



# BBVA Continental

June 2015

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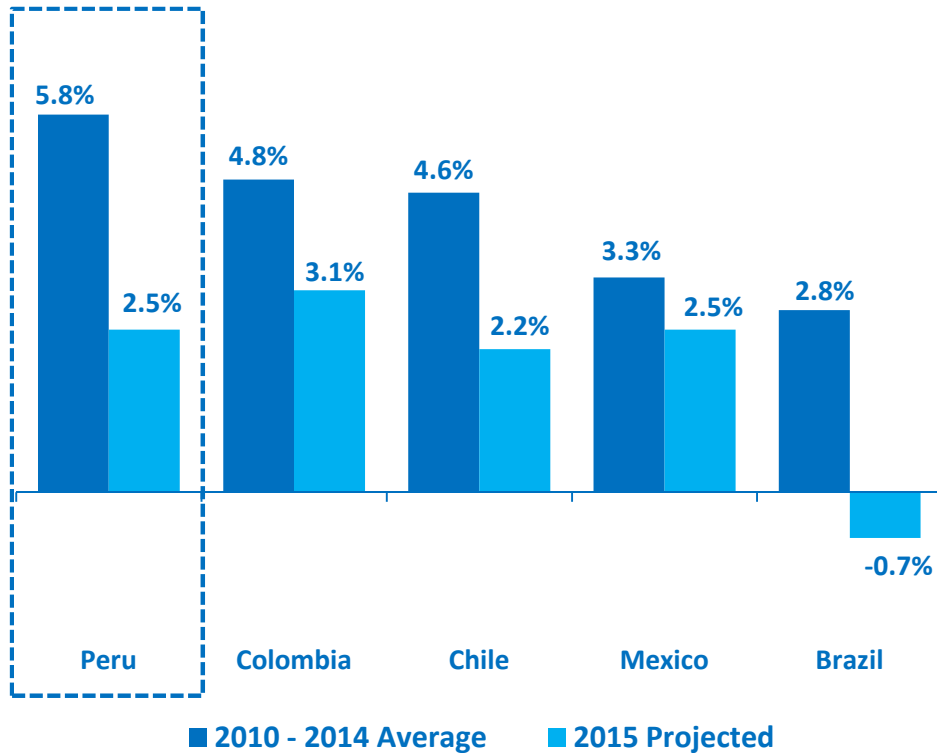
# **1 Peru: Attractive economy and financial system**

# Peru: one of the most stable and fastest-growing economies in the region...

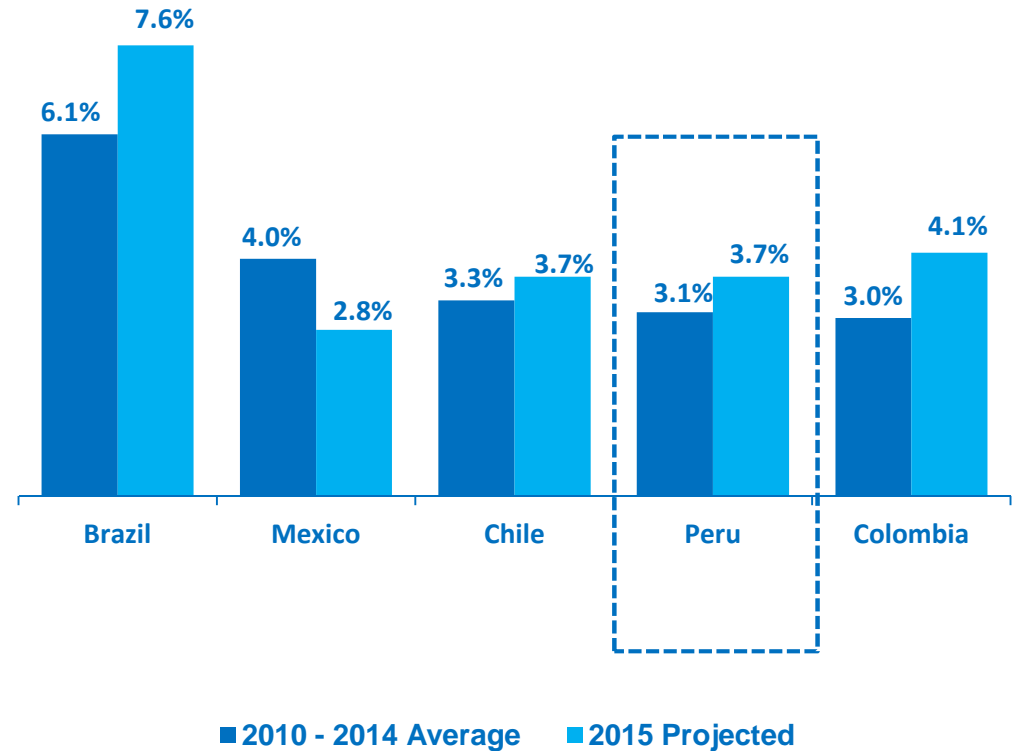
Peru is one of the economies with fastest growth in Latin America...

...with one of the lowest inflation rates in the region

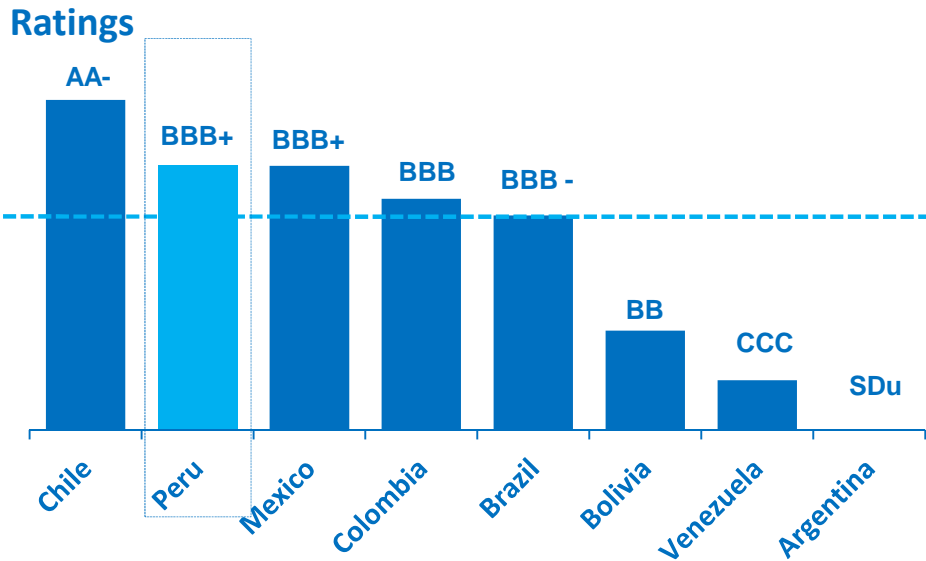
**GDP growth**



**Inflation**

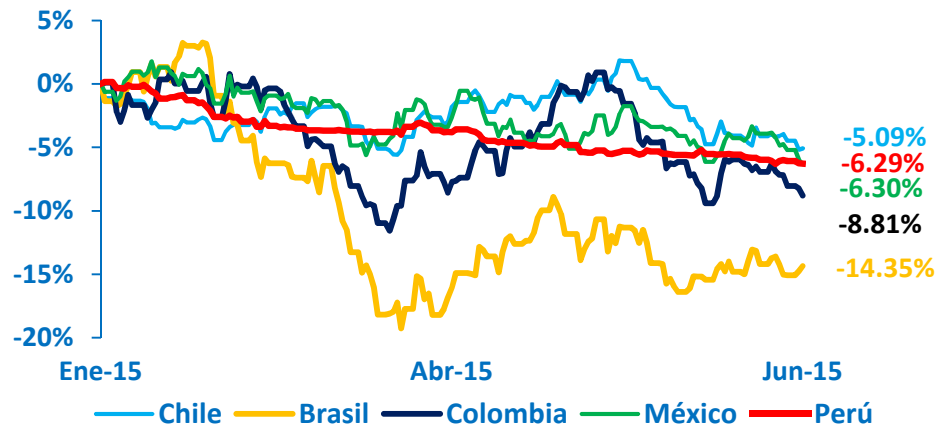


# ...sovereign investment grade, stable currency and low levels of debt



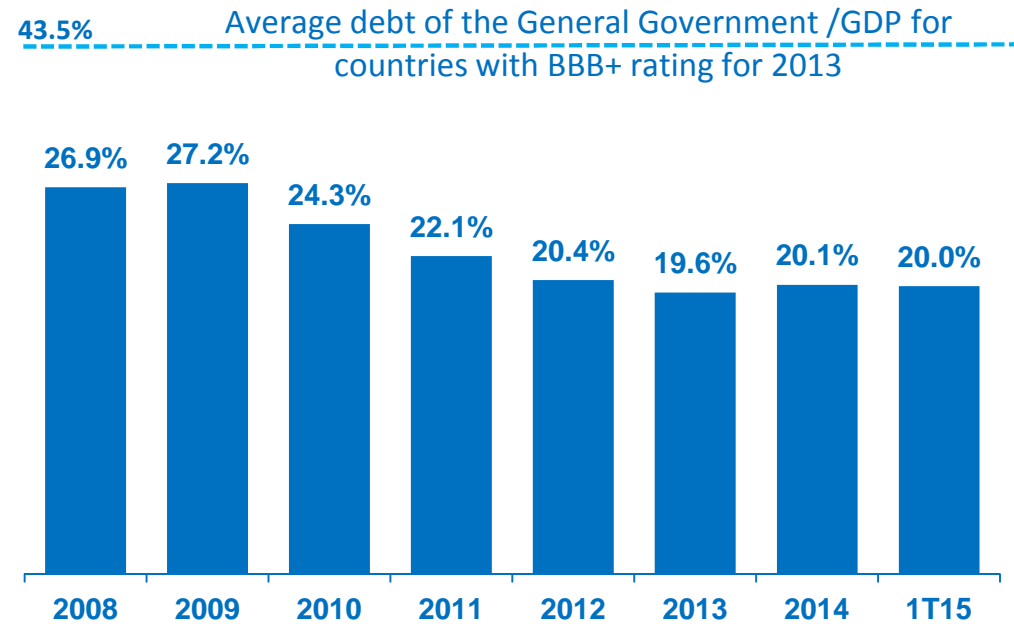
Source: Standard & Poor's

### Currency depreciation against USD



Source: Bloomberg

### Public Debt as a percentage of GDP



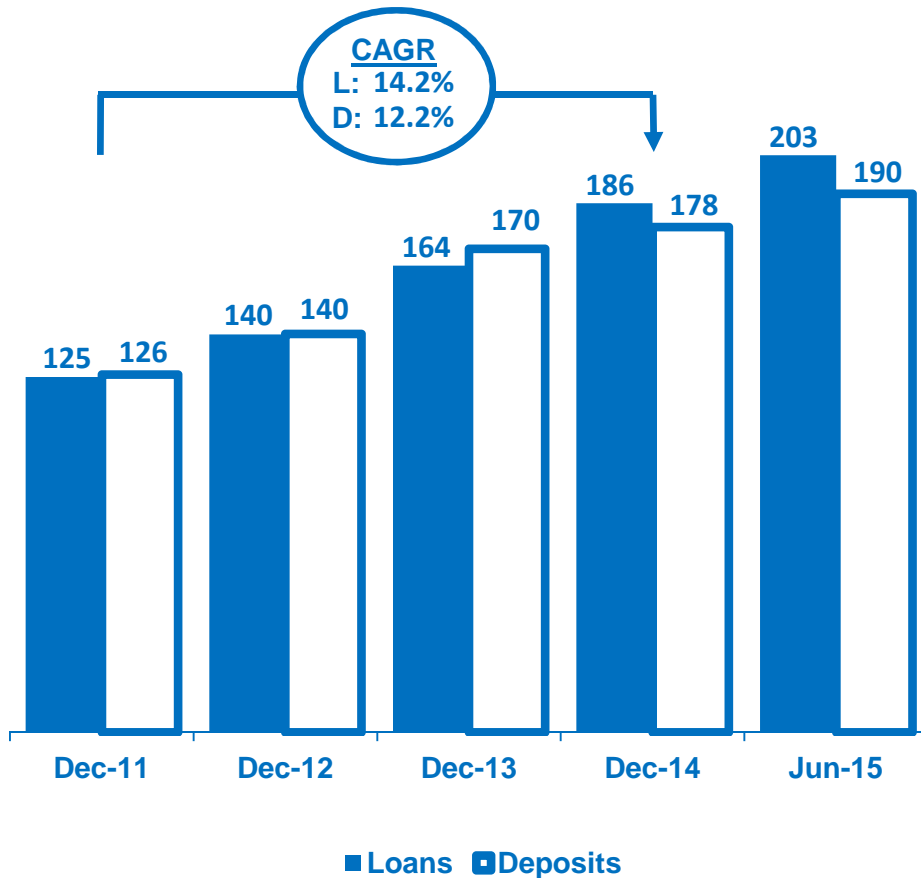
Source: Central Bank of Peru

# Peru has a solid Financial System with great opportunities of expansion...

The Peruvian Banking System has shown strong growth...

## Performing loans and Deposits

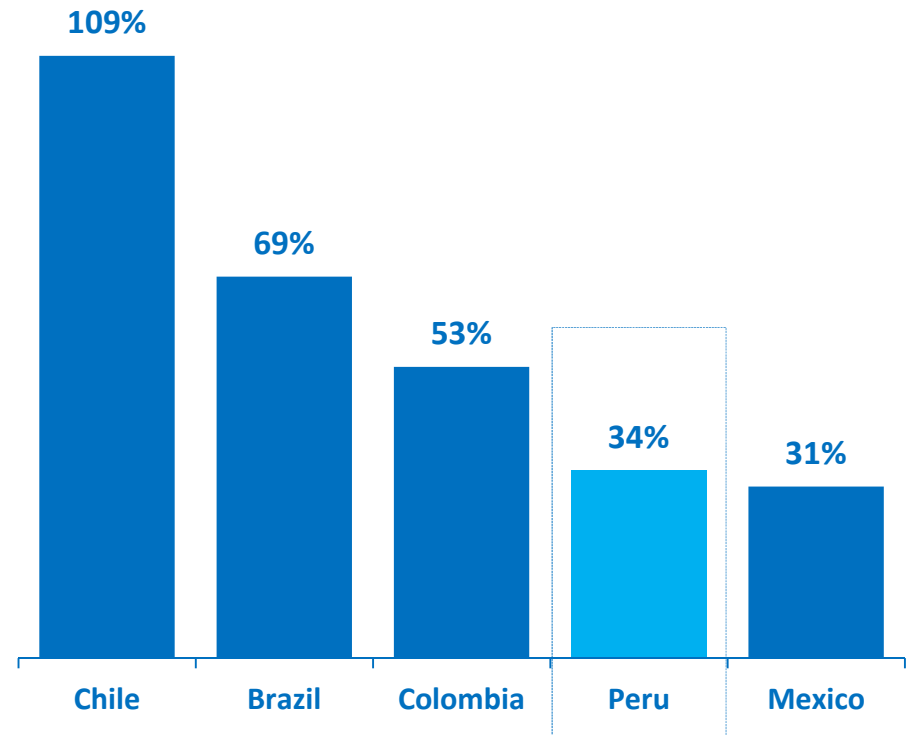
PEN thousands of millions



...with great potential for future expansion

## Loans to private sector as a percentage of GDP

2014

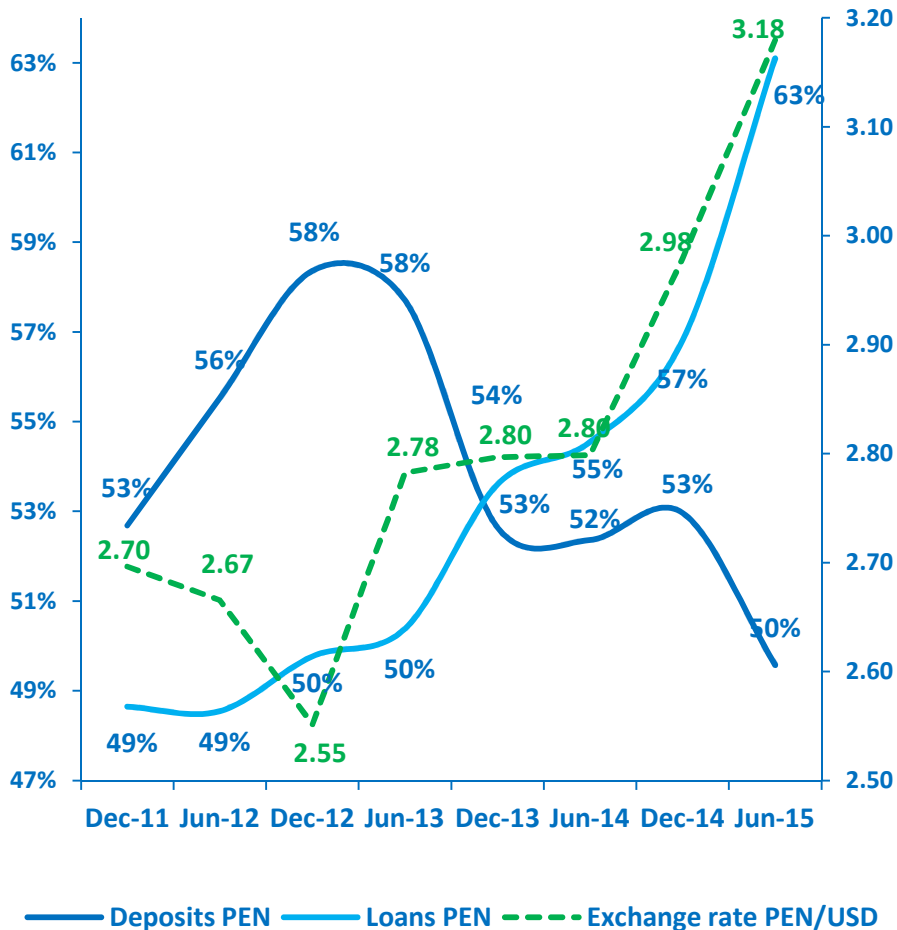


\*Other obligations are excluded from deposits  
Source: Superintendencia de Banca, Seguros y AFP

Source: World Bank. Last available information.

# ...and an active Central Bank, which promotes PEN denomination of Loans

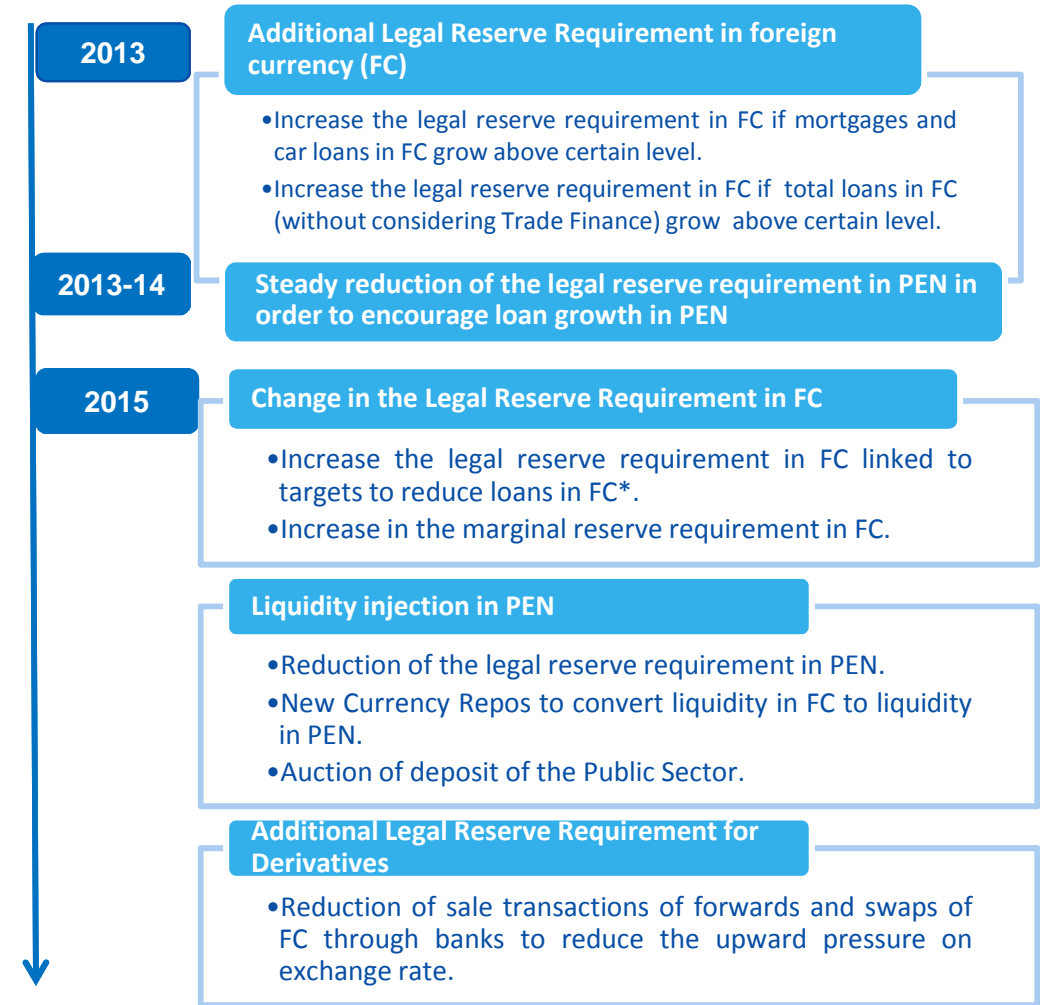
PEN - denominated Loans and Deposits at the Banking System



\*Other obligations are excluded from deposits  
Source: Superintendencia de Banca, Seguros y AFP

Objective: Reducing credit exchange rate risk

## Central Bank Measures:



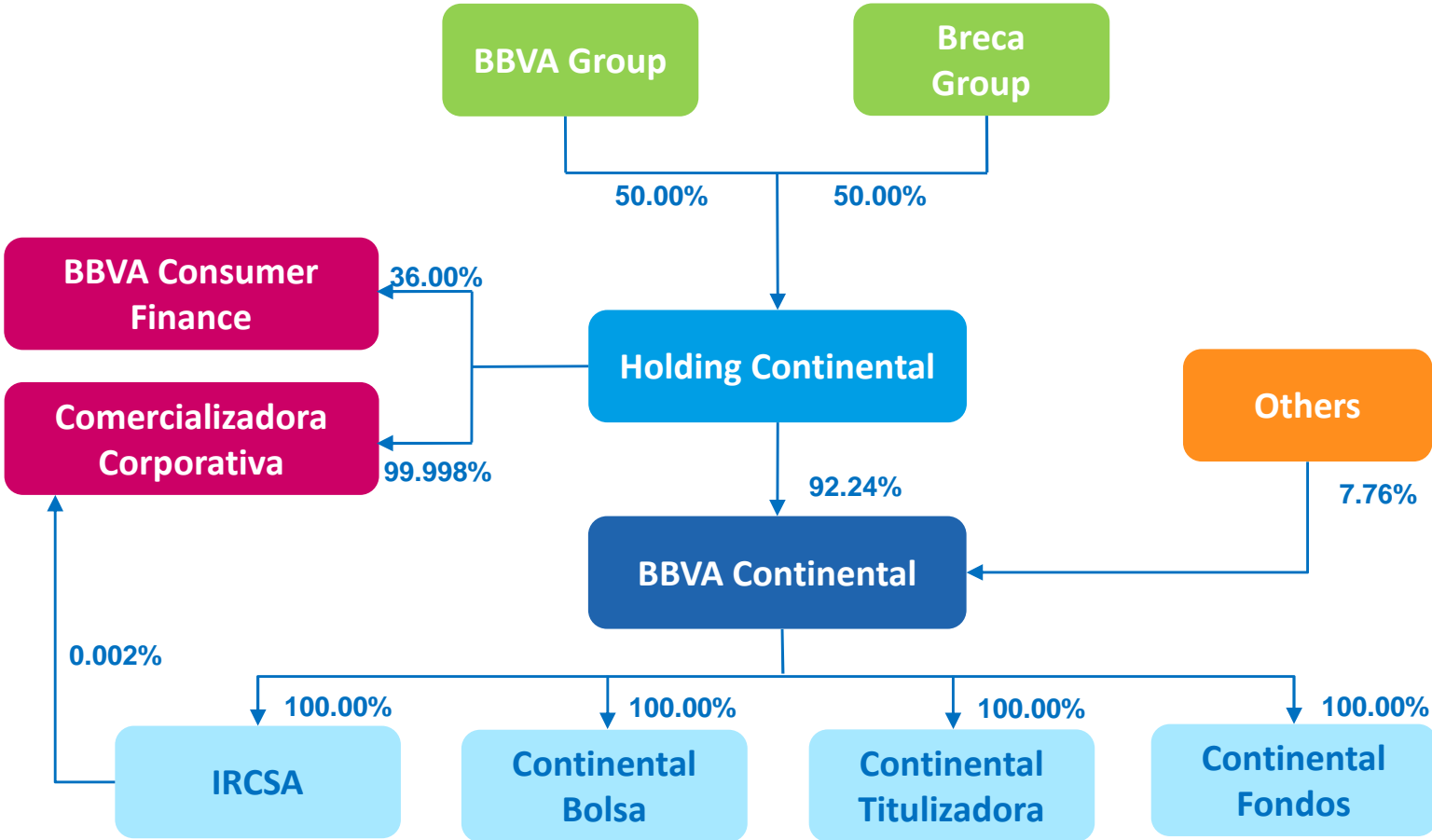
\* Excluded operations higher than USD10MM and 3 years (before 4 years) from June 2015 .  
Source: Banco Central de Reserva del Perú, BCRP



# 2 Organization

# Shareholders

BBVA Continental and Subsidiaries are part of the Economic Group formed by Holding Continental, whose shareholders are BBVA Group and Breca



Source: BBVA Continental.

# BBVA Continental

## BBVA Group

**+31** Countries

**689** Assets  
(€ billion)

**51 M** Customers

**8,135** Branches

**114,000** Employees

### North America

- USA
- Mexico

**United States**  
*Leader Regional Bank in the Sunbelt*

**Mexico**  
*Market leader*

### South America

- Argentina
- Bolivia
- Brazil
- Chile
- Colombia
- Paraguay
- Peru
- Uruguay
- Venezuela

**South America**  
*1st. / 2nd.*

**Spain**  
*1st. / 2nd.*

**Turkey**  
*Strategic participation in Garanti Bank*

**Asia / China**  
*Strategic alliance*

### Asia – Pacífico

- Abu Dhabi, UAE
- Australia
- China
- India
- Japan
- Singapore
- South Korea
- Taiwan
- Indonesia

### Europa

- Belgium
- France
- Germany
- Italy
- Portugal
- Russia
- Spain
- Switzerland
- Turkey
- U.K.

### Gross Income YTD Jun-15 <sup>(1)</sup>

#### Developed

Weight: 45%  
YoY var.: +14.0%

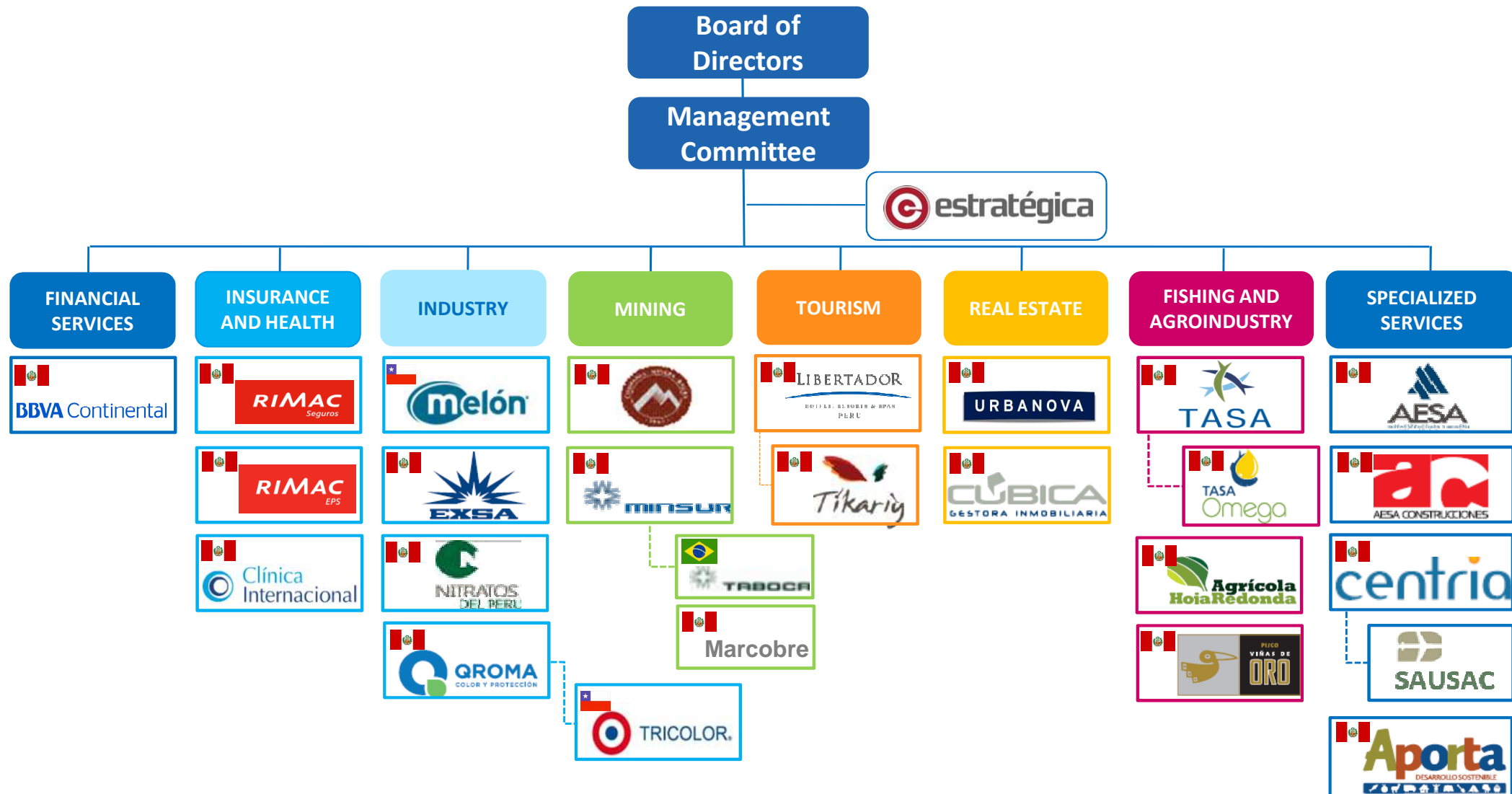
#### Emerging

Weight: 54%  
YoY var.: +4.1%

**South America:**  
**19.3% of BBVA Group's YTD Gross Income**

## Breca

Business group founded by the Brescia Cafferata family, is one of the largest business conglomerates in Peru, with operations in Peru, Chile and Brazil

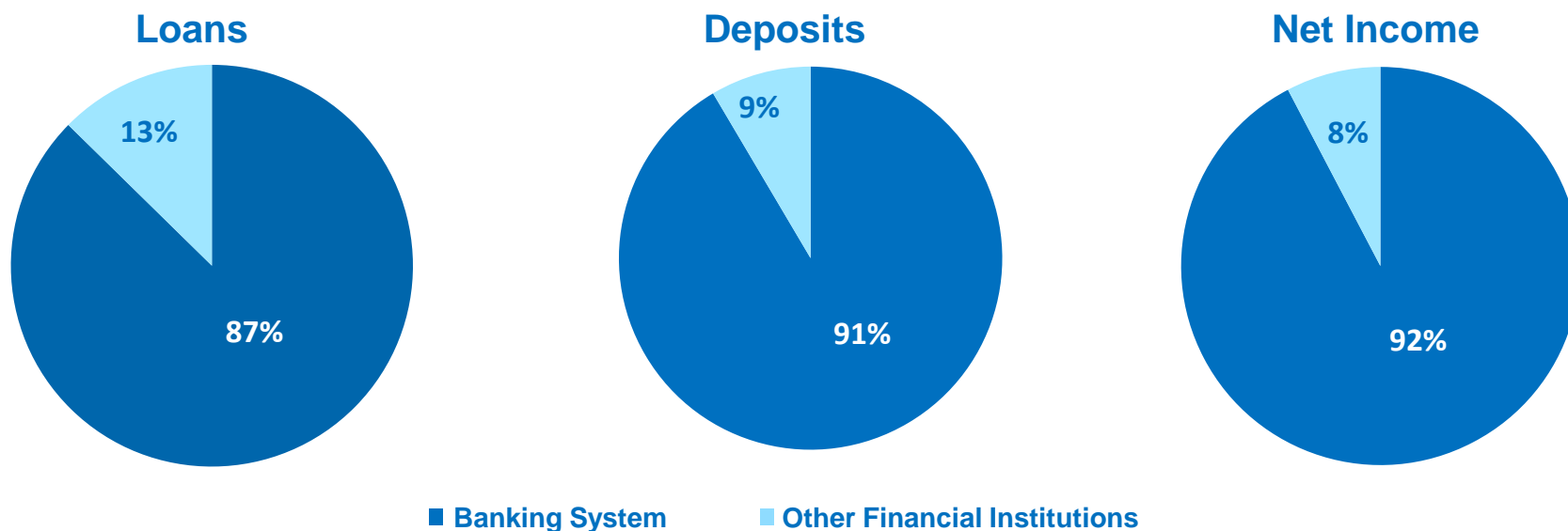


# Peruvian Financial System

March 2015

Financial system	Institution PEN Million	Net loans Mar-15	Deposits Mar-15	Net Income Mar-15
<b>Banking system</b>	Banks (17)	194,358	185,272	1,774
	Banco de la Nación	7,446	22,169	295
<b>Other financial institutions</b>	Cajas Municipales (12)	12,489	13,291	81
	Financieras (12)	7,229	4,230	63
	Cajas Rurales (10)	1,412	1,550	-2
	Edpymes (11)	1,262	0.0	-1
	Leasing (2)	464	-	1
	COFIDE	5,040	199	23
	Agrobanco	1,317	-	6

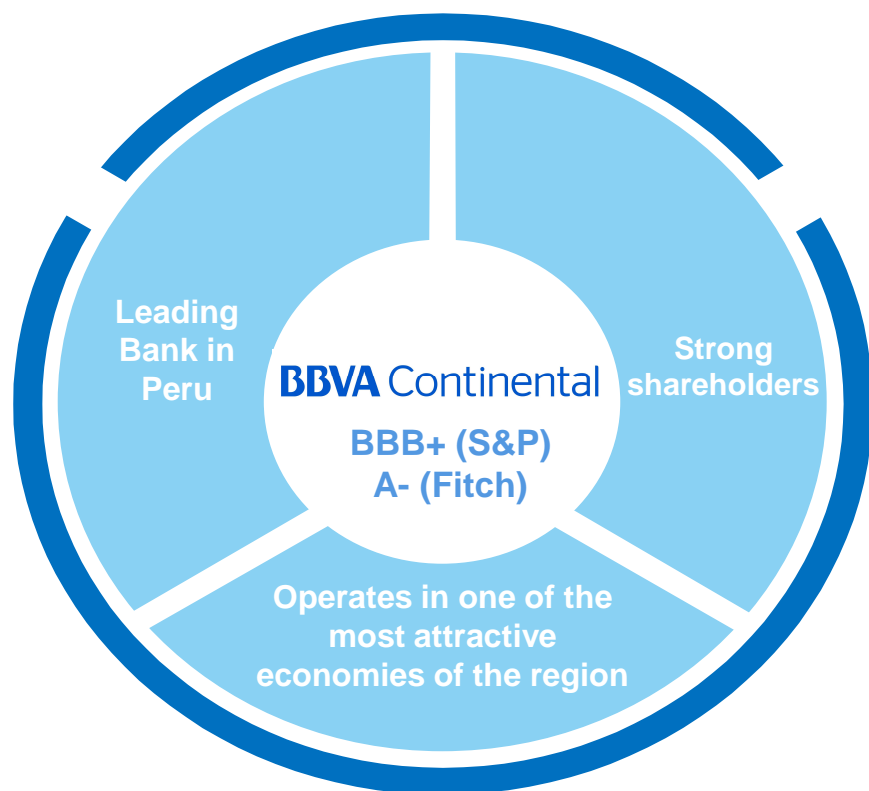
The four largest banks concentrate around 83% of the banks loans and deposits



\*Other obligations are excluded from deposits  
Source: Superintendencia de Banca, Seguros y AFP

## BBVA Continental, leading financial institution in Peru, among its peers

June 2015



#1 in Cost of risk*	1.30%
#1 in NPL ratio	2.31%
#1 in Coverage ratio**	195.71%
#2 in profitability ROE: Annualized net income / Average equity	25.70%
#2 in efficiency	38.94%
#2 in assets	S/.71,565 million
#2 in performing loans	S/.45,288 million
#2 in deposits***	S/.44,621 million
#2 in number of branches	330

\*Cost of risk: Provisions for the last 12 months between total loans (average of the last 12 months)

\*\*Since January 2013, performing loans, past due loans, restructured loans and refinanced loans include accrued interest

\*\*\*Other obligations are excluded from deposits

- ✓ Peru, one of the most dynamic and attractive economies in the region
- ✓ BBVA Continental: second largest bank in the country and leading institution for over 60 years
- ✓ Strong shareholders: BBVA Group, leading global financial institution, and Breca, one of the largest business conglomerates in Peru

3

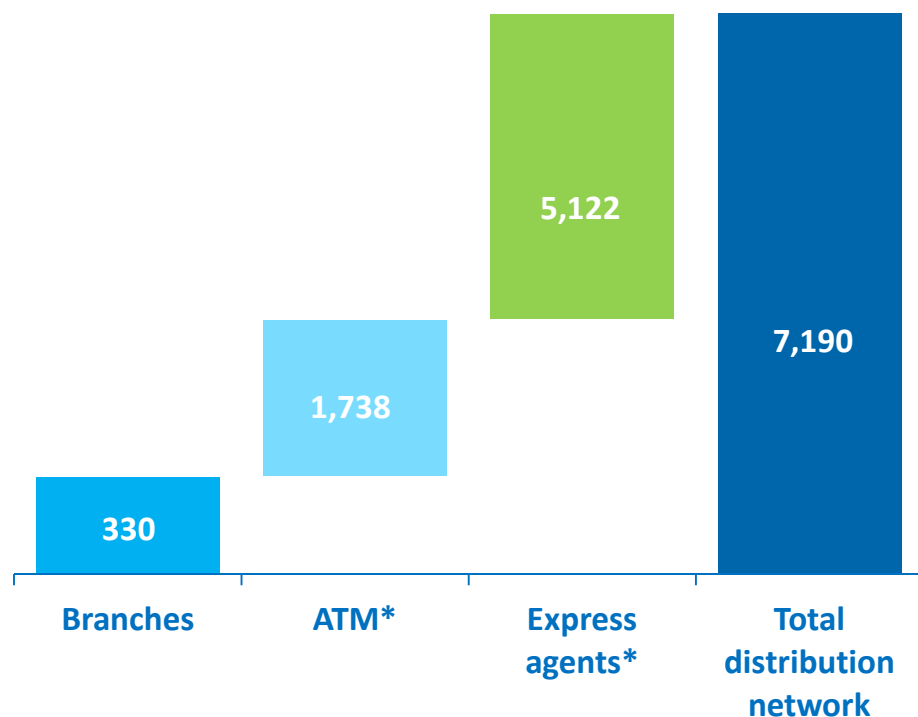
**BBVA**  
**Continental**  
**vs.**  
**Peers**

# Strong banking platform

June 2015

Distribution network: One of the largest in the country

- ✓ 7,190 points of service
- ✓ 330 branches nationwide
- ✓ More than 4.4 million customers



## Great capacity for cross-selling

Synergies with subsidiaries and affiliates: leading companies which offer the broadest available spectrum of financial products and services

- Advisory, brokerage and investment services through its subsidiaries
- Insurance products through affiliated companies

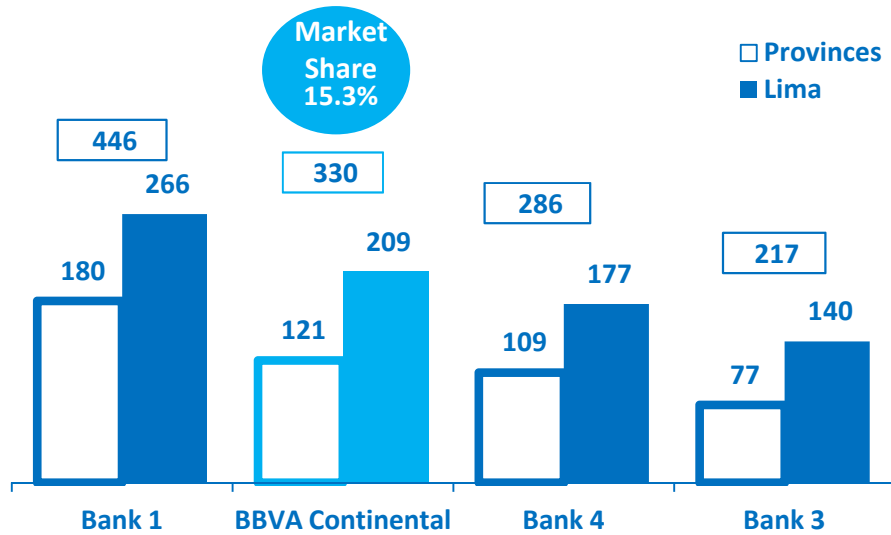
\*ATMs & EAs as of March 2015, last available public data.  
Source: Superintendencia de Banca, Seguros y AFP



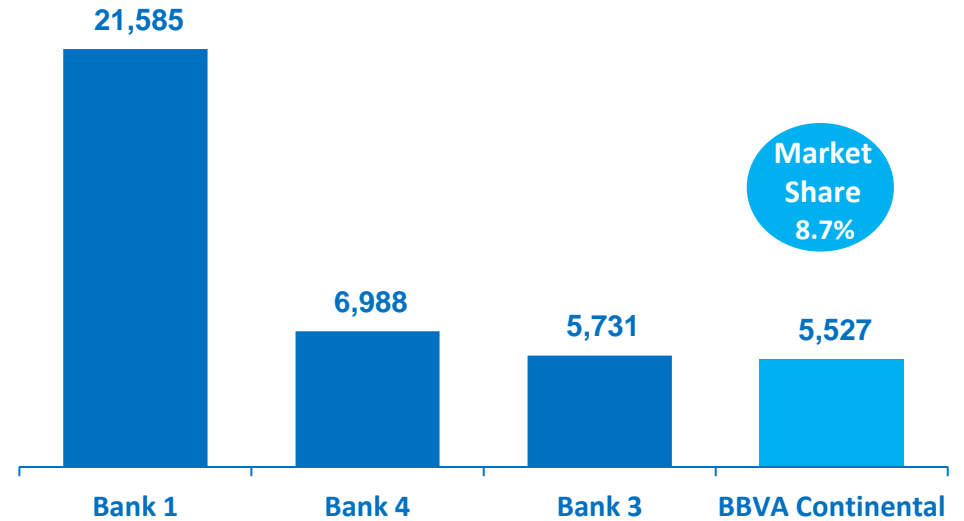
# Number of branches, employees, ATMs and Express agents

June 2015

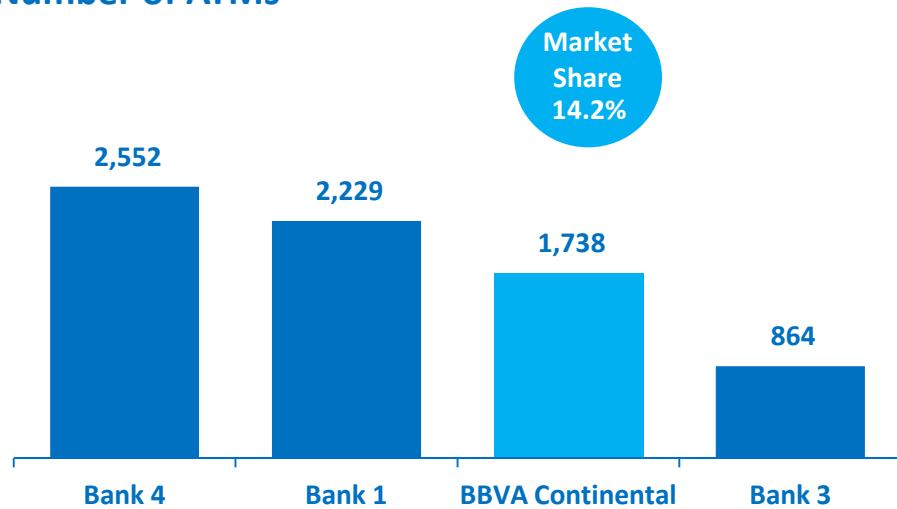
## Number of branches



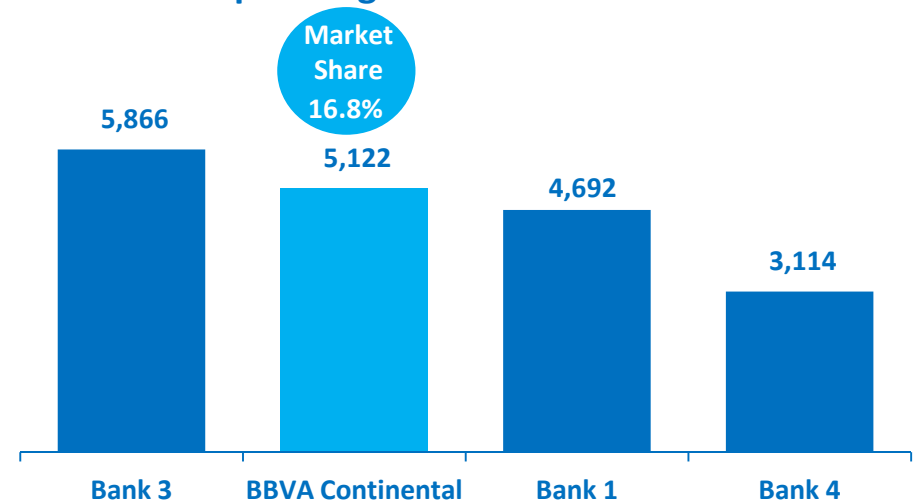
## Number of employees



## Number of ATMs



## Number of Express Agents

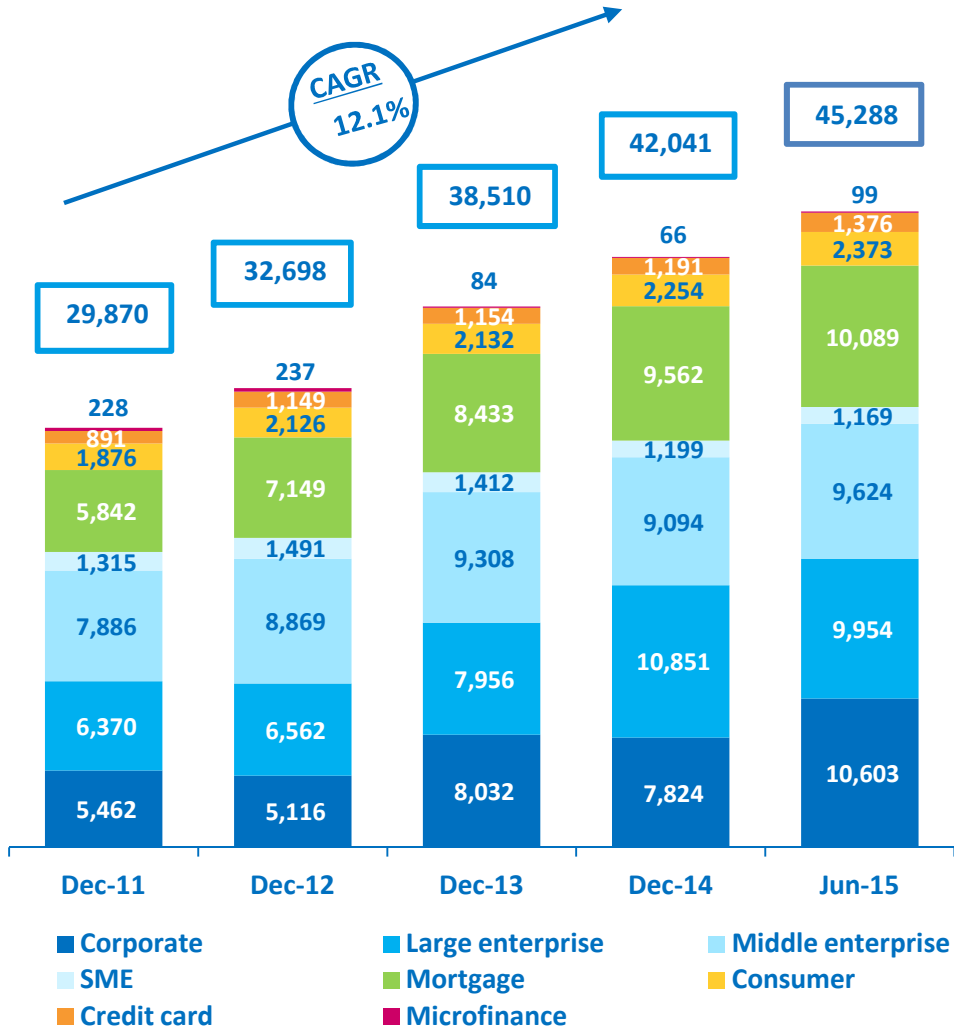


ATMs & EAs as of March 2015, last available public data.  
Source: Superintendencia de Banca, Seguros y AFP

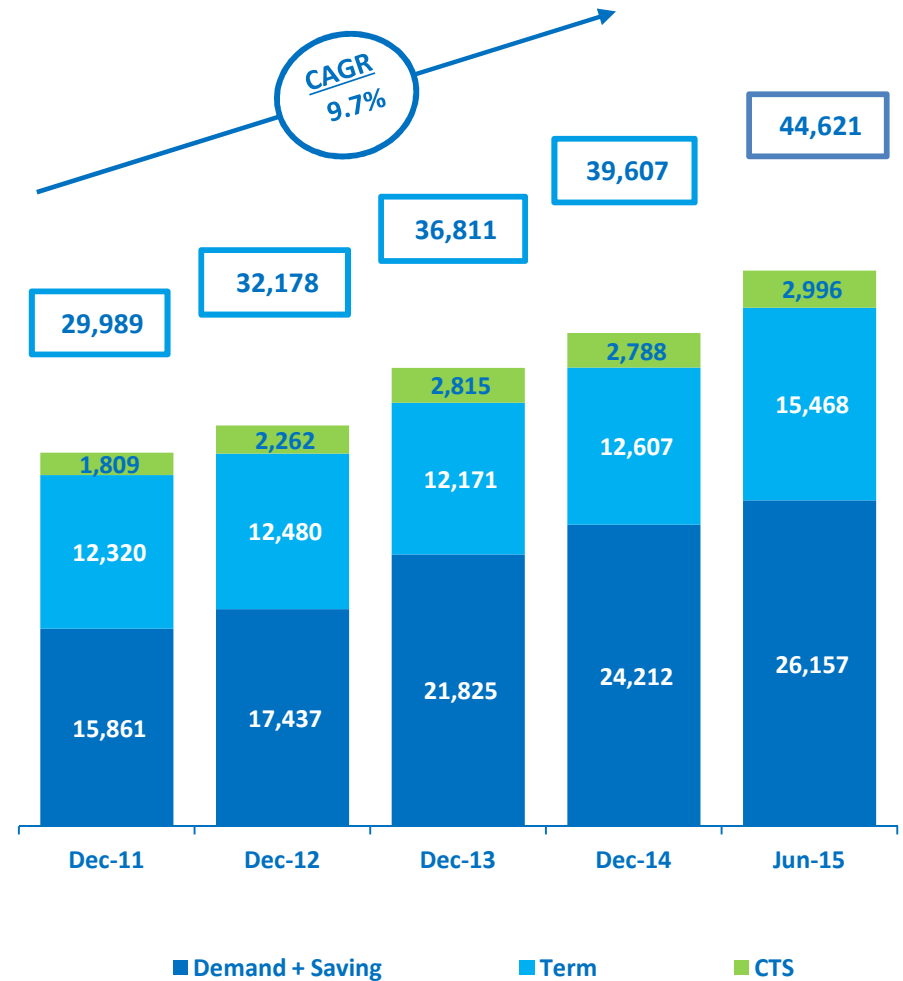
# Outstanding growth

PEN Million

## Performing loans



## Deposits\*



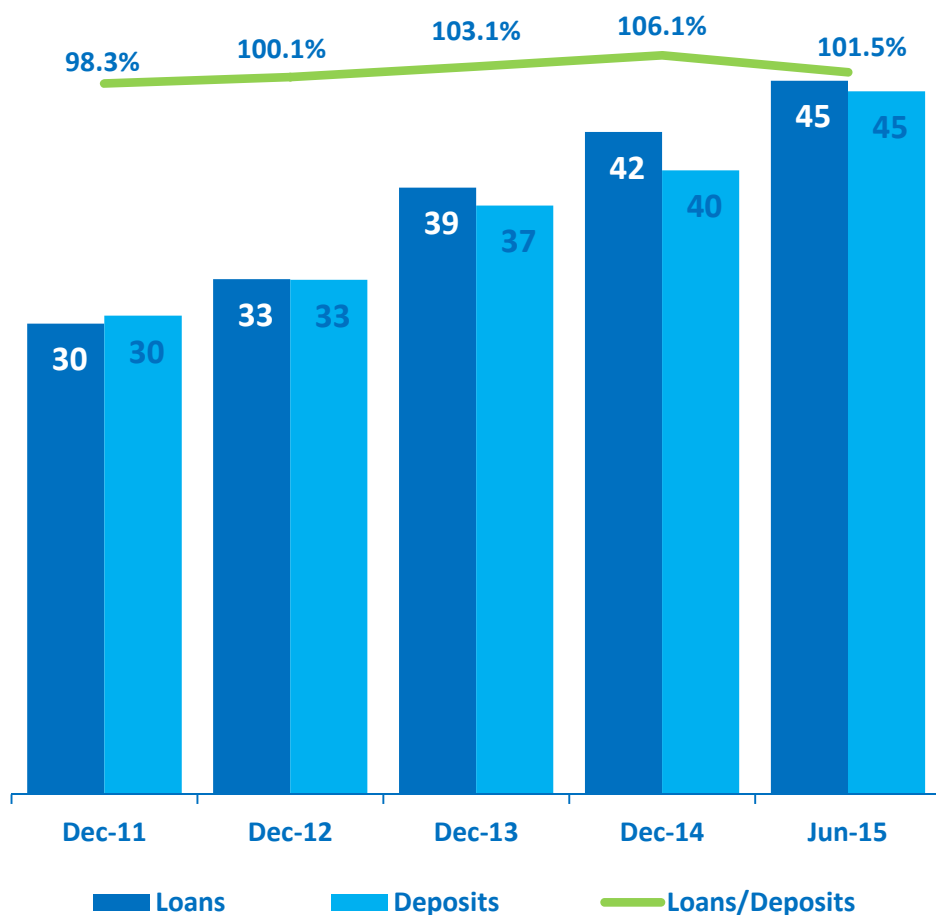
\*Other obligations are excluded from deposits  
Source: Superintendencia de Banca, Seguros y AFP

# High level of self-financing and balance sheet denomination in PEN

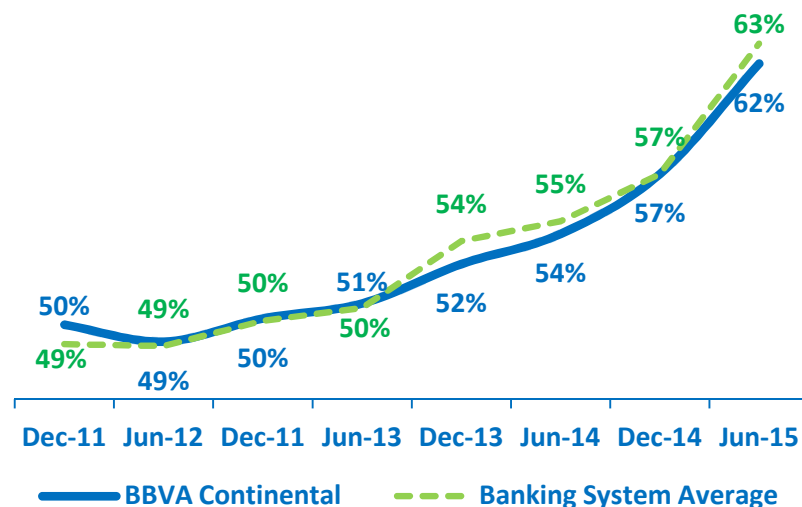
June 2015

## Loans and Deposits

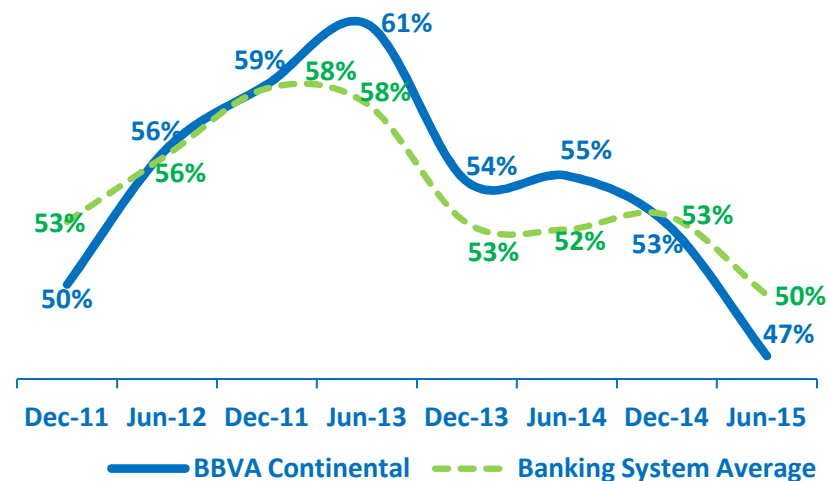
PEN Thousands of millions



## PEN-denominated Performing Loans



## PEN-denominated Deposits

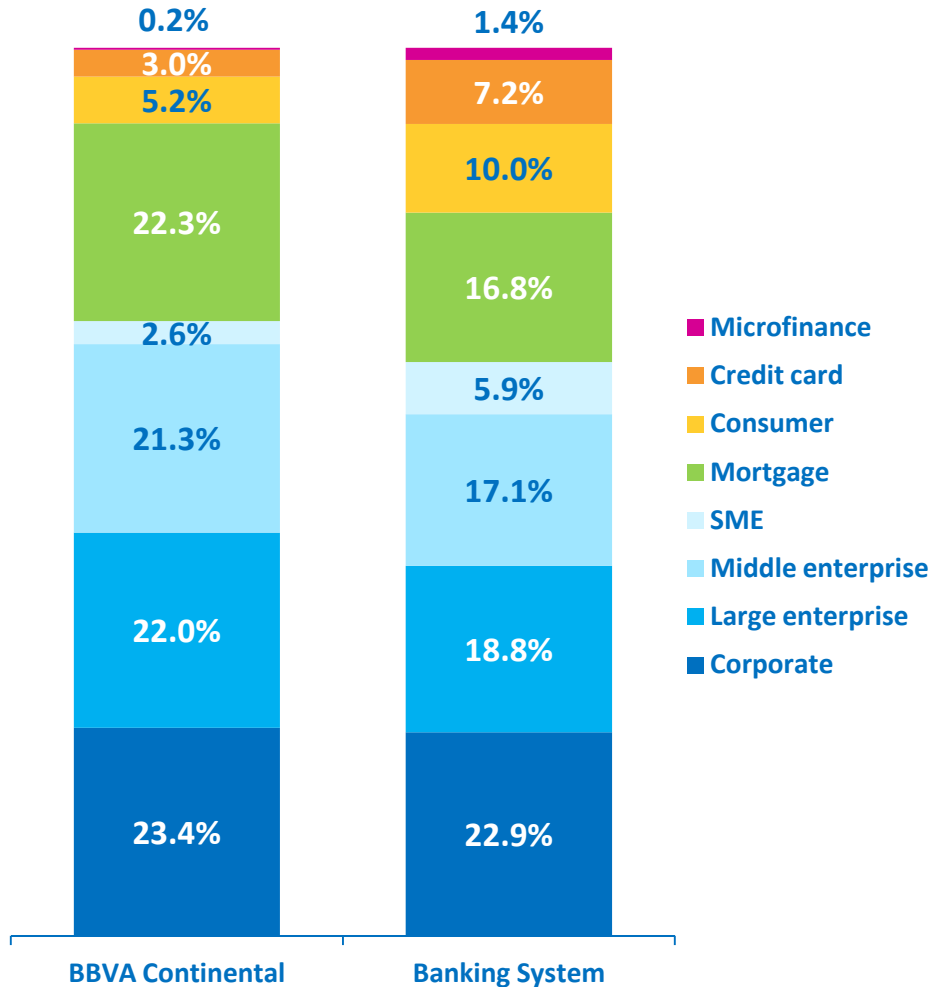


\*Other obligations are excluded from deposits  
Source: Superintendencia de Banca, Seguros y AFP

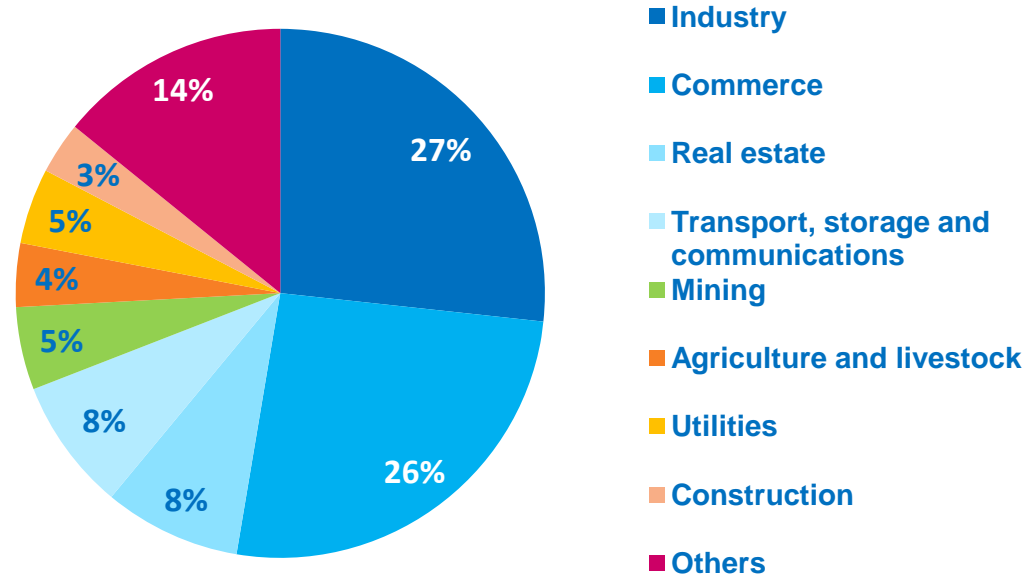
# High quality of loan portfolio

June 2015

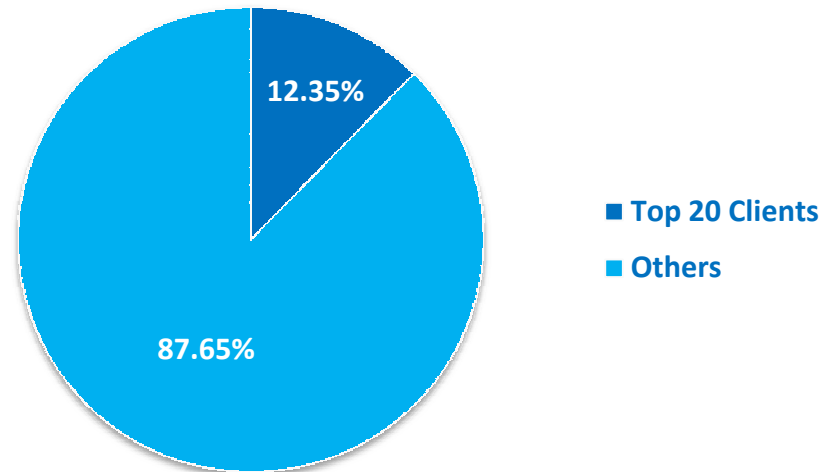
## Loans breakdown



## Loans by economic sector



## Top 20 clients and others

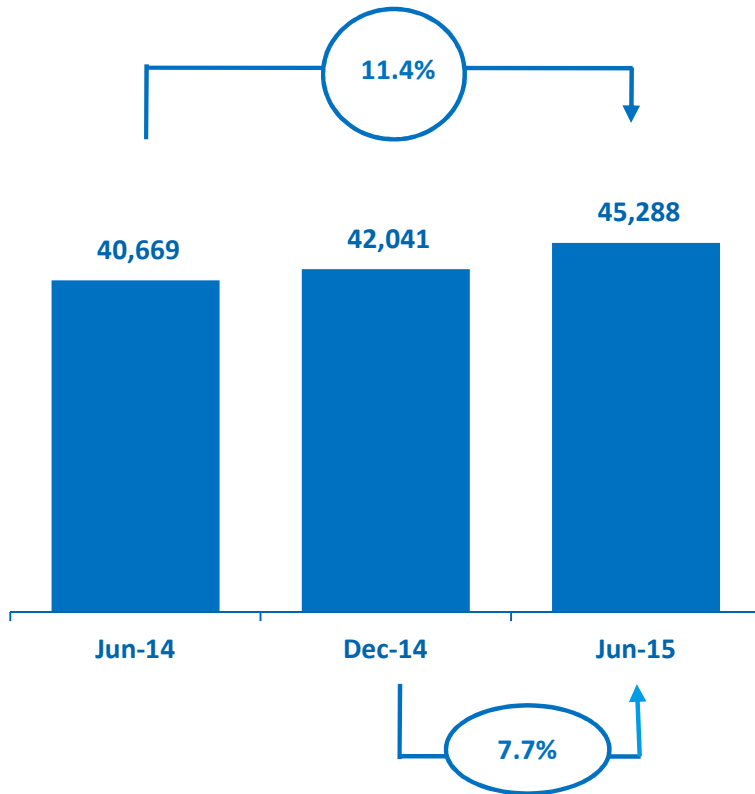


# Performing loans

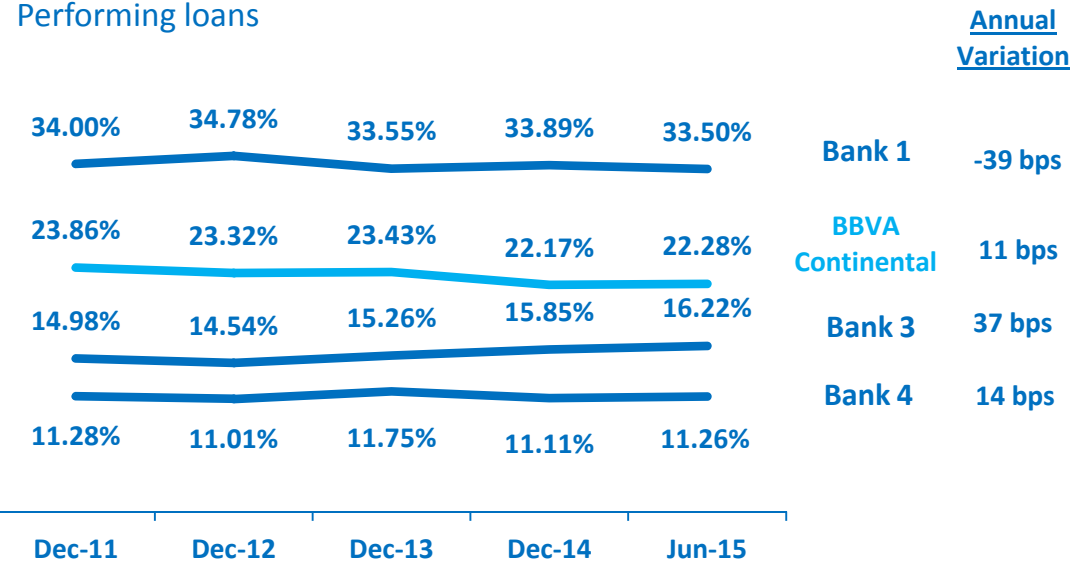
BBVA Continental shows steady loan growth...

## Performing loans

PEN Million



## Market share\* Performing loans

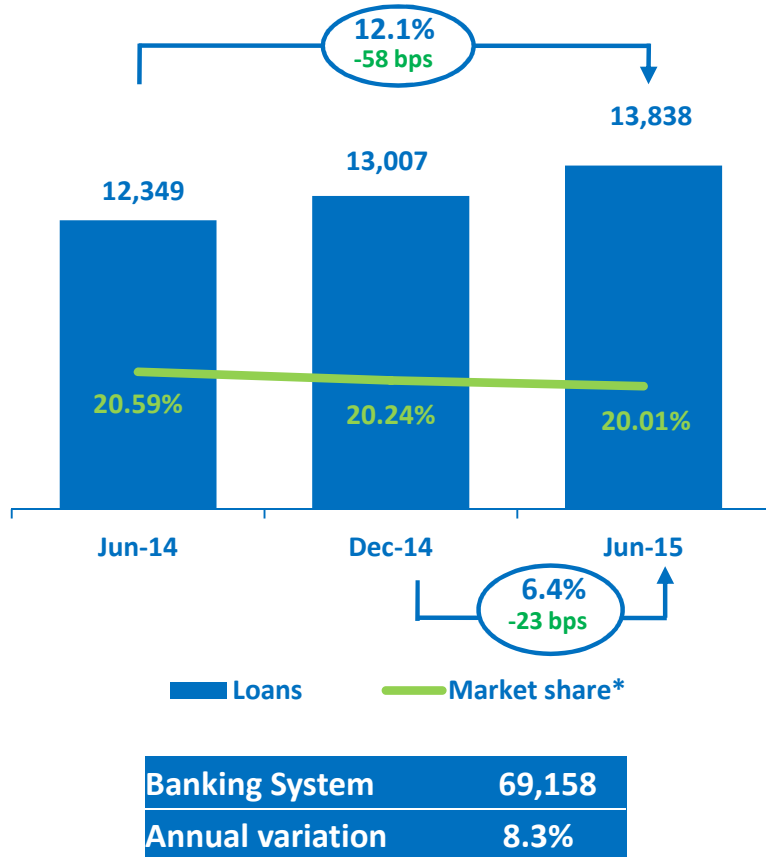


\*Market share of Dec14 affected by the inclusion of Edyficar in the Banking System (February 2015). Bank 3 market share of Dec14 includes Citibank retail portfolio (May 2015)  
Source: Superintendencia de Banca, Seguros y AFP

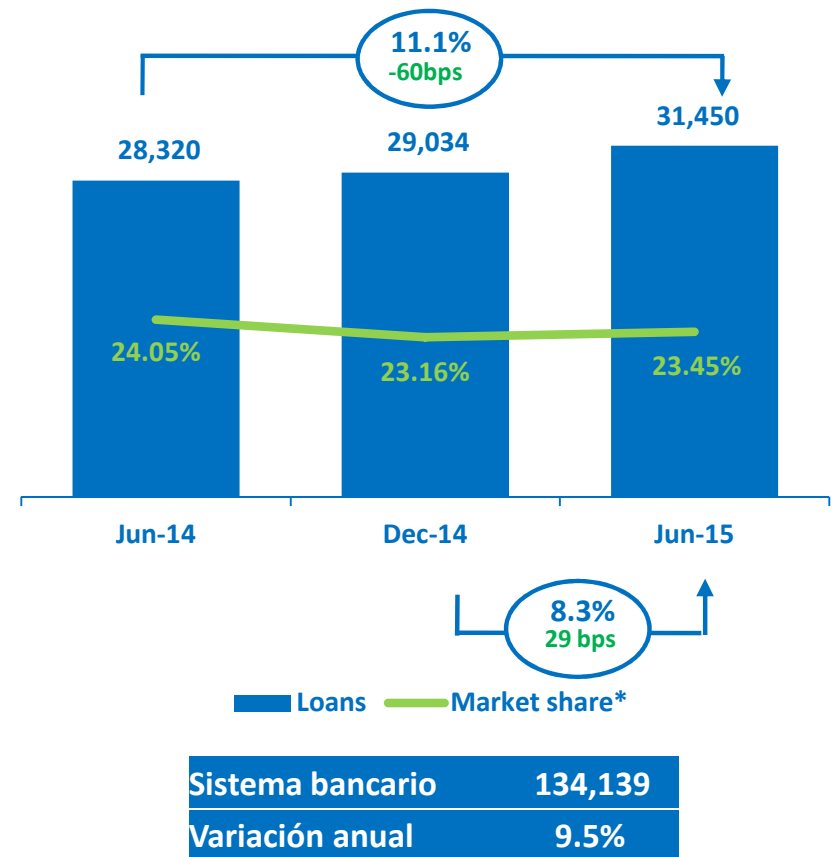
# Performing loans

PEN Million and percentage (%)

## Retail customers



## Business customers



\*Market share of Jun14 -Dec14 affected by the inclusion of Edyficar in the Banking System (February 2015).

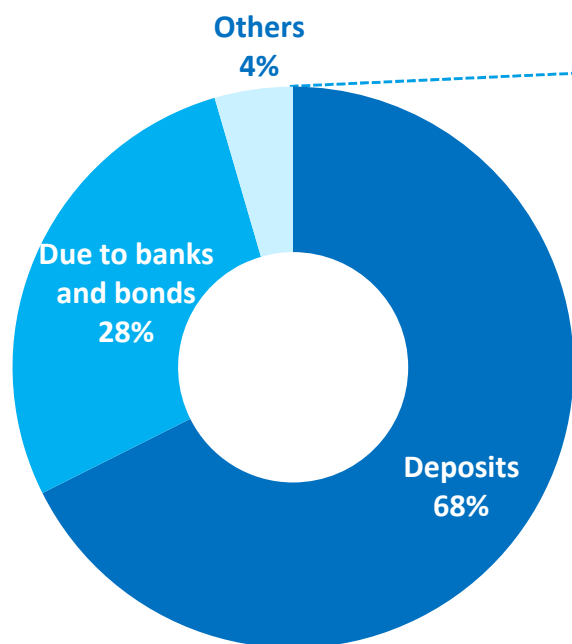
Source: Superintendencia de Banca, Seguros y AFP / Asociación de Bancos del Perú

# Deposits structure

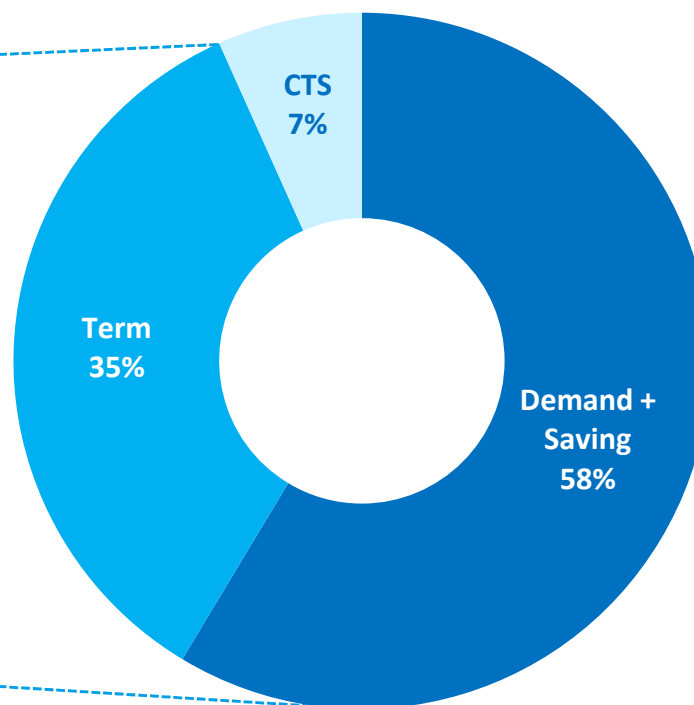
June 2015

... and a low-cost deposit base

## Cost effective source of funding



## Diversified deposit base



\*Other obligations are excluded from deposits

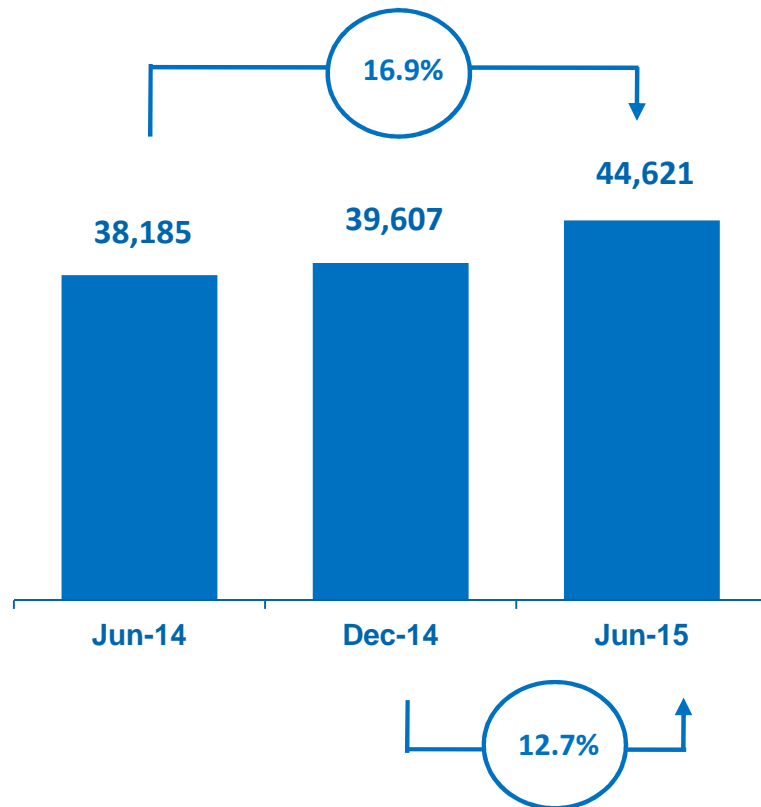
Source: Superintendencia de Banca, Seguros y AFP / Asociación de Bancos del Perú

# Deposits

Growth continues also in deposits...

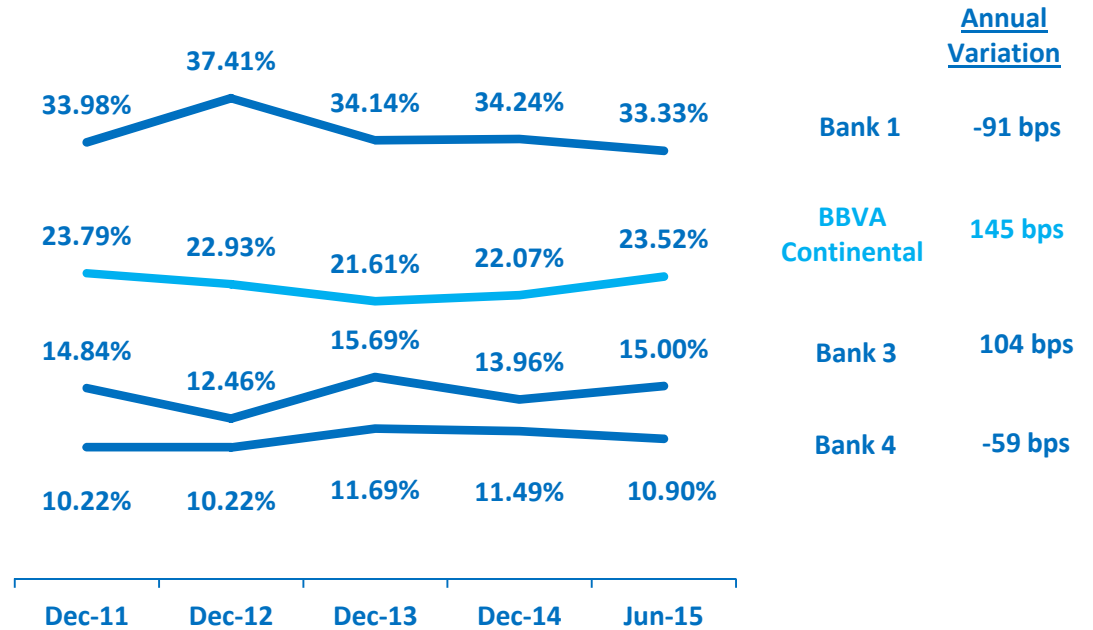
## Deposits\*

PEN Million



## Market share

Total deposits



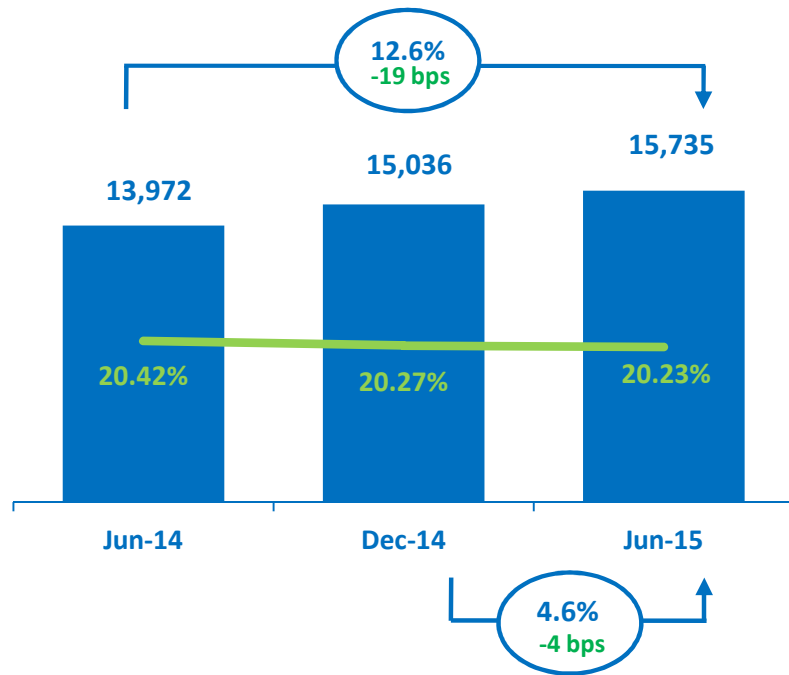
\*Market share of Dec14 affected by the inclusion of Edyficar in the Banking System.  
Source: Superintendencia de Banca, Seguros y AFP



# Deposits

PEN Million and percentage (%)

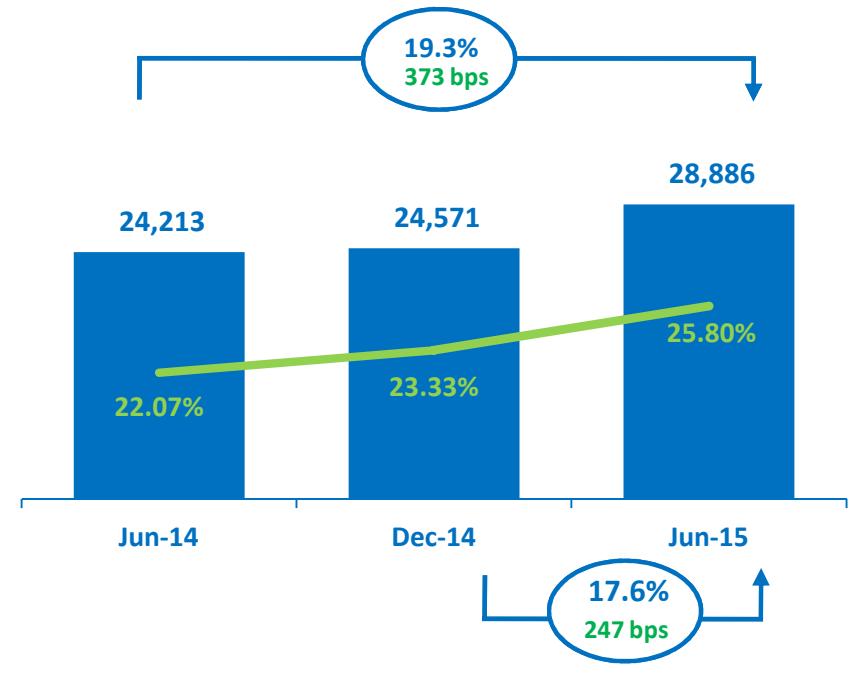
## Retail customers



■ Deposits    — Market share\*

Banking System	77,779
Annual variation	5.2%

## Business customers



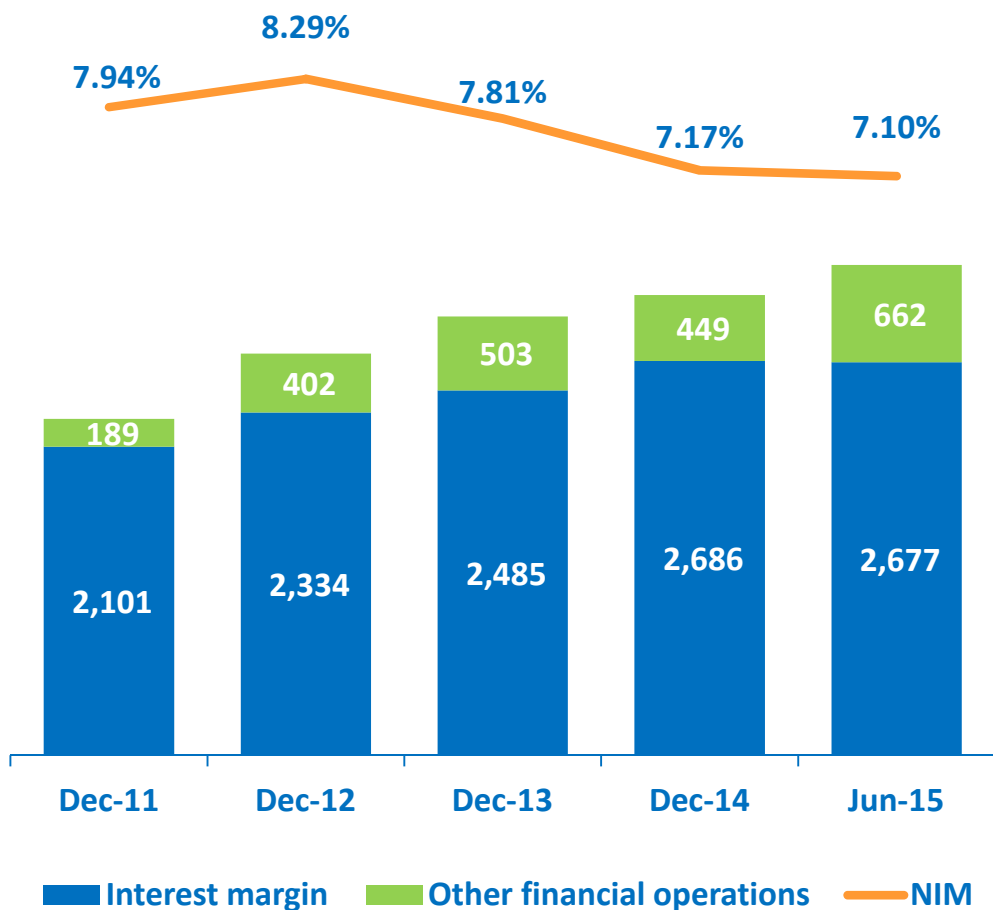
■ Deposits    — Market share\*

Banking System	111,953
Annual variation	6.3%

\*Market share of Jun14 -Dec14 affected by the inclusion of Edyficar in the Banking System.  
Source: Superintendencia de Banca, Seguros y AFP / Asociación de Bancos del Perú

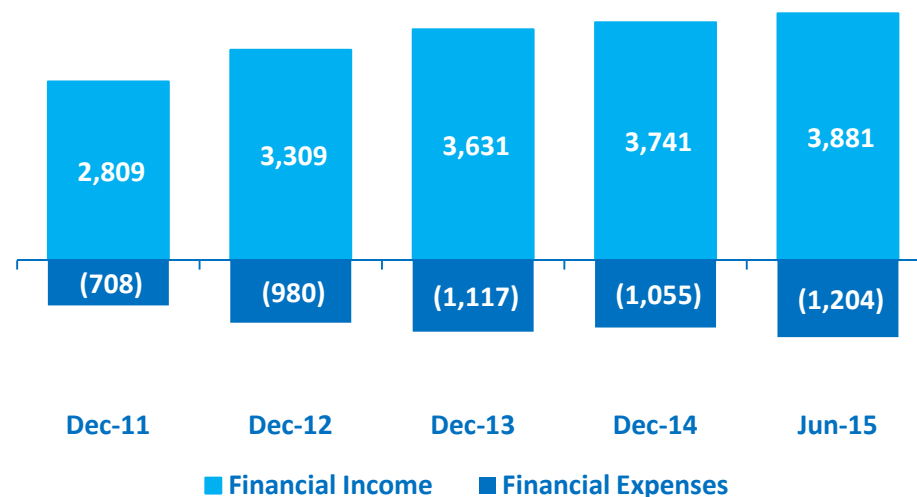
# Financial margin

PEN Million and percentage (%)

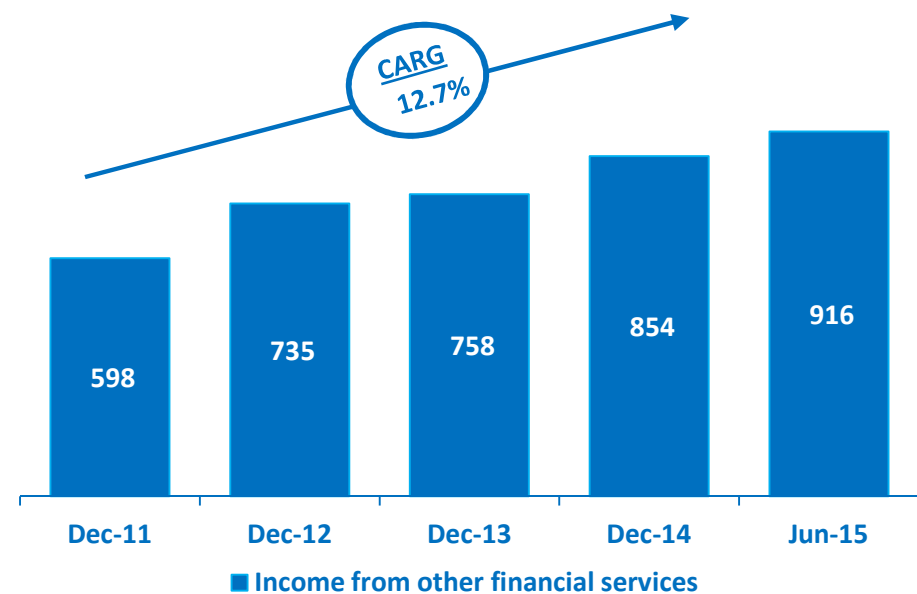


<sup>1</sup> **NIM ratio:** Interest margin + other financial operations divided by average interest earning assets (interbank funds, investments, loans)

## Financial Income and Expenses



## Income from fees

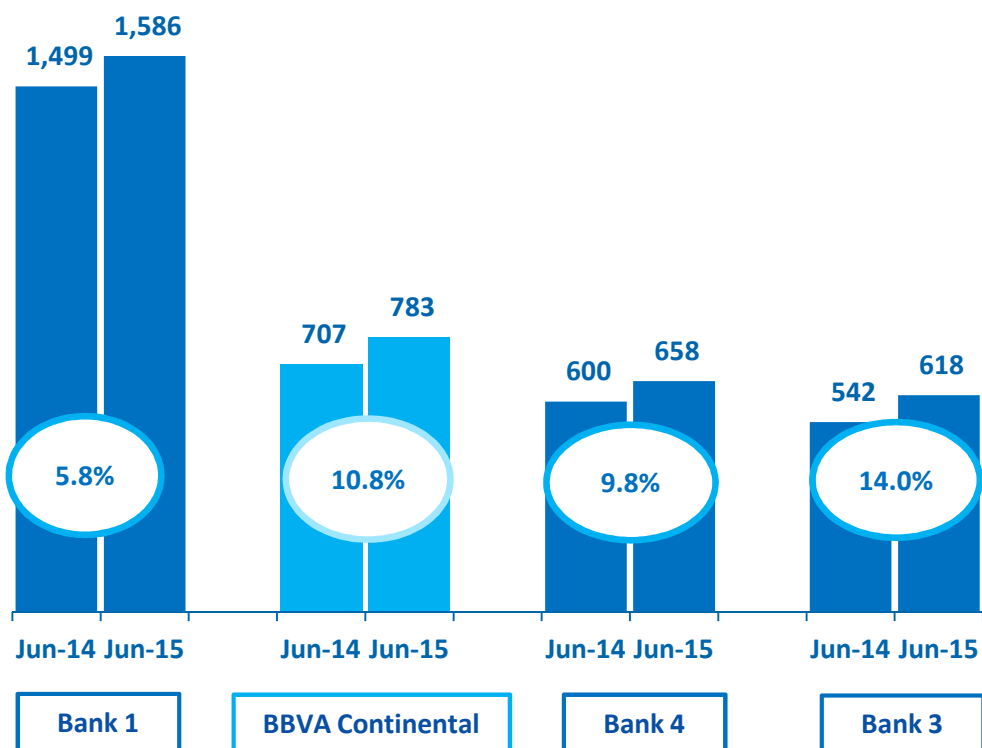


# Expenses management

We manage an attractive efficiency ratio

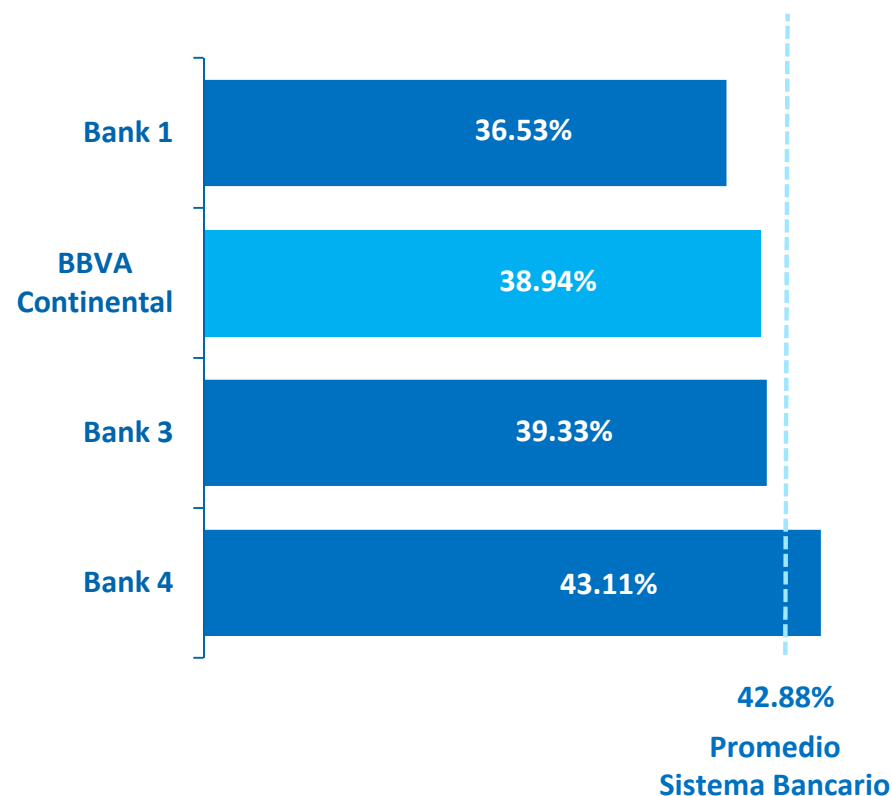
## Administrative expenses\*

PEN Million



## Efficiency

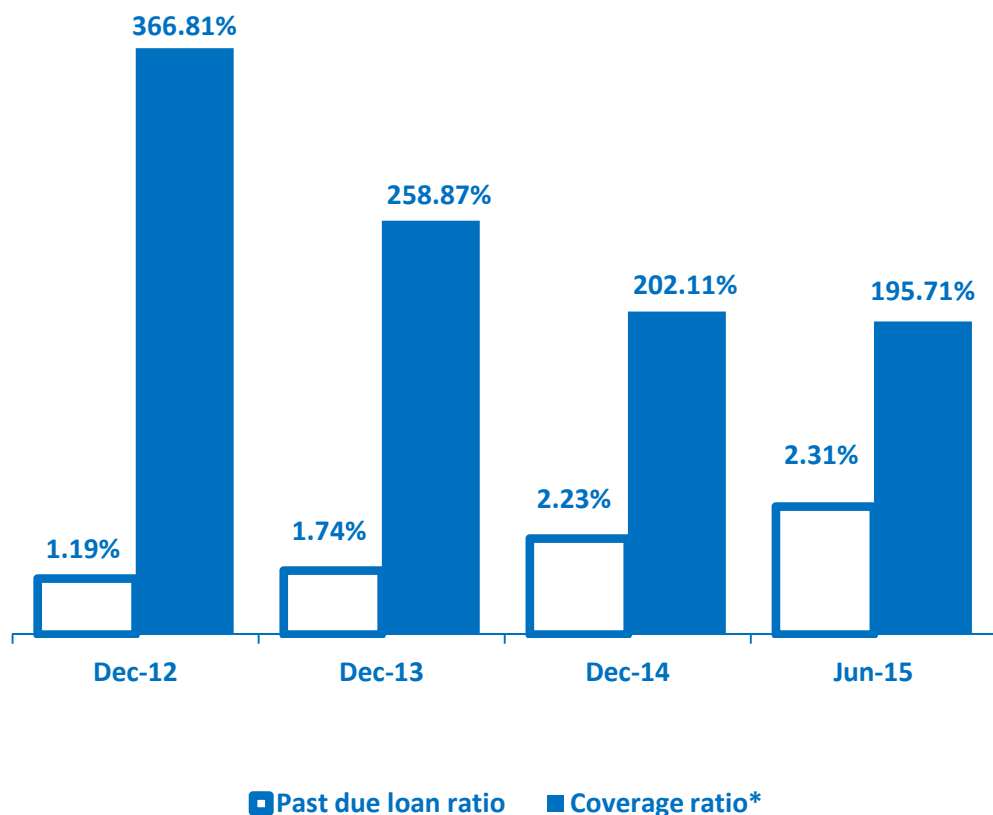
June 2015



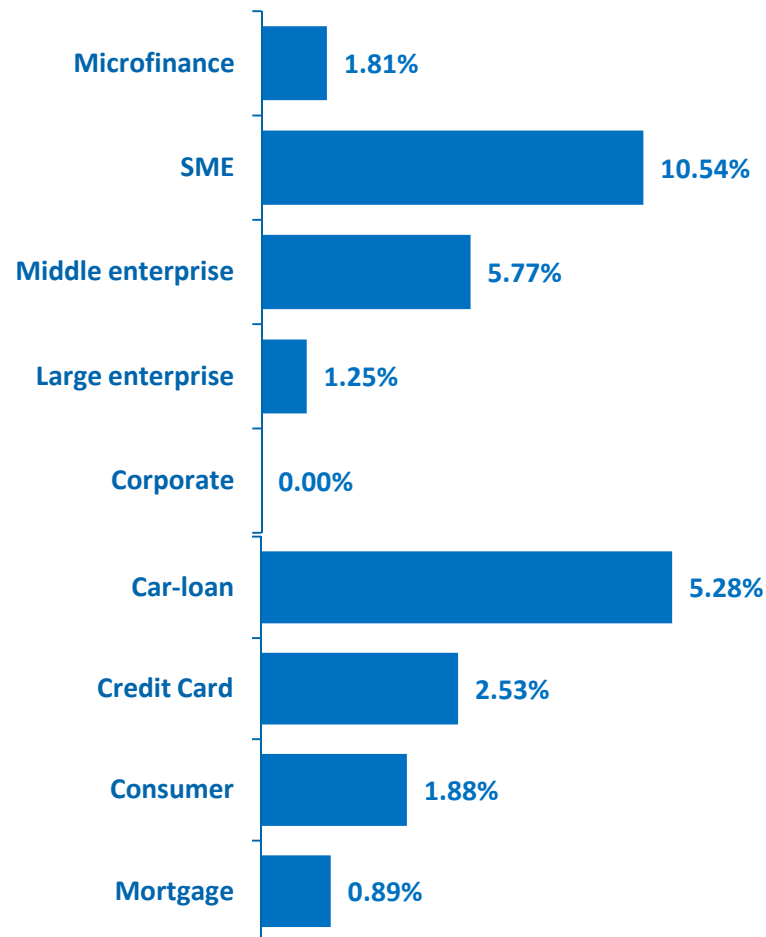
\* Includes Amortization and Depreciation  
Source: Superintendencia de Banca, Seguros y AFP

# Risk management

**Outstanding asset quality**  
BBVA Continental



**Past due loan ratio by product and segment**  
June 2015

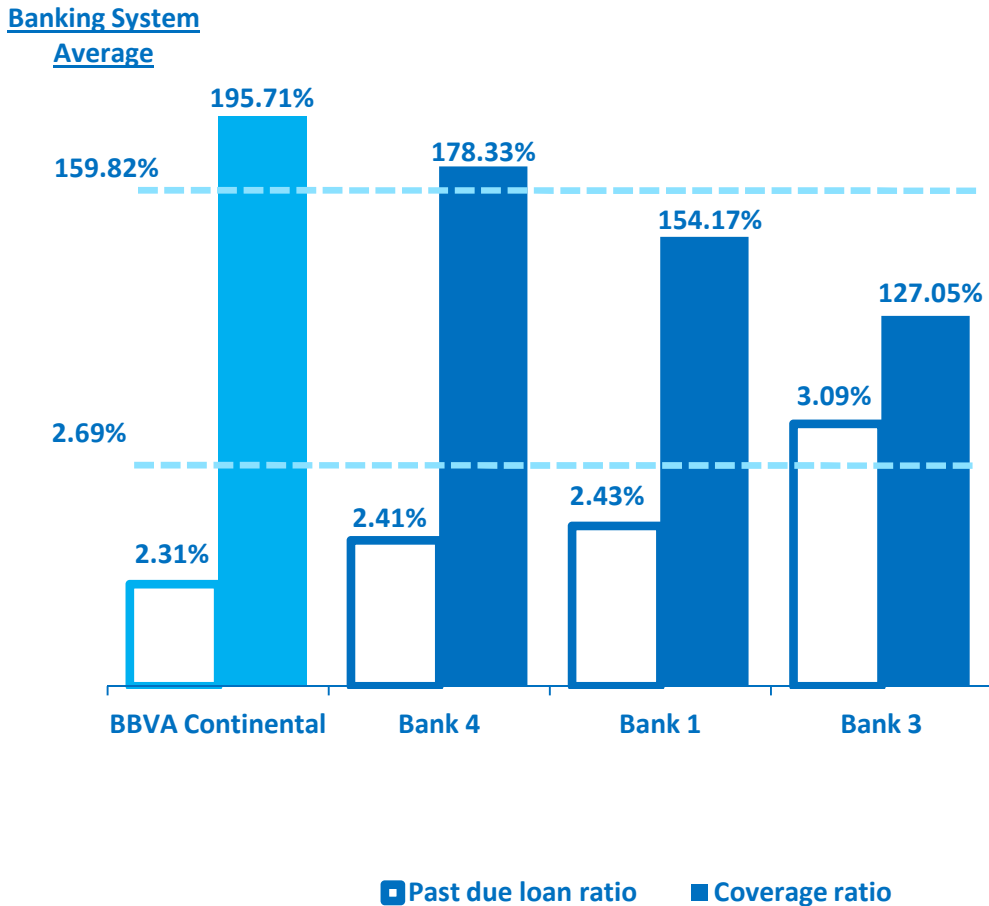


\* Since January 2013, performing loans, past due loans, restructured loans and refinanced loans are net of non-accrued lease and lease-back interest revenue.

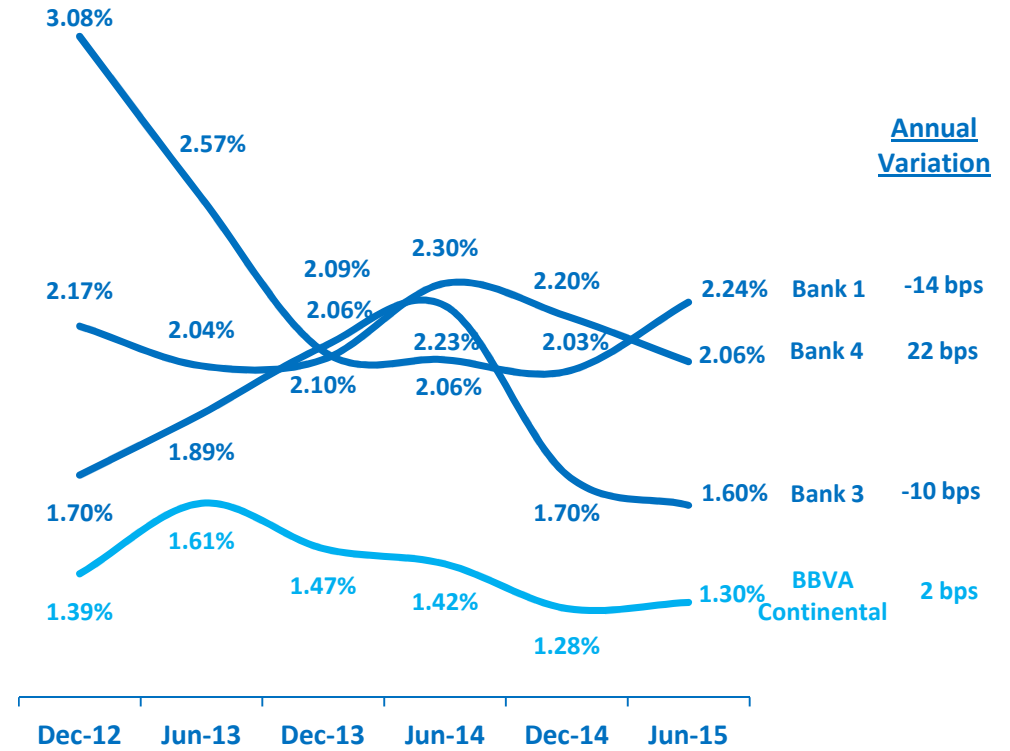
# Risk management

## Best Past Due Loan Ratio and Coverage Ratio

June 2015



## Best Risk Cost\* ratio vs. Peer Group



\*Risk Cost: Provisions for the last 12 months between total loans (average of the last 12 months)

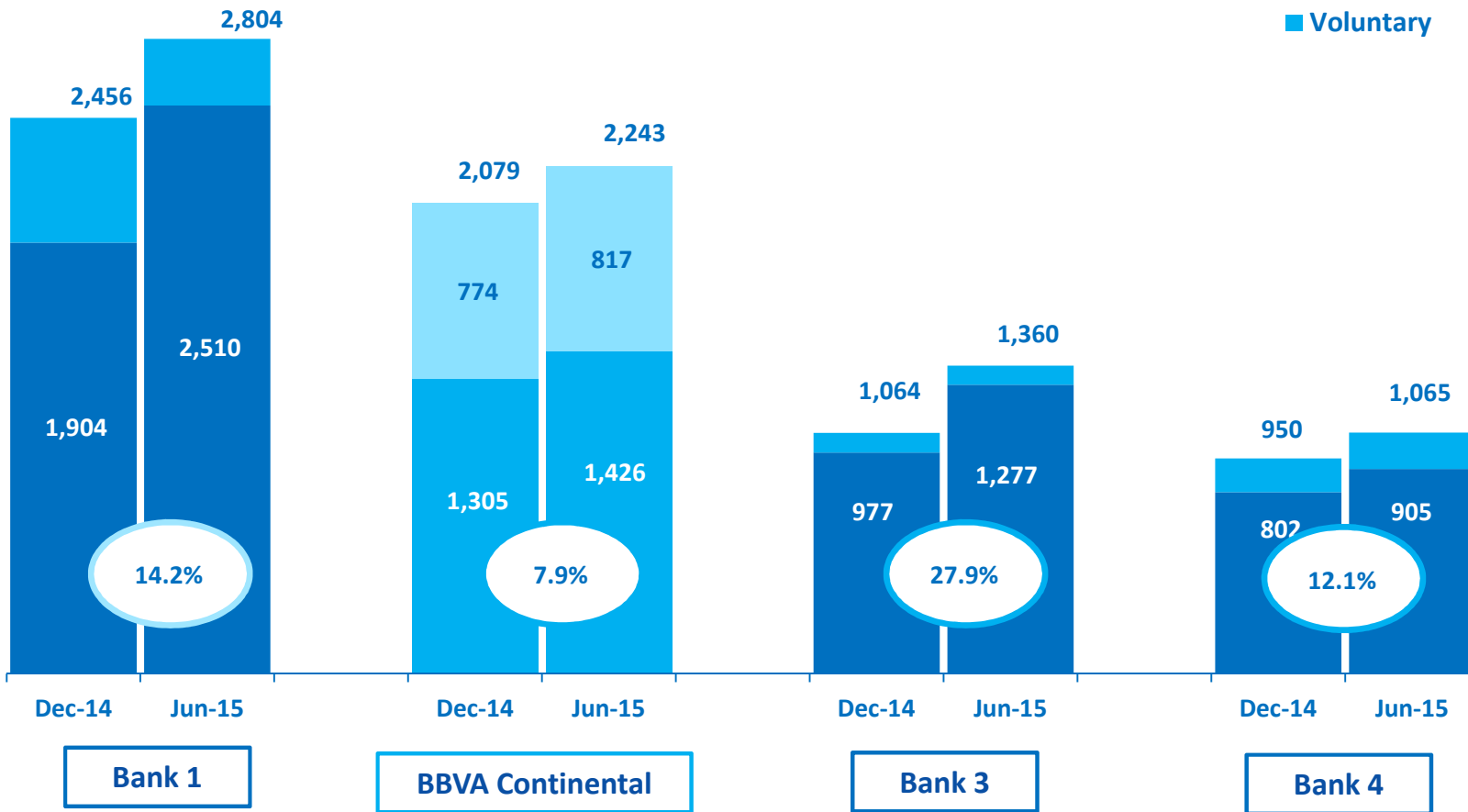
# Risk management

BBVA Continental maintains high levels of voluntary provisions

## Provisions

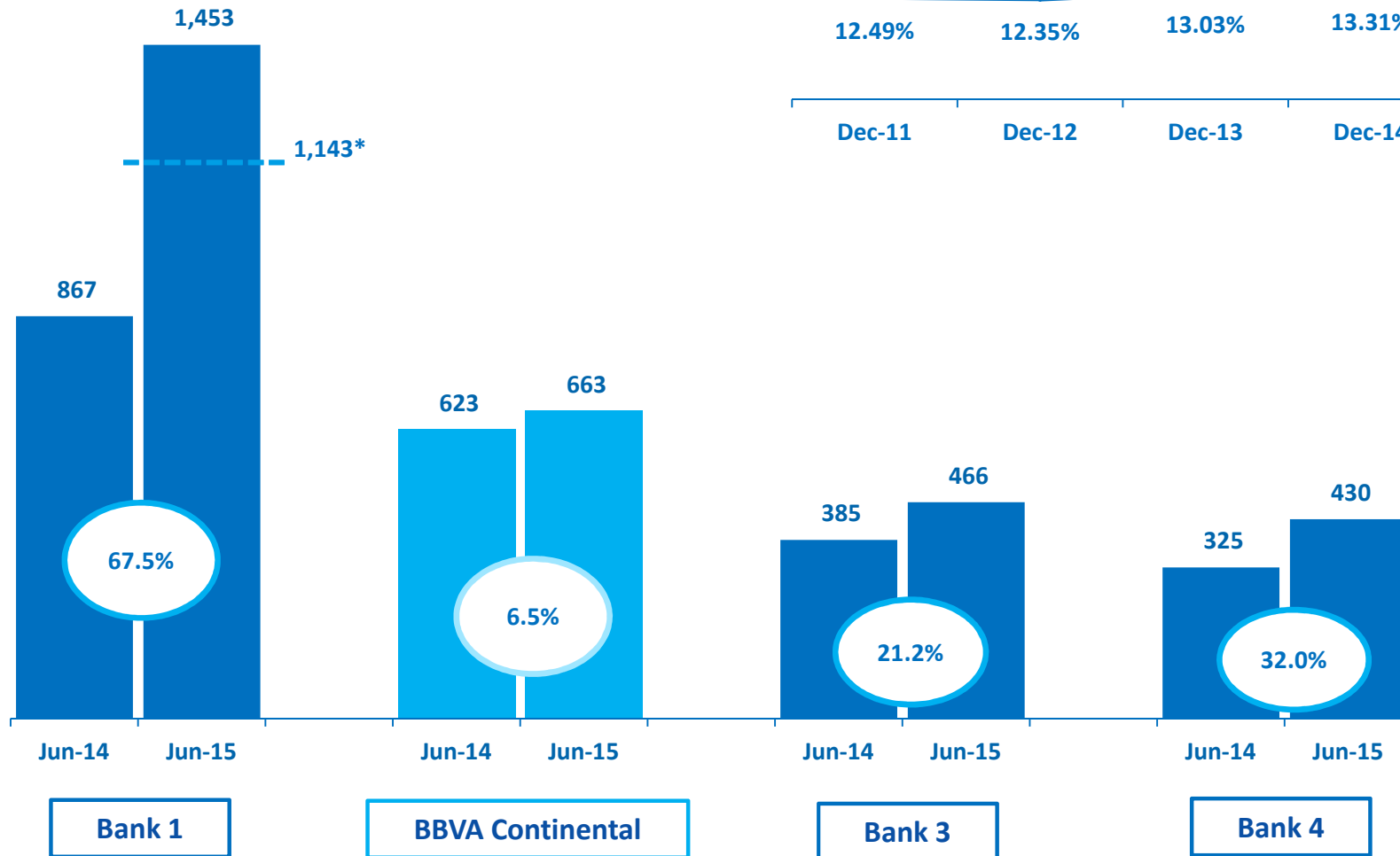
PEN Million

■ Required  
■ Voluntary

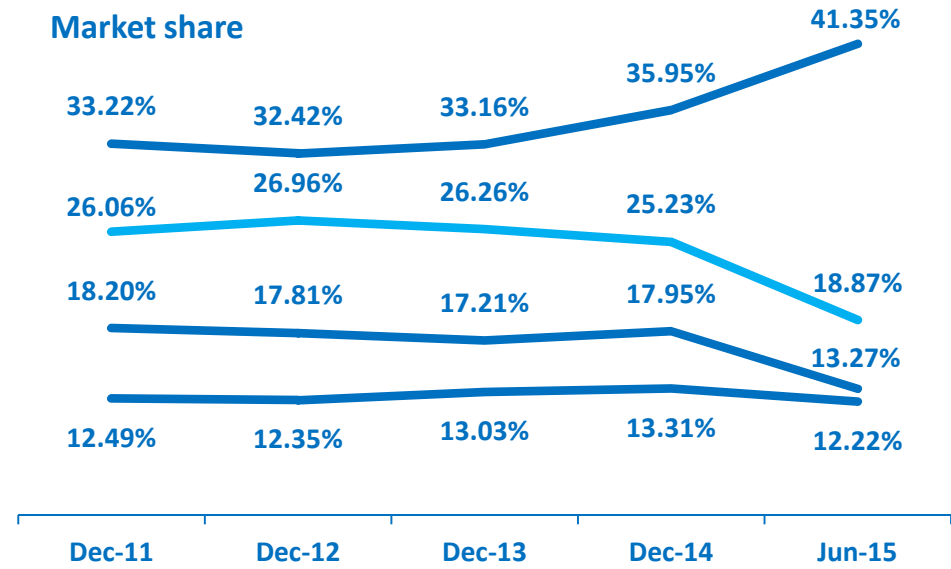


# Profitability management

Net income  
PEN million



Market share



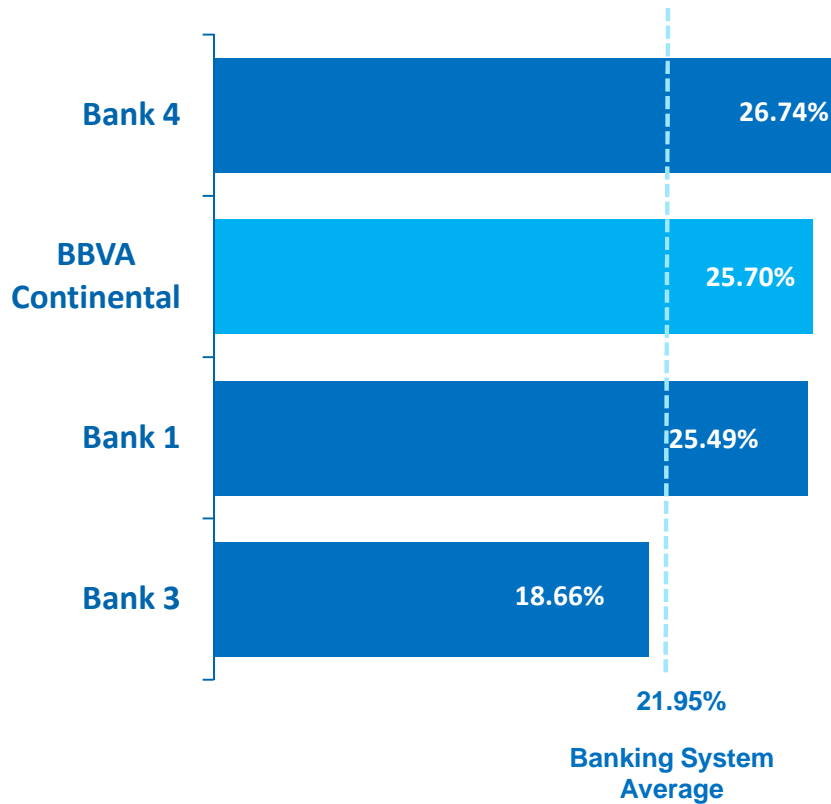
\*Net Income of Bank 1 without considering an extraordinary income of PEN 310MM due to a sale of shares in subsidiary. Net Growth adjusted 31.80%.  
Source: Superintendencia de Banca, Seguros y AFP

# Profitability management

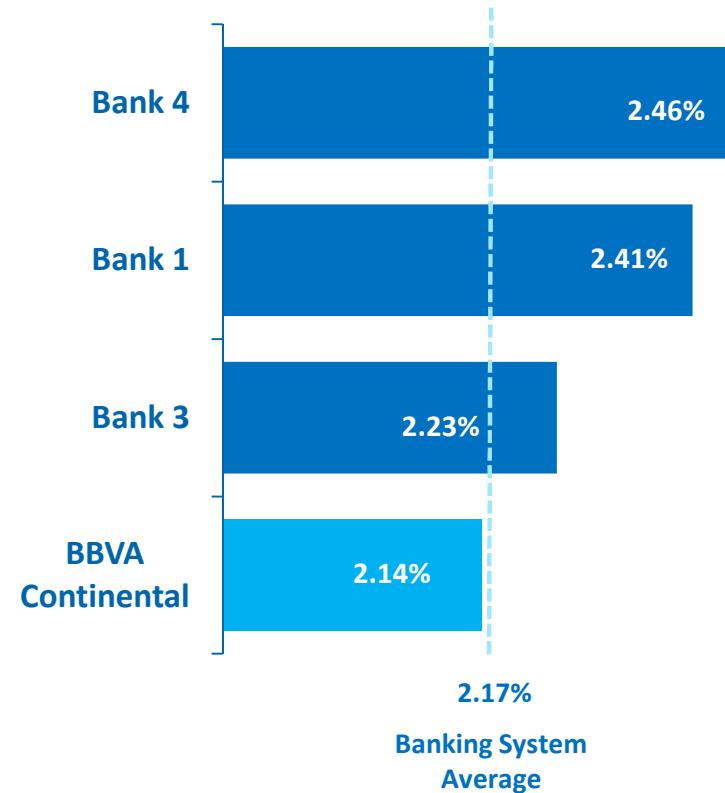
BBVA Continental has outstanding profitability ratios as compared to its peers...

June 2015

## Return on Equity - ROE



## Return on Assets - ROA

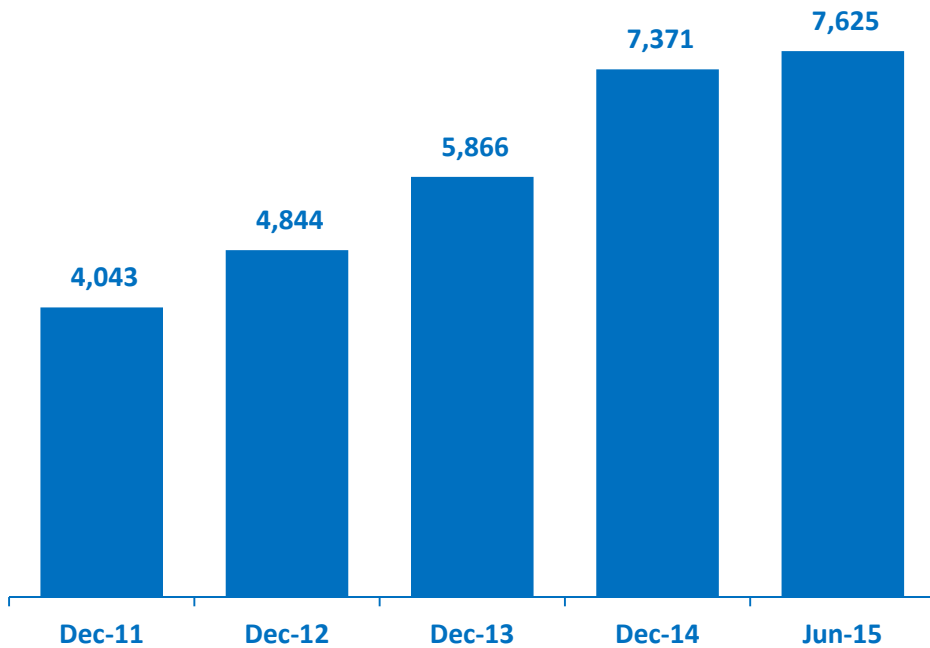




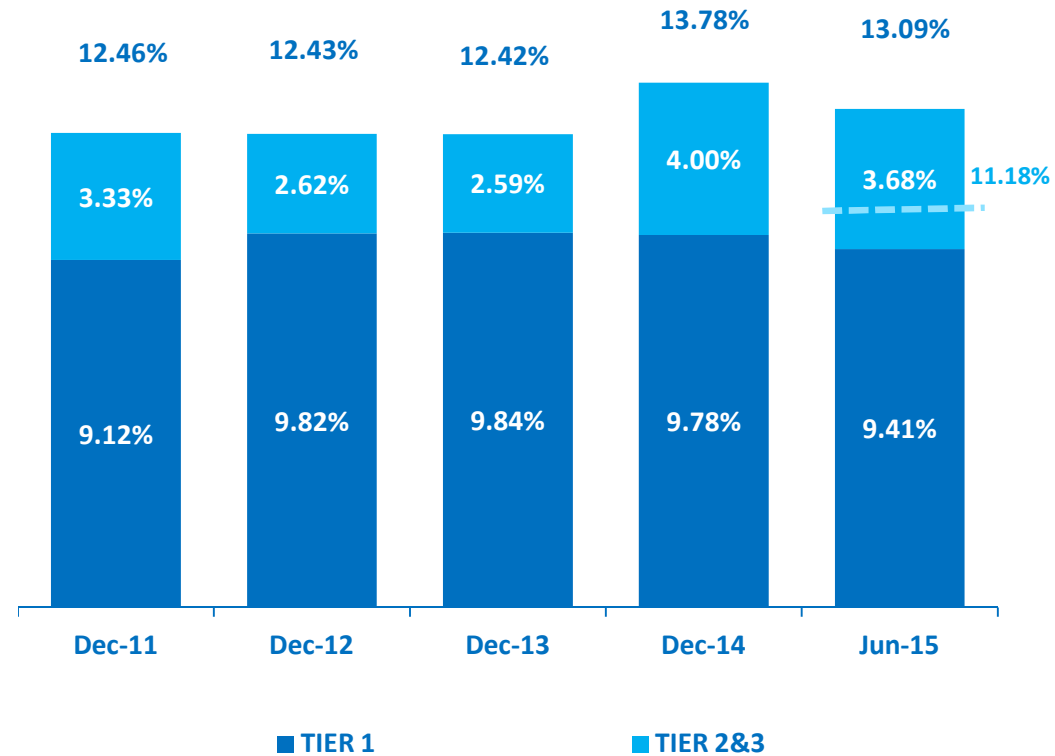
# Solvency management

## Regulatory capital

PEN million



## Composition of capitalization



*From July 2012 to July 2016 capital requirements will increase gradually to comply with new local regulations, based on Basel III standards.*

**4**

**Social  
Responsibility  
and Awards**

# The Bank maintains its commitment to society and is highly regarded in the market

## SOCIAL RESPONSIBILITY

**BBVA Continental**  
Informe de Banca Responsable 2014



**Social, Economical and Environmental Responsibility Report**

**IFC** International Finance Corporation  
World Bank Group

**First environmental facility made in South America**



**IDB**

**Green loan to promote green lending projects**



**Program: "Leer es estar adelante"**

## AWARDS



**Las Mejores Empresas para Trabajar 2014 Perú**



**Los 25 Mejores**



**BEST BANK AWARD - 2014**



**EUROMONEY Awards for excellence 2014**



**GLOBAL FINANCE**



**BOLSA DE VALORES DE LIMA**

**BBVA Continental is part of the Best Corporate Governance Principle's Index of companies**

# 5 Ratings

# International rating

The Bank has the best international ratings

Instrument	Fitch Ratings	Standard & Poors
Foreign currency long term issuances	A-	BBB+
Foreign currency short term issuances	F1	A-2
Local currency long term issuances	A-	BBB+
Local currency short term issuances	F1	A-2
Individual rating	WD	-
Outlook	Stable	Negative

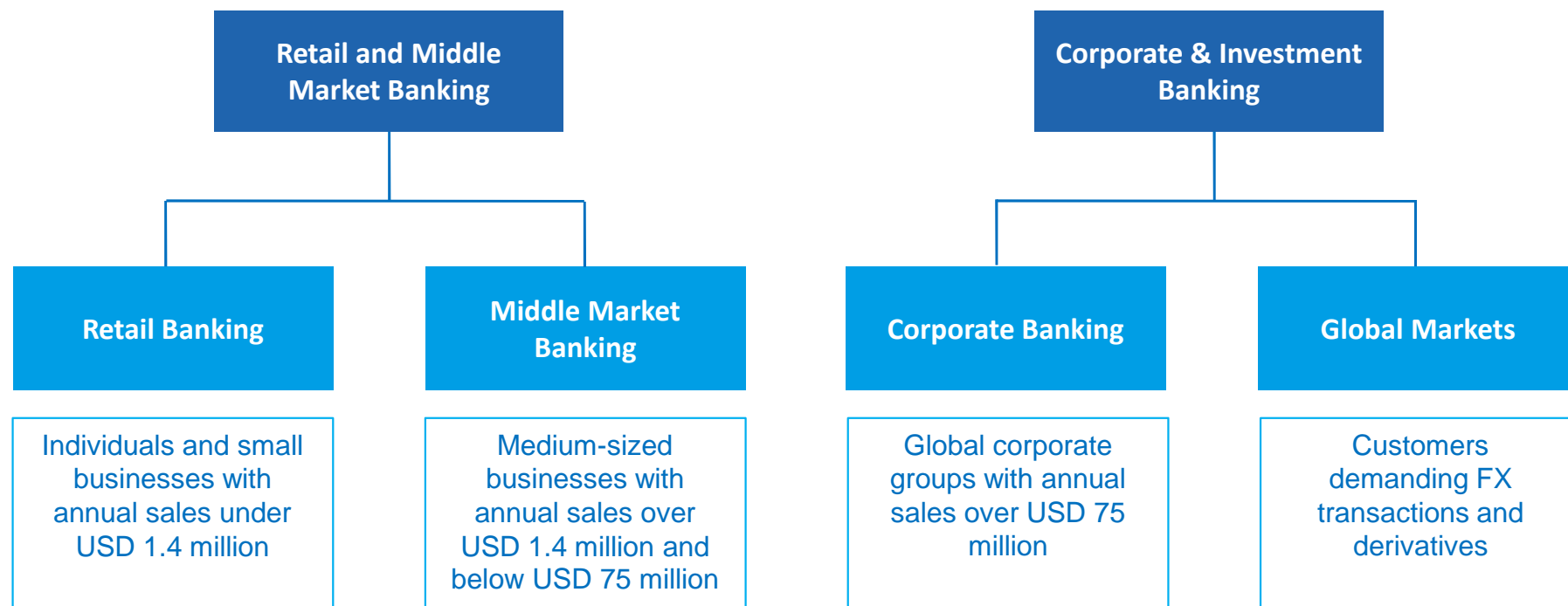
# Local rating

Three rating agencies in Peru have granted BBVA Continental the best local ratings

Instrument	Apoyo & Asociados	Equilibrium	PCR	Top local
Short term deposits	CP-1+ (pe)	EQL 1+.pe	Categoría I	Categoría 1
Term deposits > 1 year	AAA (pe)	AAA.pe	pAAA	AAA
Corporate bonds	AAA (pe)	AAA.pe	pAAA	AAA
Subordinated bonds	AA+ (pe)	AA+.pe	pAA+	AA+
Leasing bonds	AAA (pe)	AAA.pe	pAAA	AAA
Common shares	1 <sup>a</sup> (pe)	1 <sup>a</sup> Clase.pe	PC N1	Categoría 1
Issuer rating	A+	A+	A+	A

# 6 Annex

## Annex 1: Clients and Products



- Products for individuals: credit cards, consumer loans, mortgages loans, vehicle loans, saving deposits, demand deposits, term deposits, CTS, funds and investments.
- Products for businesses: Leasing, foreign trade loans, discounts, commercial loans, factoring, advance accounts, credit cards, funds, savings deposits, demand deposits, term deposits. Also syndicated loans and debt issuances.
- Treasury: FX transactions (spot and forward), IRS, Cross Currency Swaps, options.





# **BBVA** Continental

June 2015