

Credicorp Ltd

Raising estimates and PO; 2024 guidance yields double-digit earnings growth

Reiterate Rating: BUY | PO: 190.00 USD | Price: 154.28 USD

Updating our earnings model to reflect 2024 guidance

After management's '24 expectations, we adjusted upward our estimates mainly to reflect higher NII growth (as management has been able to reduce NIM's sensitivity under lower rates) and stronger fee income (driven by the disruptive initiatives), which should more than offset higher provision charges. As such, we forecast BAP to post EPS growth of 17% (vs. an implied earnings growth guidance of 20%) in '24.

Expect upward earnings revisions after 24 mgmt. guidance

Management anticipated an ROAE of ~17% in 2024, which implies earnings of S\$5.8bn and growth of 20%, which is 2% above our new estimate of S\$5.7bn and 13% above consensus estimate of S\$5.2bn. Guidance implies: i) loan portfolio growth of 3.0-5.0% (vs. -2% in '23), ii) NIM expansion of (between 0-40bp), iii) a reduction in the cost of risk to 2.0-2.5% (vs. 2.5% in '23), and iii) stable/higher efficiency ratio of 46-48% (vs. 46% in '23). See Exhibit 1.

Raising our PO to USD\$190; reaffirm our Buy rating

We are raising our GGM-derived PO by 6% to USD\$190 (potential upside of 23% + 4.2% dividend yield) to reflect our new NI estimates, and a lower beta of 1.0x (vs. 1.1x before), after leaving behind the impact of El Niño. At our PO, BAP would trade at 10x '24 P/E and at 1.6x '24 P/BV (currently trading at 8.1x '24 P/E and 1.3x '23 P/BV). We see BAP with double-digit earnings growth in 2024 and with an attractive digital offer. Buy

Estimates (Dec) (PEN)	2022A	2023A	2024E	2025E	2026E
EPS	58.87	61.00	71.64	82.06	95.25
EPS Change (YoY)	31.0%	3.6%	17.4%	14.5%	16.1%
Consensus EPS (Bloomberg)			66.73	70.39	46.08
DPS	18.78	29.58	24.40	28.66	32.82
Valuation (Dec)					
P/E	10.0x	9.4x	8.3x	7.3x	6.3x
Dividend Yield	3.2%	5.2%	4.1%	4.8%	5.5%

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Refer to important disclosures on page 10 to 12. Analyst Certification on page 8. Price Objective Basis/Risk on page 8.

12658253

Timestamp: 12 February 2024 08:00AM EST

12 February 2024

Equity

Key Changes

(PEN)	Previous	Current
Price Obj.	US\$179.00	US\$190.00
2024E Rev (m)	20,323.4	20,813.0
2025E Rev (m)	21,761.1	22,767.9
2026E Rev (m)	24,107.9	25,177.2
2024E EPS	68.14	71.64
2025E EPS	80.91	82.06
2026E EPS	95.94	95.25
2024E DPS	24.12	24.40

Ernesto Gabilondo >>

Research Analyst
Merrill Lynch (Mexico)
+52 55 5201 3428
ernesto.gabilondo@bofa.com

Mario Pierry

Research Analyst
BofAS
+1 646 743 0047
mario.pierry@bofa.com

Flavio Yoshida >>

Research Analyst
Merrill Lynch (Brazil)
+55 11 2188 4588
flavio.yoshida@bofa.com

Antonio Ruetter >>

Research Analyst
Merrill Lynch (Brazil)
+55 11 2188 4225
antonio.ruetter@bofa.com

Stock Data

Price	154.28 USD
Price Objective	190.00 USD
Date Established	12-Feb-2024
Investment Opinion	B-1-7
52-Week Range	116.42 USD - 160.15 USD
Mrkt Val / Shares Out (mn)	12,312 USD / 79.8
Free Float	52.0%
Average Daily Value	30.21 USD
BofA Ticker / Exchange	BAP / NYS
Bloomberg / Reuters	BAP US / BAP.N
ROE (2024E)	16.6%
ESGMeter™	Medium

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to ["BofA ESGMeter Methodology"](#).

iQprofileSM Credicorp Ltd

Income Statement Data (Dec)

(PEN Millions)	2022A	2023A	2024E	2025E	2026E
Net Interest Income	11,086	12,938	13,749	14,913	16,551
% change	18.4%	16.7%	6.3%	8.5%	11.0%
Net Fee Income	3,642	3,831	4,177	4,693	5,235
Securities Gains / (Losses)	1,104	1,365	1,360	1,360	1,360
Total Operating Income	16,740	19,323	20,813	22,768	25,177
Operating Expenses	(8,011)	(8,853)	(9,694)	(10,408)	(11,072)
% change	8.9%	10.5%	9.5%	7.4%	6.4%
Provisions Expense	(1,812)	(3,622)	(3,169)	(3,275)	(3,570)
% change	49.4%	100.0%	-12.5%	3.3%	9.0%
Operating Pre-Tax Income	6,918	6,848	7,950	9,085	10,536
Operating Net Income to Comm S/Hold.	4,695	4,866	5,714	6,545	7,597
GAAP Net Income	4,695	4,866	5,714	6,545	7,597

Balance Sheet Data (Dec)

(PEN Millions)	2022A	2023A	2024E	2025E	2026E
Total Assets	236,750	238,840	252,226	274,365	298,750
Average Interest Earning Assets	227,194	223,649	232,936	252,372	276,656
Total Gross Customer Loans	148,626	145,129	152,385	166,100	181,049
% change	0.7%	-2.4%	5.0%	9.0%	9.0%
Total Customer Deposits	147,021	147,705	155,758	169,107	183,604
% change	-1.7%	0.5%	5.5%	8.6%	8.6%
Tangible Equity	28,998	32,460	36,228	40,487	45,466
Common Shareholders' Equity	28,998	32,460	36,228	40,487	45,466

Key Metrics (Dec)

(PEN Millions)	2022A	2023A	2024E	2025E	2026E
Net Interest Margin	4.88%	5.78%	5.90%	5.91%	5.98%
Effective Tax Rate	30.5%	27.6%	27.6%	27.5%	27.5%
Loan / Deposit Ratio	101.1%	98.3%	97.8%	98.2%	98.6%
Tangible Common Equity / Assets	12.2%	13.6%	14.4%	14.8%	15.2%
ROA	2.0%	2.0%	2.3%	2.5%	2.7%
ROE	16.9%	15.8%	16.6%	17.1%	17.7%
RoTE	16.9%	15.8%	16.6%	17.1%	17.7%
Dividend Payout Ratio	31.9%	48.5%	34.1%	34.9%	34.5%
Efficiency Ratio (Cost / Income Ratio)	51.2%	49.3%	49.8%	48.6%	46.5%

Quality of Earnings (Dec)

(PEN Millions)	2022A	2023A	2024E	2025E	2026E
Total Non-Interest Inc / Operating Inc	33.8%	33.0%	33.9%	34.5%	34.3%
NPLs plus Foreclosed Real Estate / Loans	0%	0%	0%	0%	0%
Loan Loss Reserves / NPLs	NA	NA	NA	NA	NA
Loan Loss Reserves / Total Loans	5.30%	5.70%	6.47%	6.89%	7.03%

Company Sector

Banks-Retail

Company Description

Credicorp is a holding company that comprises Peru's largest financial group. Its main asset, Banco de Credito del Peru (BCP) is Peru's largest bank, with market shares of over 30% in both loans and deposits. BCP accounts for about 76% of Credicorp's total assets. The company also has a strong presence in the insurance and pension fund segments in Peru, through its subsidiaries Pacifico group and AFP Prima, respectively.

Investment Rationale

Credicorp offers attractive double-digit earnings growth and ROAE recovery after a softer-than-expected impact from El Niño. Also, disruptive initiatives are expected to start showing-up in 2024 (lead by Yappe its payments platform, and Tenpo, its digital bank in Chile). Buy

Stock Data

Average Daily Volume 195,795

Quarterly Earnings Estimates

	2023	2024
Q1	17.36A	17.35E
Q2	17.57A	17.99E
Q3	15.52A	17.99E
Q4	10.55E	18.32E

Key modeling assumptions

We forecast recurring earnings growth of 16% in 2024-2026, and reaching an ROE of 18% in 2026. Key assumptions in our model are:

- **Earnings growth and ROE:** After management's '24 expectations, we adjusted upward our estimates mainly to reflect higher NII growth (as management has been able to reduce NIM's sensitivity under lower rates) and stronger fee income (driven by the disruptive initiatives), which should be more than offsetting higher provision charges. As such, we forecast BAP to post EPS growth of 18% (vs. an implied earnings growth guidance of 20%) in '24.
- **Loan growth:** we estimate 5% loan growth in 2024, accelerating from -2% in '23, driven by i) leaving behind the impact of El Niño, ii) a gradual economic recovery, and iii) lower interest rates. Our loan growth estimate will be at the high-end of the company's guidance range of 3-5%.
- **NII:** We expect NII growth of 6% YoY, decelerating from 17% in 2023, supported by increased retail exposure (especially after the impact of El Niño) and leaving behind support government loans with low spreads. As such, we expect NIM expansion of 10bp in 2024 (vs. 0-60bp guided), as the bank has reduced sensitivity to lower rates by shortening the duration of the liabilities side. Meanwhile, we expect stable/modest NIM expansion in 2025-2026 supported by increased retail exposure.
- **Fees, insurance, other and leasing revenue:** we forecast a consolidated average growth of 11% in 2024 (vs. 13% in '23), supported by 9% fee income growth (higher credit/debit transactions and digital initiatives), and insurance revenues, and an average growth of 10% in 2025-2026.
- **Operating expenses:** we forecast a growth of 10% (vs. 11% in 2023, which includes \$572bn related to the goodwill impairment of Mibanco in Colombia). Excluding the impairment, opex growth should behave like the pace of growth observed in 2023, although disruptive initiatives having a more important weight. Yappe and Tenpo represented 2/3% of total opex in 2023.
- **PDL ratio:** we expect default ratio to be at 4.6% by the end of 2024 (vs. 4.2% in 2022) and deteriorating to 4.9-5.0% in 2025-2026, due to the company's strategy to expand into the retail segment.
- **Provision charges:** We assume provisions to average loans of 2.1% in 2024 (vs. 2.5% in '24), roughly at the low-end of the mgmt.'s guidance range of 2.0-2.5%, expecting a reversal of provision charges related to El Niño in 1Q24. Importantly, new cost of risk of 2.0-2.5% reflects the company's strategy to expand into the retail segment. Management reiterated that despite a higher cost of risk, we should expect higher adjusted net margins.
- **Dividend payment:** We are assuming a dividend pay-out ratio of 40% from 2023 net earnings, considering the historical pay-out ratio at pre-pandemic levels. Nonetheless, we did not rule out BAP paying special dividends.



Exhibit 2: BAP – 2023 reported and 2024 guidance vs. BofAe text

Expect double-digit earnings growth in 2024

	2023	2024E	
	Reported	Guidance	BofAe
Real GDP growth	-0.5%	2.5%	2.6%
Structural loans, yoy growth	4%	n.a.	n.a.
Total loan portfolio growth	-2%	3.0 - 5.0%	5%
NIM (%)	6.0%	6.0-6.4%	12
Fee income growth (%)	5%	9%	9%
Cost of risk (%)	2.5%	2.0 - 2.5%	2.1%
Efficiency ratio (%)*	46%	46.0 -48.0%	47%
Tax rate (%)	28%	N/A	28%
ROAE (%)	15.8%	17.0%	16.6%
Implied earnings growth	4%	20%	17%

Source: Company data and BofA Global Research estimates

*Our efficiency ratio's calculation is different from the company, as we include total operating revenues

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Exhibit 3: BAP – Changes in earnings estimates

Increasing our estimates to reflect stronger core revenues, which should more than offset higher provision charges

NS\$ billion	2024E			2025E			2026E		
		New			New			New	
Net interest income	13,171	13,749	4%	14,044	14,913	6%	15,717	16,551	5%
Fee income (net)	4,141	4,177	1%	4,488	4,693	5%	4,893	5,235	7%
Market related income	1,320	1,360	3%	1,320	1,360	3%	1,320	1,360	3%
Other non-interest income	300	220	0%	360	360	0%	440	440	0%
Net insurance results	1,391	1,307	-6%	1,549	1,441	-7%	1,738	1,591	-8%
Non-interest expense	9,524	9,694	2%	10,327	10,408	1%	10,985	11,072	1%
Pre-provision profit	10,800	11,119	3%	11,434	12,360	8%	13,123	14,105	7%
Provision for loan losses	3,266	3,169	-3%	2,393	3,275	37%	2,428	3,570	47%
Net income	5,435	5,714	5%	6,454	6,545	1%	7,652	7,597	-1%
EPS -- reported	68	72	5%	81	82	1%	96	95	-1%
Gross loans	157,618	152,385	-3%	171,804	166,100	-3%	187,266	181,049	-3%
Total assets	252,188	252,226	0%	274,343	274,365	0%	298,815	298,750	0%
Deposits	156,925	155,758	-1%	170,451	169,107	-1%	185,146	183,604	-1%
Equity	35,564	36,228	2%	39,844	40,487	2%	44,914	45,466	1%
ROAE - reported	16.1%	16.6%	60 bps	17.1%	17.1%	-10 bps	18.1%	17.7%	-40 bps
NIM	5.5%	5.9%	40 bps	5.4%	5.9%	50 bps	5.5%	6.0%	50 bps
Efficiency ratio	47%	47%	-30 bps	47%	46%	-170 bps	46%	44%	-160 bps
Effective tax rate	27%	28%	110 bps	28%	28%	0 bps	28%	28%	0 bps
Provisions/ Avg gross loans	2.1%	2.1%	0 bps	1.5%	2.1%	60 bps	1.4%	2.1%	70 bps
NPLs/ Gross loans	4.3%	4.6%	30 bps	4.2%	4.9%	70 bps	4.1%	5.0%	90 bps
LLR/ NPLs	140%	140.0%	0 bps	140%	140.0%	0 bps	140%	140.0%	0 bps

Source: Company data and BofA Global Research estimates

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Valuation

Raising PO to USD\$190; reaffirm Buy

We are raising our GGM-derived PO by 6% to USD\$190 (potential upside of 23% + 4.2% dividend yield) to reflect our new NI estimates, and a lower beta of 1.0x (vs. 1.1x before), after leaving behind the impact of El Niño. At our PO, BAP would trade at 10x '24 P/E and at 1.6x '24 P/BV.

Our new 2024 PO of USD\$190 per local share is derived from the Gordon Growth Model, assuming 4% growth in perpetuity and a sustainable ROE of 18%. Our COE of 12.9% reflects a US risk-free rate of 3.5%, Peru country risk of 170bp, inflation differential of 2.0%, a beta of 1.0x, and an equity risk premium of 570bp.

Table 1: objective derivation – COE and Gordon Growth Model

Implied PO of USD\$190

Beta (x)	1.0x
US Treasury/10yr (bp)	350
Peru risk spread (bp)	170
Inflation deferential (bp)	200
Equity risk premium - ERP (bp)	570
Cost of equity (%)	12.9%
Sustainable growth rate (%)	4%
ROAE (%)	18%
Implied target P/BV [(ROE-g)/(COE-g)]	1.6x
Implied 2024 price target (USD\$)	190
<i>Upside / Downsize – potential (%)</i>	23%
<i>Price USD\$ (02/09/2024)</i>	154

Source: BofA Global Research estimates

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Source: BofA Global Research estimates



Exhibit 4: Credicorp – Income Statement

Expect double-digit earnings growth in the next years

NS mn	2022	2023	2024E	2025E	2026E	Growth rates (YoY)			
						23/22	24/23	25/24	26/25
Net interest income	11,086	12,938	13,749	14,913	16,551	17%	6%	8%	11%
<i>Net interest margin</i>	4.9%	5.8%	5.9%	5.9%	6.0%				
Net commissions and fees	3,642	3,831	4,177	4,693	5,235	5%	9%	12%	12%
Other non-interest income	1,096	1,343	1,580	1,720	1,800	23%	18%	9%	5%
Net insurance results	916	1,211	1,307	1,441	1,591	32%	8%	10%	10%
		19,323	20,813	22,768	25,177	15%	8%	9%	11%
Operating revenue	16,740								
Noninterest expense	8,011	8,853	9,694	10,408	11,072	11%	10%	7%	6%
<i>Efficiency ratio</i>	47.9%	45.8%	46.6%	45.7%	44.0%				
Op inc bfr provs and taxes	8,729	10,471	11,119	12,359	14,106	20%	6%	11%	14%
Provision for loan losses	1,812	3,622	3,169	3,275	3,570	100%	-13%	3%	9%
<i>Provisions/ Avg. gross loans</i>	1.2%	2.5%	2.1%	2.1%	2.1%				
Earnings before taxes	6,918	6,848	7,950	9,084	10,536	-1%	16%	14%	16%
Incurred income tax & profit sharing	2,111	1,888	2,194	2,498	2,897	-11%	16%	14%	16%
<i>Effective tax rate</i>	30.5%	27.6%	27.6%	27.5%	27.5%				
Net income	4,695	4,866	5,714	6,545	7,597	4%	17%	15%	16%
EPS -- reported	58.9	61.0	71.6	82.1	95.3	4%	17%	15%	16%
EPADR -- reported	15.4	16.1	19.1	21.7	25.1	5%	18%	14%	15%
BV per share	364	407	454	508	570				
ROAE - reported	16.9%	15.8%	16.6%	17.1%	17.7%				
ROAA - reported	1.9%	2.0%	2.3%	2.5%	2.7%				
Dividends per share	18.8	29.6	24.4	28.7	32.8				

Source: Company data and BofA Global Research estimates

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Exhibit 5: Credicorp – Balance Sheet

Expect single-digit loan growth

NS mn	2022	2023	2024E	2025E	2026E	Growth rates (YoY)			
						23/22	24/23	25/24	26/25
ASSETS									
Cash and due from banks	34,184	33,931	37,628	41,728	46,275	-1%	11%	11%	11%
Investment in securities	45,431	52,216	57,905	64,214	71,211	15%	11%	11%	11%
Gross loans	148,626	145,129	152,385	166,100	181,049	-2%	5%	9%	9%
Loan loss reserves	7,872	8,278	9,859	11,444	12,728	5%	19%	16%	11%
Total interest earning assets	222,302	224,996	240,876	263,868	289,444	1%	7%	10%	10%
Reinsurance and premiums	1,033	872	926	982	1,043	-16%	6%	6%	6%
Fixed assets	1,825	1,857	1,971	2,092	2,221	2%	6%	6%	6%
Other assets	13,524	13,266	11,271	10,693	9,680	-2%	-15%	-5%	-9%
Total assets	236,750	238,840	252,227	274,365	298,751	1%	6%	9%	9%
LIABILITIES									
Non-interest bearing deposits	48,467	48,229	54,283	58,757	63,601	0%	13%	8%	8%
Time, savings deposits and other	98,554	99,476	101,475	110,350	120,004	1%	2%	9%	9%
Total deposits	147,021	147,705	155,758	169,107	183,604	0%	5%	9%	9%
Due to banks and correspondents	9,637	12,279	12,525	13,691	14,965	27%	2%	9%	9%
Reserves for insurance	11,975	12,318	12,566	13,735	15,014	3%	2%	9%	9%
Bonds and subordinated debt	17,007	14,595	14,888	16,274	17,788	-14%	2%	9%	9%
Total interest bearing liabilities	185,640	186,897	195,737	212,807	231,372	1%	5%	9%	9%
Other liabilities	21,521	18,837	19,601	20,397	21,225	-12%	4%	4%	4%
Total liabilities	207,161	205,733	215,338	233,204	252,597	-1%	5%	8%	8%
SHAREHOLDERS EQUITY									
Equity	29,589	33,107	36,888	41,161	46,154	12%	11%	12%	12%

Source: Company data and BofA Global Research estimates

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Exhibit 6: Credicorp – Financial Indicators

Expect ROE of 18% in 2026

NS mn	2022	2023	2024E	2025E	2026E
Income Statement					
Net interest margin	4.9%	5.8%	5.9%	5.9%	6.0%
Fees/ Core revenues	22%	20%	20%	21%	21%
Fees/ Noninterest expense	45%	43%	43%	45%	47%
Efficiency ratio	2%	2%	2%	2%	2%
Opex / Avg. earning assets	48%	46%	47%	46%	44%
Effective tax rate	30.5%	27.6%	27.6%	27.5%	27.5%
Dividend payout ratio	42%	50%	40%	40%	40%
Profitability					
ROAE - reported	16.9%	15.8%	16.6%	17.1%	17.7%
ROAA - reported	1.9%	2.0%	2.3%	2.5%	2.7%
Balance Sheet					
Loans/ Total assets	63%	61%	60%	61%	61%
Securities/ Total assets	19%	22%	23%	23%	24%
Loans/ Deposits	101%	98%	98%	98%	99%
Cash and equivalents/ Deposits	23%	23%	24%	25%	25%
Equity/ Assets	12%	14%	14%	15%	15%
Asset Quality					
LDR/ Gross loans	4.0%	4.2%	4.6%	4.9%	5.0%
LLR/ NPL	133%	135%	140%	140%	140%
Provisions/ Avg. gross loans	1.2%	2.5%	2.1%	2.1%	2.1%
Capital					
Tier 1 ratio	9.6%	9.9%	10.3%	10.6%	11.1%

Source: Company data and BofA Global Research estimates

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Price objective basis & risk

Credicorp Ltd (BAP)

Our price objective for Credicorp of US\$190 ADR is based on a Gordon Growth valuation model. The main inputs are sustainable ROE of 18%, cost of equity of 13.4% and growth of 4%. Our PO implies a target P/BV of 1.6x

Downside risks to our PO are (1) unfriendly economic policies, and (2) higher deterioration in the bank's retail, SME and microfinance portfolio. Meanwhile, upside risk imply (1) a faster economic growth supported by metals and domestic economy, (2) lower asset quality deterioration, and (3) and pro-market economic policies announced by the new administration.

Analyst Certification

We, Ernesto Gabilondo, Antonio Ruetter and Flavio Yoshida, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

Latin America - Financials Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	B3	XIMAF	B3SA3 BZ	Mario Pierry
	B3	BOLSY	BOLSY US	Mario Pierry
	Bajio	BBAJF	BBAJIO MM	Ernesto Gabilondo
	Banco do Brasil	XBBAF	BBAS3 BZ	Mario Pierry
	Banco do Brasil	BDORY	BDORY US	Mario Pierry
	Banco Santander Chile	BSAC	BSAC US	Ernesto Gabilondo
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	Banorte	GBOOY	GBOOY US	Mario Pierry
	Bci	BZCIF	BCI CI	Ernesto Gabilondo
	BTG Pactual	XNXCF	BPAC11 BZ	Flavio Yoshida
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	Gentera	CMPRF	GENTERA* MM	Ernesto Gabilondo
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	Inter	XBZIF	INBR32 BZ	Mario Pierry
	Inter	INTR	INTR US	Mario Pierry
	Itau Unibanco	ITUBF	ITUB4 BZ	Mario Pierry
	Itau Unibanco	ITUB	ITUB US	Mario Pierry
	PagSeguro Digital Ltd	PAGS	PAGS US	Mario Pierry
	Regional	RGNLF	RA MM	Ernesto Gabilondo
	StoneCo	STNE	STNE US	Mario Pierry
	XP Inc.	XP	XP US	Mario Pierry
NEUTRAL				
	ABC Brasil	XBABF	ABCB4 BZ	Flavio Yoshida
	Banco Pan	XQSFF	BPAN4 BZ	Flavio Yoshida
	Banrisul	XGRBF	BRSR6 BZ	Flavio Yoshida
	BB Seguridade	XBDPF	BBSE3 BZ	Mario Pierry
	BB Seguridade	BBSEY	BBSEY US	Mario Pierry
	Bradesco	BRDPF	BBDC4 BZ	Mario Pierry
	Bradesco -A	BBD	BBD US	Mario Pierry
	Nubank	NU	NU US	Mario Pierry
	Porto Seguro	PSGUF	PSSA3 BZ	Mario Pierry
UNDERPERFORM				
	Banco Chile-ADR	BCH	BCH US	Ernesto Gabilondo

Latin America - Financials Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Banco de Chile	XHNDF	CHILE CI	Ernesto Gabilondo
	Banco Macro	BMA	BMA US	Ernesto Gabilondo
	Banco Macro	BCVMF	BMA AR	Ernesto Gabilondo
	GFinbur	GPFOF	GFINBURO MM	Ernesto Gabilondo
	Grupo Financiero Galicia	GGAL	GGAL US	Ernesto Gabilondo
	Grupo Financiero Galicia	GGABF	GGAL AR	Ernesto Gabilondo
	Qualitas	QUCOF	Q* MM	Ernesto Gabilondo
	Santander Brasil	XCBDP	SANB11 BZ	Mario Pierry
	Santander Brasil	BSBR	BSBR US	Mario Pierry
	Supervielle	SUPV	SUPV US	Ernesto Gabilondo
	Supervielle	XAZFF	SUPV AR	Ernesto Gabilondo
RSTR				
	Bancolombia	CIB	CIB US	Ernesto Gabilondo
	Bancolombia	XAFFP	PFBCOLO CB	Ernesto Gabilondo
	Cielo	CIOXF	CIEL3 BZ	Mario Pierry
	Cielo	CIOXY	CIOXY US	Mario Pierry

iQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

EV / EBITDA

Basic EBIT + Depreciation + Amortization

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B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Equity Investment Rating Distribution: Banks Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	100	49.75%	Buy	84	84.00%
Hold	54	26.87%	Hold	41	75.93%
Sell	47	23.38%	Sell	35	74.47%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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