered in Peru as a foreign issuer and are consequently only subject to Peruvian regulations applicable to foreign issuers. There are no corporate governance provisions under Peruvian law applicable to us that are similar to the provisions of Section 303A of the NYSE's Listed Company Manual.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTION

Not applicable.

[Content](#)

PART III

ITEM 17. FINANCIAL STATEMENTS

See Item 18.

ITEM 18. FINANCIAL STATEMENTS

Credicorp Consolidated Financial Statements and the report of the independent public accounting firm in connection therewith are filed as part of this Annual Report on Form 20-F, as noted below:

	Page
Report of Independent Registered Public Accounting Firm	F-3 - F-7
Consolidated financial statements	
Consolidated statements of financial position	F-8
Consolidated statements of income	F-9 - F-10
Consolidated statements of comprehensive income	F-11
Consolidated statements of changes in equity	F-12 - F-13
Consolidated statements of cash flows	F-14 - F-17
Notes to consolidated financial statements	F-18 - F-193

[Content](#)

ITEM 19. EXHIBITS

• Index to Exhibits

- [1.1](#) Bye-laws of Credicorp Ltd. incorporated herein by reference to Exhibit 1.1 to Credicorp's Annual Report on Form 20-F dated April 28, 2021
- [1.2](#) Memorandum of Association of Credicorp Ltd. incorporated herein by reference to Exhibit 1.2 to Credicorp's Annual Report on Form 20-F dated May 29, 2020
- [2.1](#) Description of Securities incorporated herein by reference to Exhibit 2.1 to Credicorp's Annual Report on Form 20-F dated April 28, 2021
- [2.2](#) Indenture among Credicorp Ltd., as issuer, The Bank of New York Mellon, as Trustee, Paying Agent and Registrar, (undertaking to furnish upon request)
- [8](#) List of Subsidiaries incorporated herein by reference to Exhibit 8 to Credicorp's Annual Report on Form 20-F dated April 28, 2021
- [12.1](#) Certification by the Chief Executive Officer Pursuant to Section 302 of the U.S. Sarbanes-Oxley Act of 2002
- [12.2](#) Certification by the Chief Financial Officer Pursuant to Section 302 of the U.S. Sarbanes-Oxley Act of 2002
- [13.1](#) Certification by the Chief Executive Officer Pursuant to Section 906 of the U.S. Sarbanes-Oxley Act of 2002
- [13.2](#) Certification by the Chief Financial Officer Pursuant to Section 906 of the U.S. Sarbanes-Oxley Act of 2002

[Content](#)

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf

CREDICORPLTD.

By: /S/ CESAR RIOS
Name: Cesar Rios
Title: Chief Financial Officer
Dated: April 26, 2022

[Content](#)

CREDICORP LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021 AND 2020

[Content](#)

CREDICORP LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021 AND 2020

CONTENTS	Pages
Independent auditor's report (PCAOB ID: 1316)	F-3 - F-7
Consolidated statement of financial position	F-8
Consolidated statement of income	F-9 - F-10
Consolidated statement of comprehensive income	F-11
Consolidated statement of changes in net equity	F-12 - F-13
Consolidated statement of cash flows	F-14 - F-17
Notes to the consolidated financial statements	F-18 - F-193

US\$ = United States dollar
S/ = Sol

[Content](#)

Attestation Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Credicorp Ltd

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statement of financial position of Credicorp Ltd and its subsidiaries (the "Company") as of December 31, 2021 and 2020, and the related consolidated statements of income, comprehensive income, changes in net equity and cash flows for each of the three years in the period ended December 31, 2021, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

[Content](#)

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

[Content](#)

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Allowance for credit losses on loan portfolio

As described in Notes 3 f, 3 i, 7 and 34.1 to the consolidated financial statements, the amount recognized as allowance for credit losses on loan portfolio is \$9,071.0 million as of December 31, 2021. As disclosed by management, the calculations of credit losses are product of models with a series of underlying assumptions with regard to the choice of the variable inputs and their interdependencies, such as the probabilities of default (PD), loss given default (LGD) and exposure at default (EAD), including prospective information, macroeconomic factors and expected life of a financial instrument, among others. The impairment model for expected credit loss reflects the present value of all the cash deficit events related to the events of default, whether (i) during the following twelve months or (ii) during the expected useful life of a financial instrument depending on the impairment of the credit from its beginning. The expected credit loss reflects a result weighted by probability that considers a range of multiple outcomes based on reasonable and supportable forecasts. Additionally, management has reviewed its internal credit risk methodological models, in order to respond to the uncertainty regarding COVID-19 and the political instability, carrying out certain procedures, such as: (i) using information on customers' payment behavior, which, due to the progressive expiration of run-off periods and other assistance granted by the government, reflect credit risk factors to a greater extent; (ii) where there is no information about payment behavior, mainly due to grace periods, certain portfolios do not allow predictability about the non-compliance of future customer payments and continue to use qualitative factors based on analysis and statistical validation of surveys and factors of adjustments considering historical payment behaviors without grace periods; (iii) LGD estimates were updated with assumptions, related to payments from customers in arrears, to see the impact on recoveries; and (iv) the macroeconomic projections and scenario weights were updated to reflect the effect of the reactivation of the economy, which was partially affected under the context of political uncertainty in 2021.

[Content](#)

The principal considerations for our determination that performing procedures relating to allowance for credit losses on loan portfolio is a critical audit matter are there was significant judgement by management when developing their estimate. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence obtained related to the assumptions used such as the PD, LGD and EAD, including prospective information, macroeconomic factors and expected life of a financial instrument and also considering the updates to respond to the uncertainty regarding COVID-19. Also, the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the expected credit loss allowance estimation process, which include controls over data inputs, models and assumptions adopted by management, and the calculation of the allowance for loan losses. These procedures also included, among others, testing the completeness, accuracy, and relevance of underlying data used in the model, the involvement of professionals with specialized skill and knowledge to assist in testing management's process for estimating expected credit loss allowance, including evaluating the appropriateness of the methodologies and models and evaluating the reasonableness of significant assumptions, such as the probabilities of default, loss given default and exposure at default including prospective information, macroeconomic factors, expected life and also considering the updates to respond to the uncertainty regarding COVID-19 and the political instability.

Valuation of the mathematical reserves for annuities

As described in Notes 3 e, 16 and 34.8 to the consolidated financial statements, the amount recognized as mathematical reserves for annuities is \$/6,759.7 million as of December 31, 2021. As disclosed by management, the valuation of the Company's insurance contracts depends on some key subjective assumptions regarding future events. The valuation of the liabilities generated by insurance contracts is made based on the actuarial assumptions and data used in the calculation. Some of the key actuarial and economic assumptions used in the valuation of the insurance contracts are critical and include, among others, the mortality tables and interest rates. Minor changes in each of these key actuarial and economic assumptions could result in significant impacts in the valuation of the obligations for those insurance contracts and in the respective impacts reflected in the consolidated statements of income and comprehensive income.

[Content](#)

The principal considerations for our determination that performing procedures relating to mathematical reserves for annuities is a critical audit matter are there was significant judgement by management when developing their estimate. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating audit evidence obtained related assumptions used such as the mortality tables and interest rates. Also, the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of the mathematical reserves for annuities, which includes controls over data inputs, assumptions, and calculation of the mathematical reserves. These procedures also included, among others, testing the completeness, accuracy and relevance of underlying data used in the model, the reasonableness of interest rates, and the involvement of professionals with specialized skill and knowledge to assist in testing management's process for the valuation of the mathematical reserves for annuities, including evaluating the appropriateness of the methodologies and models and evaluating the reasonableness of significant assumptions, such as mortality tables.

/S/Gaveglio, Aparicio y Asociados S.C.R.L.
Lima, Perú
April 26, 2022

We have served as the Company's auditor since 2015.

Countersigned by

_____ (partner)

/S/Carlos González González
Peruvian Certified Public Accountant Registration No. 50403

[Content](#)

CREDICORP LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 AND 2020

	<u>Note</u>	<u>2021</u> <u>S/(000)</u>	<u>2020</u> <u>S/(000)</u>
Assets			
Cash and due from banks:			
Non-interest-bearing		6,925,332	8,176,612
Interest-bearing		32,395,408	28,576,382
	4	<u>39,320,740</u>	<u>36,752,994</u>
Cash collateral, reverse repurchase agreements and securities borrowing	5(a)	1,766,948	2,394,302
Investments:			
At fair value through profit or loss	6(a)	5,928,497	6,467,471
At fair value through other comprehensive income		34,440,091	42,746,061
At fair value through other comprehensive income pledged as collateral		<u>318,352</u>	<u>997,828</u>
	6(b)	34,758,443	43,743,889
Amortized cost		4,411,592	2,196,220
Amortized cost pledged as collateral		<u>3,853,967</u>	<u>2,766,162</u>
	6(c)	8,265,559	4,962,382
Loans, net:	7		
Loans, net of unearned income		147,597,412	137,659,885
Expected loss provision for direct loans		<u>(8,477,308)</u>	<u>(9,898,760)</u>
		139,120,104	127,761,125
Financial assets designated at fair value through profit or loss	8	974,664	823,270
Premiums and other policies receivable	9(a)	921,103	937,223
Accounts receivable from reinsurers and coinsurers	9(b)	1,198,379	919,419
Property, furniture and equipment, net	10	1,308,779	1,374,875
Due from customers on banker's acceptances	3(r) and 7(b)	532,404	455,343
Intangible assets and goodwill, net	11	2,710,080	2,639,297
Right-of-use assets, net	12(a)	586,417	702,928
Deferred tax assets, net		1,177,359	1,693,655
Other assets	13	6,252,508	5,777,990
Total assets		<u><u>244,821,984</u></u>	<u><u>237,406,163</u></u>
Liabilities			
Deposits and obligations:	14		
Non-interest-bearing		51,851,206	47,623,119
Interest-bearing		98,489,656	94,742,383
		<u>150,340,862</u>	<u>142,365,502</u>
Payables from repurchase agreements and securities lending	5(b)	22,013,866	27,923,617
Due to banks and correspondents	15	7,212,946	5,978,257
Due from customers on banker's acceptances	3(r) and 7(b)	532,404	455,343
Accounts payable to reinsurers	9(b)	463,825	338,446
Lease liabilities	12(b)	655,294	750,578
Financial liabilities at fair value through profit or loss	3(f)(v)	325,571	561,602
Technical reserves for insurance claims and premiums	16	12,534,511	11,675,076
Bonds and notes issued	17	17,078,829	16,319,407
Deferred tax liabilities, net		105,058	105,529
Other liabilities	13	6,521,379	5,487,159
Total liabilities		<u>217,784,545</u>	<u>211,960,516</u>
Equity, net			
Equity attributable to Credicorp's equity holders:	18		
Capital stock		1,318,993	1,318,993
Treasury stock		(207,534)	(208,433)
Capital surplus		228,853	192,625
Reserves		21,364,272	21,429,635
Other reserves		235,902	1,865,898
Retained earnings (losses)		<u>3,556,281</u>	<u>347,152</u>
		26,496,767	24,945,870
Non-controlling interest		<u>540,672</u>	<u>499,777</u>
Total equity, net		<u>27,037,439</u>	<u>25,445,647</u>
Total liabilities and net equity		<u><u>244,821,984</u></u>	<u><u>237,406,163</u></u>

The accompanying notes are an integral part of these consolidated financial statement.

[Content](#)

CREDICORP LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	<u>Note</u>	<u>2021</u> <u>S/(000)</u>	<u>2020</u> <u>S/(000)</u>	<u>2019</u> <u>S/(000)</u>
Interest and similar income	22	11,850,406	11,547,648	12,381,664
Interest and similar expenses	22	(2,488,426)	(2,976,306)	(3,289,913)
Net interest, similar income and expenses		9,361,980	8,571,342	9,091,751
Expected loss provision on loan portfolio	7(c)	(1,558,951)	(6,080,289)	(2,100,091)
Recoveries of written-off loans		346,728	159,781	254,155
Provision for credit losses on loan portfolio, net of recoveries		(1,212,223)	(5,920,508)	(1,845,936)
Net interest, similar income and expenses, after provision for credit losses on loan portfolio		8,149,757	2,650,834	7,245,815
Other income				
Commissions and fees	23	3,493,734	2,912,778	3,232,781
Net gain on foreign exchange transactions		920,797	622,783	748,382
Net gain on securities	24	28,650	523,082	546,814
Net gain on derivatives held for trading	3(y)	185,271	40,789	6,043
Net gain from exchange differences		34,698	19,804	19,520
Others	29	263,716	286,981	344,229
Total other income		4,926,866	4,406,217	4,897,769
Insurance underwriting result				
Net premiums earned	25	2,671,530	2,428,060	2,394,243
Net claims incurred for life, general and health insurance contracts	26	(2,341,917)	(1,708,113)	(1,531,418)
Acquisition cost		(333,334)	(361,814)	(365,848)
Total insurance underwriting result		(3,721)	358,133	496,977
Other expenses				
Salaries and employee benefits	27	(3,668,476)	(3,312,954)	(3,411,023)
Administrative expenses	28	(2,956,093)	(2,386,108)	(2,361,117)
Depreciation and amortization	10 and 11(a)	(521,967)	(497,910)	(455,033)
Impairment loss on goodwill	11(b)	-	(63,978)	-
Depreciation for right-of-use assets	12(a)	(161,287)	(172,005)	(169,406)
Others	29	(432,263)	(758,068)	(268,469)
Total other expenses		(7,740,086)	(7,191,023)	(6,665,048)

[Content](#)

CONSOLIDATED STATEMENT OF INCOME (continued)

	<u>Note</u>	<u>2021</u> <u>S/(000)</u>	<u>2020</u> <u>S/(000)</u>	<u>2019</u> <u>S/(000)</u>
Profit before income tax		5,332,816	224,161	5,975,513
Income tax	19(b)	(1,660,987)	109,977	(1,623,182)
Net profit		<u>3,671,829</u>	<u>334,138</u>	<u>4,352,331</u>
Attributable to:				
Credicorp's equity holders		3,584,582	346,894	4,265,304
Non-controlling interest		87,247	(12,756)	87,027
		<u>3,671,829</u>	<u>334,138</u>	<u>4,352,331</u>
Net basic and dilutive earnings per share attributable to Credicorp's equity holders (in soles):				
Basic	30	45.09	4.37	53.66
Diluted	30	44.99	4.36	53.53

The accompanying notes are an integral part of these consolidated financial statements.

[Content](#)

CREDICORP LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

		<u>2021</u> S/(000)	<u>2020</u> S/(000)	<u>2019</u> S/(000)
Net profit for the year		3,671,829	334,138	4,352,331
Other comprehensive income:				
To be reclassified to profit or loss in subsequent periods:				
Net (loss) gain on investments at fair value through other comprehensive income	18(d)	(2,491,907)	870,218	1,220,715
Income tax	18(d)	52,086	(11,717)	(22,259)
		<u>(2,439,821)</u>	<u>858,501</u>	<u>1,198,456</u>
Net movement of cash flow hedge reserves	18(d)	58,586	(15,183)	(37,851)
Income tax	18(d)	(16,834)	3,933	10,290
		<u>41,752</u>	<u>(11,250)</u>	<u>(27,561)</u>
Insurance reserves	18(d)	769,291	(263,820)	(666,556)
Income tax	18(d)	(26,846)	26,846	-
		<u>742,445</u>	<u>(236,974)</u>	<u>(666,556)</u>
Exchange differences on translation of foreign operations	18(d)	161,168	257,052	(58,323)
Net movement in hedges of net investments in foreign businesses	18(d)	(57,319)	(1,219)	-
		<u>103,849</u>	<u>255,833</u>	<u>(58,323)</u>
Total		<u>(1,551,775)</u>	<u>866,110</u>	<u>446,016</u>
Not to be reclassified to profit or loss in subsequent periods:				
Net loss on equity instruments designated at fair value through other comprehensive income	18(d)	(113,686)	(82,586)	(64,344)
Income tax	18(d)	5,402	3,414	5,999
		<u>(108,284)</u>	<u>(79,172)</u>	<u>(58,345)</u>
Total other comprehensive income	18(d)	<u>(1,660,059)</u>	<u>786,938</u>	<u>387,671</u>
Total comprehensive income for the year, net of income tax		2,011,770	1,121,076	4,740,002
Attributable to:				
Credicorp's equity holders		1,954,586	1,124,603	4,645,040
Non-controlling interest		57,184	(3,527)	94,962
		<u>2,011,770</u>	<u>1,121,076</u>	<u>4,740,002</u>

The accompanying notes are an integral part of these consolidated financial statements.

[Content](#)

CREDICORP LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

Attributable to Credicorp's equity holders.

	Treasury stock				Other reserves							Retained earnings	Total	Non-controlling interest	Total net equity
	Capital stock	Shares of the Group	Share-based payment	Capital surplus	Reserves	Instruments that will not be reclassified to income	Instruments that will be reclassified to the consolidated statement of income				Total				
							Investments in equity instruments	Investments in debt instruments	Cash flow hedge reserve	Insurance reserves					
S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	
Balances as of January 1, 2019	1,318,993	(204,353)	(3,641)	246,194	17,598,556	452,551	229,470	(3,161)	–	29,593	4,175,041	23,839,243	426,833	24,266,076	
Changes in equity in 2019 -															
Net profit for the year	–	–	–	–	–	–	–	–	–	–	4,265,304	4,265,304	87,027	4,352,331	
Other comprehensive income, Note 18(d)	–	–	–	–	–	(58,342)	1,182,374	(26,943)	(658,491)	(58,862)	–	379,736	7,935	387,671	
Total comprehensive income	–	–	–	–	–	(58,342)	1,182,374	(26,943)	(658,491)	(58,862)	4,265,304	4,645,040	94,962	4,740,002	
Transfer of retained earnings to reserves, Note 18(c)	–	–	–	–	1,858,811	–	–	–	–	–	(1,858,811)	–	–	–	
Dividend distribution, Note 18(e)	–	–	–	–	–	–	–	–	–	–	(1,595,229)	(1,595,229)	–	(1,595,229)	
Dividends paid to interest non-controlling of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(52,971)	(52,971)	
Additional dividends	–	–	–	–	(31,268)	–	–	–	–	–	(606,824)	(638,092)	–	(638,092)	
Purchase of treasury stock, Note 18(b)	–	–	(1,814)	(101,411)	–	–	–	–	–	–	–	(103,225)	–	(103,225)	
Share-based payment transactions	–	–	2,004	81,254	11,546	–	–	–	–	–	–	94,804	–	94,804	
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	74,392	74,392	
Others	–	(35)	–	–	–	–	–	–	–	–	(4,546)	(4,581)	(34,866)	(39,447)	
Balances as of December 31, 2019	<u>1,318,993</u>	<u>(204,388)</u>	<u>(3,451)</u>	<u>226,037</u>	<u>19,437,645</u>	<u>394,209</u>	<u>1,411,844</u>	<u>(30,104)</u>	<u>(658,491)</u>	<u>(29,269)</u>	<u>4,374,935</u>	<u>26,237,960</u>	<u>508,350</u>	<u>26,746,310</u>	
Changes in equity in 2020 -															
Net profit for the year	–	–	–	–	–	–	–	–	–	–	346,894	346,894	(12,756)	334,138	
Other comprehensive income, Note 18(d)	–	–	–	–	–	(79,007)	844,687	(10,998)	(234,107)	257,134	–	777,709	9,229	786,938	
Total comprehensive income	–	–	–	–	–	(79,007)	844,687	(10,998)	(234,107)	257,134	346,894	1,124,603	(3,527)	1,121,076	
Transfer of retained earnings to reserves, Note 18(c)	–	–	–	–	1,977,091	–	–	–	–	–	(1,977,091)	–	–	–	
Dividend distribution, Note 18(e)	–	–	–	–	–	–	–	–	–	–	(2,392,844)	(2,392,844)	–	(2,392,844)	
Dividends paid to interest non-controlling of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(32,273)	(32,273)	
Additional dividends	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Purchase of treasury stock, Note 18(b)	–	–	(3,418)	(148,543)	–	–	–	–	–	–	–	(151,961)	–	(151,961)	
Sale of treasury stocks, Note 18(b)	–	62	–	–	–	–	–	–	–	–	–	62	–	62	
Share-based payment transactions	–	–	2,762	115,131	14,899	–	–	–	–	–	–	132,792	–	132,792	
Others	–	–	–	–	–	–	–	–	–	–	(4,742)	(4,742)	27,227	22,485	
Balances as of December 31, 2020	<u>1,318,993</u>	<u>(204,326)</u>	<u>(4,107)</u>	<u>192,625</u>	<u>21,429,635</u>	<u>315,202</u>	<u>2,256,531</u>	<u>(41,102)</u>	<u>(892,598)</u>	<u>227,865</u>	<u>347,152</u>	<u>24,945,870</u>	<u>499,777</u>	<u>25,445,647</u>	

[Content](#)

CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY (continued)

Attributable to Credicorp's equity holders.

	Treasury stock					Other reserves							Non-controlling interest	Total net equity
						Instruments that will not be reclassified to income								
	Capital stock	Shares of the Group	Share-based payment	Capital surplus	Reserves	Investments in equity instruments	Investments in debt instruments	Cash flow hedge reserve	Insurance reserves	Foreign currency translation reserve	Retained earnings	Total		
S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	
Balances as of														
December 31, 2020	1,318,993	(204,326)	(4,107)	192,625	21,429,635	315,202	2,256,531	(41,102)	(892,598)	227,865	347,152	24,945,870	499,777	25,445,647
Changes in equity in 2021 -														
Net profit for the year	-	-	-	-	-	-	-	-	-	-	3,584,582	3,584,582	87,247	3,671,829
Other comprehensive income, Note 18(d)	-	-	-	-	-	(108,317)	(2,399,931)	40,829	733,932	103,491	-	(1,629,996)	(30,063)	(1,660,059)
Total comprehensive income	-	-	-	-	-	(108,317)	(2,399,931)	40,829	733,932	103,491	3,584,582	1,954,586	57,184	2,011,770
Transfer of retained earnings to reserves, Note 18(c)	-	-	-	-	346,994	-	-	-	-	-	(346,994)	-	-	-
Dividend distribution, Note 18(e)	-	-	-	-	(398,808)	-	-	-	-	-	-	(398,808)	-	(398,808)
Dividends paid to interest non-controlling of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(4,156)	(4,156)
Minority purchase	-	-	-	-	-	-	-	-	-	-	-	-	(7,822)	(7,822)
Purchase of treasury stock, Note 18(b)	-	-	(1,369)	(57,538)	-	-	-	-	-	-	-	(58,907)	-	(58,907)
Sale of treasury stocks, Note 18(b)	-	-	84	3,668	-	-	-	-	-	-	-	3,752	-	3,752
Share-based payment transactions	-	-	2,184	90,098	(13,549)	-	-	-	-	-	-	78,733	-	78,733
Others	-	-	-	-	-	-	-	-	-	-	(28,459)	(28,459)	(4,311)	(32,770)
Balances as of														
December 31, 2021	<u>1,318,993</u>	<u>(204,326)</u>	<u>(3,208)</u>	<u>228,853</u>	<u>21,364,272</u>	<u>206,885</u>	<u>(143,400)</u>	<u>(273)</u>	<u>(158,666)</u>	<u>331,356</u>	<u>3,556,281</u>	<u>26,496,767</u>	<u>540,672</u>	<u>27,037,439</u>

The accompanying notes are an integral part of these consolidated financial statements.

[Content](#)

CREIDICORP LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	<u>Note</u>	<u>2021</u> <u>S/000</u>	<u>2020</u> <u>S/000</u>	<u>2019</u> <u>S/000</u>
CASH AND CASH EQUIVALENTS FROM OPERATING ACTIVITIES				
Net profit for the year		3,671,829	334,138	4,352,331
Adjustment to reconcile net profit to net cash arising from operating activities:				
Expected loss provision on loan portfolio	7(c)	1,558,951	6,080,289	2,100,091
Impact of fair value of portfolio with change in effective rate		-	326,691	-
Depreciation and amortization	10 and 11(a)	521,967	497,910	455,033
Depreciation of right-of-use assets	12(a)	161,287	172,005	160,406
Depreciation of investment properties	13(h)	6,930	7,018	6,727
Provision for sundry risks	13(k)	70,824	140,897	27,272
Deferred (income) tax expense	19(b)	547,393	(1,147,311)	(52,435)
Adjustment of technical reserves	25(a)	914,852	758,274	761,970
Net gain on securities	24	(28,650)	(523,082)	(546,814)
Impairment loss on goodwill	11(b)	-	63,978	-
(Gain) on financial assets designated at fair value through profit and loss	25(a)	(54,663)	(115,627)	(93,664)
Net gain of trading derivatives		(185,271)	(40,789)	(6,043)
Net Income from sale of property, furniture and equipment	29	(1,916)	(8,523)	(16,869)
(Gain) net from sale of seized and recovered assets	29	(2,851)	(728)	9,617
Expense for share-based payment transactions	27	73,997	104,499	120,062
Net gain from sale of written-off portfolio		(15,700)	(35,638)	(106,835)
Intangible losses due to withdrawals and dismissed projects	29	17,630	40,342	22,492
Others		(5,537)	33,827	(19,840)
Net changes in assets and liabilities				
Net (increase) decrease in assets:				
Loans		(9,636,648)	(20,593,548)	(6,767,721)
Investments at fair value through profit or loss		745,156	(2,197,109)	(206,534)
Investments at fair value through other comprehensive income		7,508,131	(15,904,097)	771,680
Cash collateral, reverse repurchase agreements and securities borrowings		783,010	2,137,262	(265,157)
Sale of written off portfolio		24,477	36,921	193,770
Other assets		(351,551)	(335,229)	(1,142,133)

[Content](#)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Note	2021 S/000	2020 S/000	2019 S/000
Net increase (decrease) in liabilities				
Deposits and obligations		2,485,794	25,856,151	7,457,393
Due to Banks and correspondents		1,103,063	(3,143,279)	426,411
Payables from repurchase agreements and securities lending		(5,935,578)	20,200,747	(1,714,532)
Bonds and notes issued		(90,217)	(96,199)	670,877
Short-term and low-value lease payments		(86,417)	(74,016)	(63,047)
Other liabilities		1,303,117	1,273,892	1,567,333
Income tax paid		(1,130,415)	(1,162,843)	(1,168,130)
Net cash flow from operating activities		3,972,994	12,686,823	6,933,711
NET CASH FLOWS FROM INVESTING ACTIVITIES				
Revenue from sale of property, furniture and equipment		11,457	22,956	35,355
Revenue from sale of investment property		-	78	38,969
Revenue from collections for maturities and coupons of investment at amortized cost		590,605	1,600,519	3,256,332
Purchase of property, furniture and equipment	10	(107,790)	(98,120)	(134,776)
Purchase of investment property	13(h)	(12,068)	(26,533)	(33,321)
Purchase of intangible assets	11(a)	(532,244)	(535,241)	(371,957)
Purchase of investment at amortized cost		(3,677,671)	(2,837,015)	(1,688,443)
Acquisition of subsidiaries, net of cash received	2(a)	-	-	(375,952)
Net cash flows from investing activities		(3,727,711)	(1,873,356)	726,207
NET CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	18(e)	(398,808)	(2,392,844)	(1,595,229)
Dividends paid to non-controlling interest of subsidiaries		(4,156)	(32,273)	(52,971)
Additional dividends	18(e)	-	-	(638,092)
Principal payments of leasing contracts		(155,141)	(163,392)	(147,841)
Interest payments of leasing contracts		(27,374)	(32,295)	(37,438)
Purchase of treasury stock	18(b)	(58,907)	(151,961)	(103,225)
Sale of treasury stock		3,752	62	-
Acquisition of non-controlling interest		(7,822)	-	-
Subordinated bonds		183,160	684,243	(977,009)
Net cash flows from financing activities		(465,296)	(2,088,460)	(3,551,805)

[Content](#)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	<u>Note</u>	<u>2021</u> <u>S/000</u>	<u>2020</u> <u>S/000</u>	<u>2019</u> <u>S/000</u>
Net increase (decrease) of cash and cash equivalents before effect of changes in exchange rate		(220,013)	8,725,007	4,108,113
Effect of changes in exchange rate of cash and cash equivalents		2,779,791	2,034,718	(294,874)
Cash and cash equivalents at the beginning of the period	4(a)	<u>36,733,767</u>	<u>25,974,042</u>	<u>22,160,803</u>
Cash and cash equivalents at the end of the period	4(a)	<u>39,293,545</u>	<u>36,733,767</u>	<u>25,974,042</u>
Additional information from cash flows				
Interest received		11,615,448	11,161,316	12,349,495
Interest paid		(2,230,990)	(2,959,525)	(3,193,536)
Transactions that do not represent cash flow				
Recognition of lease operations		(116,511)	(118,912)	852,800
Reclassification from investments at amortized cost to fair value with changes in equity		-	-	241,656

[Content](#)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Reconciliation of liabilities arising from financing activities:

	As of January 01, 2021 S/000	Changes that do not generate cash flows		Changes that do not generate cash flows		As of December 31, 2021 S/000
		Received S/000	Paid S/000	Exchange difference S/000	Others S/000	
Subordinated bonds	5,381,323	2,018,216	(1,835,056)	475,132	21,686	6,061,301
Lease liabilities	750,578	—	(182,515)	36,866	50,365	655,294
	<u>6,131,901</u>	<u>2,018,216</u>	<u>(2,017,571)</u>	<u>511,998</u>	<u>72,051</u>	<u>6,716,595</u>
		Changes that generate cash flows		Changes that do not generate cash flows		
2020	As of January 1, 2020 S/000	Received S/000	Paid S/000	Exchange difference S/000	Others S/000	As of December 31, 2020 S/000
Subordinated bonds	4,387,743	3,222,663	(2,538,420)	396,089	(86,752)	5,381,323
Lease liabilities	830,153	—	(81,637)	25,198	(23,136)	750,578
	<u>5,217,896</u>	<u>3,222,663</u>	<u>(2,620,057)</u>	<u>421,287</u>	<u>(109,888)</u>	<u>6,131,901</u>
		Changes that generate cash flows		Changes that do not generate cash flows		
2019	As of January 1, 2019 S/000	Received S/000	Paid S/000	Exchange difference S/000	Others S/000	As of December 31, 2019 S/000
Subordinated bonds	5,424,401	—	(977,009)	(69,875)	10,226	4,387,743
Lease liabilities	—	—	(185,279)	439	1,014,993	830,153
	<u>5,424,401</u>	<u>—</u>	<u>(1,162,288)</u>	<u>(69,436)</u>	<u>1,025,219</u>	<u>5,217,896</u>

The accompanying notes are an integral part of these consolidated financial statement.

[Content](#)

CREDICORP LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021 AND 2020

1 OPERATIONS

Credicorp Ltd. (hereinafter “Credicorp”) is a limited liability company incorporated in Bermuda in 1995 to act as a holding company and according to Bermuda’s economic substance regulation, Credicorp Ltd. as an independent legal entity, is considered a “Pure Equity Holding Entity” (PEHE). Credicorp’s activity is to maintain equity interests and receive passive income such as dividends, capital gains and other income from investments in securities.

In order to keep Credicorp’s structure and organization fully aligned with the new legislation on economic substance approved by the Government of Bermuda on January 11, 2019, as of October 29, 2020, the decisions of the Credicorp Board of Directors will be limited to issues related to Credicorp’s strategy, objectives and goals, main action plans and policies, risk control and management, annual budgets, business plans and control of their implementation, supervision of the main expenses, investments, acquisitions and disposals, among other “passive” decisions related to Credicorp. The authority to make decisions applicable to Credicorp’s subsidiaries, such as the adoption of relevant strategic or management decisions, the assumption of expenses for the benefit of its affiliates, the coordination of group activities, and the granting of credit facilities in favor of its affiliates, it has been transferred to Grupo Crédito SA, a subsidiary of Credicorp.

Credicorp, through its banking and non-banking subsidiaries and its associate Entidad Prestadora de Salud, offers a wide range of financial, insurance and health services and products, mainly throughout Perú and in other countries (see Note 3 (b)). Its main subsidiary is Banco de Crédito del Perú (hereinafter “BCP” or the “Bank”), a multiple bank incorporated in Perú.

Credicorp’s legal address is Clarendon House 2 Church Street Hamilton, Bermuda; likewise, the main offices from where Credicorp’s businesses are managed are located at Calle Centenario N ° 156, La Molina, Lima, Perú.

At a Credicorp Board of Directors meeting, held on December 19, 2019, the Corporate Policy for the Prevention of Corruption and Bribery was approved. This document specifies that neither Credicorp nor any of its subsidiaries can make contributions or deliver any benefit to political organizations or their members, under any modality, directly or indirectly. Management confirms that during 2021, none of these contributions have been made.

The consolidated financial statements presented correspond to the financial statement of Credicorp and subsidiaries (hereinafter “the Group”). The consolidated financial statements as of December 31, 2020 and for the year then ended were approved by the Board of Directors on February 25, 2021 and presented to the General Shareholders’ Meeting on March 31, 2021. The consolidated financial statements as of December 31, 2021 and for the year ended on that date were approved and authorized for issuance by the Board of Directors and Management on February 24, 2022 and presented to the General Shareholders’ Meeting on March 29, 2022. The Company evaluated events or transactions that may have occurred between February 24, 2022 and April 22, 2022 for potential recognition or disclosures. No significant events or transactions were identified and were approved by Management and in the Audit Committee held on April 22, 2022.

Further, there are not significant events or transactions between April 22, 2022 and April 26, 2022 that were identified.

Credicorp is listed on the Lima and New York Stock Exchanges.

[Content](#)

2 SIGNIFICANT TRANSACTIONS

a) Main acquisitions, incorporations and mergers -

During the year 2021, the Group hasn't carried out any significant transaction of acquisitions, incorporations or mergers of companies, except for the following transactions under common control:

i) Merger by absorption between ASB Bank Corp. and Atlantic Security Bank -

At the General Shareholders' Meeting - Extraordinary Meeting held on November 27, 2020, the shareholders of ASB Bank Corp. approved the merger by absorption of Atlantic Security Bank. This operation was authorized by the Superintendency of Banks of Panama through Resolution SBP-033-2021 of April 9, 2021. Also, on August 2, 2021, ASB Bank Corp. (absorbing entity) acquired all the assets, liabilities, rights and obligations of Atlantic Security Bank (absorbed entity).

This transaction has not generated a significant impact on the Group's consolidated financial statements.

ii) Merger by absorption between Ultralat Capital Markets, LLC and Credicorp Capital Securities, Inc. -

On February 28, 2020, the Board of Directors of Ultralat Group Inc., parent and sole shareholder of Ultralat Capital Markets, LLC and of Credicorp Capital Securities, Inc. approved the merger by absorption process between Ultralat Capital Markets, LLC and Credicorp Capital Securities, Inc. It also agreed that, as of the date of the merger, the legal name of the new merged entity will be "Credicorp Capital LLC." This operation was authorized by the Financial Industry Regulatory Authority (FINRA) of the United States on December 4, 2020. Likewise, on February 1, 2021, Ultralat Capital Markets, LLC (absorbing entity) acquired the assets, liabilities, rights and obligations of Credicorp Capital Securities, Inc. (absorbed entity).

This transaction has not generated a significant impact on the Group's consolidated financial statements.

iii) Merger by absorption between Credicorp Capital Colombia S.A. and Ultraserfinco S.A. -

At the General Shareholders' Meeting - Extraordinary Meeting held on January 13, 2020, the shareholders of Credicorp Capital Colombia S.A. approved the legal merger of Ultraserfinco S.A. This operation was authorized by the Superintendency of Colombian Bank through Resolution N°0421 of April 24, 2020. Also, on June 27, 2020, Credicorp Capital Colombia S.A. (absorbing entity) acquired all the assets, liabilities, rights and obligations of Ultraserfinco S.A. (absorbed entity).

This transaction has not generated a significant impact on the Group's consolidated financial statements.

iv) Merger by absorption between Banco Compartir S.A. and Edyficar S.A.S. -

At the General Shareholders' Meeting - Extraordinary Meeting held on August 03, 2020, the shareholders of Banco Compartir S.A. approved the legal merger of Edyficar S.A.S. This operation was authorized by the Superintendency of Colombian Bank through Resolution N°756 of August 26, 2020. Also, October 30, 2020, Banco Compartir S.A. (absorbing entity) acquired all the assets, liabilities, rights and obligations of Edyficar S.A.S. (absorbed entity). Likewise, both entities agreed that, from the date of the merger, the legal name of the new merged entity will be "Mibanco - Banco de la Microempresa de Colombia S.A.".

[Content](#)

This transaction has not generated a significant impact on the Group's consolidated financial statements.

b) The outbreak of the new coronavirus (hereinafter "COVID-19") -

The COVID-19 outbreak, first reported in Wuhan, China, in late 2019 forced governments worldwide to take important measures to mitigate the spread of the disease, such as the closure of international borders, severe mobilization restrictions and quarantines. As a result, the Global Gross Domestic Product (GDP; and, PBI, for its acronym in Spanish) contracted sharply in 2020 and the economies in which Credicorp operates (mainly Perú, Chile, Colombia, Bolivia and Panama) were severely affected. In 2021, the global economy recovered as the vaccination process gained pace, but challenges related to new COVID-19 outbreaks and inflation arose. High energy prices, supply chain disruptions and pent-up demand, higher lead prices during the second half of the year which demanded action from Central Banks.

During the worst of the pandemic, the main measures taken by the governments of the countries in which Credicorp operates consisted of emergency declarations, mobilization restrictions, lockdowns and border closures. In the second semester of 2020, the economies of these countries began their reopening processes in phases or stages. However, due to the increase in cases towards the end of 2020 and during the first quarter of 2021, mobility restrictions by risk areas were imposed. Subsequently, as cases decreased, towards mid-year restrictive measures were eased, although most countries kept less stringent night curfews and capacity limits given the permanent risk of new outbreaks as highly infectious virus variants emerge.

In the main countries where Credicorp's operates did not face a significant COVID-19 outbreak between August and September of year 2021 due to the Delta variant expansion as was experienced by countries like United States, United Kingdom and some from Emerging Asia. But, in the last quarter of year 2021, COVID-19 cases started rising again globally as a highly contagious variant, though less lethal, named Omicron, appeared. Several countries reached record daily cases at the beginning of year 2022 which prompted governments to reimpose mask mandates and stricter measures related to longer night curfews and lower attendance capacity in indoor areas.

However, compared to other COVID-19 outbreaks, given the positive impact of vaccinations, hospital admissions and deaths related to the virus have not risen as fast as before. This situation has allowed the economic recovery to continue in the countries in which the Group mainly operates. The immunization process began in December 2020 in Chile, in January 2021 in Panama and in February 2021 in Bolivia, Perú and Colombia.

Perú

i) Government measures to counteract negative effects of the pandemic -

2020

In response to the major sanitary and economic shock from COVID-19, the Ministry of Finance, the Central Bank and Congress implemented an ample package of measures to mitigate and stimulate the economy for the equivalent of around 19.0 percent of GDP, with resources coming from prudent macroeconomic policies implemented for decades.

The measures enacted include grace periods and rescheduling of credits to individuals and legal entities, tax relief, public spending, access to private savings (pension fund accounts and severance indemnity deposits), and government-backed liquidity programs.

[Content](#)

In particular, the government supported two programs:

- (i) “Reactiva Perú”, a liquidity program aimed to give a quick and effective response to liquidity needs that companies faced due to the impact of COVID-19, ensuring the credit chain, and granting access to working capital loans guarantees to micro, small, medium and large companies. This program reached S/56.0 billion equivalents to 8.0 percent of GDP.

The amount of the credit in soles disbursed and the guarantee depended on the sales volume of each company, with a maximum of three months average of monthly sales in 2019. For microenterprises, an alternative to the sales level was the amount equivalent to two months average debt of 2019. The guaranteed coverage of the Government for these loans was 98.0 percent for loans up to S/90.0 thousand, and between 95.0 to 80.0 percent for loans greater than S/90.0 thousand and up to S/10.0 million.

The loans disbursed had maximum terms of up to thirty-six months, with a grace period of up to twelve months.

Likewise, financial entities undertook to offer these credits at record low rates, since the Central Reserve Bank granted funds through repurchase credit agreement with the Guarantee of the Government represented in securities, which were assigned through auctions or direct operations, with an effective annual rate of 0.5 percent and a grace period of twelve months without payment of interest or principal.

- (ii) The Enterprise Support Fund (FAE, by its acronym in Spanish) program enables banks and microfinance entities to provide Small and Micro businesses loans for up to S/4.0 billion with government guarantee coverage levels between 90.0 percent and 98.0 percent. This amount represents about 9.0 percent of the loan portfolio for SMEs (Pymes, by its Spanish initials) systemwide. Other Funds which have also been created are FAE funds for Agriculture and Tourism for S/2.0 billion and S/1.5 billion, respectively. These funds follow similar structures to the original FAE but are focused on specific sectors.

By the end of December 2021, the liquidated repurchase agreement operations with state guarantee from the BCRP stood at S/38,827.0 million (S/50,729.0 million in 2020).

2021

During 2021, the government announced additional economic measures amid a second wave of COVID-19, and a new targeted lockdown scheme was implemented. Regarding monetary transfers, the Government implemented a new monetary transfer program: S/600.0 for vulnerable households for a total of S/2,434.0 million, and S/350.0 for people living in poverty, extreme poverty or people of social programs: The Yanapay bonus of S/350.0 began to be paid since September 2021, and the Universal bonus of S/600.0 since February 2021.

In addition, the government extended the rescheduling of Reactiva Perú and FAE MYPE Loans for up to S/19,500.0 million from September 30, 2021 until December 30, 2021, that already included a new grace period of up to 12 months, with an eligible criteria depending on the size loans and the sales contraction registered during the fourth quarter of 2020, respectively. See more detail in note 7(a).

At the same time, Peruvian Congress approved several measures, among which we highlight: (i) a new withdrawal private pension fund for both contributors and non-contributors of up to S/17,600.0 from their individual accounts, and (ii) the withdrawal of 100.0 percent of employee’s severance indemnities accounts (CTS, its acronym in Spanish) until December 2021, among others.

[Content](#)

ii) Effects of the pandemic on the economy -

2020

Economic activity in 2020 the GDP contracted 11.1 percent as a result of the pandemic shock and the lockdown of the economy. During this time the Government issued global treasury bonds at historically low rates for a total of US\$7,000.0 million in the year, to finance the significant fiscal deficit of 8.9 percent of GDP incurred during 2020.

In June 2020 Fitch Ratings downgraded Peru's long-term local currency debt from A- to BBB+, while maintained the BBB+ rating for long term foreign currency debt and a Stable outlook. In December 2020, Fitch revised the outlook for Peru's long-term credit rating in foreign and domestic currency from Stable to Negative and maintained both with a BBB+ rating.

2021

As the harsh lockdowns were lifted and the vaccination process advanced, the economy began to recover. After the 11.0 percent drop in 2020, the economy rebounded 13.3 percent in 2021. Other factors that contributed to the rebound were: (i) high price of copper of US\$4.23 in 2021, which implied an increase of 55.0 percent compared to the average price of 2020; as well as (ii) expansive monetary and fiscal policies.

The annual consumer inflation rate closed 2021 at 6.4 percent "compared to the previous year" (hereinafter, "y/y"), the highest in 13 years and exceeded the upper limit of the BCRP target range (1.0 percent - 3.0 percent). The acceleration of inflation was mainly explained by the food and energy items in response to factors such as higher international prices of oil and agricultural products (for example, in the fourth quarter of 2021 compared to fourth quarter of 2020, corn rose 23.0 percent, wheat 20.0 percent), bottlenecks in global supply chains, as well as the 11.0 percent depreciation of soles in 2021. On the other hand, inflation excluding food and energy stood at 3.2 percent y/y (third quarter of 2021: 2.9 percent).

The monetary policy of the BCRP has responded to the increase in consumer inflation and price expectations by raising its reference rate from 0.25 percent to 3.5 percent as of February 2022, the highest since October 2017. Thus, the monetary authority seeks to return inflation expectations to their range goal (1.0 percent to 3.0 percent) in the fourth quarter of the year 2022. Inflation in January 2022 registered 5.68 percent and the 12-month inflation expectations are located at 3.7 percent in February 2022.

The annualized fiscal deficit for 2021 closed the fourth quarter of 2021 at (2.6) percent of GDP compared to (4.8) percent in the third quarter of 2021 and (8.9) percent in the fourth quarter of 2020. The notable reduction in the fiscal deficit is mainly explained by the increase in fiscal revenues in a context of a rebound in economic activity and favorable export prices.

In 2021, the Ministry of Economy and Finance issued global bonds in the international capital markets as follows: (i) March: US\$4,000.0 million in bonds maturing in the 2031, 2041 and 2051, and €825 million maturing in the 2033; (ii) October: US\$4,000.0 million in bonds maturing in 2034, 2051 and 2072; being the maturing bonds the 2034 and 2072 the first sustainable bonds issued by the Peruvian government; (iii) November: €1,000 million maturing in 2036.

[Content](#)

Bolivia

i) Government measures to counteract negative effects of the pandemic –

2020

In 2020, the Bolivian government announced fiscal measures such as payments for the unemployed and families with children, coverage of basic services, loans to companies to cover the payment of wages, a microcredit support program, a bonus against hunger, the enactment of a tax on Large Fortunes Law and the Refund of the Value Added Tax (VAT). Meanwhile, the Central Bank injected liquidity to the local market by 1.2 percent of GDP. In relation to measures that affect the financial system:

- A renewal of the deferral of the payment of bank loans and interest was approved, initially until December 2020, but extended until June 2021 (clients do not pay capital or interest since March 2020 when the pandemic began);
- A new law established that banks and financial companies must pay an additional 25.0 percent tax on profits if the ROE (Return on Equity) exceeds 6.0 percent; and
- In December 2020 the capitalization of 100.0 percent of the net profits obtained by banks and financial entities was approved, with the aim of strengthening the financial system and expanding credit.

2021

In May 2021 (i) in May the government decreed an increase in the national minimum wage by 2.0 percent, and (ii) in September approved a bill that allows a partial or total withdrawal of individual pension fund accounts, which according to the Ministry of Finance reached around 1,070.0 billion Bolivian pesos (0.4 percent of GDP).

ii) Effects of the pandemic on the economy -

After falling 8.8 percent in 2020, GDP rebounded around 6.0 percent in 2021 thanks to the easing of restrictions put in place due to the pandemic and a favorable international environment with higher oil and metal prices, which allowed a recovery in sectors such as hydrocarbons and mining. For its part, the decline in international reserves slowed down due to a controlled demand for dollars and higher remittances from Bolivians abroad (until October 2021, about 30.0 percent higher compared to the same period in 2020). International reserves closed 2021 at US\$4.8 billion (12.0 percent of GDP), which decreased by just over US\$500.0 million compared to 2020. Meanwhile, fiscal imbalances persisted with a deficit of around 8.0 percent of GDP and a public debt close to 80.0 percent of GDP (a high in 17 years).

In 2022, Bolivia will continue to benefit from high oil and metal prices, although this will not prevent moderate GDP growth of around 2.3 percent. The fiscal deficit would be close to the 2021 figure and there will be external bond maturities of around US\$1.5 billion; thus, Bolivia could issue bonds on the international market (last time in 2017). This public debt issuance would allow to partially raise the international reserves and sustain the fixed exchange rate scheme (6.91 Bolivian pesos per dollar since 2011).

Bolivia's credit rating deteriorated:

- September 2020: Fitch and Moody's lowered the long-term foreign currency rating from B+ to B due to deteriorating growth prospects and weakening public finances amid acute political tensions.
- March 2021: S&P affirmed the country's B+ rating but changed its outlook to negative from stable on a rising governmental debt burden.

[Content](#)

- September 2021: Moody's affirmed the B2 rating but changed outlook to negative due to large and recurring fiscal deficits, a declining foreign exchange reserves and large government financing needs in the next years (above 10.0 percent of GDP).
- October 2021: Fitch affirmed the B credit rating with outlook stable.

In 2022, Bolivia will continue to benefit from high oil and metal prices, even though this will not prevent moderate growth of around 2.3 percent. The fiscal deficit would close at a level very similar to that of 2021 and there will be external bond maturities of around US\$1,500.0 million, before which Bolivia could issue bonds in the international market (last time in 2017). The issue would make it possible to partially increase international reserves and sustain the fixed exchange rate scheme (6.91 Bolivian pesos per US dollar since 2011).

Colombia

i) Government measures to counteract negative effects of the pandemic –

2020

In 2020 the Colombian government implemented strong fiscal measures:

- Households: additional transfers of social programs, value added tax (IVA, by acronym Spanish) refunds, support to informal workers, energy subsidies;
- Firms: payroll support, extraordinary bonus payments;
- VAT and import tax deductions; and
- Credit lines for firms and capitalization of guarantee funds.
- Central Bank injected about 1.4 percent of GDP to provide liquidity in the local market and cut the benchmark rate by 250 basis points to 1.75 percent, a new historical low. In relation to the financial system, grace periods and credit restructuring were given for natural and legal people

2021

In 2021, unspent resources from the emergency mitigation fund (FOME, by acronym Spanish) created last year were used to finance the extension of some transfer programs during the first half of 2021 as well as to fund the vaccination program.

ii) Effects of the pandemic on the economy -

After its worst recession on record, with a GDP contraction of 6.8 percent in 2020, the economy achieved a remarkable rebound in 2021, with GDP growing around 10.0 percent, despite the national strike of March/April and a strong third wave of COVID-19 in the second quarter. The economic recovery beat all early expectations and was mainly driven by strong consumer spending, which benefited from favorable financial conditions, record-high remittances from abroad workers and a continuous reopening of the economy. Besides, the government maintained an expansionary spending stance which stimulated domestic demand and the economy benefited from higher oil prices. As a result, pre-pandemic levels were reached in June. However, the recovery of investment was much slower, given the reigning uncertainty caused by the political scenario and the wide presence of the pandemic.

In 2022, GDP is expected to grow around 4.0 percent as the impulse of private consumption persists as the economy reopens further, while investment and exports would catch up to favorable external conditions related mainly to international oil prices increasing to levels not seen since 2014. The main source of uncertainty will come from the presidential elections, which will take place on May 29, with a possible runoff on June 19.

[Content](#)

Regarding monetary policy and inflation, the Central Bank started its normalization process in September 2021 and raise its reference rate from 1.75 percent to 4.00 percent at the beginning of 2022. This, as inflation steadily accelerated since March 2021 and ended December 2021 at 5.6 percent, its highest level in 5 years.

On the fiscal front, on April 15, 2021, the government presented a fiscal reform to Parliament, thus maintaining a trend of tax changes every 2 - 3 years. The goal was to raise funds (2.0 percent of GDP) via mainly a VAT hike, and individual and businesses taxes. A higher tax collection sought to strengthen the main social programs and to achieve the required fiscal adjustment after the strong hit on public finances from the pandemic. However, the government withdrew the tax reform due to growing social protests. After that, the government structured another tax reform project, less ambitious than the previous one, which was approved by Congress in September 2021. The tax reform is expected to limit the risk of further fiscal slippage, at least in the short term, and intends to collect US\$4.0 billion.

Lastly, the government issued global bonds in the international markets for US\$3.0 billion in April (US\$2.0 billion in 2032 and US\$1.0 billion in 2042). It was the second issuance of 2021 after placing global bonds for US\$2.8 billion in February.

Afterwards, on May 19, 2021, S&P removed the Investment Grade status of Colombia by cutting the sovereign rating from BBB- to BB+ (outlook stable), while Fitch followed suit with the same move on July 1, 2021. On October 14, 2021, the government raised US\$1.0 billion in the international markets through the reopening of the year 2049 global bond.

Panama

i) Government measures to counteract negative effects of the pandemic -

2020

In 2020, the government adopted fiscal and macroprudential measures such as spending on social and health programs aimed at supporting SMEs and implemented tax relief measures. The Superintendency of Banks of Panama (SBP) allowed banks to use accumulated dynamic provision to absorb the impact of credit losses, allowed banks to undertake voluntary loan restructurings with distressed borrowers, and requested banks not to charge interest on unpaid interest. On June 30, 2020, the National Assembly approved the temporary moratorium on servicing bank loans, which included voluntary loan restructuring, grace periods, and in some cases interest rate reduction. The moratorium lasted 6 months.

2021

During 2021, it was replaced with a banking flexibility scheme, agreed between the government, the SBP and the banking association. This consists of allowing clients and banks to make the necessary modifications to maintain a viable and sustainable credit relationship. The banking flexibility scheme was initially supposed to end on June 30, 2021 but it was extended till September 30, 2021. Additionally, at the beginning of the year, the government increased the amount of the direct transfer received by the beneficiaries of the Panama Solidarity Plan and on July 1st conditions such as completing several hours of community service or training were added to the plan that disburses US\$120 per month. They also extended the tariff reduction on medical supplies.

ii) Effects of the pandemic on the economy -

Panama was one of the Latin American countries hardest hit by the pandemic due to the importance of the services sector, which represents more than 75.0 percent of GDP, and its reliance on external demand. Its model as a regional trade, logistics and financial hub, highly integrated into the world economy, left it vulnerable to a severe global downturn. The prolonged social distancing measures also played an important role in making 2020 recession an unprecedented one, with a GDP contraction of 17.9 percent.

[Content](#)

Compared to other countries where Credicorp operates, Panama's economic recovery was initially weaker given the lack of fiscal space to adopt an expansionary fiscal policy and the absence of a central bank that executes its own monetary policy as it is a dollarized economy. In that sense, although the economy rebounded 16.0 percent in the first 11 months of 2021 (latest information officially available), one of the highest growth rates in the region, GDP is still 2.5 percent below the same period of 2019 or pre pandemic levels. Growth in 2021 has been supported by the continued global economic recovery, big infrastructure projects and the first full year of copper production of Minera Cobre Panama.

In 2022, the Economic Commission for Latin America and the Caribbean (ECLAC) estimates that the economy will grow 7.3 percent, the highest rate in the region. Thus, according to the government, it is highly probable it will recover soon pre-pandemic levels as activities keep returning to normality, the population is increasingly vaccinated, and copper production and large infrastructure projects continue.

On the other hand, Panama's credit rating deteriorated at the beginning of the year but has stabilized since:

- In February 2021, Fitch downgraded its sovereign rating by one notch from BBB to BBB-, with negative outlook, to reflect a significant deterioration of public finances with the fiscal deficit and public debt reaching 10.1 percent and 69.8 percent of GDP in 2020. Almost one year later, at the beginning of 2022, it improved its outlook to stable.
- On March 17, 2021, Moody's also cut its credit rating to Baa2, with stable outlook, citing as a key driver the very material weakening in Panama's fiscal strength driven by the severe economic shock from the pandemic.
- In August 2021, Standard & Poor's kept the rating stable in BBB but changed the outlook to negative.

Despite this situation, the government has managed to sell debt on international capital markets. Before the downgrades, in January 2021, the government raised US\$2.5 billion worth of sovereign bonds and, in June 2021, they raised US\$2.0 billion through the issuance of a new Treasury Bond maturing in 2031 and the reopening of the Global Bond maturing in 2050. On January 11, 2022, the country successfully completed a US\$2.5 billion bond transaction consisting of the issuance of two new bonds with maturities of 11 - and 40 - years.

Chile

i) Government measures to counteract negative effects of the pandemic –

2020

In 2020, the Chilean government announced three fiscal stimulus packages that represent 12.0 percent of GDP, with measures mainly focused on protecting jobs and income for low- and middle-income families, as well as SMEs. The Ministry of Finance also announced an expansion of the Fund of Guarantee for Small businesses (FOGAPE, by its acronym in Spanish) to temporarily include medium and large companies. The Central Bank of Chile (BCCh, by its initials in Spanish) reduced its interest rate in 125 bps accumulated to 0.5 percent and adopted unconventional measures such as the purchase of bank and government bonds, as well as the introduction of a new financing program for banks conditional to increased credit. Additionally, two withdrawals of 10.0 percent of the individual pension fund accounts were approved by parliament.

[Content](#)

2021

In March 2021, the government expanded existing measures for the middle class and the most vulnerable by 2.0 percent of GDP. These included direct payments and loans with zero interest. Additionally, in April, parliament approved a third withdrawal of 10.0 percent from the individual pension fund accounts and in November a fourth withdrawal was rejected. In June, an extension until September of the Emergency Family Income (IFE, by its acronym in Spanish) was made official. This benefit, which was intended to reach close to 7.0 million households, was again extended from August to December.

ii) Effects of the pandemic on the economy -

The economy is expected to grow 12.0 percent in 2021, one of the fastest catch ups in the Latam region and among emerging countries, rebounding significantly from the 5.8 percent contraction of year 2020. The economic recovery has surprised to the upside thanks to an unprecedented fiscal support, favorable external conditions with copper prices, its main export product, reaching all-time highs in May 2021 and one of the most successful vaccination processes within the Latam region. As a result, estimates put the economy, at the end of the year, 8.0 percent above pre-pandemic levels.

Inflation accelerated during the last half of the year and closed at 7.2 percent, its highest rate in fourteen years and largely above the 2.0 to 4.0 percent target range of the (BCCh). In that sense, the central bank started the process of normalizing its monetary policy in July and, since then it has increased its rate by 500 pbs to 5.50 percent in January 2022. Prices were also driven by a large foreign exchange depreciation of almost 20.0 percent to US dollar each 850 Chilean pesos at the end of 2021.

On the political side, on May 15-16, a Constitutional Convention Election to select the members of the body in charge of writing the new Constitution took place with results showing the left-wing parties will predominate. The process was approved by the Chilean population in a historic event; the constitutional plebiscite of October 25, 2020.

In September 2022, its estimated that the exit plebiscite will be held to approve or reject the new constitution. Also, on December 19, 2021, the second round of the presidential elections was held. Gabriel Boric was elected as the new president of Chile with 55.9 percent of the votes; the conservative candidate, Jose Antonio Kast from the Republican Party obtained 44.1 percent. The election was considered one of the most polarized, uncertain and relevant in Chile of the last decades. The presidential mandate starts on March 11 and ends five years later, in 2026.

Besides, regarding Congress results, in the Upper House, the right-wing coalition "Chile Vamos" increased its participation from 44.0 percent to 50.0 percent, while in the Lower Chamber, the right leaning coalition reduced its participation from 46.0 percent to 44.0 percent. However, the left-wing coalition now is even more fragmented.

In this context, during the last two years, Chile's sovereign credit rating has deteriorated. On October 15, 2020, Fitch downgraded Chile's long-term foreign currency rating from A to A- in response primarily to a marked deterioration in fiscal accounts. On March 24, 2021, Standard and Poor's followed suit cutting its rating to A from A+, due to the expectation that the country's public finances will stabilize at a structurally weaker level.

c) Political situation of Peru –

Political instability intensified after Pedro Castillo, from extreme left-wing party Peru Libre, won the presidential runoff election with 50.126 percent of the valid votes by thus defeating Keiko Fujimori, from right wing party Fuerza Popular, with 49.874 percent of the valid votes.

[Content](#)

Several financial indicators deteriorated as official announcements and appointments caused political uncertainty. In particular, the exchange rate reached an all-time high of S/4.1375 in October 2021. The exchange rate of the sol with respect to the US dollar depreciated 11.0 percent in 2021 (3.99) despite the active intervention of the central bank in the foreign exchange market through multiple instruments (spot sales in 2021 total \$11.6 billion). Likewise, the exchange rate to the Sol with respect to the US dollar depreciated 21.0 percent compared to 2019 S/(3.3123). For their part, local currency sovereign bond yields exceeded even the pandemic peak levels recorded in 2020.

In September 2021, rating agency Moody's downgraded Peru's credit rating for long-term debt in foreign currency from A3 with a negative outlook to Baa1 with a stable outlook, noting. In October 2021, Fitch Ratings lowered Peru's credit rating from BBB+ negative outlook to BBB stable outlook and indicates that Peruvian government debt is higher today (37.0 percent of GDP) than when the rating was upgraded to BBB+ in 2013 (19.0 percent of GDP). For its part, the rating agency Standard & Poor's (S&P) changed Peru's outlook from "stable" to "negative" due to political instability S&P maintained Peru's rating at BBB+ and A- for local currency.

Political uncertainty has softened a bit lately, macroeconomic fundamentals remain strong and Peru continues to outperform its Latin American peers on several dimensions. The exchange rate of the sol with respect to the US dollar closed on February 14, 2022 at S/3.7959, appreciating 5.1 percent in 2022, and 8.3 percent from its historical peak in October 6, 2021 at S/4.1375. Net international reserves currently represent 35.0 percent of GDP in 2021, inflation stands at 6.4 percent, and the balance of public debt is around 36.0 percent of GDP (among the lowest in the region). In addition, our banking system maintains high liquidity (compared to historical levels) and adequate capital levels.

The consolidated financial statements reasonably reflect the best available information at the time of preparation, including the uncertainty and the impact on significant assumptions and estimations, that are disclosed in the main notes to consolidated financial statements. Those accounting estimates, in the opinion of Management, are reasonable in the circumstances.

The notes to the consolidated financial statements that show some impact due to COVID-19 are as follows: Note 5, Note 6, Note 7, Note 9, Note 12, Note 14, Note 16, Note 22, Note 23, Note 24, Note 26, Note 29 and Note 34.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of Credicorp's consolidated financial statements are set out below:

- a) Basis of presentation, use of estimates and changes in accounting policies -

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements as of December 31, 2021 and 2020, have been prepared following the historical cost criteria, except for investments at fair value through profit or loss, investments at fair value through other comprehensive income, financial assets designated at fair value through profit or loss, derivative financial instruments, and financial liabilities at fair value through profit or loss; which have been measured at fair value.

The consolidated financial statements are presented in Soles (S/), which is the functional currency of Credicorp Ltd and subsidiaries, see paragraph (c) below, and values are rounded to thousands of soles, except when otherwise indicated.

[Content](#)

The preparation of the consolidated financial statements in accordance with IFRS requires Management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of significant events in notes to the consolidated financial statements.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The final results could differ from said estimates; however, the Management expects that the variations, if any, will not have a material impact on the consolidated financial statements.

The most significant estimates included in the accompanying consolidated financial statements are related to the calculation of the allowance of the expected credit loss on loan portfolio, the valuation of investments, the technical reserves for insurance claims and premiums, the impairment of goodwill, the expected credit loss for investments at fair value through other comprehensive income and investments at amortized cost, the valuation of share-based payment plans and the valuation of derivative financial instruments.

Furthermore, other estimates exist, such as the estimated useful life of intangible assets, property, furniture and equipment and the deferred income tax assets and liabilities. The accounting criteria used for said estimates are described below.

The Group has adopted the following standards and modifications for first time for its annual period that starts on January 1, 2021, as described below:

(i) Reform of Reference Rates – Phase 2 – Amendments to IFRS 9, IAS39, IFRS 7, IFRS and IFRS 16 –

On August 202, IASB made amendments to IFRS 9, IAS39, IFRS 7, IFRS 4 and IFRS 16 to address aspects that may arise due to reference rate reform, including using an alternative as a substitute for the reference rate.

These amendments provide the following practical applications:

- By changing the base to determine contractual cash flows for financial assets and liabilities (including liabilities for leasing), the practical application generates the effect that changes, which are necessary due to the IBOR reform and which are considered economically equivalent, will not result in immediate gains or losses in results.
- The practical application with regard to coverage accounting will propitiate that the majority of coverage relations (whether from IAS39 or IFRS 9) that are directly affected by the IBOR reform can be maintained. Nevertheless, it is possible that some additional ineffectiveness may arise that must be recognized.

Affected entities must disclose information on the nature and scope of the risks derived from the IBOR reform to which they are exposed, including how these risks are managed; the degree of progress made in completing the transition to alternative reference rates; and how this transition is being managed.

The Group's net exposure to LIBOR is not material given that it represents approximately 1.04 percent of our assets and 1.15 percent of our liabilities, as of December 31, 2021.

The adoption of the modification had no significant effects on the Group's consolidated financial statements.

[Content](#)

(ii) Amendments to IFRS 4, Insurance Contracts – Deferral of IFRS 9 –

These amendments defer the application of IFRS 17 until January 1, 2023 and modify the date of use of the temporary exemption from applying IFRS 9, Financial Instruments, contained in IFRS 4, until January 1, 2023.

The adoption of the modification had no significant effects on the Group’s consolidated financial statements.

(iii) Amendment to IFRS 16 “Leases” - Covid-19 related to rentals –

On May 28, 2020, the Council of the International Accounting Standards Board (IASB) published an amendment to “Covid-19 related rent concessions (Amendment to IFRS 16)” that amends the rule to give lessees an exemption from determining if a COVID-19 related rental constitutes a modification to leasing. The IASB also published an update of the proposed taxonomy to reflect this amendment.

When there is a change in leasing payments, the accounting treatment will depend on whether this change meets the definition of an amendment to leasing, which is defined as “a change in the scope of a lease or consideration of a leasing agreement that is not part of the original contract” as well as the terms and conditions of the lease (for example, adding or terminating the risk to use one or more underlying assets or extend or cut the term of the leasing contract”).

The amendment modifies IFRS 16 in the following areas:

- Providing lessees an exemption to assessing if a leasing concession related to COVID-19 constitutes a modification to leasing;
- Require lessees that apply an exemption that considers COVID-19 concessions for leases as if they were not amendments to leases;
- Determine if the change in leasing payments generates a revision in the payment for leasing that is substantially equal to or less than the payment for leasing immediately prior to the change;
- Ensure that there are no substantial changes in other terms or conditions for leasing;
- Require lessees that apply the exemption to disclose the same; and
- Require lessees to apply the exemption retroactively according to IAS8 but do not require them to adjust the balances of financial statements from previous periods.

This amendment applies to leasing concession related to COVID019 that reduce leasing payments that expire on June 30, 2021 or before to apply leasing concessions granted as of June and with a duration of 12 months. In February 2021, the Council of the International Accounting Standards Board (IASB) made an amendment to “COVID019 related Leasing Concessions (Amendment to IFRS 16) for one more year until June 30, 2022.

The amendment went into effect on June 1, 2020 but to guarantee that this help is available when needed, lessees can apply the amendment immediately in any financial statement, whether provisional or annual and when said lessee is not yet authorized to disclose.

The adoption of the modification did not have significant effects on the consolidated financial statements of the Group.

In 2020, the accounting standards adopted by the Group haven’t had any significant effect on its consolidated financial statements.

[Content](#)

In 2019, the Group adopted the following changes regarding the valuation and recognition of mathematical income reserves:

- Change of criteria in the discount rates used, and thus reflect the effect of market interest rates in the measurement of insurance liabilities.
- Because the financial assets that have a direct effect on the annuities are measured at fair value with a change in comprehensive income, it was decided to recognize in the consolidated statement of comprehensive income the proportion corresponding to the annuities of the unrealized results that generate the assets and that have a direct effect on said annuities.

These situations were treated as a change in accounting policies in accordance with the provisions of IFRS 4 - Insurance Contracts.

These changes in accounting policy generated a greater income reserve amounting to S/666.6 million, which was recognized in the consolidated statement of comprehensive income for the year, under the heading Insurance reserves of the consolidated statement of changes in equity, taking into account Consideration that the effect was not material in previous years, in accordance with the provisions of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

b) Basis of consolidation –

Investment in subsidiaries -

The consolidated financial statements comprise the financial statements of Credicorp and its Subsidiaries for all the years presented.

Under IFRS 10 all entities over which the Group has control are subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group assesses whether or not it controls an investee if the facts and circumstances indicate that there are changes in any of the elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. The consolidated financial statements include assets, liabilities, income and expenses of Credicorp and its subsidiaries.

[Content](#)

Profit or loss for the period and each component of the other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interest, even if this results in the non-controlling interest with a negative balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Assets in custody or managed by the Group, such as investment funds and private pension funds (AFP funds) and others, are not part of the Group's consolidated financial statements, Note 3(ab).

Transactions with non-controlling interest -

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction and any resulting difference between the price paid and the price for which non-controlling interests are adjusted is recognized directly in the consolidated statement of changes in net equity.

The Group does not record any additional goodwill after the purchase of the non-controlling interest, nor does it recognize a gain or loss from the sale of the non-controlling interest.

Loss of control -

If the Group loses control over a subsidiary, it derecognizes the carrying amount of the related assets (including goodwill) and liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any residual investment retained is recognized at fair value.

Investments in associates -

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity, but without exercising control over said policies.

The Group's investments in its associates are recognized initially at cost and are subsequently accounted for using the equity method. They are included in "Other assets" in the consolidated statement of financial position; the returns resulting from the use of the equity method of accounting are included in "Net gain on securities" of the consolidated statement of income.

[Content](#)

As of December 31, 2021 and 2020, the following entities comprise the Group (the individual or consolidated figures of their financial statements are presented in accordance with IFRS and before eliminations for consolidation purposes, except for the elimination of Credicorp's treasury shares and its related dividends):

Entity	Activity and country of incorporation	Percentage of interest (direct and indirect)		Assets		Liabilities		Equity		Net income (loss):	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
		%	%	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Grupo Crédito S.A. and Subsidiaries (i)	Holding, Peru	100.00	100.00	218,429,760	210,298,709	191,639,807	189,194,894	26,789,953	21,103,815	3,664,520	274,816
Pacifico Compañía de Seguros y Reaseguros S.A. and Subsidiaries (ii)	Insurance, Peru	98.86	98.81	16,486,493	16,020,865	14,188,938	13,036,221	2,297,555	2,984,644	(130,491)	194,639
Atlantic Security Holding Corporation and Subsidiaries (iii)	Capital Markets, Cayman Islands	100.00	100.00	11,688,283	8,593,553	9,508,250	6,876,666	2,180,033	1,716,887	188,060	507,303
Credicorp Capital Ltd. and Subsidiaries (iv)	Capital Markets and asset management, Bermuda	100.00	100.00	4,692,121	4,535,200	3,701,411	3,600,354	990,710	934,846	81,992	(65,575)
CCR Inc.(v)	Special purpose Entity, Bahamas	100.00	100.00	105,733	259,373	104,703	257,996	1,030	1,377	(254)	484

(i) Grupo Crédito is a company whose main activities are to carry out management and administration activities of the Credicorp Group's subsidiaries and invest in shares listed on the Peruvian Stock Exchange and unlisted shares of Peruvian companies. we present the individual or consolidated figures of their financial statements are presented in accordance with IFRS and before eliminations for consolidation purposes:

Entity	Activity and country of incorporation	Percentage of interest (direct and indirect)		Assets		Liabilities		Equity		Net income (loss):	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
		%	%	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Banco de Crédito del Perú and Subsidiaries (a)	Banking, Peru	97.74	97.71	199,307,837	195,702,525	178,545,004	177,367,887	20,762,833	18,334,638	3,662,192	244,303
Inversiones Credicorp Bolivia S.A. and Subsidiaries (b)	Banking, Bolivia	99.96	99.96	13,839,856	12,533,378	12,952,609	11,802,383	887,247	730,995	80,752	(65,653)
Prima AFP (c)	Private pension fund administrator, Peru	100.00	100.00	839,772	1,107,706	265,185	407,536	574,587	700,170	146,057	148,141
Tempo SpA and Subsidiaries (d)	Holding, Chile	100.00	100.00	158,328	95,693	43,140	22,453	115,188	73,240	(34,362)	(19,912)

a) BCP was established in 1889 and its activities are regulated by the Superintendency of Banks, Insurance and Pension Funds -Perú (the authority that regulates banking, insurance and pension funds activities in Peru, hereinafter "the SBS").

Its main Subsidiary is Mibanco, Banco de la Microempresa S.A. (hereinafter "MiBanco"), a banking entity in Perú oriented towards the micro and small business sector. As of December 31, 2021, the assets, liabilities, equity and net result of Mibanco amount to approximately S/16,162.6 million, S/13,799.6 million, S/2,363.0 million and S/(266.3) million, respectively (S/15,649.5 million, S/13,539.5 million, S/2,110.0 million, and S/(379.3) million, respectively December 31, 2020).

[Content](#)

- b) Inversiones Credicorp Bolivia S.A. (hereinafter “ICBSA”) was established in February 2013 and its objective is to make capital investments for its own account or for the account of third parties in companies and other entities providing financial services, exercising or determining the management, administration, control and representation thereof, both nationally and abroad, for which it can invest in capital markets, insurance, asset management, pension funds and other related financial and/or stock exchange products.

Its principal Subsidiary is Banco de Crédito de Bolivia (hereinafter “BCB”), a commercial bank which operates in Bolivia. As of December 31, 2021, the assets, liabilities, equity and net result of BCB were approximately S/13,799.8 million, S/12,964.8 million, S/835.0 million and S/(72.3) million, respectively (S/12,472.4 million, S/ 11,781.4 million, S/691.0 million and S/(74.3) million, respectively as of December 31, 2020).

- c) Prima AFP is a private pension fund and its activities are regulated by the SBS.

- d) Tenpo SpA (hereinafter “Tenpo”, before “Krealo SpA”) was established in January 2019; and is oriented to make capital investments outside the country. On July 1, 2019, Tenpo (Krealo SpA) acquired Tenpo Technologies SpA (before “Tenpo SpA”) and Tenpo Prepago S.A. (before “Multicaja Prepago S.A.”)

(ii) Pacífico Seguros is an entity regulated by the SBS and its activities comprise the contracting and management of all types of general risk and life insurance, reinsurance and property investment and financial operations. Its Subsidiaries are Crediseguro Seguros Personales, Crediseguro Seguros Generales and Pacifico Asiste and it has Pacífico EPS as an associate, which are dynamic participants in the business of multiple and health insurance, respectively.

(iii) Its most important subsidiary is ASB Bank Corp. (merged with Atlantic Security Bank on August 2021, see Note 2(a)), was established in September 9, 2020 in the Republic of Panama; its main activities are private and institutional banking services and trustee administration, mainly for BCP’s Peruvian customers.

The decrease in results for 2021 with respect to 2020, is due to the fact that in March 2020 Credicorp paid dividends for S/441.3 million (this transaction is eliminated at the level of Credicorp’s consolidated financial statements) and during the 2021 Credicorp paid dividends for S/72.9 million.

(iv) Credicorp Capital Ltd. was formed in 2012, and its main subsidiaries are Credicorp Capital Holding Peru (owner of Credicorp Capital Perú S.A.A.), Credicorp Holding Colombia (owner of Credicorp Capital Colombia and Mibanco – Banco de la Microempresa de Colombia S.A.), and Credicorp Capital Holding Chile (owner of Credicorp Capital Chile), which carry out their activities in Peru, Colombia and Chile, respectively. We present below the consolidated financial statements in accordance with IFRS and before eliminations for consolidation purposes:

Entity	Percentage of interest (direct and indirect)		Assets		Liabilities		Equity		Net income (loss):	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	%	%	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Credicorp Holding Colombia S.A.S. and Subsidiaries (a)	100.00	100.00	3,288,924	3,229,783	2,608,445	2,606,724	680,479	623,059	51,723	(60,398)
Credicorp Capital Holding Chile and Subsidiaries (b)	100.00	100.00	1,121,622	915,013	933,173	744,027	188,449	170,986	(6,108)	(16,979)
Credicorp Capital Holding Perú S.A. and Subsidiaries (c)	100.00	100.00	259,348	358,241	135,937	228,555	123,411	129,686	31,046	37,804

- a) Credicorp Holding Colombia was incorporated in Colombia on March 5, 2012, and its main purpose is the administration, management and increase of its equity through the promotion of industrial and commercial activity, through investment in other companies or legal persons.

Its main subsidiaries are Credicorp Capital Colombia S.A, which was acquired in Colombia in 2012 and merged with Ultraserfinco S.A. In June 2020, this subsidiary is oriented to the activities of commission agents and securities brokers. Likewise, Mibanco Colombia (before Banco Compartir S.A.) was acquired in 2019 and merged with Edyficar S.A.S. in October 2020, this subsidiary is oriented to grant credits to the micro and small business sector. As of December 31, 2021 and 2020, the direct and indirect interest held by Credicorp and the assets, liabilities, equity and net income were:

[Content](#)

Entity	Percentage of interest (direct and indirect)		Assets		Liabilities		Equity		Net income (loss):	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	%	%	%	%	%	%	%	%	%	%
Credicorp Capital Colombia S.A.	100.00	100.00	1,544,956	1,630,701	1,378,697	1,438,236	166,259	192,465	37,147	45,454
MiBanco – Banco de la Microempresa de Colombia S.A.	85.58	83.07	1,392,887	1,207,875	1,158,575	992,611	234,312	215,264	43,042	(50,742)

- b) Credicorp Holding Chile was incorporated in Chile on July 18, 2012, and aims to invest for long-term profitable purposes, in corporeal goods (movable and immovable property) and incorporeal, located in Chile or abroad. Its main subsidiary is Credicorp Capital Chile S.A.
- c) Credicorp Capital Holding Perú S.A. was incorporated in Peru on October 30, 2014, and aims to be the Peruvian holding of investment banking. Its main subsidiary Credicorp Capital Perú S.A.A.; which has as its main activity the function of holding shares, participations and transferable securities in general, providing advisory services in corporate and financial matters, and investment in real estate.
- (v) CCR Inc. was incorporated in 2000, its main activity is to manage loans granted to BCP by foreign financial entities, See Note 17(a)(ix). These loans are collateralized by transactions performed by BCP.

[Content](#)

c) Functional, presentation and foreign currency transactions –

(i) Functional and presentation currency -

Credicorp and its Subsidiaries which operate in Peru consider the sol as their functional and presentation currency since it reflects the nature of the economic events and relevant circumstances for most of the Group's entities, given the fact their major transactions and/operations, such as: loans granted, financing obtained, sale of insurance premiums, interests and similar income, interest and similar expenses, as well as a significant percentage of their purchases; they are agreed and settled in soles.

(ii) Transactions and balances in foreign currency -

Foreign currency transactions are those entered into in currencies other than the functional currency. These transactions are initially recorded by Group entities at the exchange rates of their functional currencies at the transaction dates. Monetary assets and liabilities denominated in foreign currency are adjusted at the exchange rate of the functional currency prevailing at the date of the consolidated statement of financial position.

The differences arising from the exchange rate prevailing at the date of each consolidated statement of financial position presented and the exchange rate initially used in recording transactions are recognized in the consolidated statement of income in the period in which they occur, in "Net gain from exchange differences", except for those that correspond to monetary items that are part of a hedging strategy for a net investment abroad, said accumulated difference is recognized in the caption "Exchange differences on translation of foreign operations" in the consolidated statement of comprehensive income. Non-monetary assets and liabilities acquired in foreign currency are recorded at the exchange rate prevailing at the initial transaction date and are not subsequently adjusted.

(iii) Group entities with functional currency other than the presentation currency -

Given that the Group's entities in Colombia, Chile, Cayman Islands, Panama and Bolivia have a functional currency different from the sol, the balances were translated into Soles for consolidation purposes in accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates" as follows:

- Assets and liabilities, at the closing rate prevailing at the date of each consolidated statement of financial position.
- Income and expense, at the average exchange rate for each month of the year.

All resulting exchange differences were recognized within "Exchange differences on translation of foreign operations", including the differences in financial instruments designated as accounting hedges of said investments, in the consolidated statement of comprehensive income.

d) Recognition of income and expenses from banking activities -

Effective interest rate method:

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortized cost and at fair value through other comprehensive income. Interest expenses corresponding to liabilities measured at amortized cost are also recorded using the EIR.

The EIR is the rate that exactly discounts future cash flows that are estimated to be paid or received during the life of the instrument or a shorter period, if appropriate, to the gross carrying amount of the financial asset or financial liability. The EIR (and, therefore, the amortized cost of the financial asset or liability) is calculated taking into account any discount, premium and transaction costs that are an integral part of the effective interest rate of the financial instrument, but the expected credit loss are not included.

[Content](#)

Interest income and expenses:

The Group calculates interest income by applying the EIR to the gross carrying amount of those financial assets that are not impaired.

When a financial asset becomes impaired and, therefore, is considered in Stage 3 (as set out in Note 3(i) impairment of financial assets), the Group calculates interest income by applying the interest rate effective at the carrying amount of the asset, net of its provision for credit loss. If the evidence that the criteria for the recognition of the financial asset in Stage 3 are no longer met, the Group recalculates interest income in gross terms.

Interest income and expenses accrued from all financial instruments that generate interest, including those related to financial instruments carried at fair value through profit or loss, are recorded under the heading "Interest and similar income" and "Interest and similar expenses" of the consolidated statement of income.

Dividends:

Dividends are recorded as income when they are declared.

Commissions and fees:

Commission income (which is not an integral part of the EIR) and fees are recorded as they accrue. Commissions and fees include, among others, the commission charged for the banking service in general such as account maintenance, shipping, transfers, loan syndication fees and contingent credit fees.

Other income and expenses:

All other income and expenses are recorded in the period in which the performance obligation is satisfied.

e) Insurance activities -

Product classification:

Insurance contracts are those contracts when the Group (the insurer) has accepted a significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. This definition also includes reinsurance contracts that the Group holds.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Life insurance contracts offered by the Group include retirement, disability and survival insurance, annuities and individual life which includes Investment Link insurance contracts. The non-life insurance contracts issued by the Group mainly include automobile, fire and allied lines, technical branches and healthcare.

[Content](#)

Reinsurance:

The Group cedes insurance risk in the normal course of its operations for most of its businesses. Reinsurance assets represent balances due from reinsurance companies. Reinsurance ceded is placed on both a proportional and non-proportional basis.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims reserve or settled claims and ceded premiums, associated with the ceded policies and in accordance with the related reinsurance contracts.

Reinsurance assets are reviewed for impairment at each reporting date of the consolidated statement of financial position or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is recorded in the consolidated statement of income.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

The Group also assumes reinsurance risk in the normal course of business for non-life insurance contracts when applicable. Premiums and claims on assumed reinsurance are recognized as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the classification of the reinsured insurance contract.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Premiums and claims are presented as gross amounts for reinsurance ceded. Reinsurance assets or liabilities are written off when contractual rights are terminated or expire or when the contract is transferred to a third party.

Reinsurance contracts that do not transfer significant insurance risk are not material to the insurance segment.

Insurance receivables:

Insurance receivables are recognized when they are enforceable and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortized cost.

As of December 31, 2021 and 2020 the carrying amount of the insurance receivables is similar to their fair value due to their short term. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The impairment loss is recorded in the consolidated statement of income. Insurance receivables are derecognized when the de-recognition criteria for financial assets, as described in Note 3(g), have been met.

“Investment Link” assets:

“Investment Link” assets represent financial instruments held for purposes of funding a group of life insurance contracts and for which investment gains and losses are allocated directly to the policyholders who bear the investment and reinvestment risk. Each account has specific characteristics and the assets are carried at fair value. The balances of each account are legally segregated and are not subject to claims that arise out of any other business of the Group. The liabilities linked to these contracts are equal in amount to the assets that support them, net of the commissions that the Group charges for the management of these contracts.

[Content](#)

Deferred acquisition costs (DAC):

These comprise the direct costs that originate with and are related to traditional life and Investment Link insurance contracts, which are deferred; all other acquisition costs are recognized as an expense when incurred. The direct acquisition costs comprise primarily agent commissions corresponding to the underwriting and policy issuance costs.

Subsequent to initial recognition, these costs are amortized on a straight line basis based on the average expiration period of the related insurance contracts. Amortization is recorded in the consolidated statement of income.

DAC for general insurance and health products are amortized over the period in which the related revenues are earned.

DAC are derecognized when the related contracts are either settled or disposed of.

An impairment review is performed at the date of the consolidated statement of financial position or more frequently when an indication of impairment arises. When the recoverable amounts are less than the carrying value an impairment loss is recognized in the consolidated statement of income. DAC is also considered in the liability adequacy test for each reporting period.

Reinsurance commissions:

Commissions on reinsurance contracts for ceded premiums are amortized on a straight line basis over the term of the coverage of the related insurance contract.

Insurance contract liabilities:

(i) Life insurance contract liabilities -

Life insurance liabilities are recognized when contracts are entered into.

The technical reserves maintained by the Group include the reserves of all of the business lines, comprising both the mathematical reserves and those of ongoing risk, as well as the reserves for outstanding claims, settled claims, claim settlement costs, claims incurred but not reported, as applicable to each line.

Due to the nature of the business, the mathematical reserves of the pension lines represent the main part of the Group's reserves, with the line of Life Annuities as the major source of reserves due to the important volume of premiums and as a result of having only single premiums. In order to determine the reserves of this business, the discounted present value of the expected future pensions, calculated on the basis of mortality tables and interest rates. Those are based on the asset portfolio which supports the liabilities. Additionally, the constituted reserves include the amount required to cover the maintenance expenses related to the administration of the payment of future pensions.

The mathematical reserves of the income lines are determined by the sum of the value discounted from future expected pensions to be paid during a defined period or not defined, calculated on the basis of the current mortality and morbidity tables, and the market discount interest rates of the investment portfolio. During 2018, the Group adopted the new mortality tables approved and published by the SBS through Resolution SBS No.886-2018; these tables reflect recent changes in the life expectancy.

[Content](#)

The Group also uses discount rates in measuring annuities, in order to reflect the market value in the measurement of insurance liabilities, as of December 31, 2021 and 2020, the Group uses the market rate for harvests of the portfolio of its financial assets for pension flows shifted by currency (market rates).

As of December 31, 2021 and 2020, the adjustments to the liabilities at each reporting date of the consolidated statement of financial position are recorded in the consolidated statement of income (due to the effects of the variations in the mortality tables) and in the consolidated statement of comprehensive income (due to the effect of the market rate), both effects are included in the consolidated statement of comprehensive income as of December 31, 2021. The liability is derecognized when the contract expires, is discharged or is cancelled.

Also, given that the financial assets that have a direct effect on the annuities are measured at fair value through other comprehensive income, the Group modified the recognition of its annuities with the aim of recognizing in the consolidated statement of comprehensive income the proportion that corresponds to annuities, of the unrealized results generated by the assets and that have a direct effect in said annuities.

On the other hand, in the Individual Life business the Group offers some products which are only risk related and others of risk and savings, the latter being those which comprise the highest percentage of reserves of the line. Risk and savings products can be differentiated between those with a guaranteed interest rate and others without guaranteed interest, the reserve for the first group being equal to the balance of the policy accounts plus the unaccredited surplus interest, and for the second group it is equal to the balance of the policy accounts. Said accounts are established with the premiums collected, tax deductions, expenses and costs of insurance and the accreditation of interest based on the yield of the portfolio which supports said reserves.

Life insurance claims reserves include reserves for reported claims and the estimates of the incurred claims but not reported (IBNR) to the Group. As of December 31, 2019, reserves for claims occurred and not reported were determined on the basis of the Chain Ladder methodology (a generally accepted actuarial method), whereby the weighted average of past claim development is projected into the future; this projection is based on the ratios of occurrence of accumulated past claims. Due to the COVID-19 pandemic, as of December 31, 2021 and 2020, IBNR reserves were calculated in two parts:

- a) IBNR reserve for regular claims and
- b) IBNR reserve for expected excess mortality (deaths above the average number of cases in the pre-pandemic months).

For part a) the reserves were determined based on the Chain Ladder methodology, maintaining the expected loss ratio of the periods prior to the pandemic and for part b) the IBNR reserves were determined based on the estimate of deaths in addition to the average (excess mortality) of each portfolio and subtracting additional claims to the average already reported to the Group. The excess mortality of each portfolio is calculated taking into account the excess mortality experienced in the country by geographic location and age ranges and the representation of the portfolio of policyholders in those same segments. It should be noted that, due to periods of social confinement and stoppage of certain activities, the claim report during 2021 and 2020 has shown greater delays than in previous years, which translates into an increase in IBNR and an increase in claims, likewise, it is reflected in the increase in the reserve for pending claims. In general, claim reserves have been estimated with prudential criteria due to the uncertainty in the loss ratio caused by the pandemic.

At each reporting date, an evaluation is carried out as to whether the life insurance liabilities are adequate, net of the related DAC, by means of a liability adequacy test as established by IFRS 4. As of December 31, 2021 and 2020, the Group's Management concluded that the liabilities are sufficient and, therefore, they have not recognized any additional liability for life insurance contracts.

[Content](#)

(ii) Non-life insurance contract liabilities (which comprise general and healthcare insurance) -

Non-life insurance contract liabilities are recognized when contracts are entered into.

Claims reserves are based on the last estimated cost of all claims incurred but not settled at the date of the consolidated statement of financial position, whether reported or not, together with related claim handling costs and the expected reduction in value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore their ultimate cost cannot be known with certainty at the date of the consolidated statement of financial position.

Claims occurred but not reported are estimated and included in the provision (liabilities). The reserves for claims that have not been reported are determined based on the Chain Ladder methodology (a generally accepted actuarial method) that considers the statistical analysis of the experience in reporting claims of the Group, the expected costs of the claims to be reported and when appropriate, adjustments in the last estimated periods based on the frequency and/or severity of the cases to better reflect the current conditions.

During 2021 and 2020, the Group incorporated in the estimate of the reserve for incurred and unreported claims (IBNR) of the general insurance businesses, adjustments in the expected frequency of claims during the months of confinement, stoppage of transport and activities in the country, as well as the decrease in the insured portfolio that was later recovering its usual level.

In the case of Medical Assistance (“AMED” in Spanish), the IBNR estimate included the estimate of regular claims and also the IBNR estimate for COVID claims, which had a different frequency and cost than regular claims. For the months prior to the pandemic, the estimate of expected claims was maintained considering that during 2021 and 2020 the reporting of claims had a significant delay compared to previous years as a result of the confinement decreed in the country.

For the months of pandemic, from March 2020 onwards, the regular IBNR incorporated in the estimate the decrease in the frequency of outpatient consultations (only hospitalizations and emergencies were attended) while the IBNR COVID included the claims estimated by the pandemic with the costs expected treatment, hospitalizations and intensive care admissions. During 2022, the development and reporting of regular claims and COVID will continue to be monitored, given that activities and mobilization in the country are not yet at the usual levels.

No provision is recognized for stabilization or catastrophic reserves. The liability is written off when the contract expires, is eliminated or canceled.

Technical reserves for non-life insurance contracts comprise the provision for unearned premiums which represents premiums received for risks that have not yet expired. Generally, the reserve is liberated during the term of the contract and is recognized as premium income.

At each reporting date, the Group reviews the risk from outstanding claims and an existing liability adequacy test as laid out under IFRS 4, to determine whether there is any overall excess of expected claims over unearned premiums. If these estimates show that the carrying amount of the unearned premiums is inadequate, the deficiency is recognized in the consolidated statement of income by setting up a provision for liability adequacy. As of December 31, 2021 and 2020, Management determined that the liabilities were adequate; therefore, it has not recorded any additional liabilities for non-life insurance contracts.

[Content](#)

Income recognition:

(i) Gross premiums -

Life insurance contracts -

Gross premiums on life contracts are recognized as revenue when due from the policyholder. For single premium business, revenue is recognized on the date on which the policy is effective.

Non-life insurance contracts -

Gross non-life insurance direct and assumed premiums comprise the total premiums written and are recognized on the date of issue of the policy as a receivable. At the same time, a reserve is recorded for unearned premiums which represent premiums for risks that have not yet expired. Unearned premiums are recognized as income over the contract period which is also the coverage and risk period.

(ii) Fees and commission income -

Investment Link insurance contract policyholders remunerate the Group for policy administration services, investment management services, surrenders and other contract fees. These fees are recognized as revenue in the consolidated statement of income in the period in which the services are provided.

Recognition of benefits, claims and expenses:

(i) Benefits and claims -

The benefits and claims for life insurance contracts include the cost of all claims arising during the year including internal and external claim handling costs that are directly related to the processing and settlement of claims. Death, survival and disability claims are recorded on the basis of notifications received. Pension payments are recorded when they accrue. General and health insurance claims include all claims occurring during the year, whether reported or not, internal and external claim handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustment to claims outstanding from previous years.

(ii) Ceded premiums -

Comprise the total premiums payable for the coverage of the insurance contracts and are recognized on the date on which the validity of the insurance policy commences. Unearned ceded premiums are deferred over the term of the underlying insurance contract.

(iii) Reinsurance claims -

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract.

f) Financial instruments: Initial recognition and subsequent measurement -

A financial instrument is any agreement that originates a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group determined the classification of its financial instruments at the date of initial recognition.

[Content](#)

All the financial instruments are initially recognized at fair value plus the incremental costs related to the transaction that are directly attributable to the purchase or issue of the instrument, except in the case of financial assets or liabilities carried at fair value through profit or loss.

The purchases or sales of financial assets that require the delivery of the assets within a term established according to market regulations or conventions (regular market terms) are recognized on the negotiation date, in other words, the date in which the Group commits to purchase or sell the asset.

As of December 31, 2021 and 2020, the Group classified the financial assets in one of the categories defined by IFRS 9: financial assets at fair value through profit or loss, at fair value through other comprehensive income and at amortized cost, based on:

- The business model for managing the financial assets and
- The characteristics of the contractual cash flows of the financial asset.

Business model -

Represents how the financial assets are managed to generate cash flows and it does not depend on the Management's intention with regard to an individual instrument. Financial assets can be managed for the purpose of: i) obtaining contractual cash flows; ii) obtaining contractual cash flows and sale; or iii) others. In order to evaluate the business models, the Group considers:

- The risks that affect the performance of the business model, and in particular, the way in which these risks are managed.
- How the performance of the business model and the financial assets, held within this business model, are evaluated and informed to the key personnel of the Administration of the Group.

If the cash flows after initial recognition are carried out in a manner other than what is expected by the Group, the classification of the remaining financial assets maintained in this business model is not modified.

When the financial asset is maintained in the business models i) and ii), it requires the application of the "Solely Payments of Principal and Interest" test - "SPPI".

SPPI Test (Solely Payments of Principal and Interest) -

This test consists in the evaluation of the cash flows generated by a financial instrument in order to verify if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest. In order to conform to this concept, the cash flows must solely include the consideration of the time value of money and the credit risk. If the contractual terms introduce risk exposure or cash flow volatility, such as the exposure to changes in the prices of capital instruments or the prices of raw materials, the financial asset is classified at fair value through profit or loss. Hybrid contracts must be evaluated as a whole, including all the integrated characteristics. The accounting of a hybrid contract that contains an embedded derivative is carried out jointly, in other words, the entire instrument is measured at fair value through profit or loss.

(i) Financial assets at amortized cost -

A financial asset is classified at amortized cost if the following conditions are met:

- It is held within a business model the objective of which is to maintain the financial asset to obtain the contractual cash flows, and

[Content](#)

- The contractual conditions give rise, on specified dates, to cash flows that are solely payments of the principal and interest.

After their initial recognition, the financial assets of this category are valued at amortized cost, using the effective interest rate method, minus any credit loss provision. The amortized cost is calculated considering any discount or premium incurred in the acquisition and professional fees that constitute an integral part of the effective interest rate. The interests income are included in the item "Interest and similar income" of the consolidated income statement.

Financial assets at amortized cost include direct credits that are recorded when the disbursement of the funds in favor of the clients is carried out, and indirect (contingent) credits that are recorded when the documents that support said credit facilities are issued. Furthermore, the Group considers as refinanced or restructured those credits that, due to difficulties in payment on the part of the debtor, change their payment schedule.

The impairment loss is calculated using the expected loss approach and recognized in the consolidated income statement in the item "Net gain on securities" for investments and in the item "Provision for credit losses on loan portfolio" for loans.

The balance of the financial assets, measured at amortized cost, is presented net of the provision for credit losses in the consolidated statement of financial position.

The accounting treatment of repurchase and reverse repurchase agreements and securities lending and borrowing is explained in Note 3(f)(v).

(ii) Financial assets at fair value through other comprehensive income -

The financial assets that the Group maintains in this category are : a) investments in debt instruments, and b) investments in equity instruments, not for trading, irrevocably designated at initial recognition.

Investments in debt instruments –

A financial asset is classified and measured at fair value through other comprehensive income when the following conditions are followed:

- The financial asset is maintained within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- The contractual conditions give rise, on specified dates, to cash flows that are solely payments of principal and interest.

After their initial recognition, investments in debt instruments are measured at fair value, recording the unrealized gains and losses in the consolidated statement of comprehensive income, net of their corresponding income tax and non-controlling interest, until the investment is sold; upon which the accumulated profit or loss is recognized in the item "Net gain on securities" of the consolidated statement of income.

Interest is recognized in the consolidated statement of income in the item "Interest and similar income" and it is reported as interest income using the effective interest rate method.

When a debt instrument is designated in a fair value hedging relationship, any change in the fair value due to changes in the hedged risk is recognized in the item "Interest and similar income" of the consolidated statement of income.

The gains or losses due to exchange differences related to the amortized cost of the debt instrument are recognized in the consolidated statement of income, and those related to the difference between the amortized cost and the fair value are recognized as part of the unrealized gain or loss in the consolidated statement of comprehensive income.

[Content](#)

The estimated fair value of the investments in debt instruments is mainly determined based on quotations or, in their absence, based on the discounted cash flows using market rates in accordance with the credit quality and the maturity term of the investment.

The impairment loss of investments in debt instruments is calculated using the expected loss approach and is recognized in the consolidated statement of comprehensive income, charged to the item "Net gain on securities" of the consolidated statement of income; in this sense, it does not reduce the carrying amount of the financial asset in the consolidated statement of financial position, which is maintained at fair value. The impairment loss recognized in the consolidated statement of comprehensive income is reclassified to the consolidated statement of income when the debt instrument is derecognized.

Investments in equity instruments, not for trading, designated upon initial recognition (equity instruments designated at the initial recognition) -

At the moment of their initial recognition, the Group can make an irrevocable choice to present the equity instruments, which are not for trading, but for strategic purposes, in the category "At fair value through other comprehensive income".

After their initial recognition, the equity investments are measured at fair value, recording the unrealized gains and losses in the consolidated statement of comprehensive income, net of their corresponding income tax and non-controlling interest, until the investment is sold, whereupon the accumulated gain or loss is transferred to the item "Retained earnings" of the consolidated statement of changes in equity; in other words, they are not subsequently reclassified to the consolidated statement of income.

As a result, the equity instruments classified in this category do not require a loss impairment evaluation.

Dividends are recognized when the collection right has been established and they are recorded in the item "Interest and similar income" of the consolidated statement of income.

(iii) Financial assets at fair value through profit or loss -

Financial assets must be classified and measured at fair value through profit or loss, unless they are classified and measured at "Amortized cost" or "At fair value through other comprehensive income".

The financial assets that the Group maintains in this category are: a) Investments in debt instruments, b) investments in equity instruments for trading purposes, c) financial assets designated at fair value through profit or loss from their initial recognition, and d) derivative financial instruments for trading purposes.

Debt instruments -

Said instruments are classified in this category since: a) they are maintained for trading purposes, or b) their cash flows are not solely payments of principal and interest.

After their initial recognition they are measured at fair value, recording the changes in the item "Net gain on securities" of the consolidated statement of income. Interests accrued are calculated using the contractual interest rate and recorded in the "Interest and similar income" item of the consolidated statement of income.

[Content](#)

Equity instruments -

Equity instruments are classified and measured at fair value through profit or loss, unless an irrevocable choice is made, at the time of initial recognition, to designate them at fair value through other comprehensive income.

After their initial recognition, they are measured at fair value, recording the changes in the item "Net gains on securities" of the consolidated statement of income. The profit from dividends is recorded in the item "Interest and similar income" of the consolidated statement of income when the right to payment has been recognized.

Financial assets designated at fair value through profit or loss from initial recognition -

Upon initial recognition, Management can irrevocably designate financial assets as measured at fair value through profit or loss, if doing so eliminates or significantly reduces an incongruence of measurement or recognition that would otherwise arise from the measurement of the assets or liabilities or from the recognition of the profit and losses thereof on different bases.

After initial recognition they are measured at fair value, recording the changes in the consolidated statement of income.

As of December 31, 2021 and 2020, the Group classified the financial liabilities upon initial recognition as measured at amortized cost, except in the case of the financial liabilities at fair value through profit or loss. These liabilities include the derivatives measured at fair value.

The interest incurred is accrued in the item "Interest and similar expense" of the consolidated statement of income.

Furthermore, upon initial recognition, Management can irrevocably designate financial liabilities as measured at fair value through profit or loss when one of the following criteria is complied with:

- An incongruence in the measurement is eliminated or significantly reduced, which would otherwise arise from using different criteria to measure assets or liabilities; or
- They are part of a group of financial liabilities, which are managed and their yield is evaluated based on fair value, according to a documented investment strategy or risk management; or
- The financial liability contains one or more embedded derivatives that otherwise significantly modify the required cash flows.

(iv) Reclassification of financial assets and liabilities -

The reclassification of financial assets will always take place as long as the business model that manages financial assets is changed. We expect this change will be less than frequent. These changes are determined by the Group Management as a result of external or internal changes, which must be necessary for the Group's operations and demonstrable against third parties. Therefore, a change in the Group's business model will take place only when it starts or stops carrying out an activity that is significant for its operations. The financial liabilities are never reclassified.

(v) Repurchase and reverse repurchase agreements and securities lending and borrowing –

Securities sold under repurchase agreements at a specified future date are not derecognized from the consolidated statement of financial position as the Group retains substantially all of the risks and rewards of ownership. The cash received is recorded as an asset in "Cash and due from banks" and the corresponding obligation to return it is recognized too, including accrued interest, as a liability in "Payables from repurchase agreements and securities lending", reflecting the transaction's economic substance as a loan to the Group. The difference between the sale and repurchase price was treated as interest expense and accrued over the life of the agreement using the effective interest rate and was recognized in "Interest and similar expenses" of the consolidated statement of income.

[Content](#)

As part of this transaction the Group grants assets as collateral. When the counterparty receives securities and has the right to sell or re-pledge, the Group reclassifies those securities in "Investments at fair value through other comprehensive income pledged as collateral" or "Amortized cost investments pledged as collateral", as appropriate, of the consolidated statement of financial position. When the counterparty receives cash as collateral that will be restricted until the maturity of the contract, the Group reclassifies the cash in "Cash collateral, reverse repurchase agreements and securities borrowings" in the consolidated statement of financial position, which includes accrued interest that is calculated according to the effective interest rate method. Likewise, when the counterparty receives a loan portfolio, the Group maintains these loans in "Loan portfolio, net" in the statement of financial position, whose control is kept in off-balance sheet accounts.

Conversely, securities purchased under reverse repurchase agreements at a specified future date are not recognized in the consolidated statement of financial position. The cash granted is recorded as an outgoing asset in "Cash and due from banks" account and the corresponding right to charge it, including accrued interest, is recorded in "Cash collateral, reverse repurchase agreements and securities borrowing", reflecting the transaction's economic substance as a loan granted by the Group. The difference between the purchase and resale price is recorded in "Interest and similar income" of the consolidated statement of income and is accrued over the life of the agreement using the effective interest rate method.

If securities purchased under reverse repurchase agreement are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale in the consolidated statement of financial position as "Financial liabilities at fair value through profit or loss" and measured at fair value, with any gains or losses included in the consolidated statement of income as "Net gain on securities".

Securities lending and borrowing transactions are usually collateralized by securities. The transfer of the securities to counterparties is only reflected in the consolidated statement of financial position if the risks and rewards of ownership are also transferred.

g) De-recognition of financial assets and liabilities -

Financial assets:

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized when: (i) the rights to receive cash flows from the asset have expired; or (ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement.

In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of (i) the original carrying amount of the asset, and (ii) the maximum amount of consideration that the Group could be required to repay.

[Content](#)

Financial liabilities:

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a withdrawal of the original liability and the recognition of a new liability; the difference between the carrying amount of the original financial liability and the consideration paid is recognized in the consolidated statement of income.

h) Offsetting financial instruments -

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and Management has the intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

i) Impairment of financial assets -

As of December 31, 2021 and 2020, the Group applies a three-stage approach to measure the provision for credit loss, using an impairment model based on the expected credit losses as established in IFRS 9, for the following categories:

- Financial assets at amortized cost,
- Debt instruments classified as investments at fair value through other comprehensive income, and
- Indirect loans that are presented in off-balance accounts.

The financial assets classified or designated at fair value through profit of loss and the equity instruments designated at fair value through other comprehensive income, are not subject to impairment evaluation.

Financial assets migrate through three stages according to the change in the credit risk from the initial recognition.

Impairment model of expected credit losses -

The calculations of credit losses are products of models with a series of underlying assumptions with regard to the choice of the variable inputs and their interdependencies. The impairment model for expected credit loss reflects the present value of all the cash deficit events related to the events of default, whether (i) during the following twelve months or (ii) during the expected useful life of a financial instrument depending on the impairment of the credit from the beginning. The expected credit loss reflects an unbiased result weighted by probability that considers a range of multiple outcomes based on reasonable and supportable forecasts.

The provisions for credit losses will be measured on each reporting date following a three-stage model of expected credit losses based on the degree of credit impairment from its origin:

- Stage 1: Financial assets whose credit risk has not increased significantly since its initial recognition, a reserve will be recognized for losses equivalent to the credit losses expected to occur from defaults in the following 12 months. For those instruments with a maturity less than 12 months, a probability of default corresponding to the remaining term until maturity is used.

[Content](#)

- Stage 2: Financial assets that have presented a significant increase in credit risk compared with initial recognition, but are not considered impaired, a reserve will be recognized for losses equivalent to the credit losses expected to occur during the remaining life of the asset.
- Stage 3: Financial assets with evidence of impairment on the reporting date, a reserve will be recognized for losses equivalent to the expected credit losses during the entire life of the asset. The interest income will be recognized based on the carrying amount of the asset, net of the loss reserve.

Measurement of the expected loss -

The measurement of the expected credit loss is mainly based on the product of probability of default (PD), loss given default (LGD), and exposure at default (EAD), discounted at the reporting date and considering the expected macroeconomic effects and all in accordance with the new regulation.

The details of these statistical parameters are the following:

- PD: is an estimate of the probability of default in a determined time horizon. A default can only occur at a determined moment during the remaining estimated life, if the provision has not been previously derecognized and it is still in the loan portfolio.
- LGD: is an estimate of the loss produced in the case a predetermined value is produced at a given time. It is based on the difference between the contractual cash flows owed and those that the lender would expect to receive, even after the liquidation of any guarantee. Generally, it is expressed as a percentage of the EAD.
- EAD: is an estimate of the exposure on a future default date, which considers the changes expected in the exposure after the reporting date, including the reimbursements of principal and interest, whether programmed by contract or otherwise, and the interest accrued due to default payments.

The fundamental difference between the credit loss considered as Stage 1 and Stage 2 is the PD horizon. The estimates of Stage 1 use a 12-month horizon, while those situated in Stage 2 use an expected loss calculated with the remaining term of the asset and consider the effect of the significant increase in credit risk. Finally, Stage 3 will estimate the expected loss based on the best estimate ("ELBE"), according to the situation of the collection process of each asset.

Changes from one stage to another -

The classification of an instrument as stage 1 or stage 2 depends on the concept of "significant increase in credit risk" on the reporting date compared with the origination date; in this sense, the definition used considers the following criteria:

- An account is classified in stage 2 if it has more than 30 days in arrears.
- Risk thresholds have been established based on the internal models and based on relative difference thresholds (by portfolio and risk level) in which the instrument was originated.
- The follow-up systems, alerts and monitoring of risk portfolios are integrated, as established by the current risk policy in Wholesale and Retail Banking.

Additionally, all the accounts that are classified as default on the reporting date are considered as stage 3. The significant risk increase evaluations from their initial recognition and of credit impairment are carried out independently on each reporting date. The assets can move in both directions, from one stage to another. See more detail in Note 34.1(c).

[Content](#)

Prospective information -

The measurement of expected credit losses for each stage and the evaluation of significant increases in credit risk must consider information regarding previous events and current conditions, as well as the projections of future events and economic conditions. The estimate of the risk parameters (PD, LGD, EAD), used in the calculation of the provision in stages 1 and 2, included macroeconomic variables that differ between portfolios. These projections have a 3-year period and, additionally, a long-term projection.

The estimate of expected losses for stages 1, 2 and 3 will be a weighted estimate that considers three future macroeconomic scenarios. The base, optimist and pessimist scenarios are based on macroeconomic projections provided by the internal team of economic studies and approved by Senior Management. This same team also provides the probabilities of occurrence of each scenario. It should be stated, that the design of the scenario is adjusted at least once a year, with the possibility of a greater frequency if required by the surrounding conditions.

Macroeconomic factors -

In its models, the Group bases itself on a wide variety of prospective information such as economic inputs, including: the growth of the gross domestic product (GDP), unemployment rates, the base rates of the central bank, among others. It is possible that the inputs and models used to calculate the expected credit losses do not always capture all the market characteristics on the date of the financial statements. To reflect this, qualitative adjustments or overlays such as temporary adjustments can be carried out using the opinion of experts.

Expected life -

For the instruments in Stage 2 or 3, the reserves for losses will cover the lifetime expected credit losses of the instrument. For the majority of the instruments, the expected life is limited to the remaining term of the product, adjusted by expected advance payments. In the case of revolving products, an analysis was carried out in order to determine the expected life period.

Presentation of allowance for loan losses in the consolidated statement of financial position -

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the financial assets;
- Debt instruments measured at fair value through other comprehensive income: it does not recognize any provision in the statement of financial position because the carrying amount of these assets is their fair value; however, the expected credit loss is presented in other comprehensive income;
- Indirect loans: the credit loss provision is presented in the item "Other liabilities" of the statement of financial position.

Policy applicable up to December 31, 2017 -

The Group assessed at the end of each period whether there was any objective evidence that a financial asset or a group of financial assets was impaired. An impairment existed if one or more events that has occurred since the initial recognition of the asset (an incurred "loss event"), had had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. Evidence of impairment could have included indications that the borrower or a group of borrowers was experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability of bankruptcy or other legal financial reorganization process and where observable data indicate that there was a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

[Content](#)

The criterion used for each category of financial assets was follows:

(i) Financial assets carried at amortized cost -

For loans, receivables and held-to-maturity investments that were carried at amortized cost, the Group first assessed whether impairment existed individually for financial assets that were individually significant, or collectively for financial assets that were not individually significant. If the Group determined that no objective evidence of impairment existed for an individually assessed financial asset, whether significant or not, it included that asset in a group of financial assets with similar credit risk characteristics and collectively assessed them for impairment. Assets that were individually assessed for impairment and for which an impairment loss was, or continues to be, recognized were not included in a collective assessment of impairment.

The amount of any impairment loss identified was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that had not yet been incurred).

The carrying amount of the asset was reduced through the use of a provision account and the amount of the loss was recognized in the consolidated statement of income. A loan, together with the respective associated provision, was written off when classified as a loss and was fully provisioned and there was real and verifiable evidence that the loan was irrecoverable and collection efforts had been concluded without success, the impossibility of foreclosures or all collateral had been realized or had been transferred to the Group.

If in any subsequent year, the amount of the estimated impairment loss increased or decreased because of an event occurring after the impairment was recognized, the previously recognized impairment loss was increased or reduced by adjusting the provision account. If in the future a written-off loan was later recovered, the recovery was recognized in the consolidated statement of income, as a credit to "Recovery of written off loans".

The present value of the estimated future cash flows was discounted at the financial asset's original effective interest rate. If a loan had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflected the cash flows that could have resulted from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure was probable.

For collective assessment of impairment, financial assets were grouped considering the Group's internal credit rating system, which considered credit risk characteristics; for example: asset type, industry, geographical location, collateral type and past-due status and other relevant factors.

Future cash flows from a group of financial assets that were collectively evaluated for impairment were estimated on the basis of historical loss experience for assets with similar credit risk characteristics to those in the group. Historical loss experience was adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the years on which the historical loss experience was based and to remove the effects of conditions in the historical period that did not exist. The methodology and assumptions used were reviewed regularly to reduce any differences between loss estimates and actual loss experience.

[Content](#)

(ii) Available-for-sale investments -

For available-for-sale financial investments, the Group assessed at each date of the consolidated statement of financial position whether there was objective evidence that an investment or a group of investments was impaired.

In the case of equity investments, objective evidence could have included a significant or prolonged decline in their fair value below cost. "Significant" was to be evaluated against the original cost of the investment and "prolonged" against the period in which the fair value had been below its original cost. The determination of what was "significant" or "prolonged" required judgment. In making this judgment, the Group evaluated, among other factors, the duration or extent to which the fair value of an investment was less than its cost.

When there was evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any previously recognized impairment loss) was removed from the available-for-sale investments reserve of the consolidated statement of changes in equity and recognized in the consolidated statement of income. Impairment losses on equity investments were not reversed through the consolidated statement of income; increases in their fair value after impairment were recognized directly in the consolidated statement of comprehensive income.

In the case of debt instruments, impairment was assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment was the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated statement of income. Future interest income was based on the reduced carrying amount and was accrued using the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss. Interest income was recorded as part of "Interest and similar income" of the consolidated statement of income. If in a subsequent year, the fair value of a debt instrument increases and the increase could be objectively related to an event occurring after the impairment loss was recognized in the consolidated statements of income, the impairment loss was reversed through the consolidated statement of income.

Renegotiated loans -

When a loan is modified, it is not considered as past due but maintained its previous classification as impaired or not impaired. If the debtor complied with the new agreement over the following six months, and an analysis of its payment capacity supported a new improved risk classification, the loan is classified as not impaired. If, subsequent to the loan modification, the debtor failed to comply with the new agreement, it is considered as impaired and past due.

j) Leases -

As of December 31, 2021 and 2020, the Group maintains mainly lease premises, used as offices and agencies, and servers and technological platforms, which were registered in accordance with the provisions of IFRS 16 "Leases". This standard considers that a contract is, or contains, a lease if the contract transfers the right to control the use of an identified asset for a period of time in exchange for a consideration.

Initial Recognition -

The lease contracts are recorded in the consolidated statement of financial position as a right-of-use asset and a lease liability in the date the leased asset is available for use.

[Content](#)

The right-of-use assets are initially recognized at cost including the following:

- The amount of the initial measurement of the lease liability.
- Any lease payment paid to the lessor before the start date or on the same date.
- Direct costs incurred and costs for dismantling or rehabilitation, if any.

Lease liabilities include the present value of fixed payments and variable lease payments that are based on an index or rate. Lease payments that will be made under renewal options with reasonable certainty of being exercised are included in the measurement of the liability.

Lease payments are discounted using the interest rate implicit in the lease, if that rate could be determined easily, or the incremental interest rate by loans of the lessee, which is the interest rate that the lessee would have to pay for borrowing for a term similar, the funds necessary to obtain an asset of similar value asset by the right-of-use in a similar economic environment with similar terms, guarantees and conditions.

In determining the term of the lease, Management considers all the facts and circumstances that create an economic incentive to exercise the extension option, or not to exercise a termination option. Likewise, the estimation of the extension or termination options will be revalued only if an event or changes in the circumstances occur within the control of the entity that affects said estimate.

Subsequent Recognition –

The right-of-use asset is generally depreciated in a straight line during the shortest period of the asset's useful life and the lease term. If the Group is reasonably certain of exercising a purchase option, the right-of-use asset depreciates over the useful life of the underlying asset.

The Group has chosen to measure the asset at cost less depreciation and accumulated impairment loss, and adjusting any new measurement of the lease liability. Depreciation is calculated in a straight line within the term of the lease.

The liability will be recorded at its amortized cost, that is, it will be increased to reflect the accrued interest, recognized in the heading "Interest, returns and similar expenses" of the consolidated statement of income, and the fees paid will be subtracted.

Likewise, the balance of the liability will be reviewed in the following cases:

- When there is a change in the expected amount to be paid under a residual value guarantee.
- When there is a change in future lease installments to reflect the variation in an index or interest rate.
- When there is a change in the terms of the lease.
- When there is a change in the evaluation of an option to purchase the underlying asset.

The changes will be recorded as an adjustment of the lease liability and the right of use, unless the book value of the right of use has been reduced to zero, in which case it must be recorded against the consolidated statement of income.

Short-term leases with little significant value are recognized in a straight line as an expense in the "Administrative expenses" item of the consolidated statement of income.

The accounting treatment of lessors continues with a similar model to that of IAS 17; In that sense, lessors continue to perform a classification test to distinguish between financial and operating leases.

[Content](#)

k) Property, furniture and equipment -

Property, furniture and equipment are recorded at historical acquisition cost less accumulated depreciation and impairment losses, if applicable. Historical acquisition costs include expenditures that are directly attributable to the acquired property, furniture or equipment. Maintenance and repair costs are charged to the consolidated statement of income; significant renewals and improvements are capitalized when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow from the use of the acquired property, furniture or equipment.

Land is not depreciated. Depreciation is calculated using the straight-line method over the estimated useful lives, which are as follows:

	<u>Years</u>
Buildings and other construction	33
Installations	10
Furniture and fixtures	10
Vehicles and equipment	5
Computer hardware	4

An item of property, furniture and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income.

Assets' residual value and the selected useful life are periodically reviewed to ensure that they are consistent with current economic benefits and life expectancy.

l) Investment properties -

Investment properties are held to earn rentals or for capital appreciation or both rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business. Property that is being constructed or developed for future use as investment property is recognized at cost before completion.

Investment properties are initially measured at fair value, which is the purchase transaction price, unless otherwise indicated. Transaction costs are included in the initial measurement, which includes the purchase price and any other cost directly attributable to the transaction.

For subsequent recognition, an entity shall choose as its accounting policy either the fair value model or the cost model and shall apply that policy to all its investment property. At the date of the consolidated financial statements, the Group has opted for keeping the cost model. Accordingly, investment properties are accounted for at their acquisition cost less accumulated depreciation and the accumulated impairment losses, if any.

An entity can opt for recognizing and depreciating separately the components of an investment property or as a single unit for recording and depreciation purposes. The Group recognizes as a single unit each of its investment properties and has estimated a useful life of 33 years for purposes of determining depreciation under the straight-line method.

[Content](#)

Rental income is recognized as rents that are accrued under the related rental agreement; depreciation expenses as well as related expenses directly with the maintenance of the leased assets, they are recorded net in the item of "Other Income" of the consolidated statement of income.

Seized assets -

Seized assets are recorded at the lower of cost or estimated market value, which is obtained from valuations made by independent appraisers. Reductions in book values are recorded in the consolidated statement of income.

m) Business combination -

Business combinations made are accounted for using the acquisition method in accordance with IFRS 3 "Business Combination", regardless of whether they are equity instruments or other acquired assets.

The acquisition cost is the sum of the consideration paid for the acquisition measured at fair value at the acquisition date and the amount of the share in the non-controlling interest acquired. For each business combination the Group decides whether to measure the non-controlling interest in the acquiree at fair value or at the proportional share in the identifiable net assets of the acquired. Acquisition-related costs are recognized as expenses and are included within "Administrative expenses" in the consolidated statement of income.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for its own classification and denomination according to the contractual terms, economic circumstances and prevailing conditions at the date of acquisition. This includes the separation of embedded derivative contracts signed by the acquiree.

Any contingency transferred by the acquirer is recognized at fair value at the acquisition date. The contingency classified as an asset or liability that is a financial instrument and is within the scope of IFRS 9 "Financial instruments", is measured at fair value with changes recognized in the consolidated statement of income or consolidated statement of comprehensive income. If the contingency is not within the scope of IFRS 9, it is measured in accordance with the applicable IFRS. A contingency that is classified as equity should not be measured again and its subsequent settlement is accounted for within equity.

The acquisition of a non-controlling interest is recorded directly in net equity, any difference between the amount paid and the acquired net assets is recorded as an equity transaction. Accordingly, the Group recognizes no additional goodwill after the acquisition of the non-controlling interest, nor does it recognize any profit or loss from the disposal of the non-controlling interest. Equity attributable to the non-controlling interest is shown separately in the consolidated statement of financial position. Profit attributable to the non-controlling interest is shown separately in the consolidated statement of income and consolidated statement of comprehensive income.

If a business combination achieved in stages, the acquisition date and the value of the previous participation of the acquirer is measured again at a fair value at the date of acquisition. The gains or losses arising from such remedy are recognized in profit or loss. Likewise, in accordance with IFRS 3, from the date of acquisition of a company that isn't under common control, the acquirer has a subsequent 12-month period to be able to adjust the initial recognition of goodwill. During 2021 the Group hasn't carried out business combinations of acquired entities except for those detailed in Note 2(a).

Combinations of entities under common control

A business combination between entities or businesses under common control is outside the scope of IFRS 3, because it corresponds to a business combination in which all the entities or businesses that are combined are controlled, ultimately, by the same part or parts, before and after the business combination. In these transactions, the Group recognizes the assets acquired under the interest unification method, whereby the assets and liabilities of the combined companies are reflected at their book values and no goodwill is recognized as a result of the combination.

[Content](#)

The consolidated financial statements of the Group have been presented considering the aforementioned. See Note 2(a).

n) Intangible assets -

Comprise internally developed and acquired software licenses used by the Group. Acquired software licenses are measured upon initial recognition at cost and are amortized using the straight-line method over their estimated useful life (between 3 and 5 years).

Intangible assets identified as a consequence of the acquisition of subsidiaries are recognized in the consolidated statement of financial position at their fair values determined on the acquisition date and are amortized using the straight line method over their estimated useful life as follows:

	Estimated useful life in years
Client relationship - Prima AFP (AFP Unión Vida)	20
Client relationship - Credicorp Capital Holding Chile (Inversiones IMT)	22
Client relationship - Edyficar Perú	10
Client relationship - Mibanco	7
Client relationship - Ultraserfinco	9.2
Brand - Mibanco	25
Brand - Culqi	5
Fund manager contract - Credicorp Capital Colombia	20 and 28
Fund manager contract - Credicorp Capital Holding Chile (Inversiones IMT)	11 and 24
Fund manager contract - Ultraserfinco	23
Core deposits - Mibanco	6
Others	Between 3 and 7.5

The period and the amortization method, for intangible assets are reviewed at the end of each period. If the expected useful life differs from previous estimates, the amortization period will be changed accordingly. If there has been a change in the expected pattern of conduct of the future economic benefits embodied in the asset, the amortization method shall be amended to reflect these changes.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

o) Goodwill -

Goodwill is the excess of the aggregate of the consideration transferred and the fair value recognized for the acquisition of the net value of the identifiable net assets acquired and liabilities assumed. If the fair value of the net assets acquired exceeds the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to these units.

[Content](#)

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill and the assets disposed of are included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

p) Impairment of non-financial assets -

The Group assesses, at each reporting date, whether there is an indicator that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of the value of the asset or the CGU less costs to sell and its value in use and is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are considered, if any. If this kind of transactions cannot be identified, an appropriate valuation model is used. These calculations are verified against valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For non-financial assets, excluding goodwill, an assessment is made at each reporting date of whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

q) Due from customers on banker's acceptances -

Due from customers on banker's acceptances corresponds to accounts payable from customers for import and export transactions, whose obligations have been accepted by the Group. The obligations that must be assumed by the Group for such transactions are recorded as liabilities.

r) Financial guarantees -

In the ordinary course of business, the Group issues financial guarantees, such as letters of credit, guarantees and banker's acceptances. Financial guarantees are initially recognized at fair value, which is equivalent to the commission initially received, also, letters of credit and guarantees are recorded in caption "Other liabilities" of the consolidated statement of financial position and banker's acceptances are presented in the consolidated statement of financial position. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognized less, when appropriate, cumulative amortization recognized in the consolidated statement of income, and the best estimate of expenditure required to settle any financial obligation arising as a result of the financial guarantee.

[Content](#)

Any increase in the liability relating to a financial guarantee is included in the consolidated statement of income. The commission received is recognized in "Commissions and fees" of the consolidated statement of income on a straight line basis over the life of the granted financial guarantee.

s) Provisions -

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle said obligation and a reliable estimate of the amount can be made.

The expense relating to any provision is presented in the consolidated statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the specific risks of the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

t) Contingencies -

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the Notes, unless the probability of an outflow of resources is remote. Contingent assets are not recorded in the financial statements; they are disclosed if it is probable that an inflow of economic benefits will be realized.

u) Income tax -

Income tax is computed based on the individual financial statements of each of the Group's members.

Deferred income tax reflects the effects of temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts determined for tax purposes. Deferred assets and liabilities are measured using the tax rates expected to be applied to taxable income in the years in which temporary differences are expected to be recovered or eliminated. The measurement of deferred assets and deferred liabilities reflects the tax consequences that arise from the manner in which Credicorp and its Subsidiaries expect, at the date of the consolidated statement of financial position, to recover or settle the carrying amount of its assets and liabilities.

The carrying amount of deferred tax assets and liabilities may change, even though there is no change in the amount of the related temporary differences, due to a change in the income tax rate. In this case, the resulting change in deferred tax, corresponding to the change in rate, will be recognized in profit or loss, except to the extent that it relates to items previously recognized outside of the consolidated income statement (either in other comprehensive income or directly in equity).

Deferred tax assets and liabilities are recognized regardless of when the timing differences are likely to reverse. Deferred tax assets are recognized when it is likely to exist sufficient tax benefits for the application of temporary difference. At the date of the consolidated statement of financial position, Credicorp and its Subsidiaries assess unrecognized deferred assets and the carrying amount of recognized deferred assets.

Credicorp and its Subsidiaries determine their deferred income tax based on the tax rate applicable to their undistributed earnings; any additional tax on dividend distribution is recorded on the date a liability is recognized.

[Content](#)

Deferred tax assets and liabilities are offset if there is a legal right of offset and the deferred taxes are related to the same taxpaying entity and the same tax authority.

v) Earnings per share -

Basic earnings per share is calculated by dividing the net profit for the year attributable to Credicorp's equity holders by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased and held as treasury stock.

Diluted earnings per share is calculated by dividing the net profit attributable to Credicorp's equity holders by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased and held as treasury stock, plus the weighted average number of ordinary shares that would have been issued if all potential ordinary shares with dilutive effect have been converted into ordinary shares.

w) Share-based payment transactions -

The cost of the Group's remuneration plan is recognized, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date').

The cumulative expense recognized for equity-settled liquidations at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense is recorded in "Salaries and employee benefits" of the consolidated statement of income.

When the terms of a share-based liquidation are modified, the minimum expense recognized is maintained as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or which is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of the shares granted under this plan is reflected as a share dilution in the computation of diluted earnings per share, see paragraph (w) above.

x) Derivative financial instruments and hedge accounting -

Trading -

The Group negotiates derivative financial instruments in order to meet its costumers needs. The Group may also take positions with the expectation of profiting from favorable movements in prices, rates or indexes.

Part of the transactions with derivatives, which provide effective economic hedges under the Group's risk management positions, do not qualify for hedge accounting under the specific rules of IFRS 9 and are, therefore, treated as trading derivatives.

Derivative financial instruments are initially recognized at fair value in the consolidated statement of financial position and subsequently are remeasured at fair value. Fair values are estimated based on the market exchange and interest rates. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Gain and losses for changes in their fair value are recorded in the consolidated statement of income.

Hedging -

The Group uses derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Group applies hedge accounting for transactions which meet the specified criteria.

[Content](#)

In accordance with IFRS 9, to qualify as hedging operations, all the following conditions must be met:

- The coverage ratio consists only of hedging instruments and hedged items eligible.
- At inception, the Group formally designates and documents the hedge relationship, the risk management objective and strategy for using the hedge. This documentation includes the identification of the hedging instrument, the hedged item, the nature of the risk being hedged and a description of how the Group assesses whether the hedging relationship meets the hedge effectiveness requirements.
- The hedge relationship meets all of the following hedge effectiveness requirements:
 - An economic relationship between the hedged item and the hedging instrument.
 - The effect of credit risk does not dominate the value changes that result from the economic relationship.
 - The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

The accounting treatment is established based on the nature of the hedged item and compliance with hedging criteria.

i) Cash flow hedges -

The effective portion of the accumulated gain or loss on the hedging instrument is recognized directly as part of other comprehensive income in "Cash flow hedge reserve" in the consolidated statement of changes in equity, and it is reclassified to the consolidated statement of income in the same period or periods in which the covered operation affects results; that is, when income or financial expenses related with coverage are registered, or when a forecasted transaction occurs.

The part of the gain or loss in derivatives that represents the ineffective portion is recognized immediately in the consolidated statement of income.

Amounts originally recognized in other comprehensive income and subsequently reclassified to the consolidated statement of income are registered as expenses or income in the cases in which the hedged item is reported.

If the forecasted transaction or firm commitment is no longer expected to occur, the accumulated gain or loss previously recognized in the cash flow hedge reserve is transferred to the consolidated statement of income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any unrealized accumulated gain or loss previously in the cash flow hedge reserve remains in said reserve until the planned transaction or firm commitment affects profit or loss. At the same time, the derivative is recorded as a trading derivative.

ii) Fair value hedges -

The change in the fair value of a fair value hedge and the change in the fair value of the hedged item attributable to the risk hedged are recorded as a part of the carrying value of the hedged item and recognized in the consolidated statement of income.

For fair value hedges relating to items carried at amortized cost, any adjustment to the carrying amount of these items, as a result of discontinuation of the hedge, will be amortized through the consolidated statement of income over the remaining life of the hedge. Amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

[Content](#)

If the hedged item is derecognized, the unamortized fair value is recognized immediately in the consolidated statement of income.

The hedge relationship is terminated when the hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. For fair value hedges related to items recorded at amortized cost, the difference between the carrying value of the hedged item on termination and the face value is amortized over the remaining term of the original hedge using the effective interest rate. If the hedged item is derecognized, the unamortized fair value adjustment is recognized immediately in the consolidated statement of income. At the same time, the derivative is recorded as a trading derivative.

iii) Hedges of net investments in foreign businesses -

Hedges of net investments in foreign operations are recognized for in a similar manner to cash flow hedges.

Any gain or loss on the hedging instrument related to the effective portion of the hedge is recognized in other comprehensive income and accumulated in the caption "Exchange differences on translation of foreign operations" of the consolidated statement of changes in net equity. The gain or loss related to the ineffective portion is recognized immediately in the consolidated statement of income under "Other income" or "Other expenses".

Accumulated gains and losses in the consolidated statement of changes in net equity are reclassified to the consolidated statement of income when the net investment abroad is disposed or sold partially.

iv) Embedded derivatives -

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and said host contract is not held for trading or designated at fair value through profit or loss.

The Group has investments indexed to certain life insurance contracts liabilities, denominated "Investment Link". These instruments have been classified at inception by the Group as "Financial instruments at fair value through profit or loss", See Note 3(f)(iii) for the periods 2021 and 2020, and Note 8.

y) Fair value measurement -

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. Also, the fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

[Content](#)

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of input used that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized at fair value in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Also, fair values of financial instruments measured at amortized cost are disclosed in Note 34.7(b).

z) Segment reporting -

The Group reports financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria.

Operating segments are a component of an entity for which separate financial information is available that is evaluated regularly by the entity's Chief Operating Decision Maker ("CODM") in making decisions about how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the same basis as it is used internally for evaluating operating segments' performance and deciding how to allocate resources to segments, Note 31.

ab) Fiduciary activities, management of funds and pension funds –

The Group provides custody, trustee, investment management and advisory services to third parties that result in the holding of assets on their behalf. These assets and income arising thereon are excluded from these consolidated financial statements, as they are not assets of the Group, Note 34.11.

Commissions generated for these activities are included as "Commissions and fees" of the consolidated statement of income.

ac) Cash and cash equivalents -

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise balances of cash and non-restricted balances with central banks, overnight deposits, interbank funds, time deposits with maturities of three months or less from the date of acquisition, excluding restricted cash, see Note 4(a).

[Content](#)

Cash collateral pledged as a part of a repurchase agreement is presented in "Cash collateral, reverse repurchase agreement and securities borrowings" in the consolidated statement of financial position, see Note 5(a).

Cash collateral pledged in the negotiation of derivative financial instrument and others are presented in "Other assets" in the consolidated statement of financial position, See Note 13.

ad) International Financial Reporting Standards issued but not yet effective -

The Group decided not to early adopt the following standards and interpretations that were issued but are not effective as of December 31, 2021:

(i) IFRS 17 "Insurance Contracts" -

IFRS 17 was issued in May 2017 in replacement of IFRS 4 "Insurance Contracts". This standard requires a current measurement model, where estimate are remeasured in each reporting period. The contracts are measured using the building blocks of:

- Discounted- weighted of probability cash flows
- An explicit risk adjustment, and

- A contractual service margin which represents the unearned profit of the contract recognized as income over the coverage.

IFRS 17 applies to all types of insurance contracts (life, non-life and reinsurance insurance), regardless of the type of entities that issue them, as well as certain guarantees and financial instruments with certain discretionary participation characteristics. The general objective of IFRS 17 is to provide an accounting model that is more useful and uniform for insurance entities. Unlike IFRS 4, which relies heavily on the application of existing / local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, which covers all relevant accounting aspects.

The standard permits a choice between recognizing the changes in discount rates, either in the statement of income or directly in other comprehensive income. The choice probably reflects how insurers record their financial assets according to IFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model denominated "Variable commissions method" for certain contracts of insurers with life insurance in which the insured share the yields from the underlying elements. Upon applying the variable commissions' method, the entity's participation in changes in fair value of the underlying elements is included in the contractual service margin. Therefore, it is probable that the results of the insurers that use this model will be less volatile than under the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

Also, its implementation will modify the recognition, measurement, presentation and disclosure of insurance contracts having a significant impact on the underlying valuation models, systems, processes, internal controls and other fundamental aspects of the insurance business.

The Group has established governance structures related to the IFRS 17 project with the Audit Committee as the highest instance. As required by the standard, currently, the entities that make up the Group are in the process of determining the impact of their application.

[Content](#)

Initially, IFRS 17 would apply to annual periods beginning on or after January 1, 2021; however, the IASB agreed to defer the effective date of application to annual periods beginning on or after January 1, 2023.

Early adoption is permitted, as long as the Group also applies IFRS 9 and IFRS 15 on the date on which IFRS 17 is applied for the first time.

The Group is currently evaluating the impact that this amendment may have on its consolidated financial statements.

(ii) Amendment of IAS16 - Property, Plant and Equipment: Product prior to use -

In May 2020, the Board of International Accounting Standards issued the Property, Plant and Equipment rule: Product prior to foreseen use, which prohibits companies from deducting from the cost of an article of Property, Plant and Equipment any product of the sale of articles produced while said asset is transported to the location and the conditions are adequate for it to operate in the manner foreseen by the administration. Instead, an entity must recognize the product of the sale of said articles and the costs of production of the same in the profit and loss statement.

These amendments go into effect on January 1, 2022 and must be applied retrospectively to articles of property, plant and equipment that are made available for use on or after the beginning with the first period that the entity applied the amendment for the first time.

The Group is currently assessing the impact of this may have on the consolidated financial statements.

(iii) Amendments to IFRS 3 - Reference to the conceptual Framework -

Minor amendments were made to IFRS 3 Business combinations to update references to the Conceptual Framework for Financial Information and add an exception to recognize liabilities and contingent liabilities within the scope of IAS37 Provisions, Contingent Liabilities and the Interpretation IFRIC 21 Levies.

The amendments also confirm that contingent assessment should not be recognized on the date of acquisition.

The amendment will be in effect for annual periods reported on or after January 1, 2022.

The Group is currently assessing the impact that this amendment may have on the consolidated financial statements.

(iv) Onerous Contracts - Cost of complying with a contract – Amendments to IAS37 -

In May 2020, the Board of International Standards for Accounting issued amendments to IAS 37 to specify which cost an entity must include when assessing if a contract is onerous or generates losses.

The amendment to IAS37 clarifies that the direct costs of complying with a contract include both the incremental costs of complying with the contract and the assignment of other costs directly required to comply with the contracts. Prior to recognizing a separate provision for the onerous contract, the entity will recognize any loss for impairment that occurred relative to the assets used to comply with the contract.

The Amendment is effective for the annual periods reported begin inning on or after January 1, 2022.

[Content](#)

The Company will apply this amendment to contracts that have yet to comply with all their obligations by the beginning of the annual period reported, which will constitute the first time that said amendments are applied.

The Group is currently assessing the impact that this amendment may have on its consolidated financial statements.

(v) Annual improvements to the IFRS Cycle 2018 - 2020 -

As part of its annual improvements 2018-2020 to the standard process of IFRS, in May 2020, the Board for International Accounting Standards issued the following amendments:

- IFRS Financial Instruments – clarifies that commissions must be included in the test of 10.0 percent for derecognition of financial liabilities.
- IFRS 16 Leasing – amendment to the illustrative example 13 to eliminate the example of lessor payment related to improvements in the object of leasing to eliminate any confusion regarding the treatment of leasing incentives.
- IFRS 1 First-time adoption of international standards of financial information –permits entities that have measured their assets and liabilities at the value of registered books in their headquarters’ books to also measure any difference of accumulated conversion by using the amounts reported by headquarters. This amendment will also apply to associates and joint ventures that have taken the same expectation to IFRS 1.
- IAS41 Agriculture – elimination of the requirement that entities exclude cash flows of taxes when it measures the reasonable value according to IAS41. This amendment’s objective is to align with the standard’s requirement to discount cash flows on an after-tax basis.

The amendments will be effective for reported annual periods beginning on or after January 1, 2022 with permissible anticipated adoption.

The Company will apply amendments related to financial liabilities. Leasing, which will be applied at or after the beginning of the annual reported period in which the entity first applied amendments.

The Group is currently assessing the impact that this amendment can have on consolidated financial statements.

(vi) Amendment to IAS1: Classification of Liabilities as Current or Not Current -

The amendments to IAS1 Presentation of Financial Statements clarifies that liabilities that classify as current or non-current, depending on the rights that exist at the end of the period reported. The classification is not affected by the entity’s expectations or events subsequent to the date of presentation (for example, the reception of a dispensation or breach of agreement).

The amendments also clarify what IAS1 means when it refers to “liquidating” a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered managements’ intentions to determine the classification and some liabilities may become equity.

Amendments must be applied retroactively in accordance with the normal requirement of IAS8 Accounting Policies, Changes in Accounting Estimates and Errors.

[Content](#)

In May 2020, IASB issued a Proposed Standard to postpone the date that amendments go into effect until January 2023.

Amendments are effective for annual reported periods on or after January 1, 2023 and must be applied retrospectively.

The Group is currently assessing the impact that this amendment may have on the consolidated financial statements.

(vii) Disclosure of accounting policies – Amendments to IAS 1 and the Practice Statement 2 –

Originally, the IAS stipulated that “significant” accounting policies must be divulged. With this amendment, there is a specification that disclosure must be for “material” accounting policies. This amendment incorporates the definition of what is considered “information on material accounting policies” and explains how to identify this type of information. Additionally, the amendment clarifies that it is not necessary to divulge information on immaterial accounting policies and if the same is divulged, it should not create confusion about what truly constitutes important accounting information. Consistently, Practice Statement 2 was also amended to express judgements on materiality to provide a guide to apply the concept of materiality in accounting policy disclosures.

These amendments will go into effect for the annual period reported beginning on or before January 1, 2023 and anticipated adoption is permitted.

The Group is currently assessing the impact that this amendment will have on its consolidated financial statements.

(viii) Amendments to IAS 8 – Definition of accounting estimates -

This amendment clarifies how to distinguish changes in accounting policies from changes in accounting estimates. The distinction is important when defining accounting treatment given that changes in accounting estimates recognize future transactions and events prospectively while changes in accounting policies generally apply to past transactions and events retroactively, as is the case with the current period.

Amendments will be in effect for the annual periods reported beginning on or after January 1, 2023 and anticipated adoption is permitted.

The Group is currently assessing the impact that this amendment will have on its consolidated financial statements.

(ix) Amendments to IAS 12, Deferred tax related to assets and liabilities that arise from a single transaction -

These amendments indicate that deferred taxes that arise from a single transaction should be recognized if, in their initial recognition, temporary taxable differences and deductibles for the same value arise. This will generally apply to transactions such as leasing (for lessees) and obligation to dismantle or remediate in those situations that will require recognition of deferred tax assets and liabilities. These amendments must apply to transactions that occur on or after the beginning of the comparative period presented. Additionally, it is necessary to recognize deferred tax assets (to the extent that it is probable that they will be utilized) and deferred tax liabilities at the beginning of the first comparative period for all deductible or taxable temporary differences associated with:

- Assets for rights of use and leasing liabilities, and
- Liabilities for dismantling, restoration and similar and the corresponding contributions are recognized as part of the cost of related assets.

[Content](#)

The accumulated effect of these adjustments is recognized in accumulated results or through another component of equity as applicable.

Previously, IAS 12 stipulated no particular accounting treatment for the tax effects of leasing that are recognized in the balance and for similar transactions; as such, different approaches are considered acceptable. The entities that are already recognizing deferred taxes on these transactions will not see impacts on their financial statements.

Amendments will be in effect for the annual reported periods beginning or after January 1, 2023 and anticipated adoption is permitted.

The Group is currently assessing the impact that this amendment may have on their consolidated financial statements.

(x) Amendment to IFRS 10 and IAS 28 – Sale or distribution of assets between an investor and its associated business or joint venture –

IASB has amendments that are limited in scope to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in associated businesses and joint ventures.”

The amendments clarify the accounting treatment of sales or contributions of assets between an investor and its associated businesses or joint ventures. It also confirms that the accounting treatment will depend on whether the non-monetary assets sold or contributed to an associated business or joint venture constitute a “business” (according to the definition in IFRS 3 “Business Combinations”). When non-monetary assets constitute a business, the investor will recognize the gain or total loss stemming from the sale or contribution of assets. If assets do not comply with the definition of business, the gain or loss is recognized by the investor solely in proportion to the investment of other investors in the associated business or joint venture. These amendments will apply prospectively.

In December 2015, IASB decided to postpone the date of application of this amendment until research on the equity method is concluded.

Amendments will be in effect for annual reported periods on or after January 1, 2023 and must be applied retrospectively to articles relative to property, plant and equipment that are made available for use on or after the beginning of the first period in which the entity applies the business” (amendment applied for the first time).

The Group believes that these changes will not be applied.

Likewise, there are no other standards or amendments to standards which have not yet become effective and are expected to have a significant impact on the Group, either in the current or future periods, as well as on expected future transactions.

[Content](#)

4 CASH AND DUE FROM BANKS

a) The composition of the item is presented below:

	<u>2021</u> S/(000)	<u>2020</u> S/(000)
Cash and clearing (b)	4,973,007	5,233,643
Deposits with Central Reserve Bank of Peru (BCRP) (b)	25,359,565	26,003,415
Deposits with Central Bank of Bolivia and Colombia (b)	913,377	1,085,785
Deposits with foreign banks (c)	6,727,014	3,350,106
Deposits with local banks (c)	1,316,292	1,027,081
Interbank funds	2,943	32,222
Accrued interest	1,347	1,515
Total cash and cash equivalents	<u>39,293,545</u>	<u>36,733,767</u>
Restricted funds	<u>27,195</u>	<u>19,227</u>
Total cash	<u>39,320,740</u>	<u>36,752,994</u>

Cash and cash equivalents presented in the consolidated statement of cash flows exclude restricted funds, see note 3(ac).

b) Cash, clearing and deposits with Central Banks and Bank of the Republic -

These accounts mainly include the legal cash requirements that Subsidiaries of Credicorp must keep to be able to honor their obligations with the public. The composition of these funds is as follows:

	<u>2021</u> S/(000)	<u>2020</u> S/(000)
Legal cash requirements		
Deposits with Central Reserve Bank of Perú (i)	19,383,577	16,903,941
Deposits with Central Bank of Bolivia	905,309	1,079,878
Deposits with Republic Bank of Colombia	8,068	5,907
Cash in vaults of Bank	4,275,997	4,529,683
Total legal cash requirements	<u>24,572,951</u>	<u>22,519,409</u>
Additional funds		
Overnight deposits with Central Reserve Bank of Perú (ii)	4,536,379	2,972,744
Term deposits with Central Reserve Bank of Perú (iii)	1,260,000	5,988,900
Cash in vaults of Bank and others	697,010	703,960
Other Deposits BCRP	179,609	137,830
Total additional funds	<u>6,672,998</u>	<u>9,803,434</u>
Total	<u>31,245,949</u>	<u>32,322,843</u>

(i) At December 31, 2021 cash and deposits that generate interest subject to legal cash requirements in local and foreign currency are subject to an implicit rate of 4.77 percent and 33.17 percent, respectively, on the total balance of obligations subject to legal cash requirements, as required by the BCRP (4.00 percent and 34.51 percent, respectively, at December 31, 2020).

[Content](#)

In Management's opinion, the Group has complied with the calculation legal cash requirements established by current regulations.

- (ii) As of December 31, 2021, the Group maintains four "overnight" deposits with the BCRP, of which are two denominated in soles in amount of S/690.0 million and two in US dollar in amount of US\$964.7 million, equivalent to S/3,846.4 million. At said date, the deposit in soles and deposits in US dollar accrue interest at annual rates of 1.85 percent and 0.05 percent, respectively, and have maturities at 3 days.

As of December 31, 2020, the Group maintains four "overnight" deposits with the BCRP, which are two denominated in soles in amount of S/559.7 million and two in US dollar in amount of US\$666.4 million, equivalent to S/2,413.0 million. At said date, deposits in soles and deposits in US dollar accrue interest at annual rates of 0.15 percent and 0.13, respectively, and have maturities at 4 days.

- (iii) In order to manage liquidity and in view of the BCRP's offer of profitable rates for short-term deposits. The Group maintains four term deposits, which are denominated in soles, accrue interest at an annual rate of 2.48 percent and 2.49 percent and have maturities between January 3 and 4, 2022. As of December 31, 2020, the group held sixteen time deposits denominated in soles, accruing interest at an annual rate of 0.25 percent and maturing between January 4 and January 7, 2021. The decrease in time deposits at the BCRP is mainly due to lower liquidity surpluses due to a lower level of customer deposits.

c) Deposits with local and foreign banks -

Deposits with local and foreign banks mainly consist of balances in soles and US dollar; these are cash in hand and earn interest at market rates. At December 31, 2021 and 2020 Credicorp and its Subsidiaries do not maintain significant deposits with any bank in particular.

[Content](#)

5 CASH COLLATERAL, REVERSE REPURCHASE AGREEMENTS AND SECURITIES BORROWING AND PAYABLES FROM REPURCHASE AGREEMENTS AND SECURITIES LENDING

a) We present below the composition of cash collateral, reverse repurchase agreements and securities borrowing:

	<u>2021</u>	<u>2020</u>
	<u>S/(000)</u>	<u>S/(000)</u>
Cash collateral on repurchase agreements and security lendings (i)	1,080,616	1,601,200
Reverse repurchase agreement and security borrowings	654,783	626,925
Receivables for short sales	31,549	166,177
Total	<u>1,766,948</u>	<u>2,394,302</u>

(i) At December 31, 2021, the balance mainly comprises cash collateral in Bolivian pesos and US dollar equivalent to S/736.2 million, delivered to Banco de Central de Bolivia and US\$82.4 million, equivalent to S/328.4 million, delivered to BCRP to secure a borrowing in soles of approximately S/285 million from the same entity (cash collateral for approximately US\$305.1 million, equivalent to S/1,104.7 million, to secure a borrowing in soles of approximately S/1,055 million and cash collateral delivered to Banco de Central de Bolivia in Bolivian pesos and US dollar equivalent to S/486.3 million, at December 31, 2020).

Cash collateral granted bears interest at an average annual effective interest rate according to market rates. The related liability is presented in "Payables from repurchase agreements and securities lending" of the consolidated statement of financial position, see paragraph (c) below.

[Content](#)

(ii) Credicorp, mainly through its subsidiaries, provides financing to its customers through reverse repurchase agreements and securities borrowing, in which a financial instrument serves as collateral. Details of said transactions are as follows:

	Currency	2021					Fair value of underlying assets S/(000)	2020					Fair value of underlying assets S/(000)
		Average interest rate %	Up to 3 days S/(000)	From 3 to 30 days S/(000)	More than 30 days S/(000)	Carrying amount S/(000)		Average interest rate %	Up to 3 days S/(000)	From 3 to 30 days S/(000)	More than 30 days S/(000)	Carrying amount S/(000)	
Instruments issued by the Colombian Government	Colombian pesos	5.89	–	321,196	–	321,196	361,337	5.37	–	259,093	–	259,093	258,442
Instruments issued by the Chilean Government	Chilean pesos	–	–	–	–	–	–	(0.53)	–	25,775	–	25,775	24,427
Other instruments		2.83	31,736	256,874	44,977	333,587	292,414	1.40	23,423	231,226	87,408	342,057	341,085
			<u>31,736</u>	<u>578,070</u>	<u>44,977</u>	<u>654,783</u>	<u>653,751</u>		<u>23,423</u>	<u>516,094</u>	<u>87,408</u>	<u>626,925</u>	<u>623,954</u>

b) Credicorp, through its subsidiaries, obtains financing through “Payables from repurchase agreements and securities lending” by selling financial instruments and committing to repurchase them at future dates, including interest at a fixed rate. The details of said transactions are as follows:

	Currency	2021					Fair value of underlying assets S/(000)	2020					Fair value of underlying assets S/(000)
		Average interest rate %	Up to 3 days S/(000)	From 3 to 30 days S/(000)	More than 30 days S/(000)	Carrying amount S/(000)		Average interest rate %	Up to 3 days S/(000)	From 3 to 30 days S/(000)	More than 30 days S/(000)	Carrying amount S/(000)	
Debt instruments(c)			–	204,916	20,986,894	21,191,810	21,362,884		–	383,020	26,781,748	27,164,768	28,960,995
Instruments issued by the Colombian Government	Colombian pesos	5.36	–	676,361	–	676,361	676,300	4.62	–	700,719	–	700,719	700,637
Instruments issued by the Chilean Government	Chilean pesos	0.31	–	74,218	–	74,218	74,216	0.09	17,865	–	–	17,865	17,865
Other instruments		2.91	–	71,477	–	71,477	71,431	1.19	31,245	9,020	–	40,265	40,276
			<u>–</u>	<u>1,026,972</u>	<u>20,986,894</u>	<u>22,013,866</u>	<u>22,184,831</u>		<u>49,110</u>	<u>1,092,759</u>	<u>26,781,748</u>	<u>27,923,617</u>	<u>29,719,773</u>

[Content](#)

- c) At December 31, 2021, and 2020, the Group has repurchase agreements secured with: (i) cash, see note 5(a), (ii) investments, see note 6(b), and (iii) loans, see note 7(a). This item consists of the following:

Counterparties	Currency	2021			2020		
		Maturity	Carrying amount S/(000)	Collateral	Maturity	Carrying amount S/(000)	Collateral
BCRP - Reactiva Perú (*)	Soles	May 2023 / December 2025	15,729,959	Loans guaranteed by National Government	May 2023 / December 2023	20,916,438	Loans guaranteed by National Government
BCRP	Soles	January 2022 / September 2025	2,938,683	Investments	March 2021 / July 2024	2,903,266	Investments
Banco Central de Bolivia	Bolivianos	February 2022 / December 2022	736,155	Cash	February 2021 / December 2022	486,331	Cash
BCRP - Reactiva Perú Especial (*)	Soles	June 2023 / December 2025	672,289	Loans guaranteed by National Government	June 2023 / December 2023	756,387	Loans guaranteed by National Government
BCRP, nota 5(a)(i)	Soles	March 2022 / March 2023	285,000	Cash with BCRP	February 2021 / March 2023	1,055,000	Cash with BCRP
Natixis S.A.	Soles	August 2028	270,000	Investments	August 2028	270,000	Investments
Banco de la República de Colombia	Colombian pesos	January 2022	203,026	Investments	January 2021	319,481	Investments
Citigroup Global Markets Limited (i)	US dollar	August 2026	179,415	Investments	August 2026	162,945	Investments
Natixis S.A. (ii)	US dollar	August 2026	99,675	Investments	August 2026	90,525	Investments
Other minors		January 2022	1,848	Investments	January 2021 / April 2033	91,160	Investments
Accrued interest			75,760			113,235	
			<u>21,191,810</u>			<u>27,164,768</u>	

(*) It corresponds to Agreement Transactions where BCP and MiBanco sell representing credit securities guaranteed by the BCRP, they receive soles and are obliged to buy them back at a later date. The credit representing securities with guarantee of the National Government may have the form of a portfolio of credit representing titles or of Certificates of Participation in trustee of the loan portfolio guaranteed by the National Government (Reactiva Especial). The BCRP will charge a fixed interest annual rate in soles of 0.5 percent for the operation and will include a grace period of twelve months without payment of interest or principal. As of December 2021, the total credits granted through the Reactiva Perú program is S/10,864.6 million (S/24,286.5 million, at December 31, 2020), see Note 7(a). See more details of the Reactiva Perú program in Note 2(b).

As of December 31, 2021 and 2020, said operations accrue interest at fixed and variable rates between 0.5 percent and 6.73 percent and between Libor 6M + 1.68 percent and Libor 6M + 1.90 percent.

Certain repurchase agreements were hedged using cross-currency swaps (CCS), as detailed below:

- (i) As of December 31, 2021 the Group maintains cross currency swaps (CCS) which were designated as a cash flow hedge of certain repurchase agreements in US dollar at variable rate for a notional amount of US\$ 45.0 million, equivalent to S/ 179.4 million (approximately US\$ 45.0 million, equivalent to S/162.9 million, at December 31, 2020). By means of these CCS, said repurchase agreements were economically converted to soles, see note 13(c).
- (ii) As of December 31, 2021, the Group maintains a CCS which was designated as a cash flow hedge of a repurchase agreement in US dollar at variable rate for a total notional amount of US\$25.0 million, equivalent to S/99.7 million (approximately US\$25.0 million, equivalent to S/90.5 million, at December 31, 2020). By means of the CCS, said repurchase agreement was economically converted to soles at a fixed interest rate; see note 13(c).

[Content](#)

6 INVESTMENTS

a) Investment at fair value through profit or loss consist of the following:

	<u>2021</u> S/(000)	<u>2020</u> S/(000)
Mutual funds (i)	1,574,233	979,296
Government treasury bonds (ii)	1,185,541	1,584,913
Certificates of deposit BCRP (iii)	1,111,142	1,872,875
Investment funds (iv)	531,847	362,493
Restricted mutual funds (v)	365,954	436,881
Participation in RAL Funds (vi)	323,139	278,819
Hedge funds	176,816	126,938
Corporate bonds	172,857	328,315
Subordinated bonds	110,484	103,162
ETF (Exchange - Traded Fund)	105,305	32,085
Shares (vii)	90,728	289,349
Multilateral organization bonds	33,082	14,765
Central Bank of Chile bonds	32,761	15,306
RPI International Holding, LP (viii)	-	5,641
Others (ix)	105,310	23,259
Balance before accrued interest	5,919,199	6,454,097
Accrued interest	9,298	13,374
Total	<u>5,928,497</u>	<u>6,467,471</u>

(i) As of December 31, 2021, the balance corresponds to mutual funds from Luxembourg, Bolivia, Ireland and other countries, which represent 70.5 percent, 21.5 percent, 3.8 percent and 4.2 percent of the total, respectively, (from Peru, Luxembourg, Bolivia and other countries, which represent 30.9 percent, 29.5 percent, 28.8 percent and 10.8 percent of the total, respectively, as of December 31, 2020). The increase in the balance corresponds mainly to (i) the purchase of participations in the fund "BNP Paribas Insticash USSID Short Term VNAV Classic Cap", whose balance as of December, 31 2021 was S/279.3 million, and (ii) the purchase of new participations mainly in funds managed by Credicorp Capital Asset Management S.A. Administradora General de Fondos, whose balance as of December 31, 2021 was S/280.9 million.

(ii) As of December 31, 2021 and 2020 the balance of these instruments includes the following government treasury bonds:

	<u>2021</u> S/(000)	<u>2020</u> S/(000)
Colombian Treasury bonds	898,733	1,120,991
Peruvian Treasury bonds	211,571	349,219
U.S. treasury and federal agency bonds	7,948	-
Chile Treasury bonds	66,643	21,072
Brasil Treasury bonds	646	53,857
Panama Treasury bonds	-	20,644
Mexico Treasury bonds	-	19,130
Total	<u>1,185,541</u>	<u>1,584,913</u>

(iii) As of December 31, 2021, the balance corresponds to 2,789 certificates of deposit for US\$278.7 million, equivalent to S/1,111.1 million, whose interest rates are from 0.67 percent to 0.70 percent, and with maturity from October to November 2021 (5,174 certificates of deposit for US\$517.23 million, equivalent to S/1,872.9 million, accruing interest at an effective annual rate from 0.25 percent to 0.28 percent, and with maturity from January to March 2021, as of December 31, 2020). The variation corresponds to the maturity of the instruments.

[Content](#)

- (iv) As of December 31, 2021, the balance corresponds mainly to investment funds in Peru and the United States that represent 40.6 percent and 55.6 percent, respectively, among other countries (Peru and the United States that represented 40.0 percent and 25.6 percent, respectively, as of December 31, 2020). The increase in the balance corresponds to the increase in the investment funds Tishman Speyer Properties LP in S/39.3 million, Compass Group SAFI in S/38.4 million, Carlyle Peru Fund L.P. in S/31.5 million, and BD Capital SAFI S.A.C in S/22.2 million, among others.
- (v) The restricted mutual funds comprise the participation quotas in the private pension funds managed by Prima AFP and are maintained in compliance with the legal regulations in Peru. Their availability is restricted and the yield received is the same as that received by the private pension funds managed.
- (vi) As of December 31, 2021, these funds amount approximately to Bs 346.1 million, equivalent to S/202.3 million, and US\$30.3 million, equivalent to S/120.8 million (Bs 325.1 million, equivalent to S/173.2 million, and US\$29.2 million, equivalent to S/105.6 million as December 31, 2020) and comprise the investments made by the Group in the Central Bank of Bolivia as collateral for deposits received from the public. These funds have restrictions for their use and are required from all banks in Bolivia.
- (vii) The decrease of the balance corresponds mainly to the sale of Royalty Pharma plc's ordinary shares. As of December 31, 2021, all of these shares were sold (757,692 shares for US\$37.9 million, equivalent to S/137.2 million, as of December 31, 2020).
- (viii) During the first trimester of 2021, all participations were liquidated.

As of December 31, 2020, the balance corresponds to participations in RPI International Holding, LP, who invests in a series of subordinate funds whose objective is to invest in Royalty Pharma Investments, an investment fund established under the laws of Ireland. This investment fund is dedicated to buying medical and biotechnology patents. Participations in RPI International Holdings, LP, are not liquid and require authorization for negotiation.

- (ix) The increase mainly comprises the acquisition of finance lease bonds for S/94.4 million.

[Content](#)

b) Investments at fair value through other comprehensive income consist of the following:

	2021				2020			
	Unrealized gross amount			Estimated fair value	Unrealized gross amount			Estimated fair value
	Cost	Profits	Losses		Cost	Profits	Losses	
S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	
Debts instruments:								
Corporate bonds (i)	14,456,083	594,025	(334,687)	14,715,421	12,177,023	1,132,719	(52,953)	13,256,789
Government treasury bonds (ii)	9,600,115	206,701	(568,417)	9,238,399	11,051,662	1,158,845	(5,458)	12,205,049
Certificates of deposit BCRP (iii)	8,347,101	7	(9,676)	8,337,432	15,343,851	20,431	-	15,364,282
Securitization instruments (iv)	768,012	20,202	(66,825)	721,389	703,920	63,131	(21,471)	745,580
Negotiable certificates of deposit (v)	615,514	10,505	(1,508)	624,511	873,218	14,093	(1,420)	885,891
Subordinated bonds	217,222	6,281	(4,224)	219,279	191,966	19,933	(317)	211,582
Others	125,877	4,699	(4,324)	126,252	147,327	14,802	(44)	162,085
	34,129,924	842,420	(989,661)	33,982,683	40,488,967	2,423,954	(81,663)	42,831,258
Equity instruments designated at the initial recognition								
Shares issued by:								
Inversiones Centenario	112,647	72,124	-	184,771	112,647	168,132	-	280,779
Alicorp S.A.A.	12,197	125,356	-	137,553	12,198	153,935	-	166,133
Bolsa de Valores de Lima	19,423	6,730	-	26,153	19,423	3,942	-	23,365
Bolsa de Comercio de Santiago	3,648	4,108	-	7,756	15,306	-	(3,995)	11,311
Compañía Universal Textil S.A.	9,597	-	(3,233)	6,364	9,597	-	(3,163)	6,434
Pagos Digitales Peruanos S.A.	5,197	-	(5,197)	-	5,197	-	(5,197)	-
Bolsa de Valores de Colombia	4,402	-	(188)	4,214	5,380	118	-	5,498
Corporación Andina de Fomento	194	1,357	-	1,551	-	-	-	-
Others	7,831	2,376	(742)	9,465	7,640	1,786	(396)	9,030
	175,136	212,051	(9,360)	377,827	187,388	327,913	(12,751)	502,550
Balance before accrued interest	34,305,060	1,054,471	(999,021)	34,360,510	40,676,355	2,751,867	(94,414)	43,333,808
Accrued interest				397,933				410,081
Total				34,758,443				43,743,889

The Management of Credicorp has determined that the unrealized losses on investment at fair value through other comprehensive income as of December 31, 2021 and 2020 are of a temporary nature, considering factors such as intended strategy in relation with the identified security or portfolio, its underlying collateral and credit rating of the issuers. During 2021, as a result of assessment of the impairment of its investments at fair value through other comprehensive income, the Group recorded a credit loss provision of S/6.8 million (provision of credit loss of S/52.3 million during 2020), which is shown in "Net gain on securities", see note 24, in the consolidated statement of income. Also, Management has decided and has the ability to hold each investment for a period of time sufficient to allow for an anticipated recovery in fair value, until the earlier of its anticipated recovery or maturity.

The movement of the "Reserve for investments at fair value through other comprehensive income" net of deferred income tax and non-controlling interest, is shown in Note 18(c).

It is worth mentioning the largest unrealized loss compared to the balance in 2020 is due to the political uncertainty of the country and to the downgrade of credit ratings of some bonds. See Note 2(c).

[Content](#)

The maturities and annual market rates of investments at fair value through other comprehensive income during 2021 and 2020, are as follows:

	Maturities		Annual effective interest rate											
	2021	2020	2021						2020					
			S/		US\$		Other		S/		US\$		Other	
Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	
Corporate bonds (*)	Jan-2022 / Nov-2095	Jan-2021 / Jul-2070	1.64	19.28	–	67.59	1.35	7.86	(0.31)	16.21	0.01	10.51	0.78	6.25
Government treasury bonds	Jan-2022 / Feb-2055	Jan-2021 / Feb-2055	1.79	6.91	–	4.61	4.00	5.16	(1.20)	5.08	0.03	4.61	0.07	0.41
Certificates of deposit BCRP	Jan-2022 / Mar-2023	Jan-2021 / Mar-2023	2.52	3.40	–	–	–	–	0.25	0.73	–	–	–	–
Negotiable certificates of deposits	Jan-2022 / Jul-2033	Jan-2021 / Jul-2033	3.88	3.88	2.48	2.68	1.00	6.02	–	–	2.48	4.57	0.05	5.90
Securitization instruments	Jan-2022 / Sep-2045	Jan-2021 / Sep-2045	4.05	28.90	2.17	10.85	3.50	–	1.32	13.36	1.51	9.19	–	6.00
Subordinated bonds (**)	Apr-2022 / Aug-2045	Apr-2022 / Aug-2045	0.28	7.48	0.86	7.62	–	–	(0.04)	5.74	0.16	4.76	–	–
Others	Apr-2022 / Feb-2035	Jan-2021 / Feb-2035	1.77	7.99	3.39	5.05	0.05	0.05	(0.18)	5.84	3.38	4.52	–	–

(*) As of December 31, 2020, the annual effective interest rate of (0.31) corresponds to a bond issued by the Danske Bank; excluding such interest rate, the rates tend to be positive..

(**) As of December 31, 2020, the annual effective interest rate of (0.04) percent corresponds to a bond issued by the Banco Interamericano de Finanzas S.A.; excluding such interest rate, the rates tend to be positive.

The negative rates correspond to bonds, whose nominal value is subject to a daily readjustment index for inflation determined by the BCRP. Said negative rates correspond to the market behavior.

As of December 31, 2021, the Group maintains IRS, which have been designated as fair value hedges of certain bonds at a fixed rate in US dollar, issued by corporate entities, classified as investments at fair value through other comprehensive income, for a notional amount of S/636.4 million (S/628.7 million as of December 31, 2020), see Note 13(c); through these IRS these bonds were economically converted to a variable rate.

Likewise, as of December 31, 2021, the Group entered into repurchase agreement transactions for government bonds and certificates of deposit BCRP classified as investments at fair value through other comprehensive income, for an estimated fair value of S/318.4 million (S/997.8 million as of December 31, 2020), of which the related liability is presented in "Payables from repurchase agreements and securities lending" of the consolidated statement of financial position, see Note 5(c).

[Content](#)

- (i) As of December 31, 2021, the balance corresponds to corporate bonds issued by companies from the United States, Peru, Chile and other countries, which represent 38.1 percent, 37.1 percent, 4.6 percent and 20.2 percent of the total, respectively, (issued by companies from Peru, the United States, Colombia and other countries, which represent 43.6 percent, 32.3 percent, 4.6 percent and 19.5 percent of the total, respectively, as of December 31, 2020).

As of December 31, 2021 the most significant individual unrealized loss amounted to approximately S/ 18.5 million (S/13.0 million as of December 31, 2020).

Likewise, as of December 31, 2021, the Group maintains CCS, which were designated as cash flow hedges of certain corporate bonds for a notional amount of S/ 79.1 million (S/81.8 million as of December 31, 2020), see Note 13(c); by means of said CCS, the bonds were economically converted to soles at a fixed rate.

The largest unrealized loss with respect to the balance of 2020 is due to the behavior of the market. As of December 31, 2021, the balance mainly includes S/18.5 million from the company Inversiones Nacionales de Turismo - Intursa S.A. (S/40.5 million of the Peruvian company Rutas de Lima S.A.C. as of December 31, 2020).

- (ii) As of December 31, 2021 and 2020, the balance includes the following Government Treasury Bonds:

	<u>2021</u>	<u>2020</u>
	S/(000)	S/(000)
Peruvian treasury bonds (*)	7,496,775	11,343,664
U.S. treasury and federal agency bonds	1,455,114	564,380
Bolivian treasury bonds	89,941	74,248
Colombian treasury bonds	87,428	101,741
Chilean treasury bonds	83,978	81,502
Others	25,163	39,514
Total	<u>9,238,399</u>	<u>12,205,049</u>

- (*) The variation in the balance corresponds to sales of instruments and to the decrease in the fair value. The largest unrealized loss compared to the balance in 2020 is due to the political uncertainty of the country. See Note 2(c).

- (iii) As of December 31, 2021, the Group maintains 80,541 certificates of deposits BCRP (153,760 as of December 31, 2020); which are instruments issued at discount through public auction, traded on the Peruvian secondary market and payable in soles. The decrease in the balance is mainly due to the maturity of these instruments.

[Content](#)

(iv) As of December 31, 2021 and 2020, the balance of securitization instruments includes the following:

	<u>2021</u> S/(000)	<u>2020</u> S/(000)
Inmuebles Panamericana S.A.	142,629	164,091
ATN S.A.	98,525	99,112
Colegios Peruanos S.A.	68,714	63,268
Costa de Sol S.A.	46,502	51,483
Nessus Hoteles Perú S.A.	38,547	40,050
Fábrica Nacional de Cemento S.A.	28,187	34,537
Concesionaria La Chira S.A.	27,370	32,138
Homecenters Peruanos S.A.	27,206	32,308
Industrias de Aceite S.A.	-	37,175
Others (less than S/28.2 million and S/30.5 million, respectively)	243,709	191,418
Total	<u>721,389</u>	<u>745,580</u>

The instruments have semiannual payments until 2045. The pool of underlying assets consists mainly of accounts receivable from income, revenues for services and from maintenance and marketing contributions (Inmuebles Panamericana S.A.), and accounts receivable for electrical transmission services from the Carhuamayo - Cajamarca line (ATN S.A.).

(v) As of December 31, 2021, the balance corresponds to certificates for US\$0.67 million, equivalent to S/2.7 million, in soles currency for S/6.8 million; and in other currencies, equivalent to S/615.1 million issued mainly by the financial system of Colombia and Bolivia (US\$6.65 million, equivalent to S/24.1 million; and in other currencies, equivalent to S/861.8 million, issued by the system of Colombia and Bolivia, as of December 31, 2020).

Likewise, as of December 31, 2021, the Group maintains CCS, which were designated as cash flow hedges of certain certificates for a notional amount of S/75.5 million (S/405.2 million, as of December 31, 2020), see Note 13(c); by means of said CCS, the certificates were economically converted to soles at a fixed rate.

[Content](#)

c) Amortized cost investments consist of the following:

	2021	
	Carrying amount	Fair value
	S/(000)	S/(000)
Peruvian sovereign bonds (i)	7,438,364	7,169,787
Corporate bonds (i)	420,263	419,069
Subordinated bonds (i)	86,861	86,412
Certificates of payment on work progress (CRPAO) (ii)	74,499	19,310
Foreign government bonds (i)	74,122	73,645
Sub total	8,094,109	7,768,223
Accrued interest	171,450	171,450
Total	8,265,559	7,939,673
	2020	
	Carrying amount	Fair value
	S/(000)	S/(000)
Peruvian sovereign bonds (i)	4,739,588	5,438,925
Certificates of payment on work progress (CRPAO) (ii)	89,084	93,591
Foreign government bonds (i)	28,909	28,695
Sub total	4,857,581	5,561,211
Accrued interest	104,801	104,801
Total	4,962,382	5,666,012

The expected loss of investments at amortized cost as of December 31, 2021 and 2020 is S/2.8 million and S/0.7 million, respectively.

- (i) As of December 31, 2021, said bonds have maturities between January 2022 and February 2042, accruing interest at an annual effective interest rate between 3.62 percent and 6.77 percent on bonds denominated in soles, between 0.71 percent and 4.50 percent on bonds denominated in US dollar, and between 0.00 percent and 2.96 percent annual on bonds issued in other currencies (as of December 31, 2020, have maturities between January 2021 and February 2042, accruing interest at an annual effective interest rate between 0.74 percent and 5.06 percent on bonds denominated in soles and between 0.00 percent and 3.05 percent on bonds issued in other currencies).

It is worth mentioning that the instruments with an interest rate of 0.00 percent corresponds to bonds issued by the Colombian Government, whose issue indicators on the date of acquisition were at very low levels; however, MiBanco Colombia invested in these instruments because it is a Colombian company that must invest in them according to local regulations, with the objective that the funds acquired by the Colombian Government are destined for the development and incentive of certain economic sectors.

Likewise, Credicorp Management has determined that as of December 31, 2021, the difference between amortized cost and the fair value of these investments is temporary in nature and Credicorp has the intention and ability to hold each of these investments until its maturity.

As of December 31, 2021, the Group has repurchase agreement transactions for investments at amortized cost for an estimated fair value of S/3,854.0 million (S/2,766.2 million as of December 31, 2020), the related liability for which is presented in the caption "Payables from repurchase agreements and securities lending" of the consolidated statement of financial position, see note 5(c).

- (ii) As of December 31, 2021 there are 89 certificates of Annual Recognition of Payment on Work Progress - CRPAO from Spanish acronym (121 CRPAOs as of December 31, 2020), issued by the Peruvian Government to finance projects and concessions. Said issuance is a mechanism established in the concession agreement signed between the State and the concessionaire, which allows the latter to obtain financing to continue with the work undertaken. Said investment matures between January 2022 and April 2026, accruing interest at an annual effective rate between 2.32 percent and 4.26 percent (between January 2021 and April 2026, accruing interest at an annual effective rate between 2.42 percent and 3.47 percent as of December 31, 2020).

[Content](#)

d) The table below shows the balance of investments classified by maturity, without consider accrued interest or provision for credit loss:

	2021		
	At fair value through profit or loss	At fair value through other comprehensive income	Amortized cost
	S/(000)	S/(000)	S/(000)
Up to 3 months	1,172,834	8,117,458	78,311
From 3 months to 1 year	209,172	3,683,466	296,699
From 1 to 3 years	746,115	4,804,229	1,641,340
From 3 to 5 years	136,444	4,111,276	459,363
More than 5 years	1,020,840	13,266,254	5,618,396
Without maturity	2,633,794	377,828	-
Total	5,919,199	34,360,511	8,094,109

	2020		
	At fair value through profit or loss	At fair value through other comprehensive income	Amortized cost
	S/(000)	S/(000)	S/(000)
Up to 3 months	1,973,038	14,564,360	11,518
From 3 months to 1 year	94,554	2,606,845	42,397
From 1 to 3 years	462,168	4,272,547	163,120
From 3 to 5 years	486,310	3,770,438	631,740
More than 5 years	1,290,057	17,617,068	4,008,806
Without maturity	2,147,970	502,550	-
Total	6,454,097	43,333,808	4,857,581

[Content](#)

7 **LOANS, NET**

a) This item consists of the following:

	<u>2021</u>	<u>2020</u>
	S/(000)	S/(000)
Direct loans -		
Loans	120,621,183	115,213,536
Leasing receivables	6,446,450	5,775,917
Credit cards	5,626,026	5,629,189
Factoring receivables	3,572,697	2,153,689
Discounted notes	2,718,321	1,483,723
Advances and overdrafts in current account	69,238	52,807
Refinanced loans	1,800,465	1,669,395
Total direct loans	<u>140,854,380</u>	<u>131,978,256</u>
Internal overdue loans and under legal collection loans	5,562,439	4,685,569
	<u>146,416,819</u>	<u>136,663,825</u>
Add (less) -		
Accrued interest	1,280,262	1,197,489
Unearned interest	(99,669)	(201,429)
Total direct loans	<u>147,597,412</u>	<u>137,659,885</u>
Expected loss provision for direct loans (c)	(8,477,308)	(9,898,760)
Total direct loans, net	<u>139,120,104</u>	<u>127,761,125</u>

The credits granted as part of the Reactiva Perú program are guaranteed by the Peruvian Government. The total granted through this program as of December 31, 2021 is S/18,404.6 million (S/24,286.5 million as of December 31, 2020). Likewise, as of December 31, 2021, loans from the Reactiva Perú program were rescheduled for an amount of S/7,539.9 million. Likewise, the Group has repurchase agreements which guarantees are detailed in Note 5(c). See more details of this program in the Note 2(b).

The government, to serve small companies that the Reactiva Perú program does not reach, has established the Business Support Fund for the MYPE (FAE-MYPE) which represents for MiBanco a total of S/14.8 million and S/209.9 million for FAE-MYPE 1 and FAE-MYPE 2, respectively as of December 31, 2021 (S/79.9 million and S/273.6 million for FAE-MYPE 1 and FAE-MYPE 2, respectively as of December 31, 2020). Likewise, as of December 31, 2021, loans from the FAE-MYPE 2 program were rescheduled for an amount of S/55.9 million. See more details of this program in the Note 2(b).

Due COVID-19 Pandemic effects, BCP and MiBanco, the main Subsidiaries of Credicorp have offered its clients the opportunity to reschedule their loans for 30 or 90 days without incurring in overdue fees and interest on capital. As of December 31, 2021, the rescheduled portfolio amounted to S/20,961.1 million (S/24,813.2 million as of December 31, 2020).

In the loan portfolio, the most vulnerable microfinance operations correspond to Mibanco, and in BCP stand-alone to the Pyme and consumer loans, where debt reprogramming rates reached 5.3 percent, 34.0 percent and 11.4 percent respectively as of December 31, 2021 (15.3 percent, 20.8 percent and 33.5 percent respectively as of December 31, 2020).

[Content](#)

b) As of December 31, 2021 and 2020, the composition of the gross credit balance is as follows:

	<u>2021</u>	<u>2020</u>
	S/(000)	S/(000)
Direct loans	146,416,819	136,663,825
Indirect loans, Note 21(a)	22,914,343	20,973,810
Due from customers on banker's acceptances 3(r)	532,404	455,343
Total	<u>169,863,566</u>	<u>158,092,978</u>

[Content](#)

The movement of gross balance of loan portfolio by stages is as follows for the periods of 2021 and 2020:

Stage 1

Loans by class	Balance at December 31, 2020 S/(000)	Transfer to Stage 2 S/(000)	Transfer to Stage 3 S/(000)	Transfer from Stage 2 S/(000)	Transfer from Stage 3 S/(000)	New loans, liquidation, write-offs and forgivens, net S/(000)	Transfers between classes of loans S/(000)	Sale of loan portfolio S/(000)	Exchange differences and others S/(000)	Balance at December 31, 2021 S/(000)
Commercial loans	84,366,795	(13,032,923)	(912,504)	8,283,495	464,932	5,398,312	1,482,015	-	4,231,341	90,281,463
Residential mortgage loans	18,063,315	(2,595,038)	(226,183)	1,622,944	76,745	1,378,089	(45,768)	(474)	428,559	18,702,189
Micro-business loans	11,580,793	(12,106,836)	(332,694)	4,401,320	142,517	9,164,707	(2,193,954)	-	147,843	10,803,696
Consumer loans	9,980,504	(4,602,656)	(685,511)	1,961,919	72,304	4,394,600	757,707	-	114,956	11,993,823
Total	123,991,407	(32,337,453)	(2,156,892)	16,269,678	756,498	20,335,708	-	(474)	4,922,699	131,781,171

Stage 2

Loans by class	Balance at December 31, 2020 S/(000)	Transfer to Stage 1 S/(000)	Transfer to Stage 3 S/(000)	Transfer from Stage 1 S/(000)	Transfer from Stage 3 S/(000)	New loans, liquidation, write-offs and forgivens, net S/(000)	Transfers between classes of loans S/(000)	Sale of loan portfolio S/(000)	Exchange differences and others S/(000)	Balance at December 31, 2021 S/(000)
Commercial loans	10,090,159	(8,283,495)	(3,350,523)	13,032,923	800,280	(2,042,256)	800,739	-	294,582	11,342,409
Residential mortgage loans	1,360,460	(1,622,944)	(516,497)	2,595,038	185,299	(255,142)	(5,529)	-	17,440	1,758,125
Micro-business loans	8,451,947	(4,401,320)	(1,921,386)	12,106,836	164,077	(4,686,408)	(794,634)	-	8,246	8,927,358
Consumer loans	2,584,176	(1,961,919)	(854,967)	4,602,656	214,329	(1,666,707)	(576)	-	4,083	2,921,075
Total	22,486,742	(16,269,678)	(6,643,373)	32,337,453	1,363,985	(8,650,513)	-	-	324,351	24,948,967

Stage 3

Loans by class	Balance at December 31, 2020 S/(000)	Transfer to Stage 1 S/(000)	Transfer to Stage 2 S/(000)	Transfer from Stage 1 S/(000)	Transfer from Stage 2 S/(000)	New loans, liquidation, write-offs and forgivens, net S/(000)	Transfers between classes of loans S/(000)	Sale of loan portfolio S/(000)	Exchange differences and others S/(000)	Balance at December 31, 2021 S/(000)
Commercial loans	6,850,481	(464,932)	(800,280)	912,504	3,350,523	(1,413,990)	5,957	(30,101)	346,581	8,756,743
Residential mortgage loans	1,144,605	(76,745)	(185,299)	226,183	516,497	(270,401)	(3,696)	(9,126)	29,128	1,371,146
Micro-business loans	1,978,448	(142,517)	(164,077)	332,694	1,921,386	(2,017,681)	(9,675)	(6,629)	14,261	1,906,210
Consumer loans	1,641,295	(72,304)	(214,329)	685,511	854,967	(1,808,007)	7,414	(1,237)	6,019	1,099,329
Total	11,614,829	(756,498)	(1,363,985)	2,156,892	6,643,373	(5,510,079)	-	(47,093)	395,989	13,133,428

Consolidated 3 Stages

Loans by class	Balance at December 31, 2020 S/(000)	Loan write-offs S/(000)	New loans, liquidation and forgivens, net S/(000)	Transfers between classes of loans S/(000)	Sale of loan portfolio S/(000)	Exchange differences and others S/(000)	Balance at December 31, 2021 S/(000)
Commercial loans	101,307,435	(157,472)	2,099,538	2,288,711	(30,101)	4,872,504	110,380,615
Residential mortgage loans	20,568,380	(30,217)	882,763	(54,993)	(9,600)	475,127	21,831,460
Micro-business loans	22,011,188	(1,477,691)	3,938,309	(2,998,263)	(6,629)	170,350	21,637,264
Consumer loans	14,205,975	(1,263,951)	2,183,837	764,545	(1,237)	125,058	16,014,227
Total	158,092,978	(2,929,331)	9,104,447	-	(47,567)	5,643,039	169,863,566

[Content](#)

Stage 1

Loans by class	Balance at December 31, 2019 S/(000)	Transfer to Stage 2 S/(000)	Transfer to Stage 3 S/(000)	Transfer from Stage 2 S/(000)	Transfer from Stage 3 S/(000)	New loans, liquidation, write-offs and forgivens, net S/(000)	Transfers between classes of loans S/(000)	Sale of loan portfolio S/(000)	Exchange differences and others S/(000)	Balance at December 31, 2020 S/(000)
Commercial loans	75,838,248	(11,454,423)	(1,156,992)	6,357,672	208,847	9,161,013	3,077,315	-	2,335,115	84,366,795
Residential mortgage loans	17,903,028	(2,119,501)	(85,736)	965,659	10,610	1,064,765	7,965	-	316,525	18,063,315
Micro-business loans	13,782,323	(12,403,714)	(395,404)	2,699,000	117,762	10,635,242	(3,006,249)	-	151,833	11,580,793
Consumer loans	12,222,858	(4,958,492)	(769,528)	2,018,818	21,518	1,438,695	(79,031)	-	85,666	9,980,504
Total	119,746,457	(30,936,130)	(2,407,660)	12,041,149	358,737	22,299,715	-	-	2,889,139	123,991,407

Stage 2

Loans by class	Balance at December 31, 2019 S/(000)	Transfer to Stage 1 S/(000)	Transfer to Stage 3 S/(000)	Transfer from Stage 1 S/(000)	Transfer from Stage 3 S/(000)	New loans, liquidation, write-offs and forgivens, net S/(000)	Transfers between classes of loans S/(000)	Sale of loan portfolio S/(000)	Exchange differences and others S/(000)	Balance at December 31, 2020 S/(000)
Commercial loans	4,883,039	(6,357,672)	(1,690,324)	11,454,423	301,053	421,704	915,980	-	161,956	10,090,159
Residential mortgage loans	778,702	(965,659)	(276,415)	2,119,501	7,597	(317,002)	173	-	13,563	1,360,460
Micro-business loans	1,839,597	(2,699,000)	(1,001,599)	12,403,714	95,468	(1,283,205)	(906,426)	-	3,398	8,451,947
Consumer loans	2,210,504	(2,018,818)	(1,235,709)	4,958,492	62,822	(1,385,764)	(9,727)	-	2,376	2,584,176
Total	9,711,842	(12,041,149)	(4,204,047)	30,936,130	466,940	(2,564,267)	-	-	181,293	22,486,742

Stage 3

Loans by class	Balance at December 31, 2019 S/(000)	Transfer to Stage 1 S/(000)	Transfer to Stage 2 S/(000)	Transfer from Stage 1 S/(000)	Transfer from Stage 2 S/(000)	New loans, liquidation, write-offs and forgivens, net S/(000)	Transfers between classes of loans S/(000)	Sale of loan portfolio S/(000)	Exchange differences and others S/(000)	Balance at December 31, 2020 S/(000)
Commercial loans	3,771,417	(208,847)	(301,053)	1,156,992	1,690,324	606,823	9,933	(14,938)	139,830	6,850,481
Residential mortgage loans	994,991	(10,610)	(7,597)	85,736	276,415	(207,041)	1	(8,167)	20,877	1,144,605
Micro-business loans	1,350,858	(117,762)	(95,468)	395,404	1,001,599	(566,112)	2,738	(3,934)	11,125	1,978,448
Consumer loans	848,650	(21,518)	(62,822)	769,528	1,235,709	(1,115,561)	(12,672)	(3,607)	3,588	1,641,295
Total	6,965,916	(358,737)	(466,940)	2,407,660	4,204,047	(1,281,891)	-	(30,646)	175,420	11,614,829

Consolidated 3 Stages

Loans by class	Balance at December 31, 2019 S/(000)	Loan write-offs S/(000)	New loans, liquidation and forgivens, net S/(000)	Transfers between classes of loans S/(000)	Sale of loan portfolio S/(000)	Exchange differences and others S/(000)	Balance at December 31, 2020 S/(000)
Commercial loans	84,492,704	(115,471)	10,305,011	4,003,228	(14,938)	2,636,901	101,307,435
Residential mortgage loans	19,676,721	(39,862)	580,584	8,139	(8,167)	350,965	20,568,380
Micro-business loans	16,972,778	(506,473)	9,292,398	(3,909,937)	(3,934)	166,356	22,011,188
Consumer loans	15,282,012	(531,964)	(530,666)	(101,430)	(3,607)	91,630	14,205,975
Total	136,424,215	(1,193,770)	19,647,327	-	(30,646)	3,245,852	158,092,978

[Content](#)

c) As of December 31, 2021, and 2020, the allowance for loan losses for direct loans, indirect loans and due from customers on banker's acceptances, was determined under the expected credit loss model as established in IFRS 9. The movement in the allowance for loan losses is shown below for direct loans and indirect loans and due from customers on banker's acceptances:

Stage 1

Loans by class	Balance at December 31, 2020 S/(000)	Transfer to Stage 2 S/(000)	Transfer to Stage 3 S/(000)	Transfer from Stage 2 S/(000)	Transfer from Stage 3 S/(000)	New loans, liquidation, write-offs and forgiveness, net S/(000)	Changes in PD, LGD, EAD (*) S/(000)	Transfers between classes of loans S/(000)	Sale of loan portfolio S/(000)	Exchange differences and others S/(000)	Balance at December 31, 2021 S/(000)
Commercial loans	721,503	(336,903)	(21,434)	305,143	29,199	(3,446)	(178,612)	67,526	-	24,904	607,880
Residential mortgage loans	157,935	(46,021)	(3,699)	60,588	39,211	48,386	(184,733)	158	-	4,881	76,706
Micro-business loans	610,188	(659,532)	(18,743)	276,189	25,295	834,576	(583,915)	(63,200)	-	13,304	434,162
Consumer loans	355,436	(305,127)	(25,628)	202,265	82,773	204,751	(199,591)	(4,484)	-	7,202	317,597
Total	1,845,062	(1,347,583)	(69,504)	844,185	176,478	1,084,267	(1,146,851)	-	-	50,291	1,436,345

Stage 2

Loans by class	Balance at December 31, 2020 S/(000)	Transfer to Stage 1 S/(000)	Transfer to Stage 3 S/(000)	Transfer from Stage 1 S/(000)	Transfer from Stage 3 S/(000)	New loans, liquidation, write-offs and forgiveness, net S/(000)	Changes in PD, LGD, EAD (*) S/(000)	Transfers between classes of loans S/(000)	Sale of loan portfolio S/(000)	Exchange differences and others S/(000)	Balance at December 31, 2021 S/(000)
Commercial loans	666,002	(305,143)	(299,463)	336,903	97,276	(197,390)	264,953	83,136	-	6,507	652,781
Residential mortgage loans	111,739	(60,588)	(45,120)	46,021	94,787	10,612	(61,872)	(298)	-	2,107	97,388
Micro-business loans	1,087,978	(276,189)	(383,355)	659,532	67,236	(479,918)	31,194	(81,319)	-	96	625,255
Consumer loans	946,312	(202,265)	(412,088)	305,127	188,858	(334,140)	147,216	(1,519)	-	262	637,763
Total	2,812,031	(844,185)	(1,140,026)	1,347,583	448,157	(1,000,836)	381,491	-	-	8,972	2,013,187

Stage 3

Loans by class	Balance at December 31, 2020 S/(000)	Transfer to Stage 1 S/(000)	Transfer to Stage 2 S/(000)	Transfer from Stage 1 S/(000)	Transfer from Stage 2 S/(000)	New loans, liquidation, write-offs and forgiveness, net S/(000)	Changes in PD, LGD, EAD (*) S/(000)	Transfers between classes of loans S/(000)	Sale of loan portfolio S/(000)	Exchange differences and others S/(000)	Balance at December 31, 2021 S/(000)
Commercial loans	2,229,427	(29,199)	(97,276)	21,434	299,463	(471,283)	742,567	(26,219)	(27,726)	89,604	2,730,792
Residential mortgage loans	639,750	(39,211)	(94,787)	3,699	45,120	(174,618)	410,446	(1,867)	(5,613)	17,720	800,639
Micro-business loans	1,445,988	(25,295)	(67,236)	18,743	383,355	(1,804,583)	1,166,499	22,871	(6,335)	14,625	1,148,632
Consumer loans	1,463,365	(82,773)	(188,858)	25,628	412,088	(1,618,776)	924,246	5,215	(1,159)	2,440	941,416
Total	5,778,530	(176,478)	(448,157)	69,504	1,140,026	(4,069,260)	3,243,758	-	(40,833)	124,389	5,621,479

Consolidated 3 Stages

Loans by class	Balance at December 31, 2020 S/(000)	Loan write-offs and forgiveness S/(000)	Credit loss of the period New loans and liquidation, net S/(000)	Changes in PD, LGD, EAD (*) S/(000)	Transfers between classes of loans S/(000)	Sale of loan portfolio S/(000)	Exchange differences and others S/(000)	Balance at December 31, 2021 (**) S/(000)
Commercial loans	3,616,932	(160,079)	(512,040)	828,908	124,443	(27,726)	121,015	3,991,453
Residential mortgage loans	909,424	(39,189)	(76,431)	163,841	(2,007)	(5,613)	24,708	974,733
Micro-business loans	3,144,154	(1,517,271)	67,346	613,778	(121,648)	(6,335)	28,025	2,208,049
Consumer loans	2,765,113	(1,349,843)	(398,322)	871,871	(788)	(1,159)	9,904	1,896,776
Total	10,435,623	(3,066,382)	(919,447)	2,478,398	-	(40,833)	183,652	9,071,011

[Content](#)

Stage 1

Loans by class	Balance at	Transfer to	Transfer to	Transfer	Transfer	New loans, liquidation, write-offs and forgivens, net	Changes in PD, LGD, EAD (*)	Transfers between classes of loans	Sale of loan portfolio	Exchange differences and others	Balance at
	December 31, 2019	Stage 2	Stage 3	from Stage 2	from Stage 3						December 31, 2020
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Commercial loans	388,685	(319,248)	(22,486)	316,999	17,175	30,824	107,989	155,568	-	45,997	721,503
Residential mortgage loans	38,085	(43,170)	(1,721)	31,320	4,980	30,797	92,322	258	-	5,064	157,935
Micro-business loans	425,642	(854,632)	(63,397)	324,242	26,997	551,140	199,197	(14,574)	-	15,573	610,188
Consumer loans	248,355	(392,000)	(45,561)	418,592	29,305	422,158	(191,856)	(141,252)	-	7,695	355,436
Total	1,100,767	(1,609,050)	(133,165)	1,091,153	78,457	1,034,919	207,652	-	-	74,329	1,845,062

Stage 2

Loans by class	Balance at	Transfer to	Transfer to	Transfer	Transfer	New loans, liquidation, write-offs and forgivens, net	Changes in PD, LGD, EAD (*)	Transfers between classes of loans	Sale of loan portfolio	Exchange differences and others	Balance at
	December 31, 2019	Stage 1	Stage 3	from Stage 1	from Stage 3						December 31, 2020
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Commercial loans	166,135	(316,999)	(118,072)	319,248	42,832	4,911	473,890	91,534	-	2,523	666,002
Residential mortgage loans	25,684	(31,320)	(19,698)	43,170	3,977	(24,980)	113,363	4	-	1,539	111,739
Micro-business loans	249,960	(324,242)	(275,227)	854,632	51,478	(231,405)	851,228	(88,758)	-	312	1,087,978
Consumer loans	513,431	(418,592)	(650,885)	392,000	57,554	(285,948)	1,341,355	(2,780)	-	177	946,312
Total	955,210	(1,091,153)	(1,063,882)	1,609,050	155,841	(537,422)	2,779,836	-	-	4,551	2,812,031

Stage 3

Loans by class	Balance at	Transfer to	Transfer to	Transfer	Transfer	New loans, liquidation, write-offs and forgivens, net	Changes in PD, LGD, EAD (*)	Transfers between classes of loans	Sale of loan portfolio	Exchange differences and others	Balance at
	December 31, 2019	Stage 1	Stage 2	from Stage 1	from Stage 2						December 31, 2020
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Commercial loans	1,315,227	(17,175)	(42,832)	22,486	118,072	(154,589)	989,400	(22,478)	(13,124)	34,440	2,229,427
Residential mortgage loans	472,711	(4,980)	(3,977)	1,721	19,698	(102,806)	247,475	1	(4,523)	14,430	639,750
Micro-business loans	960,885	(26,997)	(51,478)	63,397	275,227	(683,408)	870,928	31,414	(3,511)	9,531	1,445,988
Consumer loans	702,959	(29,305)	(57,554)	45,561	650,885	(954,465)	1,113,651	(8,937)	(2,332)	2,902	1,463,365
Total	3,451,782	(78,457)	(155,841)	133,165	1,063,882	(1,895,268)	3,221,454	-	(23,490)	61,303	5,778,530

Consolidated 3 Stages

Loans by class	Balance at December 31, 2019	Loan write- offs and forgivens	Credit loss of the period		Transfers between classes of loans	Sale of loan portfolio	Exchange differences and others	Balance at December 31, 2020 (**)
			New loans and liquidation, net	Changes in PD, LGD, EAD (*)				
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Commercial loans	1,870,047	(141,669)	22,815	1,571,279	224,624	(13,124)	82,960	3,616,932
Residential mortgage loans	536,480	(46,519)	(50,470)	453,160	263	(4,523)	21,033	909,424
Micro-business loans	1,636,487	(529,268)	165,595	1,921,353	(71,918)	(3,511)	25,416	3,144,154
Consumer loans	1,464,745	(551,662)	(266,593)	2,263,150	(152,969)	(2,332)	10,774	2,765,113
Total	5,507,759	(1,269,118)	(128,653)	6,208,942	-	(23,490)	140,183	10,435,623

(*) The movement includes the following effects: (i) calibrations to the PD, LGD and EAD models; (ii) updates to macroeconomic models and projections; (iii) increase or decrease of credit risk of loans due to stage changes; (iv) increase or decrease of credit risk of loans that remain in the same stage.

(**) The movement in the allowance for loan losses of the period 2021 includes the allowance for direct and indirect loans for approximately S/8,477.3 million y S/593.7 million, respectively (approximately S/9,898.8 million and S/536.9 million, respectively, at December 31, 2020). The expected loan loss for indirect loan is included in "Other liabilities" of the consolidated statement of financial position, Note 13(a). In Management's opinion, the allowance for loan losses recorded as of December 31, 2021 and 2020 has been established in accordance with IFRS 9 and is sufficient to cover losses on the loan portfolio.

[Content](#)

Gross balance of direct loans, indirect loans and from customers on banker's acceptances portfolio:

As of December 31, 2021, the gross balance of direct and indirect loans increased compared to December 31, 2020. This was mainly driven by disbursement in the Wholesale Banking portfolio of BCP Stand-alone, due to the economic reactivation after the Pandemic. Microbusiness is the only segment where the loans decreased, due to operations that were reclassified as Commercial loans. In addition, approximately 800.0 million soles migrated from Commercial loans to Consumer loans, because ASB started to comply with Panamá regulation.

Additionally, it is important to note there have been significant movements between stages, due to the end of the grace period of loans disbursed under the program Reactiva Perú, part of which went from Stage 1 to Stage 2 or Stage 3 depending on the increase in their level of credit risk. In addition, a considerable amount of the impairments generated by the Pandemic have materialized, moving to Stage 3. This was partially offset by the high volume of write-offs registered in BCP Stand-alone and Mibanco Perú.

Allowance for loan losses from direct loans, indirect loans and from customers on banker's acceptances:

As of December 31, 2021, the gross balance of direct and indirect loans decreased compared to December 31, 2020. This was mainly driven by: (i) calibrations of the internal credit risk models, both PD and LGD, which generated a decrease in Stage 1 and 2, which was partially offset by updates to macroeconomic models and projections; (ii) high volume of write-offs, which generated a decrease in Stage 3, mostly due to the impairments generated by the Pandemic, mainly in BCP Stand-alone and Mibanco Perú.

The explanation of the calibrations made to the internal credit risk models is detailed on the note 34.1(c).

[Content](#)

- d) Interest rates on loans are set considering the rates prevailing in the markets where the Group's subsidiaries operate.
- e) A portion of the loan portfolio is collateralized with guarantees received from customers, which mainly consist of mortgages, trust assignments, securities and industrial and mercantile pledges.
- f) The following table presents the gross direct loan portfolio as of December 31, 2021 and 2020 by maturity based on the remaining period to the payment due date:

	<u>2021</u> S/(000)	<u>2020</u> S/(000)
Outstanding loans -		
Up to 1 year	64,096,027	51,346,112
From 1 to 3 years	36,354,113	40,897,556
From 3 to 5 years	9,327,203	12,812,446
From 5 to 15 years	26,926,208	23,115,920
More than 15 years	4,150,829	3,806,222
	<u>140,854,380</u>	<u>131,978,256</u>
Internal overdue loans -		
Overdue up to 90 days	1,353,655	984,630
Over 90 days	4,208,784	3,700,939
	<u>5,562,439</u>	<u>4,685,569</u>
Total	<u>146,416,819</u>	<u>136,663,825</u>

See credit risk analysis in Note 34.1.

[Content](#)

8 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group issues Investment Link life insurance contracts whereby the policyholder takes the investment risk on the assets held in the Investment Link funds as the policy benefits are directly linked to the value of the assets in the fund. The Group's exposure to market risk is limited to the extent that income arising from asset management charges is based on the value of assets in the fund.

The profit resulting from these assets is shown in "Net premiums earned" in the consolidated statement of income. The composition of the generated returns is presented below:

	<u>2021</u> S/(000)	<u>2020</u> S/(000)
Net profit on sale and fluctuations of financial investments	44,763	106,366
Dividends, interests and others	9,900	9,261
Total	54,663	115,627

As of December 31, 2021, financial markets have been affected by the fluctuations that occurred after the appearance of the new variants of COVID-19 (Delta and Omicron, mainly), generating an increase in the number of infections at a global level together with the implementation of restrictions and confinements in most countries amid doubts about the degree of transmissibility and resistance to vaccines. Despite this, economic indicators remained strong, reflecting the global economic recovery, generating negative results in equities and slightly negative results in fixed income. In addition, one of the concerns generated by this was the substantial increase in inflation across the board, which resulted in announcements of the withdrawal of monetary stimuli by the different central banks and an increase in interest rates.

At the date of this report, there has been a recovery of the global indices, and what Credicorp seeks is to control the volatility of the portfolio in order to minimize the losses of our clients in these difficult times.

The offsetting of this effect is included in the technical reserve adjustment, which is part of the item "Net premiums earned" of the consolidated statement of income, see Note 25.

[Content](#)

9 ACCOUNTS RECEIVABLE AND PAYABLE FROM INSURANCE CONTRACTS

a) As of December 31, 2021 and 2020, "Premiums and other policies receivable" in the consolidated statement of financial position includes balances for approximately S/921.1 million and S/937.2 million, respectively, which are primarily of current maturity, have no specific collateral and present no material past due balances.

b) The movements of the captions "Accounts receivable and payable to reinsurers and coinsurers" are as follows:

Accounts receivable:

	<u>2021</u> S/(000)	<u>2020</u> S/(000)	<u>2019</u> S/(000)
Balances as of January 1	919,419	791,704	842,043
Reported claims of premiums ceded, Note 26	542,341	283,041	321,375
Reserve risk in progress of premiums ceded, Note 25 a (***)	8,996	23,186	(14,935)
Premiums assumed	803	-	668
Settled claims of premiums ceded by reinsurance contracts	(419,342)	(229,729)	(226,769)
Collections and others, net (i)	146,162	51,217	(130,678)
Balances at the end of the period	<u>1,198,379</u>	<u>919,419</u>	<u>791,704</u>

December 31, 2021 and 2020 accounts receivable include S/299.0 million and S/282.2 million, respectively, which correspond to the technical reserves of the ceded portion of premiums to reinsurers

(i) As of December 31, 2021, the balance consists mainly of collections made to reinsurers by S/110.3 million and the effect of exchange difference for approximately S/64.9 million; As of December 31, 2020, collections made were reduced for S/10.0 million and the effect of exchange difference for S/55.0 million.

Accounts Payable:

	<u>2021</u> S/(000)	<u>2020</u> S/(000)	<u>2019</u> S/(000)
Balances as of January 1	338,446	216,734	291,693
Premiums ceded for automatic contracts (mainly excess of loss), Note 25 a (***)	355,356	244,112	254,839
Premiums ceded to reinsurers in facultative contracts, Note 25 a (***)	392,346	327,098	289,386
Coinsurance granted	8,154	753	4,332
Payments and other, net (i)	(630,477)	(450,251)	(623,516)
Balances at the end of the period	<u>463,825</u>	<u>338,446</u>	<u>216,734</u>

[Content](#)

Accounts payable to reinsurers are primarily related to proportional facultative contracts (on an individual basis) for ceded premiums, automatic non-proportional contracts (excess loss) and reinstallation premiums. For facultative contracts the Group transfers to the reinsurers a percentage or an amount of an insurance contract or individual risk, based on the premium and the coverage period.

- (i) As of December 31, 2021, the balance consists mainly of collections made to reinsurers by S/608.7 million and the effect of exchange difference for approximately S/11.9 million, As of December 31, 2020, collections made amounted to S/471.2 million and the effect of exchange difference for S/4.1 million and other minors.

[Content](#)

10 PROPERTY, FURNITURE AND EQUIPMENT, NET

a) The movement of property, furniture and equipment and accumulated depreciation, for the years ended December 31, 2021, 2020, and 2019 was as follows:

	<u>Land</u> S/(000)	<u>Buildings and other constructions</u> S/(000)	<u>Installations</u> S/(000)	<u>Furniture and fixtures</u> S/(000)	<u>Computer hardware</u> S/(000)	<u>Vehicles and equipment</u> S/(000)	<u>Work in progress</u> S/(000)	<u>2021</u> S/(000)	<u>2020</u> S/(000)	<u>2019</u> S/(000)
Cost -										
Balance as of January 1	403,205	1,171,785	675,940	474,432	612,891	115,407	61,542	3,515,202	3,512,477	3,573,580
Additions	3,657	9,348	8,030	13,062	28,527	4,527	40,639	107,790	98,120	134,776
Acquisition of business, Note 2(a)	-	-	-	-	-	-	-	-	-	29,893
Transfers	873	(4,621)	44,549	1,735	5,395	4,945	(52,876)	-	-	-
Disposals and others	(5,879)	(19,006)	(8,343)	(24,223)	(44,426)	(9,229)	(10,996)	(122,102)	(95,395)	(225,772)
Balance as of December 31	<u>401,856</u>	<u>1,157,506</u>	<u>720,176</u>	<u>465,006</u>	<u>602,387</u>	<u>115,650</u>	<u>38,309</u>	<u>3,500,890</u>	<u>3,515,202</u>	<u>3,512,477</u>
Accumulated depreciation -										
Balance as of January 1	-	689,061	503,973	318,705	537,990	90,598	-	2,140,327	2,084,304	2,092,878
Depreciation of the period	-	30,750	30,838	31,594	41,131	5,860	-	140,173	142,092	146,066
Acquisition of business, Note 2(a)	-	-	-	-	-	-	-	-	-	19,299
Transfers	-	(1,151)	1,151	2	(2)	-	-	-	-	-
Disposals and others	-	(7,113)	(8,343)	(23,123)	(44,426)	(5,384)	-	(88,389)	(86,069)	(173,939)
Balance as of December 31	<u>-</u>	<u>711,547</u>	<u>527,619</u>	<u>327,178</u>	<u>534,693</u>	<u>91,074</u>	<u>-</u>	<u>2,192,111</u>	<u>2,140,327</u>	<u>2,084,304</u>
Net carrying amount	<u>401,856</u>	<u>445,959</u>	<u>192,557</u>	<u>137,828</u>	<u>67,694</u>	<u>24,576</u>	<u>38,309</u>	<u>1,308,779</u>	<u>1,374,875</u>	<u>1,428,173</u>

Banks, financial institutions and insurance entities operating in Perú are not allowed to pledge their fixed assets.

During 2021, the Bank as part of the investment in fixed assets made annually, it has made disbursements related mainly to the remodeling of its headquarters located in La Molina, San Pedro and Lima office. During 2020, the Bank as part of the investment in fixed assets made annually, it has made disbursements related mainly to the remodeling of its headquarters located in La Molina and the comprehensive remodeling of the Café Dasso office. During 2019, the Bank has made disbursements mainly related to the remodeling of its headquarters in La Molina and integral remodeling to the Sucursal Cusco.

Credicorp's subsidiaries hold insurance contracts over its main assets in accordance with the policies established by Management.

Management periodically reviews the residual value, useful life and method of depreciation of the Group's property, furniture and equipment to ensure that they are consistent with their actual economic benefits and life expectations. In Management's opinion, as of December 31, 2021, 2020 and 2019 there is no evidence of impairment of the Group's property, furniture and equipment.

[Content](#)

11 INTANGIBLE ASSETS AND GOODWILL, NET

a) Intangible assets –

The movement of intangible assets with limited useful life for the years ended December 31, 2021, 2020 and 2019 was as follows:

Description	Client relationships (i) S/(000)	Brand name (ii) S/(000)	Fund manager contract (iii) S/(000)	Relationships with holders S/(000)	Software and developments S/(000)	Intangible in progress S/(000)	Other S/(000)	2021 S/(000)	2020 S/(000)	2019 S/(000)
Cost -										
Balance at January 1	384,521	171,864	103,700	21,100	3,014,099	550,639	47,941	4,293,864	3,804,989	3,406,333
Additions	–	–	–	–	104,890	427,354	–	532,244	535,241	371,957
Acquisition of business, Note 2(a)	–	–	–	–	–	–	–	–	–	126,128
Transfers	–	–	–	–	283,263	(283,263)	–	–	–	–
Disposals and others	(4,108)	–	(8,322)	–	(42,257)	(37,818)	(25,298)	(117,803)	(46,366)	(99,429)
Balance as of December 31	380,413	171,864	95,378	21,100	3,359,995	656,912	22,643	4,708,305	4,293,864	3,804,989
Accumulated amortization -										
Balance at January 1	273,968	46,479	19,369	21,100	2,082,795	–	31,755	2,475,466	2,138,724	1,941,961
Amortization of the period	18,601	7,061	4,434	–	347,359	–	4,339	381,794	355,818	308,966
Acquisition of business, Note 2(a)	–	–	–	–	–	–	–	–	–	3,104
Disposals and others	(1,378)	–	(1,858)	–	(31,385)	–	(27,555)	(62,176)	(19,076)	(115,307)
Balance as of December 31	291,191	53,540	21,945	21,100	2,398,769	–	8,539	2,795,084	2,475,466	2,138,724
Net carrying amount	89,222	118,324	73,433	–	961,226	656,912	14,104	1,913,221	1,818,398	1,666,265

During 2021, the Group has made disbursements mainly related with the implementation and development of various IT projects such as Data Lake - Data Vault, Mobile Banking I14, Telephone Banking by Voice Call I15 and improvements in Yape, among others. During 2020, the Group has made disbursements mainly related with the implementation and development of various IT projects such as Identify Access Management, Bidirectional Communication for Fraud alerts, HomeBanking 2.0 projects, among others. During 2019, the Group has made disbursements mainly related with the implementation and development of various IT projects such as DataLake, Holistico, SpotLigth, DWH, Operating Model, Client 360, Connex, Mainframe, Kalignite NDC, Small and medium businesses. Likewise, as of December 31, 2021, 2020 and 2019, the net carrying value of intangibles doesn't exceed their recoverable value.

[Content](#)

(i) Client relationships -

This item consists of the following:

	<u>2021</u> S/(000)	<u>2020</u> S/(000)
Prima AFP - AFP Unión Vida	57,613	69,974
Credicorp Capital Holding Chile - Inversiones IMT	17,679	20,782
Ultraserfinco	10,148	12,592
Tenpo	1,930	2,031
Culqi	1,852	2,167
MiBanco	-	3,007
Net carrying amount	<u>89,222</u>	<u>110,553</u>

(ii) Brand name –

This item consists of the following:

	<u>2021</u> S/(000)	<u>2019</u> S/(000)
MiBanco	117,670	124,610
Culqi	654	775
Net carrying amount	<u>118,324</u>	<u>125,385</u>

(iii) Fund management contract -

This item consists of the following:

	<u>2021</u> S/(000)	<u>2020</u> S/(000)
Credicorp Capital Colombia	36,724	42,328
Credicorp Capital Holding Chile - Inversiones IMT	33,717	38,553
Ultraserfinco S.A.	2,992	3,450
Net carrying amount	<u>73,433</u>	<u>84,331</u>

Management has assessed at each reporting date that there was no indication that customer relationships, brand name, fund management contract and software and developments may be impaired.

[Content](#)

b) Goodwill -

Goodwill acquired through business combinations has been allocated to each subsidiary or groups of them, which are also identified as a CGU for the purposes of impairment testing, as follows:

	<u>2021</u>	<u>2020</u>
	S/(000)	S/(000)
MiBanco - Edyficar Perú	273,694	273,694
MiBanco Colombia (antes Bancompartir)	124,746	135,658
Prima AFP - AFP Unión Vida	124,641	124,641
Credicorp Capital Colombia	114,714	124,447
Banco de Crédito del Perú	52,359	52,359
Pacífico Seguros	36,354	36,354
Atlantic Security Holding Corporation	29,795	29,795
Tenpo SpA	24,444	26,602
Tenpo Prepago S.A. (before "Multicaja Prepago S.A.")	13,719	14,956
Compañía Incubadora de Soluciones Móviles S.A-Culqi	2,297	2,297
Crediseguro Seguros Personales	96	96
Net carrying amount	<u>796,859</u>	<u>820,899</u>

The recoverable amount of all of the CGUs has been determined based in the present value of the discounted cash flows or dividends determined principally with assumptions of revenue and expenses projection (based on efficiency ratios).

Goodwill balance from Credicorp Holding Colombia (due to the acquisition of Credicorp Capital Colombia S.A and Banco Compartir S.A.) and Krealo SpA (due to the acquisition of Tenpo SpA and Multicaja Prepago S.A.) are affected by the volatility effect of the local exchange rate currency of the country in which they operate against the exchange rate of functional currency of Credicorp Ltd and subsidiaries.

During 2021, the group didn't register an impairment. During 2020, the Group recorded a gross impairment loss amounting to S/64.0 million for MiBanco Colombia (before Banco Compartir S.A.) as a result of its assessment of the recoverable amount (S/54.0 million of impairment correspond to the participation of Credicorp and 10.0 million correspond to the minority participation). For the determination this impairment, a fair value of 366,691 Colombian Pesos was estimated, equivalent to US\$95.7 million, and a book value of 434,825 Colombian Pesos, equivalent to US\$113.4 million. For the estimation, a discount rate of 13.2 percent and a growth rate in perpetuity of 4.0 percent were used as assumptions. Likewise, payments from 2021 to 2025 of 0.0 percent, 98.0 percent, 94.0 percent, 94.0 percent and 80.0 percent, respectively, and a perpetual payment of 80.0 percent, have been considered. Finally, the dividend tax rate considered has been 10.0 percent and the exchange rate of the Colombian Peso to the dollar was 3.833.

[Content](#)

The following table summarizes the key assumptions used for the calculation of fair value fewer selling costs in 2021 and 2020:

Description	2021	
	Terminal value growth rate	Discount rate
	%	%
MiBanco - Edyficar Perú	3.00	11.78
Prima AFP - AFP Unión Vida	1.00	12.62
Credicorp Capital Colombia	3.80	12.90
Banco de Crédito del Perú	5.00	10.76
Pacífico Seguros (*)	5.00	10.29 and 11.07
Atlantic Security Holding Corporation	2.00	11.00
Mibanco Colombia - Bancompartir	4.00	13.05
Tenpo	2.00	25.00
Compañía Incubadora de Soluciones Móviles S.A. - Culqi	2.00	25.00

Description	2020	
	Terminal value growth rate	Discount rate
	%	%
MiBanco - Edyficar Perú	3.00	12.19
Prima AFP - AFP Unión Vida	1.00	11.43
Credicorp Capital Colombia	3.80	12.62
Banco de Crédito del Perú	5.00	10.93
Pacífico Seguros (*)	5.00	10.44 and 11.81
Atlantic Security Holding Corporation	2.00	11.29
Mibanco Colombia - Bancompartir	4.00	13.20
Tenpo	5.00	25.00
Compañía Incubadora de Soluciones Móviles S.A. - Culqi	5.00	25.00

(*) As of December 31, 2021 and 2020, it corresponds to the discount rates used to determine the recoverable value of the cash flows that correspond to the general and life insurance business lines.

Five or ten years of cash flows, depending on the business maturity, were included in the discounted cash flow model. The growth rate estimates are based on historic performance and management's expectations of market development. A long-term growth rate to perpetuity has been determined taking into account forecasts included in industry reports.

Discount rates represent the current market assessment of the specific risks to each CGU. The discount rate is derived from the capital asset pricing model (CAPM). The cost of equity is derived from the expected return on investment by the Group's investors, specific risk incorporated by applying individual comparable beta factors adjusted by the debt structure of each CGU and country and market specific risk premiums to each CGU. The beta factors are evaluated annually based on publicly available market data.

The key assumptions described above may change if the conditions of the economy and market change. At December 31, 2021 and 2020, the Group estimates that reasonably possible changes in these assumptions would not cause the recoverable amount of all CGUs to decline below their carrying amount.

[Content](#)

12 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

a) Right-of-use

The Group has leased agreements according to the following composition:

	Property: Agencies and offices	Servers and technology platforms	Transport units	Other leases	2021	2020
	<u>S/(000)</u>	<u>S/(000)</u>	<u>S/(000)</u>	<u>S/(000)</u>	<u>S/(000)</u>	<u>S/(000)</u>
Cost -						
Balance as of January 1,	797,854	161,634	2,855	27,805	990,148	997,817
Additions	89,631	-	696	19,678	110,005	194,501
Disposal and others	(118,304)	(10,499)	(820)	(1,175)	(130,798)	(202,170)
Balance as of December 31	769,181	151,135	2,731	46,308	969,355	990,148
Accumulated depreciation -						
Balance as of January 1,	257,432	20,754	1,953	7,081	287,220	175,977
Depreciation of the period	124,570	28,858	519	7,340	161,287	172,005
Disposal and others	(57,758)	(5,662)	(820)	(1,329)	(65,569)	(60,762)
Balance as of December 31	324,244	43,950	1,652	13,092	382,938	287,220
Net carrying amount	444,937	107,185	1,079	33,216	586,417	702,928

b) Lease Liabilities

The Group maintains contracts, with certain renewal options and for which the Group has reasonable certainty that this option will be exercised. In those cases, the period of lease used to measure the liability and assets corresponds to an estimation of future renovations.

[Content](#)

13 OTHER ASSETS AND OTHER LIABILITIES

a) This item consists of the following:

	<u>2021</u> S/(000)	<u>2020</u> S/(000)
Other assets -		
Financial instruments:		
Receivables (b)	1,524,407	1,307,187
Derivatives receivable (c)	1,661,628	1,214,497
Operations in process (d)	195,875	245,303
Receivables from sale of investments (e)	76,852	271,066
	<u>3,458,762</u>	<u>3,038,053</u>
Non-financial instruments:		
Deferred fees (f)	967,622	1,039,557
Investment in associates (g)	658,697	645,886
Investment properties, net (h)	469,113	466,859
Income tax prepayments, net	436,961	303,838
Adjudicated assets, net	136,125	135,089
Improvements in leased premises	65,867	90,146
VAT (IGV) tax credit	50,120	49,364
Others	9,241	9,198
	<u>2,793,746</u>	<u>2,739,937</u>
Total	<u>6,252,508</u>	<u>5,777,990</u>
	<u>2021</u> S/(000)	<u>2020</u> S/(000)
Other liabilities -		
Financial instruments:		
Accounts payable (i)	2,103,062	1,788,956
Derivatives payable (c)	1,524,761	1,205,213
Salaries and other personnel expenses	825,000	591,541
Allowance for indirect loan losses, Note 7(c)	593,703	536,863
Accounts payable for acquisitions of investments (e)	241,026	260,786
Operations in process (d)	51,763	72,800
Dividends payable (j)	18,880	22,808
	<u>5,358,195</u>	<u>4,478,967</u>
Non-financial instruments:		
Provision for sundry risks (k)	614,012	514,382
Taxes	337,511	293,873
Others	211,661	199,937
	<u>1,163,184</u>	<u>1,008,192</u>
Total	<u>6,521,379</u>	<u>5,487,159</u>

b) As of December 31, 2021, the balance corresponds mainly to margin call of derivative transactions for S/410.3 million, tax works for S/178.3 million, accounts receivable from Visa for payments to establishments for S/111.0 million, accounts receivable for sale of deferred currency for S/89.7 million, taxes paid on behalf of third parties and other tax-related accounts receivable for S/73.7 million, account receivable for financial intermediation for S/27.3 million, accounts receivable from associated companies for S/6.6 million, among others (as of December 31, 2020, the balance consisted mainly of margin call from derivative operations for S/242.3 million, tax works for S/169.8 million, account receivable from Visa for payments to establishments for S/81.1 million, taxes paid on account to third parties and other accounts receivable related to taxes for S/75.3 million, account receivable for financial intermediation for S/64.4 million, account receivable for sale of deferred currency for S/60.2 million, account receivable from associate for S/6.5 million, among others).

[Content](#)

- c) The risk in derivative contracts arises from the possibility of the counterparty failing to comply with the terms and conditions agreed and that the reference rates at which the transactions took place change.

The table below shows as of December 31, 2021 and 2020 the fair value of derivative financial instruments, recorded as an asset or a liability, together with their notional amounts and maturities. The nominal amount, recorded gross, is the amount of a derivative's underlying asset and is the basis upon which the fair value of derivatives is measured.

	2021				2020				2021 and 2020 Related instruments	
	Assets S/(000)	Liabilities S/(000)	Notional amount S/(000)	Maturity	Assets S/(000)	Liabilities S/(000)	Notional amount S/(000)	Maturity		
Derivatives held for trading										
(i) -										
Foreign currency forwards	344,780	387,371	28,618,406	January 2022 / June 2023	256,891	257,999	22,030,623	January 2021 / October 2022	—	
Interest rate swaps	367,906	320,186	26,878,186	January 2022 / December 2031	600,718	613,624	20,447,415	January 2021 / December 2031	—	
Currency swaps	860,170	795,845	15,935,149	January 2022 / January 2033	323,425	181,454	9,095,243	January 2021 / January 2033	—	
Foreign exchange options	2,485	3,258	576,398	January 2022 / December 2022	2,673	3,547	426,848	January 2021 / June 2021	—	
Futures	19	405	72,165	March 2022 / November 2022	2,694	2,616	32,589	March 2021	—	
	<u>1,575,360</u>	<u>1,507,065</u>	<u>72,080,304</u>		<u>1,186,401</u>	<u>1,059,240</u>	<u>52,032,718</u>			
Derivatives held as hedges										
Cash flow hedges -										
Interest rate swaps (IRS)	17(a)(v)	—	1,076	119,610	March 2022	—	2,525	108,630	March 2022	Bonds issued
Interest rate swaps (IRS)	15(b)(ii)	—	—	—	—	—	315	362,100	March 2021	Debt to banks
Interest rate swaps (IRS)	17(a)(viii)	—	—	—	—	—	1,473	253,470	March 2021	Bonds issued
Interest rate swaps (IRS)	15(b)(iv)	—	—	—	—	—	72	181,050	March 2021	Debt to banks
Interest rate swaps (IRS)	15(b)(iii)	—	—	—	—	—	60	181,050	March 2021	Debt to banks
Cross currency swaps (CCS)	17(a)(ii)	36,512	—	199,350	January 2025	5,090	—	181,050	January 2025	Bonds issued
Cross currency swaps (CCS)	5(c)(i)	16,972	—	179,415	August 2026	—	29,001	162,945	August 2026	Repurchase agreements
Cross currency swaps (CCS)	5(c)(ii)	12,845	—	99,675	August 2026	—	11,797	90,525	August 2026	Repurchase agreements
Cross currency swaps (CCS)	6(b)(i)(v)	19,939	4,126	154,635	January 2022 / September 2024	18,224	74,677	487,046	January 2021 / September 2024	Investments (*)
Cross currency swaps (CCS)	17(a)(vi)	—	216	173,215	December 2023	4,782	—	175,345	August 2021	Bonds issued
Fair value hedges -										
Interest rate swaps (IRS)	6(b)	—	12,278	636,405	March 2022 / May 2023	—	26,053	628,677	March 2022 / May 2023	Investments (*)
		<u>86,268</u>	<u>17,696</u>	<u>1,562,305</u>		<u>28,096</u>	<u>145,973</u>	<u>2,811,888</u>		
		<u>1,661,628</u>	<u>1,524,761</u>	<u>73,642,609</u>		<u>1,214,497</u>	<u>1,205,213</u>	<u>54,844,606</u>		

(*) Corresponds to investments classified at the fair value through other comprehensive income under IFRS 9 as of December 31, 2021 and 2021.

[Content](#)

The increase in the nominal value of currency swaps as of December 31, 2021 respect to December 31, 2020 is mainly due to new operations with the BCRP.

- (i) Held-for-trading derivatives are principally negotiated to satisfy customers' needs. On the other hand, the Group may also take positions with the expectation of profiting from favorable movements in prices or rates. Also, this caption includes any derivatives which do not comply with IFRS 9 hedge accounting requirements. Fair value of derivatives held for trading classified by contractual maturity is as follows:

	2021					2020						
	Up to 3 months	From 3 months to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years	Up to 3 months	From 3 months to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years		
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	Total S/(000)	
Foreign currency forwards	193,678	148,219	2,883	-	-	344,780	148,076	108,541	274	-	-	256,891
Interest rate swaps	16,120	25,612	16,117	51,990	258,067	367,906	4,025	25,005	81,209	46,101	444,378	600,718
Currency swaps	61,522	182,002	219,240	137,046	260,360	860,170	12,324	11,499	122,673	36,219	140,710	323,425
Foreign exchange options	1,287	1,198	-	-	-	2,485	379	2,294	-	-	-	2,673
Futures	-	19	-	-	-	19	2,694	-	-	-	-	2,694
Total assets	272,607	357,050	238,240	189,036	518,427	1,575,360	167,498	147,339	204,156	82,320	585,088	1,186,401

	2021					2020						
	Up to 3 months	From 3 months to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years	Up to 3 months	From 3 months to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years		
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	Total S/(000)	
Foreign currency forwards	231,022	153,550	2,799	-	-	387,371	145,781	111,956	262	-	-	257,999
Interest rate swaps	13,098	13,481	28,424	40,984	224,199	320,186	12,794	23,211	80,629	64,995	431,995	613,624
Currency swaps	37,410	225,813	211,630	145,507	175,485	795,845	15,122	33,147	86,265	20,344	26,576	181,454
Foreign exchange options	1,102	2,156	-	-	-	3,258	676	2,871	-	-	-	3,547
Futures	405	-	-	-	-	405	2,616	-	-	-	-	2,616
Total liabilities	283,037	395,000	242,853	186,491	399,684	1,507,065	176,989	171,185	167,156	85,339	458,571	1,059,240

- (ii) The Group is exposed to variability in future cash flows on assets and liabilities in foreign currency and/or those that bear interest at variable rates. The Group uses derivative financial instruments as cash flow hedges to cover these risks.

A schedule indicating the periods when the current cash flow hedges are expected to occur and affect the consolidated statement of income, net of deferred income tax is presented below:

	2021					2020				
	Up to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total	Up to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Cash inflows (assets)	191,962	327,914	496,552	-	1,016,428	1,268,082	229,366	275,235	255,963	2,028,646
Cash outflows (liabilities)	(209,707)	(338,518)	(446,582)	-	(994,807)	(1,347,995)	(274,482)	(265,536)	(236,859)	(2,124,872)
Consolidated statement of income	(461)	(20)	197	-	(284)	(4,939)	(5,314)	(4,969)	(25,891)	(41,113)

As of December 31, 2021, the accumulated balance of net unrealized loss from cash flow hedges, which is included as other comprehensive income in "Cash flow hedge reserves" results from the current hedges, which have an unrealized loss of approximately S/0.3 million and from the revoked hedges, which have an unrealized loss of approximately S/0.7 million (unrealized loss of approximately S/38.2 million from current hedges and unrealized loss for S/2.9 million from revoked hedges, as of December 31, 2020), which is being recognized in the consolidated statement of income over the remaining term of the underlying financial instrument. Also, the transfer of the unrealized loss on cash flow hedges to the consolidated statement of income is presented in Note 18(c).

[Content](#)

- d) Transactions in process include deposits received, granted and collected loans, funds transferred and other similar types of transactions, which are made in the final days of the month and not reclassified to their final accounts in the interim condensed consolidated statement of financial position until the first days of the following month. The regularization of these transactions does not affect the Group's net income.
- e) As of December 31, 2021 and 2020, corresponds to accounts receivable and payable for the sale and purchase of financial investments negotiated during the last days of the month, which were settled during the first days of the following month.
- f) As of December 31, 2021, the balance corresponds mainly to the payment in advance in favor of Latam Airlines Group S.A. Perú Branch for US\$113.9 million, equivalent to S/454.0 million, (US\$165.1 million, equivalent to S/507.9 million as of December 31, 2020) on account of the Latam Pass Miles that the Bank has been crediting to its clients for the use of your credit and debit cards, and other financial products BCP Latam Pass. Customers can use these miles directly with Latam to exchange tickets, goods or services offered by them.
- g) Credicorp's principal associate is Entidad Prestadora de Salud (EPS), whose balance amounts to S/598.1 million and S/603.4 million as of December 31, 2021 and 2020, respectively.
- h) Investment properties -

The movement of investment properties is as follows:

	2021			2020
	Own assets			Total
	Land	Buildings	Total	Total
	S/(000)	S/(000)	S/(000)	S/(000)
Cost				
Balance at January 1	263,439	250,479	513,918	491,366
Additions (i)	12,068	-	12,068	26,533
Sales (ii)	-	-	-	(233)
Disposals and others	(738)	1,687	949	(3,748)
Ending Period	274,769	252,166	526,935	513,918
Accumulated depreciation				
Balance at January 1	-	45,649	45,649	39,027
Depreciation for the period	-	7,302	7,302	7,018
Sales (ii)	-	-	-	(148)
Disposals and others	-	3,461	3,461	(248)
Ending Period	-	56,412	56,412	45,649
Impairment losses (iii)	689	721	1,410	1,410
Net carrying amount	274,080	195,033	469,113	466,859

Land and buildings are mainly used for office rental, which are free of all encumbrances.

- (i) As of December 31, 2021, in order to consolidate the real estate projects, the Group has made disbursements of improvements for S/12.1 million. Among the main disbursements is the IPAE building located in the city of Arequipa for S/5.8 million, Torre Pacifico located in Esquina Tamayo and Juan de Arona in the district of San Isidro, Lima for S/4.3 million and other minor ones for S /2.0 million. As of December 31, 2020, the main additions correspond to the acquisition of land located in the Comas district in the city of Lima for the amount of S/12.5 million. Likewise, in order to consolidate the real estate projects, the Group has made disbursements mainly for the improvements of buildings one of them located in Arequipa for the amount of S/5.1 million, the other located in Trujillo for approximately S/3.8 million and also improvements on the 13th floor of Panorama building located in the district of Santiago de Surco, Lima amounted of S/2.4 million.
- (ii) No sales have been made during the 2021. The amount for sales for the 2020 period is mainly due to the sale of a store N.112 located in the Jr. Huallaga (Lima) building, whose sale value was S/0.08 million (disposal cost amounted to S/0.09 million).

[Content](#)

(iii) The Group's Management has determined that the recoverable value of its investment properties is greater than their net carrying amount.

- i) As of December 31, 2021, the balance mainly corresponds to accounts payable to suppliers for S/208.4 million, accounts payable to policyholders for S/108.1 million, accounts payable for purchase of deferred foreign currency for S/101.6 million, accounts payable to intermediaries for S/90.0 million, accounts payable for premiums to the Deposit Insurance Fund for S/52.7 million, settlement funds of Financiera TFC for S/12.0 million, interbank operations to be settled with the BCRP for S/8.8 million, accounts payable to an associate for S/7.4 million, among others (as of December 31, 2020, the balance corresponds mainly to accounts payable to suppliers for S/215.0 million, accounts payable to policyholders for S/91.5 million, accounts payable to intermediaries for S/87.3 million, accounts payable for the purchase of deferred foreign currency for S/65.9 million, accounts payable for premiums to the Deposit Insurance Fund for S/46.4 million, interbank operations to be settled with the BCRP for S/39.6 million, Liquidation Funds of Financiera TFC for S/12.5 million, repurchase agreements to be settled for S/9.5 million, accounts payable to an associate for S/3.9 million, among others).
- j) As of December 31, 2021, the balance corresponds mainly to S/17.3 million recorded by Banco de Crédito del Perú. As of December 31, 2020, the balance corresponds mainly to S/18.9 million recorded by Banco de Crédito del Perú.

k) The movement of the provision for sundry risks for the years ended December 31, 2021, 2020 and 2019 was as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
	S/(000)	S/(000)	S/(000)
Balance at the beginning of the year	514,382	359,853	342,350
Provision, Note 29	70,824	140,897	27,272
Increase (decrease), net	28,806	13,632	(9,769)
Balances at the end of the year	<u>614,012</u>	<u>514,382</u>	<u>359,853</u>

Because of the nature of its business, the Group has various pending lawsuits, which provisions are recorded when, in Management's and its in-house legal advisors opinion, it is likely that these may result in an additional liability and such amount can be reliably estimated. Regarding lawsuits against the Group which have not been recorded as a provision, in Management's and its in-house legal advisors opinion, they will not result in an additional liability other than those recorded previously and they will not have a material effect on the Group's consolidated financial statements.

[Content](#)

14 DEPOSITS AND OBLIGATIONS

a) This item consists of the following:

	<u>2021</u> S/(000)	<u>2020</u> S/(000)
Demand deposits	58,629,661	54,530,355
Saving deposits	56,945,262	50,069,129
Time deposits (c)	28,668,120	28,121,094
Severance indemnity deposits	4,017,065	7,736,747
Bank's negotiable certificates	1,327,690	1,202,996
Total	149,587,798	141,660,321
Interest payable	753,064	705,181
Total	150,340,862	142,365,502

The Group has established a policy to remunerate demand deposits and savings accounts according to a growing interest rate scale, based on the average balance maintained in those accounts; on the other hand, according to its policy, balances that are lower than a specified amount for each type of account do not bear interest. Also, time deposits earn interest at market rates.

Interest rates are determined by the Group considering the interest rates prevailing in the market in which each of the Group's subsidiaries operates.

b) The amounts of non-interest-bearing and interest-bearing deposits and obligations are presented below:

	<u>2021</u> S/(000)	<u>2020</u> S/(000)
Non-interest-bearing -		
In Perú	45,909,164	44,037,934
In other countries	5,942,042	3,585,185
	<u>51,851,206</u>	<u>47,623,119</u>
Interest-bearing -		
In Perú	86,987,254	82,907,313
In other countries	10,749,338	11,129,889
	<u>97,736,592</u>	<u>94,037,202</u>
Total	149,587,798	141,660,321

[Content](#)

c) The balance of time deposits classified by maturity is as follows:

	<u>2021</u> S/(000)	<u>2020</u> S/(000)
Up to 3 months	14,133,476	13,750,133
From 3 months to 1 year	8,661,200	6,849,436
From 1 to 3 years	2,517,392	4,143,040
From 3 to 5 years	419,445	473,479
More than 5 years	2,936,607	2,905,006
Total	<u>28,668,120</u>	<u>28,121,094</u>

In Management's opinion the Group's deposits and obligations are diversified with no significant concentrations as of December 31, 2021 and 2020.

At December 31, 2021 and 2020, of the total balance of deposits and obligations, approximately S/50,478.8 million and S/45,448.1 million, respectively, are secured by the Peruvian "Fondo de Seguro de Depósitos" (Deposit Insurance Fund). At said dates, maximum amount of coverage per depositor recognized by "Fondo de Seguro de Depósitos" totaled S/115,637 and S/101,522, respectively.

As of December 31, 2021 and 2020, of the total balance of deposits and obligations, approximately 224,078.1 million Colombian pesos (equivalent to S/219.8 million) and 214,426.3 million Colombian pesos (equivalent to S/228.4 million), respectively, are secured by the Colombian "Financial Institutions Guarantee Fund" (Fogafin, for its Spanish acronym). At said dates, maximum amount of coverage per depositor recognized by "Fogafin" totaled 50,000,000.0 Colombian pesos (equivalent to S/49,050) and 50,000,000.0 Colombian pesos (equivalent to S/53,250), respectively.

[Content](#)

15 DUE TO BANKS AND CORRESPONDENTS

a) This item consists of the following:

	<u>2021</u>	<u>2020</u>
	S/(000)	S/(000)
International funds and others (b)	3,519,453	2,710,224
Promotional credit lines (c)	3,592,008	3,203,263
	7,111,461	5,913,487
Interest payable	101,485	64,770
Total	<u>7,212,946</u>	<u>5,978,257</u>

b) This item consists of the following:

	<u>2021</u>	<u>2020</u>
	S/(000)	S/(000)
Bank of America	920,036	-
Wells Fargo Bank NY (i)	677,790	181,050
Corporación Financiera de Desarrollo (COFIDE)	563,136	624,480
Citibank N.A (ii)	398,700	362,100
Banco de la Nación	185,000	260,000
Scotiabank Perú S.A.A.	180,198	100,000
Bancoldex	174,145	118,516
Banco BBVA Perú	119,900	107,900
Bancolombia S.A.	51,743	28,008
The Toronto Dominion Bank	-	271,575
Bank of New York Mellon (iii)	-	181,051
Sumitomo Mitsui Banking Corporation (iv)	-	181,050
Bankinter	-	72,420
Other minors than S/49.2 million	248,805	222,074
Total	<u>3,519,453</u>	<u>2,710,224</u>

As of December 31, 2021, the loans have maturities between enero de 2022 y marzo de 2032 (between January 2021 and March 2032, as of December 31, 2020) and accrue interest in soles currency at rates that fluctuate between 1.15 percent and 7.53 percent and accrue interest in foreign currency at rates that fluctuate between 0.40 percent and 8.30 percent (between 0.92 percent and 4.30 percent and between 0.40 percent and 8.30 percent, as of December 31, 2020).

[Content](#)

- (i) As of December 31, 2021, the loan amounting to US\$10.0 million matured, which was covered by an interest rate swap (IRS) agreed and due in 2021, for a nominal amount equal to the principal and equal maturities, said loan was economically converted to a fixed rate.
 - (ii) As of December 31, 2021, the loan amounting to US\$100.0 million (US\$100.0 million equivalent to S/362.1 million, as of December 31, 2020) matured, which was covered by an interest rate swap (IRS) for a nominal amount equal to the principal and the same maturity, note 13(c), said loan was economically converted to a fixed rate.
 - (iii) As of December 31, 2021, the loan amounting to US\$50.0 million (US\$50.0 million equivalent to S/181.1 million, as of December 31, 2020) matured, which was covered by an interest rate swap (IRS) for nominal amounts equal to the principal and equal maturities, note 13(c), said loans were converted economically at a fixed rate.
 - (iv) As of December 31, 2021, the loan amounting to US\$50.0 million (US\$50.0 million equivalent to S/181.1 million, as of December 31, 2020) matured, which was covered by an interest rate swap (IRS) for a nominal amount equal to the principal and the same maturity, note 13(c), said loan was economically converted to a fixed rate.
- c) Promotional credit lines represent loans granted by Corporación Financiera de Desarrollo and Fondo de Cooperación para el Desarrollo Social (COFIDE and FONCODES for their Spanish acronyms, respectively) to promote the development of Perú, they mature between January 2022 and January 2032 and bear annual interest in soles at rates that fluctuate between 6.0 percent and 7.60 percent and interest in foreign currency 7.75 percent at December 31, 2021 (between January 2021 and July 2029 and with annual interest in soles between 3.98 percent and 7.25 percent and interest in foreign currency 6.40 percent at December 31, 2020). These credit lines are secured by a loan portfolio totaling S/3,592.0 million and S/3,203.3 million, at December 31, 2021 and December 31, 2020, respectively.

[Content](#)

d) The following table presents the maturities of due to banks and correspondents at December 31, 2021 and 2020 based on the period remaining to maturity:

	<u>2021</u>	<u>2020</u>
	S/(000)	S/(000)
Up to 3 months	1,786,693	2,343
From 3 months to 1 year	1,255,291	1,854,351
From 1 to 3 years	1,091,482	819,991
From 3 to 5 years	781,547	601,258
More than 5 years	2,196,448	2,635,544
Total	<u>7,111,461</u>	<u>5,913,487</u>

e) As of December 31, 2021 and 2020, lines of credit granted by various local and foreign financial institutions, to be used for future operating activities total S/7,111.5 million and S/5,913.5 million, respectively.

f) Certain debts to banks, correspondents and other entities include specific agreements on how the funds received should be used, the financial conditions that the Bank must maintain, as well as other administrative matters. In Management's opinion, these specific agreements have been fulfilled by the Bank as of December 31, 2021 and 2020.

[Content](#)

16 TECHNICAL RESERVES FOR INSURANCE CLAIMS AND PREMIUMS

a) This item consists of the following:

	2021		
	Technical reserves for claims (*)	Technical reserves for premiums (**)	Total
	S/(000)	S/(000)	S/(000)
Life insurance	1,696,733	9,101,456	10,798,189
General insurance	714,700	684,950	1,399,650
Health insurance	144,147	192,525	336,672
Total	2,555,580	9,978,931	12,534,511

	2020		
	Technical reserves for claims (*)	Technical reserves for premiums (**)	Total
	S/(000)	S/(000)	S/(000)
Life insurance	1,288,056	8,784,732	10,072,788
General insurance	629,330	656,963	1,286,293
Health insurance	133,088	182,907	315,995
Total	2,050,474	9,624,602	11,675,076

(*) As of December 31, 2021, the life insurance technical reserves include the mathematical reserves of income amounting to S/6,759.7 million (S/ 6,806.1 million as of December 31, 2020).

Insurance claims reserves represent reported claims and an estimate for incurred but non reported claims (IBNR). Reported claims are adjusted on the basis of technical reports received from independent adjusters.

Insurance claims to be paid by reinsurers and co-insurers represent ceded claims, which are presented in "Accounts receivable from reinsurers and coinsurers" of the consolidated statement of financial position, See note 9(b).

As of December 31, 2021, the reserves for direct claims include reserves for IBNR for life, general and health insurance for an amount of S/825.0 million, S/38.9 million y S/109.9 million, respectively (S/602.7 million, S/42.5 million and S/125.3 million, respectively, as of December 31, 2020).

The increase in reserves is mainly due to the mortality experienced due to COVID-19. Thus, the increase in the technical reserve for claims corresponds to the effect experienced by the business lines due to increases in the reserve amount for outstanding claims due to Over mortality and IBNR. Likewise, the increase in technical reserves for premiums is mainly due to the increase due to new sales in the Income line.

[Content](#)

As of December 31, 2021, due to the COVID-19 pandemic, IBNR reserves were calculated in two parts: a) IBNR reserve for regular claims and b) IBNR reserve for expected excess mortality (deaths above the average number of cases months pre-pandemic).

In the case of general and health risks, the retrospective analysis indicates that the amounts accrued are adequate and in Management's opinion, the estimate of the reserve for IBNR is enough to cover any obligation as of December 31, 2021 and 2020.

In the case of Medical Assistance (AMED for its acronym in Spanish), the IBNR estimate included the estimate of regular claims and also the IBNR estimate for COVID-19 claims, which had a different frequency and cost than regular claims. See Note 3(e)(ii).

In general, claims reserves have been estimated using prudential criteria due to the uncertainty in the loss ratio caused by the pandemic that began in 2020.

Technical reserves include reserves for obligations for future benefits under insurance of life and personal accidents in force; and the unearned premium reserves in respect of the portion of premiums written that is allocable to the unexpired portion of the related policy periods of related coverage.

b) Movement of insurance claims reserves (direct and assumed), occurred during the years 2021 and 2020:

	2021			
	Life insurance S/(000)	General insurance S/(000)	Health insurance S/(000)	Total S/(000)
Beginning balance	1,288,056	629,330	133,088	2,050,474
Gross claims, Note 26	2,183,789	375,162	325,307	2,884,258
Payments	(1,786,376)	(353,147)	(314,343)	(2,453,866)
Result for difference in change and others	11,264	63,355	95	74,714
Ending balance	1,696,733	714,700	144,147	2,555,580

	2020			
	Life insurance S/(000)	General insurance S/(000)	Health insurance S/(000)	Total S/(000)
Beginning balance	908,362	590,588	77,278	1,576,228
Gross claims, Note 26	1,383,344	326,183	281,627	1,991,154
Payments	(1,012,012)	(363,374)	(225,882)	(1,601,268)
Result for difference in change and others	8,362	75,933	65	84,360
Ending balance	1,288,056	629,330	133,088	2,050,474

[Content](#)

The increase in technical reserves for claims mainly corresponds to excess mortality in the Life Insurance Businesses and the provision of services for Health Insurance. The impact by business is detailed below:

2021

Business line	IBNR Balance COVID - 19	Claims reported COVID - 19	Total Impact COVID- 19
Vida Individual	S/ 18.0 MM	S/ 39.0 MM	S/ 57.0 MM
Vida Grupo	S/ 13.9 MM	S/ 18.7 MM	S/ 32.6 MM
Vida Ley	S/ 27.2 MM	S/ 44.4 MM	S/ 71.6 MM
Vida Crédito	S/ 45.6 MM	S/ 162.9 MM	S/ 208.5 MM
SISCO	S/ 67.8 MM	S/ 286.5 MM	S/ 354.3 MM
Asistencia Médica	S/ 19.8 MM	S/ 38.7 MM	S/ 58.5 MM
Totales	S/ 192.3 MM	S/ 590.2 MM	S/ 782.5 MM

2020

Business line	IBNR Balance COVID - 19	Claims reported COVID - 19	Total Impact COVID-19
Vida Individual	S/ 7.0 MM	S/ 17.1 MM	S/ 24.1 MM
Vida Grupo	S/ 9.8 MM	S/ 9.0 MM	S/ 18.8 MM
Vida Ley	S/ 11.3 MM	S/ 19.4 MM	S/ 30.7 MM
Vida Crédito	S/ 21.7 MM	S/ 101.8 MM	S/ 123.5 MM
SISCO	S/ 49.0 MM	S/ 112.9 MM	S/ 161.9 MM
Asistencia Médica	S/ 24.5 MM	S/ 33.1 MM	S/ 57.6 MM
Totales	S/ 123.3 MM	S/ 293.3 MM	S/ 416.6 MM

c) Movement of reserves for premiums (direct and assumed) that occurred during the years 2021 and 2020:

	2021			
	Life insurance S/(000)	General insurance S/(000)	Health insurance S/(000)	Total S/(000)
Beginning balance	8,784,732	656,963	182,907	9,624,602
Time course expenses and others	(55,135)	2,710	–	(52,425)
Unearned premium and other technical reserves variation, net	(539)	(21,844)	9,371	(13,012)
Insurance subscriptions	751,942	6,374	–	758,316
Adjustment by application of market rates (i)	(771,711)	–	–	(771,711)
Result for difference in change and others	392,167	40,747	247	433,161
Ending balance	9,101,456	684,950	192,525	9,978,931

	2020			
	Life insurance S/(000)	General insurance S/(000)	Health insurance S/(000)	Total S/(000)
Beginning balance	7,548,684	651,129	174,192	8,374,005
Time course expenses and others	75,115	818	–	75,933
Unearned premium and other technical reserves variation, net	1,006	(36,323)	8,501	(26,816)
Insurance subscriptions	599,149	5,941	–	605,090
Adjustment by application of market rates (i)	263,820	–	–	263,820
Result for difference in change and others	296,958	35,398	214	332,570
Ending balance	8,784,732	656,963	182,907	9,624,602

[Content](#)

The increase in technical reserves for premiums is mainly due to the increase in sales.

- (i) As of December 31, 2021, the variation corresponds mainly to a change in the methodology in the reinvestment rate (purchase at market) and the increase in investment rates at market, generating a greater release of reserves compared to 2020 (at a higher rate of discount, the reserves constituted are lower). As of December 31, 2020, the increase corresponds mainly to the reduction of investment rates to market.

The main assumptions used to estimate of retirement, disability and survival annuities and individual life reserves are as follows:

Mortality	2021		2020	
	Mortality table	Technical rates	Mortality table	Technical rates
Annuitants	SPP-S-2017 and Investment Rates: Between 3.75% - 8.02%		SPP-S-2017 and Investment Rates: Between 3.21% - 7.96%	
Pension Insurance - Definitive Regime (Claims with an accrual date until May 2011).	SPP-I-2017	Reinvestment Rates: Between 2.5% - 5.25%	SPP-I-2017	Reinvestment Rates: Between 2.50% - 5.25%
Pension Insurance - Definitive Regime (Claims with an accrual date from June 2011)	B-85 and MI-85	Soles VAC 1.37% / Nominal US dollar 3.61%	B-85 and MI-85	Soles VAC 1.7% / Nominal US dollar 3.68%
Pension Insurance - Temporary Regime (IFRS reserve) All Claims	B-85 adjusted and MI-85	Soles VAC 1.37% / Nominal US dollar 3.61% / Adjusted Soles 5.12% / Adjusted Dollars 3.61%	B-85 Adjusted and MI-85	Soles VAC 1.7% / Nominal US dollar 3.68% / Adjusted Soles 5.25% / Adjusted Dollars 3.68%
SCTR (IFRS Reserve) Claims settled until December 2019	SPP-S-2017- and SPP-I-2017	Soles VAC 3.614%	SPP-S-2017- and SPP-I-2017	Soles VAC 3.648%
SCTR (IFRS Reserve) Claims settled since January 2020	SPP-S-2017- and SPP-I-2017	Soles VAC 3.663%	SPP-S-2017 and SPP-I-2017	Soles VAC 3.672%
Individual life	CSO 80 adjusted	4.00 – 5.00%	CSO 80 adjustable	4.00 – 5.00%

The sensitivity of the estimates used by the Group to measure its insurance risks is represented primarily by the life insurance risks; the main variables as of December 31, 2021 and 2020, are the interest rates and the mortality tables used. The Group has evaluated the changes in its most significant reserves related to life insurance contracts included in retirement, disability and survival annuities reserves of +/- 100 bps of the interest rates and of +/- 5 bps of the mortality factors, with the following results:

Variables	2021			2020		
	Reserve	Variation of the reserve		Reserve	Variation of the reserve	
		Amount	Percentage		Amount	Percentage
Portfolio in S/ - Base amount	3,951,240	-	-	4,121,791	-	-
Changes in interest rates: + 100 bps	3,581,606	(369,633)	(9.35)	3,783,665	(338,126)	(8.20)
Changes in interest rates: - 100 bps	4,398,670	447,430	11.32	4,530,919	409,128	9.93
Changes in Mortality tables to 105%	3,923,102	(28,138)	(0.71)	4,095,670	(26,121)	(0.63)
Changes in Mortality tables to 95%	3,980,673	29,433	0.74	4,148,940	27,149	0.66
Portfolio in US\$ - Base amount	672,130	-	-	847,563	-	-
Changes in interest rates: + 100 bps	623,665	(48,465)	(7.21)	801,574	(45,989)	(5.43)
Changes in interest rates: - 100 bps	729,743	57,613	8.57	902,102	54,539	6.43
Changes in Mortality tables to 105%	666,489	(5,641)	(0.84)	842,068	(5,495)	(0.65)
Changes in Mortality tables to 95%	677,982	5,852	0.87	853,308	5,745	0.68

[Content](#)

17 **BONDS AND NOTES ISSUED**

a) This item consists of the following:

	Annual interest rate %	Interest payment	As of December 31, 2021			As of December 31, 2020		
			Maturity	Issued amount (000)	Carrying amount S/(000)	Maturity	Issued amount (000)	Carrying amount S/(000)
Senior notes - BCP (i)	4.25	Semi-annual	April 2023	US\$716,301	2,821,515	April 2023	US\$716,301	2,552,985
Senior notes - BCP (ii)	From 2.70 to 5.38	Semi-annual	January 2025	US\$700,000	2,721,570	January 2025	US\$700,000	2,453,353
Senior notes - BCP (iii)	From 4.65 to 4.85	Semi-annual	September 2024	S/2,900,000	2,484,121	September 2024	S/2,900,000	2,469,832
Senior notes - Credicorp Ltd. (iv)	2.75	Semi-annual	June 2025	US\$500,000	1,906,364	June 2025	US\$500,000	1,737,139
Senior notes - BCP (v)	Libor 3M + 55 pb	Quarterly	March 2022	US\$30,000	119,585	March 2022	US\$30,000	108,479
Senior notes - BCP (vi)	0.45	Semi-annual	December 2023	¥5,000,000	172,773	-	-	-
Senior notes - BCP (vii)	0.42	Semi-annual	-	-	-	August 2021	¥5,000,000	175,087
Senior notes - BCP (viii)	Libor 3M + 100 pb	Quarterly	-	-	-	March 2021	US\$70,000	253,412
MMT 100 - Secured notes - CCR Inc. (ix)								
2012 Series C Floating rate certificates	4.75	Monthly	July 2022	US\$315,000	104,659	July 2022	US\$315,000	257,996
Corporate bonds -								
Fourth program								
Tenth issuance (Series A, B and C) - BCP	From 5.31 to 5.50	Semi-annual	October 2022 / November 2022	S/400,000	399,923	December 2021 / November 2022	S/550,000	527,794
Fifth program								
Third issuance (Series C) - BCP	4.25	Semi-annual	July 2022	S/109,310	109,182	July 2022	S/109,310	108,980
Third issuance (Series D) - BCP	3.88	Semi-annual	August 2022	S/42,660	42,580	August 2022	S/42,660	42,456
Third issuance (Series B) - BCP	4.88	Semi-annual	-	-	-	October 2021	S/42,200	42,169
Third issuance (Series A) - BCP	4.59	Semi-annual	-	-	-	July 2021	S/70,770	69,178
					<u>551,685</u>			<u>790,577</u>

[Content](#)

	Annual interest rate %	Interest payment	As of December 31, 2021			As of December 31, 2020		
			Maturity	Issued amount (000)	Carrying amount S/(000)	Maturity	Issued amount S/(000)	Carrying amount S/(000)
Subordinated bonds - BCP (x)	From 3.13 to 6.13	Semi-annual	April 2027 / September 2031	US\$1,350,000	5,269,458	April 2027 / July 2030	US\$1,144,700	4,028,266
Subordinated bonds - BCP (x)	6.88	Semi-annual	-	-	-	September 2026	US\$181,505	651,176
Subordinated bonds -								
First program								
First issuance (Series A) - Pacífico Seguros	6.97	Quarterly	November 2026	US\$60,000	239,220	November 2026	US\$60,000	217,260
First issuance (Series A) - BCP	6.22	Semi-annual	May 2027	S/15,000	15,000	May 2027	S/15,000	15,000
Second program								
Second issuance (Series A) - Pacífico Seguros	4.41	Semi-annual	December 2030	US\$50,000	181,511	December 2030	US\$50,000	164,784
First issuance (Series B) - Mibanco	7.22	Semi-annual	June 2027	S/30,000	30,000	June 2027	S/30,000	30,000
First issuance (Series A) - Mibanco (xi)	8.50	Semi-annual	-	-	-	May 2026	S/100,000	100,000
Third program								
Issuance II - Banco de Crédito de Bolivia	5.25	Semi-annual	August 2022	Bs137,200	80,453	August 2022	Bs137,200	73,546
Issuance III - Banco de Crédito de Bolivia	6.00	Semi-annual	August 2030	Bs100,000	58,461	August 2030	Bs100,000	53,278
Issuance I - Banco de Crédito de Bolivia	6.25	Semi-annual	August 2028	Bs70,000	40,922	August 2028	Bs70,000	37,295
Fourth program								
First issuance (Series A) - MiBanco (xi)	5.84	Semi-annual	March 2031	S/155,000	146,276	-	-	-
					791,843			691,163
Negotiable certificate of deposit - Mibanco	From 1.71 to 5.80	Annual	January 2022 / August 2025	S/939	845	January 2021 / November 2024	S/1,385	1,385
Subordinated negotiable certificates - BCP	Libor 3M + 279 bp	Quarterly	-	-	-	November 2021	US\$2,960	10,718
Interest payable					16,944,418			16,181,568
Total					134,411			137,839
					17,078,829			16,319,407

[Content](#)

During the first quarter of 2018, in accordance with the risk exposure strategy of the interest rate, the Group discontinued the fair value hedge of certain bonds, issued in US. dollar at a fixed rate, through the liquidation of the IRS. The accumulated profit of the fair value of these bonds at the time of the liquidation of the derivatives amounted to US\$22.0 million (equivalent to S/71.7 million), recorded in the liability, which has been transferred to the consolidated statement of income up to the date of maturity of said bonds. As of December 31, 2021, the liability amounts to US\$0.9 million, equivalent to S/3.6 million, (US\$2.6 million, equivalent to S/9.5 million, as of December 31, 2020). The amount recorded in the interim condensed consolidated statement of income ended December 31, 2021, amounts to US\$1.7 million, equivalent to S/6.6 million (US\$6.1 million, equivalent to S/21.2 million, during the period ended December 31, 2020).

In addition, international issues maintain certain operating covenants, which, in Management's opinion, the Group has complied with at the dates of the statement of financial position.

- (i) The Bank can redeem the total or part of the notes at any time, having as a penalty an interest rate equal to the Treasury of the United States of America's rate plus 50 basis point. The payment of principal will take place on the due date of the notes or when the Bank redeems these notes.
- (ii) In September 2019, the Bank announced a repurchase offer and propose an exchange to the holders of senior notes of the US\$ 800.0 million issued in September of 2010, managing to repurchase US\$ 220.3 million and exchanging US\$ 205.0 million with new senior notes, at market rates , whose terms and conditions are very similar to the previous issue. At the end of said offer, the Bank kept a notional value payable amounting to US\$374.6 million, which matured in September 2020.

In the same way, in September 2019, the Bank issued senior notes of approximately US\$700.0 million (that amount includes the US\$205.0 million of the exchange mentioned in the paragraph before). The Bank can redeem all or part of the notes at any date, between October 11, 2021 and December 10, 2024, at a redemption price equal to or greater than : (i) 100 percent of the aggregate principal amount of the notes to be redeemed; and (ii) the sum of the present value of each remaining scheduled payment discounted at interest rate equal to the Treasury of the United States of America's rate plus 20 basis points. From December 11, 2024 onwards, the Bank can redeem the total or part of the notes to a redemption price equal to 100 percent of the aggregate principal amount of the notes to be redeemed.

The payment of principal will take place on the due date or when the Bank redeems the notes.

On December 31, 2021, the Bank maintains a CCS which was designated as cash flows hedges of a part of senior notes in US dollar subject to exchange rate risk for a notional amount of US\$50.0 million, equivalent to S/199.4 million (US\$50.0 million equivalent to S/181.1 million, as of December 31, 2020), see note 13(c). By means of the CCS, the cover part of senior notes was economically converted to soles.

- (iii) In September 2019, the Bank announced a repurchase offer and propose an exchange to the holders of senior notes of the S/2,000 million issued in October of 2017, managing to repurchase S/291.2 million and exchanging S/1,308.8 million with new senior notes, at market rates, whose terms and conditions are very similar to the previous issue. At the end of said offer, the Bank keeps a notional value payable amounting to S/400.0 million, which was fully redeemed in October 2020.

At the same date, the Bank issued senior notes for approximately S/2,500.0 million (this amount includes the S/1,308.8 million of the exchange mentioned in the paragraph before). The Bank can redeem the whole or part of the senior notes between October 17, 2021 and August 16, 2024, at a redemption price equal to or greater than: (i) 100 percent of the aggregate principal amount of the notes, and (ii) the sum of the present value of cash flows discounted at interest rate equivalent to sovereign bonds issued by the government of Perú or other comparable titles plus 25 basis points. As of August 17, 2024, the Bank may redeem all or part of the senior notes at a redemption price equal to 100 percent of the aggregate amount of the principal to be redeemed.

The payment of principal will take place on the due date or when the Bank redeems the notes.

[Content](#)

- (iv) In June 2020, Credicorp Ltd. issued Senior Notes for approximately US\$500.0 million, equivalent to S/1,993.5 million as of December 31, 2021 (US\$500.0 million, equivalent to S/1,810.5 million as of December 31, 2020) at fixed interest rate, whose maturity date is on June 17, 2025.

These Senior Notes can redeem the whole or part mainly by the following ways (i) at any time prior to May 17, 2025, make whole or partial call, at Treasury plus 40 basis points, and (ii) at any time on or after May 17, 2025, at par value.

The payment of principal will take place on the due date or when Credicorp Ltd. redeems the notes.

At December 31, 2021, the Group has designated as a hedge of a net investment of a foreign operation a portion of these bonds issued for approximately US\$228.8 million, equivalent to S/912.2 million (US\$135.4 million, equivalent to S/490.3 million, as of December 31, 2020), which hedges by the same amount the exposure of the net investment in the subsidiary Atlantic Security Holding Corporation (ASHC), established in Cayman Islands and whose functional currency is the US dollar, see note 34.2(b)(ii). This hedge covers the fluctuation in the exchange rate risk associated with the conversion of the net investment held in ASHC to the Group's functional currency (soles).

- (v) On December 31, 2021, the Group maintains an IRS for a notional amount of US\$30.0 million, equivalent to S/119.6 million (US\$30.0 million equivalent to S/108.6 million, as of December 31, 2020), see note 13(c), which was designated as cash flows hedge of a corporate bond issued in US dollar at a variable rate. By means of the IRS, this bond was economically converted to a fixed interest rate.

- (vi) In November of 2021, the Bank issued Senior Notes for approximately JPY5,000.0 million, equivalent to S/173.2 million as of December 31, 2021 at fixed interest rate of 0.45 percent, which matures on December 31, 2023.

As of December 31, 2021, the cash flows of the notes issued in yen subject to exchange rate risk have been hedged through a CCS designated as a cash flow hedge, for a notional amount of JPY5,000.0 million, equivalent to S/173.2 million, see note 13(c).

- (vii) In July of 2019, the Bank issued Senior Notes for approximately JPY5,000.0 million, equivalent to S/185.7 million as of August 31, 2021 (JPY5,000.0 million, equivalent to S/175.3 million as of December 31, 2020) at fixed interest rate. These Notes matured in August 2021.

As of August 31, 2021, the CCS that was designated as a cash flow hedge of the notes issued in yen has matured for a notional amount of JPY5,000.0 million. By means of the CCS, the note was economically converted to soles.

- (viii) In February of 2019, the Bank issued Senior Notes for approximately US\$70.0 million at variable rate. These Notes matured in March 2021.

On March, an interest rate swap (IRS), which was designated as cash flows hedge of these Senior Notes, matured for a notional amount of US\$70.0 million (US\$70.0 million equivalent to S/253.5 million as of December 31, 2020), see note 13(c). By means of the IRS, the note was economically converted to a fixed interest rate.

[Content](#)

- (ix) This issue is guaranteed by the future collection of electronic payment orders sent to BCP (including foreign branches) through the Society Worldwide Interbank Financial Telecommunications, through which the correspondent bank uses the network to places orders of payment to the beneficiary that is not a financial institution.
- (x) In July 2020, The Bank repurchased US\$294.6 million from the total US\$476.1 million outstanding amount of “6.875% Fixed- to-Floating Rate Subordinated Notes due 2026”. Also, the Bank repurchased US\$224.9 and exchanged US\$200.4 million from the total US\$720 million outstanding amount of “6.125% Fixed-to-Floating Rate Subordinated Notes due 2027”.

Also, on July 1, 2020, the Bank issued Subordinated Notes under the Medium-Term Bond Program for a total amount of US\$850.0 million at a semi-annual coupon rate of 3.125 percent maturing in July 2030 under the name of “3.125% Subordinated Fixed-to-Fixed Rate Notes due 2030 (Callable 2025)”. On July 1, 2025, the Bank may redeem all or part of the notes at a redemption price equal to 100% of the aggregate amount of the principal of the notes to be redeemed. From now on, the Bank may redeem all or part of the notes at a redemption price equal to the higher of (1) 100% of the principal amount of the notes and (2) the sum of the remaining cashflows discounted at a rate equivalent to the US Treasury interest rate plus 45 basis points. The payment of principal will take place on the due date or when the Bank redeems the notes.

Through a repurchase offer announced in March 2021, the Bank repurchased US\$88.5 million and exchanged US\$11.0 million from the total US\$294.7 million outstanding amount of “6.125% Fixed-to-Floating Rate Subordinated Notes due 2027”, which were registered and settled on March 31, 2021. Also, in June 2021, US\$60.6 million were repurchased from the total US\$181.5 million outstanding amount of “6.875% Fixed-to-Floating Rate Subordinated Notes due 2026”.

On March 29, 2021, the Bank announced its decision to exercise the Make-Whole Redemption option of the entire two subordinated Notes, “6.875% Fixed-to-Floating Rate Subordinated Notes due 2026” and “6.125% Fixed-to-Floating Rate Subordinated Notes due 2027”, whose holders have not accepted. The redemption date for both bonds was effective on April 28, 2021.

On the other hand, effective on March 30, 2021, the Bank issued Subordinated Notes under the Medium-Term Bond Program amounting to US\$500.0 million at a semi-annual rate of 3.25 percent maturing in September 2031 called “3.250% Subordinated Fixed-to-Fixed Rate Notes due 2031 (Callable 2026)”. As of September 30, 2026, It will be paid a fixed interest rate equal to U.S. Treasury interest rate, comparable to 5 years, plus 245.0 basis points. On September 30, 2026, the Bank may redeem all or part of the notes at a redemption price equal to 100% of the aggregate amount of the principal of the notes to be redeemed. From now on, the Bank may redeem all or part of the notes at a redemption price equal to the higher of (1) 100% of the principal amount of the notes and (2) the sum of the remaining cashflows discounted at a rate equivalent to the U.S. Treasury interest rate plus 40 basis points. The payment of the principal will take place on the expiration date of the notes or when the Bank redeems them.

- (xi) On March 30, 2021, Mibanco S.A. issued the Fourth Program Series A Subordinated Bonds amounting to S/155.0 million with a fixed rate of 5.84 percent, which matures on March 31, 2031. The payment of the principal will take place on the maturity date, or when Mibanco S.A. redeems them, only after a minimum term of 5 years from issuance date.

Also, on May 13, 2021, Mibanco S.A. exercised the option for early redemption from Second Program Series A Subordinated Bonds issue amounting to S/100.0 million.

- b) The table below shows the bonds and notes issued, classified by maturity, without accrued interests:

	As of December 31, 2021	As of December 31, 2020
	S/(000)	S/(000)
Up to 3 months	164,559	291,866
From 3 months to 1 year	692,342	547,325
From 1 to 3 years	5,478,658	3,294,335
From 3 to 5 years	4,628,011	6,714,223
More than 5 years	5,980,848	5,333,819
Total	16,944,418	16,181,568

18 EQUITY

- a) Capital stock -

As of December 31, 2021, 2020 and 2019 a total of 94,382,317 shares have been issued at US\$5 per share.

[Content](#)

b) Treasury stock -

We present below the stocks of Credicorp Ltd., that the entities of the Group maintain as of December 31, 2021, 2020 and 2019:

	Number of shares		
	Shares of the Group	Shared-based payment (*)	Total
As of December 31, 2021			
Atlantic Security Holding Corporation	14,620,846	-	14,620,846
BCP	-	134,133	134,133
Grupo Crédito	-	7,871	7,871
Pacífico Seguros	-	22,966	22,966
Credicorp Capital Servicios Financieros	-	15,561	15,561
Mibanco	-	14,418	14,418
ASB Bank Corp (Atlantic Security Bank)	-	11,193	11,193
Prima AFP	-	6,406	6,406
Other minors	-	16,975	16,975
	<u>14,620,846</u>	<u>229,523</u>	<u>14,850,369</u>
As of December 31, 2020			
Atlantic Security Holding Corporation	14,620,846	-	14,620,846
BCP	-	159,339	159,339
Grupo Crédito	-	32,512	32,512
Pacífico Seguros	-	29,845	29,845
Credicorp Capital Servicios Financieros	-	17,598	17,598
Mibanco	-	14,872	14,872
Atlantic Security Bank	-	11,434	11,434
Prima AFP	-	7,664	7,664
Other minors	-	20,342	20,342
	<u>14,620,846</u>	<u>293,606</u>	<u>14,914,452</u>
As of December 31, 2019			
Atlantic Security Holding Corporation	14,620,846	-	14,620,846
BCP	-	134,169	134,169
Pacífico Seguros	-	29,539	29,539
Credicorp Capital Servicios Financieros	-	13,830	13,830
Mibanco	-	9,060	9,060
Credicorp Perú	-	21,695	21,695
Credicorp Capital Limited	-	9,518	9,518
Prima AFP	-	6,397	6,397
Other minors	4,387	22,723	27,110
	<u>14,625,233</u>	<u>246,931</u>	<u>14,872,164</u>

(*) Corresponds to treasury stock that were granted to employees and senior management, for which they have the right to vote. These stocks are not vested at said dates, see Note 20.

During 2021, 2020 and 2019, the Group purchased 97,951, 240,151 and 129,807 shares of Credicorp Ltd., respectively, for a total of US\$16.1 million (equivalent to S/58.9 million), US\$44.4 million (equivalent to S/151.9 million) and US\$31 million (equivalent to a S/103.2 million), respectively.

[Content](#)

c) Reserves -

Certain Group's subsidiaries are required to keep a reserve that equals a percentage of paid-in capital (20, 30 or 50 percent, depending on its activities and the country in which production takes place); this reserve must be constituted with annual transfers of not less than 10 percent of net profits. As of December 31, 2021, 2020 and 2019, the balance of this reserves amounts approximately to S/7,088.6 million, S/6,990.1 million and S/6,236.5 million, respectively.

At the Board meetings held on February 25, 2021, February 27, 2020 and February 27, 2019, the decision was made to transfer from "Retained earnings" to "Reserves" S/347.0 million, S/1,977.1 million and S/1,858.8 million, respectively.

"Other reserves" include unrealized gains (losses) on fair value of investments through other comprehensive income and on cash flow hedges derivative instruments, net of deferred income tax and non-controlling interest. Movement was as follows:

	Other reserves:					
	Instruments that will not be reclassified to profit or loss		Instruments that will be reclassified to consolidated statement of income			
	Equity instruments at fair value	Debt instruments at fair value	Reserve for cash flow hedges	Insurance reserves	Foreign currency translation reserve	Total
S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	
Balance as of January 1, 2019	452,551	229,470	(3,161)	-	29,593	708,453
Decrease (increase) in net unrealized gains on investments	(58,342)	762,132	-	-	-	703,790
Transfer to results of the net realized loss of investments	-	420,987	-	-	-	420,987
Transfer of the impairment credit loss on investments to profit or loss	-	(745)	-	-	-	(745)
Change in net unrealized loss on cash flow hedges derivatives	-	-	(62,002)	-	-	(62,002)
Transfer of net realized losses on cash flow hedges derivatives to profit or loss	-	-	35,059	-	-	35,059
Other reserves	-	-	-	(658,491)	-	(658,491)
Foreign exchange translation	-	-	-	-	(58,862)	(58,862)
Balance as of December 31, 2019	394,209	1,411,844	(30,104)	(658,491)	(29,269)	1,088,189
Decrease (increase) in net unrealized gains on investments	(79,007)	352,008	-	-	-	273,001
Transfer to results of the net realized loss of investments	-	440,416	-	-	-	440,416
Transfer of recovery of credit loss of investments to profit or loss	-	52,263	-	-	-	52,263
Change in net unrealized loss on cash flow hedges derivatives	-	-	(66,782)	-	-	(66,782)
Transfer of net realized losses on cash flow hedges derivatives to profit or loss	-	-	55,784	-	-	55,784
Other reserves	-	-	-	(234,107)	-	(234,107)
Foreign exchange translation	-	-	-	-	258,353	258,353
Net movement in hedges of net investments in foreign businesses	-	-	-	-	(1,219)	(1,219)
Balance as of December 31, 2020	315,202	2,256,531	(41,102)	(892,598)	227,865	1,865,898
Decrease in net unrealized gains on investments	(108,317)	(2,411,900)	-	-	-	(2,520,217)
Transfer to results of the net realized loss of investments	-	3,848	-	-	-	3,848
Transfer of recovery of credit loss of investments to profit or loss	-	8,121	-	-	-	8,121
Change in net unrealized gain on cash flow hedges derivatives	-	-	97,251	-	-	97,251
Transfer of net realized gain on cash flow hedges derivatives to profit or loss	-	-	(56,422)	-	-	(56,422)
Other reserves	-	-	-	733,932	-	733,932
Foreign exchange translation	-	-	-	-	160,810	160,810
Net movement in hedges of net investments in foreign businesses	-	-	-	-	(57,319)	(57,319)
Balance as of December 31, 2021	206,885	(143,400)	(273)	(158,666)	331,356	235,902

[Content](#)

d) Components of other comprehensive income -

The movement of the item is as follows:

	<u>2021</u> S/(000)	<u>2020</u> S/(000)	<u>2019</u> S/(000)
To be reclassified to the consolidated statement of income in later periods			
Net unrealized (loss) gain	(2,411,900)	352,008	762,132
Transfer to results of net realized loss	3,848	440,416	420,987
Transfer of recovery (provision) of credit loss to profit or loss	8,121	52,263	(745)
Sub total	<u>(2,399,931)</u>	<u>844,687</u>	<u>1,182,374</u>
Non-controlling interest	(39,890)	13,814	16,082
Income tax	(52,086)	11,717	22,259
	<u>(2,491,907)</u>	<u>870,218</u>	<u>1,220,715</u>
Cash flow hedge reserves:			
Net gain (loss) on cash flow hedges	97,251	(66,782)	(62,002)
Transfer of net realized (gains) losses on cash flow hedges derivatives to profit or loss	(56,422)	55,784	35,059
Sub total	<u>40,829</u>	<u>(10,998)</u>	<u>(26,943)</u>
Non-controlling interest	923	(252)	(618)
Income tax	16,834	(3,933)	(10,290)
	<u>58,586</u>	<u>(15,183)</u>	<u>(37,851)</u>
Other reserves:			
Insurances reserves	733,932	(234,107)	(658,491)
Non-controlling interest	8,513	(2,867)	(8,065)
Income tax	26,846	(26,846)	-
	<u>769,291</u>	<u>(263,820)</u>	<u>(666,556)</u>
Foreign exchange traslation:			
Exchange gains or losses	160,810	258,353	(58,862)
Net movement in hedges of net investments in foreign businesses	(57,319)	(1,219)	-
Sub total	<u>103,491</u>	<u>257,134</u>	<u>(58,862)</u>
Non-controlling interest	358	(1,301)	539
	<u>103,849</u>	<u>255,833</u>	<u>(58,323)</u>
Not to be reclassified to the consolidated statement of income in later periods:			
Equity instruments at fair value through other comprehensive income -			
Net unrealized loss	(108,317)	(79,007)	(58,342)
Non-controlling interest	33	(165)	(3)
Income tax	(5,402)	(3,414)	(5,999)
	<u>(113,686)</u>	<u>(82,586)</u>	<u>(64,344)</u>
Attributable to:			
Credicorp's equity holders	(1,629,996)	777,709	379,736
Non-controlling interest	(30,063)	9,229	7,935
	<u>(1,660,059)</u>	<u>786,938</u>	<u>387,671</u>

[Content](#)

e) Dividend distribution –

The chart below shows the distribution of dividends agreed by the Board of Directors :

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Date of Meeting - Board of Directors	26.08.2021	27.02.2020	27.02.2019
Dividends distribution, net of treasury shares effect (in thousands of soles)	398,808	2,392,844	1,595,229
Payment of dividends per share (in soles)	5.0000	30.0000	20.0000
Date of dividends payout	07.10.2021	08.05.2020	10.05.2019
Exchange rate published by the SBS	4.1310	3.4081	3.3150
Dividends payout (equivalent in thousands of US\$)	96,540	702,105	481,215

In the Board of Directors held in September 25, 2019, they agreed an additional dividend payment, net of the effect of treasury stock, for approximately S/638.1 million from the retain earnings and reserves. Said dividends have been paid in November 22, 2019.

In accordance with current Peruvian legislation, there is no restriction for overseas remittance of dividends or the repatriation of foreign investment. As of December 31, 2021, 2020 and 2019 dividends paid by the Peruvian subsidiaries to Credicorp are subject to a 5.0 percent withholding tax.

f) Regulatory capital -

As of December 31, 2021 and 2020, the regulatory capital requirement (“patrimonio efectivo” in Perú) applicable to Credicorp subsidiaries engaged in financial services and insurance activities in Perú, determined under the provisions of the Peruvian banking and insurance regulator, SBS, totals approximately S/29,741.6 million and S/28,969.3 million, respectively. At those dates, the Group’s regulatory requirement exceeds by approximately S/10,294.3 million and S/7,973.9 million, respectively, the minimum regulatory capital required by the SBS.

[Content](#)

19 TAX SITUATION

- a) Credicorp is not subject to income tax or any taxes on capital gains, equity or property in Bermuda. Credicorp Peruvian subsidiaries are subject to the Peruvian tax regime.

The income tax rate in Perú as of December 31, 2021, 2020 and 2019 was 29.5 percent of the taxable income after calculating the worker's participation, which is determined using a rate of 5.0 percent.

The income tax rate in Bolivia is 25.0 percent as of December 31, 2021 and December 31, 2020. Financial entities have an additional rate if the ROE exceeds 6.0 percent; in that case, they must consider an additional 25.0 percent, with which the rate would be 50.0 percent. Situation that as of the 2021 administration, was also established for brokerage firms, investment fund management companies and insurance entities.

In the case of Chile, there were two tax regimes: partially integrated regime and attributed regime. Credicorp Capital Holding Chile and all its Subsidiaries were taxed under the partially integrated regime, whose first category income tax rate for domiciled legal entities was 27.0 percent. This regime was maintained until December 31, 2019.

With the change in Chile's tax legislation in 2020, two new regimes currently in force are established: the general regime and the Pro SME regime, for smaller companies. Credicorp Capital Holding Chile, like all its subsidiaries, is taxed under the general tax regime, whose first category income tax rate for domiciled legal entities remains at 27.0 percent as of December 31, 2021.

On the other hand, natural or legal persons not domiciled in Chile will be subject to a tax called "Additional income tax" whose rates range between 4.0 percent and 35.0 percent, depending on the nature of the rent. Additionally, Chile has signed agreements to avoid double taxation with different countries, so that certain income could be released from withholding taxes or for the use of reduced rates.

In the case of Colombia, according to Law No.2155 of 2021 issued on September 14, 2021, the income tax rate for the year 2022 will be 35.0 percent of taxable income, for financial institutions it will be You must pay some additional points to the income tax and complementary during the following taxable periods:

Financial institutions must pay some additional points to the income tax and complementary during the following taxable periods:

- For the taxable year 2022, 3.0 percent points will be added to the general tax rate, totaling 38.0 percent.
- For the taxable year 2023, 3.0 percent points will be added to the general tax rate, totaling 38.0 percent.
- For the taxable year 2024, 3.0 percent points will be added to the general tax rate, totaling 38.0 percent.

[Content](#)

The additional rate will be applicable only to financial institutions that in the corresponding tax year have a taxable income equal to or greater than 120,000 Tax Value Unit ("UVT"), which as of December 31, 2021 is equivalent to a total of S/4.7 million (S/4.5 million as of December 31, 2020); in this sense, Credicorp Capital Colombia, Credicorp Capital Fiduciaria and MiBanco Colombia must pay income tax taking into consideration the above. In the event that the company receives occasional profits, quoted and established by the National Government in the Tax Statute and that are not subject to income tax, the company must apply a differential rate of 10.0 percent on net profit and expenses, associated respectively.

The Tax Reform Law No.2155 of 2021 repeals paragraph 1 of article 115 of the Tax Statute, which would allow from the year 2022 to take 100.0 percent of the industry and commerce tax as a tax discount for income tax, notices and boards. Thus, only 50.0 percent of the industry and commerce tax, notices and boards can be taken as a tax discount.

In addition to the Tax Reform Law No.2155 of 2021, the possibility of reducing the term of finality of the income tax return and complementary for the taxable periods 2022 and 2023 is established as follows:

Increase in net income tax compared to the previous year	Firmness of the declaration
35 percent	6 months
25 percent	12 months

[Content](#)

The reconciliation of the statutory income tax rate to the effective tax rate for the Group is as follows:

	2021		2020		2019	
	In millions	%	In millions	%	In millions	%
Theoretical tax and income tax rate in Perú	(1,573.2)	(29.50)	(66.1)	(29.50)	(1,762.2)	(29.50)
Decrease (Increase) in the statutory tax rate due to:						
(i) Decrease (Increase) due to the profit of subsidiaries not domiciled in Perú	(12.8)	(0.24)	50.1	22.36	49.6	0.83
(ii) Provision tax on dividends	(78.6)	(1.47)	(44.6)	(19.91)	(142.1)	(2.39)
(iii) Non-taxable income, net	3.5	0.06	117.3	52.32	231.5	3.91
(iv) Change in estimate of deferred tax rate, net (Banco de Crédito de Bolivia)	-	-	53.3	23.80	-	-
Income tax and effective income tax rate	(1,660.99)	(31.15)	109.98	49.06	(1,623.18)	(27.14)

As of December 31, 2021, the variation corresponds mainly to the increase in Profit before Taxes without considering the Profit in Subsidiaries of Banco de Crédito del Perú and Pacifico Compañía de Seguros y Reaseguros S.A and the untaxed profit of Pacifico Compañía de Seguros y Reaseguros. S.A. As of December 31, 2020, the variation corresponds mainly to the reduction of Profit before Taxes without considering the Profits in Subsidiaries of Banco de Crédito del Perú and Pacifico Compañía de Seguros y Reaseguros S.A and the change in estimate of deferred tax rate from Banco de Crédito de Bolivia.

b) Income tax expense for the years ended December 31, 2021, 2020 and 2019 comprises:

	2021 S/(000)	2020 S/(000)	2019 S/(000)
Current -			
In Perú	945,937	926,361	1,469,497
In other countries	167,657	110,973	206,120
	<u>1,113,594</u>	<u>1,037,334</u>	<u>1,675,617</u>
Deferred -			
In Perú	548,920	(927,130)	(30,862)
In other countries	(1,527)	(220,181)	(21,573)
	<u>547,393</u>	<u>(1,147,311)</u>	<u>(52,435)</u>
Total	<u>1,660,987</u>	<u>(109,977)</u>	<u>1,623,182</u>

The deferred income tax has been calculated on all temporary differences, considering the income tax rates effective where Credicorp's subsidiaries are located.

[Content](#)

As of December 31, 2021, the variation in deferred income tax is mainly due to a lower provision for credit risks of the loan portfolio. As of December 31, 2020, the variation in the income tax expense and the deferred is mainly due to the increase in approximately S/725.0 million because of the increase of the allowance of loan losses. Also, the increase of the recognition of a lower deduction for S/68.0 million in relation to intangible assets since there is a lower number of activated projects at the end of said period.

c) The following table presents a summary of the Group's deferred income tax:

	<u>2021</u>	<u>2020</u>
	S/(000)	S/(000)
Deferred income tax asset, net		
Deferred asset		
Allowance for loan losses for loan portfolio	1,266,336	1,738,240
Provision for profit sharing	84,625	40,648
Provision for sundry expenses and risks	62,029	24,972
Carry forward tax losses	35,243	34,972
Provision for pending vacations	28,287	25,994
Depreciation of improvements for leased premises	28,177	24,945
Unrealized losses due to valuation of investments at fair value through other comprehensive income	23,744	999
Provision of Stock awards	14,641	15,325
Unrealized losses due to valuation of investments at fair value through other comprehensive income	7,372	21,062
Freezing credits (zero rate) and FAE funds	-	45,317
Provision of interest on overdue refinanced loans	-	24,254
Others	97,732	83,717
Deferred liability		
Intangibles, net	(242,521)	(219,980)
Adjustment for difference in exchange of SUNAT and SBS	(119,246)	(28,424)
Buildings depreciation	(59,029)	(65,052)
Deferred acquisitions costs - DAC	(15,900)	(14,705)
Unrealized gain due to valuation of investments at fair value through other comprehensive income	(10,966)	(28,377)
Unrealized gain from valuation of fair value hedging derivatives	(8,800)	(13,714)
Buildings revaluation	(3,642)	(4,234)
Unrealized gain in valuation on cash flow hedge derivatives	(3,407)	(3,974)
Fluctuation of the fair value of the covered bonds	-	(1,707)
Others	(7,316)	(6,623)
Total	<u>1,177,359</u>	<u>1,693,655</u>

[Content](#)

	<u>2021</u>	<u>2020</u>
	S/(000)	S/(000)
Deferred income tax liability, net		
Deferred asset		
Provision for sundry expenses and risks	20,710	18,634
Carry forward tax losses	19,757	19,443
Unrealized losses due to valuation of investments at fair value through other comprehensive income	16,636	20,488
Deferred income from commissions on remuneration	7,850	4,041
Provision for profit sharing	6,193	9,021
Others	16,519	21,514
Deferred liability		
Intangibles, net	(41,179)	(41,491)
Gain generated in the reorganization of Pacifico EPS	(39,515)	(39,515)
Deferred acquisitions costs - DAC	(23,160)	(26,616)
Unrealized gain due to valuation of investments at fair value through other comprehensive income	(22,839)	(36,796)
Reserve for reinstatement premium costs and deductibles	(11,762)	(10,682)
Leasing operations related to loans	(3,409)	(3,595)
Buildings revaluation	(3,296)	(3,558)
Others	(47,563)	(36,417)
Total	<u>(105,058)</u>	<u>(105,529)</u>

As of December 31, 2021, the Group has recorded a deferred liability of deferred income tax of S/14.4 million corresponding to unrealized gains and losses generated by investments at fair value through other comprehensive income and cash flow hedges derivatives.

As of December 31, 2020 and 2019, the Group has recorded a deferred liability of deferred income tax of S/14.4 million for both periods corresponding to unrealized gains and losses generated by investments at fair value through other comprehensive income and cash flow hedges derivatives.

- d) The Peruvian Tax Authority has the right to review and, if necessary, amend the annual income tax returns filed by Peruvian subsidiaries up to four years after their filing date. Income tax returns of the major subsidiaries open for examination by the tax authorities are as follows:

Banco de Crédito del Perú S.A.	2016 to 2021
MiBanco, Banco de la Microempresa S.A.	2016 to 2021
Pacífico Compañía de Seguros y Reaseguros	2017 to 2021
Credicorp Capital Servicios Financieros	2017 to 2021
Credicorp Capital Perú	2017 to 2021
Credicorp Capital Holding Perú S.A.A.	2017 to 2021

[Content](#)

It is important to mention that the Peruvian Tax Authority is auditing the Income Tax declaration of 2015 and 2016 to 2017 of MiBanco and Banco de Crédito del Perú, respectively.

The Tax Authority concluded the audit of Banco de Crédito del Perú for the years 2014 and 2015, obtaining satisfactory results.

The Bolivian, Chilean and Colombian Tax Authorities have the power to review and, if applicable, make a new determination for the income tax the subsidiaries to Credicorp located in said countries, upon presentation of their Income Tax declarations. Additionally, in the case of Colombia, a period of 6 years was established for the taxpayers obliged to apply Transfer Prices or taxpayers who report tax losses.

The annual income tax declarations pending examination by the overseas tax authorities are the following:

Banco de Crédito de Bolivia	2016 to 2020
Credicorp Capital Colombia	2016 to 2020
Credicorp Capital Holding Chile	2019 to 2020

Since tax regulations are subject to interpretation by the different Tax Authorities where Credicorp's subsidiaries are located, it is not possible to determine at the present date whether any significant additional liabilities may arise from any eventual tax examinations of the Credicorp's subsidiaries. Any resulting unpaid taxes, tax penalties or interest that may arise will be recognized as expenses in the year in which they are determined. However, Management of Credicorp and its Subsidiaries and their legal counsel consider that any additional tax assessments would not have a significant impact on the consolidated financial statements as of December 31, 2021 and 2020.

[Content](#)

20 SHARE-BASED COMPENSATION PLANS

As indicated in Note 3(x), in March of each year, the Group grants its own shares to certain key employees. The awarded shares are liberated in the three following years for up to 33.3 percent of the shares granted in each of the three previous years. The Group assumes the payment of the related income tax on behalf of its employees, which depend on the country of residence and the annual compensation of the employee.

As of December 31, 2021, 2020 and 2019, the Group has granted 88,507, 175,930 and 116,594 Credicorp shares, of which 229,523, 293,606 and 246,931 shares not vested as of December 31, 2021, 2020 and 2019, respectively. During those years, the recorded expense amounted to approximately S/ 74.0 million, S/ 104.5 million and S/ 120.1 million, respectively, see Note 27.

[Content](#)

21 OFF-BALANCE SHEET ACCOUNTS

a) This item consists of the following:

	<u>2021</u> S/(000)	<u>2020</u> S/(000)
Contingent credits – indirect loans (b)		
Guarantees and standby letters	20,455,238	18,562,120
Import and export letters of credit	2,459,105	2,411,690
Sub-total, Note 7(b)	<u>22,914,343</u>	<u>20,973,810</u>
Responsibilities under credit line agreements (c)	88,382,322	86,074,859
Total	<u>111,296,665</u>	<u>107,048,669</u>

Reference values of operations with derivatives are recorded in off-balance sheet accounts in the committed currency, as shown in note 13(c).

b) In the normal course of their business, the Group’s banking subsidiaries are party to transactions with off-balance sheet risk. These transactions expose them to credit risk in addition to the amounts recognized in the consolidated statement of financial position.

Credit risk for contingent credits is defined as the possibility of sustaining a loss because one of the parties to a financial instrument fails to comply with the terms of the contract. The risk of credit losses is represented by the contractual amounts specified in the related contracts. The Group applies the same credit policies in making contingent commitments and other obligations as it does for on-balance sheet instruments (Note 7(a)), including the requirement to obtain collateral when it is deemed necessary.

Collateral held varies, but may include deposits in financial institutions, securities or other assets. Many of the contingent transactions reach maturity without any performance being required; therefore, the total committed amounts do not necessarily represent future cash requirements.

c) Lines of credit include consumer loans and other consumer loan facilities (credit card receivables) granted to customers and are cancelable upon related notice to the customer.

[Content](#)

22 INTEREST, SIMILAR INCOME AND SIMILAR EXPENSES

a) This item consists of the following:

	<u>2021</u> S/(000)	<u>2020</u> S/(000)	<u>2019</u> S/(000)
Interest and similar income			
Interest on loans	10,170,680	10,027,834	10,664,519
Interest on investments at fair value through other comprehensive income (i)	1,152,542	1,097,952	1,070,469
Interest on investments at amortized cost (ii)	323,689	226,516	194,803
Interest on investments at fair value through profit or loss	50,562	47,696	46,170
Interest on due from banks (iii)	49,637	74,813	320,713
Dividends received	40,637	25,603	25,259
Other interest and similar income	62,659	47,234	59,731
Total	<u>11,850,406</u>	<u>11,547,648</u>	<u>12,381,664</u>
Interest and similar expense			
Interest on deposits and obligations (iv)	(865,474)	(1,188,335)	(1,458,910)
Interest on bonds and notes issued	(800,801)	(883,913)	(900,172)
Interest on due to banks and correspondents (v)	(435,426)	(557,141)	(590,908)
Deposit Insurance Fund	(213,741)	(183,132)	(151,626)
Interest on lease liabilities	(27,374)	(32,295)	(36,484)
Other interest and similar expense	(145,610)	(131,490)	(151,813)
Total	<u>(2,488,426)</u>	<u>(2,976,306)</u>	<u>(3,289,913)</u>

(i) The increase corresponds mainly to a higher yield on investments indexed by the Constant Updating Value (VAC), due to the increase in inflation, 6.43 percent in 2021 compared to 1.97 percent in 2020.

(ii) The variation corresponds mainly to the increase in nominal amounts, in sovereign bonds, generating a yield of S/130.2 million in these investments.

[Content](#)

- (iii) During the year 2021, the item suffered a decrease that is mainly due to a significant drop in the interest rate remunerated by the BCR to the ordinary reserve accounts. See Note 4.
- (vi) The variation corresponds mainly to a decrease in interest on time and demand deposits as a result of lower rates offered in the market, as well as a reduction in CTS deposits after the government liberalized access to these funds.
- (v) During the year 2021, the balance of loans from international funds and collateralized repurchase agreements have decreased; as well as interest rates that have generated a lower interest accrual in the 2021 period.

23 COMMISSIONS AND FEES

This item consists of the following:

	<u>2021</u> S/(000)	<u>2020</u> S/(000)	<u>2019</u> S/(000)
Maintenance of accounts, transfers and credit and debit card services (i)	1,442,966	1,125,432	1,326,344
Funds and equity management	717,227	651,370	676,456
Contingent loans and foreign trade fees (ii)	459,165	372,586	372,647
Commissions for banking services	301,592	263,298	282,593
Brokerage, securities and custody services	121,974	110,615	95,207
Collection services	107,442	90,456	131,502
Commissions for consulting and technical studies	62,384	57,949	84,725
Commissions for salary advance and payment of services	52,557	34,766	49,998
Penalty commissions	21,420	53,859	84,757
Others	207,007	152,447	128,552
Total	<u>3,493,734</u>	<u>2,912,778</u>	<u>3,232,781</u>

The main variations in commissions and fees for the 2021 period with respect to the 2020 period are mainly due to the lower number of banking transactions in 2020 as a result of the lower dynamism of the economy as a consequence of COVID-19, see Note 2 (b).

- (i) The increase is due to a higher volume of credit and debit card consumption. As well as higher commissions in 2021 for the use of the Yapecard product. Finally, higher commissions were obtained for foreign bank transfers, within the country and interbank transfers.
- (ii) The increase is mainly due to higher commissions for letters of guarantee for legal entities, among other minor items.

[Content](#)

24 NET GAIN ON SECURITIES

This item consists of the following:

	<u>2021</u> S/(000)	<u>2020</u> S/(000)	<u>2019</u> S/(000)
Net gain in associates (i)	74,021	64,672	79,844
Net gain on investments at fair value with changes in other comprehensive income (ii)	65,976	291,944	317,862
Net (loss) gain on investments at fair value through profit or loss (iii)	(102,761)	221,060	147,582
(Provision) recovery of credit loss for investments at fair value with changes in other comprehensive income (iv), note 6(b)	(6,816)	(52,263)	745
Others	(1,770)	(2,331)	781
Total	<u>28,650</u>	<u>523,082</u>	<u>546,814</u>

(i) It mainly includes the gain of its associated "Entidad Prestadora de Salud" for approximately S/54.0 million during the year 2021 (S/60.0 million during the year 2020).

(ii) The result on investments at fair value through other comprehensive income is due to the net effect mainly from the following subsidiaries:

- Banco de Crédito del Perú obtained a net loss of approximately S/87.8 million (during the year 2020, net profit of approximately S/161.4 million).
- Credicorp Capital S.A. Corredores de Bolsa obtained a net loss of approximately S/2.8 million (during the year 2020, net profit of approximately S/11.8 million).
- Pacifico obtained a net profit of approximately S/20.6 million (during the year 2020, net profit of approximately S/28.9 million).
- Credicorp Capital Colombia S.A. obtained a net profit of approximately S/51.7 million (during the year 2020, net profit of approximately S/40.8 million).
- ASB Bank Corp. obtained a net profit of approximately S/44.0 million (during the year 2020, net profit of approximately S/12.4 million).
- Banco de Crédito de Bolivia obtained a net profit of approximately S/16.6 million (during the year 2020, net profit of approximately S/17.8 million).

(iii) The result on investments at fair value through profit or loss is due to the net effect mainly from the following subsidiaries:

- ASB Bank Corp. obtained a net loss of approximately S/45.9 million (during the year 2020, net profit of approximately S/146.3 million which corresponds mainly to the value fluctuation of the shares held in Royalty Pharma plc).
- Credicorp Capital Colombia S.A. obtained a net loss of approximately S/46.9 million (during the year 2020, net profit of approximately S/93.1 million).
- Atlantic Security Private Equity General Partner obtained a net profit of approximately S/17.1 million (during the year 2020, net loss of approximately S/47.0 million).

(iv) As a result of the assessment of the impairment, during 2021 corresponds mainly to the net effect recorded mainly by the following subsidiaries: (i) impairment of S/11.3 million by Pacifico Seguros, (ii) recovery of impairment of S/3.9 million by Banco de Crédito del Perú, and (iii) recovery of impairment of S/0.8 million by Banco de Crédito de Bolivia. The result during 2020, corresponds to impairment recorded mainly by the following subsidiaries: (i) S/28.8 million by Pacifico Seguros, (ii) S/10.7 million by Banco de Crédito de Perú, and (iii) S/8.9 million by Banco de Crédito de Bolivia, due mainly to COVID-19. See more details of the impact of COVID-19 in Note 2(b).

[Content](#)

25 NET PREMIUMS EARNED

a) This item consists of the following:

	<u>Gross written premiums</u> S/(000)	<u>Technical reserve adjustment</u> S/(000)	<u>Total gross written premiums</u> S/(000)	<u>Premiums ceded to reinsurers and co-insurers, net</u> S/(000) (**)	<u>Results of financial assets designated at fair value through profit and loss, Note 8</u> S/(000)	<u>Total Net premiums earned</u> S/(000)
2021						
Life insurance	2,508,154	(890,216)	1,617,938	(214,636)	54,663	1,457,965
Health insurance	630,790	(30,457)	600,333	(15,078)	-	585,255
General insurance	1,140,478	(3,176)	1,137,302	(508,992)	-	628,310
Total	<u>4,279,422</u>	<u>(923,849)</u>	<u>3,355,573</u>	<u>(738,706)</u>	<u>54,663</u>	<u>2,671,530</u>
2020						
Life insurance	2,036,713	(754,480)	1,282,233	(115,347)	115,627	1,282,513
Health insurance	584,068	(22,366)	561,702	(12,309)	-	549,393
General insurance	1,021,136	(4,614)	1,016,522	(420,368)	-	596,154
Total	<u>3,641,917</u>	<u>(781,460)</u>	<u>2,860,457</u>	<u>(548,024)</u>	<u>115,627</u>	<u>2,428,060</u>
2019						
Life insurance	1,984,279	(738,421)	1,245,858	(119,310)	93,664	1,220,212
Health insurance	571,006	(22,843)	548,163	(12,828)	-	535,335
General insurance	1,051,489	14,229	1,065,718	(427,022)	-	638,696
Total	<u>3,606,774</u>	<u>(747,035)</u>	<u>2,859,739</u>	<u>(559,160)</u>	<u>93,664</u>	<u>2,394,243</u>

(*) This item includes earned premiums, reinsurance premiums accepted and coinsurance premiums accepted and received.

(**) "Premiums ceded to reinsurers and coinsurers, net" include:

	<u>2021</u> S/(000)	<u>2020</u> S/(000)	<u>2019</u> S/(000)
Premiums ceded for automatic contracts (mainly excess of loss), Note 9(b)	(355,356)	(244,112)	(254,839)
Premiums ceded for facultative contracts, Note 9(b)	(392,346)	(327,098)	(289,386)
Annual variation of reserve risk in progress of premiums ceded, Note 9(b)	8,996	23,186	(14,935)
	<u>(738,706)</u>	<u>(548,024)</u>	<u>(559,160)</u>

[Content](#)

b) Gross written premiums by insurance type are described below:

	2021		2020		2019	
	S/(000)	%	S/(000)	%	S/(000)	%
Life insurance (i)	1,617,938	48.22	1,282,233	44.83	1,245,858	43.57
Health insurance (ii)	600,333	17.89	561,702	19.64	548,163	19.17
General insurance (iii)	1,137,302	33.89	1,016,522	35.53	1,065,718	37.26
Total	3,355,573	100.00	2,860,457	100.00	2,859,739	100.00

(i) The breakdown of life insurance gross written premiums is as follows:

	2021		2020		2019	
	S/(000)	%	S/(000)	%	S/(000)	%
Credit life	593,370	36.67	582,064	45.39	536,091	43.03
Disability and survival (*)	645,194	39.88	458,653	35.77	470,066	37.73
Individual life (**)	119,220	7.37	46,391	3.62	60,705	4.87
Group life	150,777	9.32	129,315	10.09	128,656	10.33
Annuities	109,377	6.76	65,810	5.13	50,340	4.04
Total	1,617,938	100.00	1,282,233	100.00	1,245,858	100.00

(*) This item includes Complementary Work Risk Insurance (“SCTR” from its Spanish acronym).

(**) Individual life insurance premiums include Investment Link insurance contracts.

(iii) Health insurance gross written premiums after adjustments include medical assistance which amounts to S/ 519.8 million as of December 31, 2021 (S/ 483.1 million and S/ 464.7 million as of December 31, 2020 and 2019, respectively) and represents 86.59 percent of this line of business as of December 31, 2021 (86.01 and 84.78 percent as of December 31, 2020 and 2019, respectively).

(iii) General insurance gross written premiums consist of the following:

	2021		2020		2019	
	S/(000)	%	S/(000)	%	S/(000)	%
Automobile	334,939	29.45	339,306	33.38	357,796	33.57
Fire and allied lines	311,048	27.35	271,380	26.70	293,392	27.53
Theft and robbery	110,815	9.74	88,751	8.73	110,395	10.36
Technical lines (*)	63,792	5.61	59,370	5.84	70,364	6.60
Third party liability	109,907	9.66	62,080	6.11	50,024	4.69
Transport	58,300	5.13	42,758	4.21	44,368	4.16
SOAT (Mandatory automobile line)	25,662	2.26	32,934	3.24	41,068	3.85
Marine Hull	29,414	2.59	23,091	2.27	27,005	2.53
Aviation	38,275	3.37	37,366	3.68	42,191	3.96
Others	55,150	4.84	59,486	5.84	29,115	2.75
Total	1,137,302	100.00	1,016,522	100.00	1,065,718	100.00

(*) Technical lines include Contractor’s All Risk (CAR), Machinery breakdown, All Risk (EAR), Electronic equipment (EE), All Risk Contractor’s Equipment (ARCE).

[Content](#)

26 NET CLAIMS INCURRED FOR LIFE, GENERAL AND HEALTH INSURANCE CONTRACTS

This item consists of the following:

2021				
	Life insurance	General insurance	Health insurance	Total
	S/(000)	S/(000)	S/(000)	S/(000)
Gross claims, Note 16(b)	2,183,789	375,162	325,307	2,884,258
Ceded claims, Note 9(b)	(406,494)	(120,546)	(15,301)	(542,341)
Net insurance claims	1,777,295	254,616	310,006	2,341,917
2020				
	Life insurance	General insurance	Health insurance	Total
	S/(000)	S/(000)	S/(000)	S/(000)
Gross claims, Note 16(b)	1,383,344	326,183	281,627	1,991,154
Ceded claims, Note 9(b)	(138,573)	(131,444)	(13,024)	(283,041)
Net insurance claims	1,244,771	194,739	268,603	1,708,113
2019				
	Life insurance	General insurance	Health insurance	Total
	S/(000)	S/(000)	S/(000)	S/(000)
Gross claims	1,001,671	524,142	326,980	1,852,793
Ceded claims, Note 9(b)	(100,432)	(208,761)	(12,182)	(321,375)
Net insurance claims	901,239	315,381	314,798	1,531,418

As of December 31, 2021, the restrictions established by the government in relation to circulation and capacity in commercial activities began to be less rigid, which led to a gradual increase in claims in the general insurance business, but without reaching pre-pandemic levels, mainly in the Auto lines and in the Mandatory Traffic Accident Insurance ("SOAT" by its acronym in Spanish).

[Content](#)

27 SALARIES AND EMPLOYEES BENEFITS

This item consists of the following:

	<u>2021</u> S/(000)	<u>2020</u> S/(000)	<u>2019</u> S/(000)
Salaries	2,090,835	1,958,770	1,816,939
Vacations, medical assistance and others (i)	342,435	285,891	360,334
Additional participation (ii)	342,065	165,859	243,787
Bonuses	280,568	271,712	264,171
Social security	213,640	209,782	200,935
Workers' profit sharing	165,091	164,716	252,850
Severance indemnities	159,845	151,725	151,945
Share-based payment plans	73,997	104,499	120,062
Total	<u>3,668,476</u>	<u>3,312,954</u>	<u>3,411,023</u>

- (i) The variation corresponds mainly to severance indemnities. Also, after the change in the modality of on-site modality to the hybrid/remote mode due to the pandemic, an increase in connectivity bonuses was generated.
- (ii) The variation is mainly due to higher provisions for additional participations, since given the COVID-19 situation in 2020, a lower provision was made for this concept.

[Content](#)

28 ADMINISTRATIVE EXPENSES

This item consists of the following:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
	S/(000)	S/(000)	S/(000)
Systems expenses (i)	691,402	515,542	419,725
Publicity (ii)	486,885	349,745	380,923
Consulting and professional fees (iii)	312,752	219,671	253,029
Taxes and contributions	289,484	266,704	291,621
Repair and maintenance (iv)	176,093	133,257	86,844
Transport and communications (v)	222,706	167,517	190,046
Comissions by agents	104,700	87,899	86,370
Lease	86,417	70,404	71,581
Sundry supplies	57,093	67,537	74,550
Security and protection	63,500	64,439	66,424
Electricity and water	48,886	51,649	54,952
Subscriptions and quotes	54,674	49,212	44,523
Insurance	64,519	46,047	30,873
Electronic processing	39,528	36,920	28,217
Cleaning	20,105	22,900	21,445
Outsourcing (vi)	86,283	48,869	60,218
Services by third-party and others	151,066	187,796	199,776
Total	<u>2,956,093</u>	<u>2,386,108</u>	<u>2,361,117</u>

- (i) The increase corresponds to higher expenses incurred in the execution of strategic projects, mainly in the areas of cybersecurity, information security and cyber security. As well as expenses in server rentals and IT support services.
- (ii) The increase corresponds mainly to the higher consumption of Latam miles in S/70.0 MM. Likewise, higher advertising expenses were incurred in S/39.4 MM Google, Yape and social networks.
- (iii) The increase corresponds mainly to consulting expenses of “Transformación Acelera BCP”.
- (iv) The increase corresponds to higher expenses incurred in this period in remodeling and maintenance of buildings, facilities and furniture; and in maintenance administration.
- (v) The increase corresponds mainly to higher expenses incurred in inter-agency cash transfer and custody services. As well as courier services for the distribution of account statements and cards.
- (vi) The balance corresponds mainly to outsourcing services such as call center services, filing and digitalization services, collection services, among other minor services.

[Content](#)

29 OTHER INCOME AND EXPENSES

This item consists of the following:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
	S/(000)	S/(000)	S/(000)
Other income			
Rental income	35,218	37,882	75,800
Income from resolution of IFRS 16 contracts	16,817	8,273	-
Revenue from sale of loan portfolio (i)	15,700	28,728	37,847
Recoveries of other accounts receivable and other assets	3,728	1,137	13,796
Net gain from sale of adjudicated assets	2,851	728	-
Net income from the sale of property, furniture and equipment	1,916	8,523	16,869
Net income from the sale of investment properties	-	-	23,629
Others (ii)	187,486	201,710	176,288
Total other income	<u>263,716</u>	<u>286,981</u>	<u>344,229</u>
Other expenses			
Provision for sundry risks, Note 13(k) (iii)	70,824	140,897	27,272
Losses due to operational risk	58,956	54,818	29,878
Association in participation	47,176	52,020	22,636
Provision for other accounts receivable	28,324	51,517	8,059
Expenses on improvements in building for rent	23,814	25,773	30,721
Various operating expenses (iv)	18,959	106,776	-
Intangible losses due to withdrawals and dismissed projects	17,630	40,342	22,492
Donations (v)	9,949	128,884	10,378
Administrative and tax penalties	1,601	3,029	2,659
Loss on sale of investment properties	-	1,328	-
Net loss from sale of adjudicated assets	-	-	9,617
Others (vi)	155,030	152,684	104,757
Total other expenses	<u>432,263</u>	<u>758,068</u>	<u>268,469</u>

- (i) As of December 31, 2021, the main portfolio sale was carried out under the modality of assignment of rights to Deutsche Bank AG / SPV I S.A.C. The capital sold of judicial and written-off portfolio was S/46.7 million and S/14.8 million, respectively, for a total value of S/18.7 million, generating a profit of S/12.2 million, among other minor sales. As of December 31, 2020, the main revenues from portfolio sales were the sale of judicial portfolio in the modality of assignment of rights to Deutsche Bank AG/SPVI S.A. for S/25.9 million, sale of written-off portfolio to Conecta CNS S.A for S/1.9 million and JS Ornamental Peruvian Fish EIRL for S/0.6 million, among other minor sales.

[Content](#)

- (ii) The balance is mainly comprised of the recovery of legal collection expenses for personal loans and credit card products, reimbursement for the transfer of license fees, tax refunds, among other minor items.
- (iii) The variation corresponds mainly to the fact that there were no legal provisions recorded by the subsidiary ASB Bank Corp during the year 2021 period while during the year 2020 period S/71.9 million were recorded for this concept.
- (iv) The variation corresponds to the higher expenses incurred by the health emergency during 2020, such as safety equipment, mobility vouchers, medical expenses, food, rapid tests, temperature measurement, among others.
- (v) In 2020, the Group made donations mainly through its subsidiaries BCP and MiBanco, a donation of S/100.0 million was the fundraising campaign called “#YoMeSumo” from BCP and S/10.0 million a donation from MiBanco, in both cases, to raise funds for the poorest families affected by COVID-19.
- (vi) The balance is mainly comprised of expenses for agency closings, expenses for system failures and incidents, reimbursement of commissions and interest, among other minor expenses.

30 EARNING PER SHARE

The net earnings per ordinary share were determined based on the net income attributable to equity holders of the Group as follows:

	2021	2020	2019
Net income attributable to equity holders of Credicorp (in thousands of Soles)	<u>3,584,582</u>	<u>346,894</u>	<u>4,265,304</u>
Number of stock			
Ordinary stock, note 18(a)	94,382,317	94,382,317	94,382,317
Less – opening balance of treasury stock	(14,914,734)	(14,872,164)	(14,883,274)
Sale (acquisition) of treasury stock, net	26,604	(99,716)	(9,737)
Weighted average number of ordinary shares for basic earnings	<u>79,494,187</u>	<u>79,410,437</u>	<u>79,489,306</u>
Plus - dilution effect - stock awards	182,208	212,438	194,213
Weighted average number of ordinary shares adjusted for the effect of dilution	<u>79,676,395</u>	<u>79,622,875</u>	<u>79,683,519</u>
Basic earnings per share (in Soles)	45.09	4.37	53.66
Diluted earnings per share (in Soles)	44.99	4.36	53.53

[Content](#)

31 OPERATING SEGMENTS

The Credicorp Board of Directors organized the Group's subsidiaries according to the types of financial services provided and the sectors on which they are focused; with the objective of optimizing the management thereof. Next, we present the Group's business lines:

a) Universal Banking -

Includes the operations related to the granting of various credits and financial instruments to individuals and legal entities, from the segments of wholesale and retail banking, such as the obtaining of funds from the public through deposits and current accounts, obtaining of funding by means of initial public offerings and direct indebtedness with other financial institutions. This business line incorporates the results and balances of the Banco de Crédito del Perú (BCP) and Banco de Crédito de Bolivia (BCB).

b) Insurance and Pensions -

- Insurance: includes, mainly, the issue of insurance policies to cover losses in commercial property, transport, marine vessels, automobiles, life, health and pensions, operations carried out through Pacífico Compañía de Seguros y Reaseguros.
- Pensions: provides Management Service of private pension funds to the affiliates, operation carried out from Prima AFP.

c) Microfinance -

Includes the management of loans, credits, deposits and current accounts of the small and microenterprises: carried out through Mibanco, Banco de la Microempresa S.A. and Mibanco – Banco de la Microempresa de Colombia S.A.

d) Investment Banking and Wealth Management –

Brokerage service and investment management services offered to a broad and diverse clientele, which includes corporations, institutional investors, governments and foundations; also, the structuring and placement of issues in the primary market, as well as the execution and negotiation of transactions in the secondary market. Additionally, it structures securitization processes for corporate customers and manages mutual funds.

All of these services are provided through Credicorp Capital Ltd. and subsidiaries and ASB Bank Corp.

Management of these business lines is designed to:

- Promote the joint action of our businesses in order to take advantage of the synergies which result from the diversification of our portfolio.
- Strengthening our leadership in the financial sector through our growth in new businesses, and the establishment of an investment banking platform available not only to the corporate world, but also to the retail segment, especially to the Small and Medium Enterprise (SME) and Consumer sectors.
- Improve the ongoing search to adapt our business models, processes and procedures into line with best practices worldwide.

[Content](#)

The operating results of the Group's new business lines are monitored separately by the Board of Directors and Senior Management on a monthly basis, in order to make decisions regarding the allocation of resources and the evaluation of the performance of each one of the segments. The Chief Operating Decision Maker (CODM) of Credicorp is the Chief Executive Officer (CEO). The performance of the segments is evaluated based on the operating profits or losses and is measured consistently with the operating profits and losses presented in the consolidated statement of income.

Financial information by segment is prepared subject to the minimum controls necessary and on a uniform basis, with coherent grouping according to the type of activity and customer. The transfer prices used for determining income and expenses generated among the operating segments are similar to the prices that would be applicable to transactions carried out at arm's length.

None of the income derives from transactions carried out with a single customer or counterparty which is equal to or greater than 10 percent or more of the total income of the Group as of December 31, 2021, 2020 and 2019.

[Content](#)

(i) The following table presents information recorded in the results and for certain items of the assets corresponding to the Group's reportable segments (in millions of soles) as of December 31, 2021, 2020 and 2019:

2021	Income (*)		Net interest, similar income and expenses	Other income, net (***)	Provision for credit losses on loan portfolio	Depreciation and amortization	Income tax	Net profit	Additions of fixed asset, intangibles and goodwill	Total assets	Total liabilities
	External	From other segments (**)									
Universal Banking											
Banco de Crédito del Perú	11,143	368	6,194	3,262	(1,034)	(441)	(1,275)	3,391	449	184,715	166,387
Banco de Crédito de Bolivia	891	10	337	157	(17)	(23)	(63)	72	27	13,800	12,965
Insurance and Pension funds											
Pacífico Seguros and subsidiaries	3,544	64	610	228	–	(57)	(5)	(130)	81	16,491	14,194
Prima AFP	407	1	(4)	406	–	(21)	(65)	146	12	840	265
Microfinance											
Mibanco	2,114	–	1,860	(12)	(504)	(78)	(143)	266	50	16,163	13,800
Mibanco Colombia (****)	302	–	229	35	(4)	(14)	(16)	43	8	1,393	1,159
Investment Banking and Wealth Management											
Management	866	73	89	767	1	(45)	(25)	147	11	14,744	12,990
Other segments	182	33	47	80	(1)	(4)	(69)	(263)	2	3,377	2,634
Eliminations	–	–	–	–	–	–	–	–	–	(6,701)	(6,609)
Total consolidated	19,449	549	9,362	4,923	(1,559)	(683)	(1,661)	3,672	640	244,822	217,785

2020	Income (*)		Net interest, similar income and expenses	Other income, net (***)	Provision for credit losses on loan portfolio	Depreciation and amortization	Income tax	Net profit	Additions of fixed asset, intangibles and goodwill	Total assets	Total liabilities
	External	From other segments (**)									
Universal Banking											
Banco de Crédito del Perú	10,775	412	5,994	2,795	(4,637)	(428)	(51)	619	464	180,766	164,632
Banco de Crédito de Bolivia	773	7	330	103	(252)	(23)	139	(74)	16	12,472	11,781
Insurance and Pension funds											
Pacífico Seguros and subsidiaries	3,211	57	526	602	–	(59)	(2)	195	49	16,025	13,039
Prima AFP	389	2	(8)	388	–	(21)	(67)	148	7	1,108	408
Microfinance											
Mibanco	1,972	–	1,506	24	(1,118)	(86)	142	(379)	51	15,649	13,540
Mibanco Colombia (****)	238	–	165	28	(75)	(14)	19	(51)	13	1,208	993
Investment Banking and Wealth Management											
Management	1,102	31	70	920	–	(35)	(34)	(78)	29	11,715	9,995
Other segments	(78)	16	(12)	(96)	2	(4)	(36)	(46)	4	3,484	2,531
Eliminations	–	–	–	–	–	–	–	–	–	(5,021)	(4,958)
Total consolidated	18,382	525	8,571	4,764	(6,080)	(670)	110	334	633	237,406	211,961

(*) Corresponds to total interest and similar income, other income (includes income and expenses on commissions) and net earned premiums from insurance activities.

(**) Corresponds to income derived from transactions with other segments, which were eliminated in the consolidated statement of income.

(***) Corresponds to other income (include income and expenses for commissions) and insurance underwriting result.

(****) Banco Compartir S.A. and Edyficar S.A.S merged in October 2020 to form Mibanco Colombia. See more detail in Note 2(a).

[Content](#)

2019	Income (*)		Net interest, similar income and expenses	Other income, net (***)	Provision for credit losses on loan portfolio	Depreciation and amortization	Income tax	Net profit	Additions of fixed asset, intangibles and goodwill	Total assets	Total liabilities
	External	From other segments (**)									
Universal Banking											
Banco de Crédito del Perú	11,750	345	6,245	3,632	(1,558)	(413)	(1,160)	3,239	349	139,832	123,040
Banco de Crédito de Bolivia	736	4	329	117	(61)	(19)	(43)	79	16	10,481	9,744
Insurance and Pension funds											
Pacífico Seguros and subsidiaries	3,224	23	493	346	–	(58)	(6)	381	45	13,785	10,964
Prima AFP	457	3	(1)	457	–	(20)	(85)	197	8	909	211
Microfinance											
Mibanco	2,408	126	1,901	62	(472)	(87)	(168)	401	60	13,576	11,489
Mibanco Colombia (****)	68	–	56	4	(8)	(2)	(2)	3	2	1,169	968
Investment Banking and Wealth Management											
Management	968	6	69	885	–	(22)	(16)	230	236	9,423	7,950
Other segments	63	100	–	(108)	(1)	(3)	(143)	(178)	87	2,998	992
Eliminations	–	–	–	–	–	–	–	–	–	(4,314)	(4,245)
Total consolidated	19,674	607	9,092	5,395	(2,100)	(624)	(1,623)	4,352	803	187,859	161,113

(*) Corresponds to total interest and similar income, other income (includes income and expenses on commissions) and net earned premiums from insurance activities.

(**) Corresponds to income derived from transactions with other segments, which were eliminated in the consolidated statement of income.

(***) Corresponds to other income (include income and expenses for commissions) and insurance underwriting result.

(****) Banco Compartir S.A. and Edyficar S.A.S merged in October 2020 to form Mibanco Colombia. See more detail in Note 2(a).

(ii) The following table presents (in millions of soles) the distribution of the total revenue, operating revenue and non-current assets of the Group; all assigned based on the location of the clients and assets, respectively, as of December 31, 2021, 2020 and 2019:

	2021				2020				2019			
	Total income (*)	Operating income (**)	Total non current assets (***)	Total liabilities	Total income (*)	Operating income (**)	Total non current assets (***)	Total liabilities	Total income (*)	Operating income (**)	Total non current assets (***)	Total liabilities
Perú	17,327	8,684	3,773	188,481	16,452	8,413	3,825	187,291	17,990	9,105	3,925	142,161
Bolivia	978	373	121	13,012	853	357	101	11,870	809	368	93	9,815
Colombia	601	213	415	2,610	566	144	451	2,607	356	21	432	2,769
Panama (****)	309	103	30	10,389	261	(73)	32	7,321	165	(96)	20	4,975
Chile	166	1	131	1,026	134	(2)	171	853	142	(2)	209	1,088
United States of America	33	1	1	5	33	–	3	6	10	(1)	3	6
Bermuda	18	(17)	134	2,174	(14)	(22)	134	1,930	13	10	117	266
Cayman Islands	17	–	–	88	97	112	–	83	189	184	–	33
Total consolidated	19,449	9,358	4,605	217,785	18,382	8,929	4,717	211,961	19,674	9,589	4,799	161,113

(*) Including total interest and similar income, other income and net premiums earned from insurance activities.

(**) Operating income includes the income from interest and similar expenses from banking activities and insurance underwriting result.

(***) Non-current assets consist of property, furniture and equipment (fixed assets), intangible assets and goodwill and right-for-use assets, net.

(****) In August 2021, the merger by absorption between ASB Bank Corp. and Atlantic Security Bank (absorbed entity) was carried out. See more detail in Note 2(a).

[Content](#)

32 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

- a) The Group's consolidated financial statements at December 31, 2021 and 2020 include transactions with related companies, the Board of Directors, the Group's key executives (defined as the Management of Credicorp) and the companies which are controlled by these individuals through their majority shareholding or their role as Chairman or CEO.
- b) The following table presents the main transactions and balances with related parties and individuals as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
	S/(000)	S/(000)
Statement of financial position -		
Direct loans	1,848,299	1,909,516
Investments (i)	871,779	1,165,661
Deposits (ii)	(768,564)	(1,582,412)
Derivatives at fair value	2,325	4,408

- (i) During the year 2021, the balance includes mainly S/183.3 million of corporate bonds, S/178.6 million of corporate bonds issued by Cementos Pacasmayo S.A., S/137.7 million of shares of Alicorp S.A.A. and S/184.8 million of shares of Inversiones Centenario. The decrease in the balance corresponds mainly to the fluctuation that negatively affected the investments in shares of Inversiones Centenario and Alicorp S.A.A.A.

During the year 2020, the balance mainly includes S/208.2 million of corporate bonds and S/120.9 million of Alicorp S.A.A. shares, S/174.4 million of corporate bonds issued by Cementos Pacasmayo S.A., and S/196.5 million of Inversiones Centenario shares.

- (ii) Corresponds to deposits from legal entities and individuals. As of December 31, 2021 and 2020, the balance corresponds mainly to Inversiones Piuranas S.A., Cementos Pacasmayo S.A.A. and Grupo Piurano de Inversiones S.A. and the decrease in deposits in 2021 with respect to 2020 is due to the fact that these entities carried out fewer operations.

	<u>2021</u>	<u>2020</u>
	S/(000)	S/(000)
Statement of income		
Interest income related to loans	39,603	57,373
Interest expenses related to deposits	(16,236)	(17,212)
Other income	10,243	24,411

Off-balance sheet		
Indirect loans	459,562	431,089

The decrease in interest accrued on loans is mainly due to the fact that the loans for the 2021 period have already matured and been cancelled. Likewise, the decrease in deposits and interest expense decreased in the same proportion as a result of entities withdrawing loans received as demand deposits. Finally, as a result of the decrease in the operations of related entities, the variation in other income is evidenced mainly by the entity Inversiones Centenario S.A.A.A.

- c) All transactions with related parties are made in accordance with normal market conditions available to other customers. At December 31, 2021 and 2020, direct loans to related companies are secured by collateral, had maturities between January 2022 and March 2029, at an annual soles average interest rate of 6.37 percent and at an annual foreign currency average interest rate of 4.03 percent (as of December 31, 2020, maturities between January 2021 and March 2036, at an annual soles average interest rate of 5.33 percent and at an annual foreign currency average interest rate of 4.45 percent). Also, as of December 31, 2021 and December 31, 2020, the Group maintains an allowance for loan losses for related parties amounting to S/23.4 million and S/9.1 million, respectively.

[Content](#)

d) At December 31, 2021 and 2020, directors, officers and employees of the Group have been involved, directly and indirectly, in credit transactions with certain subsidiaries of the Group, as permitted by Peruvian Banking and Insurance Law N°26702, which regulates and limits certain transactions with employees, directors and officers of a bank or an insurance company. At December 31, 2021 and 2020, direct loans to employees, directors, key management and family members amounted to S/1,054.7 million and S/1,062.1 million, respectively; they are repaid monthly and earn interest at market rates.

e) The Group's key executives' compensation (including the related income taxes assumed by the Group) as of December 31, 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
	S/(000)	S/(000)
Director's compensation	6,862	6,106
Senior Management Compensation:		
Remuneration	45,164	32,396
Stock awards vested	10,351	22,756
Total	<u>62,377</u>	<u>61,258</u>

f) As of December 31, 2021 and 2020 the Group holds interests in various funds managed by certain of the Group's subsidiaries. The details of the funds are presented below:

	<u>2021</u>	<u>2020</u>
	S/(000)	S/(000)
At fair value through profit or loss:		
Mutual funds, investment funds and hedge funds		
U.S. Dollars (i)	588,330	427,012
Bolivianos	157,332	138,887
Colombian pesos	78,773	67,284
Soles(ii)	45,741	117,177
Chilean pesos	2,140	1,522
Total	<u>872,316</u>	<u>751,882</u>
Restricted mutual funds, Note 6(a)(iv)	<u>365,954</u>	<u>436,881</u>

(i) The increase in the balance corresponds mainly to the purchase of new participations in mutual funds managed by Credicorp Capital Asset Management.

(ii) The decrease in soles currency in the year 2021 with respect to 2020 is due to the redemption of participation quotas in mutual funds managed by Credicorp Capital S.A. S.A.F.

[Content](#)

33 FINANCIAL INSTRUMENTS CLASSIFICATION

The table below shows the carrying amounts of the financial assets and liabilities captions in the consolidated statement of financial position, by categories as defined under IFRS 9 as of December 31, 2021 and 2020:

	2021						2020					
	Financial assets and liabilities at fair value through profit or loss			Financial assets at fair value through other comprehensive income			Financial assets and liabilities at fair value through profit or loss			Financial assets at fair value through other comprehensive income		
	Investments and hedges	Investments designated at inception	Investments	Investments designated at inception	Financial assets and liabilities measured at amortized cost	Total	Investments and hedges	Investments designated at inception	Investments	Investments designated at inception	Financial assets and liabilities measured at amortized cost	Total
S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Assets												
Cash and due from banks	-	-	-	-	39,320,740	39,320,740	-	-	-	-	36,752,994	36,752,994
Guarantee funds, reverse repurchase agreements and securities borrowings	-	-	-	-	1,766,948	1,766,948	-	-	-	-	2,394,302	2,394,302
At fair value through profit or loss	5,928,497	-	-	-	-	5,928,497	6,467,471	-	-	-	-	6,467,471
Investments at fair value through other comprehensive income, Note 6(b)	-	-	34,380,552	377,891	-	34,758,443	-	-	43,241,339	502,550	-	43,743,889
Amortized cost investments	-	-	-	-	8,265,559	8,265,559	-	-	-	-	4,962,382	4,962,382
Loans, net	-	-	-	-	139,120,104	139,120,104	-	-	-	-	127,761,125	127,761,125
Financial assets designated at fair value through profit or loss	-	974,664	-	-	-	974,664	-	823,270	-	-	-	823,270
Premiums and other policies receivable	-	-	-	-	921,103	921,103	-	-	-	-	937,223	937,223
Accounts receivable from reinsurers and coinsurers	-	-	-	-	1,198,379	1,198,379	-	-	-	-	919,419	919,419
Due from customers on acceptances	-	-	-	-	532,404	532,404	-	-	-	-	455,343	455,343
Other assets, Note 13(a)	1,661,628	-	-	-	1,797,134	3,458,762	1,214,497	-	-	-	1,823,556	3,038,053
	<u>7,590,125</u>	<u>974,664</u>	<u>34,380,552</u>	<u>377,891</u>	<u>192,922,371</u>	<u>236,245,603</u>	<u>7,681,968</u>	<u>823,270</u>	<u>43,241,339</u>	<u>502,550</u>	<u>176,006,344</u>	<u>228,255,471</u>
Liabilities												
Deposits and obligations	-	-	-	-	150,340,862	150,340,862	-	-	-	-	142,365,502	142,365,502
Payables from repurchase agreements and securities lending	-	-	-	-	22,013,866	22,013,866	-	-	-	-	27,923,617	27,923,617
Due to banks and correspondents	-	-	-	-	7,212,946	7,212,946	-	-	-	-	5,978,257	5,978,257
Bankers' acceptances outstanding	-	-	-	-	532,404	532,404	-	-	-	-	455,343	455,343
Accounts payable to reinsurers and coinsurers	-	-	-	-	463,825	463,825	-	-	-	-	338,446	338,446
Lease liabilities	-	-	-	-	655,294	655,294	-	-	-	-	750,578	750,578
Financial liabilities at fair value through profit or loss	325,571	-	-	-	-	325,571	561,602	-	-	-	-	561,602
Bonds and notes issued	-	-	-	-	17,078,829	17,078,829	-	-	-	-	16,319,407	16,319,407
Other liabilities, Note 13(a)	1,524,761	-	-	-	3,833,434	5,358,195	1,205,213	-	-	-	3,273,754	4,478,967
	<u>1,850,332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,131,460</u>	<u>203,981,792</u>	<u>1,766,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>197,404,904</u>	<u>199,171,719</u>

[Content](#)

34 FINANCIAL RISK MANAGEMENT

The Group's activities involve principally the use of financial instruments, including derivatives. It also accepts deposits from customers at both fixed and floating rates, for various periods, and invests these funds in high-quality assets. Additionally, it places these deposits at fixed and variable rates with legal entities and individuals, considering the finance costs and expected profitability.

The Group also trades in financial instruments where it takes positions in traded and over-the-counter instruments, derivatives included, to take advantage of short term market movements on securities, bonds, currencies and interest rates.

Given the Group's activities, it has a framework for risk appetite, a cornerstone of the management. The risk management processes involve continuous identification, measurement, treatment and monitoring. The Group is exposed, principally, to operating risk, credit risk, liquidity risk, market risk, strategic risk and insurance technical risk. Finally, it reports on a consolidated basis the risks to which the Group is exposed.

a) Risk management structure -

The Board of Directors of the Group and of each subsidiary are ultimately responsible for identifying and controlling risks; however, there are separate independent instances in the major subsidiaries responsible for managing and monitoring risks, as further explained below:

(i) Group's Board of Directors -

Credicorp Board of Directors –

The Credicorp Board of Directors is responsible for the overall approach to risk management of Credicorp Ltd., including the approval of its appetite for risk.

Likewise; take knowledge of the level of compliance of the appetite and the level of risk exposure, as well as the relevant improvements in the integral risk management of Grupo Crédito and Subsidiaries of Credicorp (Group).

Grupo Crédito's Board of Directors –

Grupo Crédito's Board of Directors is responsible for the general approach to risk management of the Group's subsidiaries and the approval of the risk appetite levels that it is willing to assume. Furthermore, it approves the guidelines and policies for Integral Risk Management, promotes an organizational culture that emphasizes the importance of risk management, oversees the internal control system and ensures the adequate performance of the Group's regulatory compliance function.

Group Company Boards -

The Board of each company of the Group is responsible for aligning the risk management established by the Board of Grupo Crédito with the context of each one of them. For that, it establishes a framework for risk appetite, policies and guidelines.

(ii) Credicorp Risk Committee -

Represents the Credicorp Board of Directors, proposes the levels of risk appetite for Credicorp Ltd. Also, it is aware of the level of compliance of the risk appetite and the level of exposure assumed by Grupo Crédito and Credicorp subsidiaries and the relevant improvements in integral management of risks of said entities.

[Content](#)

The Committee will be made up of no less than three directors of Credicorp, at least one of which must be independent. Additionally, the Board of Directors may incorporate as a member one or more directors of Credicorp subsidiaries. Likewise, the coordinator of the Committee will be the Credicorp Risk Manager, with the Internal Audit Manager as an observer member (without voice or vote). Finally, the following officials will attend the sessions as guests, according to the agenda of topics to be discussed and at the invitation of the Coordinator: General Manager, Finance Manager, Manager of the Risk Management Division of BCP, and all those people who criteria assist with the development of the session.

(iii) Grupo Crédito Risk Committee -

Represents the Board of Grupo Crédito in risk management decision-making. Furthermore, proposes to Grupo Crédito's Board of Directors the levels of risk appetite. This Committee defines the strategies used for the adequate management of the different types of risks and the supervision of risk appetite. In addition to it, the establishing of principles, policies and general limits.

The Risk Committee is presided by no less than three Board members of Grupo Crédito, at least one of which must be independent. Additionally, the Board of Directors may incorporate as a member one or more directors of the Group. Likewise, the coordinator of the Committee will be the Grupo Crédito Risk Manager, with the Internal Audit Manager as an observer member (without voice or vote). Finally, the following officials will attend the sessions as guests, according to the agenda of topics to be discussed and at the invitation of the Coordinator: General Manager, Finance Manager, Manager of the Risk Management Division of BCP, and all those people who criteria assist with the development of the session.

In addition to effectively managing all the risks, the Grupo Crédito Risk Committee is supported by the following committees which report periodically on all relevant changes or issues relating to the risks being managed:

Corporate credit Risk Committees (retail and non-retail)-

The Corporate credit Risk Committees (retail and non-retail) are responsible for reviewing the tolerance level of the credit risk appetite, the limits of exposure and the actions for the implementation of corrective measures, in case there are deviations. In addition, they propose credit risk management norms and policies within the framework of governance and the organization for the integral management of credit risk. Furthermore, they propose the approval of any changes to the functions described above and important findings to the Grupo Crédito Risk Committee.

Corporate Treasury and ALM (Asset Liability Management) Risk Committee -

The corporate Treasury and ALM Risk Committee are responsible for analyzing and proposing the corporate objectives, guidelines and policies for Treasury Risk Management and ALM of all the companies of the Group. As well as, monitoring the indicators and limits of the Group market risk appetite and each of the companies of the Group. Further, they are responsible of be aware of the actions for the implementation of the corrective measures if there are deviations from appetite levels and risk tolerance assumed by the companies of Group. Furthermore, they are responsible for proposing the approval of any changes in the functions described above and for reporting any findings to the Grupo Crédito Risk Committee.

[Content](#)

Corporate Model Risk Committee –

The Corporate Model Risk Committee is responsible for analyzing and proposing the actions corrections in case there are deviations with respect to the degrees of exposure assumed in the Appetite for Model Risk. Likewise, it proposes the creation and/or modification of the government for model risk management, monitoring compliance with the same. The Model Risk Committee monitors the Group's data and analytical strategy and the health status of the model portfolio. They are also responsible to inform the Committee of Grupo Crédito Risks on exposures, related to model risk, which involve variations in the risk profile.

Corporate Operational Risk Methodology Committee -

The Corporate Methodological Committee of Operational Risk has as main responsibilities to review the main indicators of Operational Risk of the companies of the Credicorp Group, as well as the progress of the methodologies deployed for Operational Risk and Business Continuity. Likewise, share best practices regarding the main challenges faced by Group companies.

(iv) Central Risk Management of Credicorp -

The Central Risk Management of Credicorp informs the Credicorp Risk Committee of the level of compliance of the risk appetite and the level of exposure assumed by Grupo Crédito and Credicorp subsidiaries. Likewise, it reports the relevant improvements in the integral risk management of Grupo Crédito and Credicorp subsidiaries. In addition, it proposes to the Credicorp Risk Committee the risk appetite levels for Credicorp Ltd.

(v) Central Risk Management of Grupo Crédito -

The Central Risk Management is responsible for the implementation of policies, procedures, methodologies and the actions to be taken to identify, measure, monitor, mitigate, report and control the different types of risks to which the Group is exposed. In addition, it is responsible for participating in the design and definition of the strategic plans of the business units to ensure that they are aligned within the risk parameters approved by the Grupo Crédito Board of Directors. Likewise, it disseminates the importance of adequate risk management, specifying in each of the units, the role that corresponds to them in the timely identification and definition of the corresponding actions.

The units of the Central Risk Management that manage risk at the corporate level are the following:

Credit Division -

The Credit Division proposes credit policies and evaluation criteria and credit risk management that the Group assumes with segment customers wholesaler. Evaluate and authorize loan proposals until their autonomy and propose their approval to the higher instances for those that exceed it. These guidelines are established on the basis of the policies set by the Grupo Crédito Board, respecting the laws and regulations in force. In addition, it assesses the evolution of the risk of wholesale clients and identifies problematic situations, taking actions to mitigate or resolve them.

Risk Management Division -

The Risk Management Division is responsible for ensuring that risk management directives and policies comply with the established by the Board of Directors. In addition, it is responsible for supervising the process of risk management and for coordinating with the companies of Credicorp involved in the whole process, promoting homogeneous risk management and aligned with the best practices. It also has the task of informing the Board of Directors regarding: global exposure and by type of risk, as well as the specific exposure of each Group company.

[Content](#)

Retail Banking Risk Division -

The Retail Banking Risk Division is responsible for managing the risk profile of the retail portfolio and developing credit policies that are in accordance with the guidelines and risk levels established by Grupo Crédito's Board of Directors. Likewise, it participates in the definition of products and campaigns aligned to these policies, as well as in the design, optimization and integration of credit evaluation tools and income estimation for credit management.

Non-financial Risks Division -

The Non-financial Risks Division is responsible for defining a non-financial risks strategy aligned with the objectives and risk appetite set by the Board of Grupo Crédito. This strategy seeks to strengthen the management process, generate synergies, optimize resources and achieve better results among the units responsible for managing non-financial risks in the Group. Additionally, in order to achieve the objectives defined in the non-financial risks strategy, the Division is responsible for promoting risk culture, developing talent, defining indicators and generating and following-up strategic projects and initiatives.

The Non-Financial Risks Division is made up of the following areas: Cybersecurity Area Management, Corporate Security Area Management, Operational Risk Management Area Management, and the Digital Risk Project Management Office.

(vi) Internal Audit Division and Compliance Division -

The Audit Division is in charge of monitoring on an ongoing basis the effectiveness and efficiency of the risk management function in the Group, verifying compliance with regulations, policies, objectives and guidelines set by the Board of Directors. On the other hand, it evaluates sufficiency and integration level of Group's information and database systems. Finally, it ensures that independence is maintained between the functions of the risk management and business units, for each of the Group's companies.

The Corporate Compliance and Ethics Division reports to the Board of Directors and is responsible for providing corporate policies to ensure that Group companies specifically comply with regulations that specified them, and the guidelines established in the Code of Ethics.

b) Risk measurement and reporting systems -

The risk is measured according to models and methodologies developed for the management of each type of risk. Risk reports that allow to monitor at the level added and detailed the different types of risks of each company which is exposed. The system provides the facility to meet the appetite review needs by risk requested by the committees and areas described above; as well as comply with regulatory requirements.

c) Risk mitigation -

Depending on the type of risk, mitigating instruments are used to reduce its exposure, such as guarantees, derivatives, controls and insurance, among others. Furthermore, it has policies linked to risk appetite and established procedures for each type of risk.

The Group actively uses guarantees to reduce its credit risks.

d) Risk appetite -

Based on corporate risk management, Grupo Crédito's Board of Directors approves the risk appetite framework to define the maximum level of risk that the organization is willing to take as it seeks its strategic and financial objectives, maintaining a corporate vision in individual decisions of each entity. This Risk Appetite framework is based on "core" and specific metrics:

[Content](#)

“Core” metrics are intended to preserve the organization’s strategic pillars, defined as solvency, liquidity, profit and growth, income stability and balance sheet structure.

Specific metrics objectives are intended to monitor on a qualitative and quantitative basis the various risks, to which the Group is exposed, as well as defining a tolerance threshold of each of those risks, so the risk profile set by the Board is preserved and any risk focus is anticipated on a more granular basis.

Risk appetite is instrumented through the following elements:

- Risk appetite statement: Establishes explicit general principles and the qualitative declarations which complement the risk strategy.
- Metrics scorecards: These are used to define the levels of risk exposure in the different strategic pillars.
- Limits: Allows control over the risk-taking process within the tolerance threshold established by the Board. They also provide accountability for the risk-taking process and define guidelines regarding the target risk profile.
- Government scheme: Seeks to guarantee compliance of the framework through different roles and responsibilities assigned to the units involved.

The appetite is integrated into the processes of strategic and capital guidelines, as well as in the definition of the annual budget, facilitating the strategic decision making of the organization.

e) Risk concentration -

Concentrations arise when a reduced and representative number of all of the counterparties of the Group are engaged in similar business activities, or activities in the same geographic region, or have similar economic and political conditions among others.

In order to avoid excessive concentrations of risk, the policies and procedures include specific guidelines and limits to guarantee a diversified portfolio.

34.1 Credit risk -

- a) The Group takes on exposure to credit risk, which is the probability of suffering losses caused by debtors or counterparties failing to comply with payment obligations in on or off the balance sheet exposures.

Credit risk is the most important risk for the Group’s business; therefore, Management carefully manages its exposure to credit risk. Credit exposures arise principally from lending activities that lead to direct loans; they also result from investment activities. There is also credit risk in off-balance sheet financial instruments, such as contingent credits (indirect loans and due from customers on acceptances), which expose Credicorp to risks similar to direct loans. Likewise, credit risk arises from derivative financial instruments that present positive fair values. Finally, all exposure to credit risk (direct or indirect) is mitigated by the control processes and policies.

As part of managing this type of risk, provisions for impairment of its portfolio are assigned as of the date of the statement of financial position.

[Content](#)

Credit risk levels are defined based on risk exposure limits, which are frequently monitored. Said limits are established in relation to one borrower or group of borrowers, geographical and industry segments. Furthermore, the risk limits by product, industry sector and by geographical segment are approved by the Risk Committee of Credicorp.

Exposure to credit risk is managed through regular analysis of the ability of debtors and potential debtors to meet interest and principal repayment obligations and by changing the credit limits when it is appropriate. Other specific control measures are outlined below:

(i) Collateral -

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is collateralization which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The main types of collateral obtained are as follows:

- For loans and advances, collateral includes, among others, mortgages on residential properties; liens on business assets such as plants, inventory and accounts receivable; and liens on financial instruments such as debt securities and equity securities.
- Long-term loans and financing to corporate entities are generally guaranteed. Loans to micro business generally have no collateral. In order to minimize credit loss, the Group will seek additional collateral from the counterparty as soon as impairment indicators arise.
- For repurchase agreements and securities lending, collateral consists of fixed income instruments, cash and loans.

Collateral held as security for financial assets other than loans is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of assets backed securities and similar instruments, which are secured by portfolios of financial instruments.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses. As part of the Group's policies, the recovered goods are sold in seniority order. The proceeds of the sale are used to reduce or amortize the outstanding credit. In general, the Group does not use recovered assets for its operational purposes.

(ii) Derivatives -

The amount subject to credit risk is limited to the current and potential fair value of instruments that are favorable to the Group (fair value is positive). In the case of derivatives this is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as a portion of the total credit limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for this type of risk exposure.

(iii) Credit-related commitments -

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and letters of credit have the same credit risk as direct loans. Documentary and commercial letters of credit - which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions - are collateralized by the underlying shipments of goods to which they relate and therefore have less risk than a direct loan. The Group has no mandatory commitments to extend credit.

[Content](#)

- b) The maximum exposure to credit risk as of December 31, 2021 and 2020, before the effect of mitigation through any collateral, is the carrying amount of each class of financial assets indicated in Notes 34.10(a), 34.10(b) and the contingent credits detailed in Note 21(a).

Management is confident of its ability to continue controlling and maintaining minimal credit risk exposure within the Group, considering both its loan and securities portfolio.

- c) Credit risk management for loans -

Credit risk management is mainly based on the rating and scoring internal models of each company of the Group. In Credicorp, quantitative and qualitative analysis are made for each client, regarding their financial position, credit behavior in the financial system and the market in which they operate or are located. This analysis is carried out continuously to characterize the risk profile of each operation and client with a credit position in the Group.

In the Group, a loan is internally classified as past due according to three criteria: the number of days past due based on the contractually agreed due date, the subsidiary and the type of credit. The detail is shown below:

- Banco de Crédito del Perú, Mibanco y Solución Empresa Administradora Hipotecaria internally classify a loan as past due
 - For corporate, large and medium companies, when it has more than 15 days in arrears.
 - For small and microbusiness when it has more than 30 days in arrears.
 - For overdrafts when it has more than 30 days in arrears.
 - For consumer, mortgage and leasing operations, installments are internally classified as past due when they are between 30 and 90 days in arrears; after 90 days, the pending loan balance is considered past due.
- Mibanco Colombia internally classifies a loan as past due:
 - For commercial loans when it has more than 90 days in arrears.
 - For microbusiness loans when it has more than 60 days in arrears.
 - For consumer loans when it has more than 60 days in arrears.
 - For mortgage loans when it has more than 30 days in arrears.
- Atlantic Bank Corp. internally classifies a loan as past due when it has 1 or more days in arrears.
- Banco de Crédito de Bolivia internally classifies a loan as past due when it has 30 or more days in arrears.

Estimate of the expected credit loss -

The measurement of the expected credit loss is based on the product of the following risk parameters: (i) probability of default (PD), (ii) loss given default (LGD), and (iii) exposure at default (EAD); discounted at the reporting date using the effective interest rate. The definition of the parameters is presented below:

- Probability of default (PD): this is a measurement of credit rating given internally to a client, designed to estimate their probability of default within a specific time horizon. The process of obtaining the PD is carried out through scoring and rating tools.

[Content](#)

The Group considers that a financial instrument is in default if it meets the following conditions, according to the type of asset:

- Consumer products, credit card and SME: if the client, at some certain point, presents arrears equal to or greater than 60 days and/or has operations that are refinanced, restructured, in pre-judicial, judicial proceedings or written off.
- Mortgage products: if the client, at some certain point, presents arrears equal to or greater than 120 days and/or has operations that are refinanced, restructured, in pre-judicial, judicial proceedings or written off.
- Commercial products: if the client, at some certain point, is in the Collections portfolio, or has a risk classification of Deficient, Doubtful or Loss, or has operations that are refinanced, in pre-judicial, judicial proceedings or written off. Also, a client can be considered as default if it shows signs of significant qualitative impairment.
- Investments: if the instrument has a default rating according to external rating agencies such as Fitch, Standard & Poor's or Moody's, or if it has an indicator of arrears equal to or greater than 90 days. In addition, an issuer can be considered as default if it shows signs of significant qualitative impairment or if it is in default according to the definition for Commercial products. When an issuer is classified as default, all its instruments are also classified as Default, that is, in stage 3.
- Loss given default (LGD): this is a measurement which estimates the severity of the loss that would be incurred at the time of the default. It has two approaches in the estimate of the severity of the loss, according to the stage of the client:
- LGD workout: this is the real loss of the clients that arrived at the stage of default. The recoveries and costs of each one of the operations are used to calculate this parameter (includes open and closed recovery processes).
- LGD ELBE (expected loss best estimate): this is the loss of the contracts in a default situation based on the time in arrears of the operation (the longer the operation is in default, the greater will be the loss).
- Exposure at default (EAD): this is a measurement which estimates the exposure at the time of the client's default, considering changes in future exposure, for example, in the case of prepayments and/or greater utilization of unused credit lines.

The estimate of the risk parameters considers information regarding the actual conditions, as well as the projections of future macroeconomic events and conditions in three scenarios (base, optimistic and pessimistic), which are weighted to obtain the expected credit loss.

The fundamental difference between the expected credit loss of a loan allocated in stage 1 and stage 2 is the PD's time horizon. The estimates in stage 1 use a PD with a maximum time horizon of 12 months, while those in stage 2 use a PD measured for the remaining lifetime of the instrument. The estimates in stage 3 are carried out based on an LGD "best estimate".

For those portfolios that are not material and/or do not have specific credit scoring models, the option was to extrapolate the expected credit loss ratio of portfolios with comparable characteristics.

The main methodological calibrations made in the internal credit risk models during 2021 were:

- PD models: we evaluated if the adjustments implemented during the first wave of COVID-19 and the measurement of credit risk given the subsequent aids implemented by the Government and the Group were still appropriate; particularly in a context where those aids had already expired (or were never given) and we had observed enough payment behavior.

Therefore, we began again to use actual customer payment records to measure credit risk in some segments. First, in Consumer loans, and then in the Mortgage and SME segments, also considering the additional political uncertainty. BCP ended 2021 with models in which more than 90% of the retail portfolio and around two thirds of the SME portfolio (without considering Reactiva Perú loans) is calibrated using historical default rates.

[Content](#)

- LGD models: we evaluated whether the assumptions implemented during 2020 were still adequate. In this sense, given that the payment behavior was better than expected, we adjusted the roll rates in all segments; but we kept the assumptions on the evolution of real estate prices in the future, because we expect a less dynamic macroeconomic environment in the coming years.

Prospective information -

The measurement of the expected credit loss for each stage and the evaluation of significant increase in credit risk consider information on previous events and current conditions, as well as reasonable projections based on future events and economic conditions.

For the estimate of the risk parameters (PD, LGD, EAD), used in the calculation of the expected credit loss in stages 1 and 2, the significance of the macroeconomic variables (or their variations) that have the greatest influence on each portfolio was tested. Each macroeconomic scenario used in the estimate of the expected credit loss considers projections of relevant macroeconomic variables, such as the gross domestic product (GDP), employment, terms of trade, inflation rate, among others, for a period of 3 years and a long-term projection.

The expected credit loss for stages 1, 2 and 3 is a weighted estimate that considers three future macroeconomic scenarios (base, optimistic and pessimistic). These scenarios, as well as the probability of occurrence of each one, are projections provided by the internal team of Economic Studies and approved by the Senior Management. The scenario design is revised quarterly. All the scenarios considered apply to the portfolios subject to expected credit loss with the same probabilities.

Changes from one stage to another

The classification of an instrument as stage 1 or stage 2 depends on the concept of "significant increase in credit risk" at the reporting date compared to the origin date. This classification is updated monthly. As the IFRS 9 states, this classification depends on the following criteria:

- An account is classified in stage 2 if it has more than 30 days in arrears.
- Additionally, significant risk thresholds were established based on absolute and relative thresholds that depend on the risk level in which the instrument was originated. The thresholds differ for each of the portfolios considered.
- Additional qualitative reviews are carried out based on the risk segmentation used in the management of Retail Banking and an individual review is carried out in Wholesale Banking.

Additionally, all those accounts classified as default at the reporting date, according to the definition used by the Group, are considered as stage 3.

Evaluations of significant increase in credit risk from initial recognition and credit impairment are carried out independently on each reporting date. Assets can be moved in both directions from one stage to another; in this sense, a financial asset that migrated to stage 2 will return to stage 1 if its credit risk did not increase significantly from its initial recognition until a subsequent reporting period. Likewise, an asset that is in stage 3 will return to stage 2 if the asset is no longer considered to be impaired.

Expected life -

For the instruments in stage 2 or 3, the allowance for loan losses will cover the expected credit loss during the expected time of the remaining lifetime of the instrument. For most instruments, the expected life is limited to the remaining contractual life, adjusted by expected anticipated payments. In the case of revolving products, a statistical analysis was carried out to determine what would be the expected life period.

[Content](#)

The following is a summary of the direct credits classified into three important groups and their respective allowance for loan losses for each type of loan; it is important to note that impaired loans are loans in default that are in stage 3. Additionally, it should be noted that, in accordance with IFRS 7, the total balance of the loan is considered overdue when the debtor has failed to make a payment at its contractual maturity.

- (i) Loans neither past due nor impaired, which comprise those direct loans which currently do not have characteristics of delinquency and which are not in default.
- (ii) Past due but not impaired loans, which comprise all of the direct loans of customers who are not in default but have failed to make a payment at its contractual maturity, according to IFRS 7.
- (iii) Impaired loans, those direct loans considered to be in stage 3 or default, as detailed in note 34.1(c).

	2021				2020			
	Stage 1 S/(000)	Stage 2 S/(000)	Stage 3 S/(000)	Total S/(000)	Stage 1 S/(000)	Stage 2 S/(000)	Stage 3 S/(000)	Total S/(000)
Commercial loans								
Neither past due nor impaired	69,831,342	8,987,668	–	78,819,010	66,039,657	8,159,561	–	74,199,218
Past due but not impaired	542,210	739,183	–	1,281,393	371,432	266,533	–	637,965
Impaired	–	–	6,906,547	6,906,547	–	–	5,062,586	5,062,586
Gross	70,373,552	9,726,851	6,906,547	87,006,950	66,411,089	8,426,094	5,062,586	79,899,769
Less: Allowance for loan losses	554,018	636,875	2,206,979	3,397,872	717,445	659,272	1,755,096	3,131,813
Total, net	69,819,534	9,089,976	4,699,568	83,609,078	65,693,644	7,766,822	3,307,490	76,767,956
Residential mortgage loans								
Neither past due nor impaired	18,446,261	1,466,878	–	19,913,139	17,760,423	1,069,247	–	18,829,670
Past due but not impaired	255,928	291,247	–	547,175	303,647	291,165	–	594,812
Impaired	–	–	1,371,146	1,371,146	–	–	1,143,896	1,143,896
Gross	18,702,189	1,758,125	1,371,146	21,831,460	18,064,070	1,360,412	1,143,896	20,568,378
Less: Allowance for loan losses	76,706	97,388	800,639	974,733	160,945	109,666	638,845	909,456
Total, net	18,625,483	1,660,737	570,507	20,856,727	17,903,125	1,250,746	505,051	19,658,922
Microbusiness loans								
Neither past due nor impaired	10,616,608	8,349,028	–	18,965,636	11,494,102	7,936,951	–	19,431,053
Past due but not impaired	134,473	576,320	–	710,793	64,318	522,530	–	586,848
Impaired	–	–	1,906,172	1,906,172	–	–	1,972,003	1,972,003
Gross	10,751,081	8,925,348	1,906,172	21,582,601	11,558,420	8,459,481	1,972,003	21,989,904
Less: Allowance for loan losses	434,049	625,252	1,148,629	2,207,930	568,588	1,118,054	1,406,014	3,092,656
Total, net	10,317,032	8,300,096	757,543	19,374,671	10,989,832	7,341,427	565,989	18,897,248
Consumer loans								
Neither past due nor impaired	11,870,584	2,718,498	–	14,589,082	9,891,072	2,324,121	–	12,215,193
Past due but not impaired	104,821	202,577	–	307,398	102,003	260,839	–	362,842
Impaired	–	–	1,099,328	1,099,328	–	–	1,627,739	1,627,739
Gross	11,975,405	2,921,075	1,099,328	15,995,808	9,993,075	2,584,960	1,627,739	14,205,774
Less: Allowance for loan losses	317,595	637,762	941,416	1,896,773	415,223	974,113	1,375,499	2,764,835
Total, net	11,657,810	2,283,313	157,912	14,099,035	9,577,852	1,610,847	252,240	11,440,939
Consolidated of loans								
Total gross direct loans, Note 7(a)	111,802,227	23,331,399	11,283,193	146,416,819	106,026,654	20,830,947	9,806,224	136,663,825
Total allowance for loan losses, Note 7(a)	1,382,368	1,997,277	5,097,663	8,477,308	1,862,201	2,861,105	5,175,454	9,898,760
Total net direct loans	110,419,859	21,334,122	6,185,530	137,939,511	104,164,453	17,969,842	4,630,770	126,765,065

[Content](#)

The general explanation of the variations in the allowance for loan losses is found in note 7(c).

At Credicorp, we separate renegotiated loans into two groups, focusing on operations that have suffered a significant increase in credit risk since their disbursement, which has generated modifications to the original loan agreement. Both groups are defined below:

- Refinanced loans: are those loans that have undergone modifications in the initial loan agreement (term and interest rate), according to the accounting definition.
- Renegotiated loans due to the COVID-19 pandemic: are those loans for which, due to the pandemic, the SBS and other local regulators have established that certain benefits be granted, and that Credicorp has also voluntarily granted to its clients (grace periods, debt consolidation, etc.), which were not in the initial credit agreements.

Below is the amount of gross portfolio balance and allowance for loan losses for Credicorp's renegotiated loans. The presentation is made for each of the two groups defined above and by opening the balances by stage. It should be noted that for the construction of the tables, the information of the three subsidiaries that concentrate more than 95.0 percent of the balance of renegotiated loans (BCP, Mibanco and BCB) has been considered.

As of December 31, 2021, and 2020, renegotiated loans and their expected credit loss are composed as follows:

	2021		2020	
	Refinanced loans S/(000)	Allowance for loan losses S/(000)	Refinanced loans S/(000)	Allowance for loan losses S/(000)
Stage 1	60,420	1,097	111,638	5,063
Stage 2	44,861	10,617	33,406	6,864
Stage 3	1,681,057	936,994	1,523,285	873,216
Total	1,786,338	948,708	1,668,329	885,143

	2021		2020	
	Renegotiated loans COVID S/(000)	Allowance for loan losses S/(000)	Renegotiated loans COVID S/(000)	Allowance for loan losses S/(000)
Stage 1	10,747,826	178,357	20,555,760	591,306
Stage 2	5,440,274	666,092	8,679,864	1,867,300
Stage 3	2,752,914	1,567,504	2,319,279	1,389,257
Total	18,941,014	2,411,953	31,554,903	3,847,863

The detail of the gross amount of impaired direct loans by type of loan, together with the fair value of the related collateral and the amounts of its allowance for loan losses, are as follows:

	2021					2020				
	Commercial loans S/(000)	Residential mortgage loans S/(000)	Microbusiness loans S/(000)	Consumer loans S/(000)	Total S/(000)	Commercial loans S/(000)	Residential mortgage loans S/(000)	Microbusiness loans S/(000)	Consumer loans S/(000)	Total S/(000)
Impaired loans	6,906,547	1,371,146	1,906,172	1,099,328	11,283,193	5,062,586	1,143,896	1,972,003	1,627,739	9,806,224
Fair value of collateral	6,298,966	1,181,979	486,477	279,861	8,247,283	4,414,346	975,834	433,151	233,665	6,056,996
Allowance for loan losses	2,206,979	800,639	1,148,628	941,416	5,097,662	1,755,096	638,845	1,406,014	1,375,499	5,175,454

On the other hand, the breakdown of direct loans classified by maturity is shown below, according to the following criteria:

- (i) Current loans, which comprise those direct loans which do not currently have characteristics of delinquency, nor are they in default or stage 3, according to the rules of IFRS 9.
- (ii) Current but impaired loans, which comprise those direct loans which do not currently have characteristics of delinquency, but are in default or stage 3, according to IFRS 9.
- (iii) Loans with payment delay of one day or more but that are not past due according to our internal guidelines, which comprise those direct loans of customers who have failed to make a payment at its contractual maturity, that is, with at least one day past-due. However, the days of delinquency are insufficient to be considered as past due under the Group's internal criteria.
- (iv) Past due loans under internal criteria.

The total of the concepts: loans with a delay of payment from the first day and the amounts of the internal overdue loans reflect the totality of "past due" loans consistent with IFRS 7.

	2021					2020						
	Current loans S/(000)	Current but impaired loans S/(000)	Loans with delays in payments of one day or more but not considered internal overdue loans S/(000)	Internal overdue loans S/(000)	Total past due under IFRS 7 S/(000)	Current loans S/(000)	Current but impaired loans S/(000)	Loans with delays in payments of one day or more but not considered internal overdue loans S/(000)	Internal overdue loans S/(000)	Total past due under IFRS 7 S/(000)		
Neither past due nor impaired	132,273,846	-	-	13,022	132,286,868	13,022	124,673,296	-	-	1,837	124,675,133	1,837
Past due but not impaired	-	-	2,400,329	446,429	2,846,758	2,846,758	-	-	1,824,361	358,107	2,182,468	2,182,468
Impaired debt	-	5,357,744	822,461	5,102,988	11,283,193	5,925,449	-	4,860,127	620,472	4,325,625	9,806,224	4,946,097
Total	132,273,846	5,357,744	3,222,790	5,562,439	146,416,819	8,785,229	124,673,296	4,860,127	2,444,833	4,685,569	136,663,825	7,130,402

[Content](#)

The classification of loans by type of loan and maturity is as follows:

	2021					2020				
	Current loans S/(000)	Current but impaired loans S/(000)	Loans with delays in payments of one day or more but not considered internal overdue loans S/(000)	Internal overdue loans S/(000)	Total S/(000)	Current loans S/(000)	Current but impaired loans S/(000)	Loans with delays in payments of one day or more but not considered internal overdue loans S/(000)	Internal overdue loans S/(000)	Total S/(000)
Commercial loans	78,815,254	3,627,246	1,362,487	3,201,963	87,006,950	74,198,117	3,117,851	683,060	1,900,741	79,899,769
Residential mortgage loans	19,913,139	581,358	731,821	605,142	21,831,460	18,828,934	376,053	744,339	619,052	20,568,378
Microbusiness loans	18,956,460	524,064	683,183	1,418,894	21,582,601	19,431,050	683,370	520,062	1,355,422	21,989,904
Consumer loans	14,588,993	625,076	445,299	336,440	15,995,808	12,215,195	682,853	497,372	810,354	14,205,774
Total	132,273,846	5,357,744	3,222,790	5,562,439	146,416,819	124,673,296	4,860,127	2,444,833	4,685,569	136,663,825

The expected credit loss for direct loans, indirect loans and due from customers on banker's acceptances is a weighted estimate of three macroeconomic scenarios: base, optimistic and pessimistic, that are based on macroeconomic projections provided by the internal team of Economic Studies and approved by Senior Management. In each scenario, the Group bases itself on a wide variety of prospective information such as economic inputs, including the growth of the gross domestic product (GDP), employment, terms of trade, inflation rate, among others.

Macroeconomic scenario -

The expected credit loss is a weighted estimate of three macroeconomic scenarios: base, optimistic and pessimistic, that are calculated with macroeconomic projections provided by the internal team of Economic Studies and approved by the Senior Management. The local and international information flows available during the analysis period are used to feed projections, which reflect the fact that Perú is a small and open economy, and in this context approximately 60.0 percent of the volatility in economic growth is driven by external factors, including terms of trade, the growth of Peru's trading partners and the external interest rates. Information on each of these factors is gathered to construct each scenario for the next three years.

The variables mentioned above, together with local variables (fiscal and monetary variables), are incorporated in the economic models. Two types of models are used in this regard:

- (i) Structural projection model.
- (ii) Financial programming model.

The first is a dynamic stochastic general equilibrium model, which is constructed with expectations. The second is built with the main identities of national accounts in accordance with the financial programming methodology designed by the IMF (International Monetary Fund) and the methodologies used by a battery of econometric models.

Through this process, we obtain figures for GDP growth, inflation, exchange rate and other variables for the years 2021, 2022 and 2023. Thus, we estimate the economy to rebound around 13.0 percent in 2021 (real figure of 2020: (11.0) percent). The economy in 2021 has proved a greater than expected resilience amid the recovery of our main trading partners, increase of the terms of trade (its highest level in almost 50 years), combined with expansionary monetary and fiscal policies, as well as withdrawals of Pension Funds and Work Compensation Funds (CTS), allowing real GDP growing about +1.0 percent compared to 2019 level.

We estimate the economy to rebound 2.5 percent in the year 2022 (2.0 percent in the previous estimation) and 1.7 percent in the year 2023 (same to the previous estimation) given the greater resilience and higher inertia exhibited in 2021:

If the seasonally adjusted level achieved in the third quarter of 2021 is held constant throughout 2022, real GDP would grow by around 1.0 percent in the year 2022. On the other hand, if the seasonally adjusted level reached in the second quarter of 2021 is kept constant throughout 2022, GDP would grow around 0.0 percent in the year 2022. In other words, the growth inertia already observed between in the third quarter of 2021 respect the second quarter of the same year would contribute 1.0 percentage points to 2022 real GDP growth, largely explaining our upward revision.

We believe that private investment will fall by around (2.5) percent in the year 2022, but less than our former (7.0) percent forecast from a few months ago. Even if private investment were to remain flat or stagnant throughout 2022 at the seasonally adjusted level reached in the third quarter of 2021, this variable would grow by about 1.5 percent; but given local factors we believe that private investment will fall slightly in the year 2022.

The start-up of new copper mining projects such as Quellaveco, Mina Justa and the Toromocho expansion, will contribute to the growth of GDP during the second half of 2022. Compared to three months ago, the global context for the year 2022 looks more challenging, not only because of the new COVID-19 variants, but also because of the expectation of a Fed policy rate hike starting in the middle of next year, rather than 2023 as foreseen by futures a few months ago. Even so, Perú will continue to benefit from a favorable expected average copper price.

[Content](#)

At a domestic level, political uncertainty is expected to remain high in the year 2022, with lower risks of total changes in the economic regime or the Constituent Assembly. We also expect a gradual withdrawal (although more accelerated than expected three months ago) of the BCRP broadly expansionary monetary policy. Also, a cumulative inflation of almost 10.0 percent between 2021 and 2022 will affect consumers (private consumption would grow around 3.0 percent, a similar rate than 2019).

Regarding the probabilities of each scenario, probabilities of 60.0 percent, 30.0 percent and 10.0 percent were considered for the base, optimistic and pessimistic scenarios, respectively, as of December 31, 2021 (80.0 percent, 15.0 percent, and 5.0 percent, respectively, as of December 31, 2020). The expected value of the three GDP projections gives us a rebound of around 13.0 percent in 2021. The probabilities assigned to each scenario and projection year are validated through a fan chart analysis, which uses a probability function to identify and analyze:

- i) The central tendency of the projections.
- ii) The dispersion that is expected around this value.
- iii) The values that are higher or lower than the central value that are more or less probable.

The following table provides a comparison between the carrying amount of allowance for loan losses for direct loans, indirect loans and due from customers on banker's acceptances, and its estimation under three scenarios: base, optimistic and pessimistic.

	<u>2021</u> S/(000)	<u>2020</u> S/(000)
Carrying amount	9,071,011	10,435,623
Scenarios:		
Optimistic	9,014,409	10,100,156
Base Case	9,078,873	10,460,012
Pessimistic	9,173,730	11,018,666

[Content](#)

d) Credit risk management on reverse repurchase agreements and securities borrowing -

Most of these operations are performed by Credicorp Capital. The Group has implemented credit limits for each counterparty and most of transactions are collateralized with investment grade financial instruments and financial instruments issued by Governments.

e) Credit risk management on investments -

The Group evaluates the credit risk identified of each of the investments, disclosing the risk rating granted to them by a risk rating agency. For investments traded in Perú, risk ratings used are those provided by the three most prestigious Peruvian rating agencies (authorized by Peruvian regulator) and for investments traded abroad, the risk-ratings used are those provided by the three most prestigious international rating agencies.

In the event that any subsidiary uses a risk-rating prepared by any other risk rating agency, said risk-ratings are standardized with those provided by the above mentioned institutions.

The following table shows the analysis of the risk-rating of the investments at fair value through profit or loss, at fair value through other comprehensive income and amortized cost provided by the institutions referred to above:

	2021		2020	
	S/(000)	%	S/(000)	%
Instruments rated in Perú:				
AAA	303,831	0.6	-	-
AA- a AA+	62,287	0.1	-	-
A- to A+	5,182	-	1,369,969	2.5
BBB- to BBB+	21,050,591	43.1	21,395,476	38.8
BB- to BB+	694,398	1.4	901,934	1.6
Lower and equal to +B	82,395	0.2	5,590	-
Unrated:				
BCRP certificates of deposit (i)	9,448,574	19.3	17,237,158	31.3
Listed and unlisted securities	384,243	0.8	514,297	0.9
Restricted mutual funds	365,954	0.7	436,881	0.8
Investment funds	295,480	0.6	212,951	0.4
Mutual funds	20,672	-	302,212	0.5
Hedge funds	24,275	-	4,505	-
Other instruments	39,035	0.1	78,159	0.1
Subtotal	32,776,917	66.9	42,459,132	76.9

[Content](#)

	2021		2020		
	\$/(000)	%	\$/(000)	%	
Instruments rated abroad:					
AAA	1,723,289	3.5	700,312	1.3	
AA- a AA+	1,508,978	3.1	1,043,409	1.9	
A- to A+	2,172,071	4.4	2,395,327	4.4	
BBB- to BBB+	4,642,916	9.5	4,594,711	8.4	
BB- to BB+	3,357,991	6.9	1,733,080	3.1	
Lower and equal to +B	119,379	0.2	129,094	0.2	
Unrated:					
Listed and unlisted securities	84,428	0.2	267,943	0.5	
Mutual funds	1,553,561	3.2	677,084	1.2	
Participations of RAL funds	323,139	0.7	278,819	0.5	
Investment funds	236,367	0.5	155,183	0.3	
Hedge funds	152,541	0.3	122,433	0.2	
Other instruments	300,922	0.6	617,215	1.1	
Subtotal	16,175,582	33.1	12,714,610	23.1	
Total	48,952,499	100.0	55,173,742	100.0	

(i) The decrease in the balance is mainly due to the maturity of these instruments, see Notes 6(a)(iii) and 6(b)(iii).

It is worth mentioning that the change in the risk-rating of the investments has had an impact on the measurement of the expected loss.

[Content](#)

f) Concentration of financial instruments exposed to credit risk -

As of December 31, 2021 and 2020, financial instruments with exposure to credit risk were distributed considering the following economic sectors:

	2021					2020				
	At fair value through profit for loss					At fair value through profit for loss				
	Held for trading, hedging and others (*)	Designated at inception	Financial assets at amortized cost	At fair value through other comprehensive income investments (**)	Total	Held for trading, hedging and others (*)	Designated at inception	Financial assets at amortized cost	At fair value through other comprehensive income investments (**)	Total
S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Central Reserve Bank of Perú (***)	1,243,890	-	25,687,934	8,337,432	35,269,256	1,872,875	-	27,108,101	15,364,282	44,345,258
Financial services	3,722,627	271,701	18,714,111	5,560,441	28,268,880	2,902,651	168,452	15,841,601	5,941,069	24,853,773
Commerce	51,436	4,610	26,716,462	1,480,290	28,252,798	18,817	-	24,029,835	490,612	24,539,264
Manufacturing	180,666	193,091	22,713,289	2,235,747	25,322,793	409,490	91,110	19,155,347	2,694,326	22,350,273
Government and public administration	1,605,754	9,516	8,142,978	10,613,437	20,371,685	1,888,710	-	5,374,603	12,831,954	20,095,267
Mortgage loans	-	-	21,128,330	-	21,128,330	-	-	19,738,710	-	19,738,710
Consumer loans	-	-	14,717,230	-	14,717,230	-	-	13,144,271	-	13,144,271
Real estate and leasing	81,019	-	11,362,371	64,193	11,507,583	93,422	3,073	11,798,614	179,368	12,074,477
Communications, storage and transportation	93,649	401,789	7,282,709	1,159,161	8,937,308	76,711	367,908	7,416,065	924,885	8,785,569
Electricity, gas and water	299,189	11,947	4,472,766	3,789,250	8,573,152	194,542	116,209	3,533,722	2,893,815	6,738,288
Community services	-	-	7,584,239	-	7,584,239	37	-	7,382,713	-	7,382,750
Construction	23,109	850	3,882,922	494,236	4,401,117	35,557	-	3,807,260	331,946	4,174,763
Mining	108,609	846	4,535,519	188,797	4,833,771	76,012	8,083	3,470,665	241,063	3,795,823
Agriculture	6,113	-	4,613,294	31,633	4,651,040	10,815	-	4,044,735	15,473	4,071,023
Hotels and restaurants	-	-	2,805,317	-	2,805,317	-	-	2,762,674	-	2,762,674
Education, health and others	102,655	75,774	1,778,522	542,754	2,499,705	20,285	68,435	1,712,817	1,680,135	3,481,672
Insurance	14,057	-	2,185,490	832	2,200,379	10,080	-	1,898,194	919	1,909,193
Fishing	1,532	-	611,616	-	613,148	923	-	639,227	9,169	649,319
Others	55,820	4,540	3,987,272	260,240	4,307,872	71,041	-	3,147,190	144,873	3,363,104
Total	7,590,125	974,664	192,922,371	34,758,443	236,245,603	7,681,968	823,270	176,006,344	43,743,889	228,255,471

(*) It includes non-trading investments that did not pass SPPI test.

(**) OCI: Other comprehensive income.

(***)The decrease in the balance corresponds mainly to (i) the purchase of certificates of deposit from the BCRP and (ii) the increase in deposits in the Banco Central de Reserva del Perú; see further details in notes 6(a), 6(b), 5(a) and note 4(a), respectively.

[Content](#)

As of December 31, 2021 and 2020 financial instruments with exposure to credit risk were distributed by the following geographical areas:

	2021					2020				
	At fair value through profit for loss					At fair value through profit for loss				
	Held for trading, hedging and others (*)	Designated at inception	Financial assets at amortized cost	At fair value through other comprehensive income investments (**)	Total	Held for trading, hedging and others (*)	Designated at inception	Financial assets at amortized cost	At fair value through other comprehensive income investments (**)	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Perú	2,796,583	17,224	166,930,313	22,822,157	192,566,277	3,511,686	67,821	155,598,019	34,208,824	193,386,350
United States of America	812,625	398,914	6,353,068	7,169,005	14,733,612	444,924	459,266	3,288,720	4,922,144	9,115,054
Bolivia	676,534	–	11,752,887	751,752	13,181,173	584,879	–	10,718,164	708,784	12,011,827
Colombia	1,191,151	–	2,535,639	752,919	4,479,709	1,387,406	4,788	2,264,768	1,147,770	4,804,732
Chile	416,637	13,638	2,270,868	783,983	3,485,126	420,527	5,315	1,446,246	618,572	2,490,660
Brazil	19,723	4,512	928,768	171,501	1,124,504	104,774	–	752,257	86,673	943,704
Mexico	14,680	94,884	133,350	477,342	720,256	113,988	42,336	1,942	408,567	566,833
Panama	–	–	597,310	156,752	754,062	25,624	–	405,941	131,722	563,287
Europe:										
Luxembourg	1,121,779	–	7,020	2,236	1,131,035	297,652	–	306	7,963	305,921
France	256,661	189,157	16,430	237,597	699,845	423,711	1,890	32,864	253,152	711,617
United Kingdom	72,606	14,631	127,018	158,359	372,614	27,869	18,870	369,455	140,302	556,496
Others in Europe	92,442	20,529	270,678	187,004	570,653	95,156	42,991	85,235	129,506	352,888
Spain	4,110	–	42,574	41,884	88,568	26,152	–	42,157	76,770	145,079
Switzerland	956	372	18,936	110,284	130,548	494	799	74,246	60,378	135,917
Netherlands	907	1,036	27,095	63,135	92,173	952	1,526	122,696	50,676	175,850
Multilateral Organizations (***)	–	–	–	81,435	81,435	–	–	–	150,656	150,656
Canada	46,833	321	69,789	131,050	247,993	26,894	373	70,562	119,897	217,726
Others	65,898	219,446	840,628	660,048	1,786,020	189,280	177,295	732,766	521,533	1,620,874
Total	7,590,125	974,664	192,922,371	34,758,443	236,245,603	7,681,968	823,270	176,006,344	43,743,889	228,255,471

(*) It includes non-trading investments that did not pass SPPI test.

(**) OCI: Other comprehensive income.

(***)Correspond to instruments issued by the Development Bank of Latin America (formerly CAF) and by the Inter-American Development Bank (IDB).

[Content](#)

g) Offsetting financial assets and liabilities -

The disclosures set out in the tables below include financial assets and liabilities that:

- Are offset in the Group's consolidated statement of financial position; or
- Are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the consolidated statement of financial position.

Similar agreements include derivative clearing agreements, master repurchase agreements, and master securities lending agreements. Similar financial instruments include derivatives, accounts receivable from reverse repurchase agreements and securities borrowing, payables from repurchase agreements and securities lending and other financial assets and liabilities. Financial instruments such as loans and deposits are not disclosed in the tables below because they are not offset in the statement of financial position.

The offsetting framework contract issued by the International Swaps and Derivatives Association Inc. ("ISDA") and similar master offsetting arrangements do not meet the criteria for offsetting in the statement of financial position, because said agreements were created in order for both parties to have an enforceable offsetting right in cases of default, insolvency or bankruptcy of the Group or the counterparties or following other predetermined events. In addition, the Group and its counterparties do not intend to settle said instruments on a net basis or to realize the assets and settle the liabilities simultaneously.

The Group receives and gives collateral in the form of cash and trading securities in respect of the following transactions:

- Derivatives;
- Accounts receivable from reverse repurchase agreements and securities borrowing;
- Payables from repurchase agreements and securities lending; and
- Other financial assets and liabilities

Such collateral adheres to standard industry terms including, when appropriate, an ISDA Credit Support Annex. This means that securities received/given as collateral can be pledged or sold during the term of the transaction but have to be returned on maturity of the transaction. The terms also give each party the right to terminate the related transactions upon the counterparty's failure to return the respective collateral.

[Content](#)

Financial assets subject to offsetting, enforceable master offsetting agreements and similar agreements:

2021					
Details	Gross amounts recognized financial assets	Net of financial assets presented in the consolidated statements of financial position	Related amounts not offset in the consolidated statement of financial position		Net amount
			Financial instruments	Cash collateral received	
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Receivables from derivatives	1,661,628	1,661,628	(237,575)	(70,621)	1,353,432
Cash collateral, reverse repurchase agreements and securities borrowing	1,766,948	1,766,948	-	(344,461)	1,422,487
Investments at fair value through other comprehensive income and amortized cost pledged as collateral	3,853,967	3,853,967	(1,883,323)	-	1,970,644
Total	7,282,543	7,282,543	(2,120,898)	(415,082)	4,746,563
2020					
Details	Gross amounts recognized financial assets	Net of financial assets presented in the consolidated statements of financial position	Related amounts not offset in the consolidated statement of financial position		Net amount
			Financial instruments	Cash collateral received	
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Receivables from derivatives	1,214,497	1,214,497	(85,156)	(33,784)	1,095,557
Cash collateral, reverse repurchase agreements and securities borrowing	2,394,302	2,394,302	-	(1,340,272)	1,054,030
Available-for-sale and held-to-maturity investments pledged as collateral	2,766,162	2,766,162	(1,128,875)	-	1,637,287
Total	6,374,961	6,374,961	(1,214,031)	(1,374,056)	3,786,874

[Content](#)

Financial liabilities subject to offsetting, enforceable offsetting master agreements and similar agreements:

2021					
Details	Gross amounts of recognized financial liabilities S/(000)	Net amounts of financial liabilities presented in the consolidated statement of financial position S/(000)	Related amounts not offset in the consolidated statement of financial position		Net amount S/(000)
			Financial instruments S/(000)	Cash collateral pledged S/(000)	
Payables on derivatives	1,524,761	1,524,761	(237,575)	(428,672)	858,514
Payables on repurchase agreements and securites lending	22,013,866	22,013,866	(17,698,069)	(1,080,616)	3,235,181
Total	23,538,627	23,538,627	(17,953,644)	(1,509,288)	4,093,695

2020					
Details	Gross amounts of recognized financial liabilities S/(000)	Net amounts of financial liabilities presented in the consolidated statement of financial position S/(000)	Related amounts not offset in the consolidated statement of financial position		Net amount S/(000)
			Financial instruments S/(000)	Cash collateral pledged S/(000)	
Payables on derivatives	1,205,213	1,205,213	(85,156)	(269,024)	851,033
Payables on repurchase agreements and securites lending	27,923,617	27,923,617	(22,637,034)	(1,601,200)	3,685,383
Total	29,128,830	29,128,830	(22,772,190)	(1,870,224)	4,536,416

The gross amounts of financial assets and liabilities disclosed in the above tables have been measured in the statement of financial position on the following basis:

- Derivative assets and liabilities are measured at fair value.
- Receivables from reverse repurchase agreements and securities lending are measured at amortized cost.
- Financial liabilities are measured at fair value.

The difference between the carrying amount in the consolidated statement of financial position and the amounts presented in the tables above for derivatives (presented in other assets Note 13(c)), receivables from reverse repurchase agreement and securities borrowing and payables from repurchase agreements and securities lending and financial liabilities measured at fair value through profit or loss are financial instruments outside of the scope of offsetting disclosure.

[Content](#)

34.2 Market risk -

The Group has exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rates, currency, commodities and equity products; all of which are exposed to general and specific market movements and changes in the level of volatility of prices such as interest rates, credit spreads, foreign exchange rates and equity prices. Due to the order of the Group's current activities, commodity price risk has not been approved, so this type of instrument is not agreed.

The Group separates exposures to market risk in two groups: (i) those that arise from value fluctuation of trading portfolios recognized at fair value through profit or loss due to movements of market rates or prices (Trading Book) and (ii) those that arise from changes in the structural positions of non-trading portfolios due to movements of the interest rates, prices and foreign exchange ratios (Banking Book) and that are recorded at amortized cost and at fair value with changes in other comprehensive income, this is due to movements in interest rates, prices and currency exchange rates.

The risks that trading portfolios face are managed through Value at Risk (VaR) historical simulation techniques; while non-trading portfolios (Banking Book) are monitored using rate sensitivity metrics, which are a part of Asset and Liability Management (ALM).

a) Trading Book -

The trading book is characterized for having liquid positions in stocks, bonds, foreign currencies and derivatives, arising from market-making transactions where the Group acts as principal with the customers or with the market. This portfolio includes investments and derivatives classified by Management as held for trading.

(i) Value at Risk (VaR) -

The Group applies the VaR approach to its trading portfolio to estimate the market risk of the main positions held and the maximum losses that are expected, based upon a number of assumptions for various changes in market conditions and considering the risk appetite of the subsidiary.

Daily calculation of VaR is a statistically-based estimate of the maximum potential loss on the current portfolio from adverse market movements.

VaR expresses the "maximum" amount the Group might lose, but only to a certain level of confidence (99 percent). There is therefore a specified statistical probability (1 percent) that actual loss could be greater than the VaR estimate. The VaR model assumes a certain "holding period" until positions can be closed (1 - 10 days).

The time horizon used to calculate VaR is one day; however, the one-day VaR is amplified to a 10-day time frame and calculated by multiplying the one-day VaR by the square root of 10. This adjustment will be accurate only if the changes in the portfolio in the following days have a normal distribution independent and identically distributed; because of that, the result is multiplied by a non-normality adjustment factor. The limits and consumptions of the VaR are established on the basis of the risk appetite and the trading strategies of each subsidiary.

The evaluation of the movements of the trading portfolio has been based on annual historical information and 146 market risk factors, which are detailed below: 35 market curves, 94 stock prices, 13 mutual fund values and 4 series of volatility. The Group directly applies these historical changes in rates to each position in its current portfolio (method known as historical simulation).

[Content](#)

The Group Management considers that the market risk factors, incorporated in their VaR model, are adequate to measure the market risk to which its trading portfolio is exposed.

The use of this approach does not prevent losses outside of these limits in the event of more significant market movements. Losses exceeding the VaR figure may occur, on average under normal market conditions, not more than once every hundred days.

VaR limits have been established to control and keep track of all the risks taken. These risks arise from the size of the positions and/or the volatility of the risk factors embedded in each financial instrument. Regular reports are prepared for the Treasury Risk Committee and ALM, the Risk Management Committee and Senior Management.

VaR results are used to generate economic capital estimates by market risk, which are periodically monitored and are part of the overall risk appetite of each subsidiary. Furthermore, at Group level, there is also a limit to the risk appetite of the trading portfolio, which is monitored and informed to the Treasury Risks and ALM Credicorp Committee.

In VaR calculation, the effects of the exchange rate are not included because said effects are measured in the net monetary position, see note 34.2 (b)(ii).

The Group's VaR showed a decrease as of December 31, 2021, mainly explained by lower rate risk due to lower volatility in interest rates compared to 2020 due to the COVID-19 pandemic. Likewise, there was a drop in the exposure to rate risk in the market of Peru and Colombia. The VaR remained contained within the risk appetite limits established by the Risk Management of each Subsidiary.

As of December 31, 2021 and 2020, the Group's VaR by risk type is as follows:

	<u>2021</u> S/(000)	<u>2020</u> S/(000)
Interest rate risk	35,721	163,981
Price risk	4,637	6,529
Volatility risk	2,662	708
Diversification effect	(4,916)	(857)
Consolidated VaR by type of risk	38,104	170,361

On the other hand, the instruments recorded as fair values through profit or loss are not part of the selling business model and are considered as part of the sensitivity analysis of rates in the next section. See the chart of sensitivity of earnings at risk, net economic value and price sensitivity.

b) Banking Book -

Non-trading portfolios which comprise the Banking Book are exposed to different risks, given that they are sensitive to market rate movements, which could bring about a deterioration in the value of assets compared to liabilities and hence to a reduction of their net worth.

[Content](#)

(ii) Interest rate risk -

The Banking Book-related interest rate risk arises from eventual changes in interest rates that may adversely affect the expected gains (risk gains) or market value of financial assets and liabilities reported on the balance sheet (net economic value). The Group assumes the exposure to the interest rate risk that may affect their fair value as well as the cash flow risk of future assets and liabilities.

The Risk Committee sets the guidelines regarding the level of unmatched repricing of interest rates that can be tolerated, which is periodically monitored through ALCO.

Corporate policies include guidelines for the management of the Group's exposure to the interest rate risk. These guidelines are implemented considering the features of each segment of business in which the Group entities operate.

In this regard, Group companies that are exposed to the interest rate risk are those that have yields based on interest, such as credits, investments and technical reserves. Interest rate risk management in BCP Perú, BCP Bolivia, MiBanco, Mibanco Colombia, Atlantic Security Bank and Pacifico Grupo Asegurador is carried out by performing a repricing gap analysis, sensitivity analysis of the financial margin (GER) and sensitivity analysis of the net economic value (VEN). These calculations consider different rate shocks in stress scenarios.

Analysis of repricing gap -

The repricing gap analysis is intended to measure the risk exposure of interest rate for repricing periods, in which both balance and out of balance assets and liabilities are grouped. This allows identifying those sections in which the rate variations would have a potential impact.

[Content](#)

The table below summarizes the Group's exposure to interest rate risks. It includes the Group's financial instruments at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates, what occurs first:

2021							
	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Non- interest bearing	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Assets							
Cash and cash collateral, reverse repurchase agreements and securities borrowing	21,200,113	835,072	2,164,640	8,430,195	180,678	8,276,990	41,087,688
Investments	7,712,405	1,134,280	3,825,114	11,313,394	18,660,101	378,708	43,024,002
Loans, net	16,062,211	18,690,355	38,761,519	48,659,533	17,619,885	(673,399)	139,120,104
Financial assets designated at fair value							
through profit or loss	–	–	–	–	–	974,664	974,664
Premiums and other policies receivable	882,182	24,565	9,162	5,194	–	–	921,103
Accounts receivable from reinsurers and coinsurers	1,138	315,184	876,680	3,985	1,392	–	1,198,379
Other assets (*)	299,648	49,697	171,495	–	62,519	1,832,448	2,415,807
Total assets	46,157,697	21,049,153	45,808,610	68,412,301	36,524,575	10,789,411	228,741,747
Liabilities							
Deposits and obligations	38,932,350	13,763,617	21,336,061	65,231,646	8,349,313	2,727,875	150,340,862
Payables from repurchase agreements and securities lending	2,414,504	2,423,081	9,915,571	11,713,052	2,724,155	36,449	29,226,812
Accounts payable to reinsurers and coinsurers	98,755	286,473	55,296	23,301	–	–	463,825
Technical reserves for claims and insurance premiums	312,617	873,375	1,468,165	3,387,967	6,151,093	341,294	12,534,511
Financial liabilities at fair value through profit or loss	–	–	–	–	–	325,571	325,571
Bonds and Notes issued	70	122,746	553,109	15,935,158	399,728	68,018	17,078,829
Other liabilities (*)	135,776	23,896	2,735	57,390	–	4,163,736	4,383,533
Equity	–	–	–	–	–	27,037,439	27,037,439
Total liabilities and equity	41,894,072	17,493,188	33,330,937	96,348,514	17,624,289	34,700,382	241,391,382
Off-balance-sheet accounts							
Derivative financial assets	221,370	700,009	167,250	486,430	–	–	1,575,059
Derivative financial liabilities	43,164	222,228	223,146	1,001,554	–	–	1,490,092
	178,206	477,781	(55,896)	(515,124)	–	–	84,967
Marginal gap	4,441,831	4,033,746	12,421,777	(28,451,337)	18,900,286	(23,910,971)	(12,564,668)
Accumulated gap	4,441,831	8,475,577	20,897,354	(7,553,983)	11,346,303	(12,564,668)	–

(*) Other assets and other liabilities only include financial accounts.

Investments for trading purposes are not considered (investments at fair value through profit or loss and trading derivatives), because these instruments are part of the trading book and the Value at Risk methodology is used to measure market risks.

[Content](#)

2020							
	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Non-interest bearing	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Assets							
Cash and cash collateral, reverse repurchase agreements and securities borrowing	20,110,489	1,607,867	2,052,436	7,682,481	149,669	7,544,354	39,147,296
Investment	4,639,795	11,068,740	2,777,817	8,783,106	20,934,358	502,455	48,706,271
Loans, net	12,721,639	15,427,902	31,709,621	54,248,434	16,352,436	(2,698,907)	127,761,125
Financial assets designated at fair value							
through profit or loss	–	–	–	–	–	823,270	823,270
Premiums and other policies receivable	897,086	25,288	9,472	5,377	–	–	937,223
Accounts receivable from reinsurers and coinsurers	726	164,184	730,963	1,930	675	20,941	919,419
Other assets (*)	83,113	2,961	34,482	9,539	–	2,176,901	2,306,996
Total assets	38,452,848	28,296,942	37,314,791	70,730,867	37,437,138	8,369,014	220,601,600
Liabilities							
Deposits and obligations	38,284,217	10,646,664	18,968,119	62,281,065	9,594,605	2,590,832	142,365,502
Payables from repurchase agreements and securities lending	620,946	2,900,084	7,709,973	19,573,712	3,042,388	54,771	33,901,874
Accounts payable to reinsurers and coinsurers	72,060	209,035	40,349	17,002	–	–	338,446
Technical reserves for claims and insurance premiums	296,493	810,514	1,355,486	3,133,235	5,752,899	326,449	11,675,076
Financial liabilities at fair value through profit or loss	–	–	–	–	–	561,602	561,602
Bonds and Notes issued	3	425,231	1,238,141	13,867,807	616,225	172,000	16,319,407
Other liabilities (*)	601,545	49,851	8,185	–	–	3,247,834	3,907,415
Equity	–	–	–	–	–	25,445,647	25,445,647
Total liabilities and equity	39,875,264	15,041,379	29,320,253	98,872,821	19,006,117	32,399,135	234,514,969
Off-balance-sheet accounts							
Derivative financial assets	547,271	1,307,322	557,277	341,564	–	–	2,753,434
Derivative financial liabilities	112,357	1,017,607	360,010	1,046,481	238,600	–	2,775,055
	434,914	289,715	197,267	(704,917)	(238,600)	–	(21,621)
Marginal gap	(987,502)	13,545,278	8,191,805	(28,846,871)	18,192,421	(24,030,121)	(13,934,990)
Accumulated gap	(987,502)	12,557,776	20,749,581	(8,097,290)	10,095,131	(13,934,990)	–

(*) Other assets and other liabilities only include financial accounts.

Investments for trading purposes are not considered (investments at fair value through profit or loss and trading derivatives), because these instruments are part of the trading book and the Value at Risk methodology is used to measure market risks.

[Content](#)

Sensitivity to changes in interest rates -

The sensitivity analysis of a reasonable possible change in interest rates on the banking book comprises an assessment of the sensitivity of the financial margins that seeks to measure the potential changes in the interest accruals over a period of time and the expected movement of the interest rate curves, as well as the sensibility of the net economic value, which is a long-term metric measured as the difference arising between the Net Economic Value of assets and liabilities before and after a variation in interest rates.

The sensitivity of the financial margin is the effect of the assumed changes in interest rates on the net financial interest income before income tax and non-controlling interest for one year, based on non-trading financial assets and financial liabilities held as of December 31, 2021 and 2020, including the effect of derivative instruments.

The sensitivity of the Net Economic Value is calculated by reassessing the financial assets and liabilities sensitive to rates, except for the trading instruments, including the effect of any associated hedge, and derivative instruments designated as a cash flow hedge. Regarding rate risk management, no distinction is made by accounting category for the investments that are considered in these calculations.

The results of the sensitivity analysis regarding changes in interest rates at December 31, 2021 and 2020 are presented below:

2021

Currency	Changes in basis points	Sensitivity of net profit		Sensitivity of Net Economic Value		
		S/(000)		S/(000)		
Soles	+/-	50	+/-	45,487	-/+	340,772
Soles	+/-	75	+/-	68,231	-/+	511,158
Soles	+/-	100	+/-	90,975	-/+	681,544
Soles	+/-	150	+/-	136,462	-/+	1,022,316
US dollar	+/-	50	+/-	115,376	+/-	413,488
US dollar	+/-	75	+/-	173,064	+/-	620,232
US dollar	+/-	100	+/-	230,752	+/-	826,976
US dollar	+/-	150	+/-	346,128	+/-	1,240,463

2020

Currency	Changes in basis points	Sensitivity of net profit		Sensitivity of Net Economic Value		
		S/(000)		S/(000)		
Soles	+/-	50	-/+	66,151	-/+	391,821
Soles	+/-	75	-/+	99,226	-/+	587,731
Soles	+/-	100	-/+	132,302	-/+	783,642
Soles	+/-	150	-/+	198,453	-/+	1,175,462
US dollar	+/-	50	+/-	87,560	+/-	345,185
US dollar	+/-	75	+/-	131,341	+/-	517,777
US dollar	+/-	100	+/-	175,121	+/-	690,369
US dollar	+/-	150	+/-	262,681	+/-	1,035,554

[Content](#)

The interest rate sensitivities set out in the table above are only illustrative and are based on simplified scenarios. The figures represent the effect of the pro-forma movements in the net interest income based on the projected yield curve scenarios and the Group's current interest rate risk profile. This effect, however, does not incorporate actions that would be taken by Management to mitigate the impact of this interest rate risk.

The Group seeks proactively to change the interest rate risk profile to minimize losses and optimize net revenues. The projections above also assume that the interest rate of all maturities moves by the same amount and, therefore, do not reflect the potential impact on net interest income of some rates changing while others remain unchanged.

As of December 31, 2021 and 2020, investments in equity securities and funds that are non-trading, recorded at fair value through other comprehensive income and at fair value through profit or loss, respectively, are not considered as comprising investment securities for interest rate sensitivity calculation purposes; however, a 10, 25 and 30 percent of changes in market prices is conducted to these price-sensitivity securities.

The market price sensitivity tests as of December 31, 2021 and 2020 are presented below:

Equity securities

Measured at fair value through other comprehensive income	Change in market prices %	2021 S/(000)	2020 S/(000)
Equity securities	+/-10	37,783	50,255
Equity securities	+/-25	94,457	125,638
Equity securities	+/-30	113,348	150,765

Funds

Measured at fair value through profit or loss	Change in market prices %	2021 S/(000)	2020 S/(000)
Participation in mutual funds	+/-10	157,130	96,665
Participation in mutual funds	+/-25	392,825	241,661
Participation in mutual funds	+/-30	471,390	289,994
Restricted mutual funds	+/-10	36,595	43,688
Restricted mutual funds	+/-25	91,489	109,220
Restricted mutual funds	+/-30	109,786	131,064
Participation in RAL funds	+/-10	32,314	27,882
Participation in RAL funds	+/-25	80,785	69,705
Participation in RAL funds	+/-30	96,942	83,646
Investment funds	+/-10	49,837	36,160
Investment funds	+/-25	124,591	90,399
Investment funds	+/-30	149,510	108,479
Hedge funds	+/-10	17,682	12,694
Hedge funds	+/-25	44,204	31,735
Hedge funds	+/-30	53,045	38,081
Exchange Trade Funds	+/-10	10,531	3,209
Exchange Trade Funds	+/-25	26,326	8,021
Exchange Trade Funds	+/-30	31,592	9,626

[Content](#)

(ii) Foreign currency exchange risk -

The Group is exposed to fluctuations in foreign currency exchange rates, which impact net open monetary positions and equity positions in a different currency than the group's functional currency.

The group's monetary position is made up of the net open position of monetary assets, monetary liabilities and off-balance sheet items expressed in foreign currency for which the entity itself assumes the risk; as well as the equity position generated by the investment in the group's subsidiaries whose functional currency is different from soles. In the first case, any appreciation/depreciation of the foreign currency would affect the consolidated income statement, on the contrary, in the case of the equity position, any appreciation/depreciation of the foreign currency will be recognized in other comprehensive income.

The Group manages foreign currency exchange risk, which affects the income statement, by monitoring and controlling currency positions exposed to movements in exchange rates. The market risk units of each subsidiary establish limits for said positions, which are approved by their own committees, and monitor and follow up the limits considering their foreign exchange trading positions, their most structural foreign exchange positions, as well as their sensitivities. Additionally, there is a monetary position limit at the Credicorp level, which is monitored and reported to the Group's Risk Committee.

On the other hand, the Group manages foreign currency exchange risk whose fluctuation is recognized in other comprehensive income, monitoring and controlling equity positions and their sensitivities, which are reported to the Group's Risk Committee.

Net foreign exchange gains/losses recognized in the consolidated statement of income are disclosed in the following items:

- Net gain on foreign exchange transactions
- Net gain on speculative derivatives• Net gain from exchange difference

[Content](#)

Transactions in foreign currency are made at free market exchange rates of the countries where Credicorp's Subsidiaries are established. As of December 31,2021 and 2020, the net open monetary position with effect on results and the equity position of the group was as follows:

	2021		2020	
	US dollar S/(000)	Other currencies S/(000)	US dollar S/(000)	Other currencies S/(000)
Total monetary assets	79,005,337	503,809	68,649,158	1,204,923
Total monetary liabilities	(81,716,408)	(415,951)	(70,735,019)	(427,092)
	(2,711,071)	87,858	(2,085,861)	777,831
Currency derivatives	2,142,654	(55,696)	1,746,886	(364,886)
Accounting hedge (investment abroad) (*)	912,337	–	490,385	–
Net monetary position with effect on consolidated statement of income	343,920	32,162	151,410	412,945
Net monetary position with effect on equity	1,021,603	1,864,335	998,175	1,583,837
Net monetary position	1,365,523	1,896,497	1,149,585	1,996,782

[Content](#)

The monetary position with effect on equity in other currencies is mainly made up of the equity of subsidiaries in Bolivian pesos for S/928.6 million, in Colombian pesos for S/628.6 million and, in Chilean pesos for S/304.4 million, among other minors.

As of December 31, 2021, the foreign currency in which the group has the greatest exposure is the US dollar. The free market exchange rate for purchase and sale transactions of each US dollar as of December 31, 2021 was S/3.987 (as of December 31, 2020 it was S/3.621).

(*) An accounting hedge of net investment abroad was carried out where part of our liability position in dollars related to the balance of the caption "bonds and notes issued", see Note 17(iv), was designated as cover our permanent investment in Atlantic Security Holding.

[Content](#)

The following tables show the sensitivity analysis of the main currencies to which the Group is exposed and which affect the consolidated income statement and other comprehensive income as of December 31, 2021 and 2020. The analysis determines the effect of a reasonably possible variation of the exchange rate against the sun for each of the currencies independently, considering all other variables constant. A negative amount shows a potential net reduction in the consolidated income statement and other comprehensive income, while a positive amount reflects a potential increase.

The following is a sensitivity analysis of the foreign exchange position with an effect on consolidated results, with the US dollar as the main currency of exposure. This analysis is shown as of December 31, 2021 and 2020:

Currency rate sensibility	Change in currency rates %	2021 S/000	2020 S/000
Depreciation -			
Soles in relation to US dollar	5	16,377	7,210
Soles in relation to US dollar	10	31,265	13,765
Appreciation -			
Soles in relation to US dollar	5	(18,101)	(7,969)
Soles in relation to US dollar	10	(38,213)	(16,823)

The following is the sensitivity analysis of the foreign exchange position with effect in other comprehensive income, being the US dollar, the Bolivian Peso, the Colombian Peso and the Chilean Peso the main currencies of exposure. This analysis is shown as of December 31, 2021 and 2020:

Currency rate sensibility	Change in currency rates %	2021 S/000	2020 S/000
Depreciation -			
Soles in relation to US dollar	5	48,648	47,532
Soles in relation to US dollar	10	92,873	90,743
Appreciation -			
Soles in relation to US dollar	5	(53,769)	(52,536)
Soles in relation to US dollar	10	(113,511)	(110,908)

Currency rate sensibility	Change in currency rates %	2021 S/000	2020 S/000
Depreciation -			
Soles in relation to Peso Boliviano	5	44,220	36,408
Soles in relation to Peso Boliviano	10	84,421	69,507
Appreciation -			
Soles in relation to Peso Boliviano	5	(48,875)	(40,241)
Soles in relation to Peso Boliviano	10	(103,181)	(84,953)

Currency rate sensibility	Change in currency rates %	2021 S/000	2020 S/000
Depreciation -			
Soles in relation to Peso Colombiano	5	29,933	27,160
Soles in relation to Peso Colombiano	10	57,145	51,851
Appreciation -			
Soles in relation to Peso Colombiano	5	(33,084)	(30,019)
Soles in relation to Peso Colombiano	10	(69,844)	(63,373)

Currency rate sensibility	Change in currency rates %	2021 S/000	2020 S/000
Depreciation -			
Soles in relation to Peso Chileno	5	14,494	11,701
Soles in relation to Peso Chileno	10	27,671	22,338
Appreciation -			
Soles in relation to Peso Chileno	5	(16,020)	(12,933)
Soles in relation to Peso Chileno	10	(33,820)	(27,302)

[Content](#)

34.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its short-term payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. In this sense, the company that is facing a liquidity crisis would be failing to comply with the obligations to pay depositors and with commitments to lend or satisfy other operational cash needs.

The Group is exposed to daily cash requirements, interbank deposits, current accounts, time deposits, use of loans, guarantees and other requirements. The Management of the Group's subsidiaries establishes limits for the minimum funds amount available to cover such cash withdrawals and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand. Sources of liquidity are regularly reviewed by the corresponding risk teams to maintain a wide diversification by currency, geography, type of funding, provider, producer and term.

The procedure to control the mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks to be completely matched, as transacted business is often based on uncertain terms and of different types. An unmatched position potentially enhances profitability, but also increases liquidity risk, which generates exposure to potential losses.

Maturities of assets and liabilities and the ability to replace them, at an acceptable cost are important factors in assessing the liquidity of the Group.

A mismatch, in maturity of long-term illiquid assets against short-term liabilities, exposes the consolidated statement of financial position to risks related both to rollover and to interest rates. If liquid assets do not cover maturing debts, a consolidated statement of financial position is vulnerable to a rollover risk. Furthermore, a sharp increase in interest rates can dramatically increase the cost of rolling over short-term liabilities, leading to a rapid increase in debt cost. The contractual-maturity gap report is useful in showing liquidity characteristics.

Corporate policies have been implemented for liquidity risk management by the Group. These policies are consistent with the particular characteristics of each operating segment in which each of the Group companies operate. Risk Management heads set up limits and autonomy models to determine the adequate liquidity indicators to be managed.

Commercial banking and Microfinance:

Liquidity risk exposure in BCP Perú, BCP Bolivia, Mibanco and Mibanco Colombia is based on indicators such as the Internal Liquidity Coverage Ratio (RCLI, the Spanish acronym) which measures the amount of liquid assets available to meet cash outflows needs within a given stress scenario for a period of 30 days and the Internal Ratio of Stable Net Funding (RFNEI, the Spanish acronym), which is intended to guarantee that long-term assets are financed at least with a minimum number of stable liabilities within a prolonged liquidity crisis scenario and works as a minimum compliance mechanism that supplements the RCLI. The core limits of these indicators are 100% and any excess is presented in the Credicorp Treasury Risk Committee, Credicorp Risk Committee and the Assets Liabilities Committee (ALCO) of the respective subsidiary.

Insurances and Pensions:

Insurances: Liquidity risk management in Pacífico Grupo Asegurador follows a particular approach given the nature of the business. For annually renewable businesses, mainly general insurance, the emphasis of liquidity is focused on the quick availability of resources in the event of a systemic event (e.g. earthquake); for this purpose, there are minimum investment indicators in place relating to local cash/time deposits and foreign fixed-income instruments of high quality and liquidity.

[Content](#)

For long-term businesses such as Pacífico Seguros, given the nature of the products offered and the contractual relationship with customers (the liquidity risk is not material); the emphasis is on maintaining sufficient flow of assets and matching their maturities with maturities of obligations (mathematical technical reserves); for this purpose there are indicators that measure the asset/liability sufficiency and adequacy as well as calculations or economic capital subject to interest rate risk, this last under the methodology of Credicorp.

Pensions: Liquidity risk management in AFP Prima is carried out in a differentiated manner between the fund administrator and the funds being managed. Liquidity management regarding the fund administrator is focused on hedge meeting periodic operating expense needs, which are supported with the collection of commissions. The fund administering entity does not record unexpected outflows of liquidity.

Investment banking:

Liquidity risk in the Grupo Credicorp Capital principally affects the security brokerage. In managing this risk, limits of use of liquidity have been established as well as mismatching by dealing desk; follow-up on liquidity is performed on a daily basis for a short-term horizon covering the coming settlements. If short-term unmatched maturities are identified, repos are used. On the other hand, structural liquidity risk of Credicorp Capital is not significant given the low levels of debt, which is monitored regularly using financial planning tools.

In the case of Atlantic Security Bank, the risk liquidity management performs through indicators such as Internal Liquidity Coverage Ratio (RCLI, the Spanish acronym) and the Internal Ratio of Stable Net Funding (RFNEI, the Spanish acronym) with the core limits of 100% and any excess is presented in the Credicorp Treasury Risk Committee, Credicorp Risk Committee and the Assets Liabilities Committee (ALCO) of the respective subsidiary.

Companies perform a liquidity risk management using the liquidity Gap or contractual maturity Gap.

[Content](#)

The table below presents the cash flows payable by the Group by remaining contractual maturities (including future interest payments) at the date of the consolidated statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flows:

	2021						2020					
	Up to a month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 Year	Total	Up to a month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 Year	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Financial assets	53,974,020	29,392,887	57,407,776	87,518,411	52,533,115	280,826,209	47,587,613	33,012,127	47,692,934	89,394,618	47,041,495	264,728,787
Financial liabilities by type -												
Deposits and obligations	39,925,283	14,114,645	21,880,217	66,895,318	8,562,256	151,377,719	40,780,477	11,340,863	20,204,905	66,342,002	10,220,206	148,888,453
Payables from reverse purchase agreements and security lendings and due to banks and correspondents	2,905,794	2,425,239	10,284,733	12,265,794	9,383,273	37,264,833	764,998	3,572,866	9,498,586	24,114,558	3,748,182	41,699,190
Accounts payable to reinsurers	98,755	286,473	55,296	23,301	—	463,825	72,060	209,035	40,349	17,002	—	338,446
Financial liabilities designated at fair value through profit or loss	325,571	—	—	—	—	325,571	561,602	—	—	—	—	561,602
Bonds and notes issued	216,167	219,177	1,024,759	17,124,890	424,338	19,009,331	3	432,446	1,259,147	14,103,090	626,680	16,421,366
Lease liabilities	30,048	37,284	106,712	386,878	170,976	731,898	37,557	31,718	109,969	425,566	173,744	778,554
Other liabilities	3,458,357	264,424	206,805	44,905	1,383,704	5,358,195	2,507,012	262,080	198,629	302,056	1,271,750	4,541,527
Total liabilities	<u>46,959,975</u>	<u>17,347,242</u>	<u>33,558,522</u>	<u>96,741,086</u>	<u>19,924,547</u>	<u>214,531,372</u>	<u>44,723,709</u>	<u>15,849,008</u>	<u>31,311,585</u>	<u>105,304,274</u>	<u>16,040,562</u>	<u>213,229,138</u>
Derivative financial liabilities -												
Contractual amounts receivable (Inflows)	216,642	400,857	2,633,067	758,817	771,008	4,780,391	345,387	303,604	1,022,750	976,014	1,009,770	3,657,525
Contractual amounts payable (outflows)	209,197	401,809	2,574,730	717,419	646,397	4,549,552	345,360	315,352	1,030,151	985,340	951,855	3,628,058
Total liabilities	<u>7,445</u>	<u>(952)</u>	<u>58,337</u>	<u>41,398</u>	<u>124,611</u>	<u>230,839</u>	<u>27</u>	<u>(11,748)</u>	<u>(7,401)</u>	<u>(9,326)</u>	<u>57,915</u>	<u>29,467</u>

[Content](#)

34.4 Operational risk -

Operational risk is the possibility of the occurrence of losses arising from inadequate processes, human error, failure of information technology, relations with third parties or external events. Operational risks can, lead to financial losses and have legal or regulatory compliance consequences, but exclude strategic or reputational risk (with the exception of companies under Colombian regulations, where reputational risk is included in operational risk).

Operational risks are grouped into internal fraud, external fraud, labor relations and job security, relations with customers, business products and practices, damages to material assets, business and systems interruption, and failures in process execution, delivery and management of processes.

One of the Group's pillars is to develop an efficient risk culture, and to achieve this, it records operational risks and their respective process controls. The risk map permits their monitoring, prioritization and proposed treatment according to established governance. Likewise carries out an active cybersecurity and fraud prevention management, aligned with the best international practices.

The business continuity management system enables the establishing, implementing, operating, monitoring, reviewing, maintaining and improving of business continuity based on best practices and regulatory requirements. The Group implements recovery strategies for the resources that support important products and services of the organization, which will be periodically tested to measure the effectiveness of the strategy.

In the management of operational risk, cybersecurity, fraud prevention and business continuity, corporate guidelines are used, and methodologies and best practices are shared among the Group's companies.

The management of information security is carried out through a systemic process, documented and known by the entire organization under the best practices and regulatory requirements. The Group designs and develops the guidelines described in the policy and procedures to have strategies for availability, privacy and integrity of the information assets of the organization.

Finally, it is incorporated as a mechanism of recovery in front of the materialization of operational risks, the management of the Transfer of Non-Financial Risks, mainly through Insurance Policies contracted individually or corporately in the local and international market, which cover losses due to fraud, civil and professional liability, cyber risks, damage to physical assets, among others. The insurance design is in accordance with the Group's main operating risks, the coverage needs of key areas and the organization's risk appetite, constantly seeking efficiencies in the cost of policies, working together with the insurers that make up the Group and the most important insurance/reinsurance brokers in the international market.

[Content](#)

34.5 Cybersecurity -

Credicorp focuses its efforts on the most cost-efficient strategies to reduce exposure to cybersecurity risk; thereby comply the Group's risk appetite. To achieve it, different levels of controls are applied adapted to the different areas and potentially exposed companies. For this reason, it maintains an important investment program, which allows it to have the technologies and processes necessary to keep the Group's operations and assets safe.

As part of cybersecurity management, the Group has lines of action that allow mitigating this risk and, at the corporate level, implementation priorities and improvements in accordance with the different realities of the companies were established. These lines of work are:

- Cybersecurity maturity according to the FFIEC reference framework, allows defining the guide for the implementation of cybersecurity controls adjusted to each of the Group's companies.
- The policies and guidelines make it possible to standardize the levels of compliance with cybersecurity controls in each of the Group's companies.
- The aim of the awareness programs is to generate a culture of cybersecurity in all the Group's companies. For this, constant training is carried out.
- The cybersecurity indicators that indicate the effectiveness of the processes in terms of the periodic evaluations carried out in each of the Group's companies.
- The governance of suppliers that ensures the deployment of the Group's policies to third parties. In other words, when a supplier wishes to interconnect digitally with any of the Group's companies.
- The implementation of security technologies, which seeks to cover said risks according to the threat trend and the risk profile of each company in the Group.
- The "Tabletop" tests help to identify the level of response of the Group's collaborators, through incident simulation tests.
- Cybersecurity risk management that allows for a response work plan to address cyber risks through periodic evaluations of each of the applications of each Group company.

Finally, it should be noted that the new normality has required us to re-establish priorities in the controls to be implemented and to deepen the improvements in the processes; for example, we carry out awareness campaigns for collaborators focused on precautions in remote work, identification of phishing, among others.

34.6 Corporate Security and Cybercrime -

The Group, as part of non-financial risk management, implements policies, procedures and actions that safeguard the safety of employees, customers and assets of the organization. In addition, it protects the institution against incidents of fraud, security and reputational risk. Likewise, it fosters a culture of prevention, which allows minimizing the risks of fraud and security. Finally, it has established a solid relationship with stakeholders and Financial Institutions in the region in search of implementing best practices for the benefit of its clients.

Part of fraud and security management is to have an integral security scheme called BSIM (Banking Security Integral Model), which includes the variables of prevention, detection, response and recovery. The BSIM has 6 strategic axes: Training and training for internal/external clients, fraud and security risk assessments (COSO), business support through early alerts, continuous monitoring and reporting, specialized forensic investigation and cyber-intelligence.

[Content](#)

Likewise, there is a second line of defense scheme focused on generating an integral vision of fraud and security risks. With a preventive approach, there are last generation technological tools to support this task. Likewise, there are advanced analysis models for risk profiling to the detection of internal fraud and the implementation of tools to detect anomalous behaviors

34.7 Model Risk -

The Group uses models for different purposes such as credit admission, capital calculation, behavior, provisions, market risk, liquidity, among others.

Model risk is defined as the probability of loss resulting from decisions (credit, market, among others) based on the use of poorly designed and/or poorly implemented models. The sources that generate this risk are mainly: deficiencies in data, errors in the model (from design to implementation), use of the model.

The management of model risk is proportional to the importance of each model. In this sense, a concept of "tiering" (measurement system that orders the models depending to the importance according to the impact on the business) is defined as the main attribute to synthesize the level of importance or relevance of a model, from which is determined the intensity of the model risk management processes to be followed.

Model risk management is structured around a set of processes known as the life cycle of the model. The definition of phases of the life cycle of the model in the Group is detailed below: Identification, Planning, Development, Internal Validation, Approval, Implementation and use, and Monitoring and control

34.8 Risk of the insurance activity -

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that enough reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and by having different lines of business. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. The Group's placement of reinsurance is diversified so that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

Life insurance contracts -

The main risks that the Group is exposed to are mortality, morbidity, longevity, investment yield and flow, losses arising from policies due to the expense incurred being different than expected, and the policyholder decision; all of which, do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured or industry.

The Group's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is achieved through diversification across insurable risks, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims.

[Content](#)

For contracts when death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in more claims than expected.

For retirement, survival and disability annuities contracts, the most significant factor is continuing improvement in medical science and social conditions that increase longevity.

Management has performed a sensitivity analysis of the technical reserve estimates, Note 16(c).

Since the start of the Covid-19 pandemic in March 2020, the mortality of the portfolio of life business policyholders has increased significantly. The main businesses affected have been the current Social Security Insurance and Credit Life Insurance, due to the number of policyholders in each business (more than 2.5 million people in each case). The other businesses affected are Individual Life, Group Life and Law Life, but with a reduced impact.

In these businesses, the reserve for pending claims has increased, as well as the reserve for Claims Occurred and Not Reported (IBNR) due to the increase in deaths and the delay experienced in reporting claims. Since March 2020, the month in which the national emergency began, the size of the portfolios, the reported claims and the reserves necessary to cover the expected excess mortality (expected deaths above the average number of premature deaths) have been continuously monitored. pandemic). Likewise, conservative criteria have been applied in estimating loss reserves, considering the uncertainty involved.

On the other hand, in the pension businesses, more deceased annuitants have also been registered since the start of the pandemic, which has led to a greater release of mathematical reserves for this concept compared to previous years.

Non-life insurance contracts (general insurance and healthcare) -

The Group mainly issues the following types of non-life general insurance contracts: automobile, technical branches, business and healthcare insurances. Healthcare contracts provide medical expense cover to policyholders. Risks under non-life insurance policies usually cover 12 months.

For general insurance contracts the most significant risks arise from climate changes, natural disasters and other types of damages. For healthcare contracts the most significant risks arise from lifestyle changes, epidemics and medical science and technology improvements.

Most of these risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured or industry.

The above risk exposures are mitigated by diversification across a large portfolio of insurance contracts. The variability of risk is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risks and level of insured benefits. This is achieved, in various cases, through diversification across industry sectors and geography. Furthermore, strict claim review policies to assess all new and ongoing claims and in process of settlement, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the Group's risk exposure. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs. Also, the Group actively manages and promptly pursues claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit its exposure to catastrophic events.

[Content](#)

In the Medical Assistance branch, the pandemic had two simultaneous effects on the accident rate: an increase in outpatient care and hospitalizations (normal and in the ICU) for COVID-19 cases and a decrease in care and hospitalizations for other ailments. For this business, reserves for claims pending, as well as reserves for claims that have occurred and not reported (IBNR) are being continuously monitored and have been estimated with prudent criteria due to the variability and uncertainty of the frequency and cost of cases and the Greater delay in reporting claims by health centers, whose care during the pandemic is focused on patient care.

[Content](#)

34.9 Capital management -

The Group maintains an actively managed capital base to cover risks inherent in its business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the SBS, the supervising authority of its major subsidiaries and for consolidation purposes. Furthermore, capital management responds to market expectations in relation to the solvency of the Group and to support the growth of the businesses considered in the strategic planning. In this way, the capital maintained by the Group enables it to assume unexpected losses in normal conditions and conditions of severe stress.

The Group's objectives when managing capital are: (i) to comply with the capital requirements set by the regulators of the markets where the entities within the Group operate; (ii) to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and (iii) to maintain a strong capital base to support the development of its business, in line with the limits and tolerances established in the declaration of Risk Appetite.

As of December 31, 2021 and 2020, the regulatory capital for the subsidiaries engaged in financial and insurance activities amounted to approximately S/29,741.6 million and S/28,969.3 million, respectively. The regulatory capital has been determined in accordance with SBS regulations in force as of said dates. Under the SBS regulations, the Group's regulatory capital exceeds by approximately S/10,294.3 million the minimum regulatory capital required as of December 31, 2020 (approximately S/7,973.9 million as of December 31, 2020).

[Content](#)

34.10 Fair values –

a) Financial instruments recorded at fair value and fair value hierarchy –

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the consolidated statement of financial position:

	Note	2021				2020			
		Level 1 S/(000)	Level 2 S/(000)	Level 3 S/(000)	Total S/(000)	Level 1 S/(000)	Level 2 S/(000)	Level 3 S/(000)	Total S/(000)
Financial assets									
Derivative financial instruments:									
Currency swaps		–	860,170	–	860,170	–	323,425	–	323,425
Interest rate swaps		–	367,906	–	367,906	–	600,718	–	600,718
Foreign currency forwards		–	344,780	–	344,780	–	256,891	–	256,891
Cross currency swaps		–	86,268	–	86,268	–	28,096	–	28,096
Foreign exchange options		–	2,485	–	2,485	–	2,673	–	2,673
Futures		–	19	–	19	–	2,694	–	2,694
	13(c)	–	1,661,628	–	1,661,628	–	1,214,497	–	1,214,497
Investments at fair value through profit of loss	6(a)	3,158,478	1,813,915	956,104	5,928,497	3,186,413	2,543,159	737,899	6,467,471
Financial assets at fair value through profit of loss	8	959,505	10,647	4,512	974,664	808,182	15,088	–	823,270
Investments at fair value through other comprehensive income:									
Debt Instruments									
Corporate bonds		5,765,402	9,134,002	–	14,899,404	5,199,696	8,220,732	–	13,420,428
Government treasury bonds		8,631,470	784,703	–	9,416,173	11,615,890	811,526	–	12,427,416
Certificates of deposit BCRP		–	8,337,432	–	8,337,432	–	15,364,282	–	15,364,282
Negotiable certificates of deposit		–	642,218	–	642,218	–	898,277	–	898,277
Securitization instruments		–	730,115	–	730,115	53	751,383	–	751,436
Subordinated bonds		72,738	148,825	–	221,563	39,047	174,250	–	213,297
Other instruments		–	133,711	–	133,711	–	166,203	–	166,203
Equity instruments		175,676	184,712	17,439	377,827	182,943	304,291	15,316	502,550
	6(b)	14,645,286	20,095,718	17,439	34,758,443	17,037,629	26,690,944	15,316	43,743,889
Total financial assets		18,763,269	23,581,908	978,055	43,323,232	21,032,224	30,463,688	753,215	52,249,127
Financial liabilities									
Derivatives financial instruments:									
Currency swaps		–	795,845	–	795,845	–	181,454	–	181,454
Foreign currency forwards		–	387,371	–	387,371	–	257,999	–	257,999
Interest rate swaps		–	333,540	–	333,540	–	644,122	–	644,122
Cross currency swaps		–	4,342	–	4,342	–	115,475	–	115,475
Foreign exchange options		–	3,258	–	3,258	–	3,547	–	3,547
Futures		–	405	–	405	–	2,616	–	2,616
	13(c)	–	1,524,761	–	1,524,761	–	1,205,213	–	1,205,213
Financial liabilities at fair value through profit or loss		–	325,571	–	325,571	–	561,602	–	561,602
Total financial liabilities		–	1,850,332	–	1,850,332	–	1,766,815	–	1,766,815

[Content](#)

Financial instruments included in the Level 1 category are those that are measured on the basis of quotations obtained in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Financial instruments included in the Level 2 category are those that are measured on the basis of observable market factors. This category includes instruments valued using: quoted prices for similar instruments, either in active or less active markets and other valuation techniques (models) where all significant inputs are directly or indirectly observable based on market data.

Following is a description of how fair value is determined for the main Group's financial instruments where valuation techniques were used with inputs based on market data which incorporate Credicorp's estimates on the assumptions that market participants would use for measuring these financial instruments:

- Valuation of derivative financial instruments -

Interest rate swaps, currency swaps and forward exchange contracts are measured by using valuation techniques where inputs are based on market data. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs, including the credit quality of counterparties, spot exchange rates, forward rates and interest rate curves. Options are valued using well-known, widely accepted valuation models.

A credit valuation adjustment (CVA) is applied to the "Over-The-Counter" derivative exposures to take into account the counterparty's risk of default when measuring the fair value of the derivative. CVA is the mark-to market cost of protection required to hedge credit risk from counterparties in this type of derivatives portfolio. CVA is calculated by multiplying the probability of default (PD), the loss given default (LGD) and the expected exposure (EE) at the time of default.

A debit valuation adjustment (DVA) is applied to include the Group's own credit risk in the fair value of derivatives (that is the risk that the Group might default on its contractual obligations), using the same methodology as for CVA.

[Content](#)

As of December 31, 2021, the balance of receivables and payables corresponding to derivatives amounted to S/1,661.6 million and S/1,524.8 million respectively, See Note 13(c), generating DVA and CVA adjustments for approximately S/7.8 million and S/17.3 million respectively. The net impact of both items in the consolidated statement of income amounted to S/0.3 million of loss. As of December 31, 2020, the balance of receivables and payables corresponding to derivatives amounted to S/1,214.5 million and S/1,205.2 million, respectively, See Note 13(c), generating DVA and CVA adjustments for approximately S/8.3 million and S/18.6 million, respectively. Also, the net impact of both items in the consolidated statement of income amounted to S/3.5 million of loss.

- Valuation of debt securities classified in the category "at fair value through other comprehensive income" and included in level 2 -

Valuation of certificates of deposit BCRP, corporate, leasing, subordinated bonds and Government treasury bonds are measured by calculating their Net Present Values (NPV) through discounted cash flows, using appropriate and relevant zero coupon rate curves to discount cash flows in the respective currency and considering observable current market transactions.

Certificates of deposit BCRP (CD BCRP) are securities issued at a discount in order to regulate the liquidity of the financial system. They are placed mainly through public auction or direct placement, are freely negotiable by their holders in the Peruvian secondary market and may be used as collateral in Repurchase Agreement Transactions of Securities with the BCRP.

Other debt instruments are measured using valuation techniques based on assumptions supported by prices from observable current market transactions, obtained via pricing services. Nevertheless, when prices have not been determined in an active market, fair values are based on broker quotes and assets that are valued using models whereby the majority of assumptions are market observable.

- Valuation of financial instruments included in level 3 -

These are measured using valuation techniques (internal models), based on assumptions that are not supported by transaction prices observable in the market for the same instrument, nor based on available market data.

In this regard, no significant differences were noted between the estimated fair values and the respective carrying amounts.

As of December 31, 2021 and 2020, the net unrealized loss of Level 3 financial instruments amounted to S/0.7 million and S/7.2 million, respectively. During 2021 and 2020, changes in the carrying amount of Level 3 financial instruments have not been significant since there were no purchases, issuances, settlements or any other significant movements or transfers from level 3 to Level 1 or Level 2 or vice versa.

[Content](#)

b) Financial instruments not measured at fair value -

We present below the disclosure of the comparison between the carrying amounts and fair values of the financial instruments, which are not measured at fair value, presented in the consolidated statement of financial position by level of the fair value hierarchy:

	2021					2020				
	Level 1 S/(000)	Level 2 S/(000)	Level 3 S/(000)	Fair value S/(000)	Book value S/(000)	Level 1 S/(000)	Level 2 S/(000)	Level 3 S/(000)	Fair value S/(000)	Book value S/(000)
Assets										
Cash and due from banks	–	39,320,740	–	39,320,740	39,320,740	–	36,752,994	–	36,752,994	36,752,994
Cash collateral, reverse repurchase agreements and securities borrowing	–	1,766,948	–	1,766,948	1,766,948	–	2,394,302	–	2,394,302	2,394,302
Investments at amortized cost	7,618,178	321,495	–	7,939,673	8,265,559	5,552,020	113,992	–	5,666,012	4,962,382
Loans, net	–	139,120,104	–	139,120,104	139,120,104	–	127,761,125	–	127,761,125	127,761,125
Premiums and other policies receivable	–	921,103	–	921,103	921,103	–	937,223	–	937,223	937,223
Accounts receivable from reinsurers and coinsurers	–	1,198,379	–	1,198,379	1,198,379	–	919,419	–	919,419	919,419
Due from customers on banker's acceptances	–	532,404	–	532,404	532,404	–	455,343	–	455,343	455,343
Other assets	–	1,797,134	–	1,797,134	1,797,134	–	1,823,556	–	1,823,556	1,823,556
Total	7,618,178	184,978,307	–	192,596,485	192,922,371	5,552,020	171,157,954	–	176,709,974	176,006,344
Liabilities										
Deposits and obligations	–	150,340,862	–	150,340,862	150,340,862	–	142,365,502	–	142,365,502	142,365,502
Payables on repurchase agreements and securities lending	–	22,013,866	–	22,013,866	22,013,866	–	27,923,617	–	27,923,617	27,923,617
Due to Banks and correspondents and other entities	–	8,910,930	–	8,910,930	7,212,946	–	6,327,779	–	6,327,779	5,978,257
Due from customers on banker's acceptances outstanding	–	532,404	–	532,404	532,404	–	455,343	–	455,343	455,343
Payable to reinsurers and coinsurers	–	463,825	–	463,825	463,825	–	338,446	–	338,446	338,446
Lease liabilities	–	655,294	–	655,294	655,294	–	750,578	–	750,578	750,578
Bond and notes issued	–	17,344,990	–	17,344,990	17,078,829	–	17,264,023	–	17,264,023	16,319,407
Other liabilities	–	3,833,434	–	3,833,434	3,833,434	–	3,273,754	–	3,273,754	3,273,754
Total	–	204,095,605	–	204,095,605	202,131,460	–	198,699,042	–	198,699,042	197,404,904

[Content](#)

The methodologies and assumptions used by the Group to determine fair values depend on the terms and risk characteristics of the various financial instruments and include the following:

- (i) Long-term fixed-rate and variable-rate loans are evaluated by the Group based on parameters such as interest rates, specific country risk factors, and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the incurred losses of these loans. As of December 31, 2021, and 2020, the carrying amounts of loans, net of allowances, were not materially different from their calculated fair values.
- (ii) Assets for which fair values approximate their carrying value - For financial assets and financial liabilities that are liquid or have a short term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair values. This assumption is also applied to demand deposits, savings accounts without a specific maturity and variable rate financial instruments.
- (iii) Fixed rate financial instruments - The fair value of fixed rate financial assets and liabilities carried at amortized cost are estimated by comparing market interest rates when they were first recognized with current market rates offered for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing market interest rates for financial instruments with similar credit risk and maturity. For quoted debt issued the fair values are calculated based on quoted market prices. When quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

[Content](#)

34.11 Fiduciary activities, management of funds and pension funds -

The Group provides custody, trustee, investment management and advisory services to third parties; therefore, the Group makes allocations and purchase and sale decisions in relation to a wide range of financial instruments. Assets that are held in a fiduciary capacity are not included in these consolidated financial statements. These services give rise to the risk that the Group will be accused of mismanagement or under-performance.

As of December 31, 2021 and 2020, the value of the net assets under administration off the balance sheet (in millions of soles) is as follows:

	<u>2021</u>	<u>2020</u>
Pension funds	40,024	49,582
Investment funds and mutual funds	53,365	52,174
Equity managed	28,768	25,273
Bank trusts	5,395	5,529
Total	127,552	132,558

35 COMMITMENTS AND CONTINGENCIES

Legal claim contingencies -

i) Madoff Trustee Litigation -

In September 2011, the Trustee for the liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS) and the substantively consolidated estate of Bernard L. Madoff (the Madoff Trustee) filed a complaint (the Madoff Complaint) against Credicorp's subsidiary ASB in the U.S. Bankruptcy Court for the Southern District of New York (the Bankruptcy Court). The Madoff Complaint seeks recovery of approximately US\$120.0 million in principal amount, which is alleged to be equal to the amount of redemptions between the end of 2004 and the beginning of 2005 of ASB-managed Atlantic U.S. Blue Chip Fund assets invested in Fairfield Sentry Limited (Fairfield Sentry), together with fees, costs, interest and expenses. The Madoff Complaint seeks the recovery of these redemptions from ASB as "subsequent transfers" or "avoided transfers" from BLMIS to Fairfield Sentry that Fairfield Sentry in turn subsequently transferred to ASB. The Madoff Trustee has filed similar "clawback" actions against numerous other alleged "subsequent transferees" that invested in Fairfield Sentry and its sister entities, which, in turn, invested in and redeemed funds from BLMIS.

There has been significant briefing on issues related to these Madoff Trustee actions, and these cases have been pending for many years. In November 2016, the Bankruptcy Court issued a Memorandum Decision Regarding Claims to Recover Foreign Subsequent Transfers (the Memorandum Decision) holding that the recovery of certain subsequent foreign transfers is barred under the doctrine of comity and/or extraterritoriality, and it dismissed the claims brought by the Madoff Trustee against a number of parties, including ASB. In March 2017, the Madoff Trustee filed an appeal (the Appeal) of the Memorandum Decision to the United States Court of Appeals for the Second Circuit, which reversed the Dismissal Order and remanded the matter to the Bankruptcy Court (the Second Circuit Opinion). In April 2019, the defendant-appellees, including ASB, filed, and the Second Circuit granted, a motion to stay the issuance of the mandate pending the filing of a petition for a writ of certiorari in the United States Supreme Court. The petition for a writ of certiorari was filed in the United States Supreme Court in August 2019. The mentioned petition was denied by the Supreme Court in June 2020. Following the denial of the petition for writ of certiorari, the judgment for dismissal by the Bankruptcy Court was vacated and the matter was remanded back to the Bankruptcy Court. The case now remains pending in the Bankruptcy Court with the date by which ASB is to respond to the complaint scheduled for on or before March 25th, 2022. While management believes that ASB has defenses against the Madoff Trustee's claims and intends to defend against any action by the Madoff Trustee, in view of recent judicial decisions in cases not involving ASB, certain defenses are no longer available. In this context, Credicorp has constituted a provision that management considers reasonable with the information available today.

[Content](#)

ii) Fairfield Liquidator Litigation -

In April 2012, Fairfield Sentry (In Liquidation) and its representative, Kenneth Kryz (the Fairfield Liquidator), filed a complaint against ASB (the Fairfield Complaint) in the Bankruptcy Court (the Fairfield v. ASB Adversary Proceeding). The Fairfield Complaint seeks to recover US\$115.2 million in principal amount from ASB, representing the amount of ASB's redemptions of certain investments in Fairfield Sentry, together with fees, costs, interest and expenses. These are essentially the same funds that the Madoff Trustee seeks to recover in the Madoff Trustee litigation described above. After the Fairfield Complaint was filed, the Bankruptcy Court procedurally consolidated the Fairfield V. ASB Adversary Proceeding with other adversary actions brought by the Fairfield Liquidator against former investors in Fairfield Sentry.

Similar to the Madoff Trustee litigation described above, the Fairfield V. ASB Adversary Proceeding and related adversary actions have been pending for many years. In October 2016, the Fairfield Liquidator filed a Motion for Leave to Amend (the Motion for Leave) various complaints, including the Fairfield Complaint. Certain defendants, including ASB, filed a motion to dismiss (the Motion to Dismiss) and a consolidated memorandum of law (i) in opposition to the Motion for Leave and (ii) in support of the Motion to Dismiss. In December 2018, the Bankruptcy Court entered a memorandum decision granting in part and denying in part the Motion to Dismiss and the Motion for Leave (the Memorandum Decision). In March 2019, the Fairfield Liquidator submitted a form of a stipulated order dismissing the adversary proceeding against ASB (the Dismissal Order), as directed by the Bankruptcy Court, but filed notices of appeal, including of the dismissal of the claims asserted against ASB and other defendants, in May 2019. The appeal remains pending.

The management believes that ASB has defenses against the Fairfield Liquidator's claims alleged in the Amended Complaint and the Fairfield Liquidator's appeal.

iii) Government Investigations -

The former Chairman and the current Vice Chairman of the Board of Directors of Credicorp, in their respective capacities as Chairman of the Board and as a director of BCP Stand-alone, were summoned as witnesses by Peruvian prosecutors, along with 26 other Peruvian business leaders, to testify in connection with a judicial investigation that is being carried out regarding contributions made to the electoral campaign of a political party in the 2011 Peruvian presidential elections. Our former Chairman testified on November 18, 2019, and our Vice Chairman testified on December 9, 2019. The former Chairman informed prosecutors that in 2010 and 2011 Credicorp made donations totaling US\$3.65 million to the Fujimori 2011 campaign (in total amounts of US\$1.7 million in 2010 and US\$1.95 million in 2011). These contributions were made in coordination with the General Manager of Credicorp at that time. While the amount of these contributions exceeded the limits then permitted under Peruvian electoral law, the law in place at that time provided no sanction for contributors, and instead only for the recipient of the campaign contribution.

In addition, the former Chairman informed prosecutors that in 2016, three subsidiaries of Credicorp (BCP Stand-alone, MiBanco and Grupo Pacifico) made donations totaling S/711,000 (approximately US\$200,000) to the Peruanos Por el Cambio campaign. These contributions were made in compliance both with Peruvian electoral law and with Credicorp's own political contributions guidelines, adopted in 2015. These guidelines provided details on the procedures for obtaining approval for contributions and outlined the specific required conditions for transparent contributions.

[Content](#)

The Peruvian Superintendencia del Mercado de Valores ('SMV' for its Spanish acronym) initiated a sanctioning process against Credicorp, for not having disclosed to the market, in due course, the contributions made to political campaigns in the years 2011 and 2016. The Peruvian Superintendencia del Mercado de Valores (SMV) also initiated a sanctioning process against three subsidiaries of Credicorp (BCP Stand-alone, MiBanco and Grupo Pacifico), for not having disclosed to the market, in due course, the contributions made to political campaigns in connection with the 2016 presidential elections. The SMV notified Credicorp, BCP, MiBanco and Grupo Pacifico with first instance Resolutions on these proceedings. The mentioned Resolutions imposed pecuniary sanctions (fines) on Credicorp and the three subsidiaries as a consequence of these sanctioning processes. Credicorp, BCP, MiBanco and Grupo Pacifico have appealed the Resolutions.

On December 8, Credicorp informed that the Peruvian SMV was notified of the resolution issued by the Provisional Superior Chamber Specialized in Administrative Litigation of the Superior Court of Justice of Lima (the "Court"), pursuant to which the Court has admitted for consideration Credicorp's contentious-administrative claim challenging the SMV's resolution (by negative administrative silence), with reference to the appeal filed by Credicorp mentioned in the prior paragraph.

Under the Resolution, the SMV resolved to sanction Credicorp (i) with a fine of 300 Tax Units (UITs by its acronym in Spanish) approximately US\$270,000 for, allegedly, having infringed (categorized as "very serious", "muy grave" in Spanish) subsection 1.6, numeral 1 of Annex 1 of the Sanctions Regulation, approved by CONASEV Resolution N°055-2001-EF / 94.10, effective as from 2011; and (ii) with a fine of 210 Tax Units (UITs by its acronym in Spanish) approximately US\$207,375 for, allegedly, having violated (categorized as "very serious", "muy grave" in Spanish) subsection 1.5, numeral 1 of Annex 1 of the Sanctions Regulation, approved by CONASEV Resolution N° 055-2001-EF / 94.10 and modified by Resolution N° 006-2012-SMV / 01, effective as from 2016. The charges made by the SMV against Credicorp were that the company had affected the transparency of the stock market by not having disclosed relevant information to the market regarding Credicorp's cash contributions to the political party Fuerza Popular during the 2011 Peruvian presidential campaign (first charge) and that the company had affected the transparency of the stock market by not having disclosed relevant information to the market regarding Credicorp's agreement to make contributions to the political party Peruanos por el Cambio during the 2016 Peruvian presidential campaign (second charge).

Because Credicorp was neither in agreement with the categorization of the facts nor with the sanctions imposed, Credicorp filed an appeal challenging the Resolution. Subsequently, after the expiration of the term to resolve in the appeal (second administrative instance), Credicorp asserted its right to negative administrative silence and to resort to the Judiciary. Notwithstanding, Credicorp proceeded to pay the fines imposed by the SMV, in compliance with Peruvian law.

Thus, since Credicorp's contentious-administrative claim filed was admitted for consideration by the Court, the administrative procedure has terminated with respect to Credicorp and the matter is now subject to the decision of the Judiciary.

Regarding BCP, Mibanco and Grupo Pacifico the administrative proceedings are still in the SMV.

Credicorp believes that neither the contributions disclosed by our former Chairman and the current Vice Chairman in 2019 nor the related SMV sanctioning processes pose a significant risk of material liability to the Company. Furthermore, Credicorp does not believe that either will have material effect on the Company's business, financial position or profitability.

On the other hand, on November 11, 2021, Credicorp's General Manager, Mr. Gianfranco Ferrari de las Casas, was notified of a Prosecutor's Decision issued by the Corporate Supraprovincial Prosecutor's Office Specialized in Officer Corruption Offenses Special Team - Fourth Court Division ("Fiscalía Supraprovincial Corporativa Especializada en Delitos de Corrupción de Funcionarios Equipo Especial – Cuarto Despacho", for its name in Spanish). This notice informed Mr. Ferrari that he has been included in the preparatory investigation carried out against Mr. Yehude Simon M. (a former Peruvian Prime Minister) and an additional sixty-five (65) individuals on the grounds of, in Mr. Ferrari's case, alleged primary complicity in the alleged crime against the public administration, aggravated collusion, incompatible negotiation or improper use of position and criminal organization detrimental to the Peruvian State, in connection with the financial advisory services provided by Banco de Crédito del Perú related to the Olmos Project, a large water irrigation project undertaken in northeastern Perú.

Our management has reviewed the performance of the officers of Banco de Crédito del Perú in relation to the financial advisory services provided by the Bank in connection with the Olmos Project, including the performance of Mr. Ferrari, and has concluded that the facts under investigation do not give rise to any liability of Banco de Crédito del Perú or its officers. Our institution bases this view on the qualified opinion of external consultants specializing in the matter.

Credicorp does not believe that the opening of this preparatory investigation will have any impact on our normal operations nor have material effect on the Company's business, financial position or profitability.

36 SUBSEQUENT EVENTS

From December 31, 2021 until the date of this report, no significant event has occurred which affects the consolidated financial statements.

Exhibit 12.1

CERTIFICATIONS PURSUANT TO SECTION 302 OF THE U.S. SARBANES-OXLEY ACT OF 2002

I, Gianfranco Ferrari, certify that:

- (i) I have reviewed this Annual Report on Form 20-F of Credicorp Ltd.;
- (ii) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (iii) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
- (iv) The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by this Annual Report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
- (v) The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the Audit Committee of the Company's Board of Directors (or persons performing the equivalent functions):
 - (i) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Dated: April 26, 2022

/S/ GIANFRANCO FERRARI

Name: Gianfranco Ferrari

Title: Chief Executive Officer

Exhibit 12.2

CERTIFICATIONS PURSUANT TO SECTION 302 OF THE U.S. SARBANES-OXLEY ACT OF 2002

I, Cesar Rios, certify that:

- I have reviewed this Annual Report on Form 20-F of Credicorp Ltd.;
- Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
- The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (3) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (4) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (5) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (6) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by this Annual Report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
- The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the Audit Committee of the Company's Board of Directors (or persons performing the equivalent functions):
 - all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

By: /S/ CESAR RIOS
Name: Cesar Rios
Title: Chief Financial Officer
Dated: April 26, 2022

Exhibit 13.1

Credicorp Ltd.

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(18 U.S.C. Section 1350)

Pursuant to the requirements of Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Sections 1350(a) and (b)), the undersigned hereby certifies as follows:

- I am the Chief Executive Officer of Credicorp Ltd. (the "Company").
- To my knowledge:
 - The Company's Annual Report on Form 20-F for the year ended December 31, 2021 accompanying this Certification, in the form filed with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
 - The information in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ GIANFRANCO FERRARI

Name: Gianfranco Ferrari
Title: Chief Executive Officer
Dated: April 26, 2022

Exhibit 13.2

Credicorp Ltd.

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(18 U.S.C. Section 1350)

Pursuant to the requirements of Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Sections 1350(a) and (b)), the undersigned hereby certifies as follows:

I am the Chief Financial Officer of Credicorp Ltd. (the "Company").

(6) To my knowledge:

- The Company's Annual Report on Form 20-F for the year ended December 31, 2021 accompanying this Certification, in the form filed with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- The information in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /S/ CESAR RIOS
Name: Cesar Rios
Title: Chief Financial Officer
Dated: April 26, 2022
