



# **BBVA Continental**

## **Investors Report**

**Fourth 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**

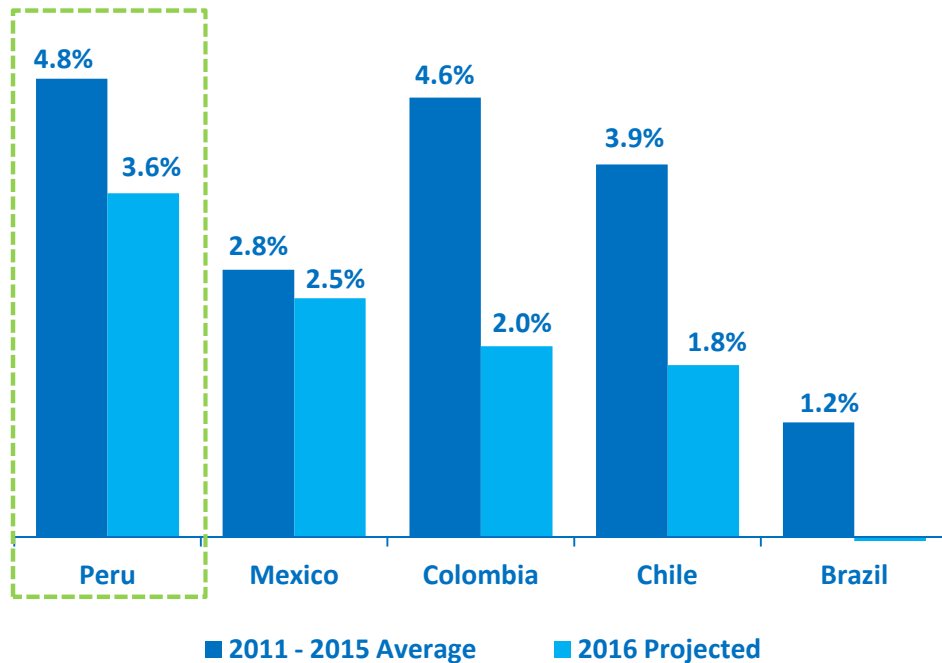
**Peru:  
Attractive economy &  
financial system**

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

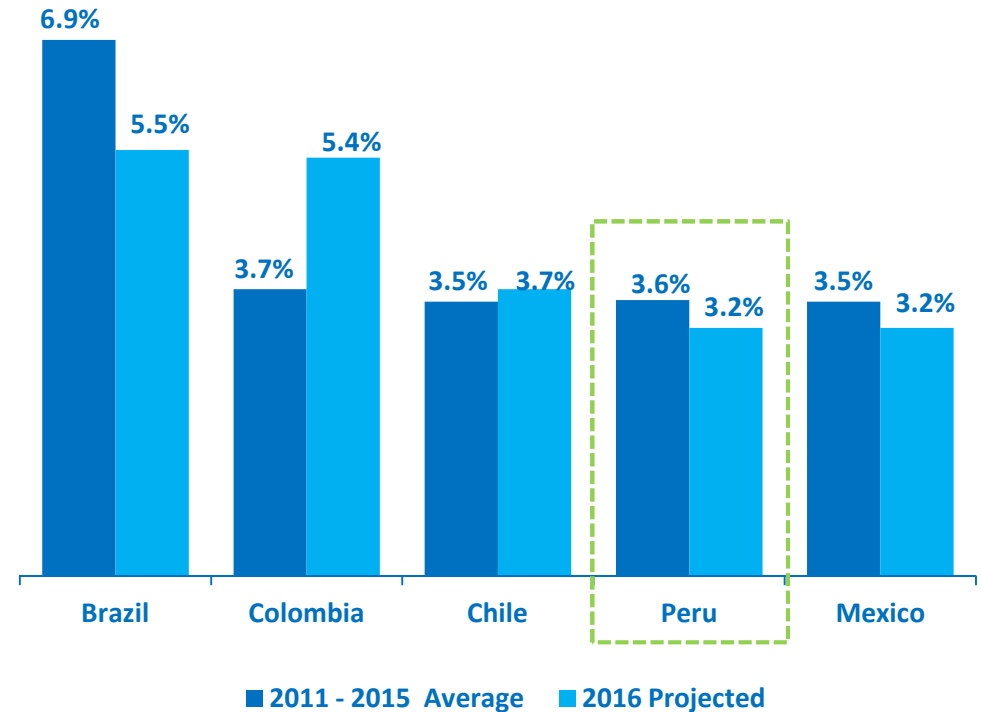
Peru is one of the economies with fastest growth in Latin America...

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

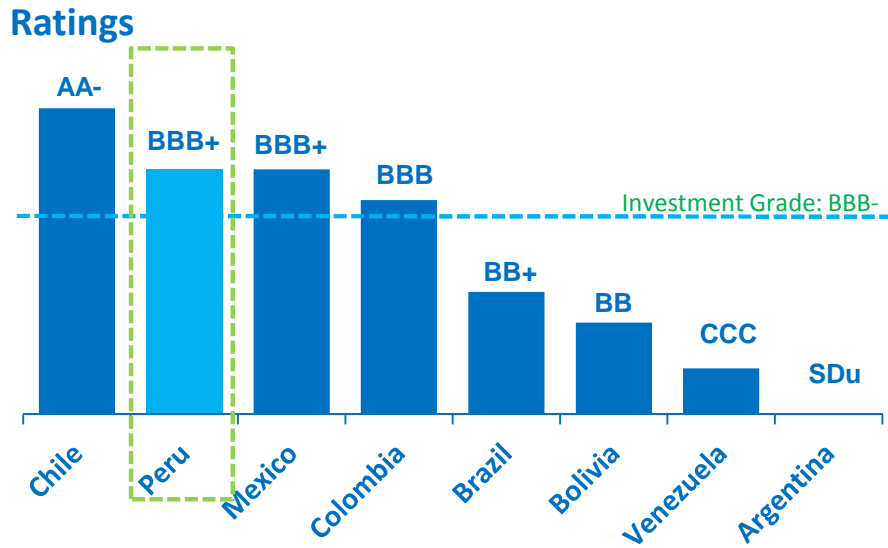
**GDP growth**



**Inflation**

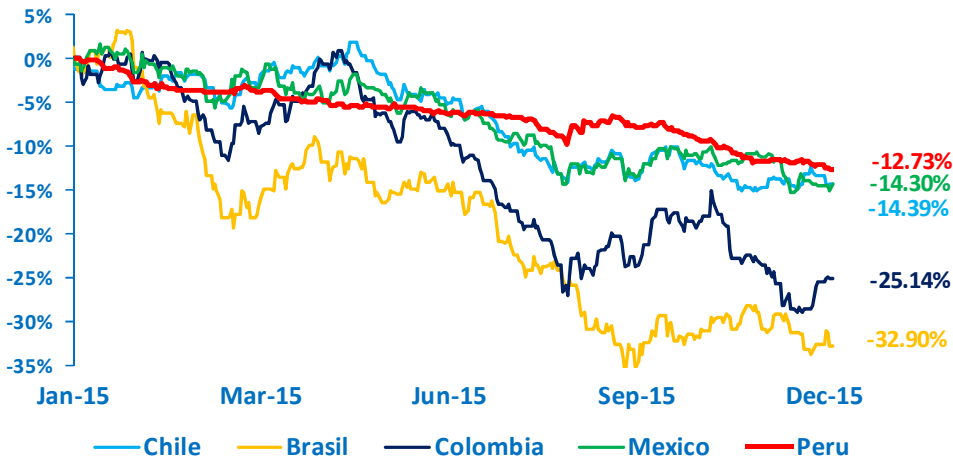


# ...sovereign investment grade, relatively stable currency and low levels of debt



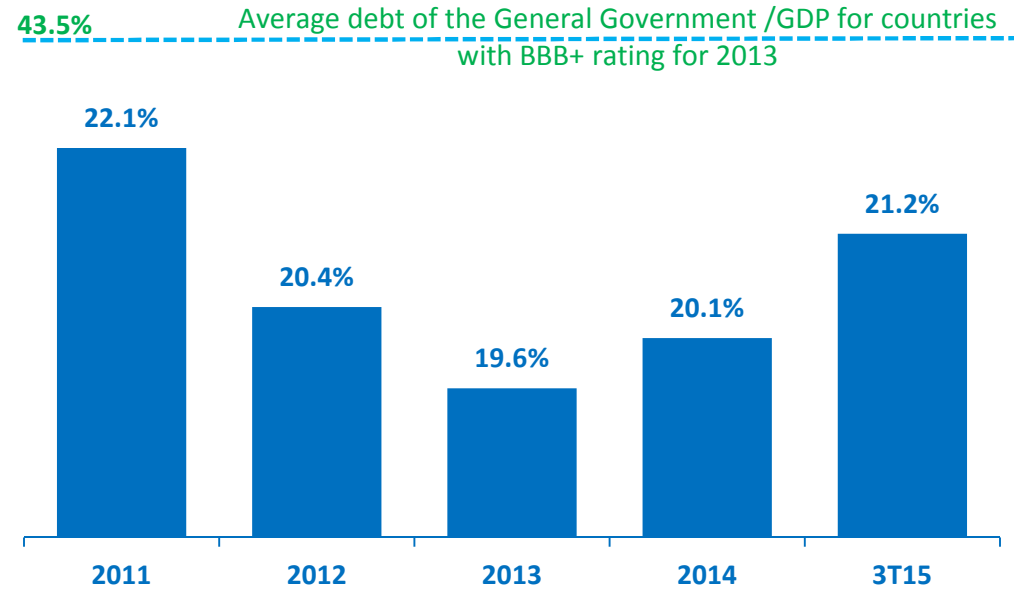
Source: Standard & Poor's

### Currency depreciation against USD



Source: Bloomberg

### Public Debt as a percentage of GDP



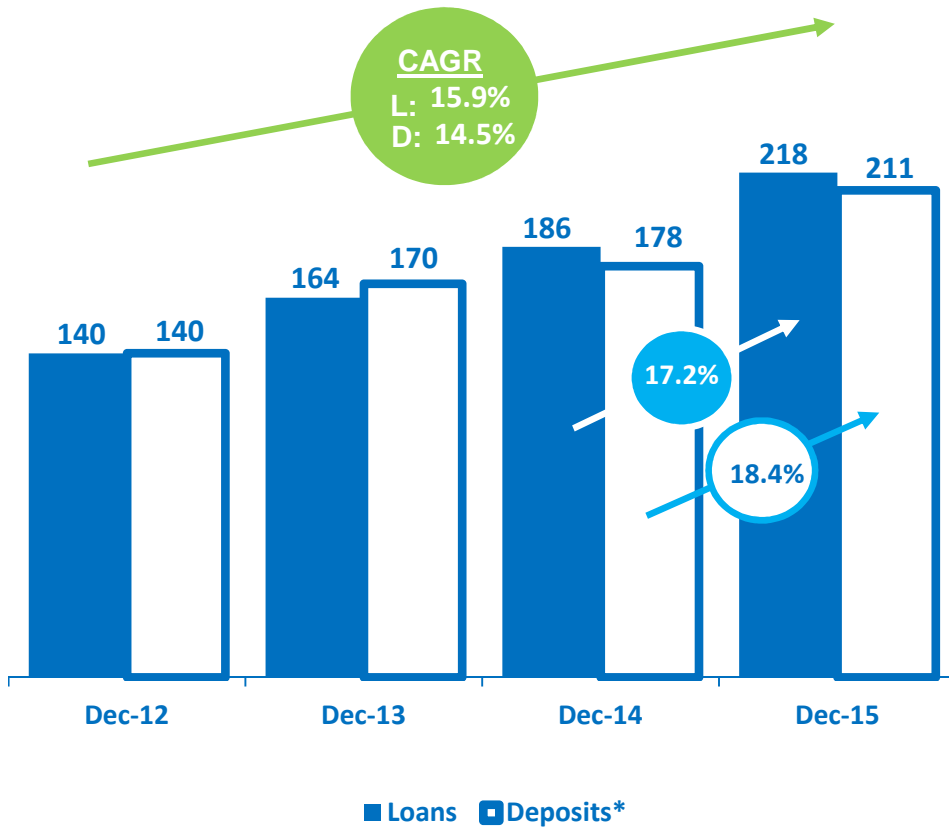
Source: Central Bank of Peru

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

The Peruvian Banking System has shown strong growth...

## Performing loans and Deposits

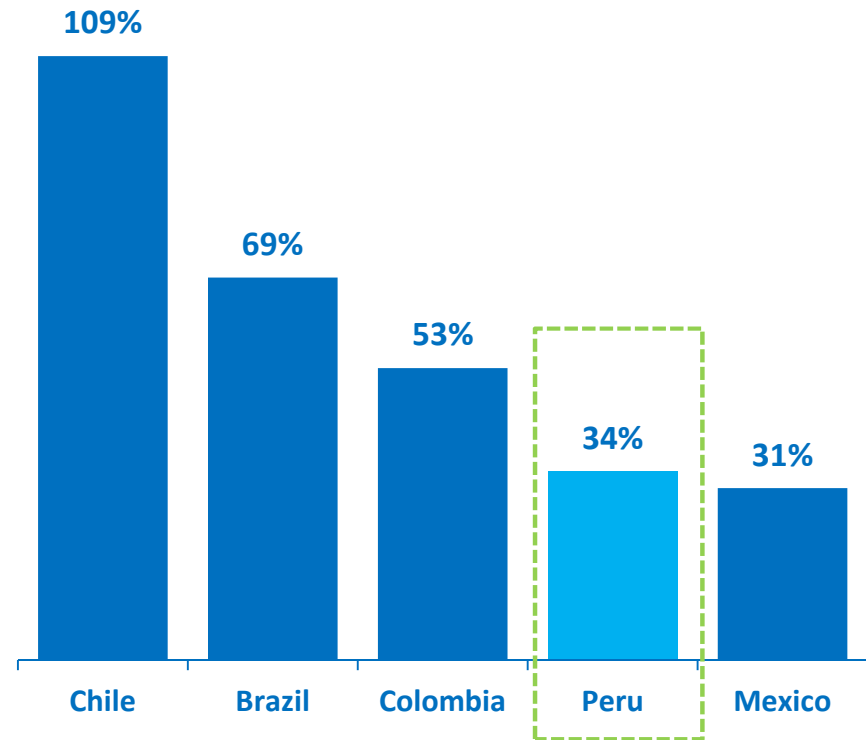
PEN thousands of millions



...with great potential for future expansion

## Loans to private sector as a percentage of GDP

2014

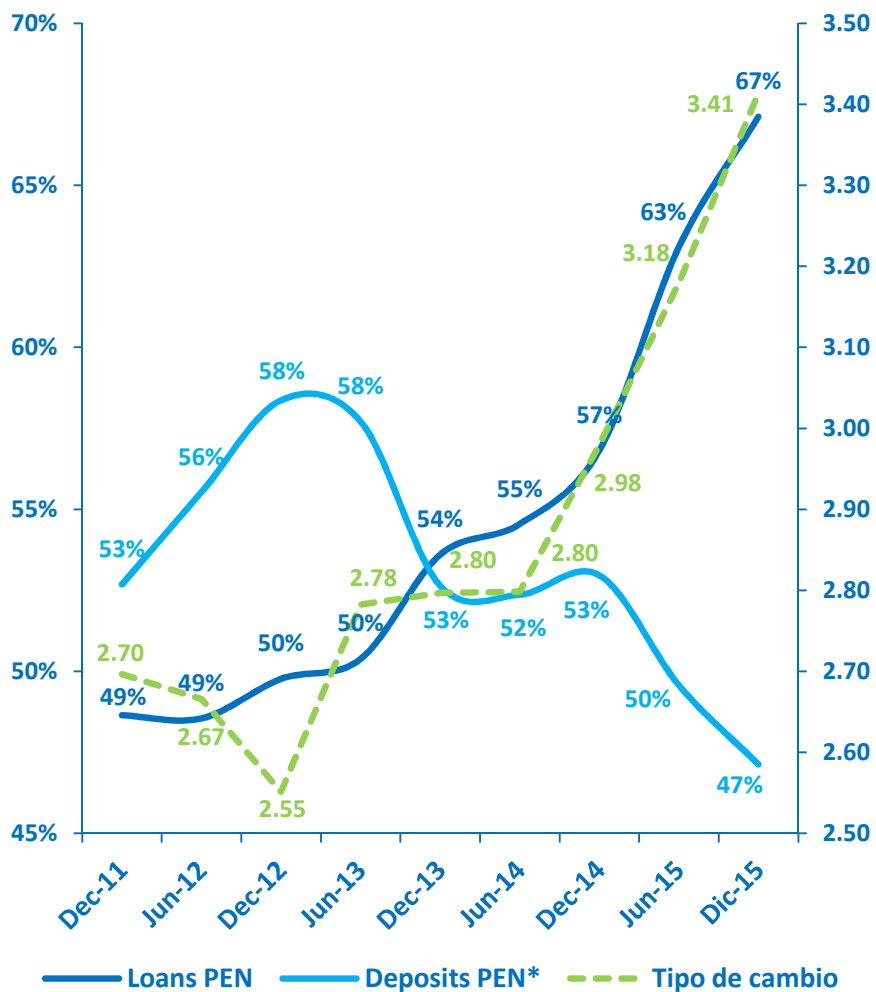


\*Other obligations are excluded from deposits  
 Source: Superintendencia de Banca, Seguros y AFP

Source: World Bank. Last available information.

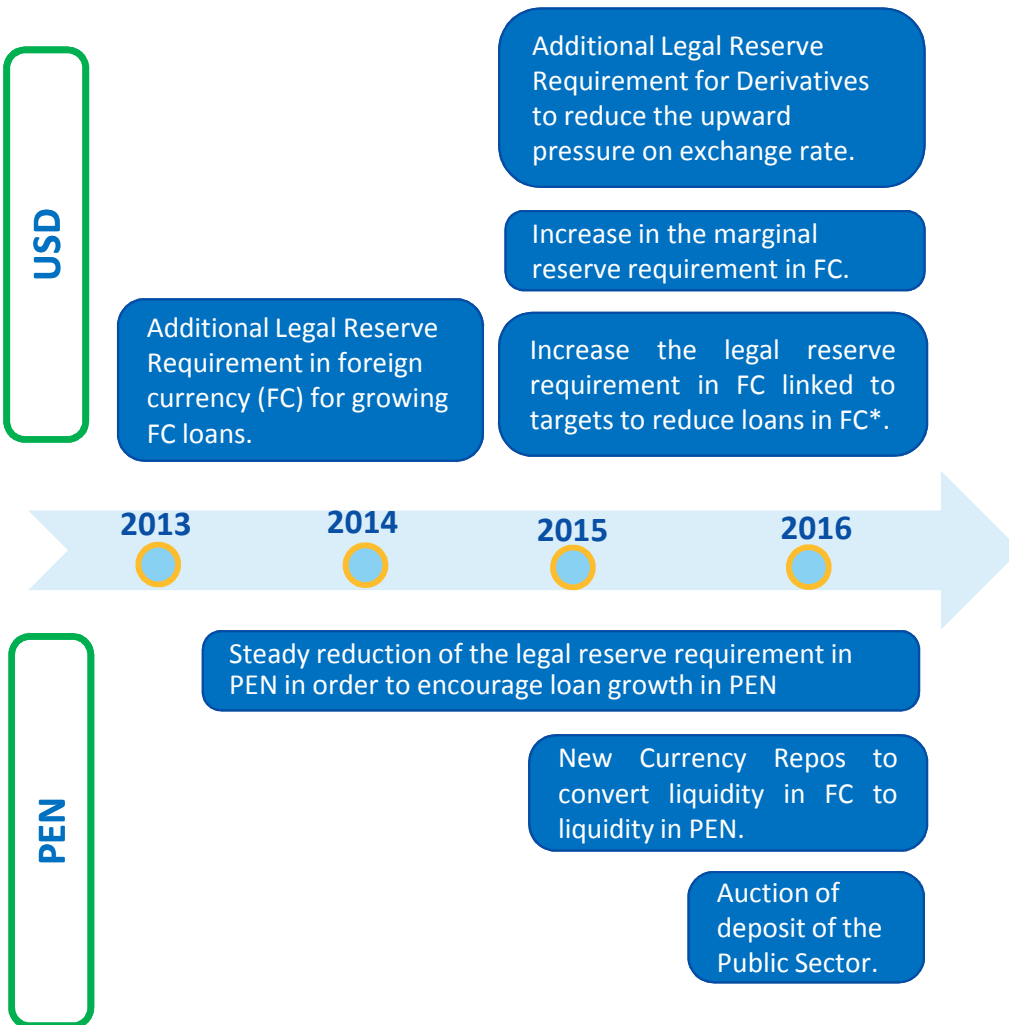
# ...and an active Central Bank, which promotes PEN denomination of Loans

## 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:



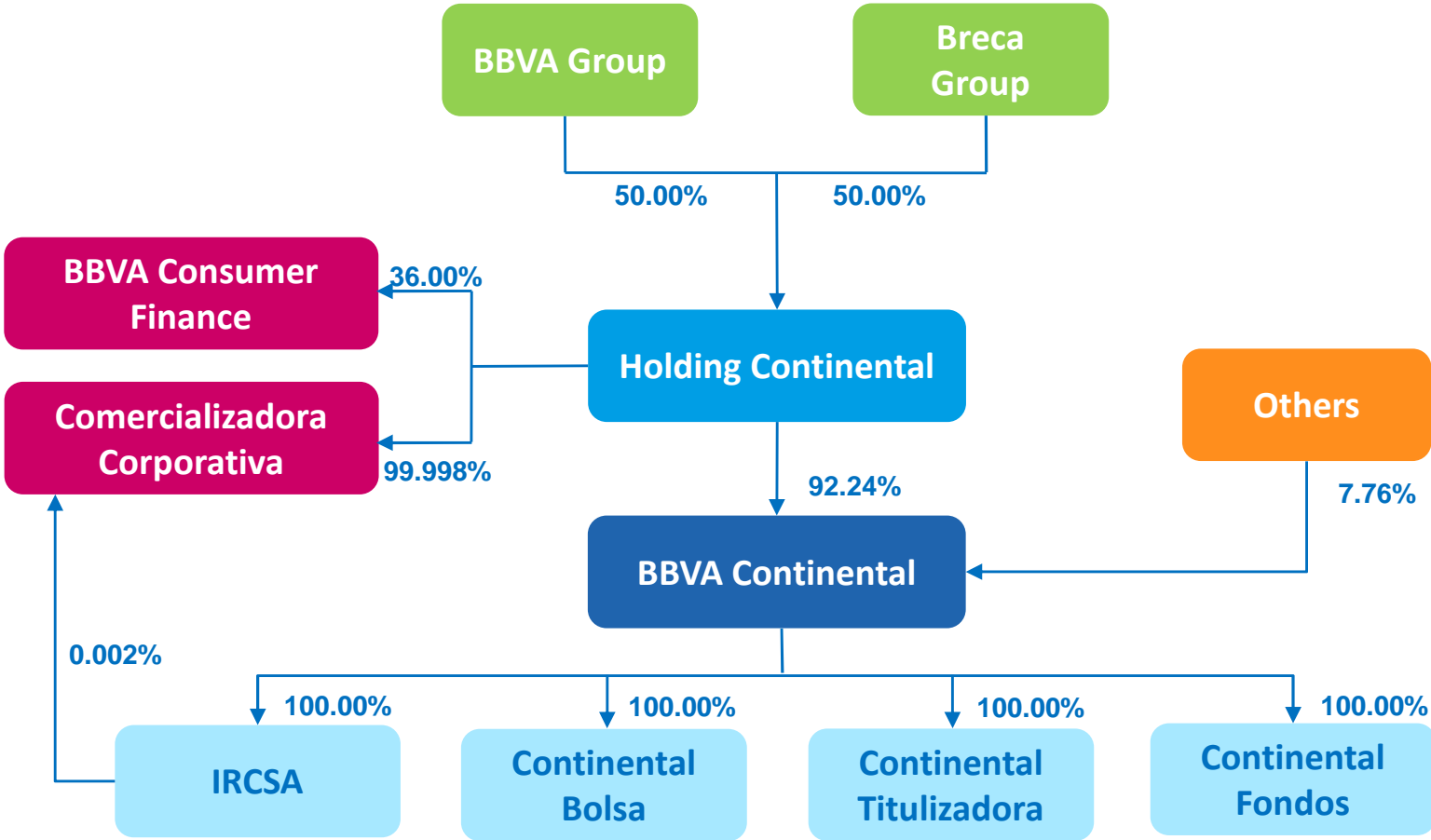
\*Excluded operations higher than USD10MM and 3 years (before 4 years) from June 2015.  
Source: Banco Central de Reserva del Perú, BCRP



# 2 Organization

# Shareholders

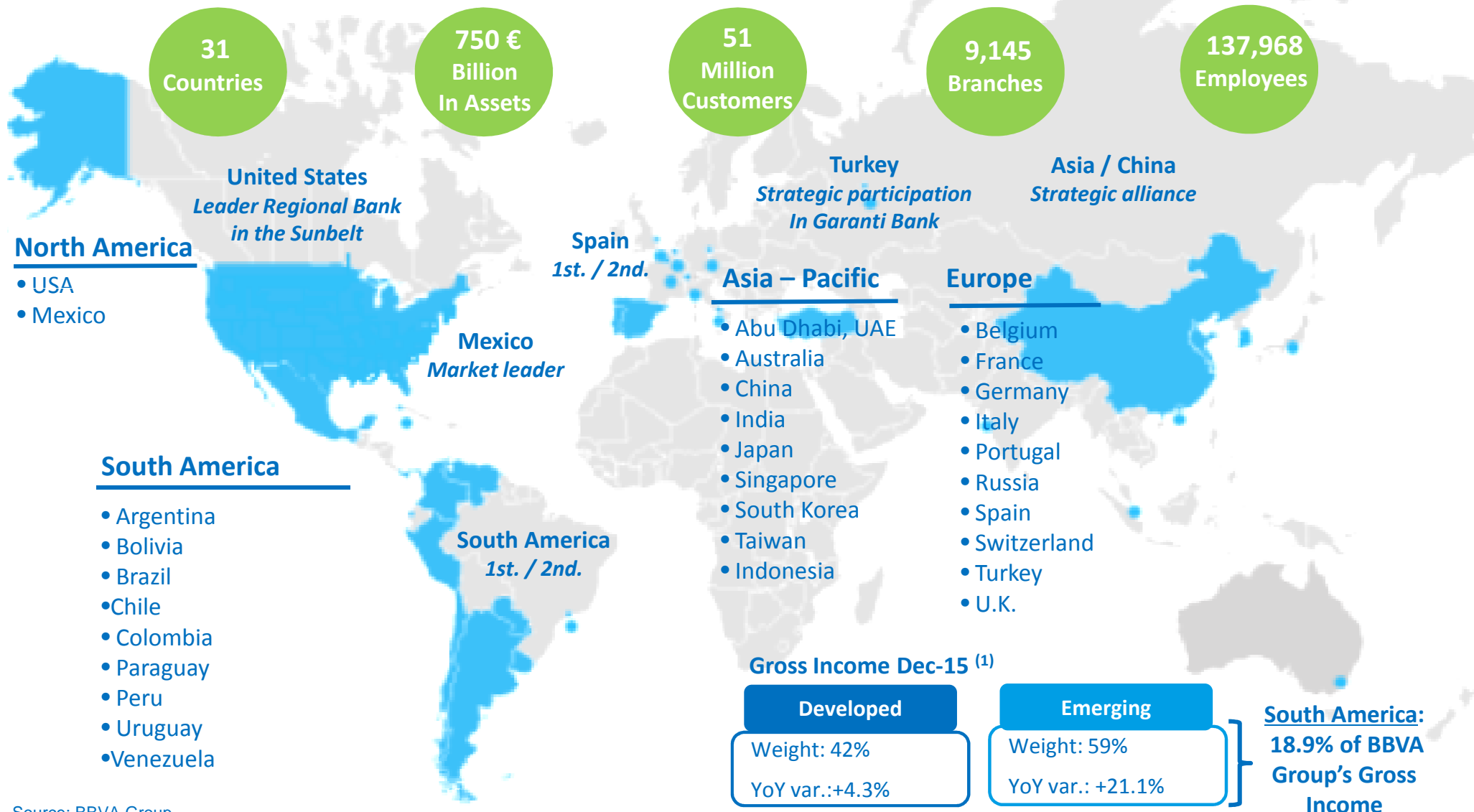
BBVA Continental and Subsidiaries are part of the Economic Group formed by Holding Continental, whose shareholders are BBVA Group and Breca



Source: BBVA Continental.

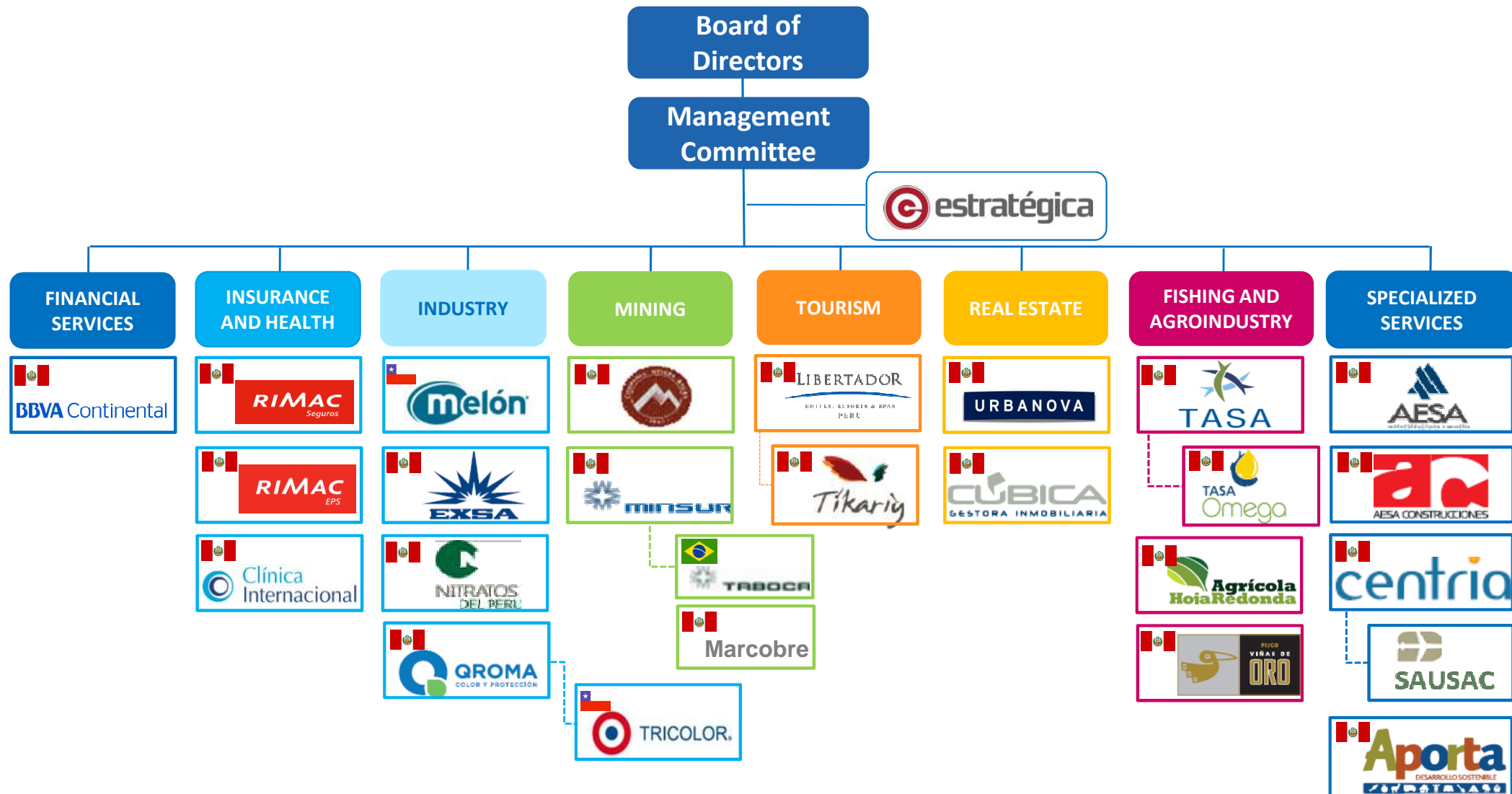
## BBVA Group

Appropriate balance between developed and emerging markets that allows the BBVA Group to diversify its sources of income by providing a high degree of recurrence in their results



## 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

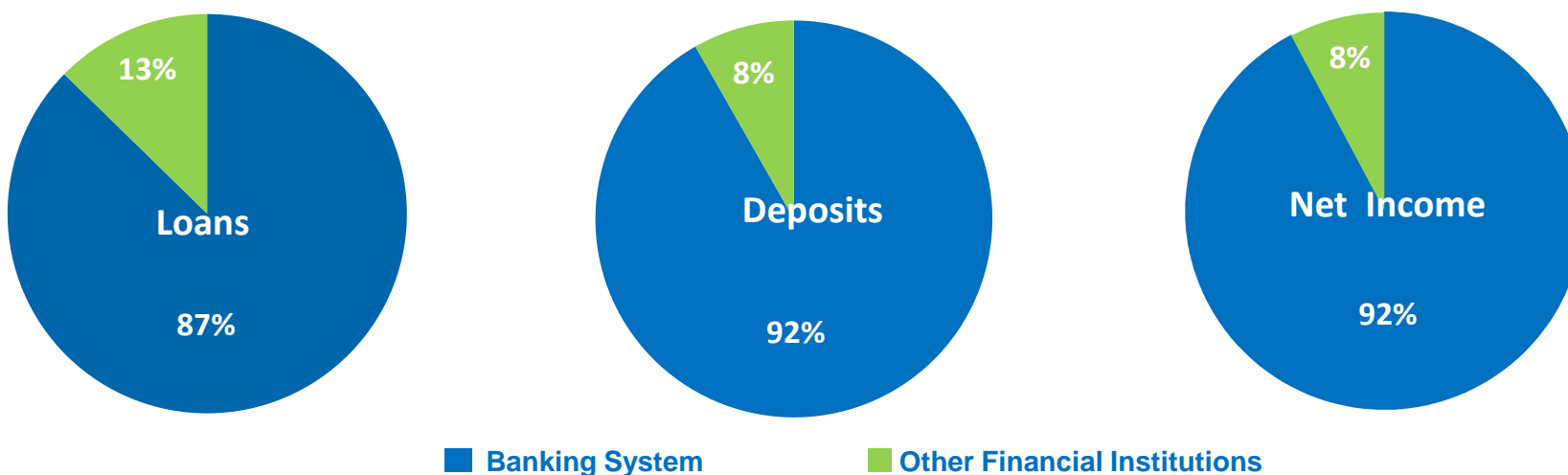


# Peruvian Financial System

December 2015

Financial system	Institution PEN Million	Net loans Dec-15	Deposits Dec-15	Net Income Dec-15
<b>Banking system</b>	Banks (17)	216,684	210,767	7,040
	Banco de la Nación	10,198	24,892	741
<b>Other financial institutions</b>	Cajas Municipales (12)	13,472	14,603	355
	Financieras (12)	8,404	4,995	277
	Cajas Rurales (7)	415	489	-18
	Edpymes (12)	1,705	-	-3
	Leasing (2)	442	-	8
	COFIDE	7,000	235	82
	Agrobanco	1,550	-	17

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:

December 2015



#1 in Cost of risk*	1.42%
#1 in NPL ratio	2.17%
#1 in Coverage ratio	203.57%
#3 in profitability ROE: Annualized net income / Average equity	23.92%
#3 in efficiency	38.92%
#2 in assets	S/.81,116 million
#2 in performing loans	S/.47,788 million
#2 in deposits***	S/.47,287 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).

\*\*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**

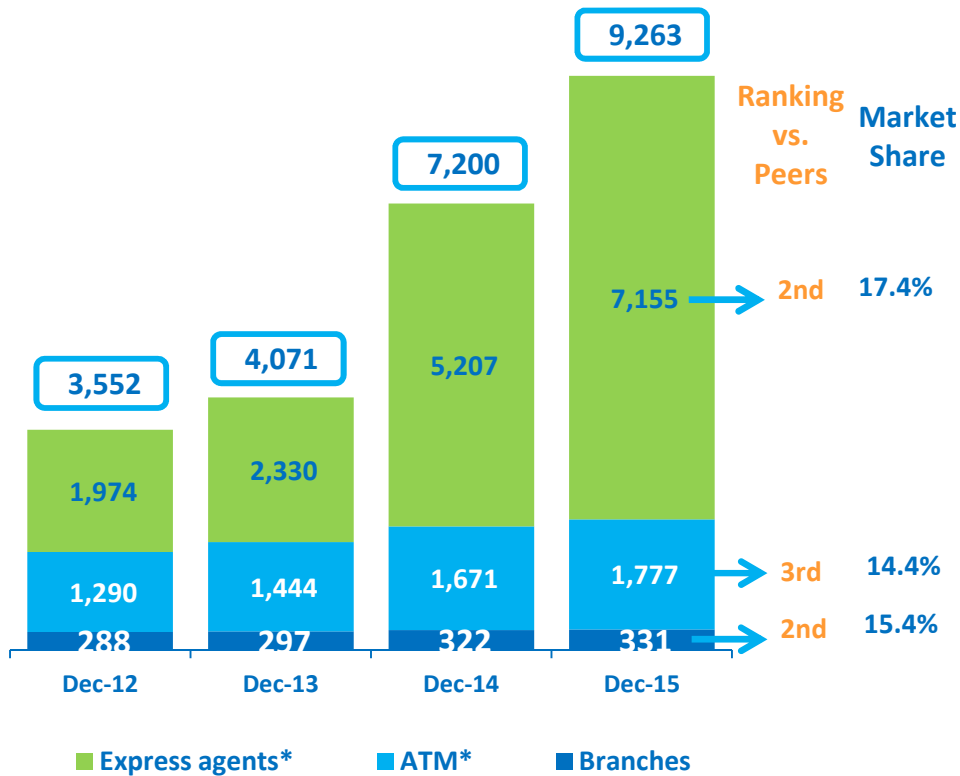
# Strong banking platform

December 2015

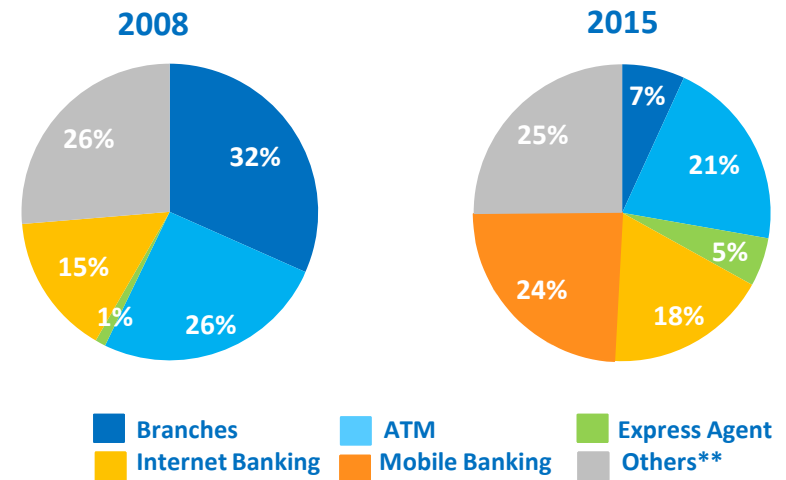
## Distribution network:

One of the largest in the country

- ✓ 9,263 points of service
- ✓ More than 4.5 million customers



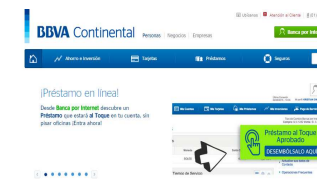
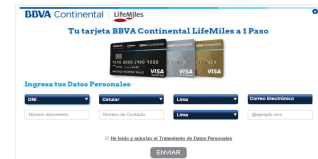
## Evolution in transactions per channel



## Digital Banking:

Our objective: To be the leading Digital Bank in the region

- ✓ Online forms to apply for LifeMiles credit cards
- ✓ More digital campaigns: Online registration
- ✓ Lending platform
- ✓ Improvements in the user experience on the web



\* ATM & EA as of September 2015, last available public information.

\*\* Other channels include Telephone Banking, POS, Net Cash and Automatic debit.

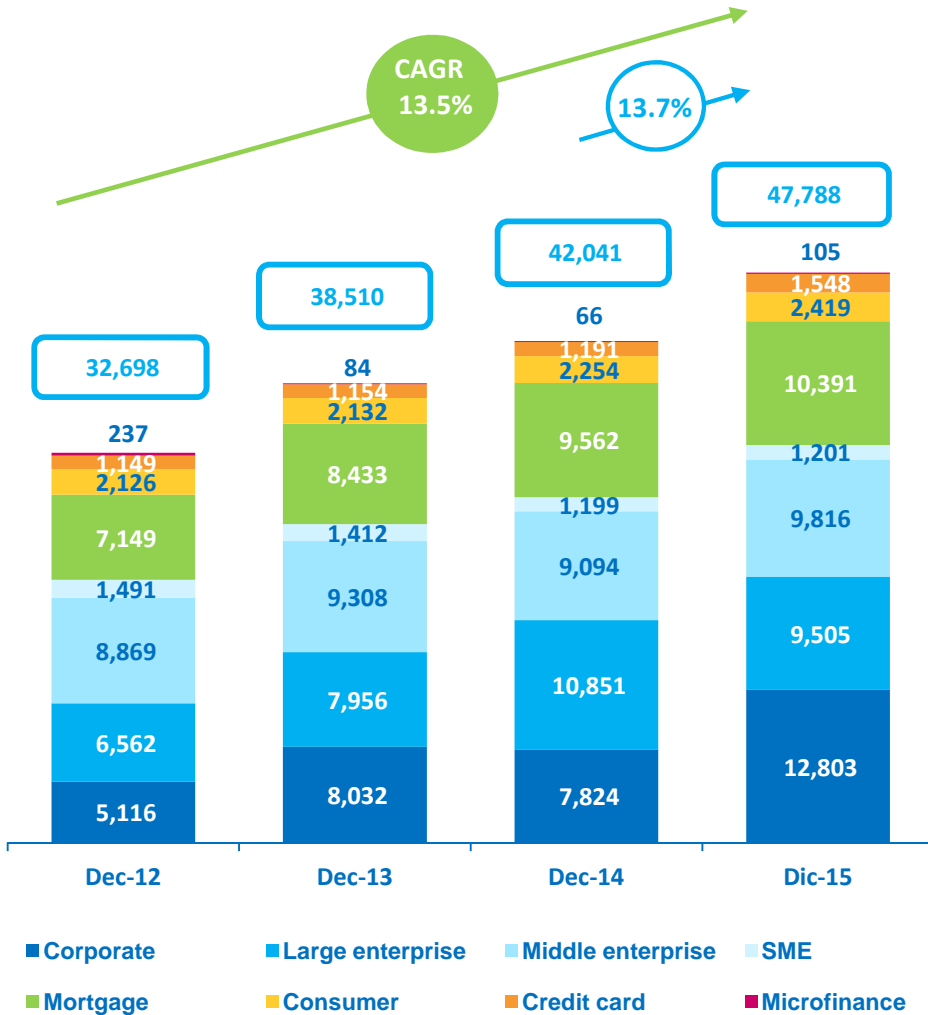
Source: Superintendencia de Banca, Seguros y AFP & BBVA Continental



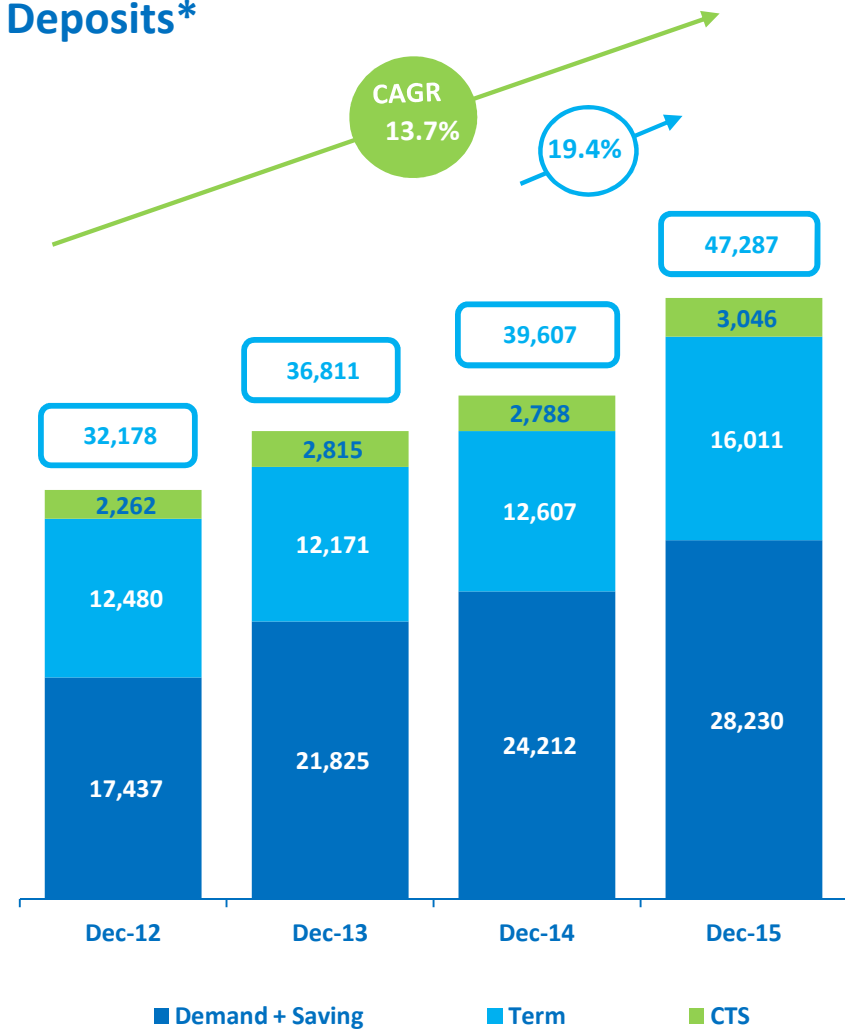
# Outstanding growth

PEN Million

## Performing loans



## Deposits\*



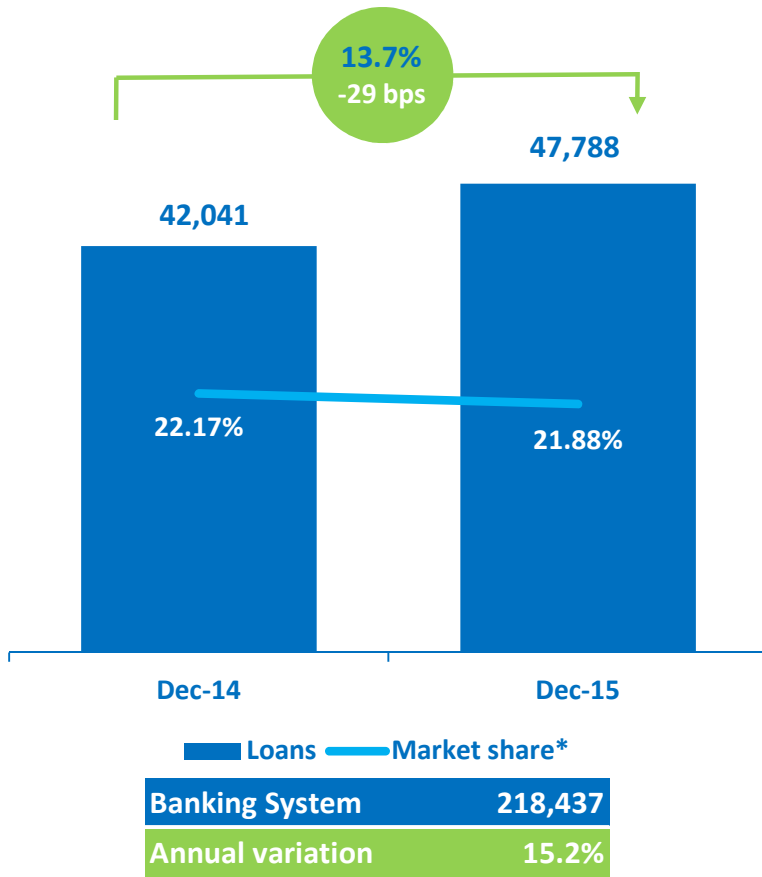
\*Other obligations are excluded from deposits  
Source: Superintendencia de Banca, Seguros y AFP

# Performing loans

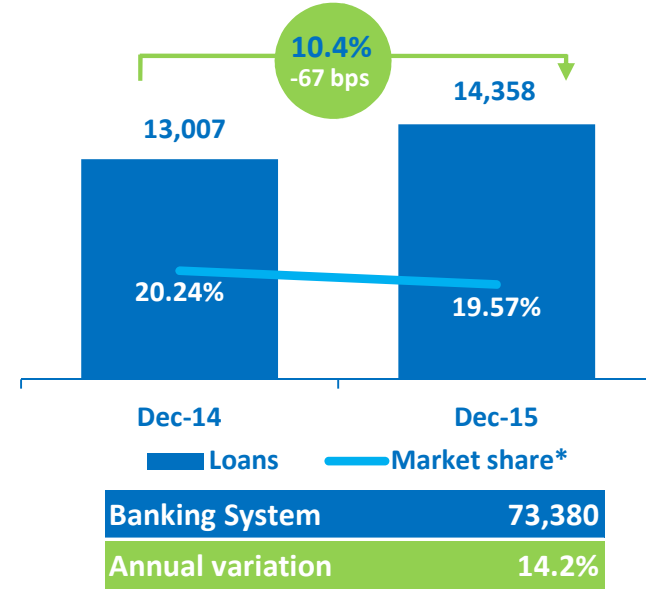
PEN Million and percentage (%)

BBVA Continental shows steady loan growth...

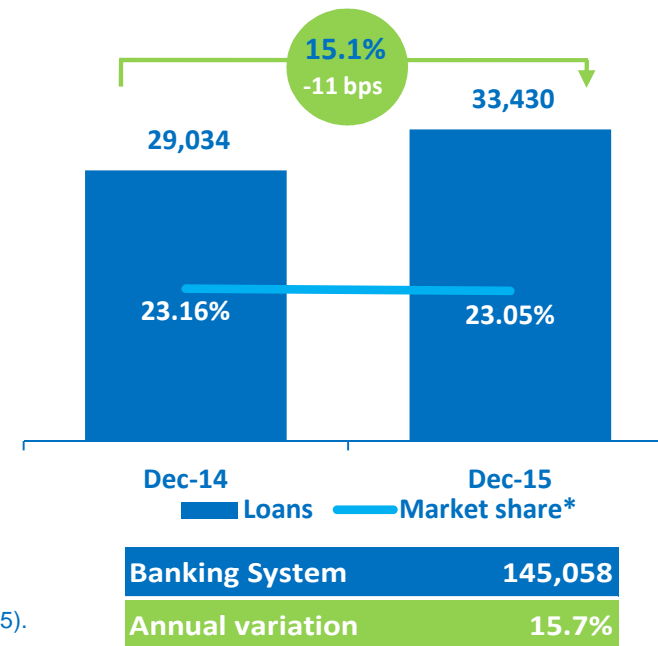
## Performing loans



## Retail customers



## Business customers

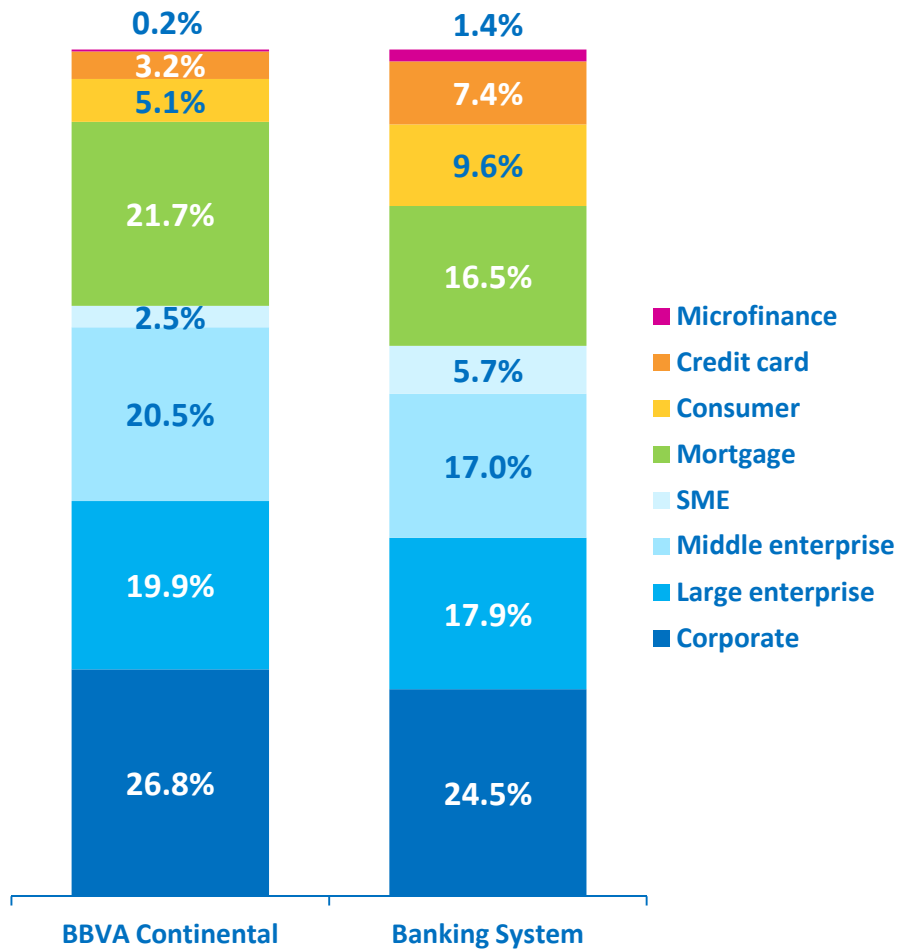


\*Market share of December 2014 affected by the inclusion of Edyficar in the Banking System (February 2015).  
Source: Superintendencia de Banca, Seguros y AFP

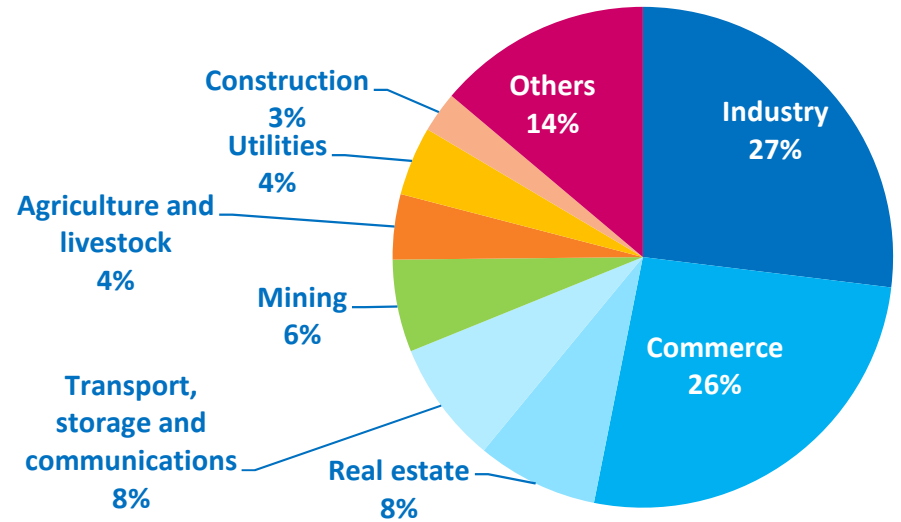
# High quality of loan portfolio

December 2015

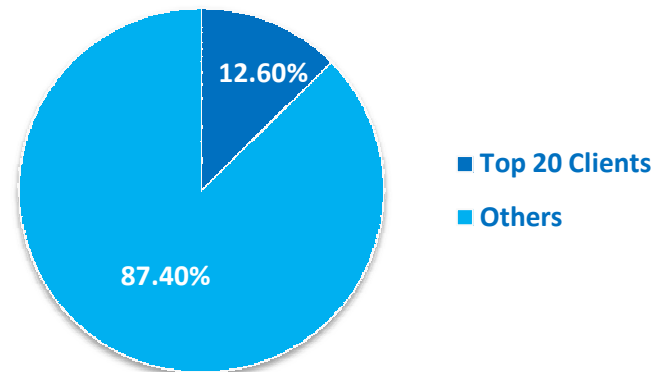
## Loans breakdown



## Loans by economic sector



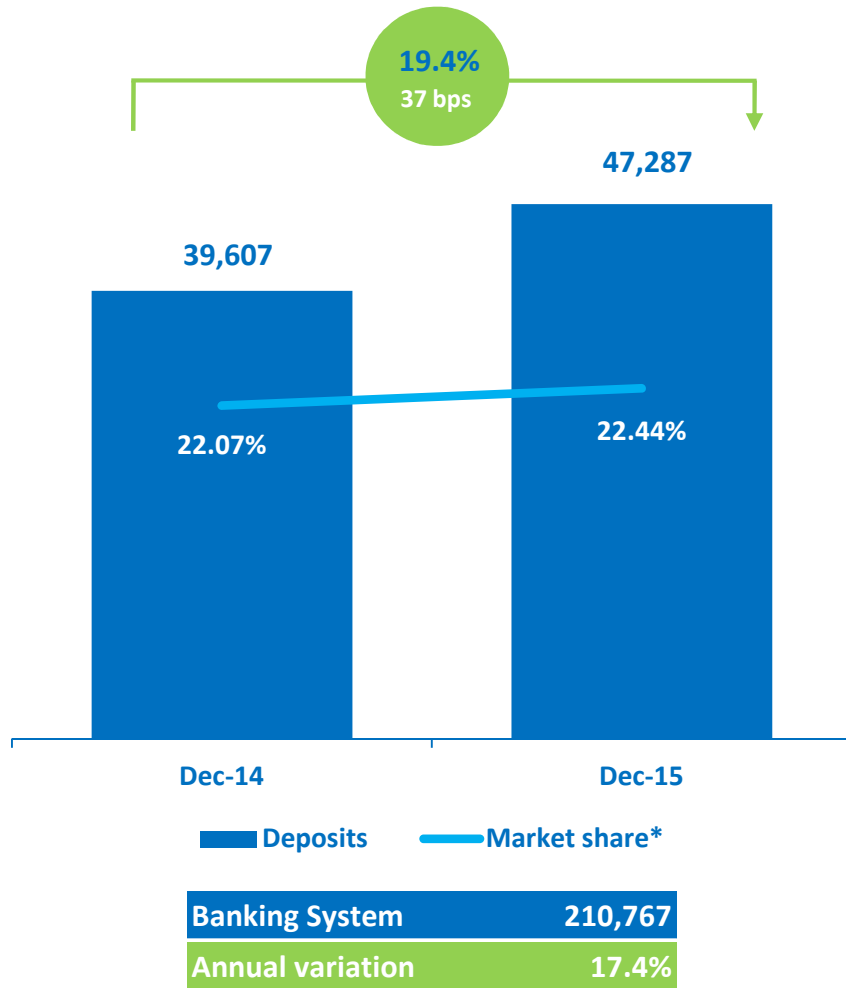
## Top 20 clients and others



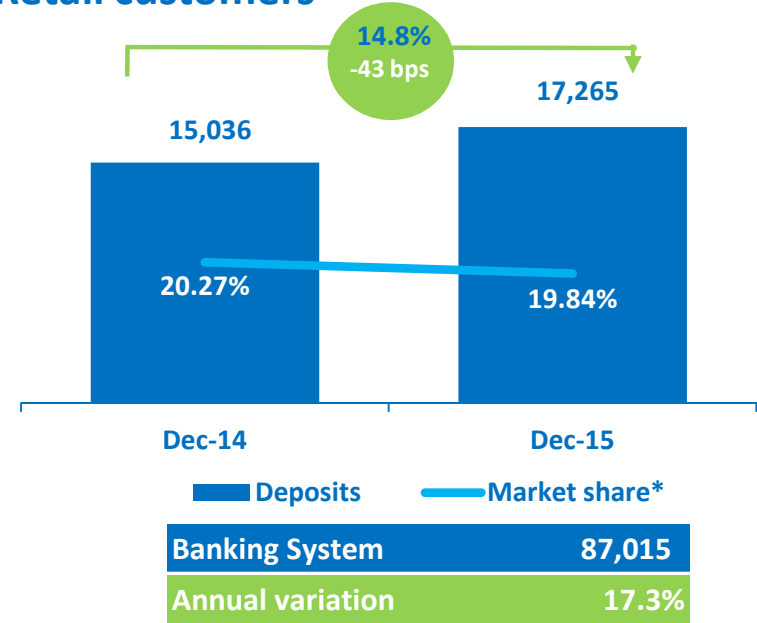
# Deposits

PEN Million and percentage (%)

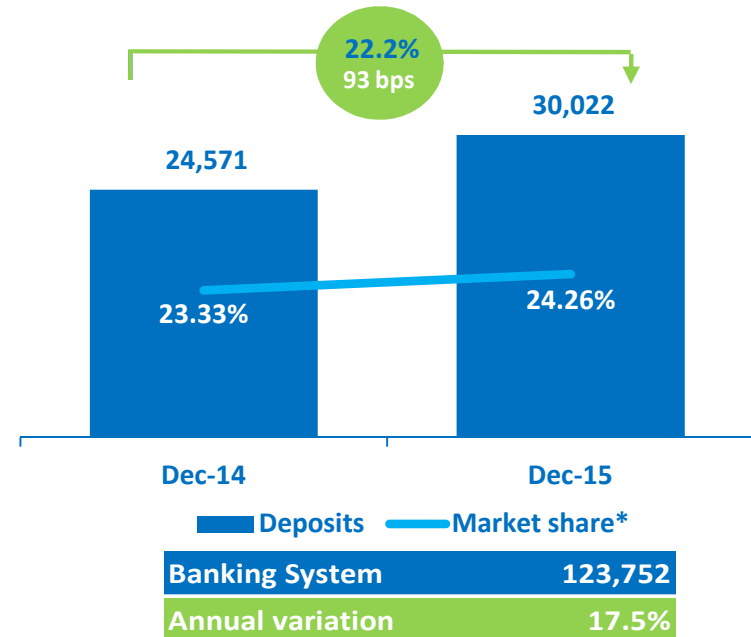
Growth continues also in deposits...



## Retail customers

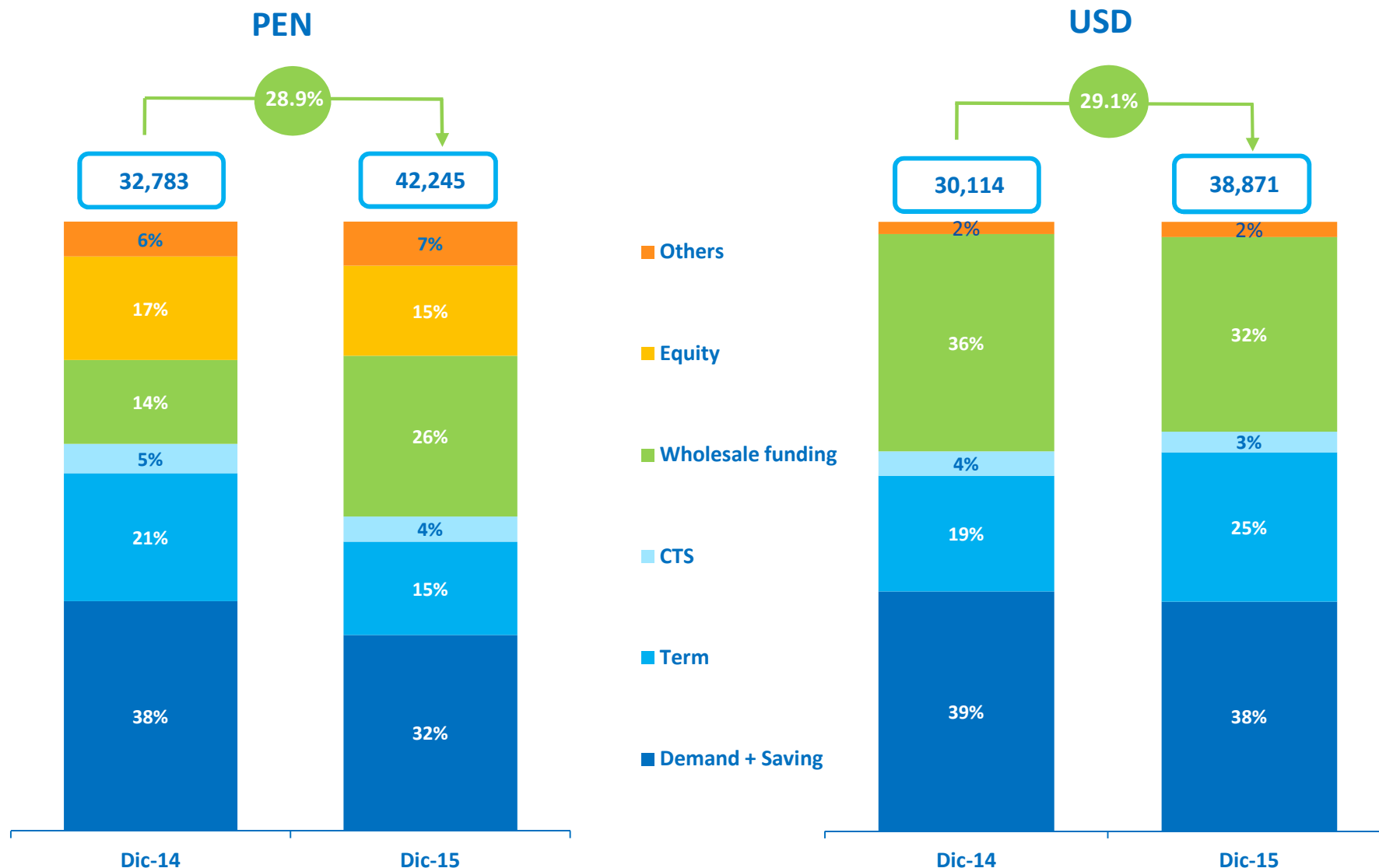


## Business customers



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

# Liabilities and Capital Breakdown

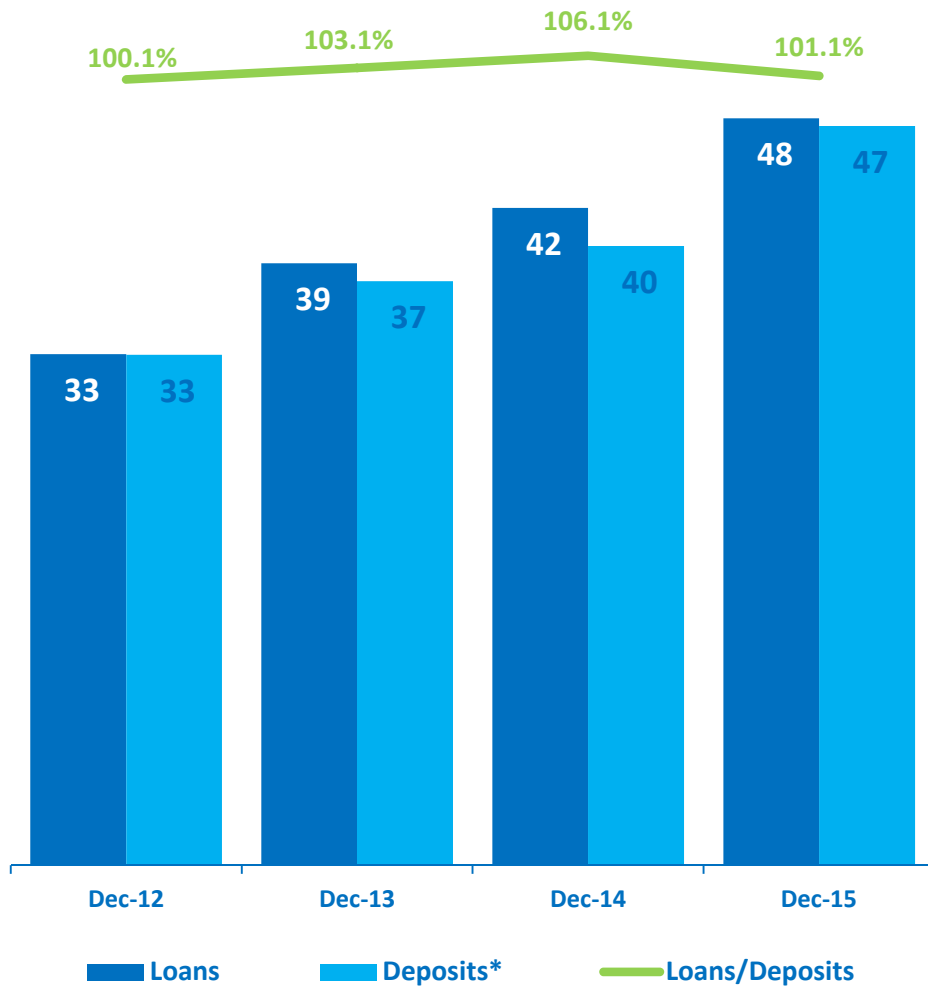


# High level of self-financing and balance sheet denomination in PEN

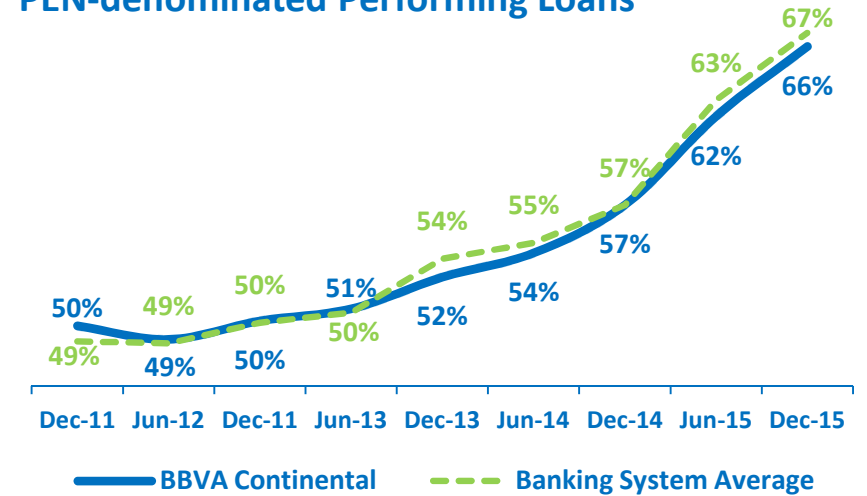
December 2015

## Loans and Deposits

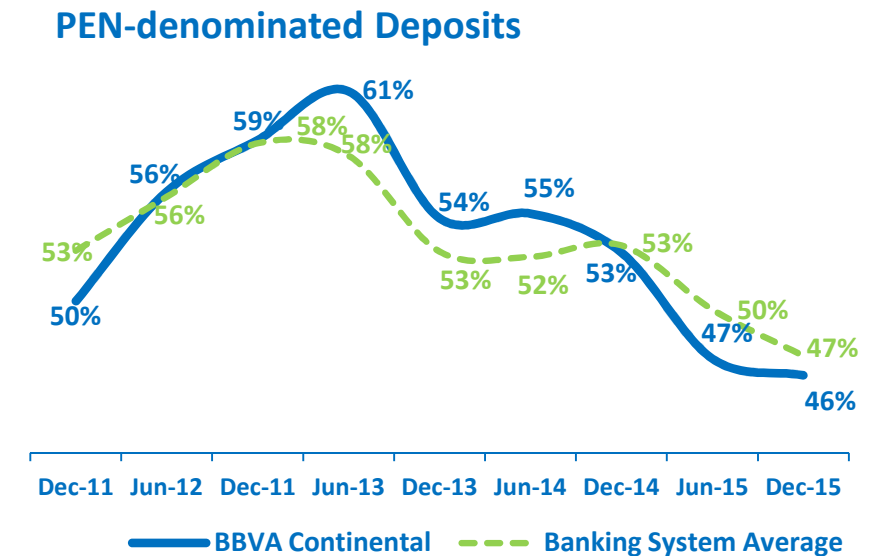
PEN Thousands of millions



## PEN-denominated Performing Loans



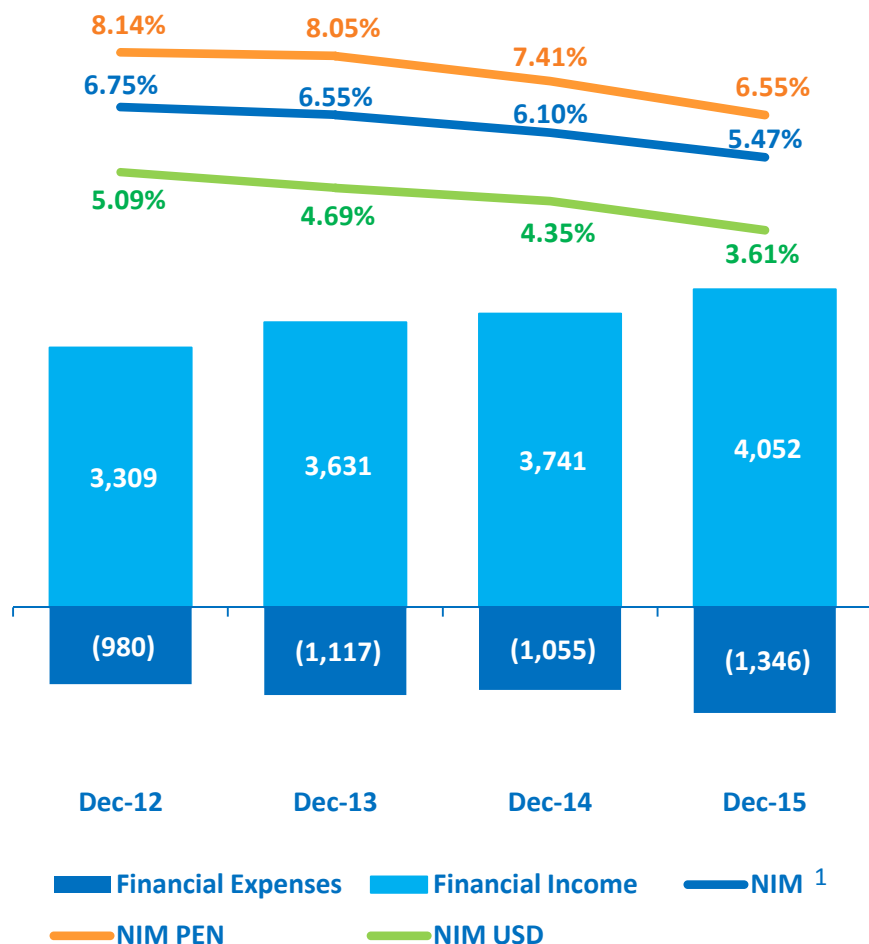
## PEN-denominated Deposits



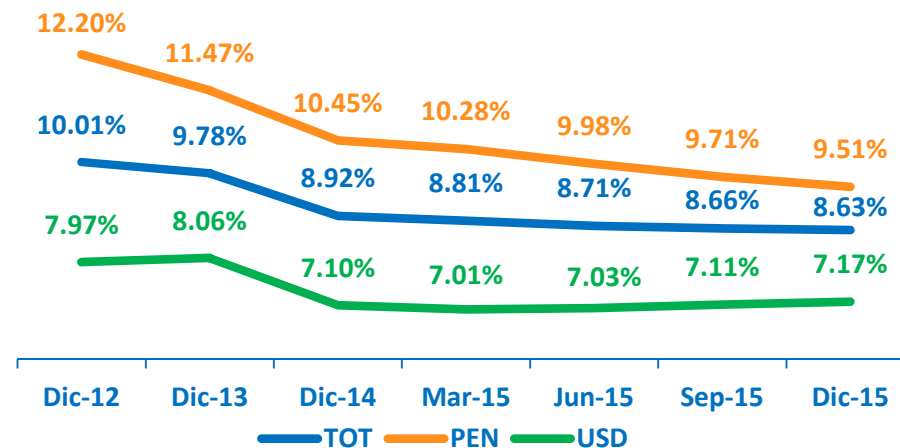
\*Other obligations are excluded from deposits  
Source: Superintendencia de Banca, Seguros y AFP

# Financial margin

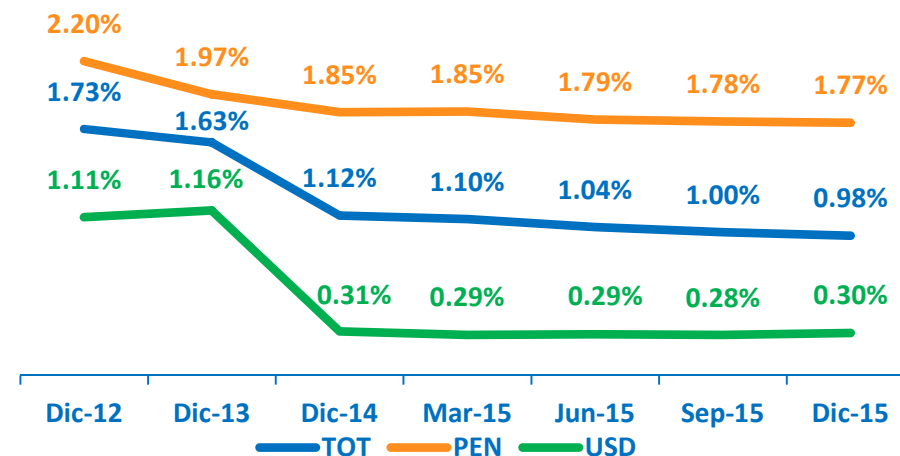
PEN Million and percentage (%)



## Implicit rate of loans<sup>2</sup>



## Implicit rate of deposits<sup>3</sup>



<sup>1</sup> **NIM ratio:** Interest margin for the last 12 months divided by average interest earning assets (interbank funds, investments, net loans).

<sup>2</sup> **Implicit rate of loans:** Loans interest income for the last 12 months divided by average net loans.

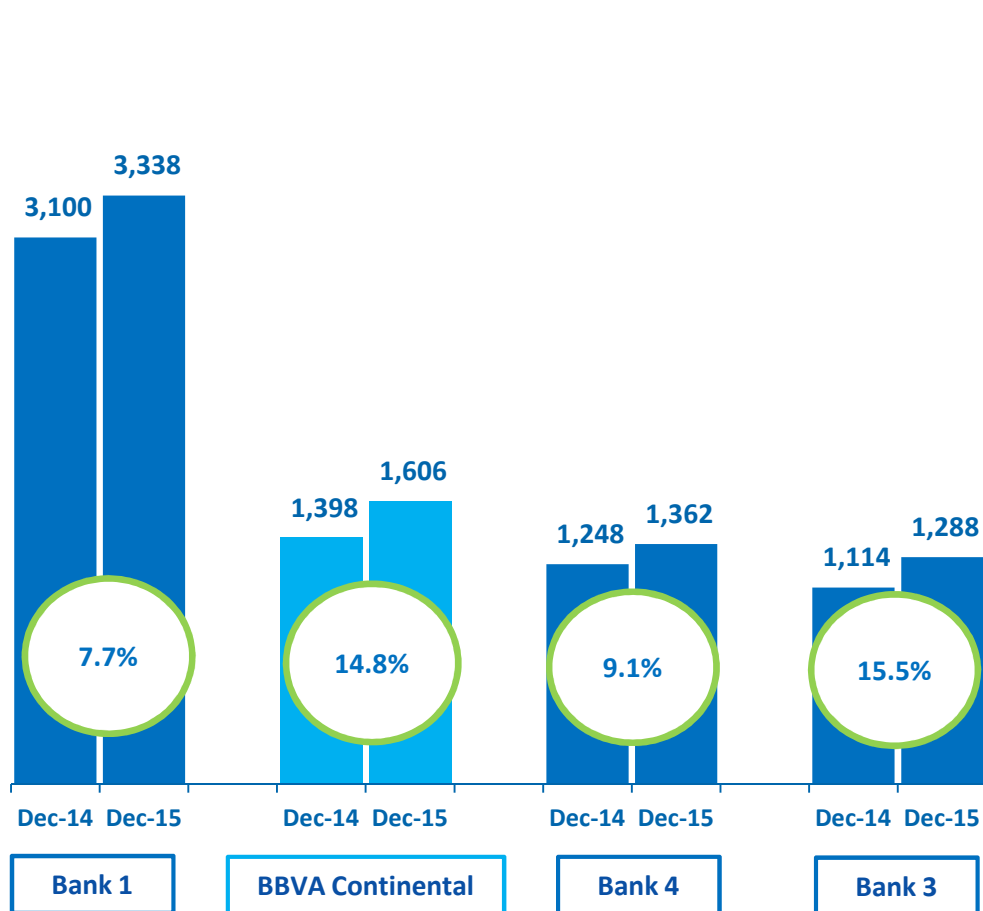
<sup>3</sup> **Implicit rate of deposits:** Deposits interest expenses for the last 12 months divided by average deposits (excluding other obligations).

# Expenses management

We manage an attractive efficiency ratio

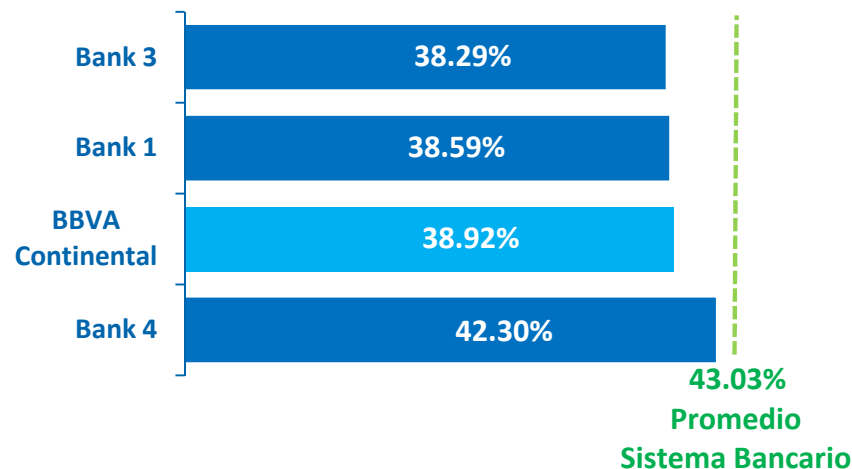
## Administrative expenses\*

PEN Million



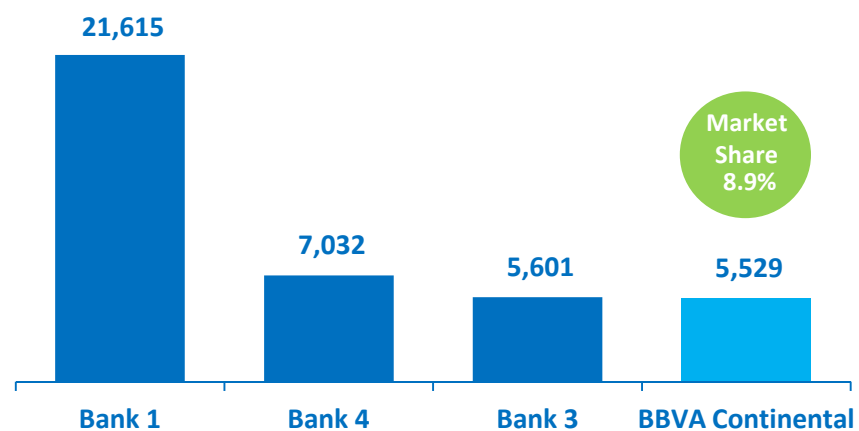
## Efficiency Ratio

December 2015



## Number of employees

December 2015



\* Includes Amortization and Depreciation

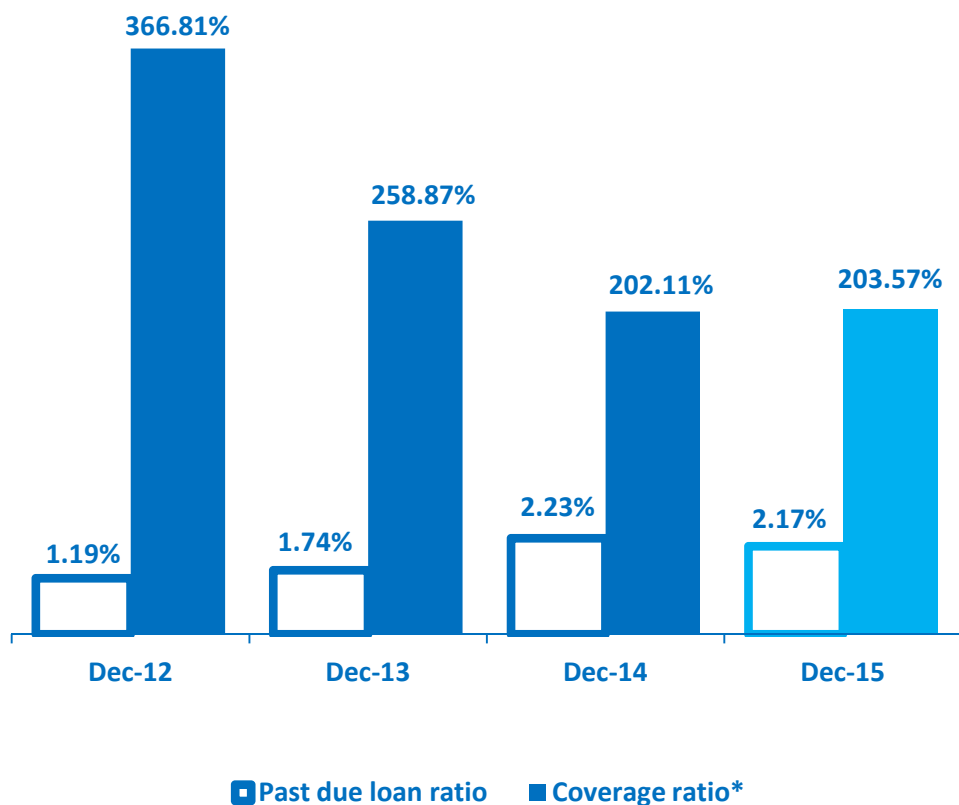
Source: Superintendencia de Banca, Seguros y AFP



# Risk management

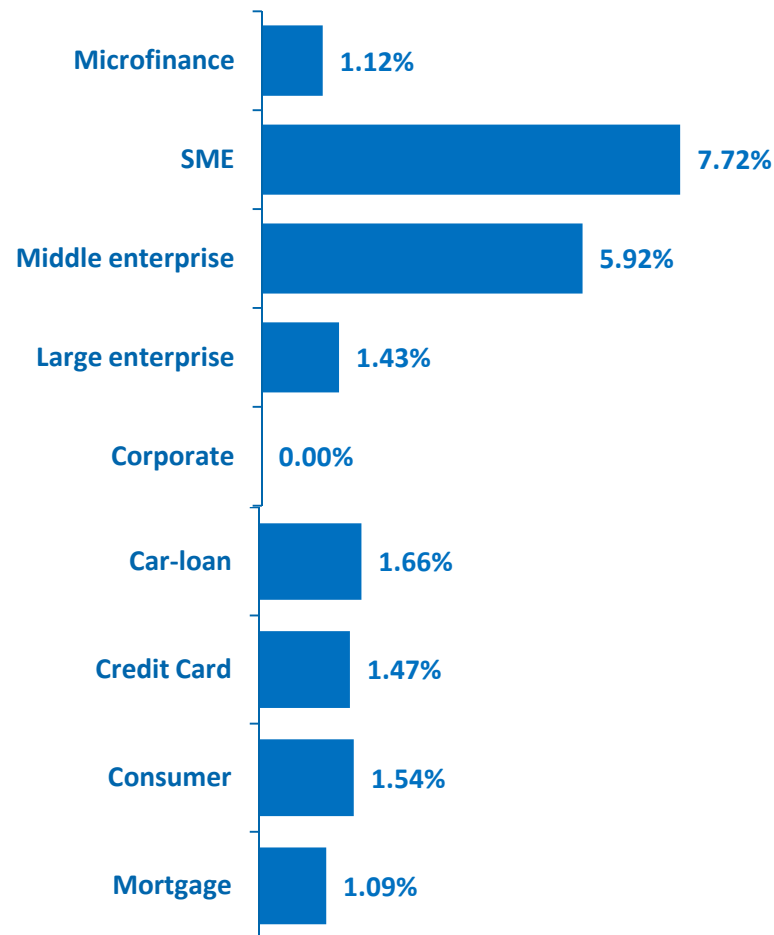
## Outstanding asset quality

BBVA Continental



## Past due loan ratio by product and segment

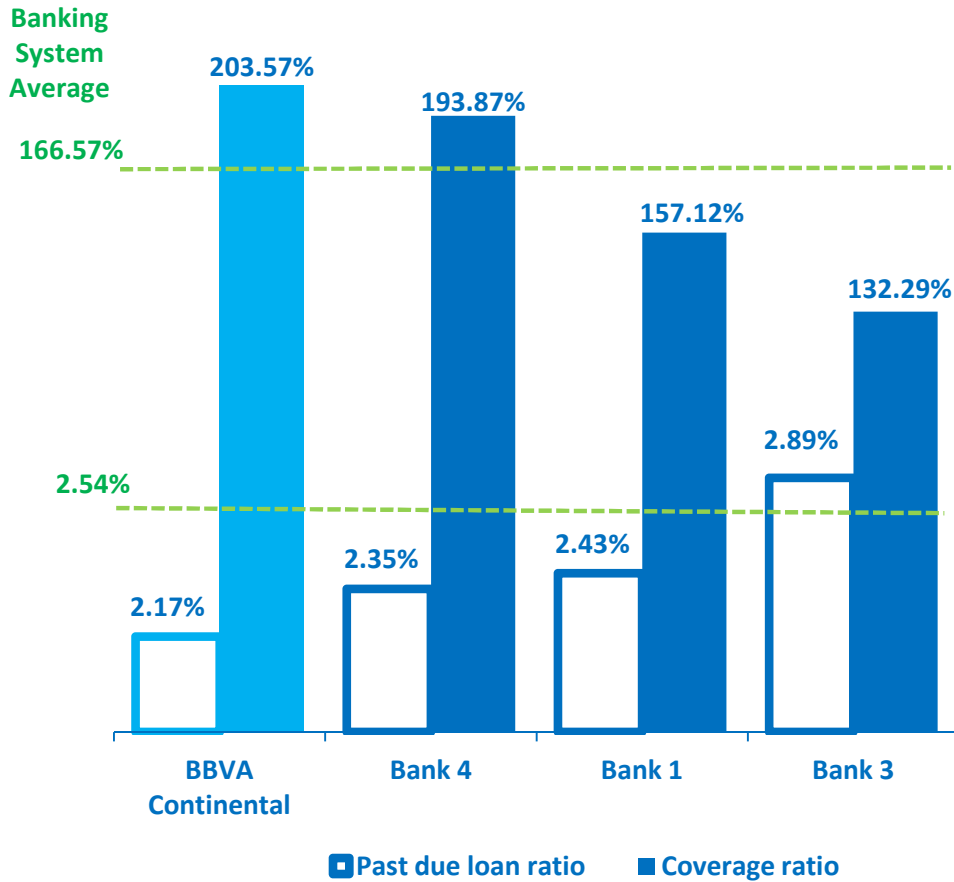
December 2015



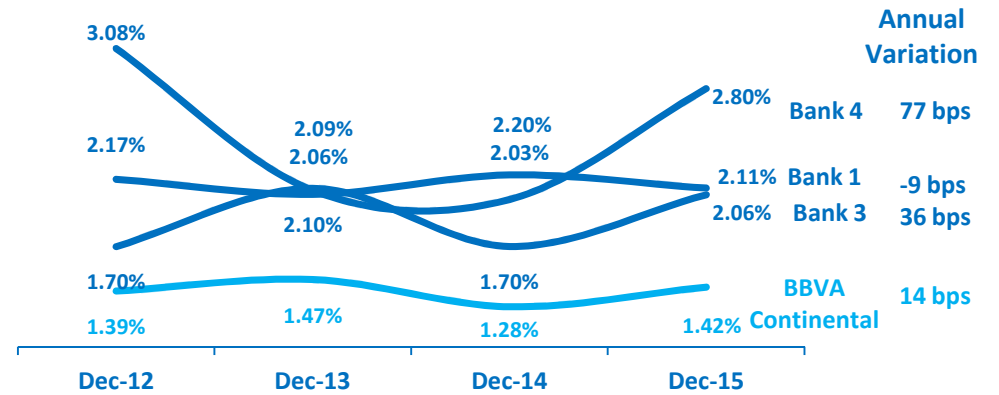
# Risk management

## Best Past Due Loan Ratio and Coverage Ratio

December 2015

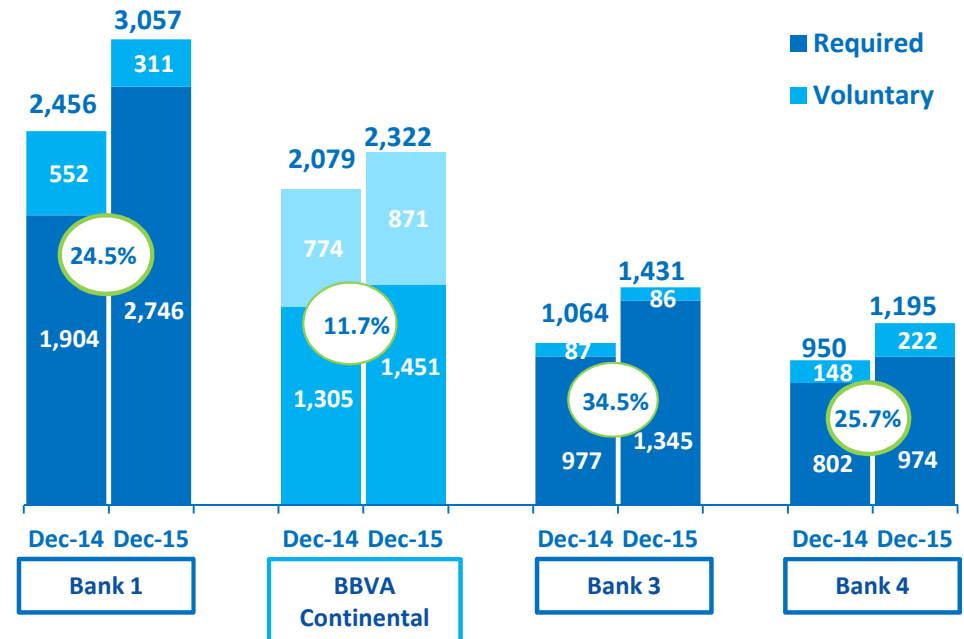


## Best Risk Cost ratio vs. Peer Group



## Maintaining high levels of voluntary provisions

PEN Million



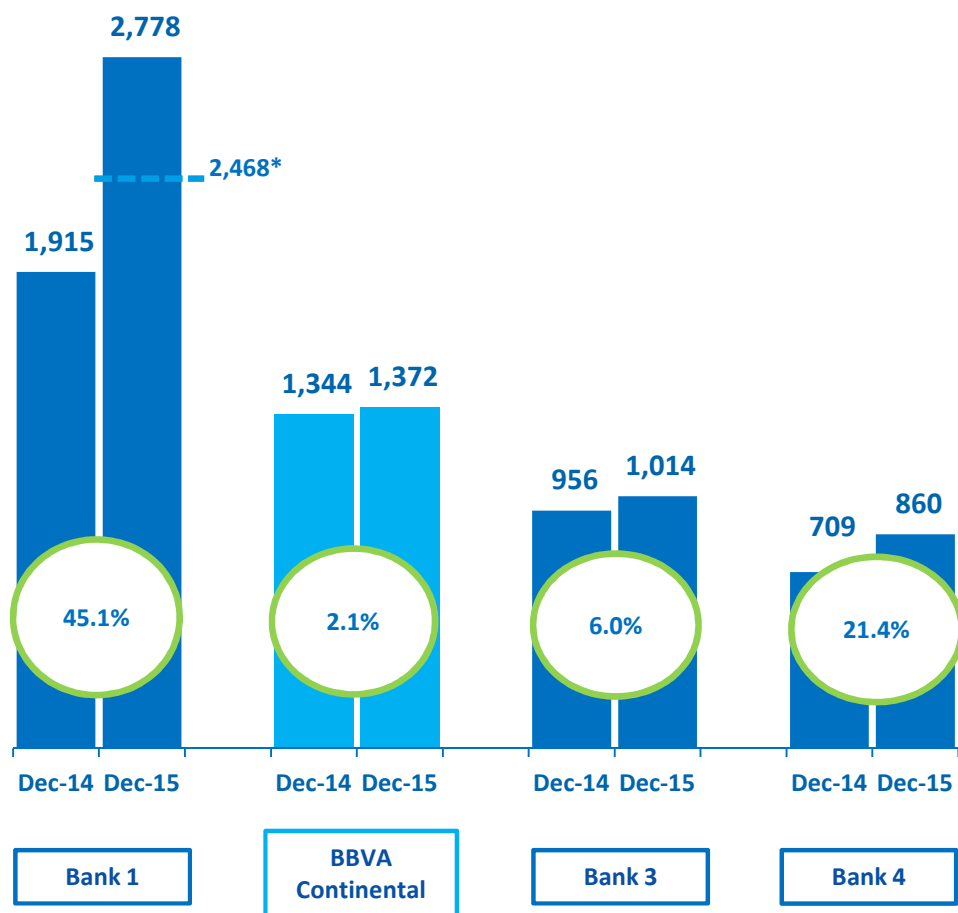
\*Risk Cost: Provisions for the last 12 months between total loans (average of the last 12 months)

Source: Superintendencia de Banca, Seguros y AFP

# Profitability management

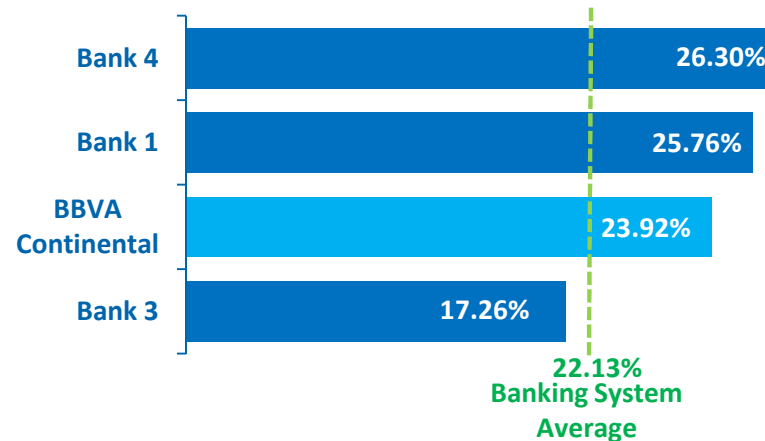
## Net income

PEN million



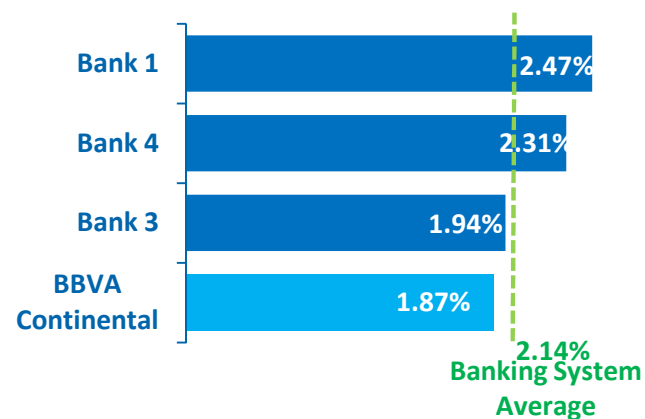
## Return on Equity - ROE

December 2015



## Return on Assets - ROA

December 2015



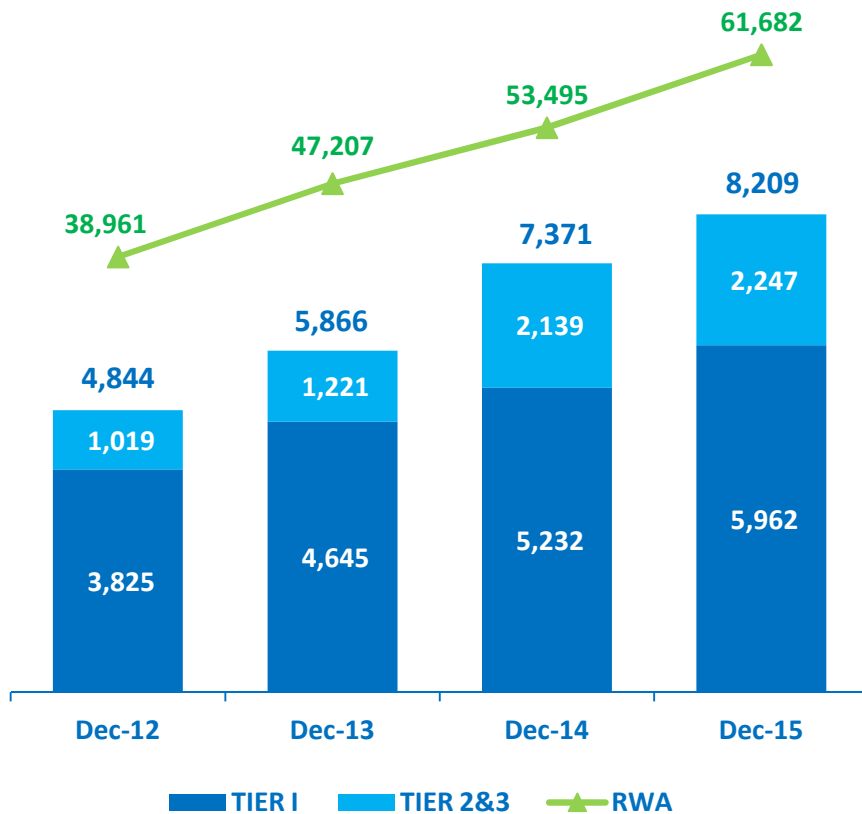
\*Net Income of Bank 1 without considering an extraordinary income of PEN 310MM due to a sale of shares in subsidiary. Net Growth adjusted 28.9%.

Source: Superintendencia de Banca, Seguros y AFP

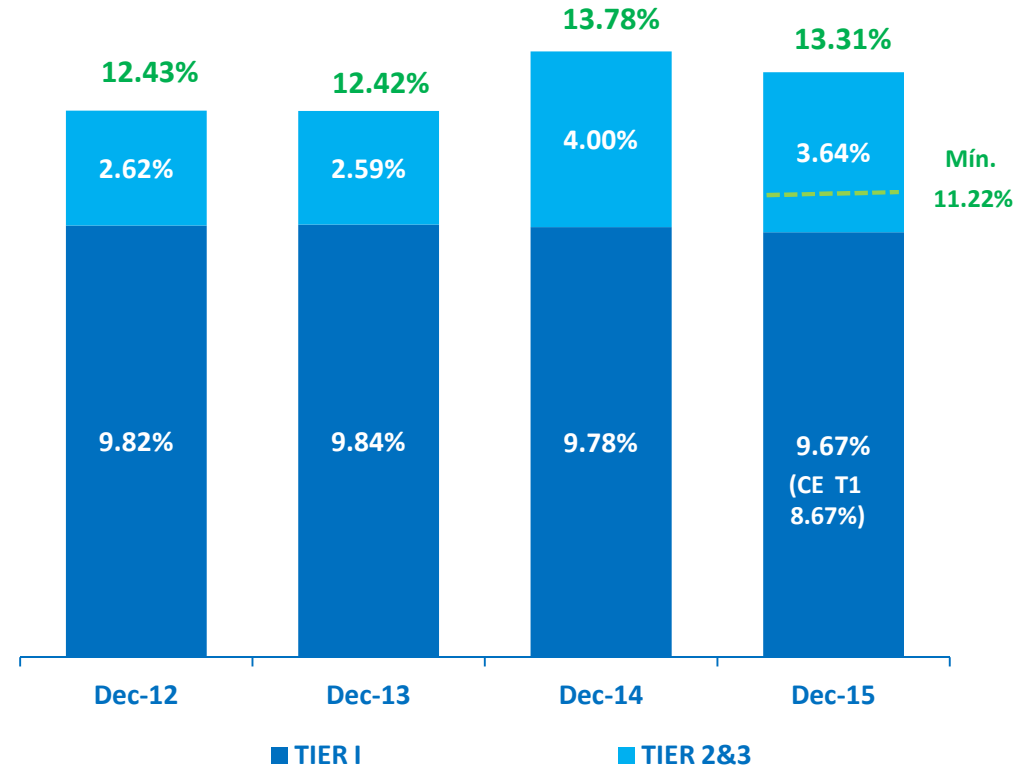
# Solvency management

## 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



**GLOBAL FINANCE**

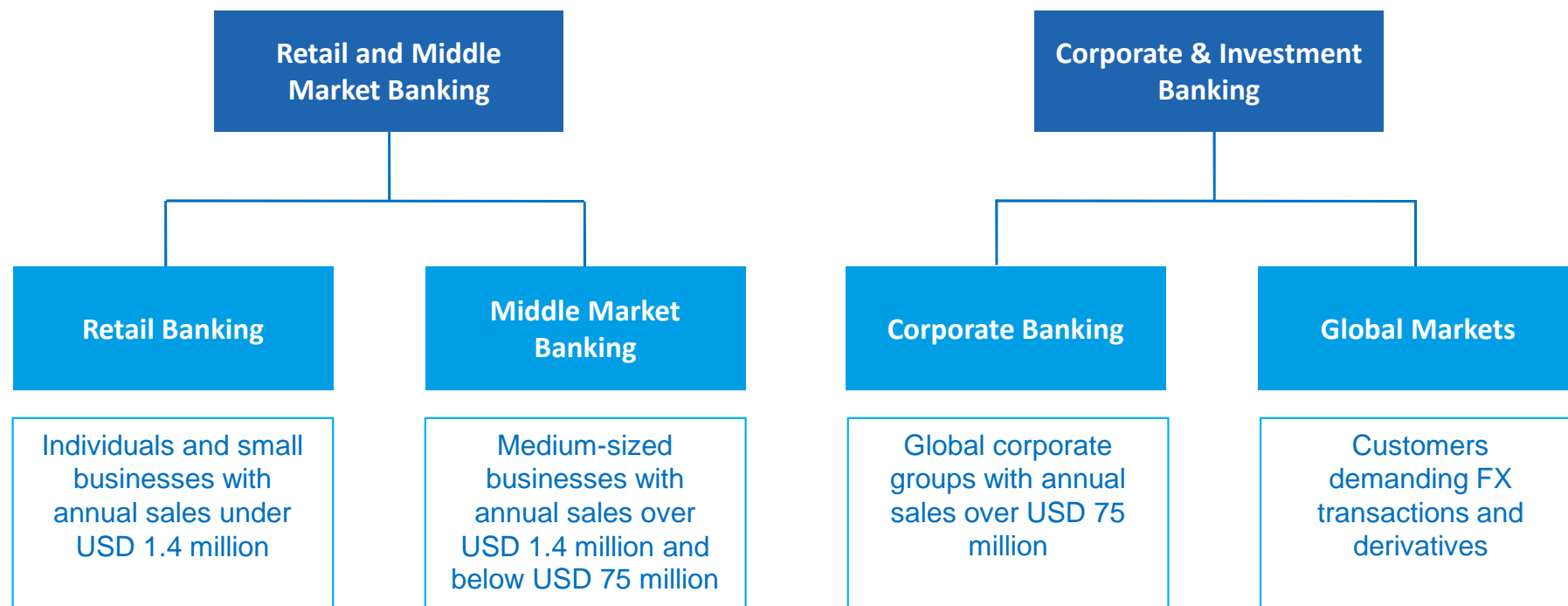


**BBVA Continental is part of the Best Corporate Governance Principle's Index of companies**



# 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**

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**Fourth Quarter 2015**