

CREDICORP LTD  
Form 6-K  
August 10, 2016

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 6-K**

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 under the  
Securities Exchange Act of 1934

**For the month of August 2016**

Commission File Number: 001-14014

**CREDICORP LTD.**

(Translation of registrant's name into English)

**Clarendon House**

**Church Street**

**Hamilton HM 11 Bermuda**

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

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Form 20-F x Form 40-F "

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The information in this Form 6-K (including any exhibit hereto) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act.

**Lima, Peru, August 08, 2016** – Credicorp (NYSE:BAP) announced its unaudited results for the second quarter of 2016. These results are consolidated and reported in Soles according to IFRS.

## **Second Quarter Results 2016**

Credicorp reported net income of S/897.4 million in 2Q16, which represented ROAE and ROAA of 20.4% and 2.2%, respectively. After deducting S/105.2 million of non-recurring income, the result translates into net recurring income of S/769.0 million, which reflects a -6.6% QoQ reduction and a +3.2% YoY increase. Recurring ROAE and ROAA reached the levels of 18.0% and 1.9%, respectively. In accumulated terms, recurring ROAE and ROAA in 1H16 were 19.0% and 2.0%, respectively.

The results in 2Q16 were driven by:

- Quarter-end loan balances only increased +0.2% QoQ, which led to YoY expansion of +9.8%. Growth rates, adjusted for exchange rates, were situated at +0.6% QoQ and +8.8% YoY. The fact that loans posted virtually no growth this quarter was due mainly to contractions in loans in Middle-Market segment, followed by ASB and SME-Business segment, and to a lesser extent to Consumer loans. The aforementioned was offset by growth in loans in Corporate Banking, Mibanco and BCP Bolivia, and to a lesser extent in SME-Pyme, Credit Cards and Mortgage.
- Despite negligible loan growth, interest income on loans increased +0.8% QoQ. Nevertheless, net interest income fell -2.2% QoQ due to lower gains on forwards and dividend income from investments. The YoY evolution, which does not include the effect of seasonality on loans, reflects a +3.6% increase in NII due to higher interest income on loans that offset both higher interest expenses and lower gains on forwards. In accumulated terms, NII increased +6.3% with regard to 1H15's level.
- The net interest margin (NIM) was situated at 5.19%, which represented a contraction of -14 bps QoQ and -51 bps YoY. A comparison of 1H16 vs. 1H15 reveals a decline of -39 bps. The main factors behind this pressure on NIM continue to be (i) the increase in interest expenses; (ii) the slowdown in loan growth, which continues to post somewhat higher growth in loans in low-margin businesses; and (iii) the strategy to improve the risk profile, which implies lower rates.

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- Net provisions for loan losses increased +6.8% QoQ and +12.1% YoY due to higher gross provisions and a decrease in recoveries and reversals. In this context, the cost of risk was situated at 2.11% that was +13 bps higher than 1Q16's, which in turn represented the lowest level in the last 3 years. The YoY evolution posted an increase of only +4 bps above the cost of risk registered in 2Q15.
- On-going pressure on the margin and an increase in the cost of risk this quarter led to drops of -22 bps and -49 bps QoQ and YoY, respectively in the NIM after provisions. Accordingly, 1H16 posted a contraction in NIM after provisions of -22 bps.
- Non-financial income increased +18.2% QoQ and +21.9% YoY. This was due primarily to gains on sales of securities, which were attributable to the sale of 50% of the investment in BCI. If we eliminate the effect of non-recurring income, non-financial income shows an increase of +4.8% QoQ and +8.0% YoY due to higher fee income and gains on foreign exchange transactions, which increased +1.8% and +7.2%, QoQ, and +4.5% and +5.2% YoY, respectively. In accumulated terms, non-financial income grew +2.8% with regard to 1H15's level.
- The insurance underwriting result increased +13.3% QoQ due to a decrease in the acquisition cost in P&C and life insurance lines, while the net earned premiums and claims remained at levels very similar to those posted in 1Q16. In YoY terms, the underwriting result increased +12.0% due to expansion in net earned premiums that offset the higher claims and acquisition cost. In this context, the combined ratio fell significantly to 88.8% and the loss ratio posted a very stable level of 57.6%.
- The efficiency ratio was situated at 43.9%, which represented an increase of +170 bps QoQ. This increase reflects the effect of the seasonality of operating expenses, which register their lowest levels every 1Q. In YoY terms, the ratio fell -10 bps but still posted a slight increase of +10 bps in the 1H15 vs 1H16 comparison.

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## Credicorp (NYSE: BAP): Second Quarter Results 2016

*Executive Summary*

Credicorp Ltd. S/ 000	Quarter			Change		YTD		% change Jun 16 / Jun 15
	2Q15	1Q16	2Q16	QoQ	YoY	Jun 15	Jun 16	
Net interest income	1,837,200	1,946,690	1,904,219	-2.2	% 3.6	% 3,622,562	3,850,909	6.3
Provision for loan losses, net of recoveries	(431,763 )	(453,237 )	(483,911 )	6.8	% 12.1	% (933,899 )	(937,148 )	0.3
Net interest income after provisions	1,405,437	1,493,453	1,420,308	-4.9	% 1.1	% 2,688,663	2,913,761	8.4
Non-financial income	889,730	917,582	1,084,748	18.2	% 21.9	% 1,947,158	2,002,330	2.8
Insurance services underwriting result	120,348	118,934	134,766	13.3	% 12.0	% 216,599	253,700	17.1
Operating expenses	(1,366,178 )	(1,348,459 )	(1,410,439 )	4.6	% 3.2	% (2,662,048 )	(2,758,898 )	3.6
Operating income	1,049,336	1,181,510	1,229,383	4.1	% 17.2	% 2,190,372	2,410,893	10.1
Translation results	9,324	(37,127 )	(20,009 )	-46.1	% -314.6	% 10,890	(57,136 )	-624.6
Income taxes	(289,389 )	(324,804 )	(311,932 )	-4.0	% 7.8	% (598,820 )	(636,736 )	6.3
Net income	769,271	819,579	897,442	9.5	% 16.7	% 1,602,442	1,717,021	7.2
Non-controlling interest	19,976	23,950	23,250	-2.9	% 16.4	% 48,412	47,200	-2.5
Net income attributed to Credicorp	749,295	795,629	874,192	9.9	% 16.7	% 1,554,030	1,669,821	7.5
Non-recurring income (expense) <sup>(1)</sup>	6,753	(27,627 )	105,170	-480.7	% N/A	107,994	77,543	-28.2
Recurring net income	742,542	823,256	769,022	-6.6	% 3.6	% 1,565,798	1,592,278	1.7
Net income/share	9.39	9.98	10.96	9.9	% 16.7	% 19.48	20.94	7.5

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Total loans	83,503,212	91,501,079	91,655,366	0.2	% 9.8	% 83,503,212	91,655,366	9.8		
Deposits and obligations	80,910,623	92,758,434	89,936,981	-3.0	% 11.2	% 80,910,623	89,936,981	11.2		
Net equity	14,803,711	16,613,237	17,656,273	6.3	% 19.3	% 14,803,711	17,656,273	19.3		
Profitability										
Net interest margin	5.70	% 5.33	% 5.19	% -14 bps	-51 bps	5.72	% 5.32	% -40 bps		
Funding cost	2.0	% 2.04	% 2.02	% -2 bps	7 bps	1.95	% 2.06	% 11 bp		
ROAE	20.7	% 19.4	% 20.4	% 100 bps	-30 bps	21.6	% 19.8	% -180 bps		
Recurring ROAE <sup>(2)</sup>	20.6	% 20.2	% 18.0	% -220 bps	-260 bps	20.0	% 19.0	% -100 bps		
ROAA	2.1	% 2.0	% 2.2	% 20 bps	10 bps	2.2	% 2.1	% -10 bps		
Recurring ROAA <sup>(3)</sup>	2.09	% 2.1	% 1.9	% -20 bps	-20 bps	2.1	% 2.0	% -10 bps		
Loan portfolio quality										
Delinquency ratio over 90 days	1.96	% 1.82	% 2.05	% 23 bps	9 bps	1.96	% 2.05	% 9 bps		
Internal overdue ratio <sup>(4)</sup>	2.72	% 2.71	% 2.85	% 14 bps	13 bps	2.72	% 2.85	% 13 bp		
NPL ratio <sup>(5)</sup>	3.6	% 3.53	% 3.67	% 14 bps	11 bps	3.56	% 3.67	% 11 bp		
Cost of risk <sup>(6)</sup>	2.1	% 1.98	% 2.11	% 13 bps	4 bps	2.24	% 2.04	% -20 bps		
Coverage of internal overdue loans	159.2	% 159.3	% 152.9	% -640 bps	-630 bps	159.2	% 152.9	% -630 bps		
Coverage of NPLs	121.9	% 122.2	% 118.8	% -340 bps	-310 bps	121.9	% 118.8	% -310 bps		
Operating efficiency										
Efficiency ratio <sup>(7)</sup>	44.0	% 42.2	%							