

CREDICORP LTD
Form 6-K
August 14, 2009

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of the
Securities Exchange Act of 1934

For the month of August 2009

CREDICORP LTD.
(Exact name of registrant as specified in its charter)

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 Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

CREDICORP Ltd. reports Second Quarter 2009 Earnings

Lima, Peru, August 12, 2009 - Credicorp (NYSE:BAP) announced today its un-audited results for the second quarter of 2009. These results are reported on a consolidated basis in accordance with IFRS in nominal U.S. Dollars.

HIGHLIGHTS

- Credicorp reported net earnings of US\$ 115.2 million for 2Q09, reflecting a 4.2% QoQ net income growth despite tough market conditions as the Peruvian economy absorbed the impact of the world recession and market uncertainties.
- After the strong contraction in lending activity in 1Q09, demand for financing remained sluggish in the 2Q09, particularly in the USD denominated portfolio, while the local currency denominated loan book maintained its dynamism. Nevertheless, a recovery in overall loan volumes is evident, which is further supported by the revaluation of the local currency, contributing to reported growth in our loan book, in USD terms, of 4.8% QoQ.
- Following several quarters of negative pressure on NIMs from our liquidity position -mainly USD denominated-, its reduction, coupled with an expansion of spreads and loan growth particularly in the retail market, allowed for an improvement of NIM from 4.7% to 5.1% QoQ.
- Lower interest rates for our domestic currency as well as a reduction in international funding requirements also contributed to lower interest expenses, which added to higher spreads resulted in NII growth of 13.4% QoQ, reaching US\$ 233.5 million.
- Better NII helped compensate for increased provisions, which grew in line with our projections. PDL ratio also evolved as expected, reaching a reasonable 1.38% following the slowdown in loan growth; no serious deterioration in portfolio quality has been evident. Nevertheless, higher provisioning levels assured a comfortable coverage ratio, which remains at close to 200%.
- Although non financial income shows an overall 1.8% drop QoQ, it also reveals that (i) traditional fee income has performed well and is up 3.7% QoQ; (ii) earnings on income from FX transactions has been flat, in a context where the currency remains stable and strong; and (iii) the sale of the remaining position in global

government bonds has generated significant gains this quarter, which once again helped compensate for higher provisioning requirements.

An extraordinary loss reversal (related to our SAR program and stock price volatility) caused a 7% QoQ drop in operating costs. However, main operating costs, including personnel and administrative costs, were flat QoQ given that the increase of costs resulting from network expansion was already reflected last quarter. Increased earnings also impacted positively on the efficiency ratio, which reached 41%, down from 44% in 1Q09.

BCP's operating results improved 7.6% from 1Q09, although increased income taxes resulting from a non tax deductible loss in Government papers this 2Q09, and a currency translation loss on the dividend accounting (which is netted out at Credicorp through an equal translation gain and is neutral for the corporation), led to a 13% lower contribution to Credicorp's bottom line of US\$ 86 million. However, excluding this last effect, BCP's contribution is actually flat at approx. US\$ 98 million for 2Q09, maintaining the strength shown in 1Q09.

BCP Bolivia could not maintain its high performance in the economic and political environment in which it operates, and reported a further drop in earnings contribution to US\$ 6.8 million vs. the US\$ 8.5 million recorded in 1Q09.

ASHC's results recovered further from the market related write-offs and provisions of last year and reported a normalized but lower business result given the contraction of its AuM and reduced but recovering investment activity. Its contribution to Credicorp reached US\$ 3.4 million for 2Q09.

PPS, on the other hand, is harvesting the results of changes in its business strategy and reported significant gains in all business segments that were boosted by financial gains, leading to a total US\$ 9.7 million earnings contribution for 2Q09, up from the US\$ 5.2 million contribution for 1Q09.

Prima AFP reports YoY increased income through higher fees and growth in its collections base. Its contribution reached US\$ 4.7 million as opposed to the loss for US\$0.9 million reported in 2Q08.

These good results in all of Credicorp's businesses led to net earnings this 2Q09 in line with our expectations and reflect a significant 25.6% ROAE and 2.2% ROAA, with a PDL ratio of 1.38%, an efficiency ratio of 41% and an improved NIM of 5.12%.

I. Credicorp Ltd.

Overview

Credicorp reported net earnings of US\$ 115.2 million for 2Q09, reflecting 4.2% net income growth, despite the tough market conditions as the Peruvian economy absorbed the impact of the world recession and market uncertainties. This represents EPS of US\$ 1.44, ROAE of 25.6% and ROAA of 2.2%.

The significant slowdown in economic activity experienced in 1Q09, which notably affected our core banking business, continued during the second quarter and subdued the demand for loans, which is reflected in a 2.7% decrease QoQ in average daily balances for US Dollar denominated portfolio. Nevertheless, our Nuevos Soles denominated portfolio was able to maintain its dynamism, reaching 4.2% of growth in average daily balances. Overall, the strong growth in domestic currency loans, coupled with the effect of the revaluation of the local currency, resulted in growth in our total loan portfolio expressed in US Dollars, which registered a 4.8% increase QoQ.

Furthermore, the emphasis we have placed on increasing lending spreads to mitigate a higher overall perception of risk, in addition to the drop in the Nuevos Soles reference interest rate- which contributed to reduce our funding costs- as well as changes in the funding structure to reduce unnecessary and relatively higher cost funding (international loans), resulted in better margins. All of these factors in addition to our loan book's positive growth were reflected in the 13.4% QoQ increase in NII, and also explain the significant improvement in NIM from 4.72% to 5.12% in 2Q09.

Provisions increased as projected, and were in line with the expected levels of delinquencies based on the maturity of our portfolio and a slower growth pace. However, it is important to note that the increase in our PDL to total loans ratio remains sound at 1.38%. This reflects an increase in delinquencies from the 1.16% seen in 1Q09, but is within our comfort level given that no material deterioration in portfolio quality was recorded, with limited exceptions in a few sectors. Nevertheless, we are constantly monitoring the evolution of our delinquencies and have taken precautionary measures to quickly identify early signs and prevent further deterioration in our portfolio. In this scenario, provisions reached the required coverage ratio (193%), but not without putting considerable pressure on income generation. This significant increase in provisioning has been absorbed by the stronger generation of NII as well as by gains on the sale of securities.

Non financial income reflects a drop of -1.8% for the quarter. This is a consequence of lower gains on the sale of securities, which although high, were not as significant as those seen in 1Q09. In fact, extraordinary income was particularly high in both quarters, which is evident in the significantly stronger 21.1% growth reported YoY, and has been instrumental in helping absorb the impact of a sudden increase in provisions on net income. Fee income grew 3.7% QoQ, and gains on FX transactions, which are part of our core earnings, remained flat.

Net insurance premiums and claims reported performance were as good as last quarter's, reflecting the positive effects of the new business model and cost structure as well as a return to profitability.

Credicorp Ltd. US\$ thousands	Quarter			Change %	
	2Q09	1Q09	2Q08	2Q09/2Q08	2Q09/1Q09
Net Interest income	233,542	205,866	216,986	7.6%	13.4%
Total provisions, net of recoveries	(54,708)	(26,425)	(9,235)	492.4%	107.0%
Non financial income	170,477	173,668	140,723	21.1%	-1.8%
Insurance premiums and claims	28,670	28,507	2,926	880.0%	0.6%
Operating expenses	(205,795)	(221,212)	(192,338)	7.0%	-7.0%
Income before non-recurring items, translation results, employees' profit sharing and income taxes	172,186	160,405	159,062	8.3%	7.3%
Translation results	3,958	(4,708)	(61,510)	-106.4%	-184.1%
Employees' profit sharing and income taxes	(52,307)	(38,209)	(23,711)	120.6%	36.9%
Net income	123,837	117,488	73,841	67.7%	5.4%
Minority Interest	8,634	6,910	175	4840.9%	25.0%
Net income attributed to Credicorp	115,202	110,578	73,666	56.4%	4.2%
Net income/share (US\$)	1.44	1.39	0.92	56.4%	4.2%
Total loans	10,603,688	10,119,759	9,288,774	14.2%	4.8%
Deposits and Obligations	13,708,039	13,327,794	12,956,438	5.8%	2.9%
Net Shareholders' Equity	1,932,760	1,668,154	1,791,066	7.9%	15.9%
Net interest margin	5.12%	4.72%	4.78%		
Efficiency ratio	40.7%	44.0%	37.3%		
Return on average shareholders' equity	25.6%	26.3%	16.2%		
PDL/Total loans	1.38%	1.16%	0.75%		
Coverage ratio of PDLs	192.9%	205.4%	316.3%		
Employees	19,757	19,947	18,169		

Operating expenses remained at 1Q levels for almost all elements, with the exception of extraordinary items, which are behind the -7% drop in operating costs reported for the quarter. Lower costs are therefore related to a gain from the valuation of stock options of the "SAR" program due to a recovery in the price of our stock in comparison to the loss reported for the previous quarter. Therefore, real operating expenses (personnel and administrative expenses) are and should remain flat given that they already capture all increases related to last year's expansion and no further material expansions are planned for this year.

Consequently, as operating costs report a drop and operating income improved, Credicorp's efficiency ratio improved, going from 44% in 1Q09 to 40.7% in 2Q09. As previously mentioned, this situation was the result of an impact on total operating costs associated with gains on valuations of stock options, while no real reduction in operating costs had been yet achieved. Nevertheless, our focus continues to be on improving the future efficiency of our operations. Currently, we are introducing changes in both our branch and processing & operating models to increase operating efficiency and thus reduce costs.

Credicorp's operating performance shows therefore considerable improvement, reporting a 7.3% increase in operating income for the quarter of US\$ 172 million vs. US\$ 160 million in 1Q09. This result is even more impressive if we consider the complicated economic environment and its impact on the domestic economy.

This 7.3% improvement in operating income has been slightly mitigated by an increase in BCP's taxes, which reflect FX-related losses on investments that the Bank made in currency indexed instruments from the Central Bank that have

tax-free treatment (calculation based on Nuevo Sol local accounting) and could therefore not be deducted from income for tax purposes. As such, BCP was subject to a higher effective tax rate in 2Q09, which is the primary explanation for the 37% increase in the income tax of Credicorp.

Overall, and despite higher taxes, higher provisions, and the tough market environment, Credicorp's net income has achieved a significant increase of 4.2% QoQ, reaching a solid US\$ 115.2 million for 2Q09.

Credicorp – the Sum of its Parts

Credicorp's 2Q09 results reflect the better performance of all its subsidiaries. Although the effects of the economic recession are still reflected in the operating performance of our banking business this quarter, our lending business has grown and the efforts made to improve margins and other income sources to compensate for increased provisions have led to better operating results. In addition, our other businesses continue to improve their performance. Therefore, Credicorp's overall bottom line results reveal a recovery in its earnings generation to normalized and even improved levels that reflect the robust business opportunities the Peruvian market offers.

BCP continued experiencing sluggish demand for loans but was also able to improve its operating performance through improved margins and additional non recurrent income, which compensated for the sudden increase in provisions. This improved performance was partially neutralized by a higher effective tax rate resulting from the non tax-deductible nature of some losses in currency indexed Government securities. In addition, a currency translation loss related to dividends for Credicorp accounted for in 1Q09 and paid only in 2Q09 further depressed BCP's reported results. This translation loss, however, can be excluded to reflect BCP's real contribution to Credicorp since an equal translation gain has been reported at Credicorp Ltd. for the same reasons, making it neutral to the corporation's bottom line results once consolidated. Excluding this internal accounting effect, real income contribution to Credicorp would remain flat at approximately US\$ 98 million. Nevertheless, BCP's reported contribution to Credicorp reached US\$ 86.2 million vs. US\$ 98.9 million in 1Q09, which still reflected a solid 25.7% ROAE.

Earnings Contribution (US\$ Thousands)	Quarter			Change %	
	2Q09	1Q09	2Q08	2Q09/2Q08	2Q09/1Q09
Banco de Crédito BCP(1)	86,246	98,911	75,981	14%	-13%
BCB	6,833	8,518	10,098	-32%	-20%
Atlantic	3,399	3,017	5,195	-35%	13%
PPS	9,685	5,230	(7,214)	234%	85%
Grupo Crédito (2)	7,264	6,866	882	723%	6%
Prima	4,667	6,246	(954)	589%	-25%
Others	2,597	620	1,836	41%	319%
Credicorp and Others (3)	8,608	(3,446)	(1,178)	831%	350%
Credicorp Ltd.	8,140	(3,941)	(1,723)	572%	307%
Others	468	495	545	-14%	-5%
Net income attributable to Credicorp	115,202	110,578	73,666	56%	4%

(1) Includes Banco de Crédito de Bolivia.

(2) Includes Grupo Crédito, Servicorp and Prima AFP

(3) Includes taxes on BCP's and PPS's dividends, and other expenses at the holding company level.

BCP Bolivia, which is consolidated within BCP, reported a contribution of US\$ 6.8 million for 2Q09 vs. US\$ 8.5 million for 1Q09, which is the result of further deterioration and/or a significant stagnation of investment activity in the country as well as negative government intervention.

ASHC's results continued to recover from the market related write-offs and provisions of last year and reported a normalized but lower business result, attributable to a contraction in its AuM and reduced investment activity. Its contribution to Credicorp improved 13% from 1Q09 and reached US\$ 3.4 million for 2Q09. Additionally, market recovery has driven an improvement in valuations of Atlantic's portfolio, resulting in a recovery of about US\$ 34.4 million this quarter, which is reflected as a reduction of unrealized losses on ASHC's balance sheet. This contributed to reinforcing ASHC's capital, which was also increased through a direct capital contribution of US\$ 20 million and a

US\$ 15 million subordinated bond issuance in the first half of this year.

PPS, on the other hand, is harvesting the results of changes in its business strategy and has reported significant gains in all business segments that were boosted by financial gains, leading to a total US\$ 9.7 million earnings contribution for 2Q09, up from US\$ 5.2 million in 1Q09.

This significant quarterly increase is the result of improvement in technical results, which is the product of changes in the business model throughout 2008 -which focused on reducing risk retention levels and controlling operating costs- and the fact that financial income was significant. In fact, financial income reached US\$ 20 million (vs. US\$ 16 million in 1Q09) due to increases in dividend income and gains on the sale of securities. Improvement continues to be driven by significantly better technical results and a focus on risk control and diversification.

Finally, and despite continued volatility, Prima AFP reported an increase in YoY income attributable to higher fees and growth in its collections base. In fact, collections were up 13 % YoY. To make a quarterly comparison, we need to adjust results for additional collections in the month of January. Therefore, an adjusted comparison reveals stable performance, which reflects a stable domestic labor market. Thus, Prima's contribution reached US\$ 4.7 million, which reflects 13% ROE to date. Furthermore, Prima maintains its dominant position in the market, capturing important market shares (30.4% of AuM, 31.7% of collections and 43.8% of voluntary contributions to the funds).

Credicorp Ltd.'s results were unusual this quarter due to the currency translation gains reported at the holding company. As previously mentioned, these gains were related to dividend payments accounted for in March 09 and later paid in 2Q09 by BCP after an appreciation of the Nuevo Sol. This gain actually reflects a shift of earnings between BCP and Credicorp at an accounting level and therefore distorts real business and income generation, reducing BCP's net earnings and shifting the same to a translation gain at Credicorp. Excluding this effect, the holding should account for a negative result of around US\$ 4 million from the tax provision incurred every quarter as earnings are generated at the subsidiaries.

Given that bottom line results were not affected by these translations gains/losses, Credicorp reports a 4% improvement in earnings, which is very satisfying given the market environment. The operating improvements were therefore reflected in excellent financial ratios including: 25.6% ROAE, a 40.7% efficiency ratio, 5.1% NIM, 1.38% PDLs with 193% PDL coverage.

II. Banco de Crédito – BCP - Consolidated

Overview 2Q09

Despite a slowdown in the Peruvian economy during the first half of 2009, due to the international crisis, BCP's operating results for 2Q09 demonstrated growth of 7.6% QoQ (US\$ 144.4 million vs. US\$ 134.1 million). Nevertheless, net income (US\$ 88.5 million) fell 11.4% QoQ due to (i) a translation loss of US\$ 12.3 million that was generated by higher dividends to be paid produced by a 4.8% appreciation of the Nuevo Sol; and (ii) higher quarterly taxes under local accounting.

This quarter's operating results evolved favorably over figures for last quarter due primarily to (i) an increase in net interest income (NII) due to slight growth in loans particularly in Retail Banking, a segment with higher margins, and strengthened by a decrease in interest expenses due to lower funding costs; (ii) higher non-financial income, generated by an increase in commissions for Contingents and Foreign Trade, Corporate Finances and Credifondo, in addition to the still high (though lower QoQ) revenues on securities sales; and (iii) lower operating costs, generated by gains in the valuation of SAR stock options, which contrasts with the loss recorded in 1Q09. These results compensated for higher provisions in 2Q09, which reflects BCP's coverage policy and strategy to expand Retail Banking.

The slowdown in the Peruvian economy and a subsequent contraction in credit demand, both attributable to the financial crisis and market uncertainty, appear to have reached a turning point given that the net loan portfolio expanded 4.4% QoQ. This growth corresponds to a slight real expansion in the portfolio in domestic as well as foreign currency, supported by a revaluation of the Nuevo Sol.

Average daily balances increased 1.8% QoQ due mainly to an expansion in the Retail Banking segment while average daily balances of Wholesale Banking remained virtually unchanged. Nevertheless, after eliminating distortions that currency volatility produced in BCP's dual portfolio (S/. and US\$), average daily balances were basically stable (-0.4%) due to a 2.3% contraction in Wholesale Banking's average daily balances that was offset by a 1.7% increase in Retail Banking's.

In terms of portfolio quality, the delinquency rate in 2Q09 reached 1.39%, which although higher than the 1.16% of 1Q09, reflects a lower increase compared to the variation observed between 1Q09 and 4Q08. Higher provisions helped maintain an adequate coverage level for past due loans of 193%.

Core Earnings

Core Revenues US\$ 000	Quarter			Change %	
	2Q09	1Q09	2Q08	2Q09/2Q08	2Q09/1Q09
Net interest and dividend income	209,460	186,161	188,359	11.2%	12.5%
Fee income, net	87,620	77,553	85,228	2.8%	13.0%
Net gain on foreign exchange transactions	19,700	20,328	31,389	-37.2%	-3.1%
Core Revenues	316,780	284,042	304,976	3.9%	11.5%

BCP's core income grew 11.5% QoQ, due primarily to three factors: (i) an expansion in NII due to loan growth, primarily in domestic currency and in the retail segment, which was strengthened by improved margins and a reduction in interest expenses; (ii) recovery in fee income, primarily from Contingent and Foreign Trade portfolio, Corporate Finance business and Credifondo, which experienced an increase in the value of managed funds that produced a subsequent rise in management fees; and (iii) higher earnings on valuations of derivatives, which also contributed to an improvement in NII.

With regard to evolution in NII, it is important to mention that BCP was able to increase its margins due to a reduction in BCR's reference rate, in turn reducing the cost of the main source of funding (especially interest on time deposits), which contracted significantly by 9.3% QoQ. The aforementioned, coupled with higher fee income, cancelled out the decrease in net earnings for foreign currency transactions, which was linked to a decrease in the volatility of the Nuevo Sol against the US Dollar and lower level of foreign currency operations from the foreign trade business. Additionally, interest expense on loans also contracted (-35.9% QoQ and -61.6% YoY), which is attributable to the repayment of loans due to banks (Repo Agreements with the BCR and a CAF Loan) given that liquidity levels are adequate and no renewals were required. As a result, the net interest margin (NIM) for 2Q09 reached 5.1%, 60 pbs higher than figures recorded for 1Q09.

Banco de Crédito and Subsidiaries US\$ 000	Quarter			Change %	
	2Q09	1Q09	2Q08	2Q09/2Q08	2Q09/1Q09
Net Financial income	209,460	186,161	188,359	11.2%	12.5%
Total provisions, net of recoveries	(54,074)	(27,180)	(10,280)	426.0%	98.9%
Non financial income	150,588	148,246	122,346	23.1%	1.6%
Operating expenses	(161,585)	(173,095)	(145,286)	11.2%	-6.6%
Translation results	(10,899)	(4,260)	(49,849)	-78.1%	155.8%
Worker's profit sharing and income taxes	(44,670)	(29,607)	(26,841)	66.4%	50.9%
Net income	88,542	99,982	78,037	13.5%	-11.4%
Net income/share (US\$)					