

**BANCO BBVA PERU  
AND  
SUBSIDIARIES**

**Interim Consolidated  
Financial Statements**

**September 30, 2021 and December 31, 2020**

**BANCO BBVA PERU AND SUBSIDIARIES**

# Interim Consolidated Financial Statements

**September 30, 2021 and December 31, 2020**

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**BANCO BBVA PERU AND SUBSIDIARIES**  
Consolidated Statement of Financial Position  
As of September 30, 2021 and December 31, 2020

<i>In thousands of Peruvian soles</i>	<i>Note</i>	<b>2021</b>	<b>2020</b>	<i>In thousands of Peruvian soles</i>	<i>Note</i>	<b>2021</b>	<b>2020</b>
<b>Assets</b>				<b>Liabilities and equity</b>			
Cash and due from banks	5	23,033,463	24,954,267	Obligations to the public and deposits from financial system entities	12	69,404,478	72,212,597
Interbank funds		25,001	137,599	Interbank funds		-	72,421
Investments at fair value through profit or loss and available for sale	6	10,622,792	11,421,340	Borrowings and financial obligations	13	7,367,217	7,053,718
Loan portfolio, net	7	69,367,227	66,593,761	Trading derivatives	8	2,436,086	876,395
Derivatives held for trading	8	2,744,050	898,595	Hedging derivatives	8	56,190	14,633
Hedging derivatives	8	70,049	103,354	Accounts payable, provisions and other liabilities	14	21,300,201	17,745,648
Realizable, and seized assets, and assets received through court actions		38,577	34,296	<b>Total liabilities</b>		<b>100,564,172</b>	<b>97,975,412</b>
Non-current assets held for sale		89,064	94,830	<b>Equity</b>	15		
Interest in associates	9	9,841	4,582	Share capital		6,758,467	6,529,169
Property, furniture and equipment, net	10	993,862	1,013,105	Reserves		1,896,680	1,831,131
Deferred income tax		868,567	685,326	Adjustments to equity		(73,336)	119,148
Other assets, net	11	2,158,697	1,396,213	Retained earnings		875,207	882,408
<b>Total assets</b>		<b>110,021,190</b>	<b>107,337,268</b>	<b>Total equity</b>		<b>9,457,018</b>	<b>9,361,856</b>
Risks and contingent commitments	16	<b>32,780,904</b>	<b>34,034,065</b>	<b>Total liabilities and equity</b>		<b>110,021,190</b>	<b>107,337,268</b>
				Risks and contingent commitments	16	<b>32,780,904</b>	<b>34,034,065</b>

*The accompanying notes are an integral part of these consolidated financial statements*

**BANCO BBVA PERU AND SUBSIDIARIES**

## Consolidated Statement of Income

For the nine-month periods ended September 30, 2021 and 2020

<i>In thousands of Peruvian soles</i>	<i>Note</i>	<b>2021</b>	<b>2020</b>
Interest income	17	3,113,965	3,254,857
Interest expense	18	(480,436)	(847,276)
<b>Gross financial margin</b>		<b>2,633,529</b>	<b>2,407,581</b>
Provision for direct loans, net of recoveries		(940,775)	(1,160,779)
<b>Net financial margin</b>		<b>1,692,754</b>	<b>1,246,802</b>
Income from financial services, net	19	634,819	572,568
<b>Financial margin net of income and expenses for financial services</b>		<b>2,327,573</b>	<b>1,819,370</b>
Profit or loss from financial operations	20	584,186	464,432
<b>Operating margin</b>		<b>2,911,759</b>	<b>2,283,802</b>
Administrative expenses	21	(1,305,513)	(1,260,849)
Depreciation and amortization		(152,307)	(147,218)
<b>Net operating margin</b>		<b>1,453,939</b>	<b>875,735</b>
Valuation of assets and provisions		(141,953)	(155,324)
<b>Operating profit or loss</b>		<b>1,311,986</b>	<b>720,411</b>
Other expenses, net		(1,756)	25,654
<b>Profit before income tax</b>		<b>1,310,230</b>	<b>746,065</b>
Income tax		(420,810)	(195,727)
<b>Net profit</b>		<b>889,420</b>	<b>550,338</b>
<b>Basic and diluted earnings per share in soles</b>	22	<b>0.1316</b>	<b>0.0814</b>
<b>Weighted average number of outstanding shares (in thousands of shares)</b>	22	<b>6,758,467</b>	<b>6,758,467</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**BANCO BBVA PERU AND SUBSIDIARIES**

Consolidated Statement of Comprehensive Income and Other Comprehensive Income  
For the nine-month periods ended September 30, 2021 and 2020

<i>In thousands of Peruvian soles</i>	<i>Note</i>	<b>2021</b>	<b>2020</b>
Net profit		889,420	550,338
<b>Other comprehensive income:</b>			
Unrealized (losses) gains on available-for-sale investments		(171,926)	57,438
Unrealized (losses) gains on cash flow hedges		(29,797)	12,801
Share of other comprehensive income of associates		181	58
Income tax related to components of other comprehensive income		9,058	(9,471)
<b>Other comprehensive income for the period, net of income tax</b>		<b>(192,484)</b>	<b>60,826</b>
<b>Total comprehensive income for the period</b>		<b>696,936</b>	<b>611,164</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**BANCO BBVA PERU AND SUBSIDIARIES**

## Consolidated Statement of Changes in Equity

For the nine-month periods ended September 30, 2021 and 2020

<i>In thousands of Peruvian soles</i>	<b>Number of shares in thousands (note 15B)</b>	<b>Share capital (note 15B)</b>	<b>Legal reserve (note 15C)</b>	<b>Adjustments to equity (note 15D)</b>	<b>Retained earnings (note 15E)</b>	<b>Total equity</b>
Balances at January 1, 2020	5,885,209	5,885,209	1,669,835	22,816	1,602,606	9,180,466
Net profit	-	-	-	-	550,338	550,338
<b>Other comprehensive income:</b>						
Unrealized gains on available-for-sale investments	-	-	-	51,743	-	51,743
Unrealized gains on cash flow hedges	-	-	-	9,025	-	9,025
Unrealized losses on share of other comprehensive income of associates	-	-	-	58	-	58
<b>Total comprehensive income for the period</b>		-	-	<b>60,826</b>	<b>550,338</b>	<b>611,164</b>
Changes in equity (not included in comprehensive income):						
Dividends	-	-	-	-	(563,465)	(563,465)
Capitalization of retained earnings	643,960	643,960	-	-	(643,960)	-
Application to reserves and other movements	-	-	161,296	-	(160,990)	306
<b>Balances at September 30, 2020</b>	<b>6,529,169</b>	<b>6,529,169</b>	<b>1,831,131</b>	<b>83,642</b>	<b>784,529</b>	<b>9,228,471</b>
Balances at January 1, 2021	6,529,169	6,529,169	1,831,131	119,148	882,408	9,361,856
Net profit	-	-	-	-	889,420	889,420
<b>Other comprehensive income:</b>						
Unrealized gains on available-for-sale investments	-	-	-	(171,658)	-	(171,658)
Unrealized gains on cash flow hedges	-	-	-	(21,007)	-	(21,007)
Unrealized losses on share of other comprehensive income of associates	-	-	-	181	-	181
<b>Total comprehensive income for the period</b>		-	-	<b>(192,484)</b>	<b>889,420</b>	<b>696,936</b>
Changes in equity (not included in comprehensive income):						
Dividends	-	-	-	-	(601,810)	(601,810)
Capitalization of retained earnings	229,298	229,298	-	-	(229,298)	-
Application to reserves and other movements	-	-	65,549	-	(65,513)	36
<b>Balances at September 30, 2021</b>	<b>6,758,467</b>	<b>6,758,467</b>	<b>1,896,680</b>	<b>(73,336)</b>	<b>875,207</b>	<b>9,457,018</b>

The accompanying notes are an integral part of these consolidated financial statements.

**BANCO BBVA PERU AND SUBSIDIARIES**  
Consolidated Statement of Cash Flows  
For the nine-month period ended September 30, 2021 and 2020

In thousands of Peruvian soles	2021	2020
Reconciliation of net profit to cash and cash equivalents from operating activities:		
Net profit	889,420	550,338
<b>Adjustments</b>	<b>1,854,231</b>	<b>(1,932,623)</b>
Depreciation and amortization	152,307	147,218
Impairment of Property, furniture and equipment and intangible assets	50,946	20,113
Impairment of available-for-sale investments and goodwill	-	24,252
Provisions	1,031,782	1,271,738
Other adjustments	619,196	(3,395,944)
<b>Net changes in assets and liabilities</b>	<b>(7,050,174)</b>	<b>12,312,772</b>
Loan portfolio	(1,319,127)	(8,624,879)
Available-for-sale investments	(1,581,558)	(539,336)
Accounts receivable and others	(1,912,917)	542,611
Unsubordinated debt	(6,712,562)	9,229,487
Accounts payable and others	4,475,990	11,704,889
<b>Profit or loss for the period after net changes in assets, liabilities and adjustments</b>	<b>(4,306,523)</b>	<b>10,930,487</b>
Income tax paid	(668,392)	(481,657)
<b>Net cash and cash equivalents from operating activities</b>	<b>(4,974,915)</b>	<b>10,448,830</b>
<b>Cash flows from investing activities:</b>		
Sales of intangible assets e property, furniture and equipment	-	-
Purchases of intangible assets e property, furniture and equipment	(172,564)	(114,176)
Other cash inflows from investing activities	58,866	56,156
<b>Net cash and cash equivalents used in investing activities</b>	<b>(113,698)</b>	<b>(58,020)</b>
<b>Cash flows from financing activities:</b>		
Cash inflows from issuance of subordinated financial liabilities	729,800	-
Payment of dividends	(294,248)	(563,053)
Other cash inflows from financing activities	192,900	183,994
Other cash outflows from financing activities	(1,238,340)	(120,000)
<b>Net cash and cash equivalents used in financing activities</b>	<b>(609,888)</b>	<b>(499,059)</b>
<b>Net (decreased) increase in cash and cash equivalents before the effect of changes in exchange rates</b>	<b>(5,698,501)</b>	<b>9,891,751</b>
Effects of changes in exchange rates on cash and cash equivalents	1,501,057	2,735,831
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(4,197,444)</b>	<b>12,627,582</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>31,265,696</b>	<b>15,762,558</b>
<b>Cash and cash equivalents at end of period</b>	<b>27,068,252</b>	<b>28,390,140</b>
Funds pledged as guarantee	1,520,118	1,888,473
Interbank funds	(25,001)	-
Investment with maturities of less than 90 days	(5,529,906)	(7,876,512)
<b>CASH AND DUE FROM BANKS IN THE STATEMENT OF FINANCIAL POSITION</b>	<b>23,033,463</b>	<b>22,402,101</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

## **BANCO BBVA PERU AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements

At September 30, 2021 and December 31, 2020

### **1. Reporting entity and core activity**

#### **A. Reporting entity**

Banco BBVA Perú S.A. (hereinafter the Bank) is a subsidiary of BBVA Perú Holding S.A.C., which holds 46.12% of its share capital as of September 30, 2021 and December 31, 2020. Banco Bilbao Vizcaya Argentaria S.A. holds 100% of the shares of BBVA Holding Perú S.A.C

#### **B. Core activity**

The Bank is a corporation ("sociedad anónima" in Peru) incorporated in 1951 and authorized to operate as a banking institution by the Peruvian banking, insurance and pension plan regulator, Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones (hereinafter the SBS)

The Bank's activities mainly comprise financial intermediation or brokerage activities carried out by commercial banks. Such activities are governed by the SBS under Law 26702 "General Law of the Financial and Insurance Systems and SBS Organic Law" as amended (hereinafter the Banking Law). This Law establishes the requirements, rights, obligations, guarantees, restrictions, and other operating conditions to which every legal entity operating in the financial and insurance systems should adhere.

The registered office and headquarters of the Bank are at Av. República de Panamá N° 3055 - San Isidro, Lima, Perú.

The Bank holds 100% of the share capital with voting rights over its subsidiaries: BBVA Bolsa Sociedad Agente de Bolsa S.A, BBVA Asset Management S.A. SAF, BBVA Sociedad Titulizadora S.A., Inmuebles y Recuperaciones BBVA S.A, BBVA Consumer Finance EDPYME, Forum Comercializadora del Perú S.A. and Forum Distribuidora del Perú S.A. Even though the Bank does not hold share capital or voting rights over Continental DPR Finance Company (DPR), due to the characteristics of its corporate purpose and its relationship with the Bank, the accounting standards that govern the Bank require DPR's financial statements to be included on a consolidated basis with those of the Bank (all these companies including the Bank are hereinafter denominated Grupo BBVA Perú).

At September 30, 2021 and December 31, 2020, the Bank carries out its business using a nationwide network of 316 and 332 agencies, respectively. The number of personnel employed by Grupo BBVA Perú at September 30, 2021 and December 31, 2020 was 6,124 and 6,064, respectively

#### **National Emergency**

On March 11, 2020, the World Health Organization (WHO) declared the COVID-19 coronavirus a pandemic, and recommended spread contention and mitigation measurements worldwide. On March 15, 2020, the Peruvian government instated, by means of Supreme Decree No 044-2020-PCM, a National Emergency and ordered mandatory social confinement given the severe circumstances affecting the lives of the population throughout the nation from the spread of the coronavirus (COVID-19). At the reporting date, this national emergency period was extended up until October 31, 2021. In this context, the Government has set a number of exceptional and preventive measures.

The Bank did not stop its activities, not even during the quarantine period, to serve and support the government's financing relief programs and social assistance initiatives, including the economic relief packages directed to vulnerable households in poverty or extreme poverty conditions.

From the beginning of the pandemic, the Bank carried out a number of containment actions that led to setting up a multidisciplinary team in charge of designing and implementing the strategy to cope with the bio-sanitary crisis, and with the main objective of protecting the health of employees and customers throughout Peru.

For this purpose, this multidisciplinary team designed a health strategy, comprehensive infrastructure implementation and management of the demands from the offices, based on the new reality arising from the pandemic. Further, a teleworking strategy was implemented for employees who works in the



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At September 30, 2021 and December 31, 2020

headquarter office, as well as for those collaborators considered vulnerable population given their preexisting health conditions.

**C. Approval of the consolidated financial statements**

The Consolidated financial statements at September 30, 2021 were authorized for issuance by Bank Management.

**D. Peruvian government-sponsored programs for economic reactivation**

The Peruvian Ministry of Economy and Finance (MEF) implemented the following economic relief programs directed to debtors affected by the national health emergency:

<b>Program / Effective period</b>	<b>Legal basis</b>	<b>Brief description of the program</b>	<b>Amount of the program</b>
Reactiva Perú Until November 30, 2020	DL No 1455 (April 6, 2020)  Ministerial Resolution No 134-2020-EF (April 13 2020)	It was created with the following purposes:  <ul style="list-style-type: none"> <li>Respond to the liquidity needs that companies face due to the impact of COVID-19.</li> <li>Ensure the continuity of the chain of payments.</li> </ul> <p>By means of this program, the Government makes available to companies guarantees so that they can access working capital loans, and can meet short-term obligations with their workers and suppliers of goods and services. These guarantees ranges from 80% to 98% of the loan, the maximum amount of which per customer is S/ 10 million, which is determined based on the volume of sales.</p> <p>Additionally, the Bank obtains the resources to grant these loans through repurchase agreements with the Central Reserve Bank of Peru (BCRP, the Spanish acronym) for the guaranteed portion.</p>	S/ 60,000 million
Reprogramaciones (Rescheduling) Reactiva Perú Until December 31, 2021	Emergency Decree No 026-2021 (March 6, 2021)  Emergency Decree No 091 -2021 (September 30, 2021)	Dated March 6, 2021 the Peruvian Government set forth that loans given under the Reactiva Program be subject to rescheduling, provided that they meet certain conditions set out in the standard (decline in sales). Rescheduling can be agreed based on the Bank's or BCRP's funding. If Bank's funding is to be used, the interest rate can be raise up to 25 basis points. Due date to use this rescheduling facility is September 30, 2021.  Due date to use this rescheduling facility is extended to December 31, 2021.	S/ 19,500 million
Fondo FAE-MYPE Until December 31, 2020	Emergency Decree No 029-2020 (March 20, 2020)	Business Support Fund (FAE) for Small Business and Microbusinesses (MYPE).  Initially, this program was intended to	S/ 4,000 million

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<b>Program / Effective period</b>	<b>Legal basis</b>	<b>Brief description of the program</b>	<b>Amount of the program</b>
	Ministerial Resolution No 124-2020-EF (March 25, 2020)	provide new working capital loans, rescheduling and refinancing and the maximum amount of the loan per customer was up to S/ 90 thousand with guarantee percentages of 30%, 50% and 70%.	
		Currently, this is only intended for working capital loans and the maximum amount is up to S/ 30 thousand with guarantee percentages of 95% and 98%.	
	Emergency Decree No 091 -2021 (September 30, 2021)	Due date to use this rescheduling facility is extended to December 31, 2021.	
Fondo FAE-TURISMO Up to March 31, 2022	Emergency Decree No 076 -2020 (June 30, 2020)	Intended for MYPEs engaged in lodging activities, interprovincial passenger land transport, tourist transport, travel and tourism agencies, restaurants, leisure activities, organization of congresses, conventions and events, tourist guidance, and production and marketing of handicrafts. Intended for working capital loans and for a maximum amount per customer of up to S/ 750 thousands with guarantee percentages of 95% and 98%.	S/ 1,500 million
	Ministerial Resolution No 228-2020-EF (August 11, 2020)		
	Emergency Decree No 091 -2021 (September 30, 2021)	It will be no longer use exclusively for “working capital”, but also for the acquisition of “fixed assets”.	
Fondo FAE-AGRO Up to March 31, 2022	Emergency Decree No 082 -2020 (July 9, 2020)	This credit facility is directed to small farmers. This a loan facility secured to the Bank for it to provide working capital loans to customers. The maximum loan per customer is S/ 30 thousand with guarantee percentages of 95% and 98%.	S/ 2,000 million
	Ministerial Resolution No 226-2020-EF (9 de August de 2020)		
	Emergency Decree No 091 -2021 (September 30, 2021)		
Fondo Crecer Up to 204así mismo9	Legislative Decree No 1399 (September 7, 2018)	This is a program that secures loans for working capital, fixed assets and exports to promote the productive and business activities of Pymes. The maximum amount per customer is S/ 10 million. Guarantee percentages are up to 75% for small entities and microbusinesses and up to 70% for	Not indicated
	Supreme Decree No 007-2019-EF (January 11, 2019)		

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<b>Program / Effective period</b>	<b>Legal basis</b>	<b>Brief description of the program</b>	<b>Amount of the program</b>
		medium-sized entities, and up to 60% for exporting companies.	
Government guarantee program to secure the loan portfolio of financial institutions Up to December 31, 2022.	Legislative Decree No 1508-2020 (May 11, 2020)  Ministerial Resolution No 178-2020-EF (June 24, 2020)	It is intended to provide liquidity to banks, financial institutions and credit agencies.	S/ 7,000 million
Repurchase agreement with rescheduling of loan portfolio	Circular BCRP 0021-2020 (June 7, 2020)	BCRP ordered the possibility that financial entities obtain funding at a rate of 0.5% under repurchase agreements. Under this model, financial system institutions engaged to reschedule the loan portfolio of its customers or portfolio acquired from other financial institutions, as a way to temporarily reduce the interest rate over the period the transaction with the BCRP takes.	Not indicated
Guarantee programs - COVID-19 Up to December 31, 2021.	Ley No 31050 (October 8, 2020)  Ministerial Resolution 296-2020-EF (October 18, 2020)  Emergency decree No 033 - 2021 (March 30, 2021)	This is intended to consumer loan portfolios, personal loans, mortgages loans, motor loans and MYPEs. This program secures the loans that are rescheduled by the financial institutions. The rescheduling includes a reduced interest rate.	S/ 5,500 million
Program to Support micro businesses and small entities. Up to March 31, 2022	Emergency Decree No 019 - 2021 (February 12, 2021)  Emergency Decree No 091 -2021 (September 30, 2021)	This is financing program is intended to provide working capital to small entities and microbusinesses, This program is to be managed by COFIDE.  The validity of the program is extended, in addition, it will no longer be used exclusively for "working capital", but also for the acquisition of "fixed assets"	S/ 2,000 million

**E. Standards with an impact on the Financial System**

- Law 31143 Law on interest rates caps in financial system transactions

The purpose of this piece of legislation is to govern the ceiling of the interest rates determined on loans and other provisions. This law was enacted on March 18, 2021.

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- Major features are:
  - BCRP is entitled to set maximum and minimum interest rates on a semi-annual basis, a power that cannot be delegated.
  - BCRP shall set the maximum active interest rates (maximum interest rate) on consumer loans, low-amount consumer loans (equal to or below S/ 8,800) and loans to small entities and microbusinesses.
  - Bank commissions should be approved by the SBS and shall indicate a service rendering based on “real and demonstrable” costs. Contracts, summary sheets, expenses and fee schedules shall also be approved by the SBS.
  - Removal of certain commissions.
- Circulars No 008-2021-BCRP and 010-2021-BCRP

By which, the BCRP sets forth the form of calculation of the ceilings to the interest rates applicable on consumer loans and micro and small business, including the frequency of publication.

- Communication (Oficio Múltiple) No 22799-2021-SBS

By the above communication, the SBS ordered to halt counting the days of delay of the Reactiva Program for the period it takes to reschedule loans under that program.

- Communication (Oficio Múltiple) No 31933-2021-SBS

By which June 30, 2021 was set to be the due date for implementing the halt of counting the days of delay as Communication (Oficio Múltiple) No 22799-2021-SBS.

- Resolution SBS No 0779-2021

By means of this resolution, effective April 1, 2021, amendments are introduced to the Rules for Consolidated Oversight of Financial and Mixed Conglomerates (“Reglamento para la Supervisión Consolidada de los Conglomerados Financieros y Mixtos”), including stating that for consolidation of the financial statements, International Financial Reporting Standard (IFRS) 10 “Consolidated Financial Statements” will be adhered to in all matters that are not contrary to the provisions of the above mentioned Rules.

- Resolution SBS No 1378-2021

By this resolution, effective June 1, 2022 amendments are introduced to the Rules for Consolidated Oversight of Financial and Mixed Conglomerates (“Reglamento para la Supervisión Consolidada de los Conglomerados Financieros y Mixtos”), including; changes in the computation of the regulatory capital of the group subject to consolidations, changes in the formats of information to be filed with the SBS, the local banking regulator, clarifications to the information to be disclosed in notes to the consolidated financial statements for the fourth quarter, among others.

- Emergency Decree No 037-2021

This decree sets forth, on an exceptional basis, and up to March 2022, that Banks, Credit Institutions (“Financieras”), Municipal Savings and Credit institutions (“Cajas Municipales de Ahorro” and “Crédito, Cajas Municipales de Crédito Popular”), EDPYMES and Rural Savings and Credit Institutions (“Cajas Rurales de Ahorro y Crédito”) to temporarily adhere to the following rules:

- a. Regulatory capital should be equal or exceed 8% (formerly 10%) of the total risk-weighted assets and contingent assets.
- b. Reasons for intervention are as follows i) When regulatory capital is lower than 25% (formerly 50%) of the percentage required in the above section; ii) Loss or reduction of more than 80% (formerly 50%) of the regulatory capital over the last 12 months.

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- c. Reason for adherence to a vigilance regime (“régimen de vigilancia”) is the loss or reduction of more than 60% (formerly 40%) of regulatory capital.
- d. Limits of computation of regulatory capital stipulated in article 185 of Law No 26702 are suspended as set out below:
- Supplemental equity (“patrimonio suplementario”) cannot be above the Tier 1 capital (“patrimonio básico”).
  - Tier 2 redeemable subordinated debt cannot be above fifty percent (50%) the amount of the components of the Tier 1 capital considered in subsections 1, 2, 3, 4 and 5 of section A, of Article 184°.
  - Tier 3 capital cannot be above two hundred percent (250%) of the amount of the components of Tier 1 capital considered in subsections 1, 2, 3, 4 and 5 of section A, of Article 184° allocated to cover the market risk.
- Resolution SBS N° 2451-2021

By this resolution of August 24, 2021, effective January 1, 2022, the minimum procedures for the management, classification, reporting and constitution of provisions for disputes are approved, and the Accounting Manual for Financial System Companies is modified.

### F. Reclassifications

Certain items of the consolidated financial statements at December 31, 2020 were reclassified for comparison purposes. Management considers the reclassifications made do not convey changes in the decisions made based on them. The items reclassified and amounts involved are shown below:

#### Consolidated Statement of Financial Position at December 31, 2020

For comparative purposes the following reclassifications were made:

<i>In thousands of Peruvian soles</i>	<b>Balance without reclassification</b>	<b>Reclassification</b>	<b>Reclassified balances</b>
<b>Assets</b>			
Realizable assets, seized assets and assets recovered under court action	129,126	(94,830)	34,296
Non-current assets held for sale	-	94,830	94,830

#### Note 5 Cash and due from banks

For comparative purposes the following reclassifications were made to the Cash and Due from Banks:

<i>In thousands of Peruvian soles</i>	<b>Balance without reclassification</b>	<b>Reclassification</b>	<b>Reclassified balances</b>
<b>Cash and due from banks</b>			
Banco Central de Reserva del Perú	15,404,584	(96,382)	15,308,202
Other funds used as guarantee	294,346	96,382	390,728

## 2. Basis of Preparation of the Consolidated Financial Statements

### A. Basis of consolidation

The consolidated financial statements includes the financial statements of the entities comprising the Grupo BBVA Perú, enumerated in note 1B, after eliminating significant intercompany balances and transactions between the consolidating entities, and the gains and losses resulting from those transactions. All subsidiaries have been consolidated since their incorporation or acquisition

Subsidiaries are all the entities over which the Bank has the power to govern its operating and financial policies. Consolidation ceases at the date in which the Bank loses control over them.

**BANCO BBVA PERU AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements  
At September 30, 2021 and December 31, 2020

The table below shows the major balances of Grupo BBVA Perú at September 30, 2021 and December 31, 2020:

<i>In millions of Peruvian soles</i>	<b>Assets</b>		<b>Liabilities</b>		<b>Equity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Entity</b>						
Banco BBVA Perú	110,095	107,384	100,623	98,008	9,472	9,376
BBVA Bolsa Sociedad Agente de Bolsa S.A.	60	34	42	15	18	19
BBVA Asset Management S.A. SAF	38	42	3	2	35	40
BBVA Sociedad Titulizadora S.A.	5	6	-	1	5	5
Inmuebles y Recuperaciones BBVA S.A.	180	176	2	4	178	172
Continental DPR Finance Company	66	101	66	101	-	-
BBVA Consumer Finance Edpyme	138	340	38	235	100	105
Forum Comercializadora S.A.	2	2	-	-	2	2
Forum Distribuidora S.A.	169	110	141	85	28	25

### 3. Accounting principles and practices

The accounting principles and practices used at September 30, 2021, have not changed in relation with those applied in the financial statements for the years ended December 31, 2020 and 2019 issued on February 23, 2021 and audited by Caipo y Asociados S. Civil de R.L., a member firm of KPMG International Cooperative for the years ended December 31, 2020 and 2019.

### 4. Foreign currency balances

The consolidated statement of financial position includes foreign currency balances, mostly in U.S. dollars (US\$), which are stated at the exchange rate in Peruvian soles (S/) set by the SBS. At September 30, 2021 and December 31, 2020, the prevailing exchange rates were US\$ 1 = S/ 4.134 and US\$ 1 = S/ 3.621, respectively.

Foreign currency transactions in Peru and international trade comprising the items authorized by the Central Reserve Bank of Peru (BCRP) are entered into via the bank system in the open market. At September 30, 2021, the buying and selling exchange rates used were US\$ 1 = S/ 4.132 and US\$ 1 = S/ 4.136, respectively (US\$ 1 = S/ 3.618 buying and US\$ 1 = S/ 3.624 selling at December 31, 2020).

**BANCO BBVA PERU AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements  
At September 30, 2021 and December 31, 2020

At September 30, 2021 and December 31, 2020, foreign currency balances stated in equivalent U.S. dollars are summarized below:

<i>In thousands of U.S. dollars</i>	2021			2020		
	U.S. dollars	Other currencies	Total	U.S. dollars	Other currencies	Total
<b>Assets</b>						
Cash and due from banks	3,584,438	95,753	3,680,191	3,239,581	69,646	3,309,227
Interbank funds	-	-	-	38,000	-	38,000
Investments at fair value through profit or loss and available-for-sale investments	508,350	-	508,350	941,932	-	941,932
Loan portfolio, net	4,285,711	257	4,285,968	4,556,995	1,443	4,558,438
Other assets, net	223,540	11,020	234,560	247,587	1,715	249,302
	<b>8,602,039</b>	<b>107,030</b>	<b>8,709,069</b>	<b>9,024,095</b>	<b>72,804</b>	<b>9,096,899</b>
<b>Liabilities</b>						
Obligations to the public and deposits from Financial System entities	6,750,536	63,397	6,813,933	7,509,554	55,222	7,564,776
Interbank funds	-	-	-	20,000	-	20,000
Borrowings and financial obligations	1,355,871	-	1,355,871	1,323,129	-	1,323,129
Provisions and other liabilities	690,226	12,881	703,107	193,021	10,824	203,845
	<b>8,796,633</b>	<b>76,278</b>	<b>8,872,911</b>	<b>9,045,704</b>	<b>66,046</b>	<b>9,111,750</b>
<b>Net on-balance position</b>	<b>(194,594)</b>	<b>30,752</b>	<b>(163,842)</b>	<b>(21,609)</b>	<b>6,758</b>	<b>(14,851)</b>
Derivative financial instruments, long position	5,764,111	326,572	6,090,683	4,301,983	267,285	4,569,268
Derivative financial instruments, short position	5,406,356	355,395	5,761,751	4,255,335	277,984	4,533,319
<b>Net position</b>	<b>163,161</b>	<b>1,929</b>	<b>165,090</b>	<b>25,039</b>	<b>(3,941)</b>	<b>21,098</b>

At September 30, 2021 and 2020, the Bank stated within "Profit or loss from financial operations" in the consolidated statement of income, exchange gains of S/ 47 million and S/ 423 million, respectively, that reflect the foreign exchange position valuation as well as foreign exchange purchase and sale transactions (Note 20).

The variance percentage of the Peruvian sol foreign exchange in relation with the U.S. dollar was 14.17% and 9.26% at September 30, 2021 and December 31, 2020, respectively.

## 5. Cash and due from banks

At September 30, 2021 and December 31, 2020, this item consists of:

<i>In thousands of Peruvian soles</i>	2021	2020
Banco Central de Reserva del Perú (a)	17,520,920	15,308,202
Cash (a)	3,062,857	2,360,065
Other guarantee funding (d)	1,480,265	390,728
Banks and other foreign financial institutions (b)	779,383	5,223,908
Banks and other local financial institutions (b)	94,042	137,377
Clearing	54,442	28,023
Guarantee funding BCRP (c)	39,853	1,505,604
Other cash	1,701	360
	<b>23,033,463</b>	<b>24,954,267</b>

## **BANCO BBVA PERU AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements

At September 30, 2021 and December 31, 2020

- (a) At September 30, 2021 funding held in Cash and with Banco Central de Reserva del Perú (BCRP) include US\$ 342 million and S/ 1,724 million (US\$ 1,366 million and S/ 1,890 million at December 31, 2020) intended to cover the reserve requirements that a Bank must meet for the deposits captured and obligations with the public under local regulations currently effective. These funding is held in the vault of the Bank or held with the BCRP.

At September 30, 2021 and December 31, 2020 the funds subject to the reserve requirement in local and foreign currency are subject to an interest rate of 4% and 35%, respectively, on the total obligations subject to reserve requirements (TOSE, the Spanish acronym), under the regulations set by the BCRP.

The legal minimum reserve requirements is 4% and it is not interest bearing. The reserve requirement funding that consists of the additional reserve requirements in foreign and local currency bear interest at a nominal rate set by the BCRP.

At September 30, 2021, the balances held with the BCRP include time deposits of S/ 5,121 million and overnight deposits of S/ 12,370 million (S/ 10,600 million of time deposits at December 31, 2020).

- (b) At September 30, 2021 and December 31, 2020, deposits with local and foreign banks mainly reflect balances in soles and U.S. dollars, as well as lower amounts in other currencies; they are Cash and due from banks and interest accrues at market interest rates.
- (c) At September 30, 2021 and December 31, 2020, Cash and due from banks includes guarantee funds that secure loan portfolio repurchase agreements with the BCRP of S/ 40 million, as of both periods. Additionally, at December 31, 2020 this item includes guarantee funds that secure foreign Exchange repo agreements with the BCRP of US\$ 400 million (Note14(a)).
- (d) At September 30, 2021 and December 31, 2020, Cash and due from banks includes guarantee funds that secure transactions with derivatives for US\$ 344 million and US\$ 80 million, respectively. Also, At September 30, 2021, S/ 40 million and US\$ 3 million is included in this item used to secure the process of transfers at the request of BCRP (S/ 80 million and US\$ 5 million, at December 31, 2020).

At September 30, 2021 and 2020, interest income on Cash and due from banks totaled S/ 18 million and 32 million, respectively and was stated within Interest income in the consolidated statement of income (Note 17).



## 6. Investments at Fair Value through Profit or Loss and Available-for-Sale

At September 30, 2021 and December 31, 2020, this item consists of:

<i>In thousands of Peruvian soles</i>	<b>2021</b>	<b>2020</b>
Investments at fair value through profit or loss:		
Certificates of deposit with BCRP (a)	4,050,495	4,015,271
Peruvian Treasury Bonds (b)	291,274	663,785
Investments in mutual funds (g)	42,000	43,216
	<b>4,383,769</b>	<b>4,722,272</b>
Available-for-sale investments:		
Certificates of deposit with BCRP (a)	3,100,439	2,557,657
Peruvian Treasury Bonds (b)	1,919,893	1,903,892
U.S. Treasury bills (c)	1,074,614	1,912,583
Corporate bonds (d)	113,722	102,955
Shares in local entities (e)	22,313	29,345
Shares in foreign entities	8,042	1,010
Multilateral development banks bonds (f)	-	147,062
U.S. Treasury bonds	-	44,564
	<b>6,239,023</b>	<b>6,699,068</b>
	<b>10,622,792</b>	<b>11,421,340</b>

- (a) Certificates of deposits issued by the BCRP are freely tradable securities with maturity up to March 2022 (April 2021 at December 31, 2020), repossessed through BCRP public auctions or traded in the Peruvian secondary market. At September 30, 2021, the balance of these instruments, an amount of S/ 1,715 million, is in guarantee of repurchase agreements operations.

At September 30, 2021, these instruments earn annual interest in local currency ranging from 0.28% and 5% (from 0.25% and 5% in local currency at December 31, 2020) and from 0.22% to 5% in foreign currency (from 0.17% to 5% in foreign currency at December 31, 2020).

- (b) Peruvian Treasury Bonds are sovereign bonds of the Republic of Peru issued in local currency and global bonds in foreign currency, issued by the Ministry of Economy and Finance (MEF) of Peru, and represent internal public debt securities of the Republic of Peru.

At September 30, 2021, these bonds earn interest at annual interest rates ranging from 1.01% to 7.37% (from 0.73% to 5.25% at December 31, 2020) in local currency and in foreign currency at 1.60% (from 0.96% to 1.76% at December 31, 2020). At September 30, 2021 and December 31, 2020, bonds in local currency have maturity up to February 2055 in both periods and those in foreign currency mature up to July 2025 in both periods

At September 30, 2021 and December 31, 2020, a portion of Peru's global bonds in foreign currency have a cash flow hedge (Note 8).

- (c) At September 30, 2021 U.S. Treasury bills earn interest at an annual interest rate ranging from 0.028% to 0.067% in foreign currency (ranging from 0.03% to 0.76% at December 31, 2020) with maturities up to August 2022 (March 2021 at December 31, 2020).

At December 31, 2020, the exposure of U.S. Treasury bills includes S/ 6 million of provisions for country risk. Also, at December 31, 2020, a portion of the U.S. Treasury Bills has a cash flow hedge (Note 8).

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Notes to the Consolidated Financial Statements

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- (d) At September 30, 2021 and December 31, 2020, this item includes corporate bonds issued by local entities of Peru in foreign currency.

At September 30, 2021 these bonds accrue interest at annual interest rates ranging from 1.04% to 1.37% in foreign currency (from 0.65% to 1.04% at December 31, 2020). At September 30, 2021 and December 31, 2020, those bonds in foreign currency have maturities of up to April 2023, in both periods.

- (e) At September 30, 2021 and December 31, 2020, this item mainly reflects shares on the Lima Stock Exchange (Bolsa de Valores de Lima - BVL) of S/ 29 million in both periods. At September 30, 2021, an impairment provision was recorded of S/ 14 million and S/ 4 million for the investments on Bolsa de Valores de Lima and Pagos Digitales Peruanos, in both periods.

- (f) Multilateral development bank bonds include international corporate bonds in foreign currency issued by the European Investment Bank (EIB) matured in June 2021. Bonds of the Asian Development Bank matured in January 2021. At December 31, 2020, these bonds earn interest at an annual interest rate from 0.16% to 7.28% in foreign currency.

At December 31, 2020, a portion of the EIB bonds in foreign currency have a cash flow hedge (Note 8 (ii)).

- (g) At September 30, 2021 and December 31, 2020, investments in mutual funds reflect the ownership interest quotas held by Inmuebles y Recuperaciones BBVA S.A. in the different funds managed by BBVA Asset Management S.A. SAF.

At September 30, 2021, unrealized loss on valuations of available-for-sale investments (Note 15-D) totaled S/ 61 million (S/ 111 million of unrealized gains at December 31, 2020).

At September 30, 2021 and 2020, interest accrued on the Bank's investment portfolio (Note 17) totaled S/ 92 million and S/ 118 million, respectively.

**BANCO BBVA PERU AND SUBSIDIARIES**  
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**7. Loan portfolio, net**

At September 30, 2021 and December 31, 2020, this item consists of:

<i>In thousands of Peruvian soles</i>	<b>2021</b>		<b>2020</b>	
Direct loans				
Loans	33,328,361	48%	33,852,056	52%
Mortgage loans	13,702,877	20%	12,850,101	19%
Consumer loans	7,043,109	10%	6,489,115	10%
Foreign trade	4,717,426	7%	3,647,036	5%
Finance lease	3,599,935	5%	3,478,196	5%
Project finance	1,989,676	3%	1,853,442	3%
Factoring	1,121,420	2%	1,295,540	2%
Discounts	844,371	1%	874,658	1%
Others	2,651,192	4%	2,141,713	3%
	<b>68,998,367</b>	<b>100%</b>	<b>66,481,857</b>	<b>100%</b>
Loans past due and loans under legal collection	2,640,422	3%	2,285,362	3%
Refinanced loans	2,256,750	3%	1,808,355	3%
	<b>73,895,539</b>	<b>106%</b>	<b>70,575,574</b>	<b>106%</b>
Plus (less):				
Accrued returns on current loans	623,034	1%	539,844	1%
Unearned interest	(103,102)	-	(102,554)	-
Provisions for direct loan losses	(5,048,244)	(7%)	(4,419,103)	(7%)
	<b>69,367,227</b>	<b>100%</b>	<b>66,593,761</b>	<b>100%</b>
Contingent loans	<b>17,330,759</b>		<b>20,304,156</b>	

At September 30, 2021 and December 31, 2020, 51% of the direct loan portfolio is concentrated in approximately 3,768 and 3,795 customers, which total S/ 38,040 million and S/ 36,447 million, respectively.

The direct loan portfolio is secured with guarantees obtained from customers, mostly comprising mortgages, deposits, performance bonds, securities and "warrants" for a total of S/ 55,617 million at September 30, 2021 (S/ 54,746 million at December 31, 2020).

At September 30, 2021, a portion of the mortgage loan portfolio is secured with a balance due from Fondo MIVIVIENDA S.A. – Programa MI HOGAR of up to S/ 470 million (S/ 452 million at December 31, 2020) (Note 13 (b)).

At September 30, 2021 a portion of the loan portfolio relates to the economic relief program called Reactiva Perú, Crecer and FAE (Note 1.D) showing balances of S/ 12,862 million, S/ 9 million and S/ 31 million, respectively (S/ 14,931 million, S/ 15 million and S/ 94 million at December 31, 2020). Financing under the Reactiva program reflects the repo transactions involving the loan portfolio with the BCRP (Note 14(a)). The table below shows a breakdown of these loans by the type:

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<i>In thousands of Peruvian soles</i>	<b>2021</b>	<b>2020</b>
Medium-sized entities	8,194,312	8,636,617
Large entities	3,208,134	3,835,084
Small entities	1,419,699	2,286,746
Corporate	31,473	38,000
Microbusinesses	8,630	134,929
<b>Total loans under the Reactiva Program</b>	<b>12,862,248</b>	<b>14,931,376</b>

At September 30, 2021, S/ 4,210 million of the loan portfolio comprise repurchase agreements with the BCRP (S/ 199 million at December 31, 2020) (Note 14(a)).

At September 30, 2021, Grupo BBVA Perú has written down impaired loan portfolio of S/ 136 million (S/ 72 million, at December 31, 2020).

At September 30, 2021, Grupo BBVA Perú has condoned certain loan transactions for a total S/ 27 million, which correspond to capital (S/ 18 million, at December 31, 2020).

At September 30, 2021 and December 31, 2020 the annual average effective interest rate on major products were the following:

Loans	<b>2021</b>		<b>2020</b>	
	<b>Local currency</b>	<b>Foreign currency</b>	<b>Local currency</b>	<b>Foreign currency</b>
Loans and discounts	3.63	4.11	3.39	4.57
Mortgage	5.92	5.50	6.99	6.14
Consumer	19.18	22.06	21.68	22.64

The table below shows the balances at September 30, 2021 and December 31, 2020 of the direct loan portfolio by type of customer, in accordance with the provisions of Resolution SBS No 11356-2008:

<i>In thousands of Peruvian soles</i>	<b>2021</b>		<b>2020</b>	
Medium-sized entities	20,356,879	28%	19,959,956	28%
Mortgage	14,506,087	19%	13,560,999	19%
Corporate	13,766,700	19%	11,941,981	17%
Large entities	13,434,469	18%	12,662,580	18%
Consumer	7,397,549	10%	6,921,830	10%
Small entities	2,822,019	4%	3,416,998	5%
Public-sector entities	850,440	1%	1,195,003	2%
Financial system entities	519,070	1%	407,929	1%
Brokerage entities	165,381	-	322,952	-
Microbusinesses	70,445	-	172,346	-
Multilateral development banks	6,500	-	13,000	-
	<b>73,895,539</b>	<b>100%</b>	<b>70,575,574</b>	<b>100%</b>

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At September 30, 2021 and December 31, 2020, the loan portfolio balances are distributed in the following economic sectors:

<i>In thousands of Peruvian soles</i>	<b>2021</b>		<b>2020</b>	
Mortgage and Consumer loans	21,903,635	30%	20,482,829	30%
Trade	15,114,142	21%	14,370,278	20%
Manufacturing	10,693,907	15%	10,042,657	14%
Transport, warehousing and communications	6,761,670	9%	5,707,309	8%
Real Estate, corporate and rentals	4,394,447	6%	5,962,891	8%
Agriculture and cattle-raising	2,930,105	4%	2,308,038	3%
Electric power, gas and water	1,959,813	3%	1,392,419	2%
Hotels and restaurants	1,820,607	2%	1,781,799	3%
Mining	1,777,865	2%	2,007,550	3%
Financial brokerage	1,630,871	2%	1,232,140	2%
Construction	1,471,782	2%	1,417,140	2%
Other	3,436,695	4%	3,870,524	5%
	<b>73,895,539</b>	<b>100%</b>	<b>70,575,574</b>	<b>100%</b>

**BANCO BBVA PERU AND SUBSIDIARIES**

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At September 30, 2021 and December 31, 2020, under the SBS standards currently in force, the loan portfolio of Grupo BBVA Perú is risk rated as follows:

<i>In thousands of Peruvian soles</i>	2021						2020					
	Directs	%	Contingent	%	Total	%	Direct	%	Contingent	%	Total	%
Credit risk-rating												
Normal	66,589,864	91	15,658,192	91	82,248,055	90	64,142,505	91	19,307,896	96	83,450,401	91
With potential problems	2,540,636	3	1,110,428	6	3,651,064	4	2,154,440	3	466,670	2	2,621,110	3
Substandard	1,153,816	2	443,412	3	1,597,228	2	1,084,194	2	416,776	2	1,500,970	2
Doubtful	1,036,264	1	46,945	-	1,083,209	1	881,024	1	36,260	-	917,284	1
Loss	2,471,858	3	71,782	-	2,543,640	3	2,210,857	3	76,554	-	2,287,411	3
	<b>73,792,437</b>	<b>100</b>	<b>17,330,759</b>	<b>100</b>	<b>91,123,196</b>	<b>100</b>	<b>70,473,020</b>	<b>100</b>	<b>20,304,156</b>	<b>100</b>	<b>90,777,176</b>	<b>100</b>
Unearned interest	103,102				103,102		102,554				102,554	
	<b>73,895,539</b>		<b>17,330,759</b>		<b>91,226,298</b>		<b>70,575,574</b>		<b>20,304,156</b>		<b>90,879,730</b>	

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At September 30, 2021 and December 31, 2020, the movement of the provision for direct loan losses is as follows:

<i>In thousands of Peruvian soles</i>	<b>2021</b>	<b>2020</b>
Balances at January 1	(4,419,103)	(2,907,009)
Additions debited to profit or loss	(2,065,655)	(2,749,072)
Recovery of provisions	1,114,472	991,859
Sales of loan portfolio	317,475	225,546
Write-offs	136,479	71,506
Waiver	27,240	18,334
Exchange difference and other adjustments	(159,152)	(70,267)
<b>Balances at September 30, 2021 and December 31, 2020</b>	<b>(5,048,244)</b>	<b>(4,419,103)</b>

At September 30, 2021 and 2020 the provision for direct loan losses, as shown net in the consolidated statement of income, is as follows:

<i>In thousands of Peruvian soles</i>	<b>2021</b>	<b>2020</b>
Provisions for loan losses	(2,065,655)	(2,020,596)
Recovery of provisions	1,114,472	855,816
Income from recovery of loan portfolio	10,408	4,001
<b>Provision for loan losses, net of recoveries</b>	<b>(940,775)</b>	<b>(1,160,779)</b>

Management considers that the level of provision for loans losses covers eventual losses on the direct loan portfolio at the date of the consolidated statement of financial position and has been determined in compliance with current regulations.

The balance of the provision for loan losses is as follows:

<i>In thousands of Peruvian soles</i>	<b>2021</b>	<b>2020</b>
Specific	(2,969,232)	(2,788,296)
COVID - 19 specific	(34,146)	(128,446)
Generic	(656,225)	(585,172)
Voluntary	(1,387,964)	(915,643)
Provision for country risk	(677)	(1,546)
<b>Balances at September 30, 2021 and December 31, 2020</b>	<b>(5,048,244)</b>	<b>(4,419,103)</b>

Grupo BBVA Perú, in compliance with current laws and regulations, has identified customers exposed to the exchange rate risk, and considers that it is not necessary to record an additional provision for this item.

Over 2021, the Bank sold its loan portfolio for S/ 317 million (S/ 226 million in 2020). The selling price was S/ 19 million (S/ 11 million over 2020) and is shown within "profit or loss from financial transactions" in the consolidated statement of income.

At September 30, 2021 and December 31, 2020 rescheduled loans totaled S/ 3,012 million and S/ 13,210 million, respectively as broken down below:

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<i>In thousands of Peruvian soles</i>	<b>2021</b>	<b>2020</b>
<b>Types of loans</b>		
Medium-sized entities	924,513	3,966,509
Housing mortgage	570,023	4,676,367
Revolving consumer	566,972	844,938
Large entities	340,017	1,214,955
Corporate	277,876	157,953
Small-sized entities	182,366	512,861
Non-revolving consumer	147,392	1,831,799
Microbusinesses	3,327	4,429
<b>Total rescheduled loans</b>	<b>3,012,486</b>	<b>13,209,811</b>

From April to June 2020, the Bank rescheduled approximately S/ 2,872 million of loans for a period not longer than 3 months at no interest (consumer loans, small-sized and microbusinesses). The impact of these rescheduling was smaller financial income of approximately S/ 97 million.

## 8. Trading and Hedging Derivatives

At September 30, 2021 and December 31, 2020 the Bank has commitments to buying foreign exchange on a future date ("*forwards*"), currency swaps, interest rate swaps (IRS") and options. The table below shows the fair value of these derivatives as accounts receivable (asset) or accounts payable (liabilities). The nominal values shown reflect the underlying amount of the derivatives based on which changes in the fair value are measured.

<i>In thousands of Peruvian soles</i>	<i>Note</i>	<b>Underlying</b>	<b>Nominal</b>	<b>Asset</b>	<b>Liabilities</b>
<b>2021</b>					
<b>Trading derivative</b>					
Forward foreign exchange			26,269,362	511,641	1,039,651
Interest rate swaps			19,758,401	228,076	313,719
Currency swaps			18,902,812	2,016,323	1,082,138
Share, exchange options and other			487,095	578	578
Provision for country risk			-	(12,568)	-
			<b>65,417,671</b>	<b>2,744,050</b>	<b>2,436,086</b>
<b>Hedging instrument</b>	<i>5 and 12</i>				
<b>At fair value (i)</b>					
Interest rate swaps		Bond issue	3,307,200	69,776	-
Interest rate swap		Borrowings and financial obligations	31,005	173	-
<b>Cash flows (ii)</b>					
Forward foreign exchange		Loan portfolio	605,261	-	9,272
Forward foreign exchange		U.S. Treasury bills	413,400	-	9,935
Currency swaps		Peru Global bonds	124,020	-	36,862
Forward foreign exchange		Bond Interest	41,340	100	-
Interest rate swap		Borrowings and financial obligations	17,717	-	121
			<b>4,539,943</b>	<b>70,049</b>	<b>56,190</b>
			<b>69,957,614</b>	<b>2,814,099</b>	<b>2,492,276</b>



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<i>In thousands of Peruvian soles</i>	<b>Note</b>	<b>Underlying</b>	<b>Nominal</b>	<b>Asset</b>	<b>Liabilities</b>
<b>2020</b>					
<b>Trading derivatives</b>					
Forward foreign exchange			20,640,060	153,918	205,947
Interest rate swaps			12,326,261	280,024	375,716
Currency swaps			10,138,403	469,980	291,822
Share, exchange options and other			720,484	2,910	2,910
Provision for country risk			-	(8,237)	-
			<b>43,825,208</b>	<b>898,595</b>	<b>876,395</b>
<b>Hedging derivatives</b>	<i>6 and 13</i>				
<b>At fair value (i)</b>					
Interest rate swaps		Bond issuance	2,896,800	102,960	-
Interest rate swaps		Borrowings and financial obligations	54,315	394	-
<b>Cash flows (ii)</b>					
Forward foreign exchange		U.S. Treasury bills	217,260	-	2,674
Forward foreign exchange		Multilateral development bank bond	111,161	-	5,466
Currency swaps		Peru Global Bond	108,630	-	6,196
Interest rate swaps		Borrowings and financial obligations	31,037	-	297
			<b>3,419,203</b>	<b>103,354</b>	<b>14,633</b>
			<b>47,244,412</b>	<b>1,001,949</b>	<b>891,028</b>

(i) ***Hedging instrument at fair value***

***Interest rate swap - IRS***

At September 30, 2021, the Bank has contracted “*interest rate swaps - IRS*” at a nominal value of S/ 3,338 million to hedge borrowings and financial obligations (S/ 2,951 million at December 31, 2020). On these IRS, the Bank obtains a fixed interest rate in U.S. dollars and pays interest at a variable rate in the same currency. Over 2021, the total change in the fair value of the IRSs reflects losses of S/ 28 million as shown within “Profit or loss from financial transactions” in the consolidated statement of income (loss of S/ 86 million in 2020).

(ii) ***Cash flow hedge derivatives***

***Forward foreign exchange***

At September 30, 2021, the Bank has contracted a forward foreign exchange for a total of S/ 1,060 million to hedge loan portfolio (US\$ 146 million), U.S. Treasury bills (US\$ 100 million) and bond interest (US\$ 10 million). On the loan portfolio and U.S. Treasury bills, the Bank obtains a future cash flow in Peruvian soles and pays future cash flows in U.S. dollars; for bond interest, it obtains a future cash flow in U.S. dollars and pays future cash flows in Peruvian soles.

At December 31, 2020, the Bank has contracted “*forward foreign exchange*” for a total of S/ 328 million to hedge fixed-income securities recorded as available-for-sale investments (US\$ 60 million of U.S. Treasury bills, US\$ 20 million of Asian Development Bank (ASD) bonds and US\$ 10 million of European Investment Bank (EUI) bonds). On the U.S. Treasury bills, it obtains cash flows in soles and pays future cash flows in U.S. dollars; on the ASD and EUI bonds, it obtains future cash flows in soles and pays future cash flows in U.S. dollars.

Over 2021, the fair value of the “forward foreign exchange” contracts reflect loss of S/ 6,3 million recognized in equity accounts, net of deferred income tax (gains, net of deferred income tax of S/ 2.8 million over 2020).

***Cross-currency swaps - CCS***

At September 30, 2021, the Bank has “*cross-currency swaps - CCS*” at a nominal value of S/ 116 million to hedge bonds recognized as available-for-sale investments (US\$ 30 million of global

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bonds). By means of the CCS on the global bonds, the Bank obtains fixed interest rate in soles and pays fixed interest rate in U.S. dollars.

At December 31, 2020, the Bank has “*cross-currency swaps - CCS*” contracts at a nominal value of S/109 million to hedge bonds recognized as available-for-sale investments (US\$ 30 million of global bonds). On the CCS of the global bonds, the Bank obtains fixed interest rate in soles and pays fixed interest rate in U.S. dollars.

Over 2021, the fair value of CCS reflects losses of S/ 8.8 million as recorded in equity accounts, net of the related deferred income tax (gains, net of deferred income tax of S/ 3.3 million over 2020).

***Interest rate swap - IRS***

At September 30, 2021, the Bank has “*interest rate swap - IRS*” contracts at a nominal value of S/ 18 million to hedge borrowings and financial obligations (S/ 31 million at December 31, 2020). The Bank obtains a variable interest rate in U.S. dollars and pays a fixed interest rate in the same currency. Over 2021, the fair value of the IRS reflects gains of S/ 0.1 million and is recorded in equity accounts, net of the related deferred income tax (losses, net of deferred income tax of S/ 0.1 million over 2020).

**9. Interest in Associates**

At September 30, 2021 and December 31, 2020, this item consists of:

<i>In thousands of Peruvian soles</i>	<b>2021</b>	<b>2020</b>
TFP S.A.C. (a)	5,509	4,582
Compañía Peruana de Medios de Pagos S.A.C. (b)	4,332	-
	<b>9,841</b>	<b>4,582</b>

(a) At September 30, 2021 and December 31, 2020, Grupo BBVA Perú, through the Bank, holds 24.30% interest in the capital stock of TFP S.A.C.

(b) At September 30, 2021, el Grupo BBVA Perú, through the Bank, holds 20.26% of the capital stock of Compañía Peruana de Medios de Pago S.A.C. (Visanet Perú) (21.03% at December 31, 2020)

In February 2021, the Bank sold a portion of its shares of Compañía Peruana de Medios de Pagos S.A.C. (Visanet Peru) based on the transactional level for 2020.

At December 31, 2020, the current juncture and the National Emergency instated nationwide had an adverse impact on the transactions and profit or loss of Visanet Perú, and therefore, Grupo BBVA Perú, via the Bank, recognized losses of S/ 2 million on that associate. The results of operations of that company were impacted by the COVID-19 national emergency. On the other hand, the Company's financial statements include the profit or loss of its subsidiary Soluciones y Servicios Integrados SAC, which was created three years ago focusing on the consumer and retail sector; therefore, costs and expenses have been incurred in creating new products and brand positioning.

At September 30, 2021 the Bank has recognized net gains on its interest in associates of S/ 7 million (net losses of S/ 1 million at September 30, 2020) (Note 20).

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**10. Property, furniture and equipment, net**

The movement of the item of property, furniture and equipment and the related accumulated depreciation is as follows:

<i>In thousands of Peruvian soles</i>	Land	Buildings and premises	Furniture and equipment	Vehicles	Installations and improvements to rental property	Work-in-progress	Goods in transit and replacement parts	Total
<b>Cost</b>								
Balance at January 1, 2020	118,224	970,780	732,353	8,088	263,400	85,125	255	2,178,225
Additions	-	8,725	52,390	-	4,560	66,606	-	132,281
Disposals and sales	-	-	(4)	-	-	-	-	(4)
Derecognition of assets and other	-	(217)	(3,214)	-	24	(39)	-	(3,446)
Transfers	-	(79,557)	-	-	79,770	(213)	-	-
<b>At December 31, 2020</b>	<b>118,224</b>	<b>899,731</b>	<b>781,525</b>	<b>8,088</b>	<b>347,754</b>	<b>151,479</b>	<b>255</b>	<b>2,307,056</b>
Additions	-	4,247	51,811	-	3,774	20,153	-	79,985
Disposals and sales	-	-	-	-	-	-	-	-
Derecognition of assets and other	-	(195)	(18,230)	(366)	-	-	-	(18,791)
Transfers	-	-	-	-	1,434	(1,434)	-	-
<b>At September 30, 2021</b>	<b>118,224</b>	<b>903,783</b>	<b>815,106</b>	<b>7,722</b>	<b>352,962</b>	<b>170,198</b>	<b>255</b>	<b>2,368,250</b>
<b>Depreciation</b>								
Balance at January 1, 2020	-	563,560	454,287	6,639	165,635	-	-	1,190,121
Additions	-	24,645	71,475	643	10,606	-	-	107,369
Disposals and sales	-	-	(4)	-	-	-	-	(4)
Impairment	-	118	-	-	-	-	-	118
Derecognition of assets	-	(216)	(3,457)	-	20	-	-	(3,653)
Transfers	-	(16,582)	-	-	16,582	-	-	-
<b>At December 31, 2020</b>	<b>-</b>	<b>571,525</b>	<b>522,301</b>	<b>7,282</b>	<b>192,843</b>	<b>-</b>	<b>-</b>	<b>1,293,951</b>
Additions	-	17,552	53,204	337	8,358	-	-	79,451
Disposals and sales	-	-	-	-	-	-	-	-
Impairment	-	9,700	-	-	10,100	-	-	19,800
Derecognition of assets and other	-	(195)	(18,253)	(366)	-	-	-	(18,814)
Transfers	-	-	-	-	-	-	-	-
<b>At September 30, 2021</b>	<b>-</b>	<b>598,582</b>	<b>557,252</b>	<b>7,253</b>	<b>211,301</b>	<b>-</b>	<b>-</b>	<b>1,374,388</b>
<b>Net carrying amount</b>								
<b>At September 30, 2021</b>	<b>118,224</b>	<b>305,201</b>	<b>257,854</b>	<b>469</b>	<b>141,661</b>	<b>170,198</b>	<b>255</b>	<b>993,862</b>
<b>At December 31, 2020</b>	<b>118,224</b>	<b>328,206</b>	<b>259,224</b>	<b>806</b>	<b>154,911</b>	<b>151,479</b>	<b>255</b>	<b>1,013,105</b>

Under current legislation, banks in Peru are not permitted to use the items of Property, furniture and equipment as guarantees, except for those items acquired by means of the issuance of lease bonds and to carry out lease transactions.

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**11. Other Assets, net**

At September 30, 2021 and December 31, 2020, this item consists of:

<i>In thousands of Peruvian soles</i>	<b>2021</b>	<b>2020</b>
<b>Other assets</b>		
Transactions in progress (a)	1,520,178	765,274
Intangible assets (b)	273,875	285,337
Prepaid expenses (c)	132,292	122,256
VAT and Income tax credit balance, net	116,271	176,754
Other accounts receivable	106,445	37,511
Accounts receivable from sales of goods, services and trust funds	7,742	7,103
Others	1,894	1,978
	<b>2,158,697</b>	<b>1,396,213</b>

- (a) Transactions in progress are mainly those carried out during the last days of the month and are reclassified in the following month to their final accounts in the consolidated statement of financial position. These transactions do not have an impact on the Grupo BBVA Peru's profit or loss. At September 30, 2021, these are mainly treasury transactions: i) currency buying and selling of S/ 968 million (S/ 480 million at December 31, 2020), and ii) sales of securities of S/ 496 million (S/ 231 million at December 31, 2020).
- (b) At September 30, 2021, intangible assets are recorded net of accumulated amortization and impairment for S/ 350 million (S/ 246 million at December 31, 2020).
- (c) At September 30, 2021 and December 31, 2020 prepaid expenses mainly consist of deferred loan origination costs related to fees paid to the external sales force.

**Goodwill**

At December 31, 2020, the Grupo BBVA Perú, through the Bank, has assessed the recoverable amount of the CGU (cash-generating unit) and has recognized an allowance for impairment of S/ 10 million of goodwill, which is the higher value paid over the carrying amounts of BBVA Consumer Finance EDPYME, Forum Comercializadora del Perú S.A. and Forum Distribuidora del Perú S.A.

**12. Obligations to the Public and Deposits from Financial System Entities**

At September 30, 2021 and December 31, 2020, this item consists of:

<i>In thousands of Peruvian soles</i>	<b>2021</b>	<b>2020</b>
<b>Obligations to the public</b>		
Savings deposits	29,228,626	24,711,799
Demand deposits	25,633,908	29,778,628
Time deposits	13,516,172	16,247,276
Other obligations	105,116	74,831
	<b>68,483,822</b>	<b>70,812,534</b>
<b>Deposits from financial system entities</b>		
Demand deposits	517,111	512,338
Time deposits	319,908	815,785
Savings deposits	83,637	71,940
	<b>920,656</b>	<b>1,400,063</b>
	<b>69,404,478</b>	<b>72,212,597</b>

The Bank determines deposit interest rates based on the interest rates prevailing in the market. Annual interest rates prevailing at September 30, 2021 and December 31, 2020 on major products ranged as follows:

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	2021		2020	
	Local currency	Foreign currency	Local currency	Foreign currency
Checking accounts	0.00 – 0.25	0.00 – 0.125	0.00 – 0.25	0.00 – 0.125
Saving deposits	0.00 – 0.50	0.00 – 0.125	0.00 – 0.50	0.00 – 0.25
Time deposits and bank certificates	0.01 – 1.35	0.01 – 0.80	0.80 – 1.35	0.10 – 0.80
Super depósito	0.01 – 1.35	0.01 – 0.25	0.80 – 1.35	0.10 – 0.80
Depósitos CTS	0.25 – 1.50	0.15 – 1.75	1.00 – 2.50	0.60 – 1.75

At September 30, 2021, of the total deposits and obligations with individuals, legal entities and non-profit institutions and other legal persons, S/ 25,659 million are secured with a deposit insurance fund called Fondo de Seguro de Depósitos (S/ 22,813 million at December 31, 2020). These figures are obtained from the daily average balances for the month as required under Resolution SBS No 0657-99. The maximum amount covered is S/ 112,853 at the close of September 2021 (S/ 101,522 at the close of December 2020).

### 13. Borrowings and financial obligations

At September 30, 2021 and December 31, 2020, this item consists of:

<i>In thousands of Peruvian soles</i>	2021	2020
Borrowings and financial obligations:		
Foreign financial institutions (a)	1,798,290	1,357,873
Programa MIVIVIENDA - Crédito MIHOGAR – Local financial system (b)	470,086	475,677
Corporación Financiera de Desarrollo – COFIDE (c)	33,750	134,236
Accrued interest payable	18,208	7,125
	<b>2,320,334</b>	<b>1,974,911</b>
Securities and bonds (d):		
Corporate bonds	2,851,661	3,026,713
Subordinated bonds	1,964,673	1,763,493
Negotiable certificates of deposit	139,539	131,903
Notes (debt instruments)	48,776	85,700
Accrued interest payable	42,234	70,998
	<b>5,046,883</b>	<b>5,078,807</b>
	<b>7,367,217</b>	<b>7,053,718</b>

Certain loan agreements include standard clauses regarding compliance with financial ratios, use of funds and other administrative matters. Management considers that at September 30, 2021 and December 31, 2020, these clauses are being met, in all material respects, and do not represent any restriction to the activities of Grupo BBVA Perú.

- (a) At September 30, 2021 and December 31, 2020, the Bank has reported the borrowings contracted with foreign financial institutions, which bear interest at annual average interest rates ranging from Libor + 0.52% and 5%

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<i>In thousands</i>	2021		2020		Maturity
	US\$	S/	US\$	S/	
BBVA S.A. (i)	200,000	826,800	-	-	February 2031
Wells Fargo Bank	100,000	413,400	100,000	362,100	May 2022
Citibank NY	50,000	206,700	50,000	181,049	November 2021
Mizuho Corporate Bank	50,000	206,700	50,000	181,049	November 2023
ICO - Instituto de crédito	35,000	144,690	35,000	126,735	August 2022
Toronto Dominion Bank	-	-	80,000	289,680	April 2021
Sumitomo Bank, NY	-	-	60,000	217,260	May 2021
	<b>435,000</b>	<b>1,798,290</b>	<b>375,000</b>	<b>1,357,873</b>	
Accrued interest payable	4,124	17,049	1,647	5,965	
	<b>439,124</b>	<b>1,815,339</b>	<b>376,647</b>	<b>1,363,838</b>	

- (i) Comprising a subordinated loan in foreign currency agreed at an annual interest rate of 3.18% for the first 5 years; a new rate is to be set for the remaining years. That borrowing is included in Tier 2 regulatory capital.

At September 30, 2021, Grupo BBVA Perú has accounts payable of S/ 2 million comprising deferred direct issuance expenses.

- (b) At September 30, 2021, this item reflects resources obtained to finance the acquisition of houses under a government-sponsored program called MI VIVIENDA (Crédito MI HOGAR), for a total S/ 468 million, in local currency and US\$ 0.5 million in foreign currency (S/ 449 million in local currency and US\$ 1 million in foreign currency at December 31, 2020). At September 30, 2021 and December 31, 2020, this amount bears interest at an annual effective rate in foreign currency of 7.75% and 6.25% on the principal plus the Constant Updating Value (VAC) in Peruvian soles, in both periods, with maturities up to September 2041 and December 2040, respectively.

At September 30, 2021 and December 31, 2020, the balances due to Fondo MIVIVIENDA are secured with a mortgage loan portfolio for up to S/ 470 million and S/ 452 million, respectively (Note 6). These loans include specific agreements on how the funds should be spent, the financial conditions that the final borrower should maintain and other administrative specifications.

- (c) At September 30, 2021, these balances reflect balances of the corporate support fund called Programa de Fondo de Apoyo Empresarial (FAE), managed by COFIDE with a total of S/ 29 million (S/ 127 million, at December 31, 2020), and US\$ 0.03 million in foreign currency (US\$ 0.2 million, at December 31, 2020). At September 30, 2021 these balances bear interest ranging from 4.61% and 7.51% (4.61% and 7.51% at December 31, 2020) in local currency and from 5.42% to 6.76% in foreign currency (5.29% and 7.36% at December 31, 2020).

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(d) At September 30, 2021 and December 31, 2020, securities and bonds are detailed as follows:

Program	Authorized amount	Currency	Original amount placed	2021	2020	Maturity date
<b>Corporate bonds</b>						
2nd issuance Series A- Fifth Program	USD 250 million	PEN	150,000	150,000	150,000	December 2026
2nd issuance Series A- Sixth program		PEN	150,000	-	150,000	June 2021
1st issuance Series A - Seventh Program	USD 1,000 million	PEN	132,425	-	132,425	June 2021
1st issuance Series B - Seventh Program		PEN	69,435	-	69,435	June 2021
2nd issuance Series A - Seventh Program		PEN	100,000	100,000	100,000	July 2023
2nd issuance Series B - Seventh Program		PEN	73,465	73,465	73,465	August 2023
1st issuance Series C - Seventh Program		PEN	70,000	-	70,000	September 2021
1st issuance Series D - Seventh Program		PEN	120,000	120,000	120,000	July 2022
1st issuance Series E - Seventh Program		PEN	65,520	65,520	65,520	August 2022
1st issuance Series F - Seventh Program		PEN	150,000	150,000	150,000	October 2022
2nd issuance Series C - Seventh Program		PEN	96,550	96,550	96,550	December 2024
First International Issuance Program (i)	USD 500 million	USD	500,000	2,096,126	1,849,318	August 2022
				<b>2,851,661</b>	<b>3,026,713</b>	
<b>Subordinated bonds</b>						
2nd issuance Series A- First Program	USD 50 million or S/ 158.30 million	USD	20,000	82,429	72,177	May 2027
3rd issuance Series A- First Program		PEN	55,000	85,143	81,672	June 2032
2nd issuance Series A- Second Program	USD 100 million	PEN	50,000	75,805	72,715	November 2032
3rd issuance Series A- Second Program		USD	20,000	82,680	72,420	February 2028
4th issuance Single Series- Second Program		PEN	45,000	65,839	63,155	July 2023
5th issuance Single Series- Second Program		PEN	50,000	72,210	69,266	September 2023
6ta issuance Series A- Second Program		PEN	30,000	42,579	40,844	December 2033
1st issuance Single Series- Third Program	USD 55 million	USD	45,000	186,030	162,945	October 2028
First International Issuance Program - Single Series(ii)	USD 300 million	USD	300,000	1,271,958	1,128,299	September 2029
				<b>1,964,673</b>	<b>1,763,493</b>	
<b>Negotiable certificates of deposit</b>				<b>139,539</b>	<b>131,903</b>	
<b>Notes (iii)</b>						
2nd issuance of Notes Series 2012-C and 2012-D	US\$ 235 million	USD	235,000	48,776	85,699	June 2022
				<b>48,776</b>	<b>85,699</b>	
<b>Accrued interest payable</b>				<b>42,234</b>	<b>70,998</b>	
				<b>5,046,883</b>	<b>5,078,806</b>	

- (i) In August 2012, the Bank issued corporate bonds in the international market for a face value of US\$ 500 million, at an annual fixed interest rate of 5%, and with maturity in August 2022; the principal will be fully paid at the maturity date. The fair value of this issue is hedged with an interest rate swap – IRS that has resulted in cumulative losses of S/ 29 million at September 30, 2021 (S/ 39 million of cumulative losses at December 31, 2020)
- (ii) In September 2014, the Bank issued subordinated bonds in the international market for a face value of US\$ 300 million, at an annual fixed rate of 5.25%, and with maturity in September 2029; the principal will be fully paid at the maturity date. The fair value of this issue is hedged with an interest rate swap – IRS that has resulted in cumulative gains of S/ 37 million at September 30, 2021 (S/ 47 million cumulative gains at December 31, 2020).
- (iii) Notes issued in June 2012 with a balance at September 30, 2021 of US\$ 12 million (US\$ 24 million at December 31, 2020) contains financing of US\$ 4 million (US\$ 9 million at December 31, 2020) with maturity in June 2022 with a cash flow hedge via an “interest rate swap – IRS” (Note 8(ii)). It also includes financing of US\$ 8 million (US\$ 15 million at December 31, 2020) agreed at

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an annual fixed interest rate of 5% with maturity in June 2022 with a fair value hedge via an interest rate swap – IRS, which, at September 30, 2021, has resulted in cumulative losses of S/ 0.1 million (cumulative losses of S/ 0.3 million at December 31, 2020)

These financing facilities are secured by present and future cash flows expected from the electronic payment orders of customers (Diversified payments rights - DPR's). In addition, they contain covenants involving financial ratios that should be met and other specific terms related to the transferred cash flows, which Management consider has complied with at September 30, 2021 and December 31, 2020

At September 30, 2021 and December 31, 2020, corporate bonds do not have specific guarantees and interest accrues at annual rates ranging from 3.9% to 7.5% and at an annual interest rate of 5% in foreign currency, in both periods

Subordinated bonds have been issued in accordance with the Banking Law and interest accrues at a rate ranging from constant update value (Valor de actualización constante) plus a spread in local currency, and from 5.3% to 6.5% in foreign currency at September 30, 2021 and December 31, 2020.

At September 30, 2021 and December 31, 2020, Grupo BBVA Perú has accounts payable of S/ 6 million and S/ 7 million, respectively comprising deferred issuance expenses.

#### **14. Accounts Payable, Provisions and Other Liabilities**

At September 30, 2021 and December 31, 2020, this item consists of:

<i>In thousands of Peruvian soles</i>	<b>2021</b>	<b>2020</b>
<b>Accounts payable</b>		
Repurchase agreements with the BCRP (a)	17,298,376	15,183,940
Accounts payable to suppliers	473,300	361,868
Dividends, workers' profit sharing and remunerations payable	386,700	114,026
Premium to deposit insurance fund, contributions and obligations with tax collecting institutions	226,039	128,063
Other accounts payable and current taxes (VAT and income tax) (b)	150,623	186,878
Interest payable	16,927	61,136
	<b>18,551,965</b>	<b>16,035,911</b>
<b>Other liabilities</b>		
Transactions in progress (c)	1,657,212	746,284
Deferred income and other	75,271	74,524
	<b>1,732,483</b>	<b>820,808</b>
<b>Provisions</b>		
Labor provisions and others	486,766	416,682
Provision for litigations, claims and other contingencies (d)	280,551	225,220
Provision for contingent loans (c)	248,436	247,027
	<b>1,015,753</b>	<b>888,929</b>
	<b>21,300,201</b>	<b>17,745,648</b>

- (a) At September 30, 2021, this item includes: repurchase agreement transactions of loan portfolio under the Reactiva Peru Program for S/ 11,894 million (S/ 13,602 million at December 31, 2020), repurchase agreement of loan portfolio for S/ 3,751 million (S/ 199 million at December 31, 2020) and repurchase agreements transactions with a certificate of deposits of S/ 1,653 million contracted with the BCRP.

Additionally, at December 31, 2020, this item includes obligations for repurchase agreement transactions of foreign currency of S/ 1,383 million have maturity up until April 2021 and bear interest at annual interest rates ranging from 1.80% to 3.06%.



## **BANCO BBVA PERU AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements

At September 30, 2021 and December 31, 2020

At September 30, 2021 and December 31, 2020 maturities of repurchase agreement transactions of loan portfolio under the Reactiva Peru Program are up to December 2025 and bear an annual interest rate of 0.50%. The maturities of the repurchase agreements of loan portfolio are up until September 2025 (up until August 2024 to December 31, 2020) and bear an annual interest rate of 0.50% and 1.3% (0.50% at December 31, 2020)

- (b) Other accounts payable at September 30, 2021 includes S/ 21 million of short-selling transactions (S/ 110 million at December 31, 2020).
- (c) Transactions in progress are mainly those carried out during the last days of the month and are reclassified in the following month to their final accounts in the consolidated statement of financial position; these transactions do not affect the Bank's profit or loss. At September 30, 2021, passive transactions in progress mainly include treasury transactions for S/ 1,409 million relating to treasury transactions (S/ 612 million at December 31, 2020).
- (d) Grupo BBVA Perú has several pending court claims, litigation and other processes that are related to its core business, which Management and its legal counsel consider will not result in additional liabilities to those already recognized.

### **15. Equity**

#### **A. Regulatory capital and legal limits**

In accordance with the Peruvian Banking Law, the regulatory capital ("patrimonio efectivo") amount could not be less than 10% of the assets and indirect loans weighted per credit, market and operational risks, which are calculated by the Bank and by EDPYME using the standard method for calculating the regulatory capital requirement for credit risk and market risk. For the operational risk, the Bank uses the alternative standard method while EDPYME uses the basic indicator method.

On an individual basis, at September 30, 2021, the regulatory capital of the Bank and EDPYME, determined under current laws and regulations is S/ 11,918 million and S/ 85 million, respectively (S/10,649 million and S/ 87 million, respectively at December 31, 2020). This figure is used to calculate certain limits and restrictions applicable to all banking entities in Peru, which management considers have been fully complied with.

At September 30, 2021, assets and contingent loans weighted per credit, market and operational risks of the Bank and EDPYME, determined under current laws and regulations is S/ 82,079 million and S/ 214 million, respectively (S/ 77,820 million and S/ 476 million, respectively, at December 31, 2020).

At September 30, 2021, the capital adequacy ratio for market, operational and credit risks of the Bank and Edpyme is 14.52% and 39.76%, respectively (13.68% and 18.25%, respectively, at December 31, 2020).

At September 30, 2021, the Additional Regulatory Capital Requirement of the Bank and EDPYME is S/ 778 million and S/ 5 million, respectively (S/ 1,285 million and S/ 8 million, respectively, at December 31, 2020).

#### **B. Capital social**

At September 30, 2021, the Bank's authorized, subscribed, and paid-in capital is represented by 6,758,467 thousand common shares at 1 sol (S/ 1.00) par value each (6,529,169 thousand shares at December 31, 2020).

At the General Shareholders' Meeting held on March 24, 2021 and May 11, 2020 the decision was made to increase share capital by S/ 229 million and S/ 644 million, respectively, by means of the capitalization of retained earnings.

**BANCO BBVA PERU AND SUBSIDIARIES**  
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The shareholding structure of the Bank at September 30, 2021 and December 31, 2020 is as follows:

Interest	2021		2020	
	Number of shareholders	Interest %	Interest	Number of shareholders
Up to 1	7,892	6.26	8,045	3.01
From 1.01 to 5	1	1.50	4	4.75
From 45.01 to 100	2	92.24	2	92.24
	<b>7,895</b>	<b>100.00</b>	<b>8,051</b>	<b>100.00</b>

**C. Reserves**

In accordance with the Banking Law, the Bank is required to keep a legal reserve of more than 35% of the paid-in-capital. This legal reserve shall be appropriated by an annual transfer of more than 10% of profit after tax. It shall replace the reserve referred to in the Peruvian Corporate Law (Ley General de Sociedades). On the other hand, in accordance with the Banking Law, the amount of this reserve may also be increased with contributions made by the shareholders for this purpose.

At the General Shareholders' Meeting held on March 24, 2021 and May 11, 2020 the reserve was approved to be made up of 10% of the 2020's profits (S/ 66 million) and 2019's profits (S/ 161 million), respectively

**D. Adjustments to equity**

At September 30, 2021 and December 31, 2020, unrealized gains, net of deferred income tax, were as follows:

<i>In thousands of Peruvian soles</i>	<i>Note</i>	2021	2020
Available-for-sale investments	6	(61,102)	110,556
Cash flow hedges	8	(15,054)	5,953
Associates' other comprehensive income		312	131
Actuarial liabilities		2,508	2,508
		<b>(73,336)</b>	<b>119,148</b>

**E. Retained earnings**

At the General Shareholders' Meetings held on March 24, 2021 and May 11, 2020 the decision was made to capitalize retained earnings of S/ 229 million and S/ 644 million, distribute dividends of S/ 295 million and S/ 563 million and hold within the retained earnings account a total of S/ 66 million and S/ 241 million, respectively.

On September 22, 2021, the Bank's board of directors approved the profit distribution for an amount of S/ 307 million corresponding to the profits for the years 2019 and 2020 recorded in retained earnings.

**16. Contingent Risks and Commitments**

At September 30, 2021 and December 31, 2020, this item consists of:

<i>In thousands of Peruvian soles</i>	2021	2020
Indirect loans:		
Guarantees and letters of guarantee	15,981,658	18,854,043
Letters of credit and banker's acceptances	1,349,101	1,450,113
	<b>17,330,759</b>	<b>20,304,156</b>
Unused credit lines and undrawn loans granted	15,443,531	13,724,115
Various responsibilities	6,614	5,794
	<b>32,780,904</b>	<b>34,034,065</b>

**BANCO BBVA PERU AND SUBSIDIARIES**  
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In the normal course of its business, Grupo BBVA Perú enters into transactions with risks recorded in contingent accounts. These transactions expose Grupo BBVA Perú to the credit risk, in addition to the risk reflected in the amounts stated in the consolidated statement of financial position

Credit risk for contingent transactions reflects the probability that a counterparty will default its obligations when they come due.

Grupo BBVA Perú applies similar credit policies when evaluating and granting direct and indirect loans. In management's opinion, contingent transactions do not represent a relevant credit risk since it expects that a portion of these indirect loans expire without being used. The total amount of indirect loans does not necessarily represent future cash outflows for Grupo BBVA Perú.

Management estimates that no significant losses will arise from contingent transactions as of September 30, 2021 and December 31, 2020.

### 17. Interest Income

At September 30, this item consists of:

<i>In thousands of Peruvian soles</i>	<b>2021</b>	<b>2020</b>
Direct loan portfolio	2,962,934	3,086,366
Available-for-sale investments	57,626	71,098
Profit or loss on hedging transactions	37,306	14,289
Investments at fair value through profit or loss	34,518	47,145
Cash and due from banks	17,600	31,860
Interbank funds	65	247
Other financial income	3,916	3,852
	<b>3,113,965</b>	<b>3,254,857</b>

### 18. Interest expenses

At September 30, this item consists of:

<i>In thousands of Peruvian soles</i>	<b>2021</b>	<b>2020</b>
Borrowings and financial obligations	(265,179)	(368,034)
Obligations with the public	(116,665)	(376,869)
Accounts payable	(69,480)	(60,583)
Deposits from financial system entities	(5,744)	(25,358)
Interbank funds	(373)	(3,119)
Other financial expenses	(22,995)	(13,313)
	<b>(480,436)</b>	<b>(847,276)</b>

## 19. Income and expenses from financial services, net

At September 30, this item consists of:

<i>In thousands of Peruvian soles</i>	<b>2021</b>	<b>2020</b>
<b>Income</b>		
Income from credit card commissions	208,407	142,898
Commissions on transfers	196,345	119,797
Income from indirect loans	182,770	153,844
Income from commissions on collection services	107,352	105,905
Income from online corporate banking services	42,151	36,945
Income from services and maintenance of checking accounts	41,110	39,385
Income from advisory services	14,783	6,783
Income from technical and legal studies	14,414	12,786
Income from cash services	3,509	5,804
Income from trust and trustee commissions	1,127	1,097
Other income from services	229,627	204,085
	<b>1,041,595</b>	<b>829,329</b>
<b>Expenses</b>		
Expenses from Visa and Mastercard transactions	(94,821)	(82,210)
Deposit insurance fund premiums	(79,139)	(66,730)
Customer loyalty programs	(56,823)	(42,178)
Transfers	(22,448)	(11,881)
Foreign exchange spot purchase transaction	(9,765)	(5,502)
Checking account maintenance expenses	(3,927)	(3,028)
Other expenses in services	(139,853)	(45,232)
	<b>(406,776)</b>	<b>(256,761)</b>
	<b>634,819</b>	<b>572,568</b>

## 20. Profit or loss from financial transactions

At September 30, this item consists of:

<i>In thousands of Peruvian soles</i>	<b>2021</b>	<b>2020</b>
Derivatives held for trading	572,173	(700)
Exchange gains (losses) (Note 4)	46,730	423,022
Gains (losses) on share of interest in associates	6,995	(1,207)
Investments at fair value through profit or loss	(45,102)	12,385
Available-for-sale investments	(27,070)	21,327
Other	30,460	9,605
	<b>584,186</b>	<b>464,432</b>

**BANCO BBVA PERU AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements

At September 30, 2021 and December 31, 2020

**21. Administrative expenses**

At September 30, this item consists of:

<i>In thousands of Peruvian soles</i>	<b>2021</b>	<b>2020</b>
Expenses in personnel and Board	(659,298)	(647,500)
Expenses in services provided by third parties	(605,767)	(576,476)
Taxes and contributions	(40,448)	(36,873)
	<b>(1,305,513)</b>	<b>(1,260,849)</b>

**22. Earnings per share**

The table below shows the calculation of the weighted average number of shares outstanding and earnings per share at September 30, 2021 and 2020:

<i>In thousands</i>	<b>Number of shares outstanding</b>	<b>Base shares in determining weighted average</b>	<b>Effective days to period-end</b>	<b>Weighted average number of ordinary shares</b>
<b>2021</b>				
Balance at January 1, 2021	6,529,169	6,529,169	270	6,529,169
Capitalization of profit or loss for 2020	229,298	229,298	270	229,298
<b>Balance at September 30, 2021</b>	<b>6,758,467</b>	<b>6,758,467</b>		<b>6,758,467</b>
<b>2020</b>				
Balance at January 1, 2020	5,885,209	5,885,209	270	5,885,209
Capitalization of profit or loss for 2019	643,960	643,960	270	643,960
Capitalization of profit or loss for 2020	229,298	229,298	270	229,298
<b>Balance at September 30, 2020</b>	<b>6,758,467</b>	<b>6,758,467</b>		<b>6,758,467</b>

At September 30, 2021 y 2020, earnings per share calculated on the basis of the weighted average number of shares outstanding was S/ 0.1316 and S/ 0.0814, respectively.

## BANCO BBVA PERU AND SUBSIDIARIES

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At September 30, 2021 and December 31, 2020

### 23. Related-Party Transactions

At September 30, 2021 y December 31, 2020, the consolidated financial statements of Grupo BBVA Perú include related-party transactions, which, under IAS 24 and SBS regulations, comprise the Parent Company, related parties, associates, other related parties, and the Bank's directors and key management. All transactions with related parties are carry out under the same market conditions available for unrelated third parties.

(a) The table below shows the balances of the consolidated statement of financial position of Grupo BBVA Perú showing transactions with related parties at September 30, 2021 and December 31, 2020:

	2021					2020				
	Controlling party	Related parties (*)	Associates	Key staff and directors	Total	Controlling party	Related parties (*)	Associates	Key staff and directors	Total
<i>In thousands of Peruvian soles</i>										
<b>Assets:</b>										
Cash	306,342	-	-	-	306,342	207,721	-	-	-	207,721
Loan portfolio, net	-	887,354	15,348	32,044	934,746	-	353,554	32,824	29,146	415,524
Derivatives held for trading	511,132	126,221	-	-	637,353	322,397	80,325	-	-	402,722
Other assets, net	1,367,415	10,425	-	-	1,377,840	195,313	33,235	4,207	-	232,755
<b>Total assets</b>	<b>2,184,889</b>	<b>1,024,000</b>	<b>15,348</b>	<b>32,044</b>	<b>3,256,281</b>	<b>725,431</b>	<b>467,114</b>	<b>37,031</b>	<b>29,146</b>	<b>1,258,722</b>
<b>Liabilities:</b>										
Obligations with the public and deposits from financial system entities	147,285	324,376	812	565,787	1,038,260	91,266	803,885	331	98,195	993,677
Borrowings and financial obligations	842,623	-	-	-	842,623	-	-	-	-	-
Derivatives held for trading	1,851,903	310	-	-	1,852,213	511,778	380	-	-	512,158
Provisions and other liabilities	33,586	382,029	-	-	415,615	25,981	15,808	35	25	41,849
<b>Total liabilities</b>	<b>2,875,397</b>	<b>706,715</b>	<b>812</b>	<b>565,787</b>	<b>4,148,711</b>	<b>629,025</b>	<b>820,073</b>	<b>366</b>	<b>98,220</b>	<b>1,547,684</b>
<b>Off-balance sheet accounts</b>										
Indirect loans	-	32,730	20,329	-	53,059	-	353,276	317	1,539	355,132
Derivative financial instruments	24,178,975	24,793	-	-	24,203,768	17,759,685	23,252	-	-	17,782,937

(\*) Related parties include balances and transactions with other related parties in accordance with IAS 24 and SBS regulations.

**BANCO BBVA PERU AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements

At September 30, 2021 and December 31, 2020

- (b) The table below shows the effects of related-party transactions on the Grupo BBVA Peru's consolidated statement of financial position for the periods ended September 30, 2021 and 2020:

<i>In thousands of Peruvian soles</i>	2021					2020				
	Controlling party	Related parties (*)	Associates	Key staff and directors	Total	Controlling party	Related parties (*)	Associates	Key staff and directors	Total
Interest income	-	1,886	-	134	2,020	-	853	-	121	974
Interest expense	-	(10,844)	-	(26)	(10,870)	-	(6,020)	-	(86)	(6,106)
<b>Financial margin</b>	-	<b>(8,958)</b>	-	<b>108</b>	<b>(8,850)</b>	-	<b>(5,167)</b>	-	<b>35</b>	<b>(5,132)</b>
Income from financial services	229	792	-	23	1,044	1,851	1,486	-	16	3,353
Expenses in financial services	-	-	-	-	-	-	-	-	-	-
<b>Net commissions</b>	<b>229</b>	<b>792</b>	-	<b>23</b>	<b>1,044</b>	<b>1,851</b>	<b>1,486</b>	-	<b>16</b>	<b>3,353</b>
Net profit or loss from financial transactions	(6,268)	(2,589)	-	4	(8,853)	(6,312)	(1,418)	-	-	(7,730)
Administrative expenses	(40,393)	(77,508)	-	-	(117,901)	(21,845)	(54,215)	-	-	(76,060)
Other income, net	-	9	-	-	9	-	222	-	-	222
<b>Other income and expenses</b>	<b>(46,661)</b>	<b>(80,088)</b>	-	<b>4</b>	<b>(126,745)</b>	<b>(28,157)</b>	<b>(55,411)</b>	-	-	<b>(83,568)</b>

(\*) Related parties include balances and transactions with other related parties in accordance with IAS 24 and SBS regulations.

## **BANCO BBVA PERU AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements

At September 30, 2021 and December 31, 2020

(c) Loans to personnel and key management compensation.

At September 30, 2021 and December 31, 2020, the Board of Directors, executives and employees of the Bank hold loan transactions permitted under the Banking Law, which regulates and establishes certain limits to transactions with members of the Board of Directors, executives and employees of financial entities in Peru. At September 30, 2021 and December 31, 2020, direct loans granted to employees, directors, executives and key personnel total S/ 532 million and S/ 496 million, respectively.

Also, at September 30, 2021 y 2020, remuneration of key personnel and compensation of the board of directors total S/ 13 million and S/ 9 million, respectively

### **24. Trust and Fiduciary Services**

The Bank offers trust and fiduciary structuring and management services and engages in preparing the related agreements. Assets held in trust are not included in the Bank's consolidated financial statements. The Bank is responsible for the appropriate management of these trusts based on the limits set by the applicable laws and the respective agreement. At September 30, 2021, the carrying amount of assets held in trust and trust property in the hands of the Bank totals S/ 13,601 million (S/ 15,199 million at December 31, 2020).

### **25. Financial risk management**

Financial risk management is a critical function to the Bank's strategy because it guarantees its creditworthiness and sustainable development. The Bank's risk profile has been defined in accordance with the strategy and policies set by Grupo BBVA Perú, and considers a focused, independent and comprehensive risk management model.

- Focused: Focused on one single objective. Risk appetite is determined based on fundamental metrics, portfolio thresholds and economic sectors as well as indicators for portfolio management and monitoring.
- Independent: Independent of the business processes and supplemental to it. The risk area adaptation process enables it to closely monitor and follow up on the business and detect opportunities.
- Comprehensive: The Group has a risk model that is adaptable to all risks, to all businesses and in all countries.

For effective management with a comprehensive vision, the risk area of Grupo BBVA Perú is structured by type of risk: admission of retail and wholesale risks, monitoring, collections and recoveries, structural, market and fiduciary risks, control, validation, reporting and regulation; and with the aim of seeking synergies and greater integration of the processes that range from strategy, planning, to the implementation of management models and tools, the Risk Solution team consolidates cross-cutting functions that support the overall risk management.

During this year, the Internal Control and Compliance area was created for the purpose of monitoring the adequate Internal Control and Compliance function as well as managing relations with authorities and regulators; the duties of this area comprises monitoring Internal Control activities as well as assessing Non-Financial Risks that were previously monitored by the Risk Area.

During the course of this period, given the situation in the country involving the COVID-19 spread, risk management was focused on managing the crisis from all fronts:

- Portfolio management under the guidelines defined by the SBS and the Government, adaptation of management and monitoring reports to meet the new needs of the ongoing situation,
- Ongoing follow-up and monitoring of the liquidity risks
- From wholesale and retail Admission, permanent review and adjustment of the admission policies, rescheduling modalities carrying out the portfolio diagnosis, segmentation and action plans based on the identified criticality.



## **BANCO BBVA PERU AND SUBSIDIARIES**

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At September 30, 2021 and December 31, 2020

- The follow-up and management of collections was conducted based on a preventive and anticipatory approach, oriented to the most vulnerable and affected sectors. Specialized teams have been set up to manage collections by implementing differentiated strategies based on the portfolio. Therefore, a good level of containment of the rescheduled portfolio has been achieved.
- Under the management of non-financial risks, execution of control activities in order to mitigate operational risks.

### ***Credit risk***

The Bank's risk management system is based on a corporate governance model by which Grupo BBVA determines the policies for managing and controlling the risk of retail and wholesale loans, and which are adapted to the local reality and regulations.

The risk area structure for credit risk management is as follows:

- *Portfolio Management, Data & Reporting:* This unit manages credit risk by performing an ongoing follow-up and monitoring of the portfolio based on the Bank's well-defined risk strategy and risk appetite for timely measuring of risks and communication to the relevant hierarchies. In addition, it is responsible for developing management and regulatory reports as well as monitoring the credit risk metrics used in determining provisions, regulatory capital, economic capital and the risk-adjusted profitability.
- *Risk Solution:* This unit manages the portfolio of projects in the Risk area. It ensures its definition, prioritization, execution and kickoff.
- *Risk Transformation:* This is a team responsible for ensuring the execution and continuing improvement of the dependent processes, meeting the defined and committed quality and productivity standards. As part of the process setup, it must seek efficiency and synergies to be obtained from the interaction of the services involved.
- *Retail loans:* This area manages the retail loan risk based on the strategic objectives set by the Bank and keeping check on the credit quality of the underlying transactions. Managing this risk involves: defining the acceptance requirements, studying the behavior of products/segments, assessing borrowing levels, improving the capabilities of the commercial areas and the risk analysts by deploying training programs on an ongoing basis, setting a comprehensive credit risk policy that ensures the credit quality of the loan portfolio, performing continuing improvements in the business processes, tools and standards and overseeing compliance with the processes for the analysis and acceptance of the credit risk of the transactions derived from the commercial areas.

For loan origination, information is analyzed for the purpose of generating potential offerings to prospective customers who match the Bank's risk appetite using sophisticated automated tools that enable the Bank to come up with, validate and implement strategies for prospective sales campaigns directed to both individuals and small entities and microbusinesses (Pymes).

- *Wholesale Loans:* This unit manages wholesale portfolio credit risk and is intended to maximize the expected economic benefits based on an adequate measurement of the risk exposure and setting the credit risk limits as indicated in the Asset Allocation framework based on a well-defined target risk profit and risk appetite for the Group, and in full compliance with the relevant corporate standards and the applicable laws and regulations currently in force

The staged operations enables Management to conduct an appropriate analysis, assessment and grant of loans to customers in the several business segments: Banca Empresa (entrepreneurships), Empresas Minoristas (retail entities) and Banca Corporativa e Inversión (corporate and investment banking), based on risk-rating models, early-warnings, and other variables and/or customer-specific characteristics.

This unit is also charged with performing an adequate assessment and grant of loans directed to the real-estate sector, including timely monitoring and control over them.

## BANCO BBVA PERU AND SUBSIDIARIES

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- *Collection, Mitigation & Workout:* This role groups together the functions and processes necessary for the monitoring, default containment, collections, recoveries and the divestment of the portfolio with problems, both from retail and wholesale banking, seeking to achieve cross-cut efficiencies in the underlying processes, as well as in the external (collection agencies, calls, and law firms) and internal (office networks management channels).

The with-problem portfolio is managed based on a centralized strategy that defines the refinancing policy, payment agreements with customers and repossessed assets, which aim at reducing the provision expense and default levels by differentiating each of the segments and stages of the credit life cycle.

Additionally, the Comprehensive Collection Plan involves process improvement, data management, remediable products, customer experience and IT platform, among the most important, which is ongoing in 2021.

As part of this plan, the Collection Dashboards (“Fábrica de Cobranzas”) continued to be strengthened, with follow-up on the KPIs (Key Performance Indicator) on collections and recoveries, development of solutions, deployment of new biddings in the external collection channels and law firms, as well as strengthening the Service Level Agreements (known as “Acuerdos de Nivel de Servicio - ANS”), incentive models and monitoring over the vendor performance in consistency with the best practices prevailing in the market. Additionally, support is provided to our customers in the context of the pandemic juncture via a Solutions Office or Oficina Solución (Commercial Banking) and the anticipation office known as Oficina Anticipa (Entrepreneurship Banking), which has enabled the Bank to more adequately manage the with-problems portfolio and higher containment levels.

Financial risk management in the COVID-19 context:

- *Plan Anticipa:* 4 executives and a risk leader were selected to exclusively serve 255 customers and, in coordination with the office network, were the ones that presented the highest number of warnings over 2020. The objective of the team was to carry out a diagnosis and coordinate with the admission team to readjust in the form of rescheduling or coordinating with the Stage 3 team for timely refinancing. This model continues operating over 2021 and will continue to develop based on the changing needs arising from this juncture.
- *Plan Solución:* The executives of the commercial network (50 executives) carried out the plan, with a role exclusively directed to the recovery activity and collection agencies team. This team is led by 13 monitoring heads whose objective is the location of the main customers, conducting a diagnosis and readjusting operations via rescheduling or refinancing.

The retail portfolio segmentation was carried out considering the impact and materiality matrices (debt ranges) for pyme and retail entities portfolios, over an earlier and past-due stage of the client. In addition, collection management is differentiated based on whether the portfolio was rescheduled or not.

The impact level on the Pyme portfolio was taken as the main axis of the economic activity based on the entity’s line of business, which were classified as Winning, Sensible, Critical and Very critical, with Winning activities being those that were benefited by this COVID juncture.

- *Plan Cobranzas:* The implant model was developed, which is a supervision model based on the physical presence of a BBVA supervisor at the vendor’s physical facilities in order to maximize the performance of the collection processes and guarantee the execution of the strategies and tactical actions and even those of human resources. Currently, due to the current juncture, the physical presence was replaced with the virtual mode; however, 100% of the supervisor’s dedication was maintained exclusively to the assigned vendor.

A competition was held between the six external collection companies that manage the Bank’s retail portfolio to choose only three strategic allies for 2021, and therefore, the collection team was restructured into 6 implant supervisors to monitor the three external companies for both portfolio segments (Individuals and Pymes). In addition, two professionals from other areas were incorporated to support disbursements of the Refinancings (coordination and registration), preventive management testings,

support the supervision of external entities while the implant model was being developed and monitoring of the collection pilots was performed. On the other hand, we added new risk management channels, such as the telephone collection over the preventive stage (formerly done only via text messaging) and digital channels over the past-due stage. Finally, the Bank provide to its customers new ways of addressing their issues, such as refinancing via telephone call, special condonations.

**Market risk**

Market risk arises from the activity carried out in the markets with financial instruments the value of which may be affected by variations in market conditions in the form of changes in the different financial assets and the underlying risk factors. The risk can be mitigated and even eliminated by means of hedging (assets/liabilities or derivatives), or by undoing the open positions/transactions.

The three major market risks factors include interest rate risk, currency risk and price risk.

- Interest rate risk: This risk arises from changes in the timing structure of the market interest rates, in the different currencies.
- Currency risk: this risk arises from changes in the exchange rates of the different currencies.
- Price risk: this risk arises from changes in the market quotes either resulting from instrument-specific factors or factors that affect all instruments traded and quoted in the market.

In addition and for given positions, it is necessary to also consider other risks: spread, base, volatility or correlation risks.

VaR (“Value at Risk”) is the basic variable to measure and control the Bank's market risk. This risk measurement estimates the maximum loss for a given level of confidence that can occur in the market positions held for a portfolio over a certain time horizon. The Bank calculates VaR using the historical method at a confidence level of 99% and a time horizon of one day; the data period considered is two years

The structure of market risk limits determines a model of VaR and economic capital limits for market risk, as well as specific warnings and ad-hoc sub-limits for types of risk, among others.

Further, adequacy tests are performed on the risk measurement models used, which estimate the maximum loss that can occur in the positions considered, at a given level of probability (“back testing”), as well as measurements of the impact of extreme market movements in the risk positions held (“stress testing”). Currently, stress tests are performed based on the historical scenarios that led to the Lehman Brothers crisis (2008).

Risk factors underlying the VaR at September 30, 2021 and December 31, 2020 are as follows:

<i>In thousands of Peruvian soles</i>	<b>2021</b>	<b>2020</b>
<b>VaR by risk factors</b>		
VaR without smoothing	8,149	7,957
Interest rate VaR	8,588	8,068
Currency VaR	1,498	481
Average VaR	8,427	8,411
Maximum VaR	13,348	12,387
Minimum VaR	5,245	5,803

***Structural interest rate risk***

The objective of managing the banking book interest rate risk is to keep the Bank's exposure in the event of changes in market interest rates at levels consistent with its strategy and risk profile. To this end, the Assets and Liabilities Committee (hereinafter COAP) conducts active management of the interest rate risk in the banking book with transactions intended to optimize the level of risk assumed, in relation with the expected outcome, and ensure adherence to the maximum levels of tolerable risk.

The activity performed by the COAP is based on the interest risk measurements conducted by the Risk area, which, acting as an independent unit, periodically quantifies the impact the variation in interest rates has on the interest margin and the economic value obtained by the Bank.

In addition to the sensitivity measurements to several changes in the market interest rates, the Bank develops probabilistic calculations that determine the "economic capital" (maximum loss in economic value) and the "margin at risk" (maximum loss of the interest margin) due to structural interest risk of the Bank's banking activity, excluding treasury activity, based on interest rate curve simulation models. Stress testing is conducted periodically to complete the evaluation of the Bank's interest risk profile.

All these risk measurements are subject to subsequent analysis and monitoring, and the levels of risk taken and the degree of adherence to the permitted limits are transferred to the different management and administration departments of the Bank.

***Liquidity risk***

The control, monitoring and management of the liquidity risk aims, in the short term, at ensuring compliance with the Bank's payment commitments in form and timing, without resorting to obtaining funds under unfavorable conditions, or deteriorating the image and reputation of Grupo BBVA Perú. Over the medium term, its objective is to ensure the adequacy of the financial structure and its evolution in the context of the changing economic conditions, the markets and the regulatory environment.

Management of liquidity and structural financing in the Bank are based on the principle of Grupo BBVA Perú's financial autonomy. This management approach contributes to preventing and limit liquidity risk by reducing the Bank's vulnerability in periods of high risk.

Management and monitoring of the liquidity risk is carried out comprehensively with a dual approach: short-term and long-term. The short-term liquidity risk approach over a time horizon of up to one year is focused on managing payments and collections derived from market activities, volatile customer resources and the potential liquidity needs of the Bank as a whole. The second approach, medium-term or financing, is focused on the financial management of the set of assets and liabilities, focusing on the financing structure, and over a time horizon equal to or greater than the one-year period.

Comprehensive management of the liquidity risk is carried out by COAP, where the Financial Management Unit of the Finance area analyzes the implications, in terms of financing and liquidity of the various Bank projects and their compatibility with the structure of target financing and the situation of financial markets. In this sense, the Financial Management Unit, consistent with the approved budgets, implements the proposals agreed by the COAP and manages the liquidity risk based on a wide scheme of limits, sub-limits and approved warnings on which the risk area carries out, independently, its measurement and control work, providing the manager with support tools and metrics for informed decision-making.

Periodic measurements of the risk taken and monitoring of the consumption of limits are carried out by the Structural, Markets and Fiduciary Risks Unit, which monthly reports on the levels of liquidity risk to the COAP; and more frequently to the departmental management units. It should be noted that during the beginning of the COVID19 pandemic National Emergency, the structural risks unit increased the frequency of measurement of the main liquidity indicators to carry out a daily monitoring that enable it to anticipate any contingencies and support the various management areas.

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On the other hand, the Basel Committee on Banking Supervision (BCBS) has proposed a new liquidity regulation model based on two ratios: Liquidity coverage ratio (LCR) which is effective from 2015 and net stable funding ratio (NSFR) which was implemented since 2018. The Bank and Grupo BBVA took part in the quantitative impact study (QIS), which has included the new regulatory challenges in its new general framework of action to address liquidity and financing aspects. At local level, the SBS has also implemented a monitoring of the liquidity coverage ratio, following the general guidelines of the BCBS, although adapting it to the Peruvian reality. Measurement of liquidity coverage ratio started on December 2013 and it is conducted with daily frequency. The limit set for liquidity coverage ratio is 80% for the period from 2014 to 2017, 90% for 2018 and 100% for 2019 onward, which is being smoothly complied with.

Effective March 2020, the SBS has set the temporary inapplicability of the liquidity coverage ratios in local currency (RLC MN) and foreign currency (RCL ME). However, the structural risk unit has continued with performing daily measurement of the liquidity coverage ratios on a timely basis.

Repo transactions established under Circular 022-2015-BCRP and repo transactions with the BCRP within the scope of Legislative Decree 1508 that created the Government guarantee program, are considered sources of available financing to be included in the Bank's liquidity contingency plan. To this effect, the SBS requires that a framework agreement be signed with COFIDE and the portfolio that could be used in these transactions be identified.

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The distribution by terms of assets and liabilities at September 30, 2021 and December 31, 2020 is presented as follows, which, in the case of the loan and deposit portfolios, includes their respective accrued returns.

<i>In thousands of Peruvian soles</i>	<b>Up to 1 month</b>	<b>From 1-3 months</b>	<b>From 3-6 months</b>	<b>From 6-12 months</b>	<b>From 1-5 years</b>	<b>More than 5 years</b>	<b>Past-due and judicial collection loans</b>	<b>Non-contractual maturity</b>	<b>TOTAL</b>
<b>2021</b>									
<b>Assets</b>									
Cash and due from banks	23,007,822	2,808	828	719	21,286	-	-	-	23,033,463
Interbank funds	25,001	-	-	-	-	-	-	-	25,001
Investments at fair value through profit or loss	4,341,769	-	-	-	-	-	-	42,000	4,383,769
Available-for-sale investments	5,203,010	-	40,381	432,644	269,229	293,759	-	-	6,239,023
Loan portfolio	5,824,286	7,272,532	5,878,141	9,132,077	23,560,726	15,059,043	2,640,422	-	69,367,227
Derivatives held for trading	88,304	428,233	260,785	534,246	549,110	883,372	-	-	2,744,050
Hedging derivatives	-	-	-	273	69,776	-	-	-	70,049
	<b>38,490,192</b>	<b>7,703,573</b>	<b>6,180,135</b>	<b>10,099,959</b>	<b>24,470,127</b>	<b>16,236,174</b>	<b>2,640,422</b>	<b>42,000</b>	<b>105,862,582</b>
<b>Liabilities</b>									
Obligations to the public	10,520,060	6,032,498	1,786,470	1,655,716	48,489,078	-	-	-	68,483,822
Demand deposits	2,595,846	1,899,104	-	-	21,138,958	-	-	-	25,633,908
Savings	2,746,052	1,885,731	-	-	24,596,843	-	-	-	29,228,626
Term	5,073,046	2,247,663	1,786,470	1,655,716	2,753,277	-	-	-	13,516,172
Other	105,116	-	-	-	-	-	-	-	105,116
Interbank funds	-	-	-	-	-	-	-	-	-
Deposits from financial system entities	488,184	85,647	100,351	103,773	142,701	-	-	-	920,656
Borrowings and financial obligations	55,952	232,581	39,762	2,876,131	983,856	3,178,935	-	-	7,367,217
Trading derivatives	100,999	194,247	165,737	704,008	579,956	691,139	-	-	2,436,086
Hedging derivatives	-	-	-	121	56,069	-	-	-	56,190
Accounts payable	3,246,853	691,896	1,073,216	2,333,699	8,265,725	2,932,177	-	-	18,543,566
Other liabilities	1,732,483	-	-	-	-	-	-	-	1,732,483
	<b>16,144,531</b>	<b>7,236,869</b>	<b>3,165,536</b>	<b>7,673,448</b>	<b>58,517,385</b>	<b>6,802,251</b>	<b>-</b>	<b>-</b>	<b>99,540,020</b>

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<b>2020</b>									
<b>Assets</b>									
Cash and due from banks	19,162,024	1,263,307	793,377	243,696	3,491,863	-	-	-	24,954,267
Interbank funds	137,599	-	-	-	-	-	-	-	137,599
Investments at fair value through profit or loss	4,679,056	-	-	-	-	-	-	43,216	4,722,272
Available-for-sale investments	5,746,998	187,460	75,352	51,596	335,071	302,591	-	-	6,699,068
Loan portfolio	5,970,613	6,351,096	4,507,113	6,584,206	30,190,702	10,704,669	2,285,362	-	66,593,761
Derivatives held for trading	93,939	62,911	47,726	22,369	288,069	383,581	-	-	898,595
Hedging derivatives	-	-	-	-	103,354	-	-	-	103,354
	<b>35,790,229</b>	<b>7,864,774</b>	<b>5,423,568</b>	<b>6,901,867</b>	<b>34,409,059</b>	<b>11,390,841</b>	<b>2,285,362</b>	<b>43,216</b>	<b>104,108,916</b>
<b>Liabilities</b>									
Obligations to the public	10,503,851	8,000,059	2,186,005	3,078,306	47,044,313	-	-	-	70,812,534
Demand deposits	4,613,896	3,378,292	-	-	21,786,440	-	-	-	29,778,628
Savings	2,172,598	1,495,035	-	-	21,044,166	-	-	-	24,711,799
Term	3,642,526	3,126,732	2,186,005	3,078,306	4,213,707	-	-	-	16,247,276
Other	74,831	-	-	-	-	-	-	-	74,831
Interbank funds	72,421	-	-	-	-	-	-	-	72,421
Deposits from financial system entities	530,432	454,819	34,206	234,179	146,427	-	-	-	1,400,063
Borrowings and financial obligations	26,675	180,431	778,489	324,592	3,604,598	2,138,933	-	-	7,053,718
Trading derivatives	108,096	107,034	69,850	34,589	247,926	308,900	-	-	876,395
Hedging derivatives	-	-	6,758	1,382	6,493	-	-	-	14,633
Accounts payable	829,267	830,000	553,100	-	13,819,408	-	-	-	16,031,775
Other liabilities	820,808	-	-	-	-	-	-	-	820,808
	<b>12,891,550</b>	<b>9,572,343</b>	<b>3,628,408</b>	<b>3,673,048</b>	<b>64,869,165</b>	<b>2,447,833</b>	-	-	<b>97,082,347</b>

### ***Operational risk***

Grupo BBVA Perú articulates an entity-wide operational risk management model, based on methodologies and procedures for the identification, assessment and monitoring of the operational risk, and supported by tools that allow for qualitative and quantitative management

This model is based on a decentralized management of operational risk carried out by operational risk management teams in the two lines of defense. For the first line, we have the Risk Control Assurer whose objective is to promote the adequate management of the operational risk in their respective management areas. This is done by extending the methodology of risk identification and implementing controls in close coordination with the process owners, who are those responsible for implementing the risk mitigation plans and performing the controls. For the second line of defense, there is a Risk Control Specialist team which defines the mitigation and control frameworks in their area of specialty (across the entire organization) and contrast those frameworks against those implemented along the first line of defense.

Both control teams work in close coordination under a methodological unit and report to the corresponding Internal Control and Operational Risk Committees (CIRO, the Spanish acronym), on an ongoing basis. From the risk area, the non-financial risk unit is charged with coordinating the CIROs, implementing corporate management tools, providing both control teams (Risk Control Assurer and Risk Control Specialist) with training, coordinating the update of the risk map under the established methodology and monitoring the mitigation plans.

With regards to qualitative management, the Support Tool for Operational Risk Management (STORM) makes it possible to record the operational risks identified by associating them with a taxonomy of processes and their quantification, as well as recording the periodic evaluation of the controls associated with critical risks. Over 2021, risks and controls are being updated to ensure the model continues to be effective.

In addition, there is a database, the Integrated Operational Risk System (SIRO, the Spanish acronym), which includes all operational risk events that may indicate a loss for the Bank and subsidiaries; this is a critical quantitative tool for operational risk management.

The Bank is authorized to use the alternative standard method for calculating the regulatory capital requirement for operational risk, which enables it to optimize the regulatory capital determination process.

The regulatory capital requirement for operational risk under the alternative standard method at September 30, 2021 was S/ 593 million (S/ 542 million at December 31, 2020).

## **26. Fair Value**

The methodology applied in determining the fair value has not changed in relation to that disclosed in the audited annual consolidated financial statements of 2020.

### **Carrying amount and fair value of financial assets and liabilities**

Taking into account the fair value considerations and the SBS communication (Oficio Múltiple No 43078-2014-SBS) in which it determined that the fair value constitute the carrying amount for loans and deposits, at September 30, 2021 and December 31, 2020, the carrying amounts and fair values of the financial assets and liabilities of the Bank are as follows



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<i>In thousands of Peruvian soles</i>	<b>Carrying amounts</b>		<b>Fair value</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Assets</b>				
Cash and due from banks	23,033,463	24,954,267	23,033,463	24,954,267
Interbank funds	25,001	137,599	25,001	137,599
Investments at fair value through profit or loss and available-for-sale investments	10,622,792	11,421,340	10,622,792	11,421,340
Loan portfolio	69,367,227	66,593,761	69,367,227	66,593,761
Derivatives held for trading	2,744,050	898,595	2,744,050	898,595
Hedging derivatives	70,049	103,354	70,049	103,354
Accounts receivable	114,187	44,614	114,187	44,614
Other assets	1,654,363	889,507	1,654,363	889,507
<b>Total</b>	<b>107,631,132</b>	<b>105,043,037</b>	<b>107,631,132</b>	<b>105,043,037</b>
<b>Liabilities</b>				
Obligations with the public and deposits from financial system entities	69,404,478	72,212,597	69,404,478	72,212,597
Interbank funds	-	72,421	-	72,421
Borrowings and financial obligations	7,367,217	7,053,718	7,471,730	7,035,674
Derivatives held for trading	2,436,086	876,395	2,436,086	876,395
Hedging derivatives	56,190	14,633	56,190	14,633
Accounts payable	18,543,566	16,031,775	18,543,566	16,031,775
<b>Total</b>	<b>97,807,537</b>	<b>96,261,539</b>	<b>97,912,050</b>	<b>96,243,495</b>

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The table below shows assets and liabilities recorded at fair value based on the fair value hierarchy level:

***Financial instruments recorded at fair value and fair value hierarchy***

<i>In thousands of Peruvian soles</i>	2021				2020			
	Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
<b>Assets</b>								
<b>Investments at fair value through profit or loss</b>								
Equity instruments	42,000	42,000	-	-	43,216	43,216	-	-
Debt instruments	4,341,769	136,437	4,205,332	-	4,679,056	296,595	4,382,461	-
<b>Available-for-sale investments</b>								
Equity instruments	29,233	29,233	-	-	29,233	29,233	-	-
Debt instruments	6,208,668	1,441,633	4,767,035	-	6,675,067	2,570,885	4,104,182	-
Trading derivatives	2,744,050	-	2,744,050	-	898,595	-	898,595	-
Hedging derivatives	70,049	-	70,049	-	103,354	-	103,354	-
	<b>13,435,769</b>	<b>1,649,303</b>	<b>11,786,466</b>	-	<b>12,428,521</b>	<b>2,939,929</b>	<b>9,488,592</b>	-
<b>Liabilities</b>								
Borrowings and financial obligations	3,399,142	-	3,399,142	-	3,032,280	-	3,032,280	-
Derivatives held for trading	2,436,086	-	2,436,086	-	876,395	-	876,395	-
Hedging derivatives	56,190	-	56,190	-	14,633	-	14,633	-
	<b>5,891,418</b>	-	<b>5,891,418</b>	-	<b>3,923,308</b>	-	<b>3,923,308</b>	-

**27. Subsequent events**

The Bank is not aware of any subsequent events occurring between the closing date and the issuing date of these interim consolidated financial statements that may affect them significantly.