



# **BBVA Continental**

## **Investors Report**

Third Quarter 2015

# Disclaimer

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# Sections

- 1 Peru: Attractive economy and financial system
- 2 Organization
- 3 BBVA Continental vs. Peers
- 4 Ratings
- 5 Social responsibility and Awards
- 6 Appendix

**1**

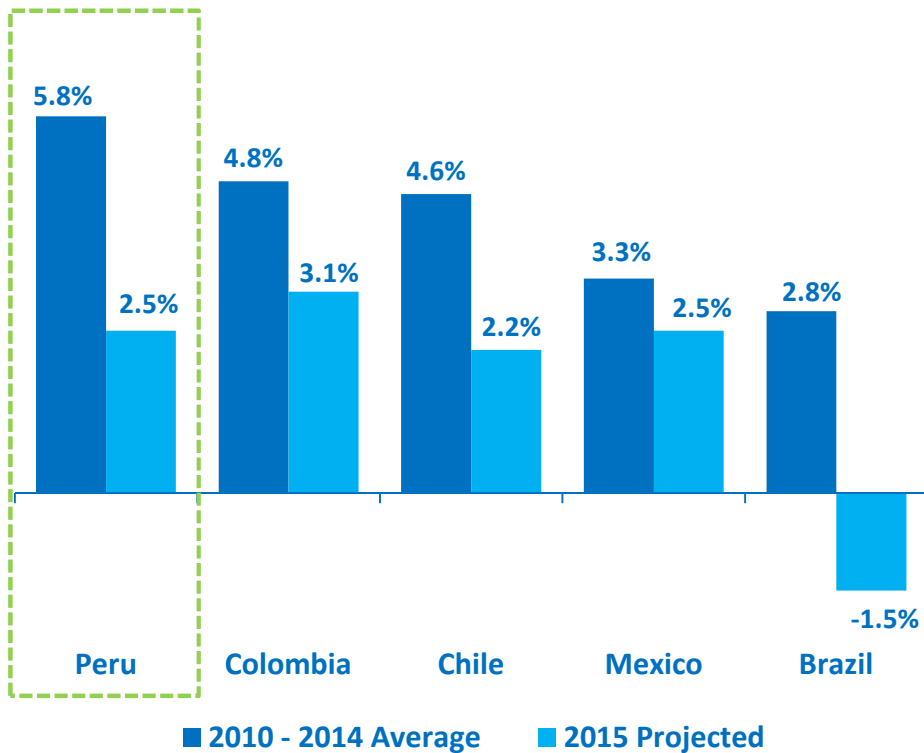
**Peru:  
Attractive economy &  
financial system**

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

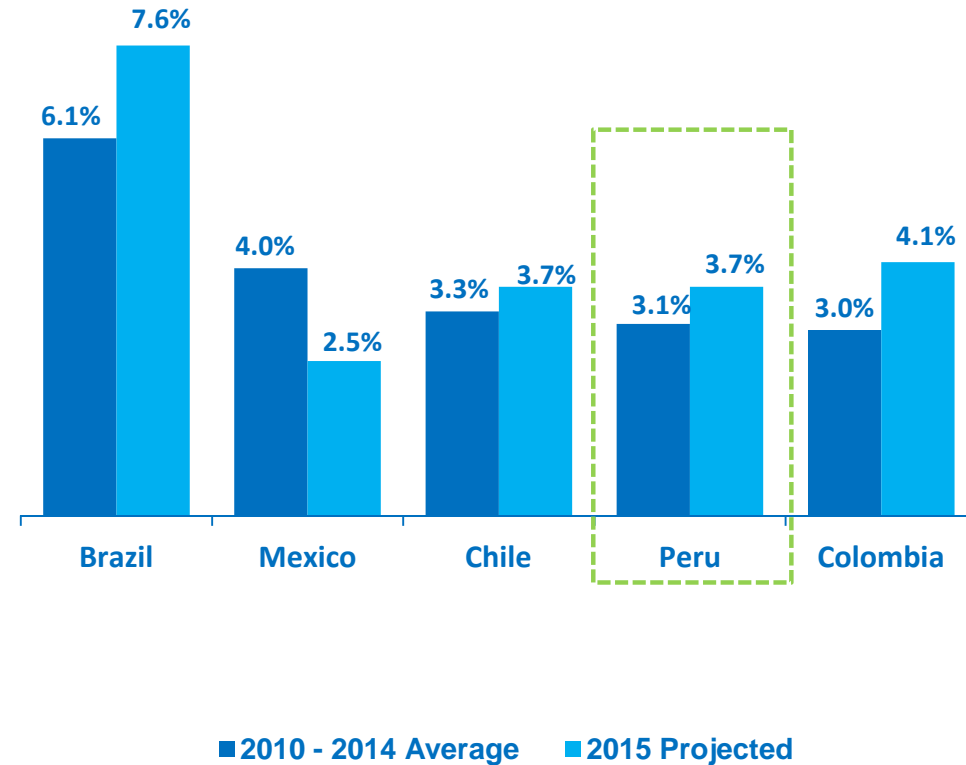
Peru is one of the economies with fastest growth in Latin America...

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

GDP growth

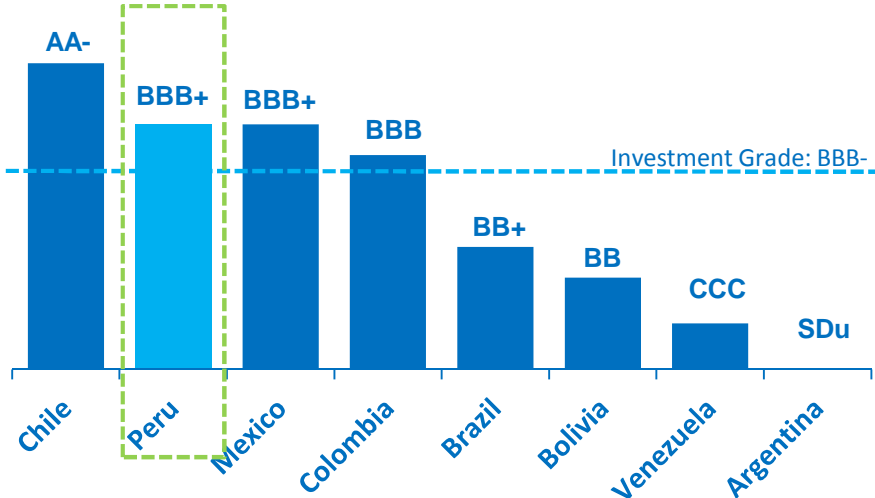


Inflation



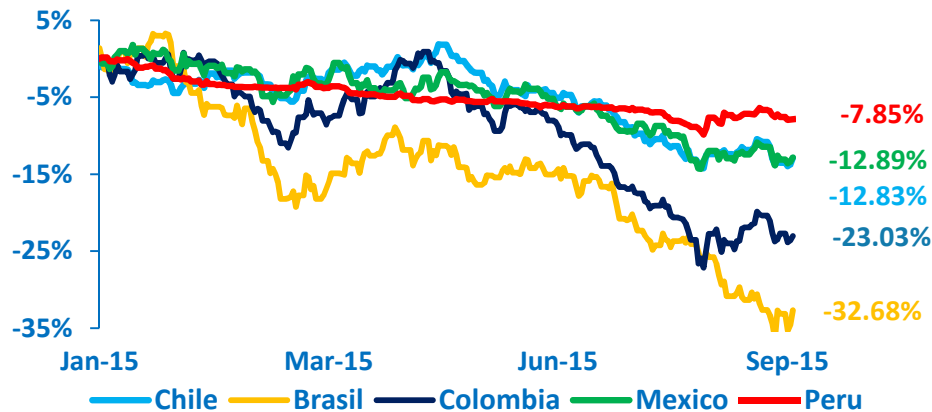
# ...sovereign investment grade, relatively stable currency and low levels of debt

Ratings



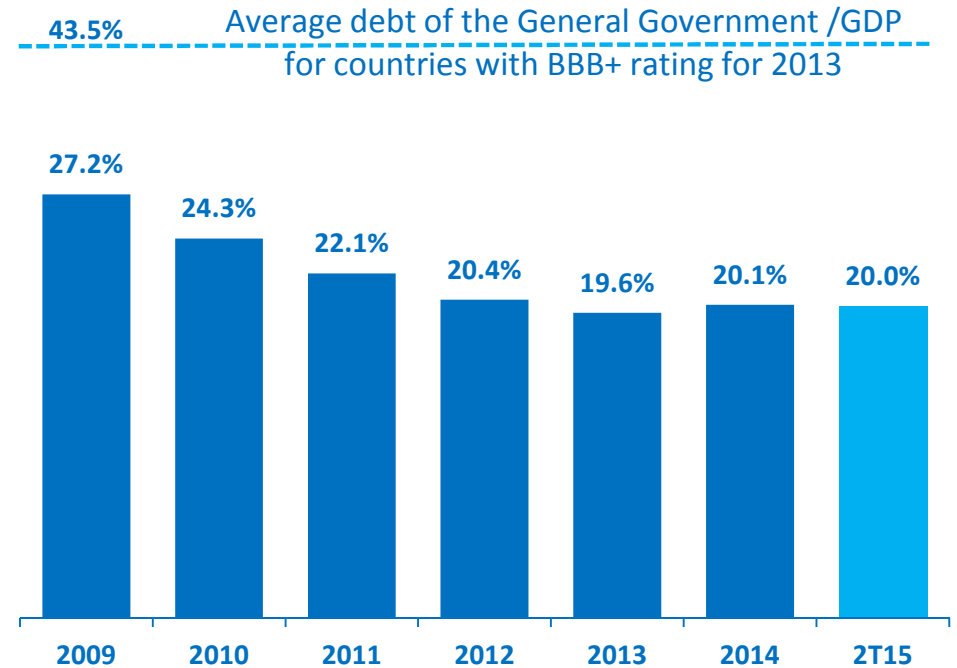
Source: Standard & Poor's

Currency depreciation against USD



Source: Bloomberg

Public Debt as a percentage of GDP



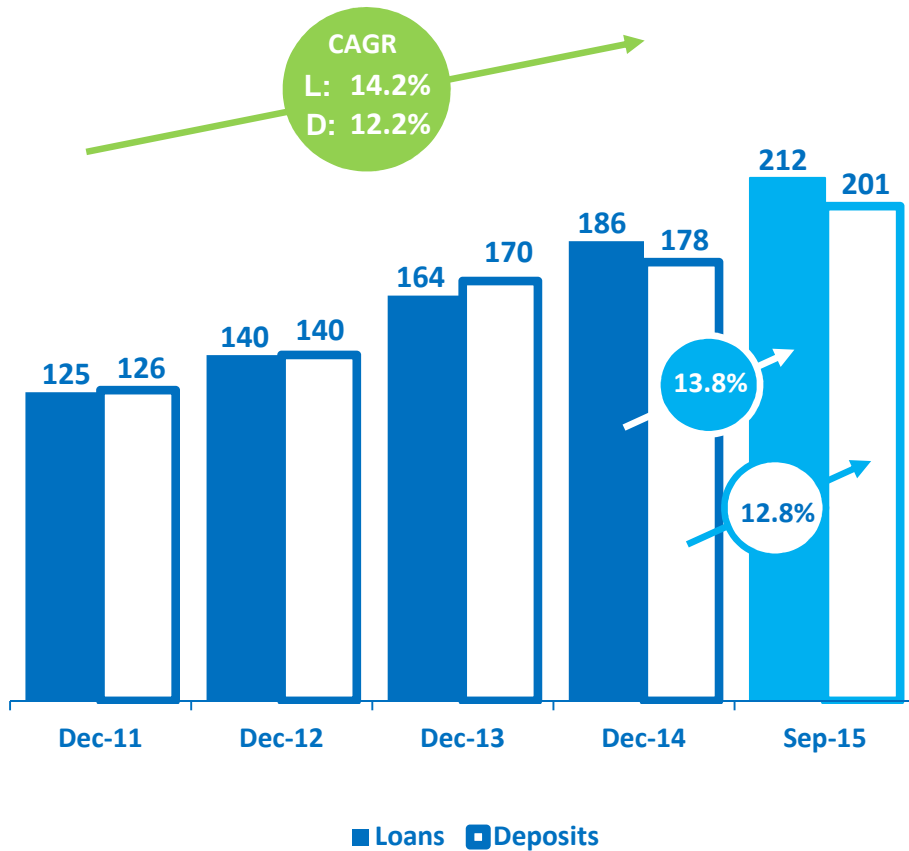
Source: Central Bank of Peru

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

The Peruvian Banking System has shown strong growth...

## Performing loans and Deposits

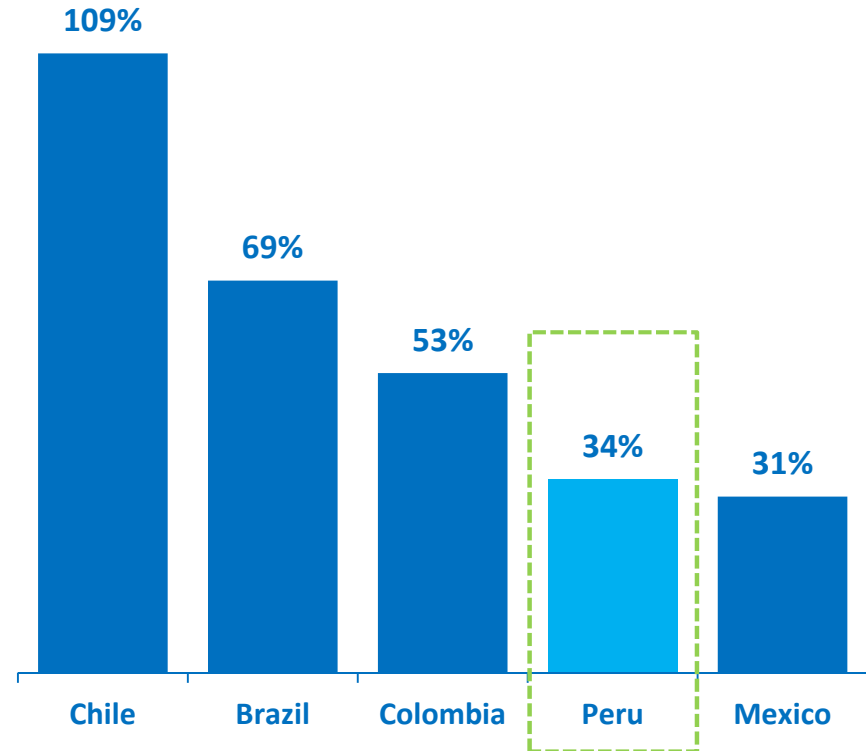
PEN thousands of millions



...with great potential for future expansion

## Loans to private sector as a percentage of GDP

2014

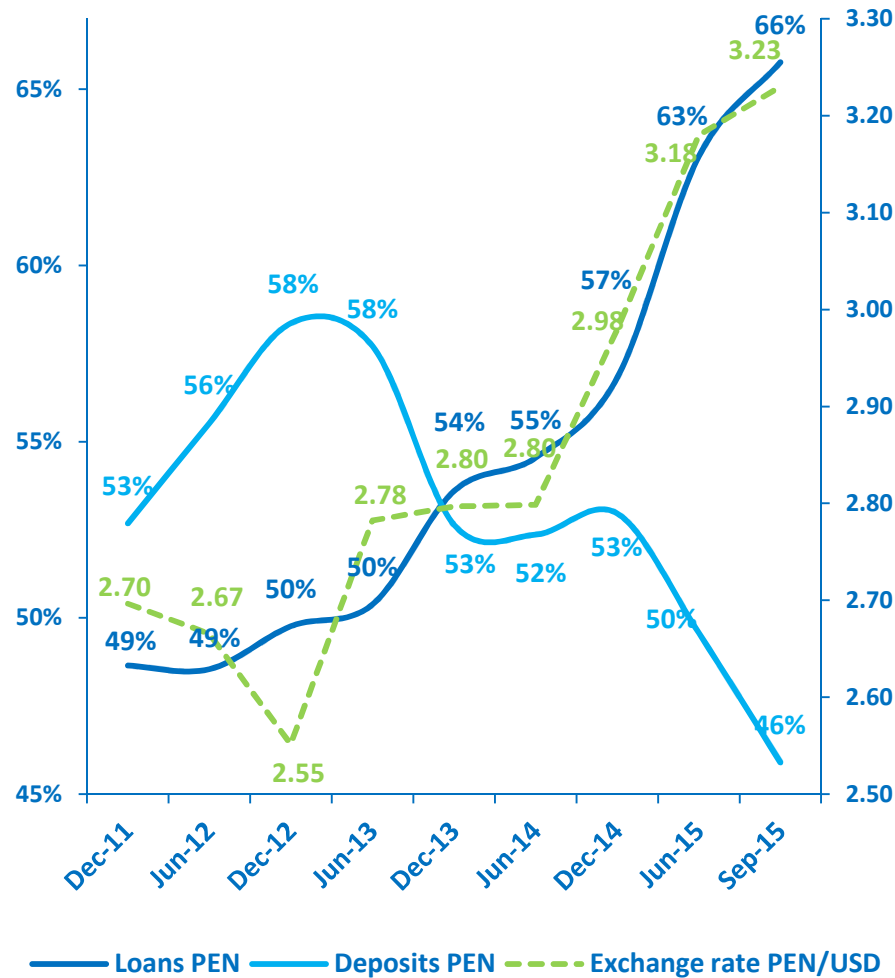


\*Other obligations are excluded from deposits  
Source: Superintendencia de Banca, Seguros y AFP

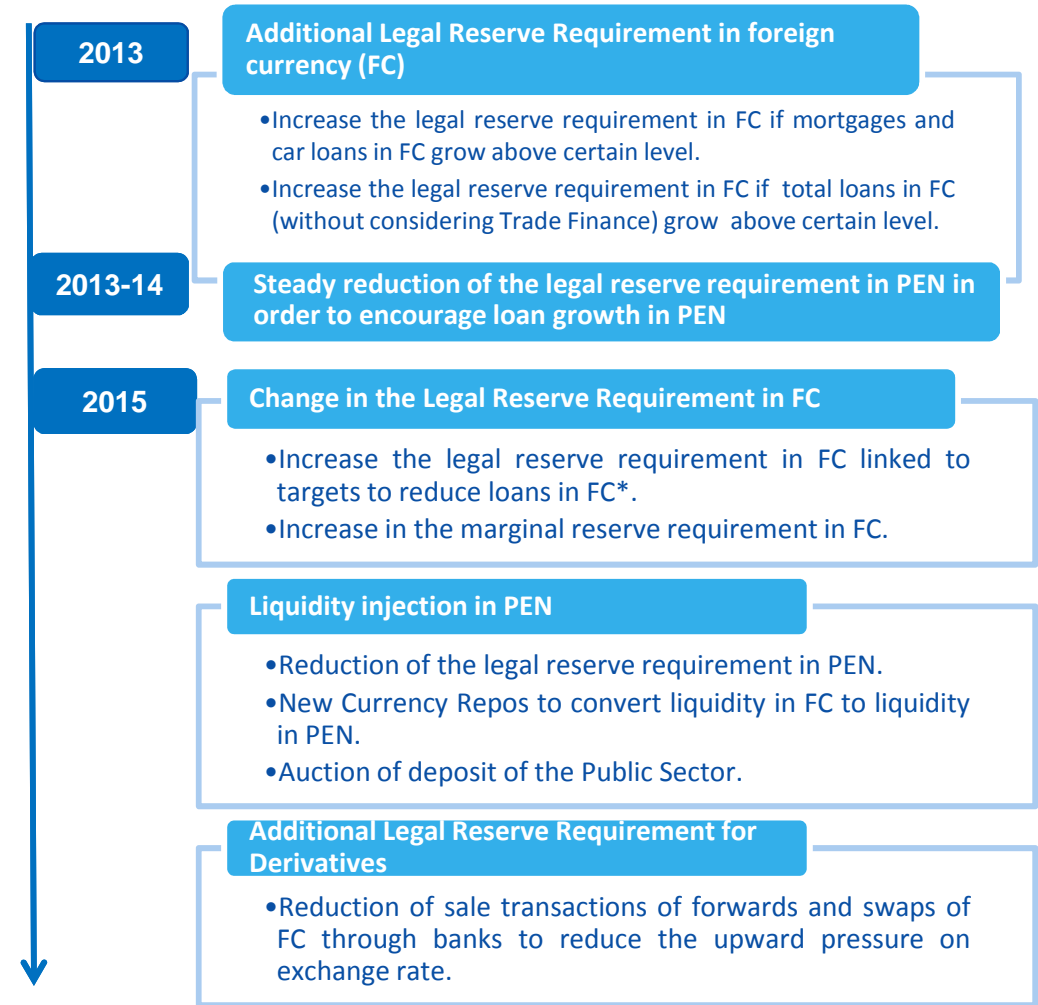
Source: World Bank. Last available information.

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

PEN - denominated Loans and Deposits at the Banking System



Objective: Reducing credit exchange rate risk  
 Central Bank Measures:



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

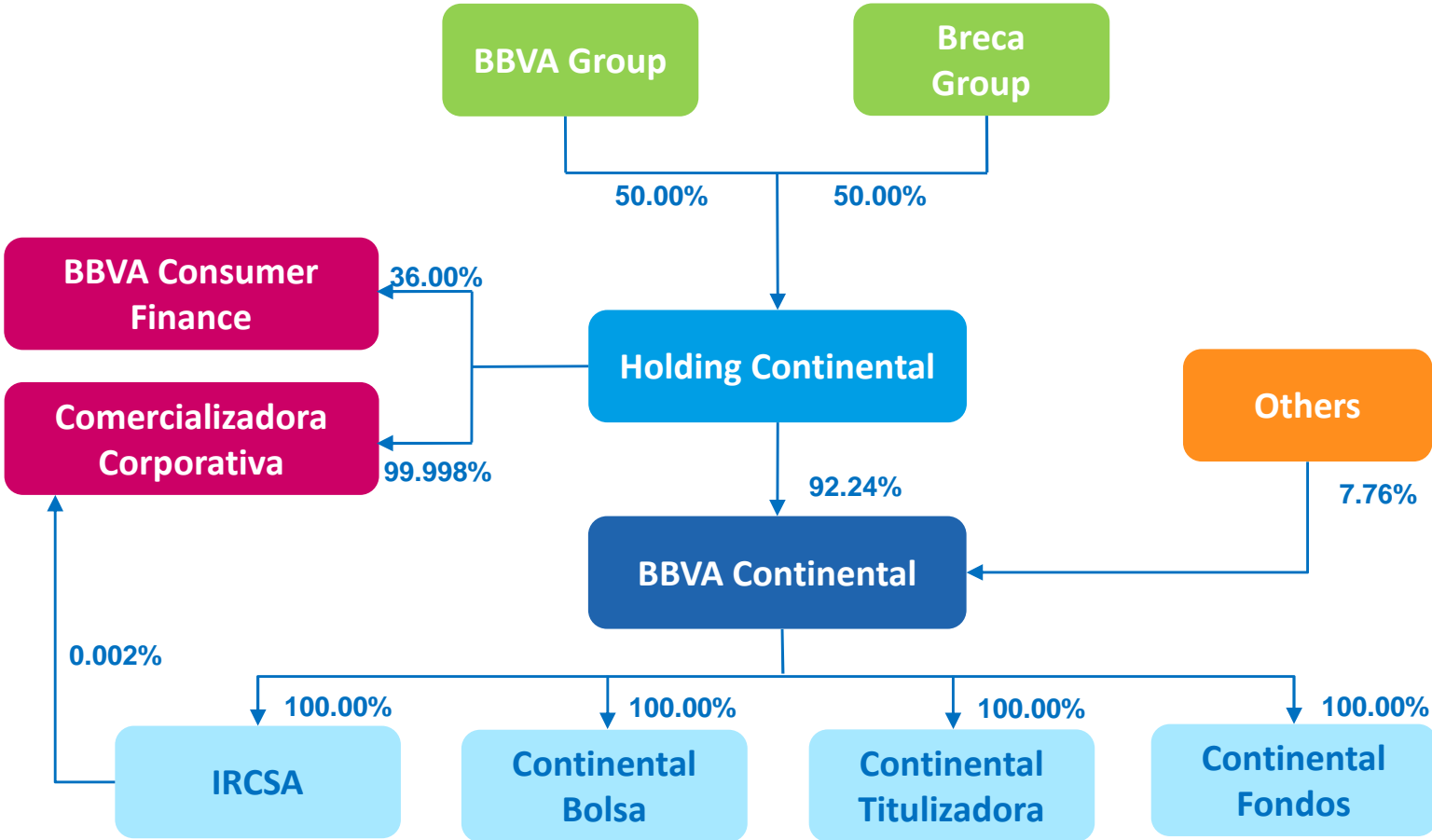
\*Excluded operations higher than USD10MM and 3 years (before 4 years) from June 2015.  
 Source: Banco Central de Reserva del Perú, BCRP



# 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 Group

**+31**  
Countries

**746 €**  
Billion  
In Assets

**+51**  
Million  
Customers

**9,250**  
Branches

**117,904**  
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 – Pacific

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

### Europe

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

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

**Developed**

Weight: 40%

YoY var.: +11.0%

**Emerging**

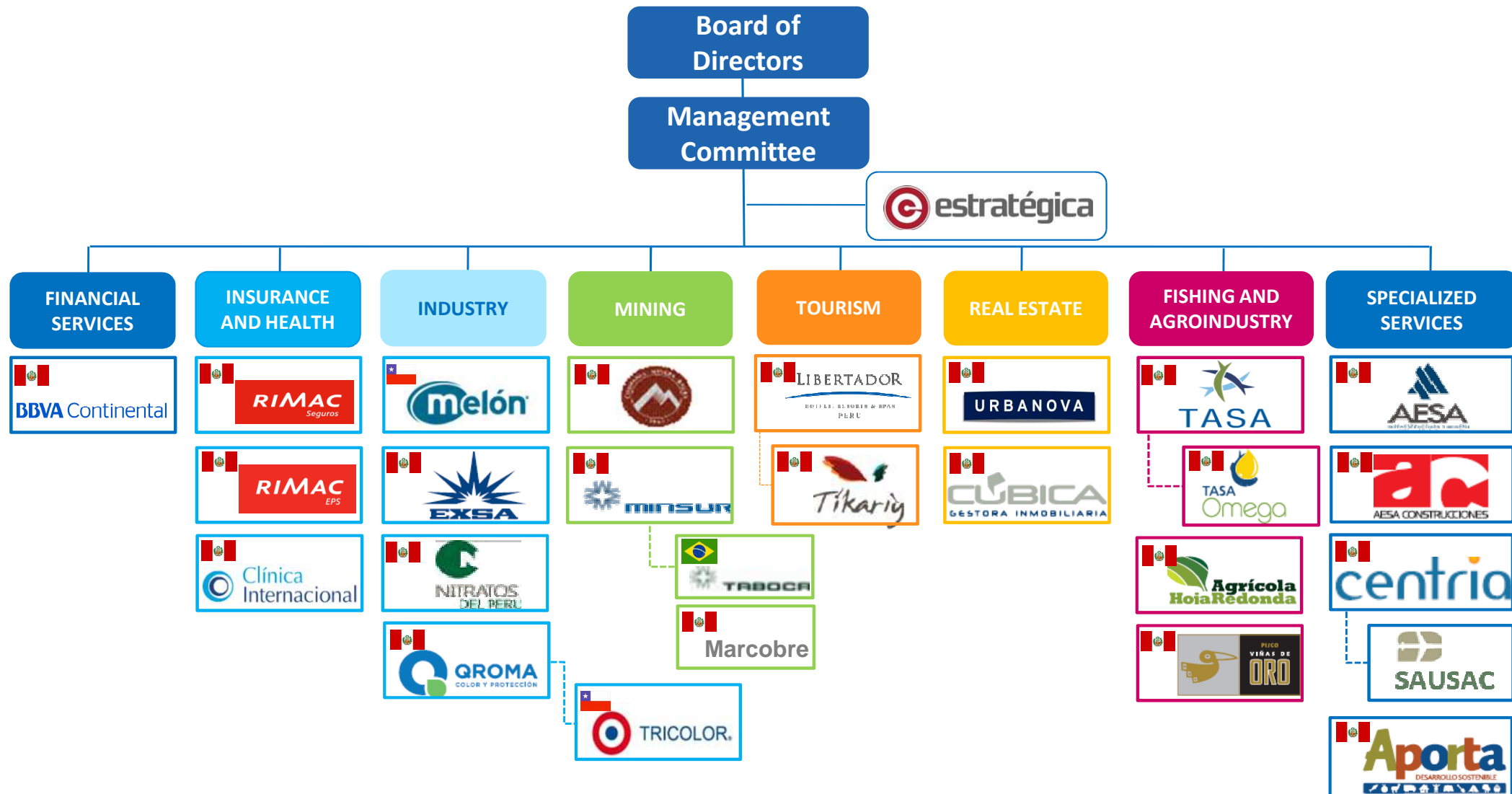
Weight: 60%

YoY var.: +30.5%

**South America:**  
18.5% 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

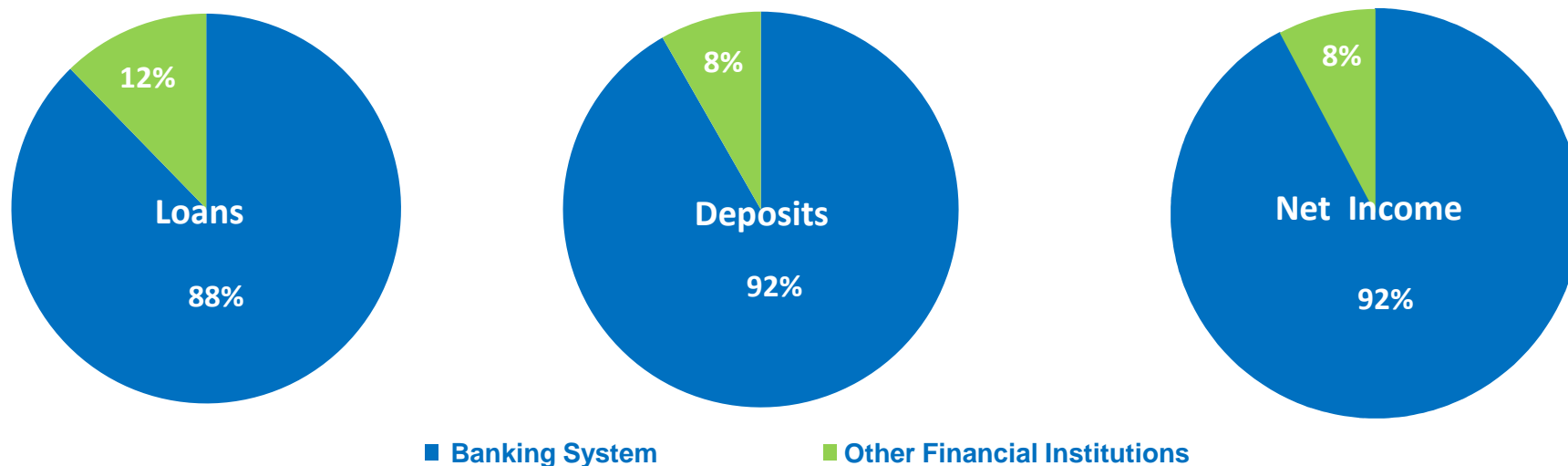


## Peruvian Financial System

September 2015

Financial system	Institution PEN Million	Net loans Sep-15	Deposits Sep-15	Net Income Sep-15
<b>Banking system</b>	Banks (17)	210,438	200,692	5,293
	Banco de la Nación	8,536	22,350	655
<b>Other financial institutions</b>	Cajas Municipales (12)	12,974	13,755	252
	Financieras (12)	7,989	4,690	211
	Cajas Rurales (8)	450	550	-14
	Edpymes (11)	1,279	-	6
	Leasing (2)	440	-	5
	COFIDE	5,719	87	58
	Agrobanco	1,468	-	15

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

## Key performance indicators of BBVA Continental:

September 2015



#1 in Cost of risk*	1.37%
#3 in NPL ratio	2.41%
#1 in Coverage ratio**	191.11%
#2 in profitability ROE: Annualized net income / Average equity	25.09%
#3 in efficiency	39.38%
#2 in assets	S/.76,631 million
#2 in performing loans	S/.45,689 million
#2 in deposits***	S/.44,901 million
#2 in number of branches	331

\*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

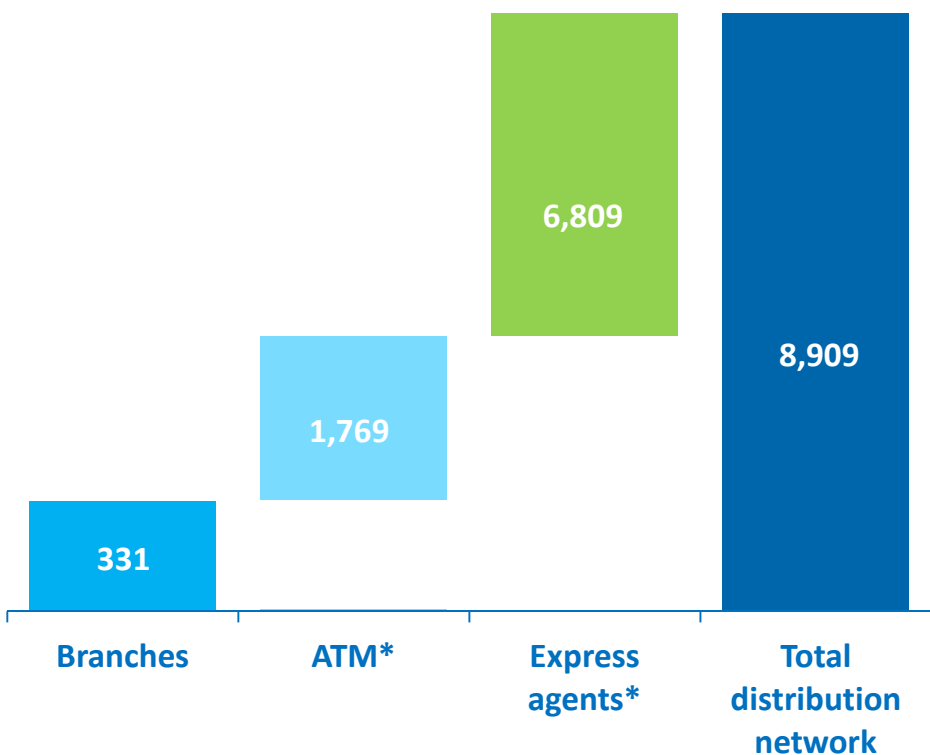
# 3 **BBVA Continental** **vs.** **Peers**

# Strong banking platform

September 2015

Distribution network: One of the largest in the country

- ✓ 8,908 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

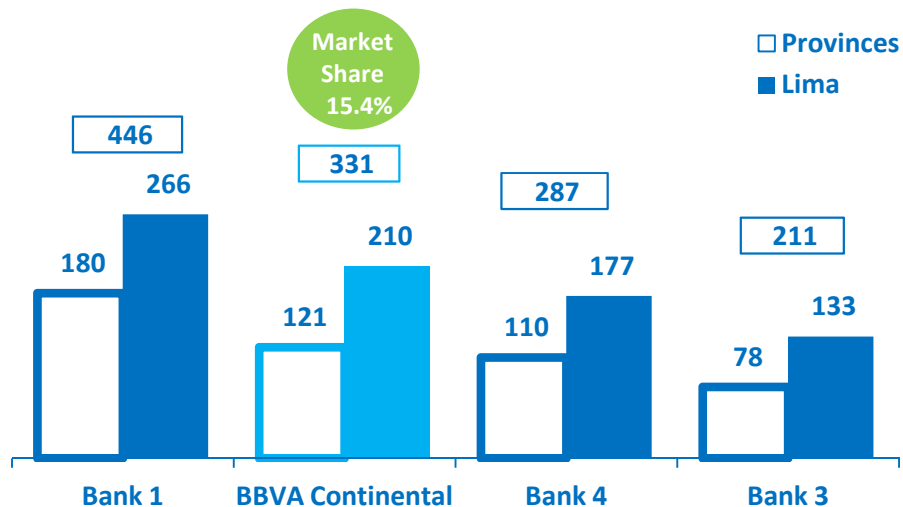
- Advisory, brokerage and investment services through its subsidiaries
- Insurance products through affiliated companies



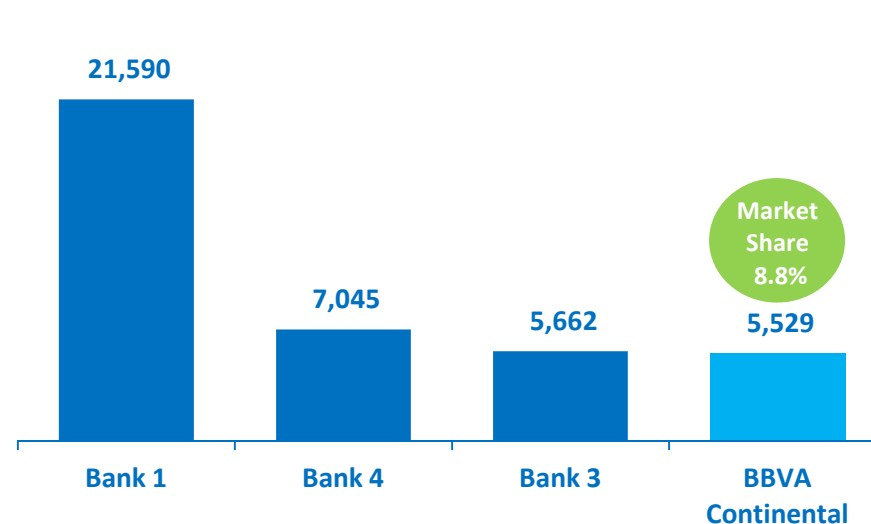
# Number of branches, employees, ATMs and Express agents

September 2015

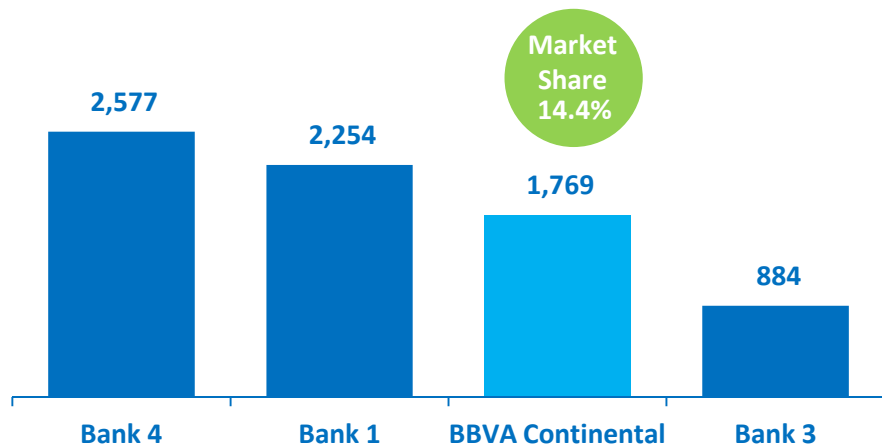
## Number of branches



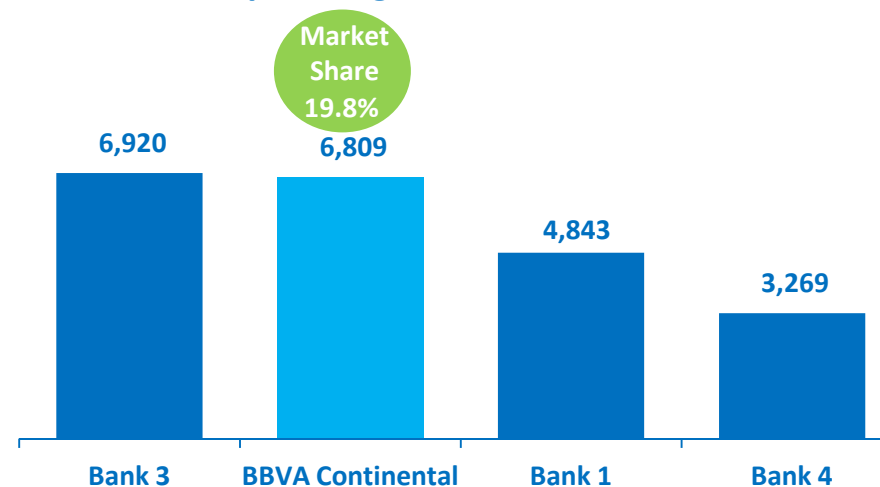
## Number of employees



## Number of ATMs\*



## Number of Express Agents\*

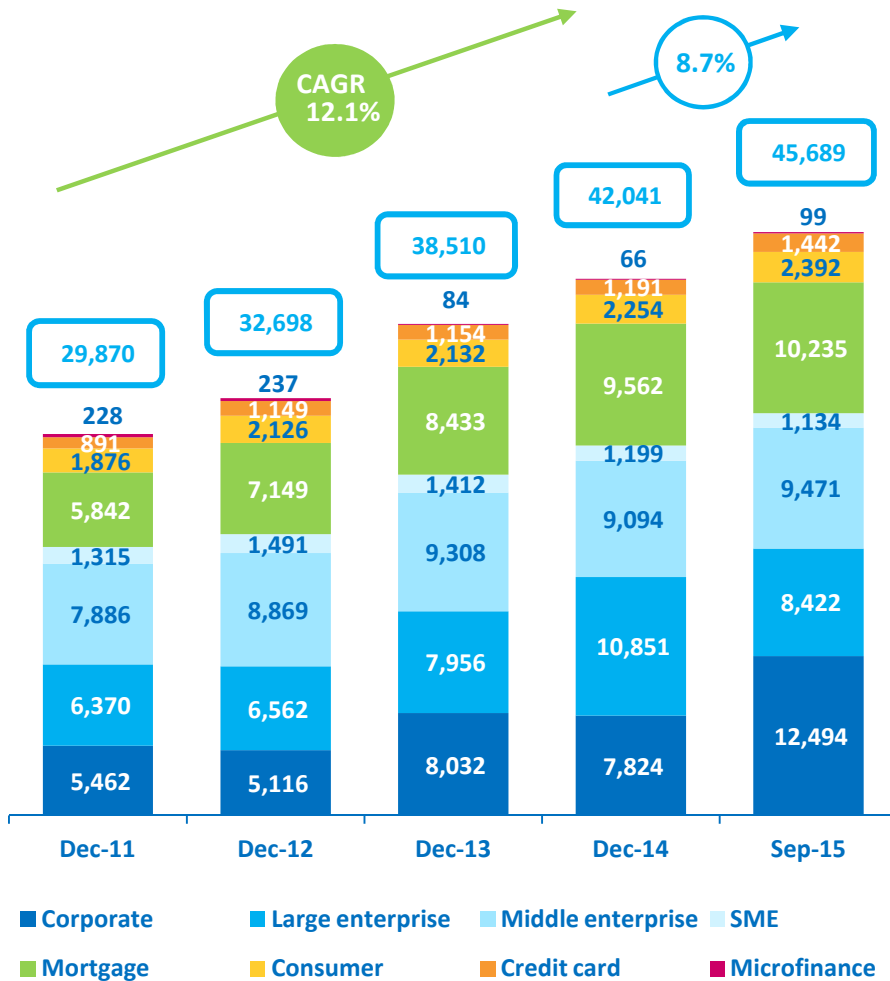


ATM & EA as of June 2015, last available public information.  
Source: Superintendencia de Banca, Seguros y AFP

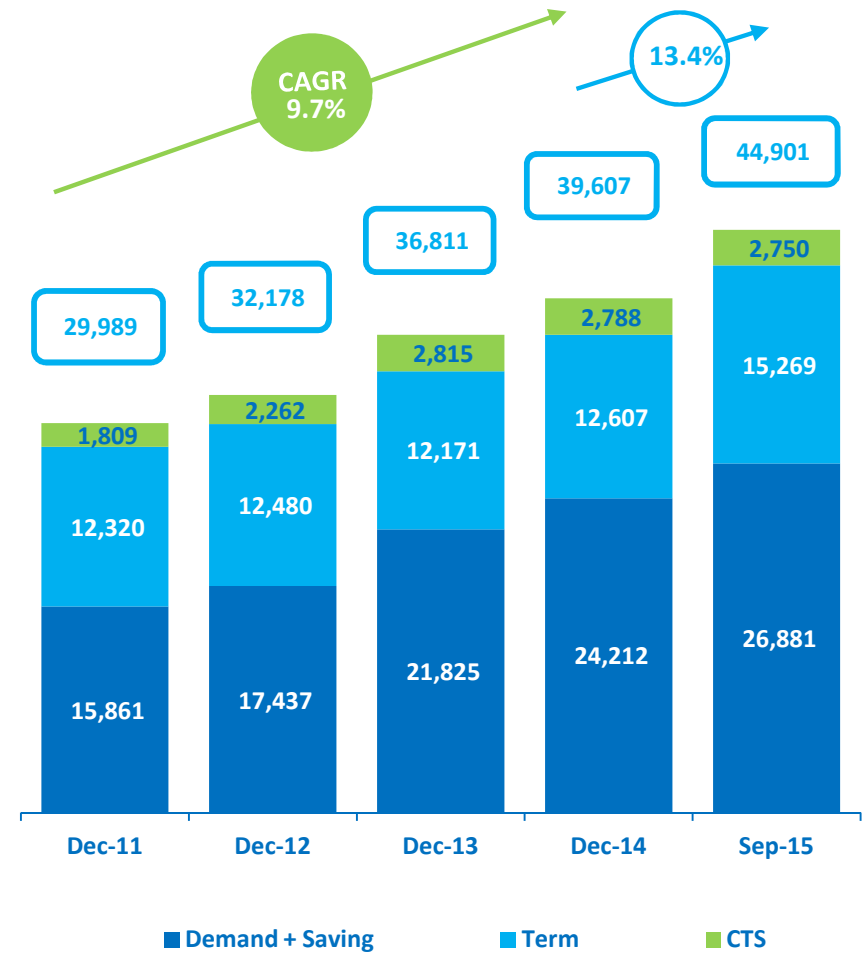
# Outstanding growth

PEN Million

## Performing loans



## Deposits\*



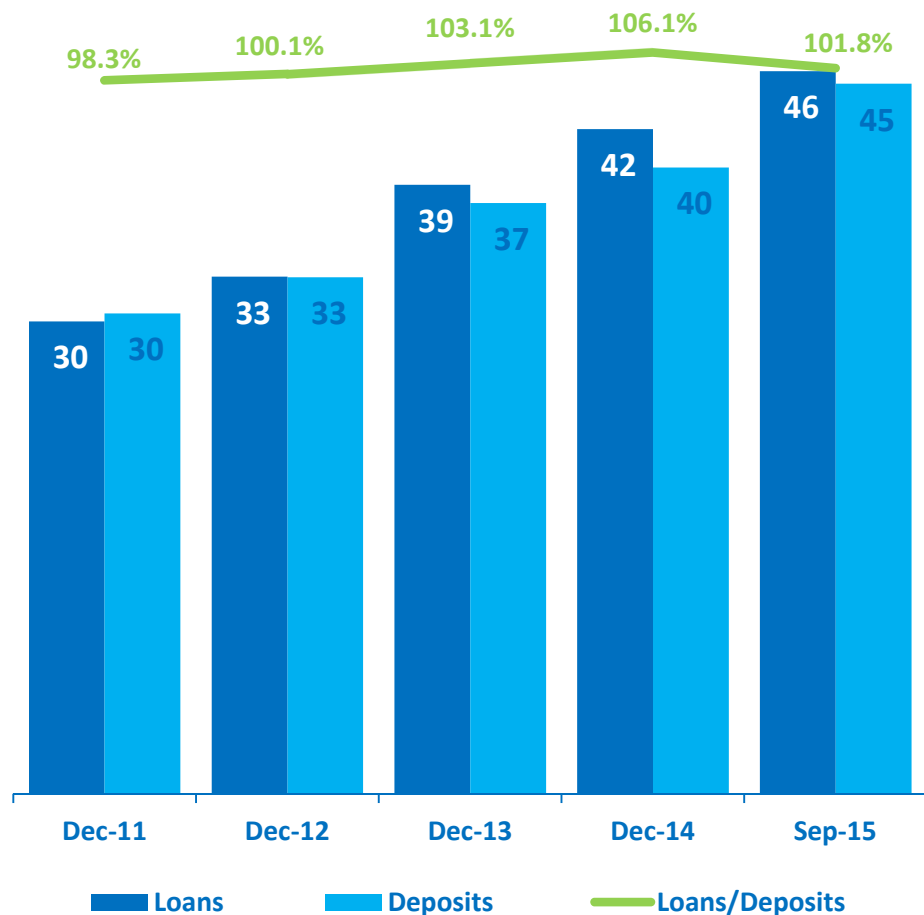
\*Other obligations are excluded from deposits  
Source: Superintendencia de Banca, Seguros y AFP

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

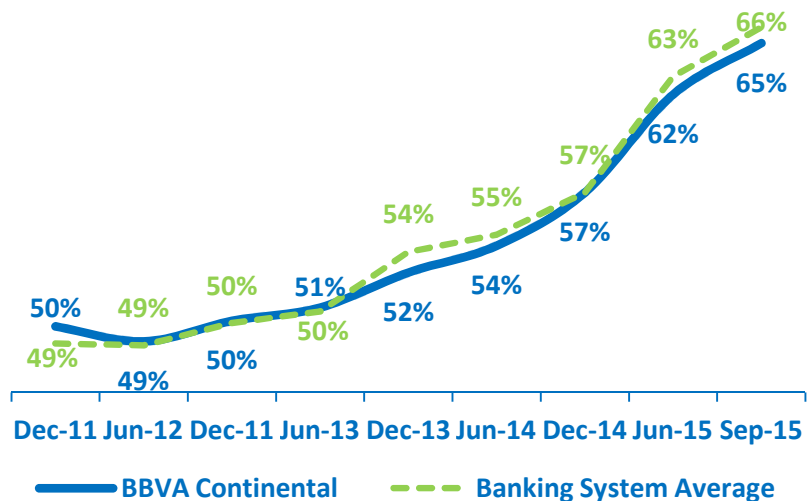
September 2015

## Loans and Deposits

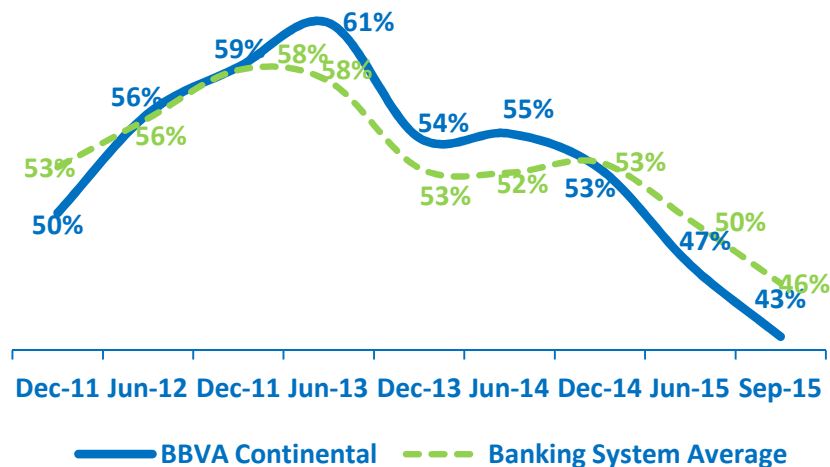
PEN Thousands of millions



## PEN-denominated Performing Loans



## PEN-denominated Deposits

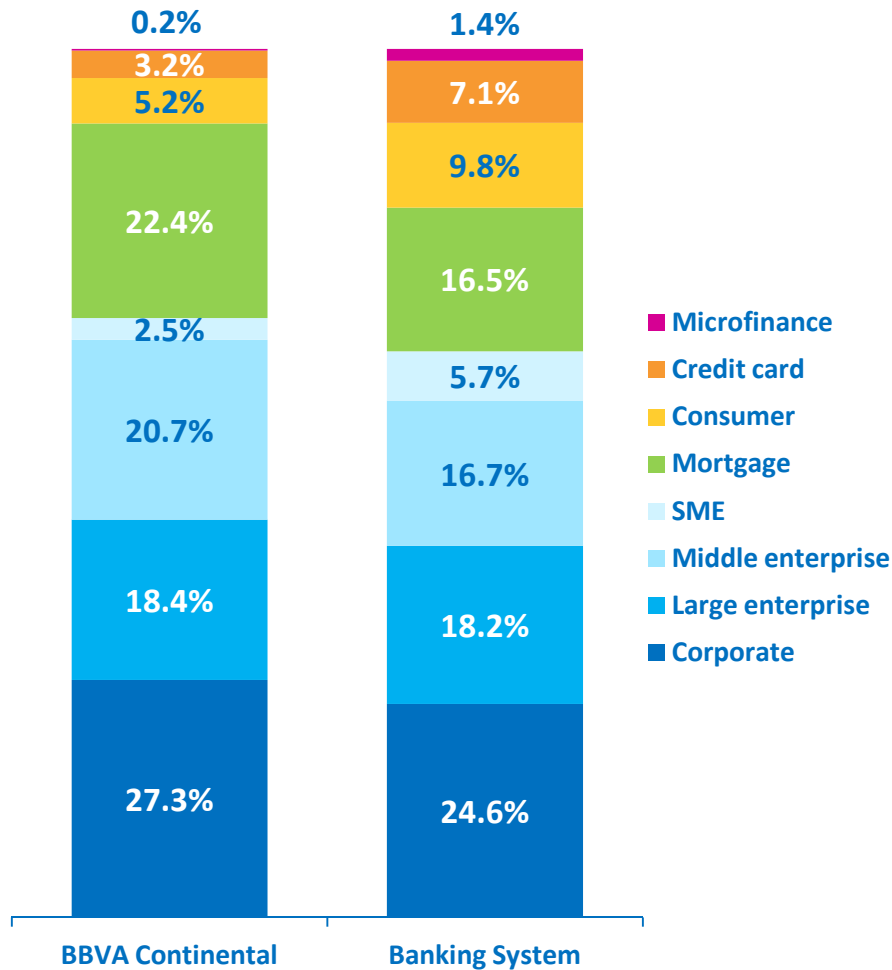


\*Other obligations are excluded from deposits  
Source: Superintendencia de Banca, Seguros y AFP

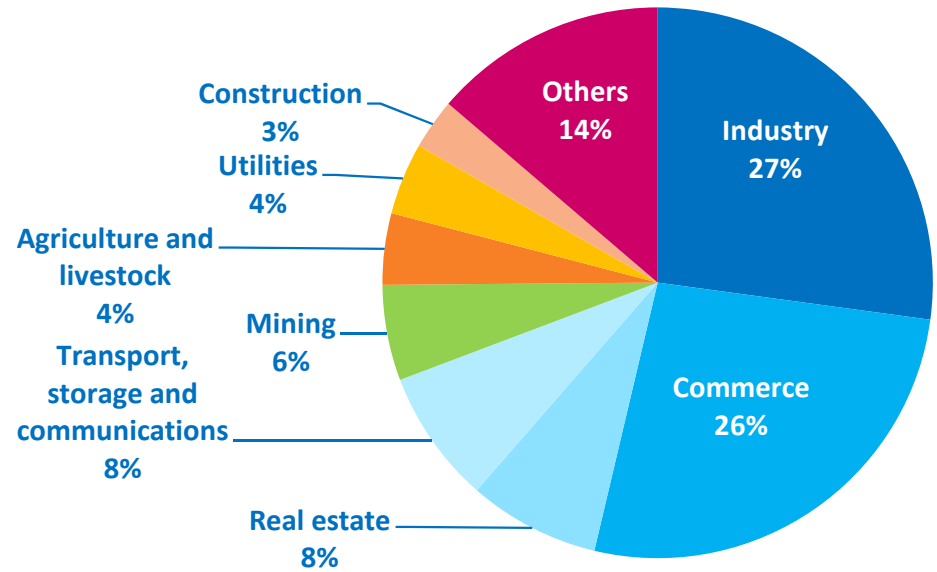
# High quality of loan portfolio

September 2015

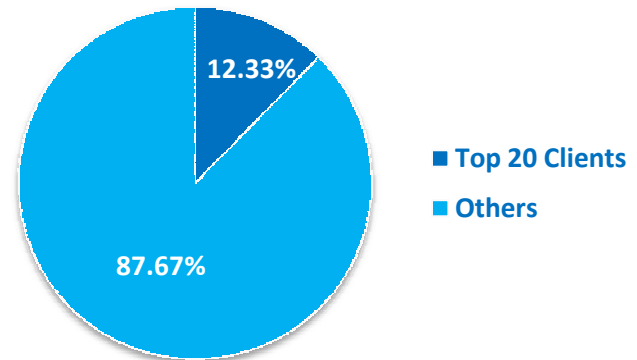
## Loans breakdown



## Loans by economic sector



## Top 20 clients and others

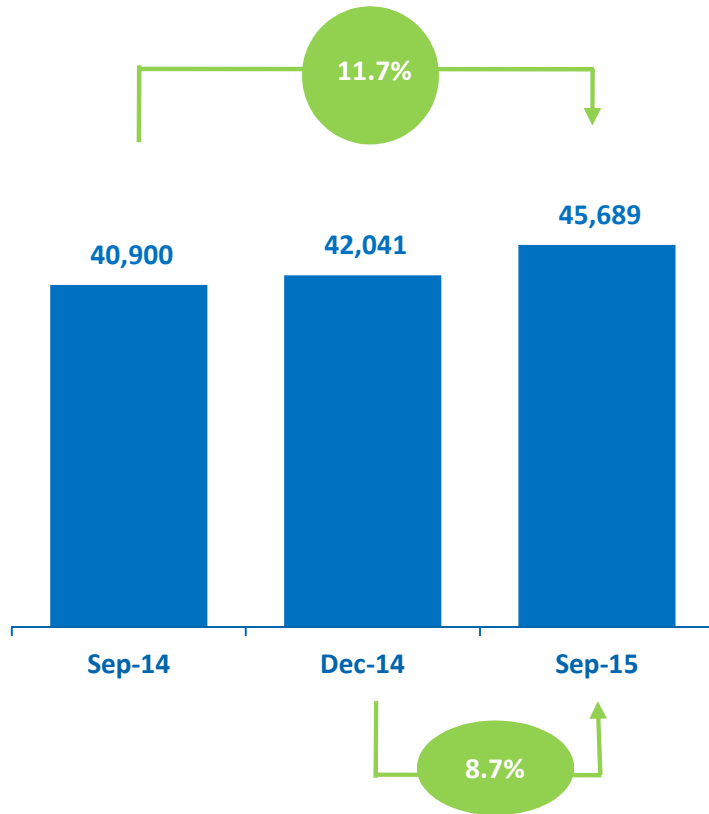


# Performing loans

BBVA Continental shows steady loan growth...

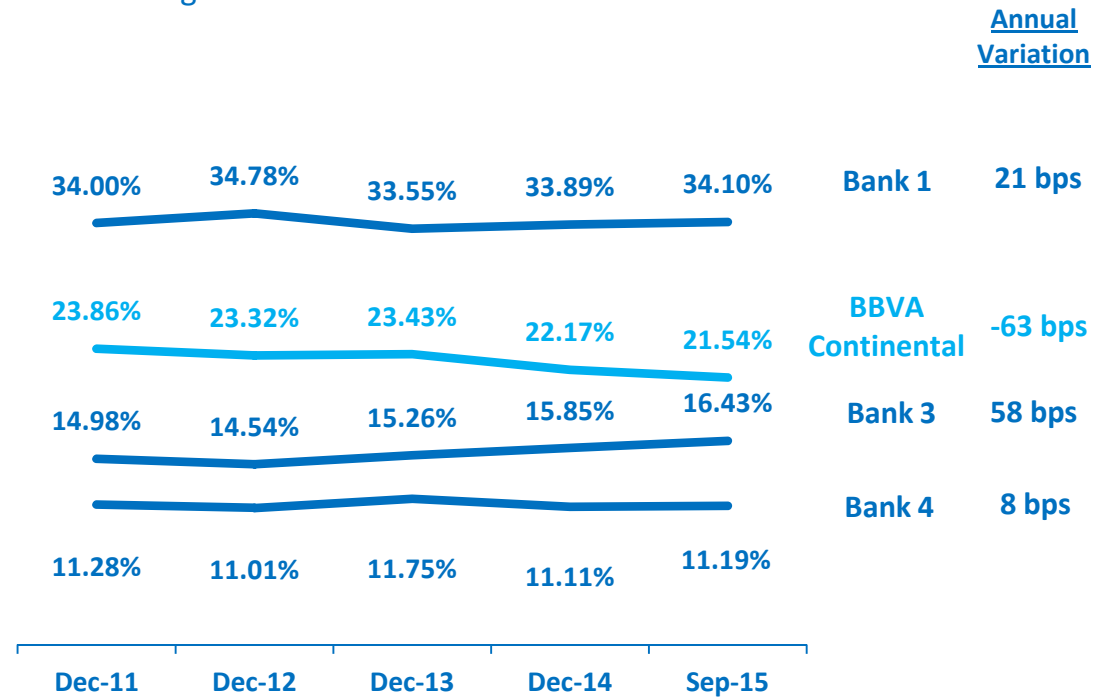
## Performing loans

PEN Million



## Market share\*

Performing loans

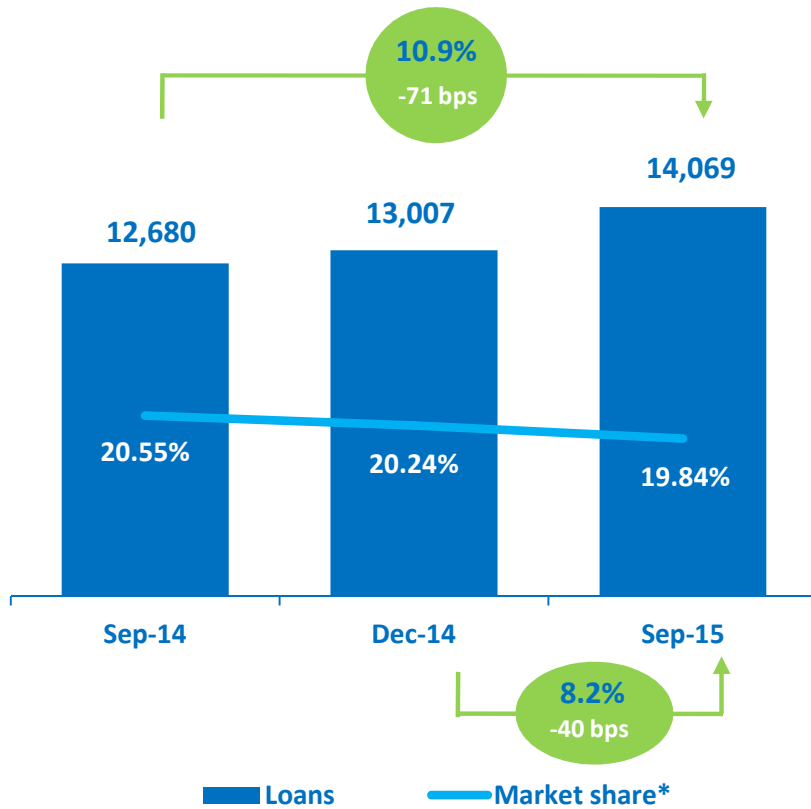


\*Market share of Dec14 affected by the inclusion of Edyficar in the Banking System (February 2015). Bank 3 market share of Dec14 includes Citibank retail portfolio (May 2015)  
 Source: Superintendencia de Banca, Seguros y AFP

# Performing loans

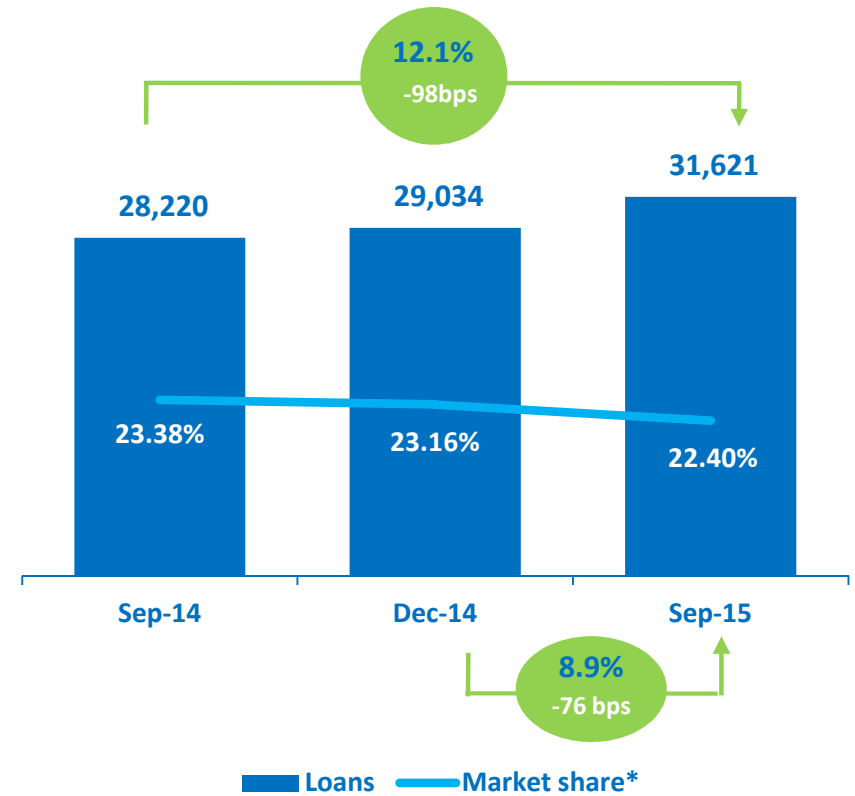
PEN Million and percentage (%)

## Retail customers



Banking System	70,902
Annual variation	10.3%

## Business customers



Banking System	141,170
Annual variation	12.6%

\*Market share of Sep14-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

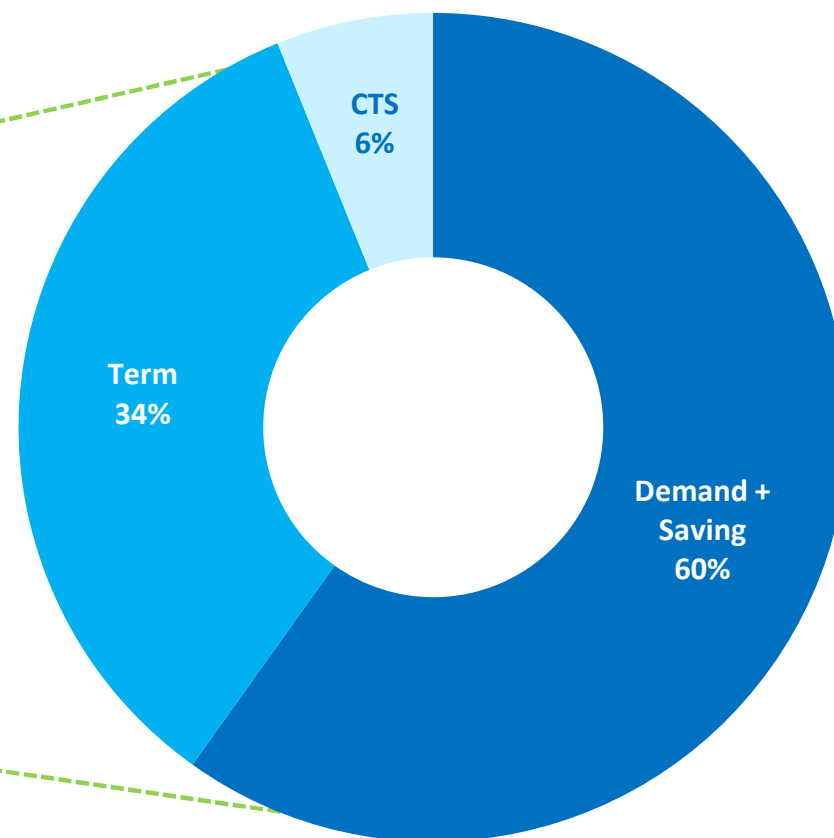
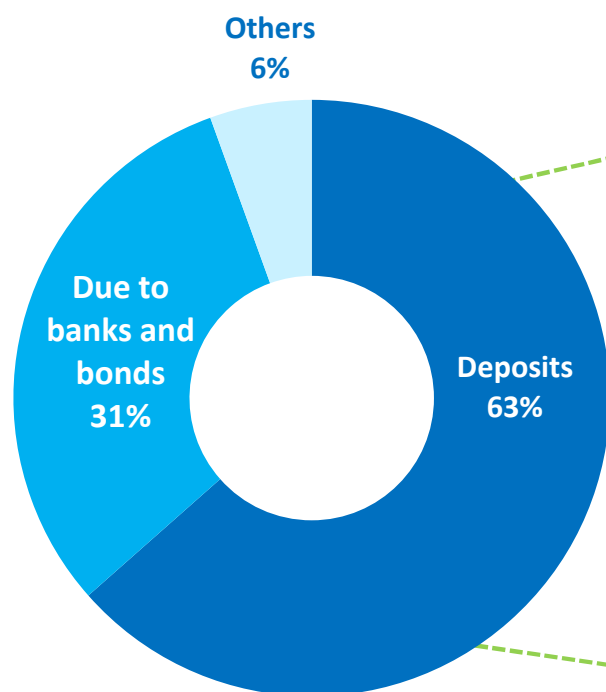
# Deposits structure

September 2015

Low-cost deposit base

Cost effective source of funding

Diversified deposit base



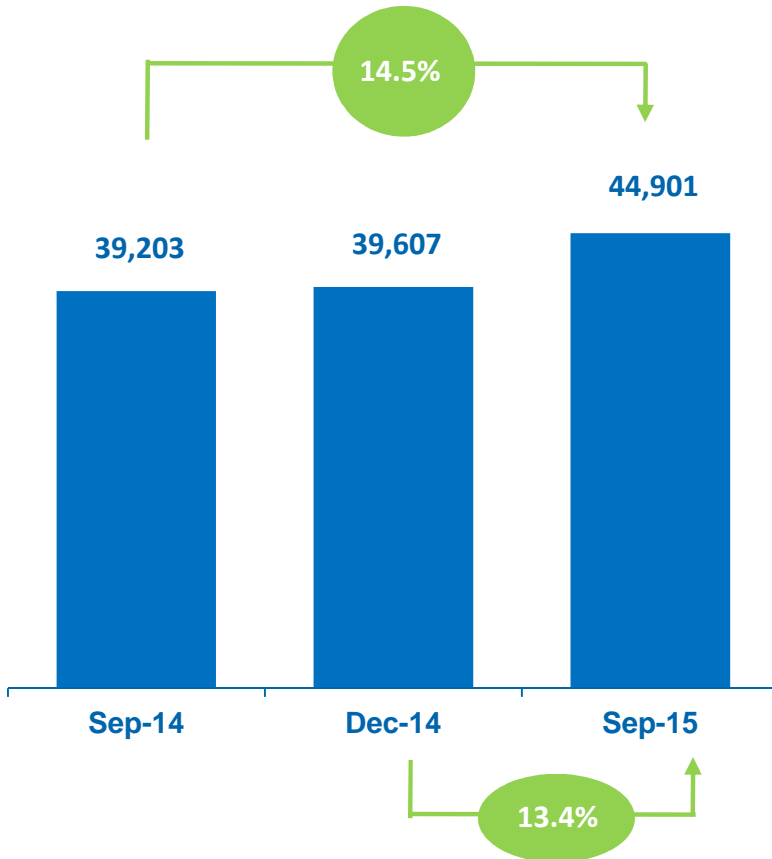
\*Other obligations are excluded from deposits

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

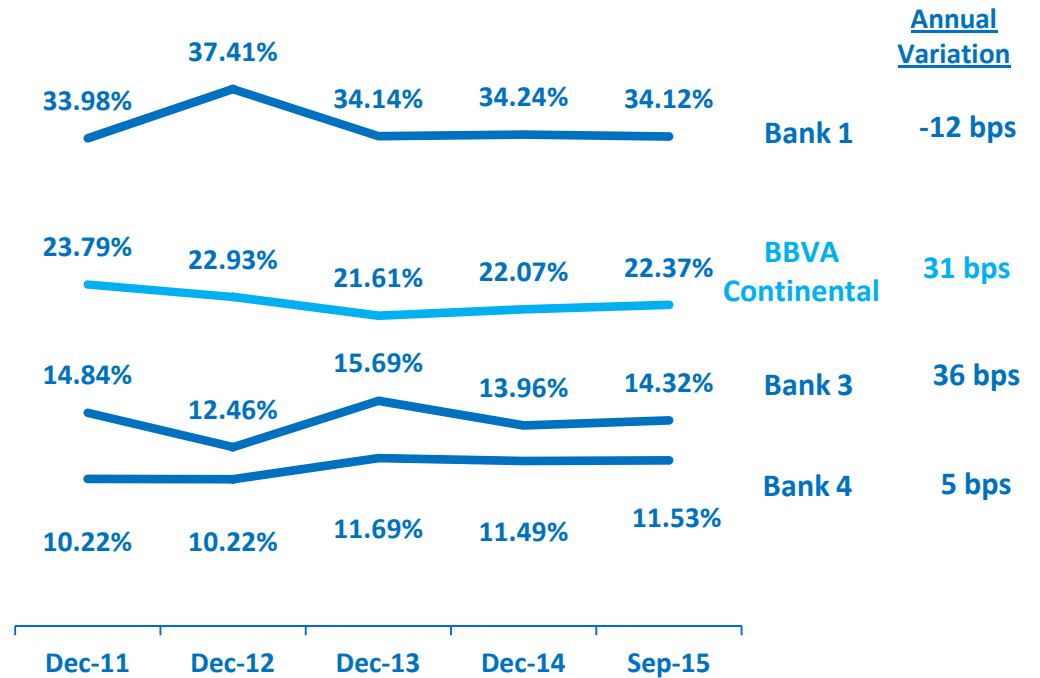
# Deposits

Growth continues also in deposits...

**Deposits\***  
PEN Million



**Market share**  
Total deposits



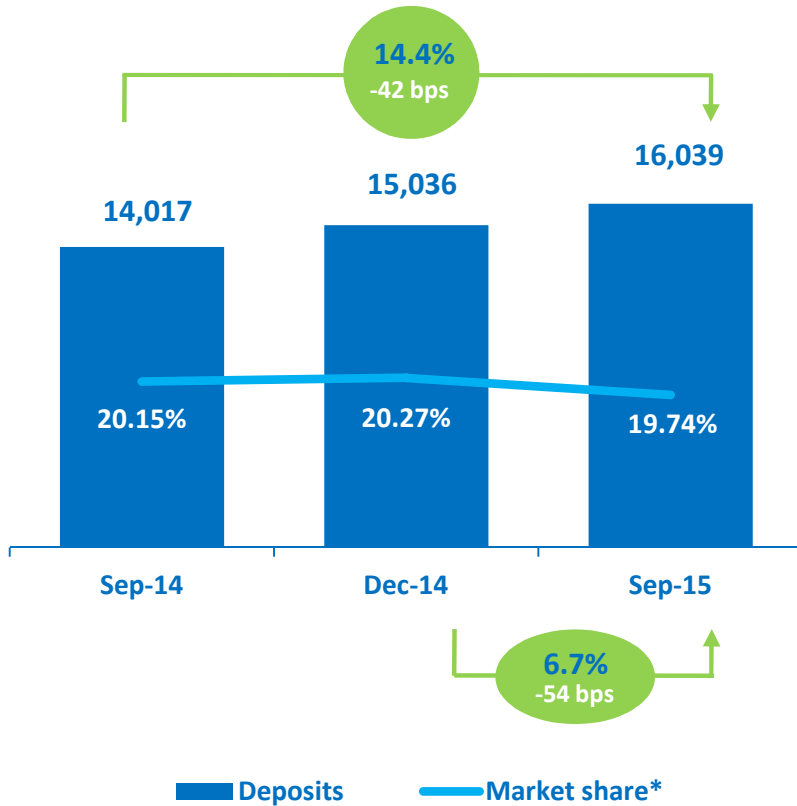
\*Market share of Dec14 affected by the inclusion of Edyficar in the Banking System.  
Source: Superintendencia de Banca, Seguros y AFP



# Deposits

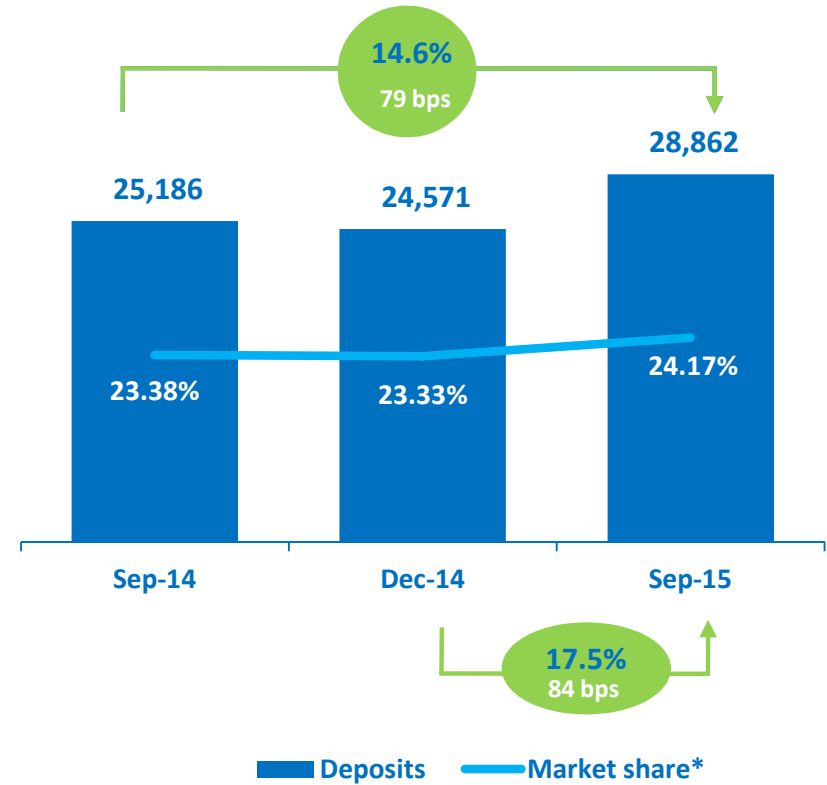
PEN Million and percentage (%)

## Retail customers



Banking System	81,263
Annual variation	9.6%

## Business customers

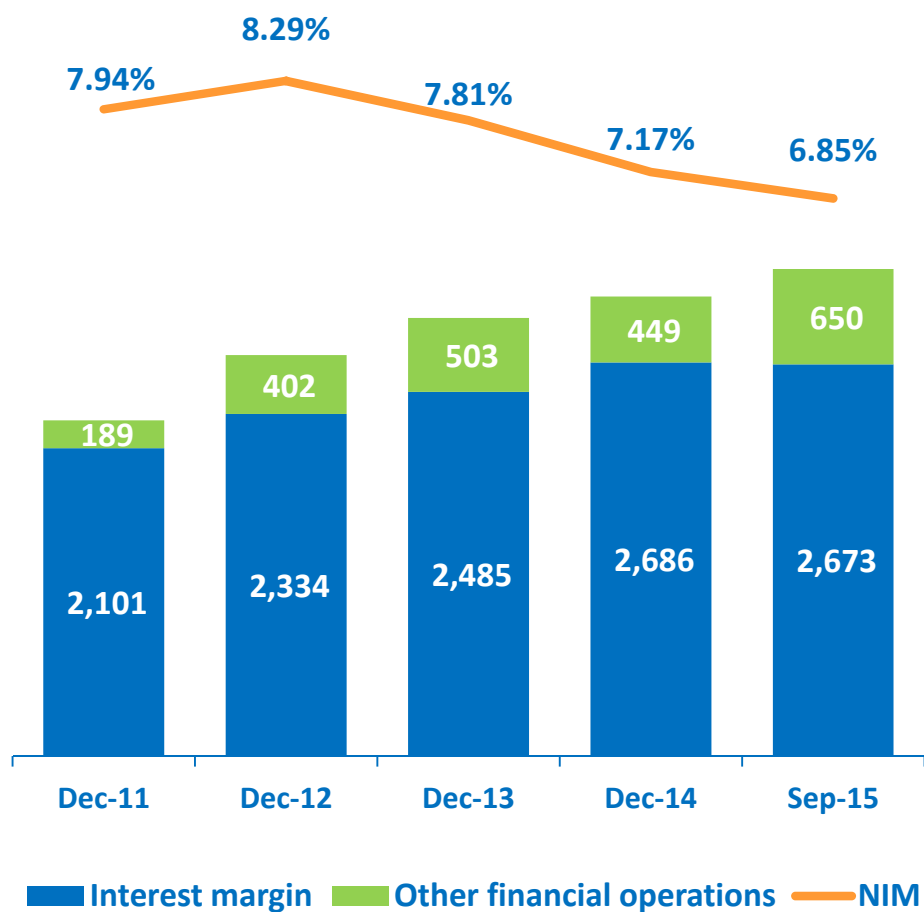


Banking System	119,429
Annual variation	13.4%

\*Market share of Sep14 -Dec14 affected by the inclusion of Edyficar in the Banking System.  
 Source: Superintendencia de Banca, Seguros y AFP / Asociación de Bancos del Perú

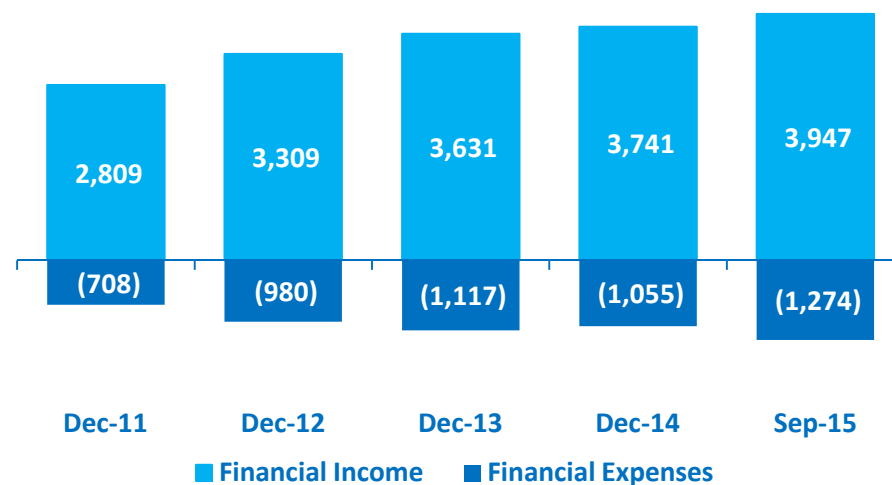
# Financial margin

PEN Million and percentage (%)

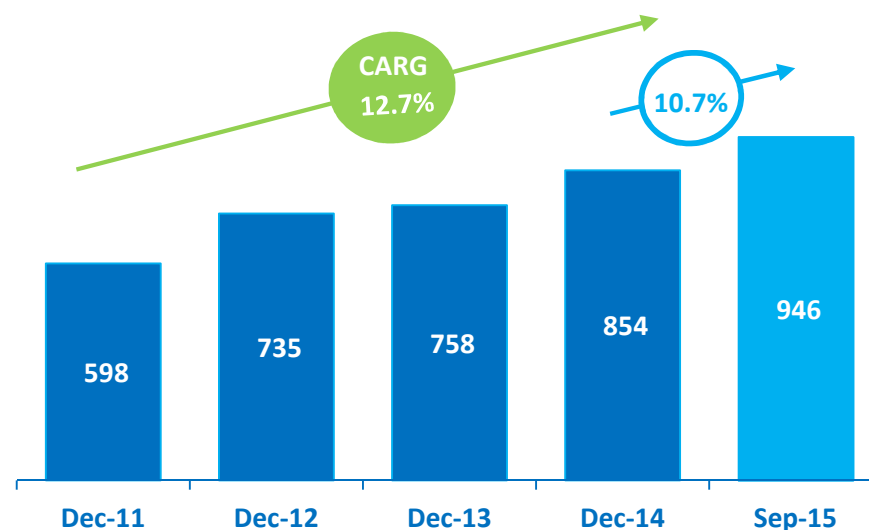


<sup>1</sup> **NIM ratio:** Interest margin + other financial operations divided by average interest earning assets (interbank funds, investments, loans)

## Financial Income and Expenses



## Income from fees

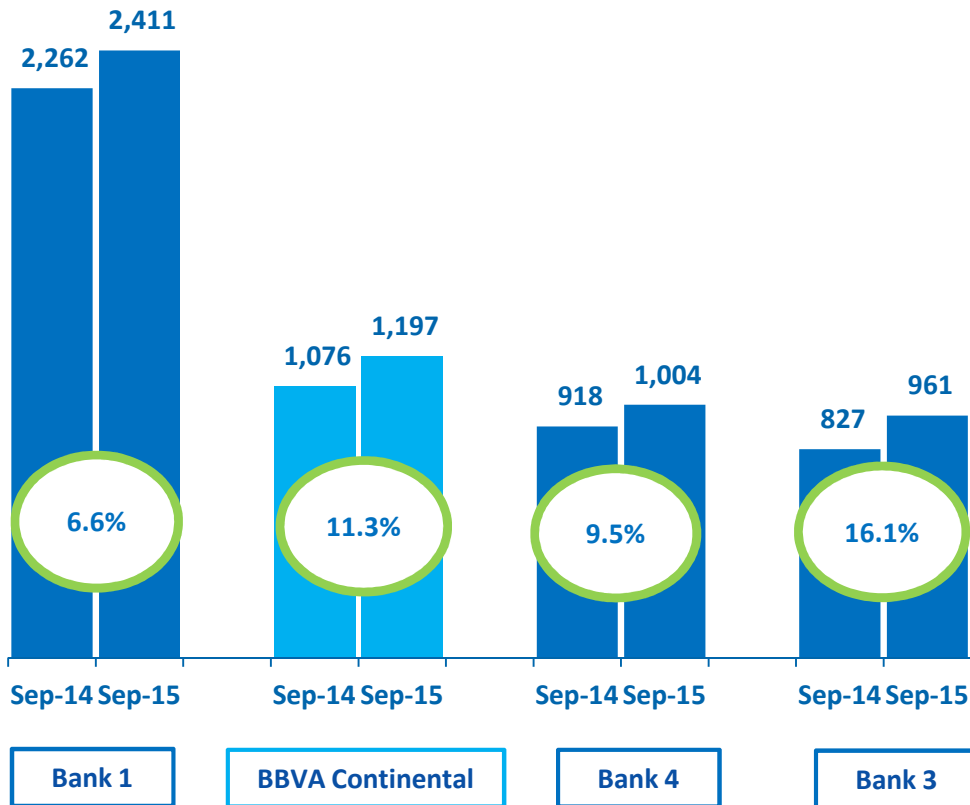


# Expenses management

We manage an attractive efficiency ratio

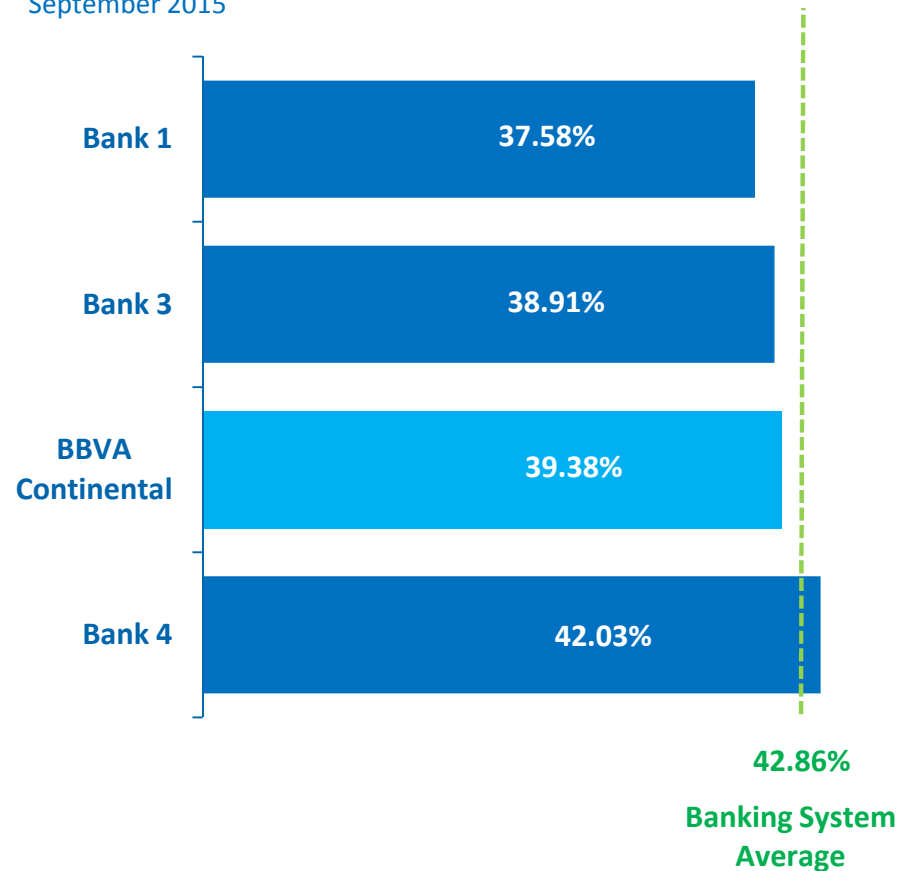
## Administrative expenses\*

PEN Million



## Efficiency

September 2015



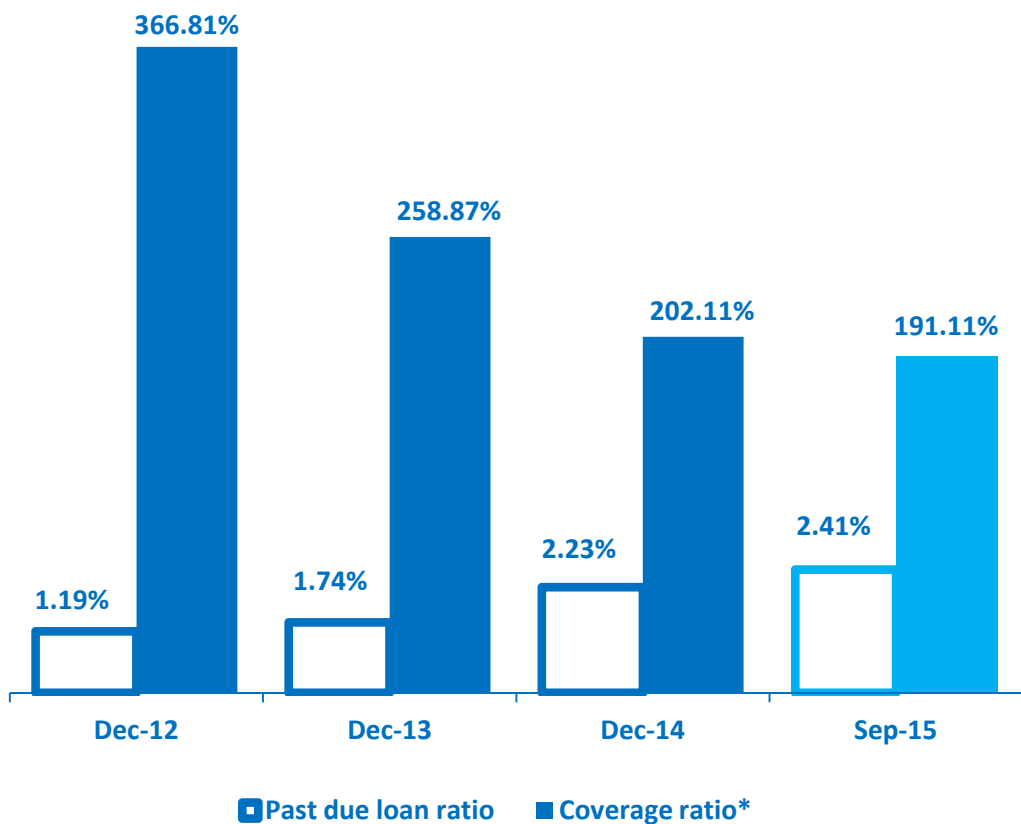
\* Includes Amortization and Depreciation

Source: Superintendencia de Banca, Seguros y AFP

# Risk management

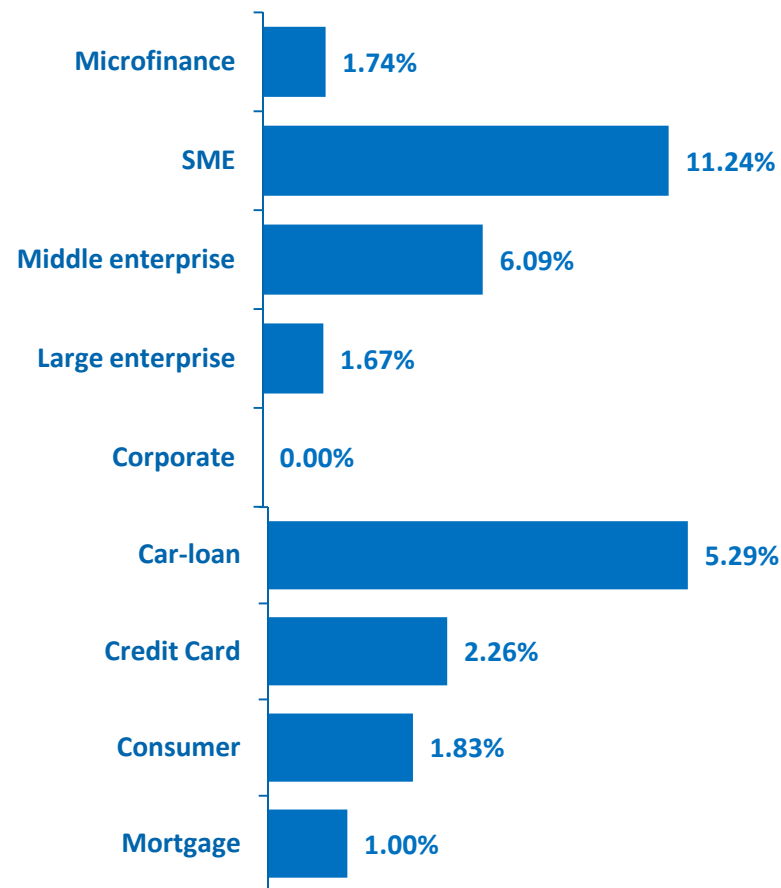
## Outstanding asset quality

BBVA Continental



## Past due loan ratio by product and segment

September 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.

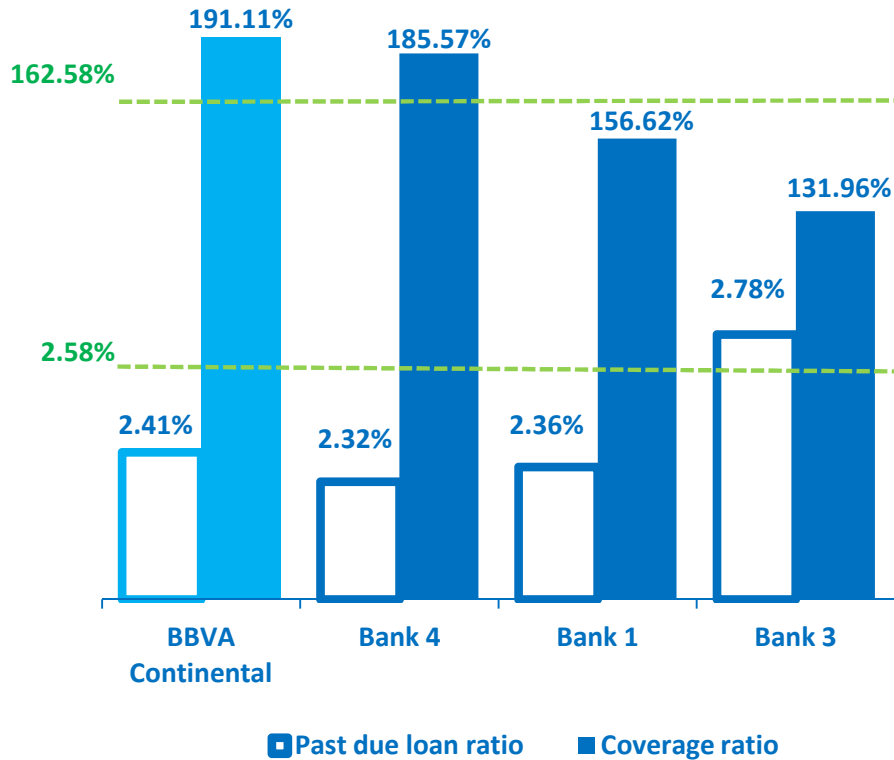
Source: Superintendencia de Banca, Seguros y AFP

# Risk management

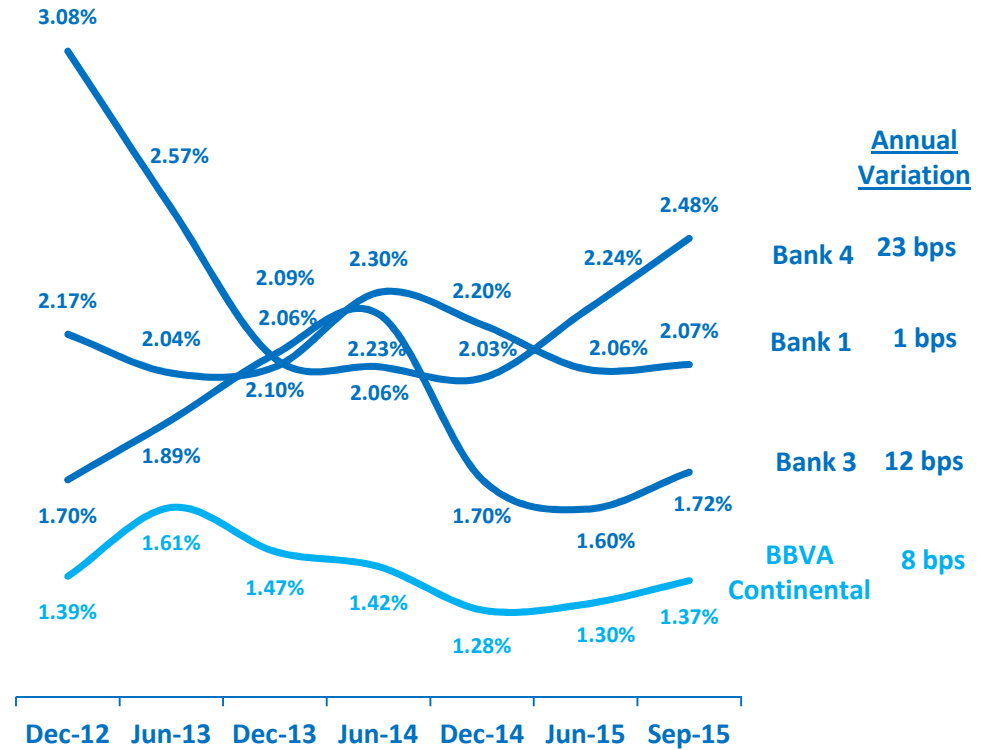
## Best Past Due Loan Ratio and Coverage Ratio

September 2015

Banking System  
Average



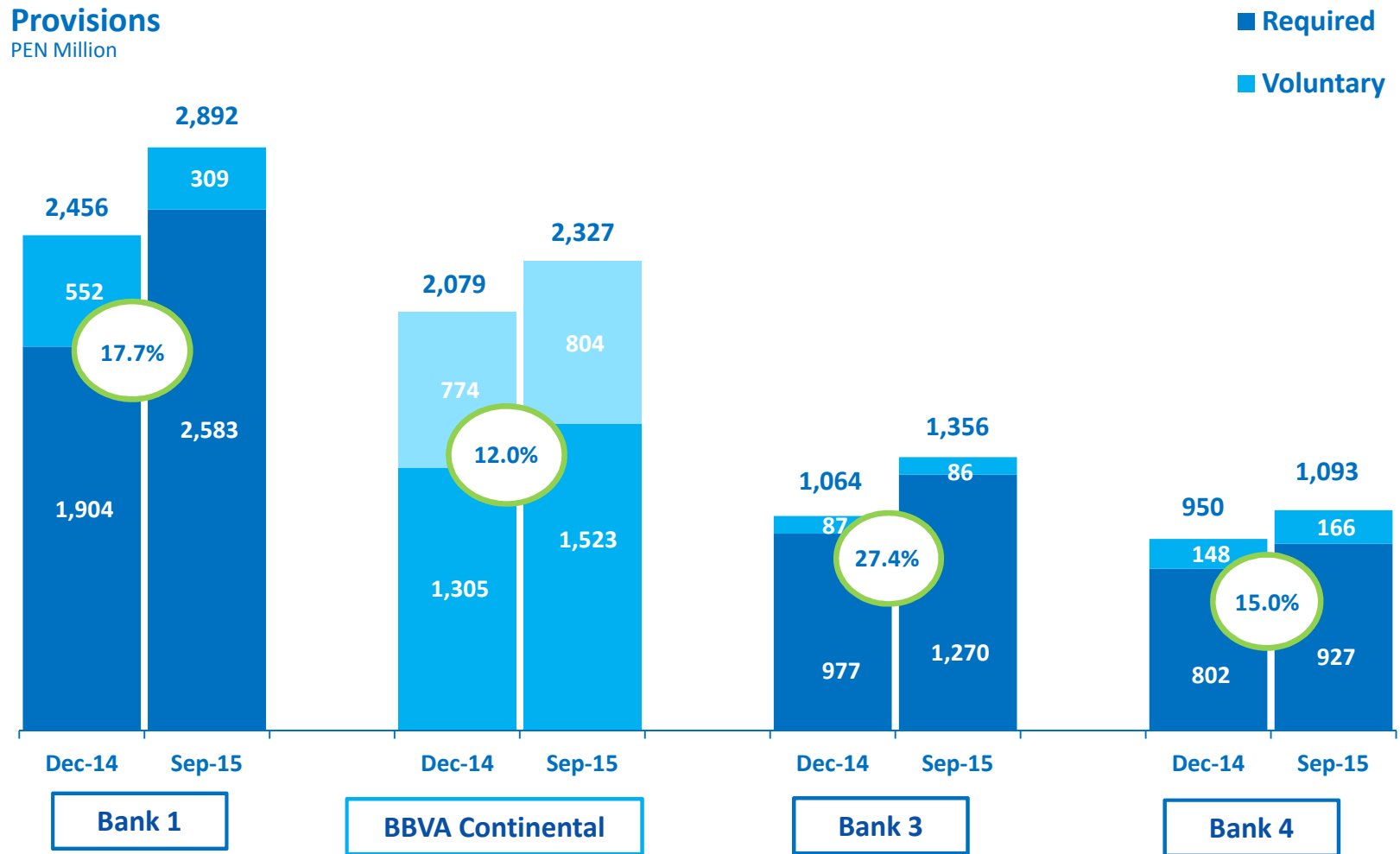
## Best Risk Cost\* ratio vs. Peer Group



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

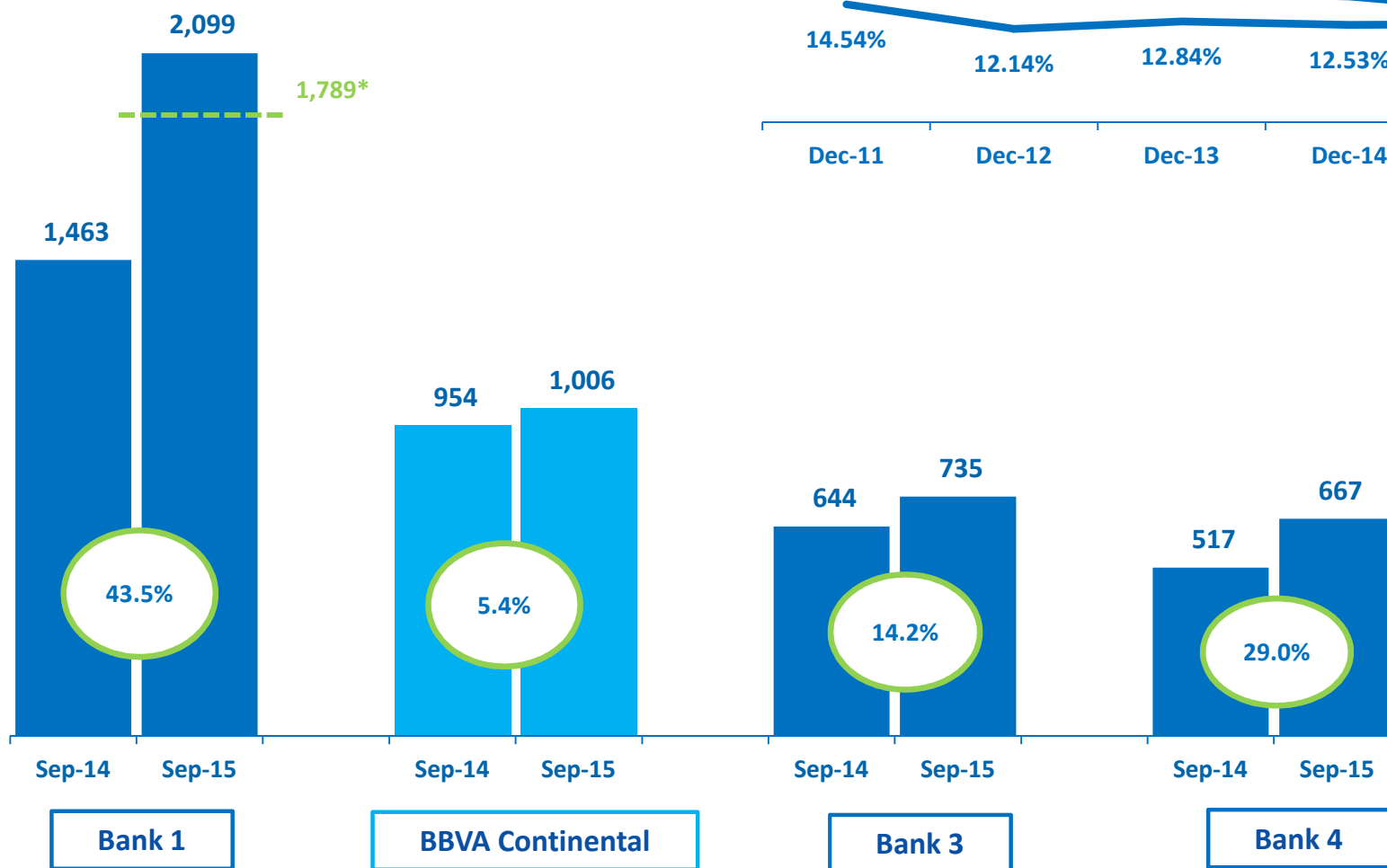
# Risk management

BBVA Continental maintains high levels of voluntary provisions

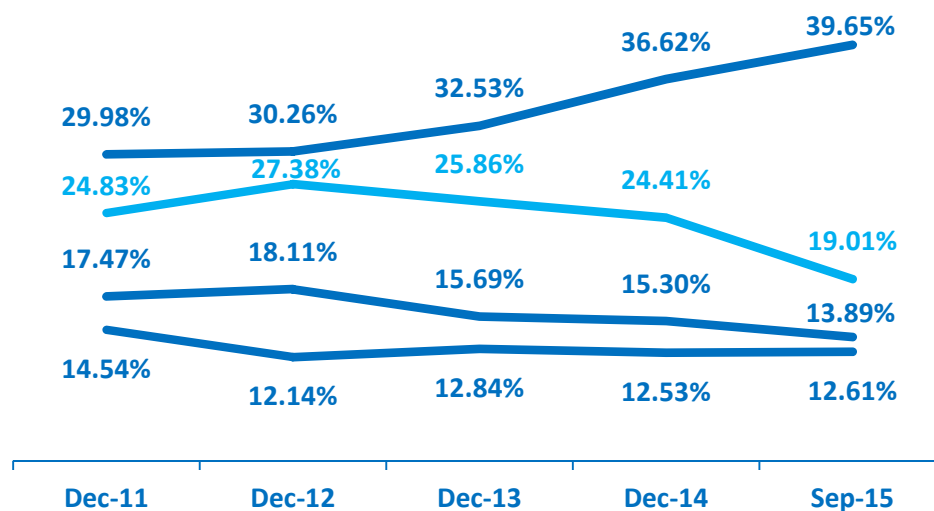


# Profitability management

Net income  
PEN million



Market share



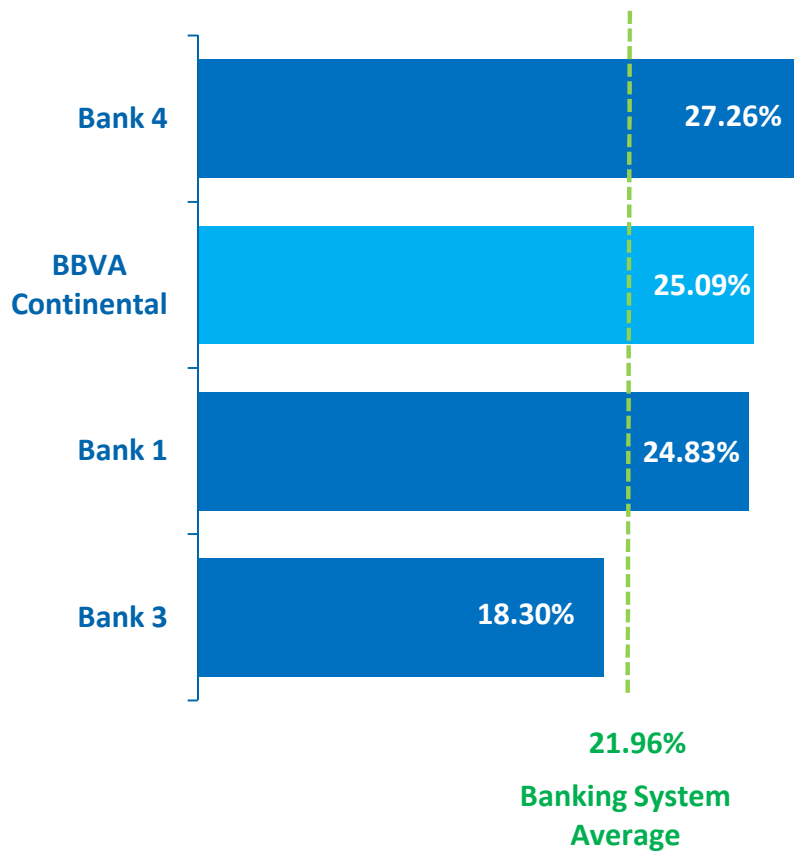
\*Net Income of Bank 1 without considering an extraordinary income of PEN 310MM due to a sale of shares in subsidiary. Net Growth adjusted 31.80%.

Source: Superintendencia de Banca, Seguros y AFP

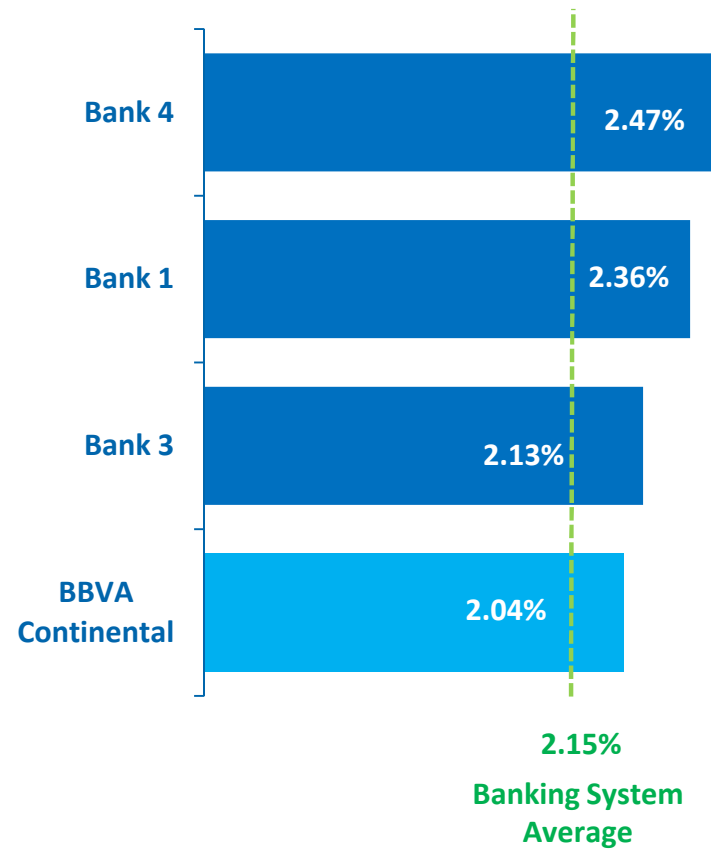
# Profitability management

BBVA Continental has outstanding profitability ratios as compared to its peers...  
September 2015

## Return on Equity - ROE



## Return on Assets - ROA

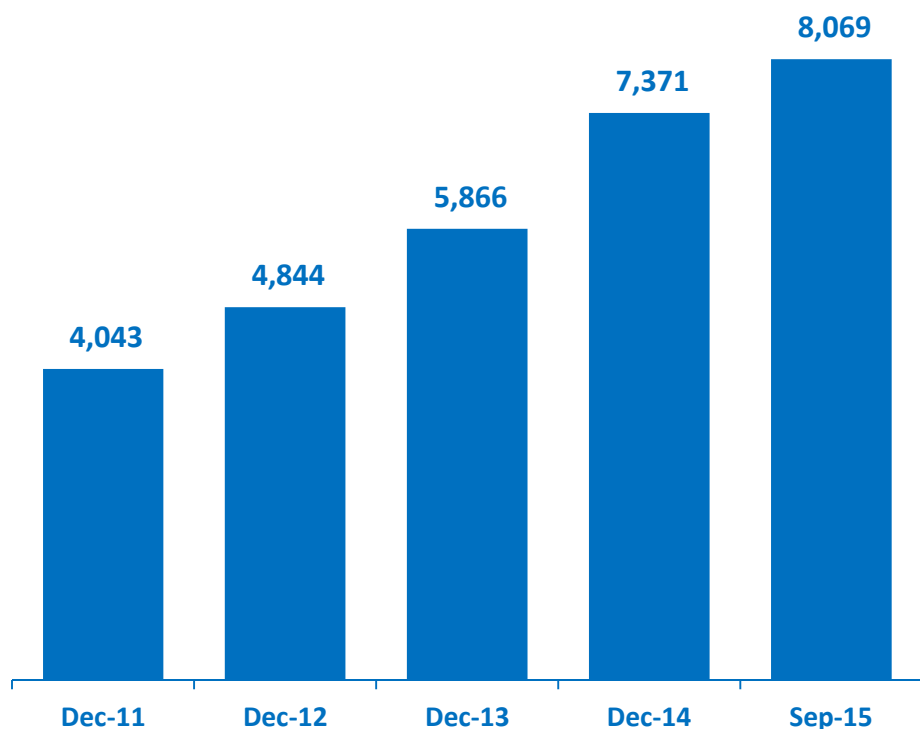




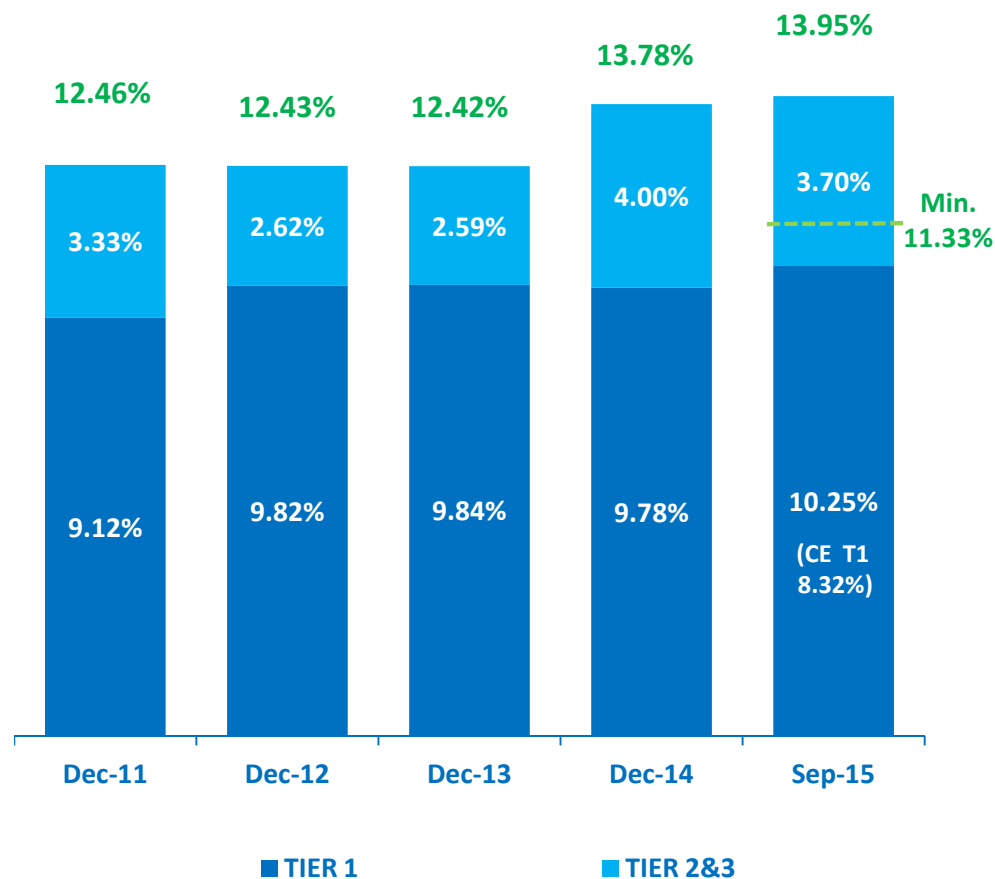
# Solvency management

## 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 Ratings

# International & Local Rating

Rating agencies have granted BBVA Continental the best international and local 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	Stable

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	1a (pe)	1a Clase.pe	PC N1	Categoría 1
Issuer rating	A+	A+	A+	A
Outlook	Stable	-	Stable	Stable

# 5 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 DIGITAL BANK AWARD • 2015**



**GLOBAL FINANCE**



**EUROMONEY AWARDS FOR EXCELLENCE 2015**

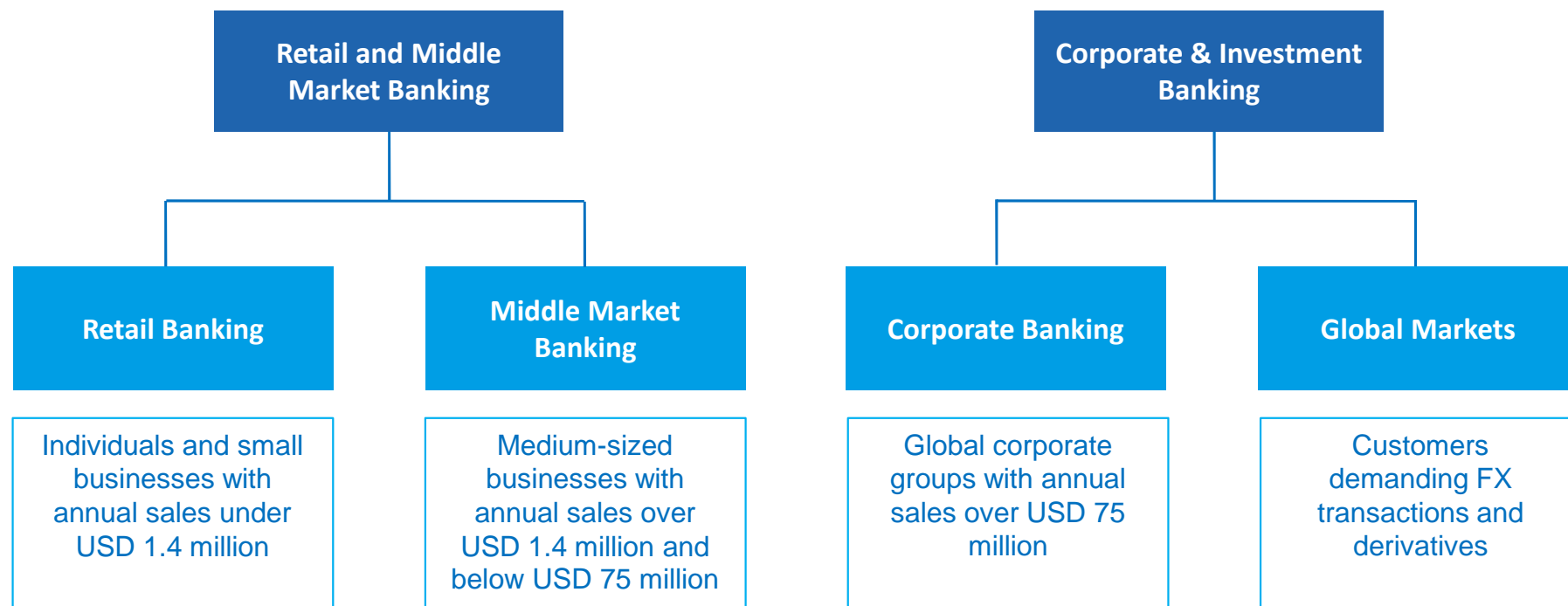


**BOLSA DE VALORES DE LIMA**

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

# 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**

## **Investors Report**

Third Quarter 2015