



# **BBVA Continental**

## **Investors Report**

Second Quarter 2016

# 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:**

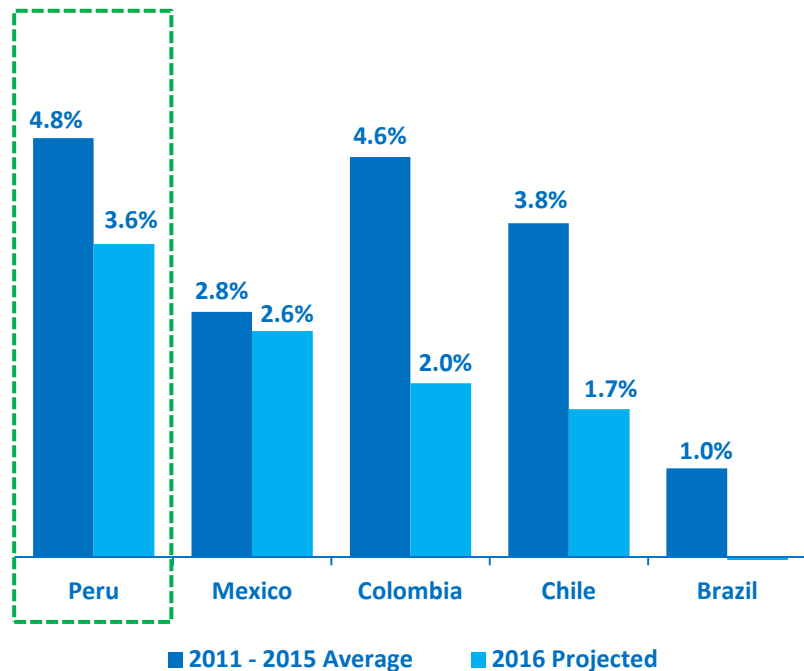
**Attractive economy &  
financial system**

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

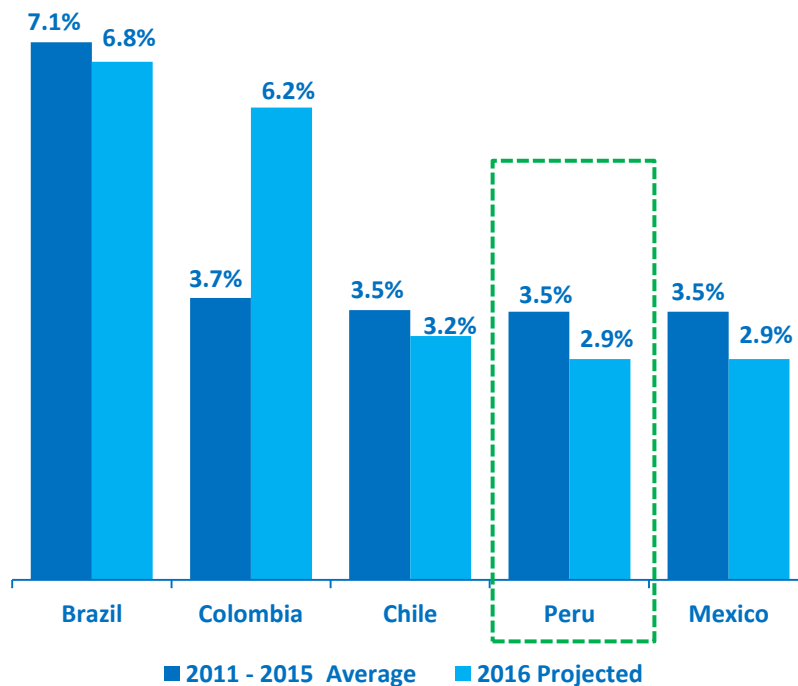
Peru is one of the economies with fastest growth in Latin America...

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

Real GDP

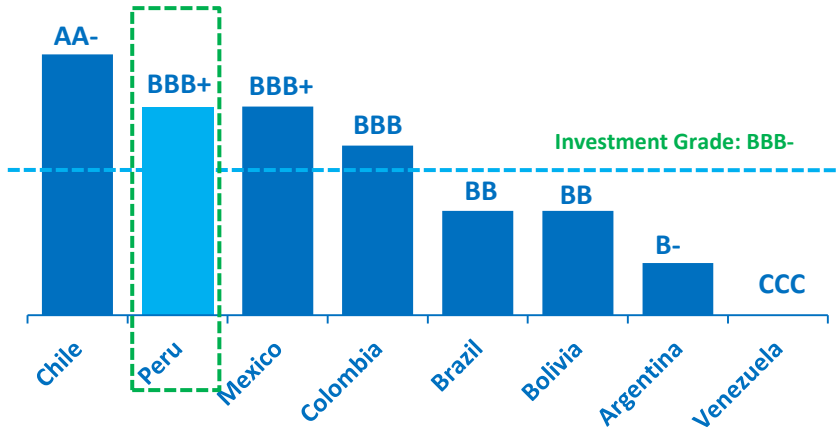


Inflation (End of Period)



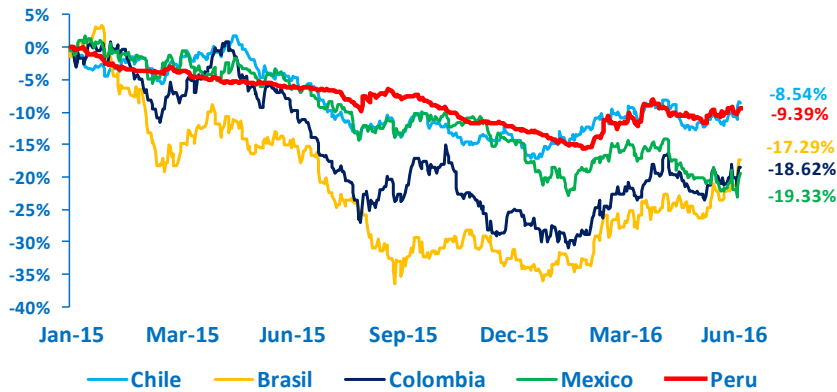
# ...sovereign investment grade, relatively stable currency and low levels of debt

## Ratings



Source: Standard & Poor's

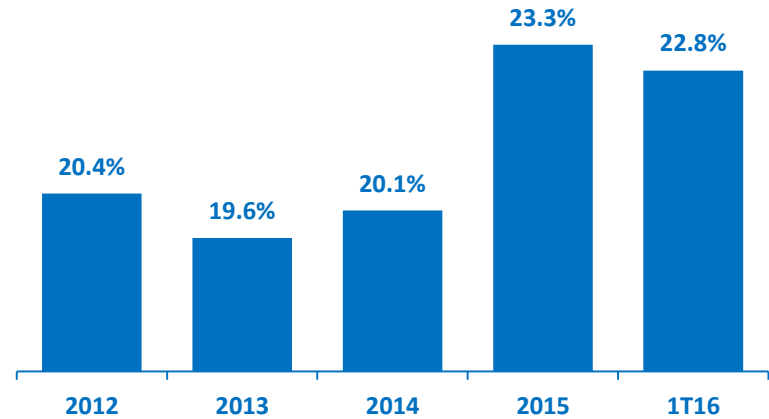
## Currency depreciation against USD



Source: Bloomberg

## Public Debt as a percentage of GDP

65.7% Average debt of the General Government / GDP for countries with BBB+ rating for 2015



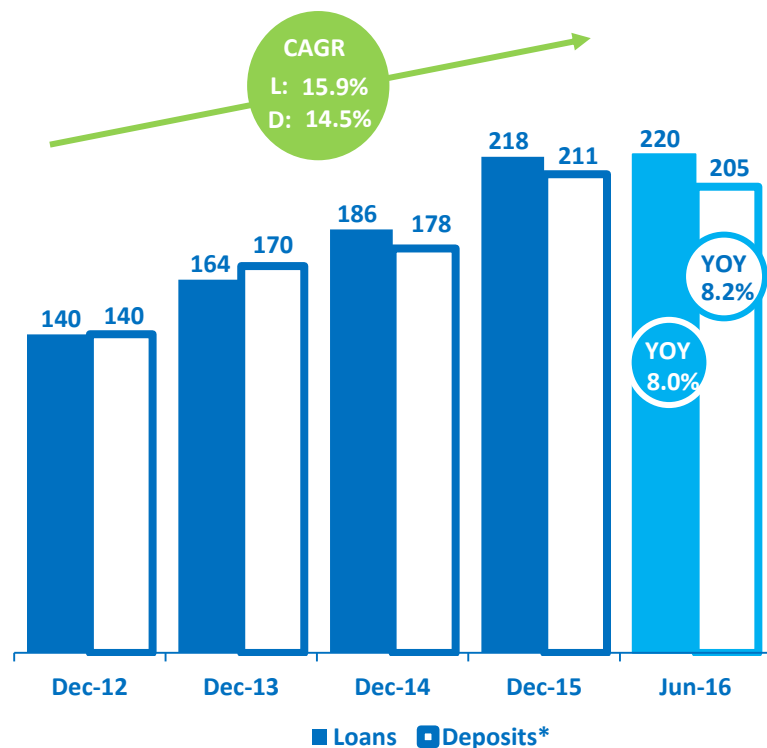
Source: Central Bank of Peru

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

The Peruvian Banking System has shown strong growth...

## Performing loans and Deposits

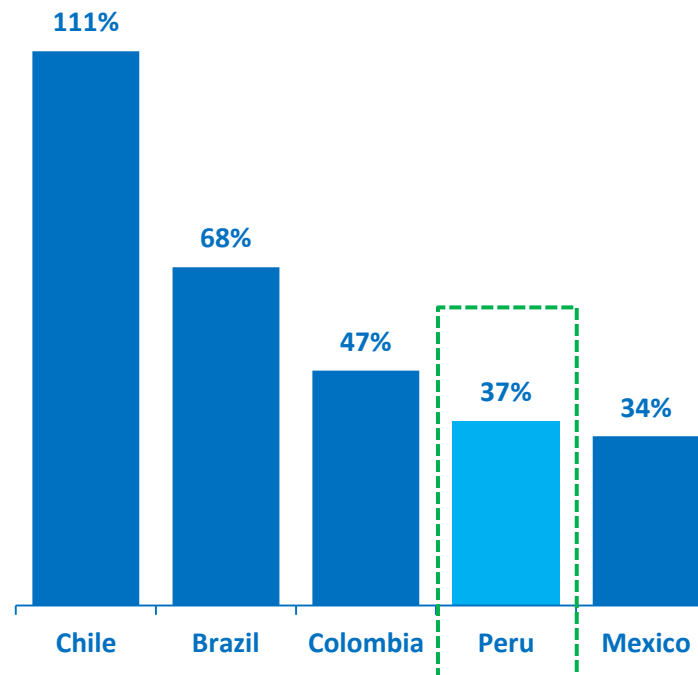
PEN thousands of millions



...with great potential for future expansion

## Loans to private sector as a percentage of GDP

2015

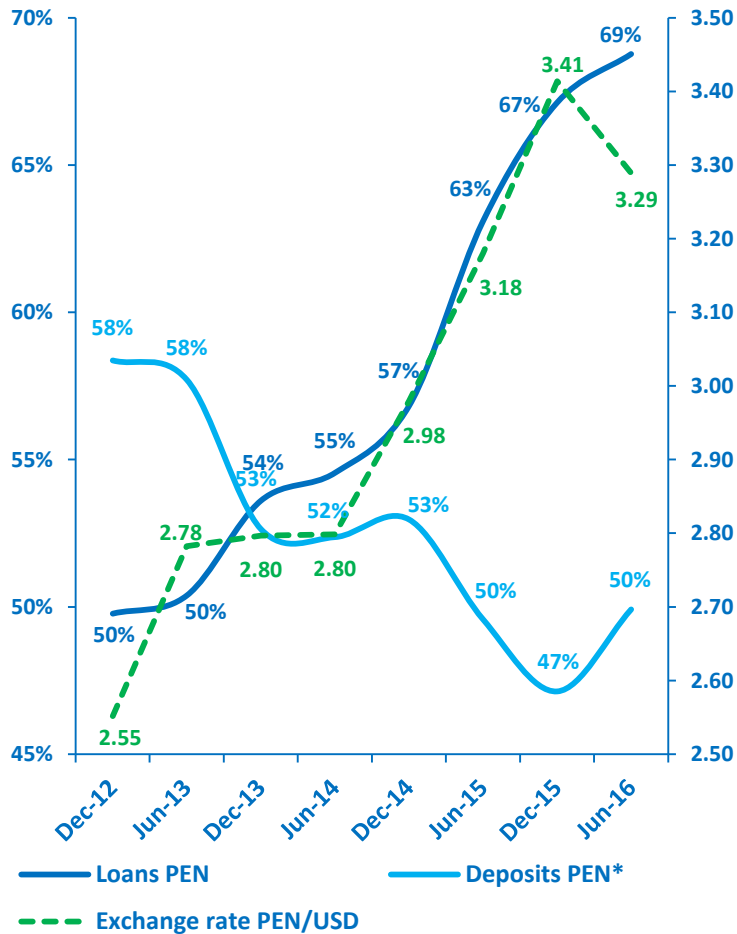


\*Other obligations are excluded from deposits  
Source: Superintendencia de Banca, Seguros y AFP

Source: World Bank.

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

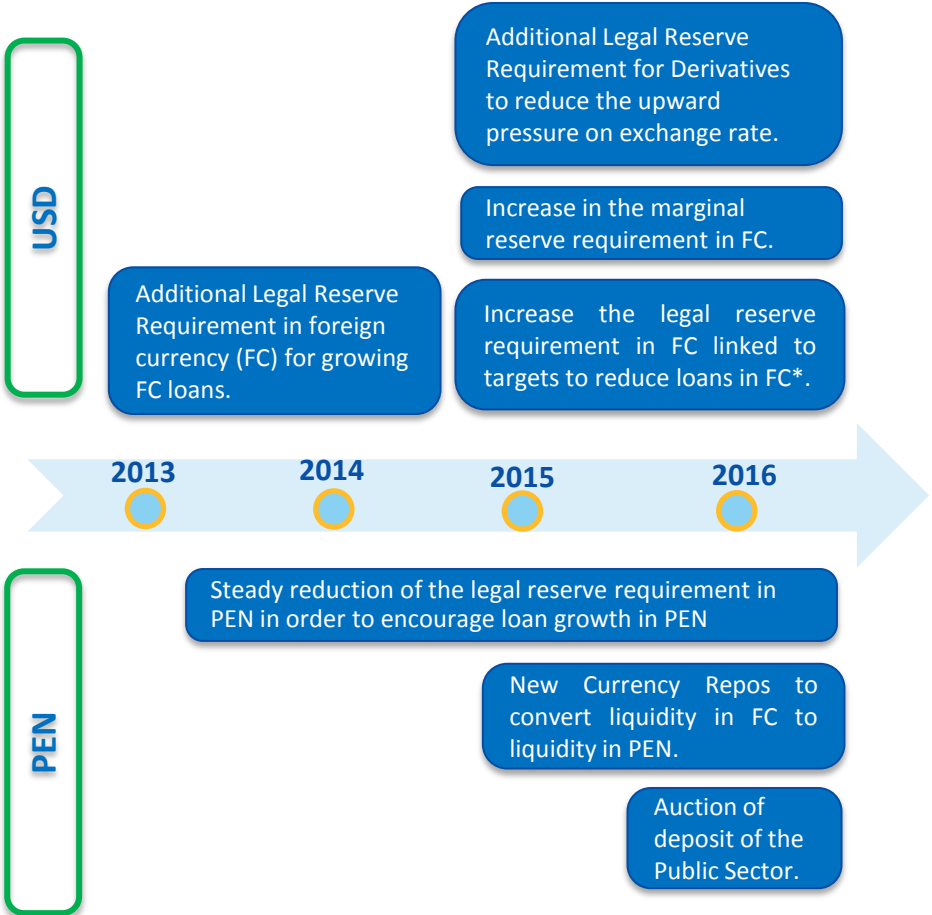
**PEN - denominated Loans and Deposits at the Banking System**



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

Objective: Reducing credit exchange rate risk

Central Bank Measures:



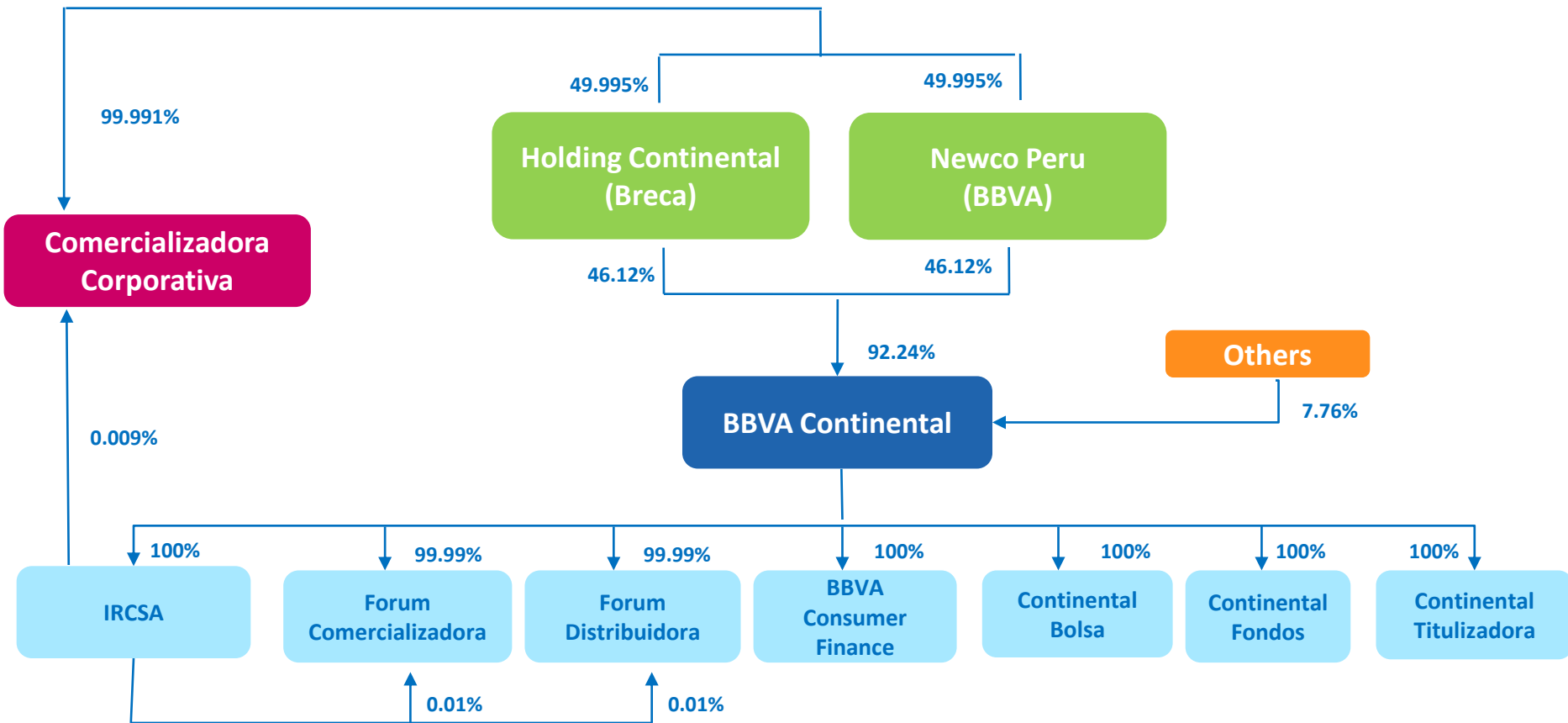
\*Excluded operations higher than USD10MM and 3 years (before 4 years) from June 2015.  
Source: Banco Central de Reserva del Perú, BCRP



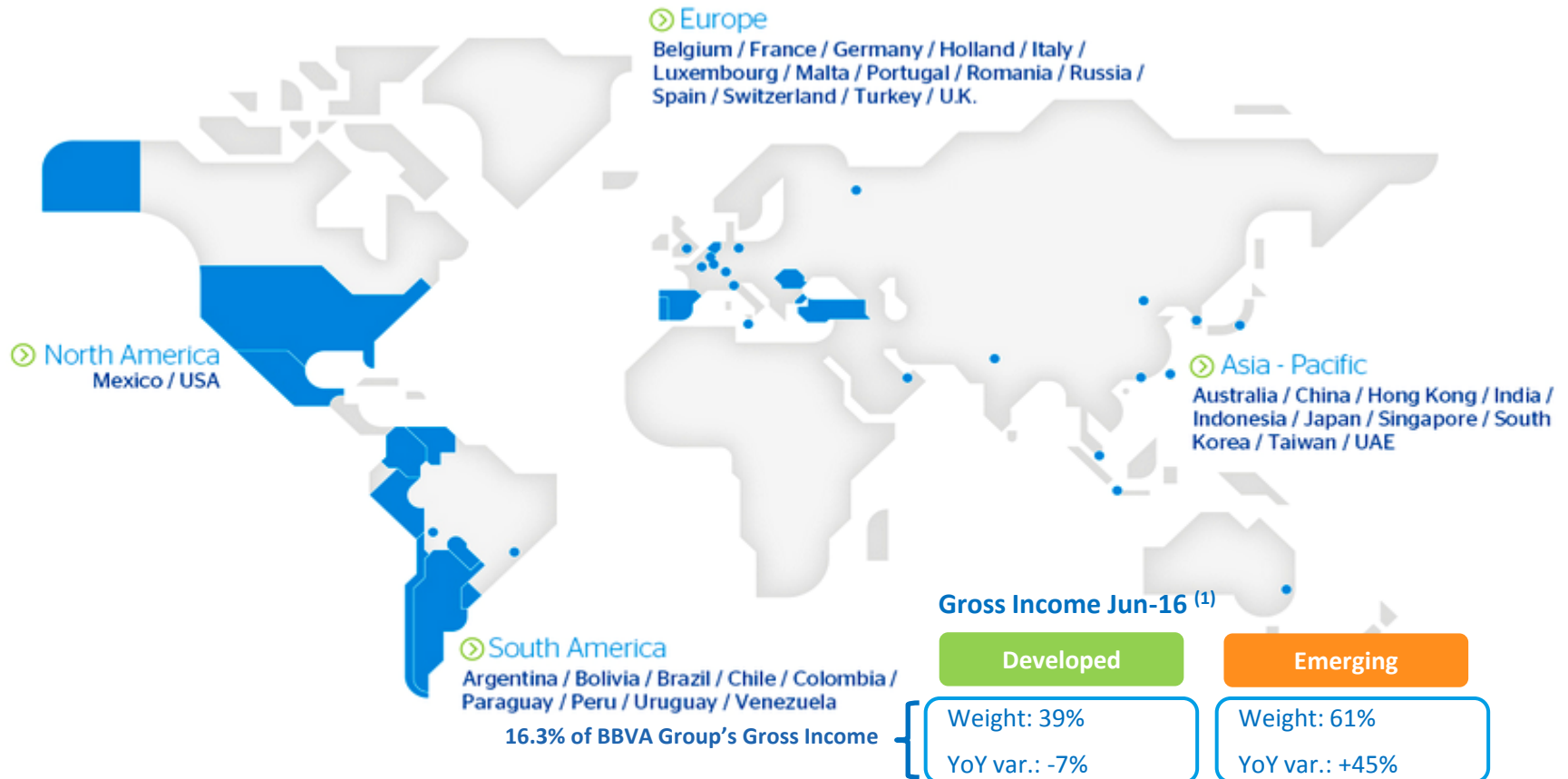
# 2 Organization

# BBVA Continental Shareholders

BBVA Continental and Subsidiaries are part of the Economic Group formed BBVA Group and Breca.



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

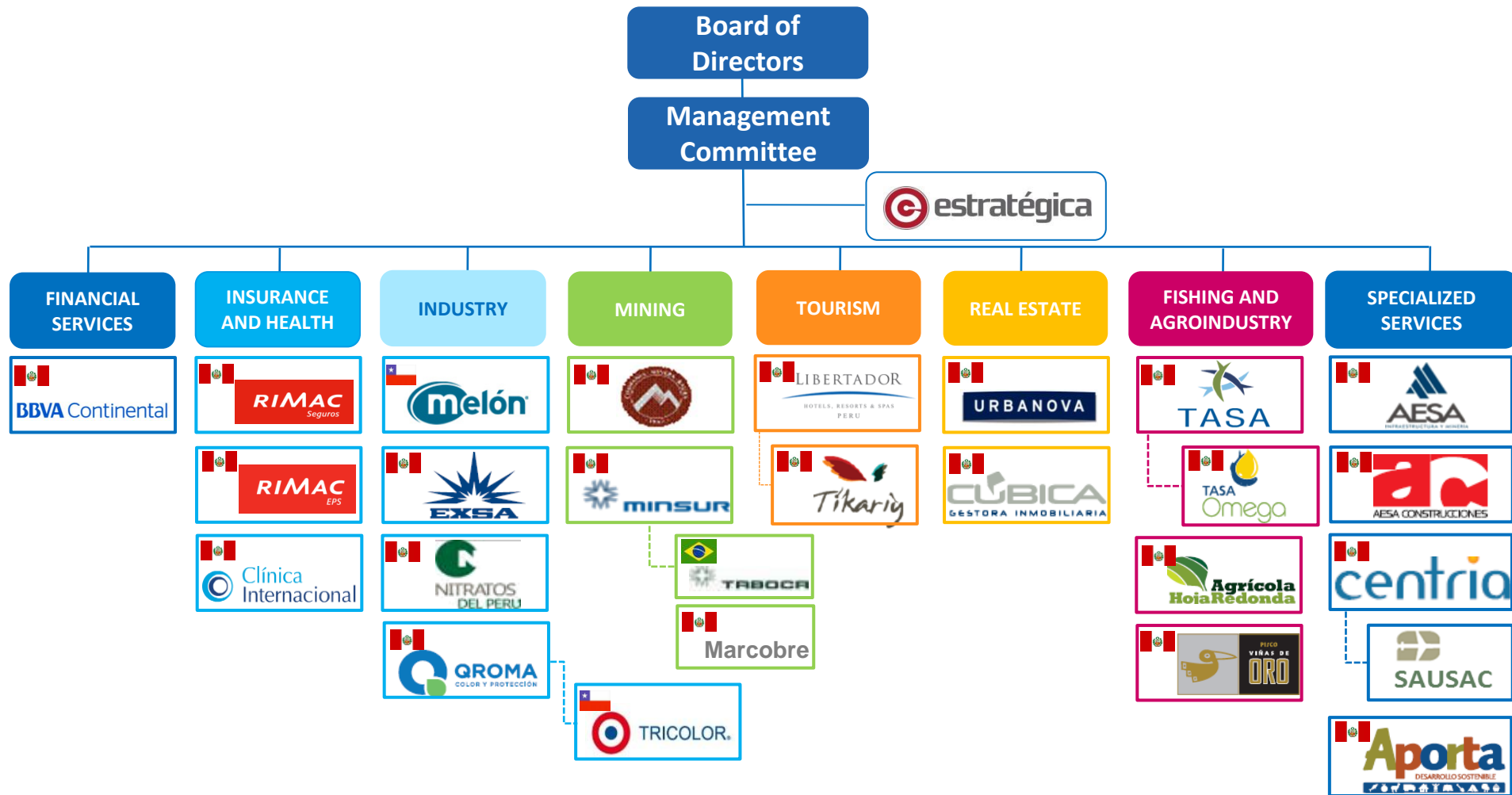


<b>€ 746</b> billion in total assets	<b>67</b> million customers	<b>35</b> countries	<b>9,153</b> branches	<b>30,958</b> ATMs	<b>137,310</b> employees
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1/ Excludes Corporate activities; YoY change in constant Euros  
Source: BBVA Group

## 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

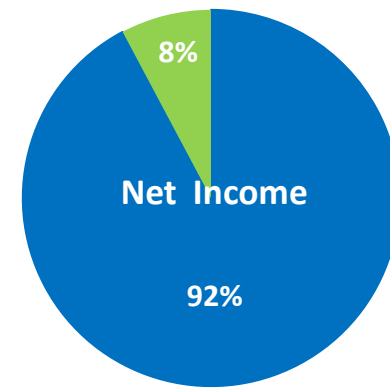
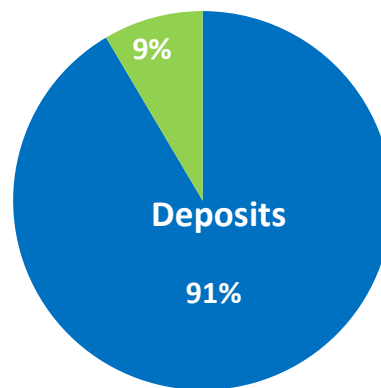
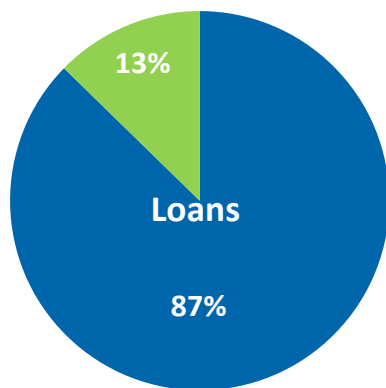


# Peruvian Financial System

June 2016

Financial system	Institution PEN Million	Net loans Jun-16	Deposits* Jun-16	Net Income Jun-16
Banking system	Banks (17)	218,234	205,253	3,419
	Banco de la Nación	9,982	21,985	495
Other financial institutions	Cajas Municipales (12)	14,112	15,116	185
	Financieras (12)	8,609	5,204	131
	Cajas Rurales (7)	897	477	-2
	Edpymes (12)	1,302	-	-2
	Leasing (2)	361	-	-
	COFIDE	6,086	342	44
	Agrobanco	1,572	-	5

The four largest banks concentrate around 82% of the banks loans and deposits



■ Banking System

■ Other Financial Institutions

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

## Key performance indicators of BBVA Continental:

June 2016



### Ranking among the 4 largest banks in terms of assets:

#1 in Cost of risk*	1.30%
#1 in NPL ratio	2.49%
#1 in Coverage ratio	187.19%
#3 in profitability ROE: Annualized net income / Average equity	22.19%
#3 in efficiency	41.57%
#2 in assets	S/.76,929 million
#2 in performing loans	S/.47,460 million
#2 in deposits**	S/.45,631 million
#2 in number of branches	321

\*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 Brecia, one of the largest business conglomerates in Peru

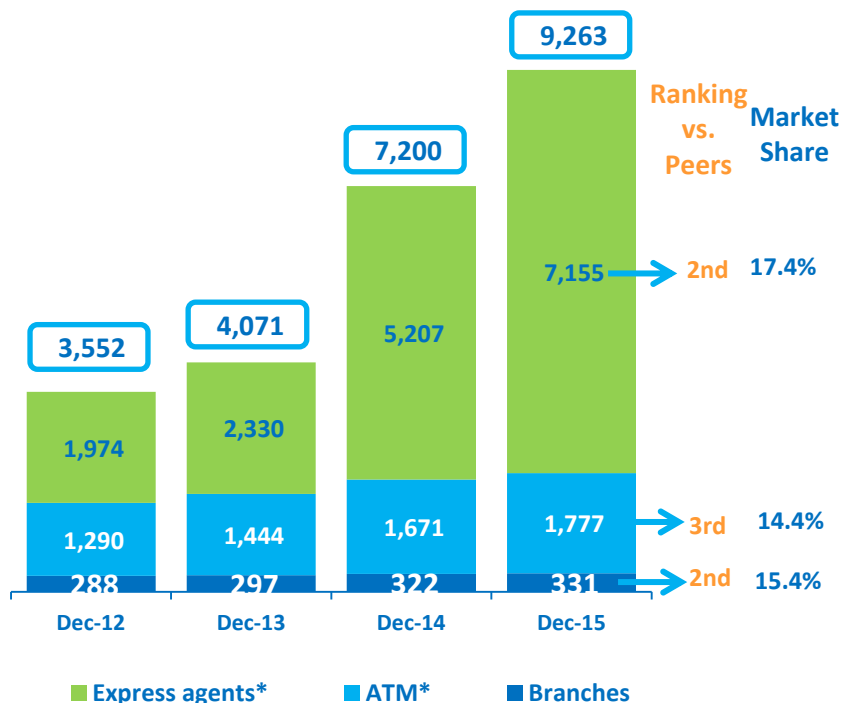
# 3 **BBVA Continental** **vs.** **Peers**

# Strong banking platform

## Distribution network:

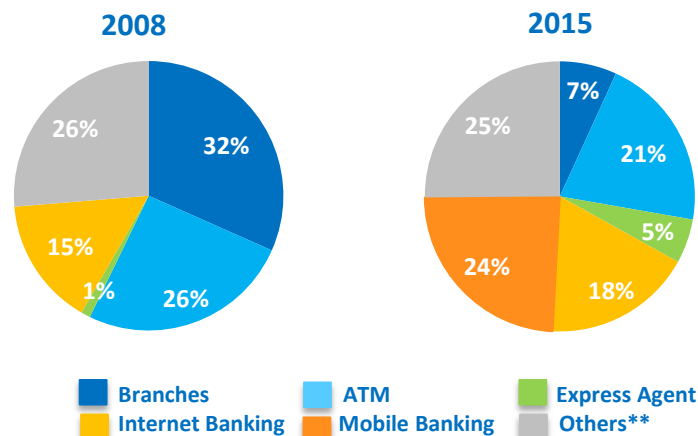
One of the largest in the country

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



\* 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

## Evolution in transactions per channel



## Digital Banking:

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

- ✓ Digital Sales: Credit Cards, Consumer Loans Insurances & Mutual Funds
- ✓ More digital campaigns: Online registration
- ✓ Improvements in the user experience on the web

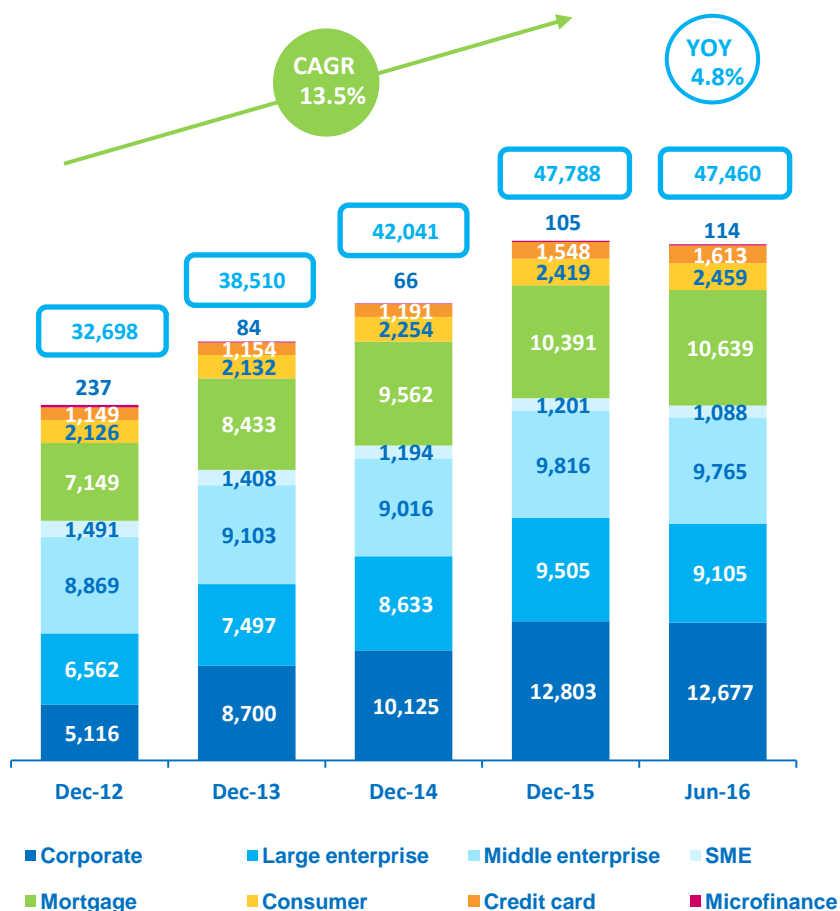




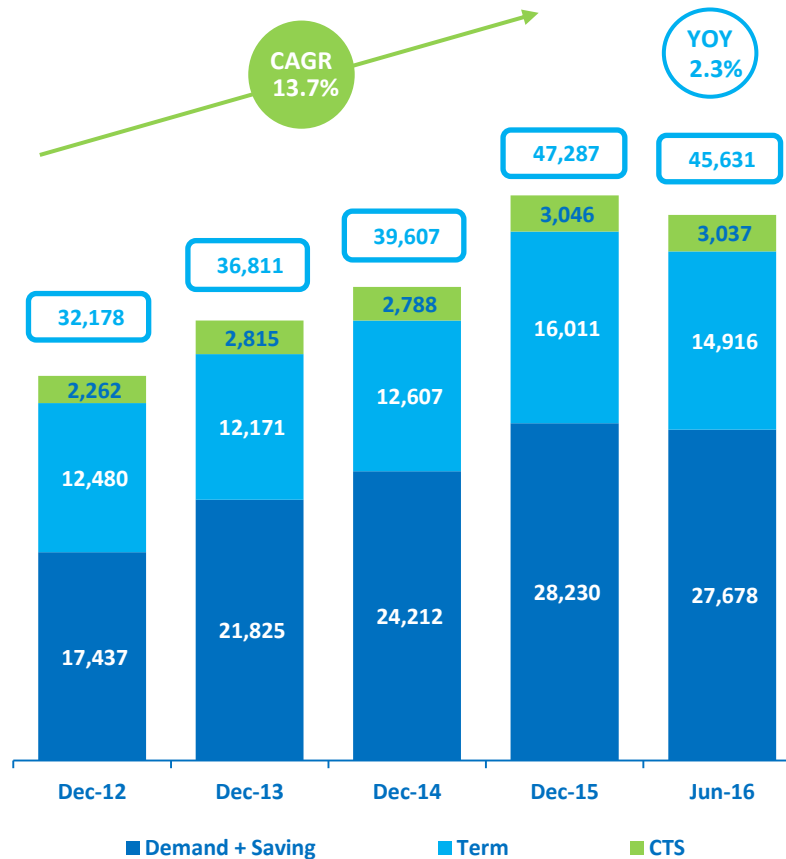
# Outstanding growth

PEN Million

## Performing loans



## Deposits\*



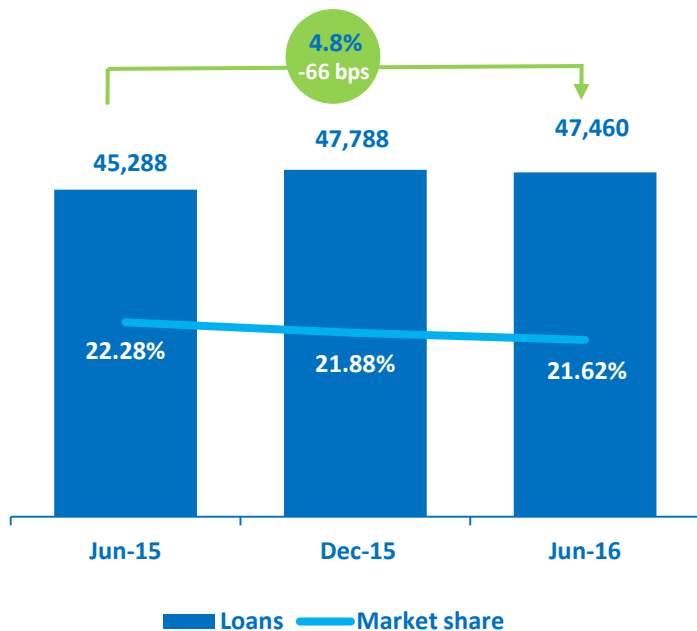
\*Other obligations are excluded from deposits  
Source: Superintendencia de Banca, Seguros y AFP

# Performing loans

PEN Million and percentage (%)

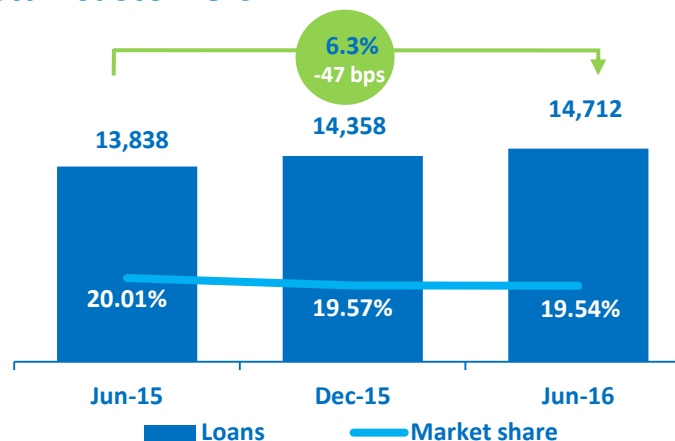
BBVA Continental shows steady loan growth...

## Performing loans



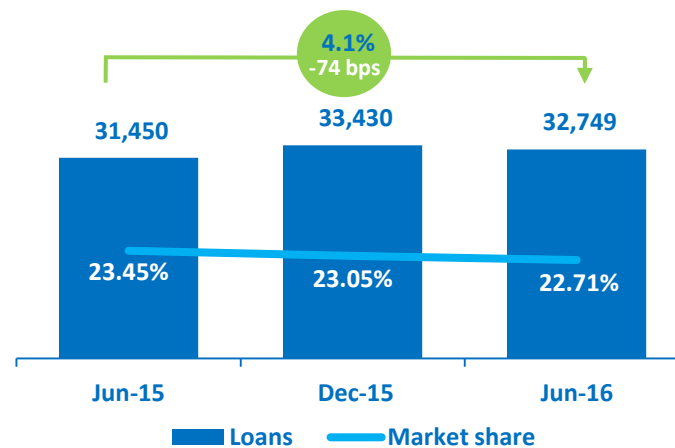
<b>Banking System</b>	<b>219,510</b>
<b>YOY Variation</b>	<b>8.0%</b>

## Retail customers



<b>Banking System</b>	<b>75,301</b>
<b>YOY Variation</b>	<b>8.9%</b>

## Business customers

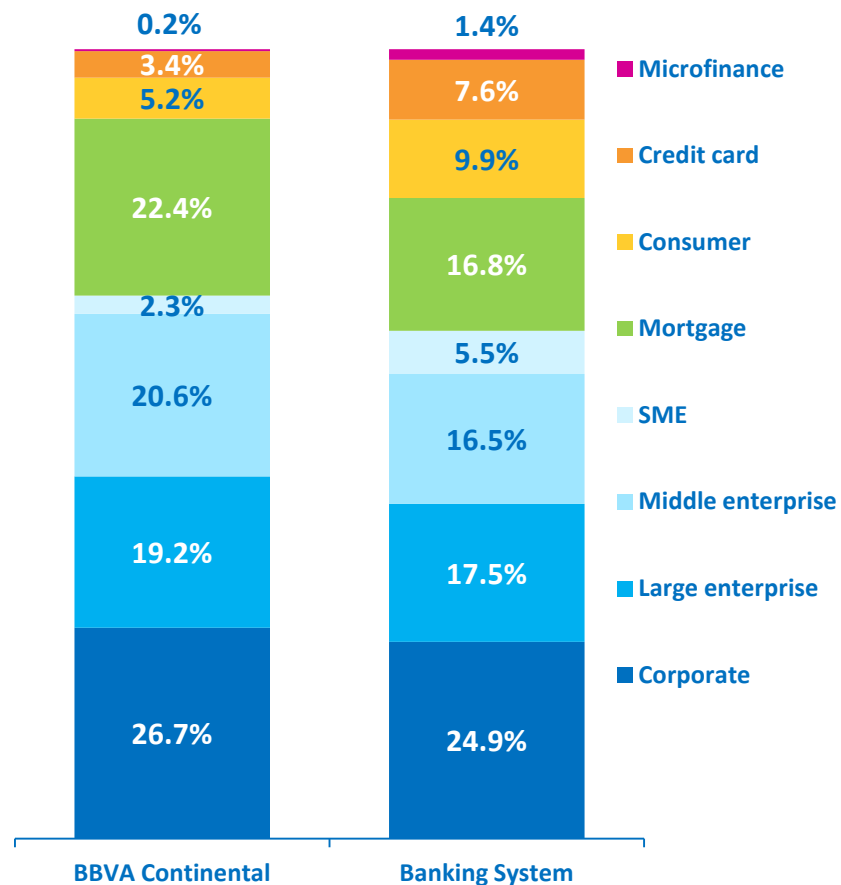


<b>Banking System</b>	<b>144,209</b>
<b>YOY Variation</b>	<b>7.5%</b>

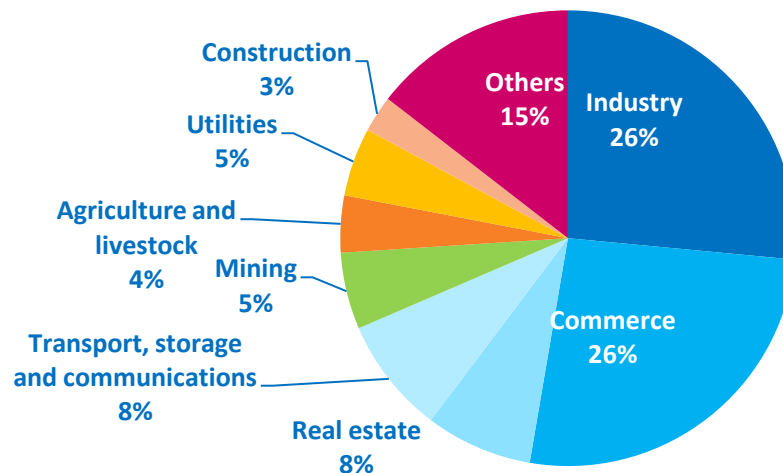
# High quality of loan portfolio

June 2016

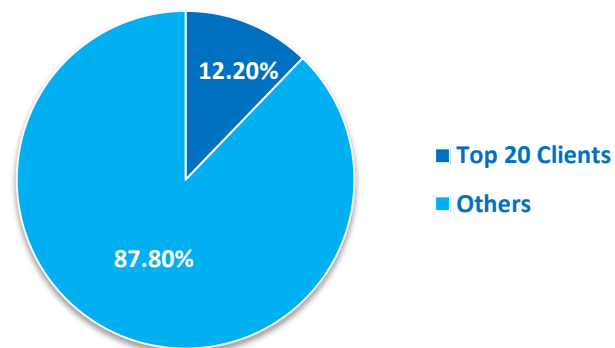
## Loans breakdown



## Loans by economic sector



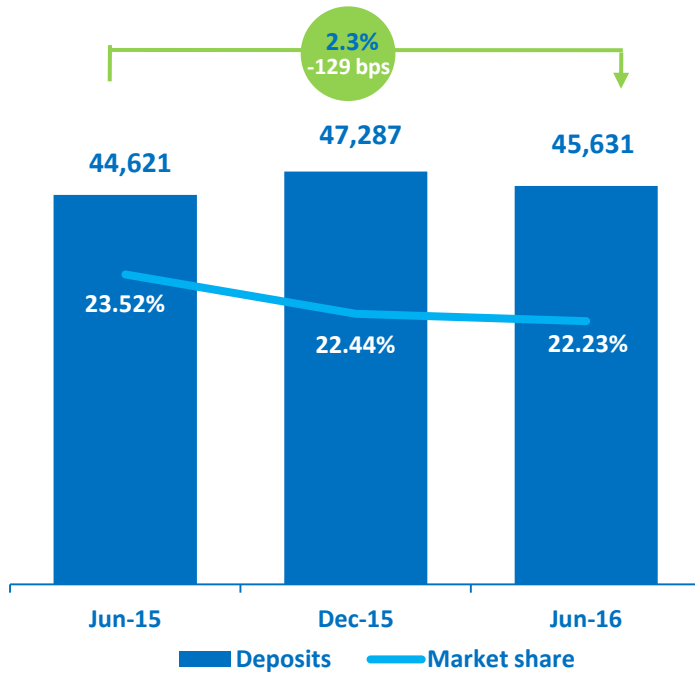
## Top 20 clients and others



# Deposits

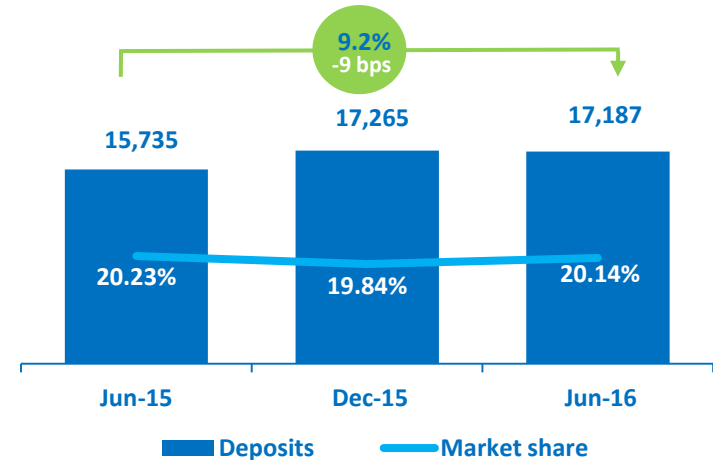
PEN Million and percentage (%)

Growth continues also in deposits...



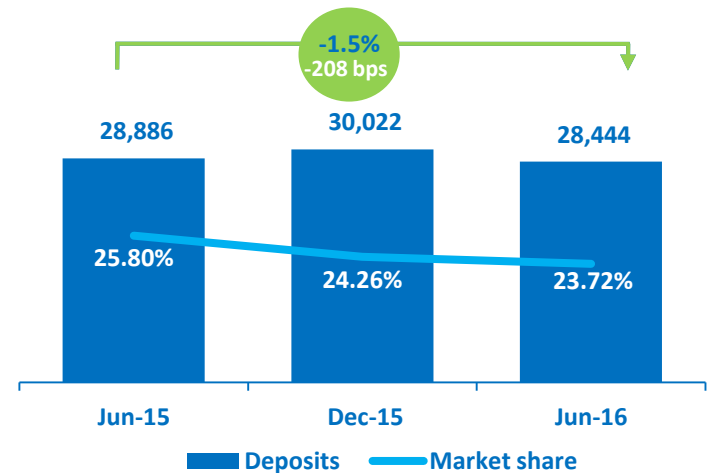
Banking System	205,253
YOY Variation	8.2%

## Retail customers



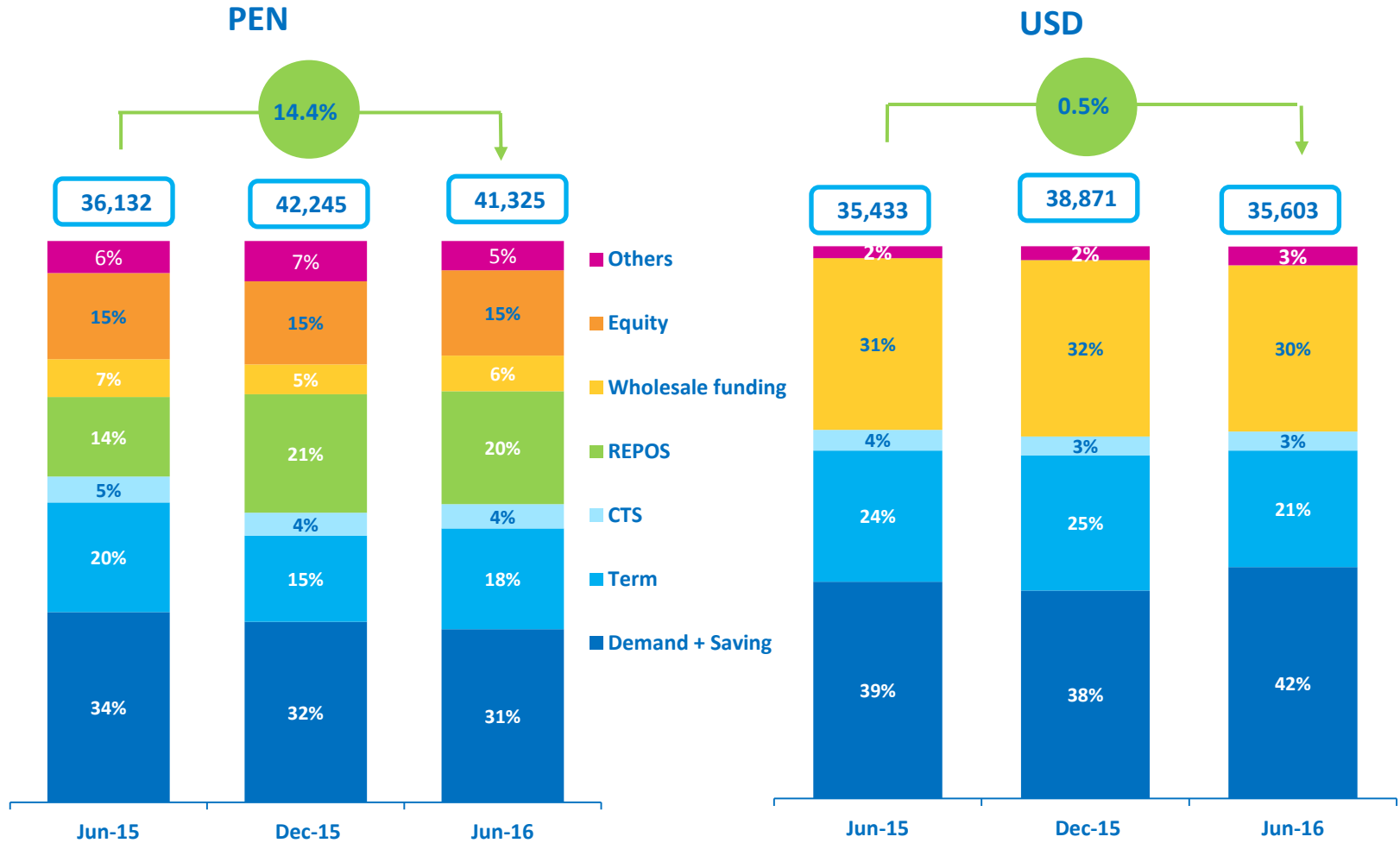
Banking System	85,350
YOY Variation	9.7%

## Business customers



Banking System	119,902
YOY Variation	7.1%

# Liabilities and Capital Breakdown

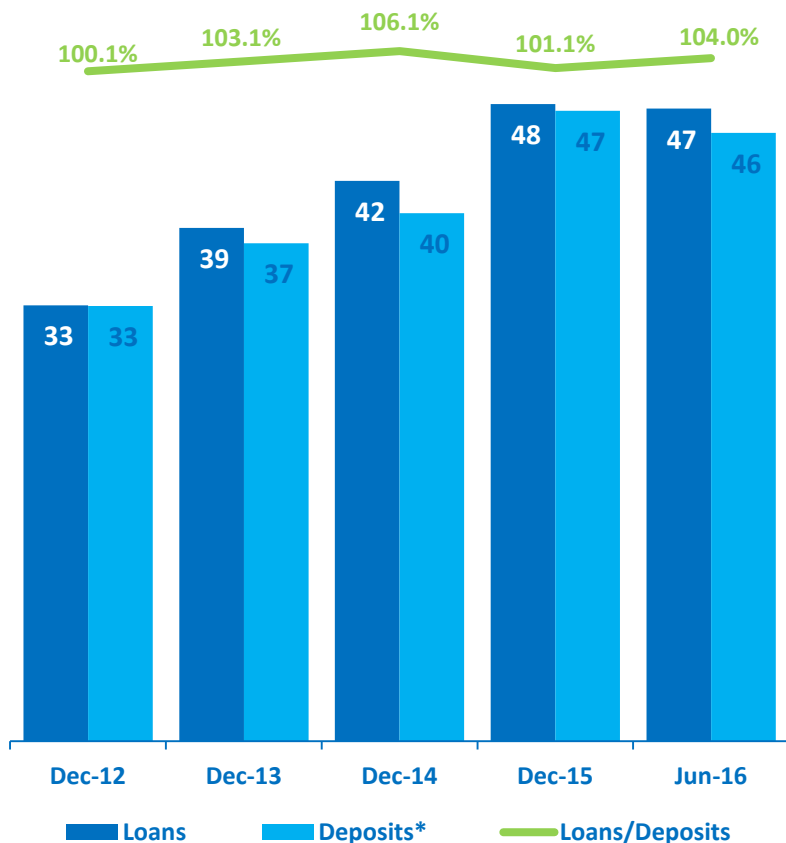


# High level of self-financing and balance sheet denomination in PEN

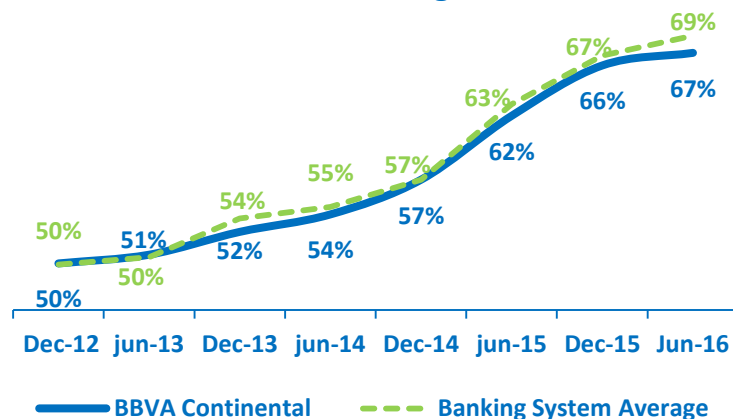
June 2016

## Loans and Deposits

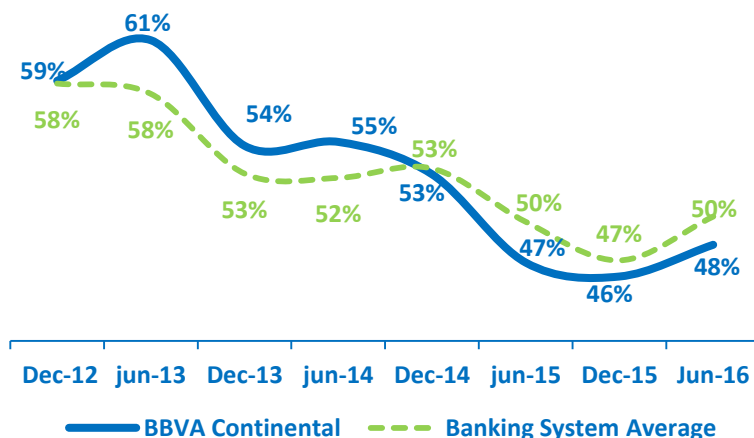
PEN Thousands of millions



## PEN-denominated Performing Loans



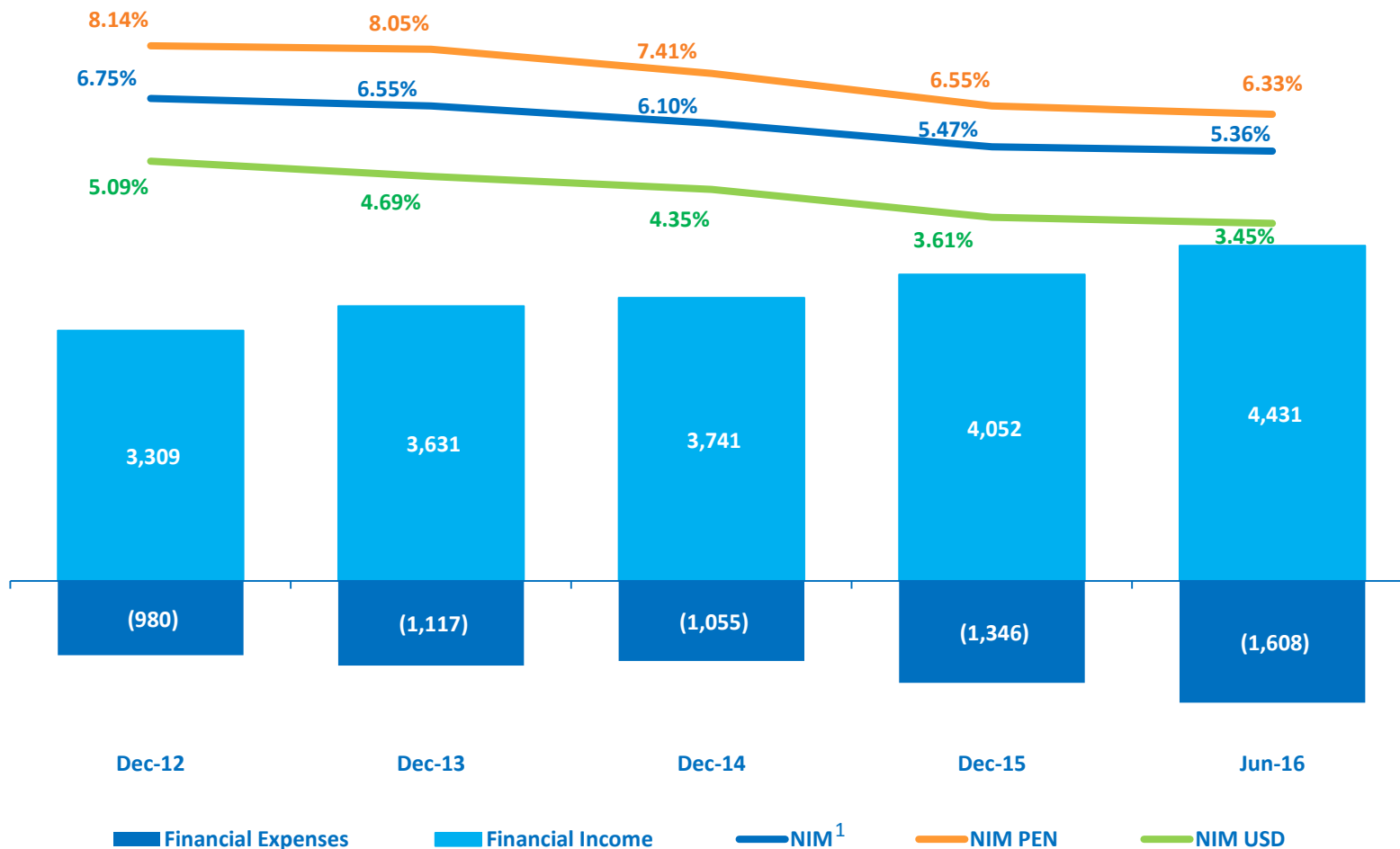
## PEN-denominated Deposits



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

# Financial margin

PEN Million and percentage (%)



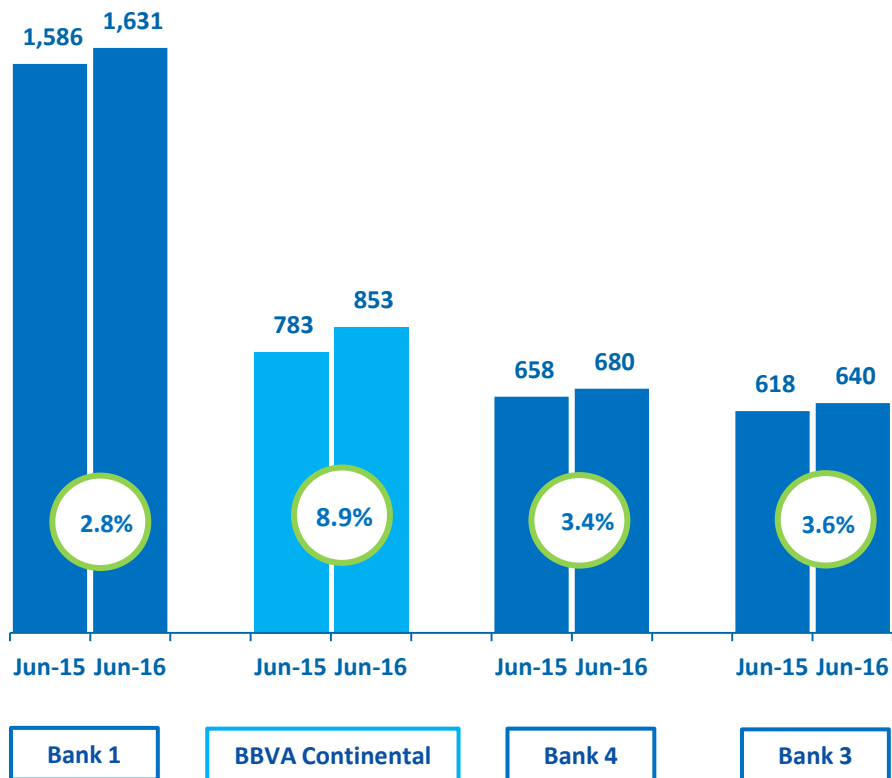
<sup>1</sup> **NIM ratio:** Interest margin for the last 12 months divided by average interest earning assets (interbank funds, investments, net loans).

# Expenses management

We manage an attractive efficiency ratio

## Administrative expenses\*

PEN Million

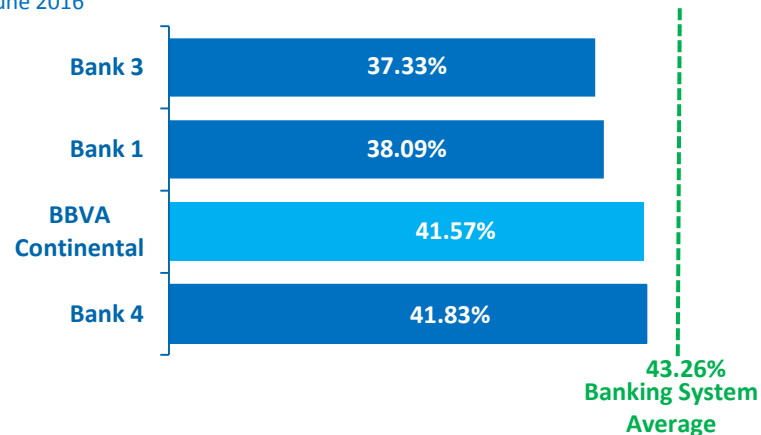


\* Includes Amortization and Depreciation

Source: Superintendencia de Banca, Seguros y AFP

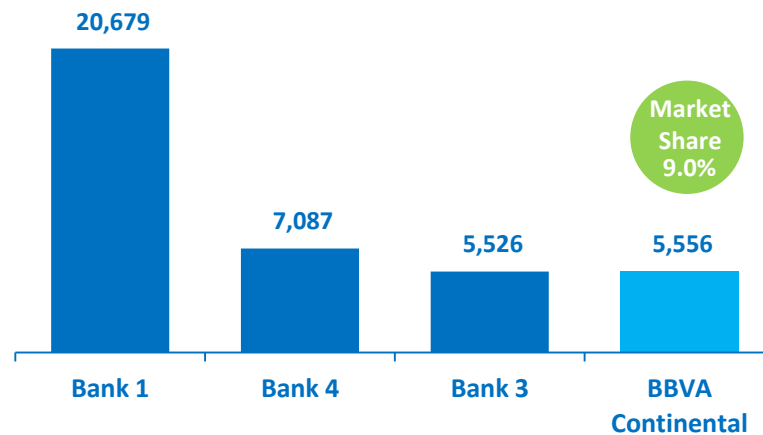
## Efficiency Ratio

June 2016



## Number of employees

June 2016

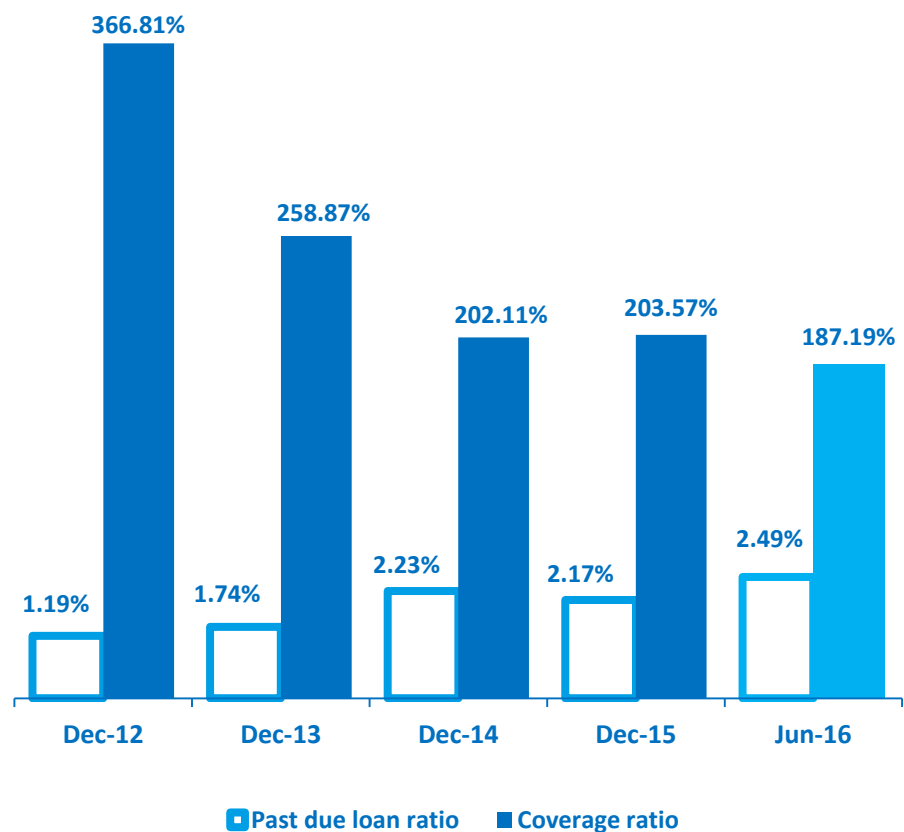




# Risk management

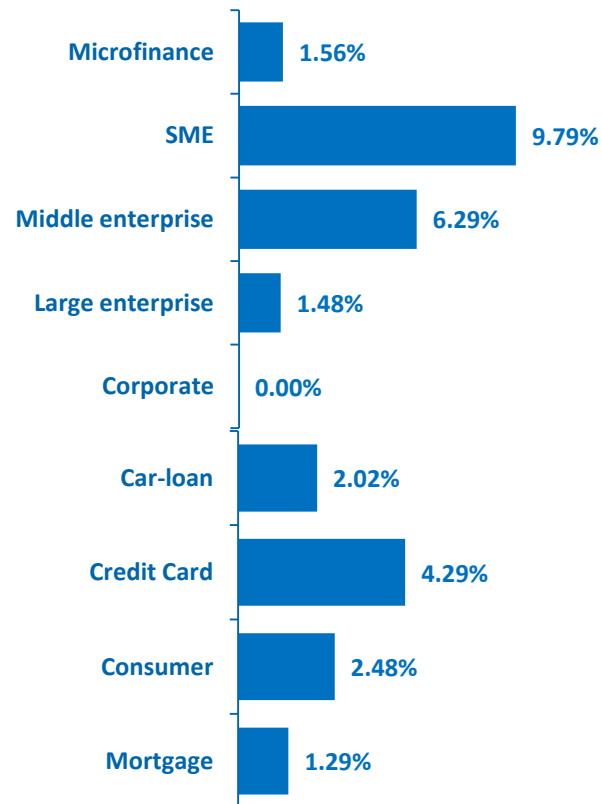
## Outstanding asset quality

BBVA Continental



## Past due loan ratio by product and segment

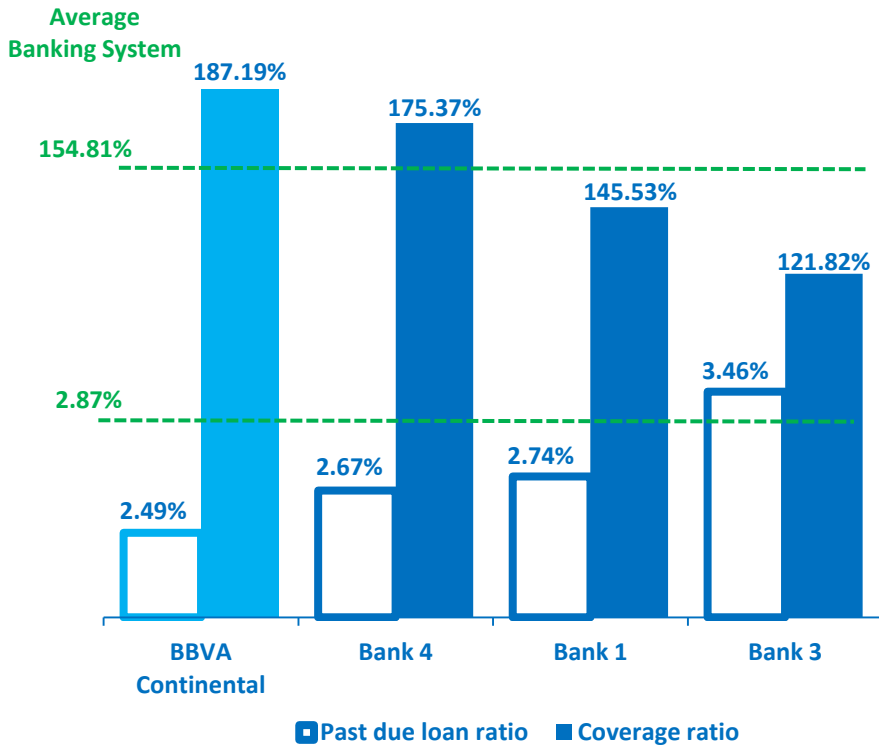
June 2016



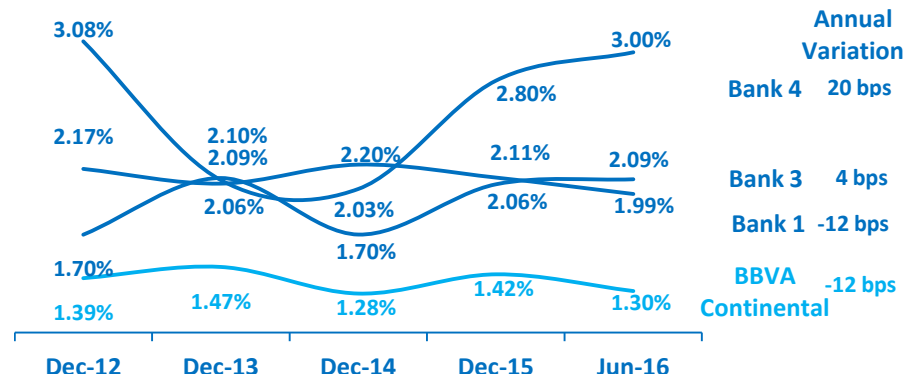
# Risk management

## Best Past Due Loan Ratio and Coverage Ratio

June 2016

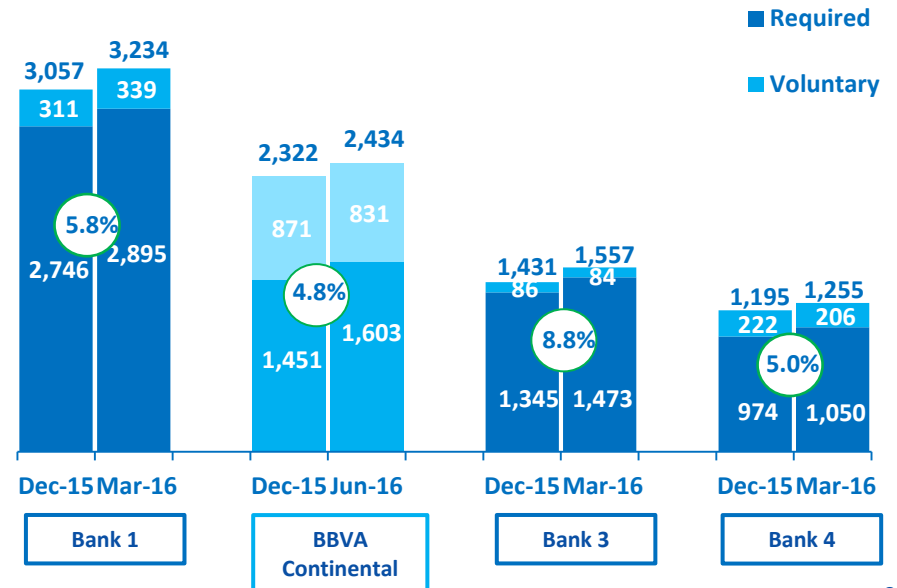


## Best Risk Cost ratio vs. Peer Group



## Maintaining high levels of voluntary provisions

PEN Million

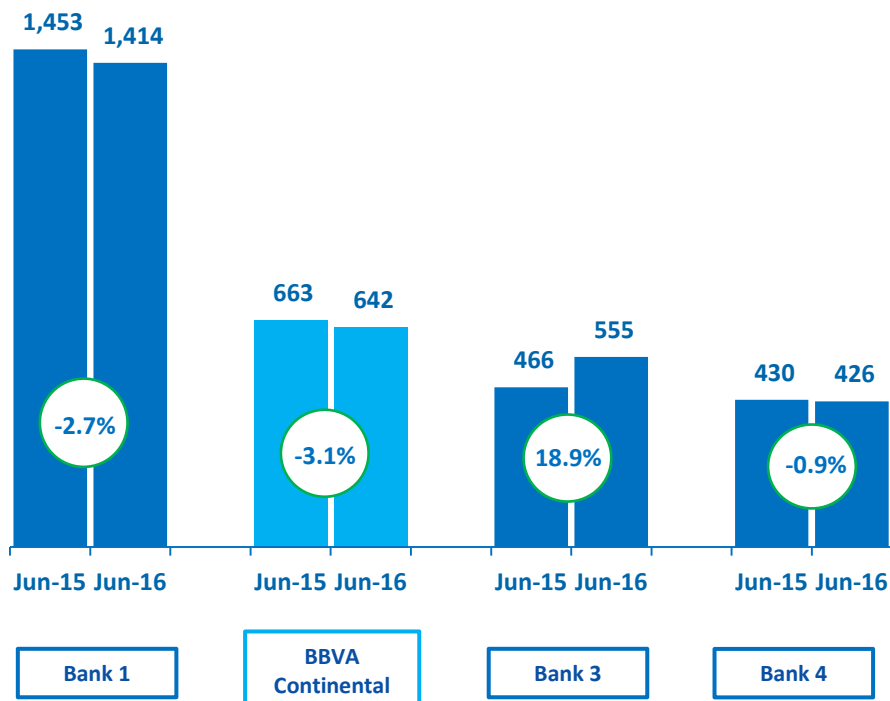


\*Risk Cost: Provisions for the last 12 months between total loans (average of the last 12 months)

# Profitability management

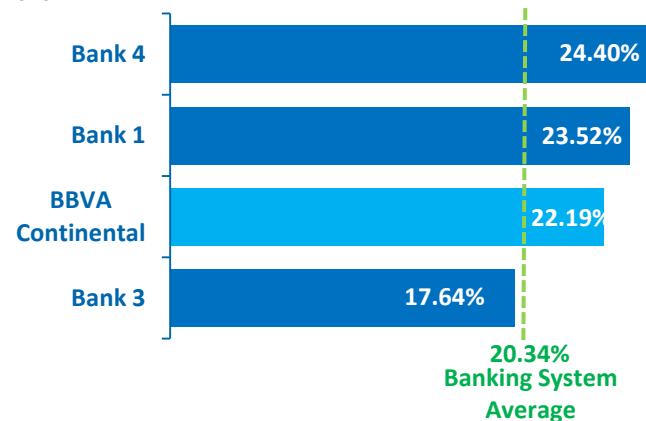
## Net income

PEN million



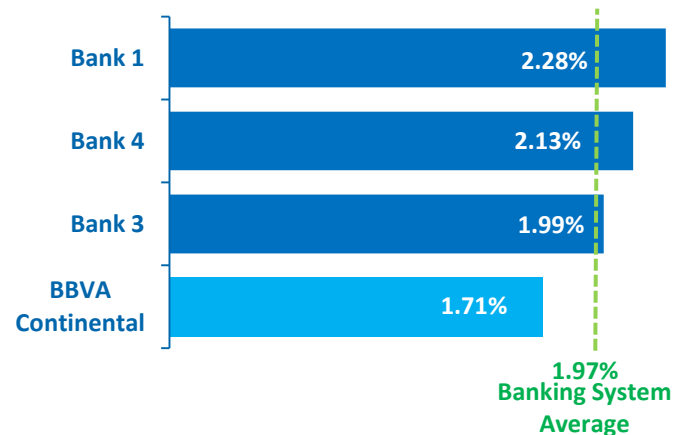
## Return on Equity - ROE

June 2016



## Return on Assets - ROA

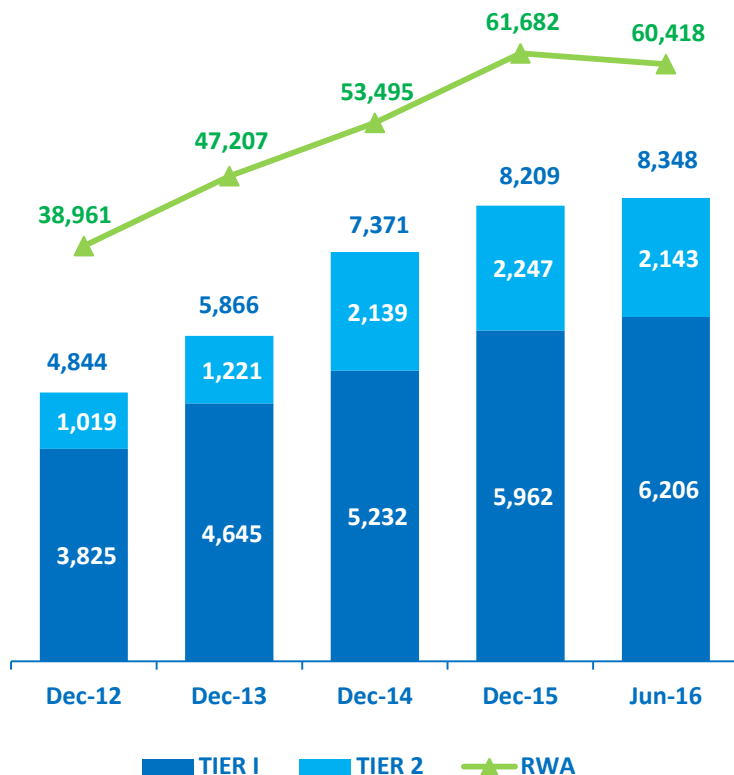
June 2016



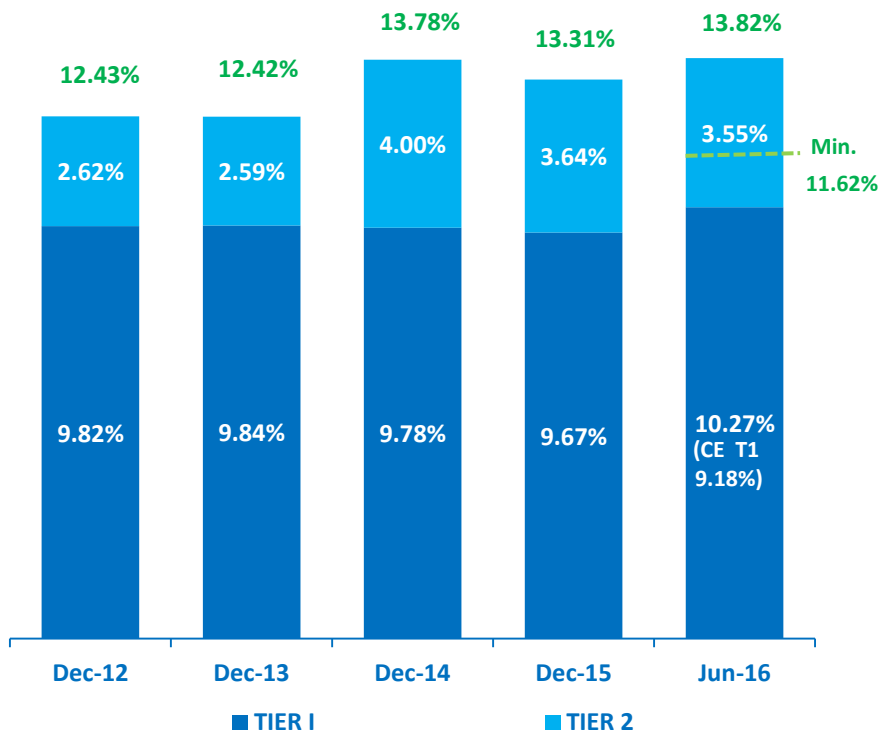
# Solvency management

## Regulatory capital

PEN million



## Composition of capitalization



# 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
Outlook	Stable	Stable

Instrument	Apoyo & Asociados	Equilibrium	PCR
Negotiable Certificate of Deposits (CD)	-	EQL 1+.pe	p1+
Short term deposits	CP-1+ (pe)	EQL 1+.pe	Categoría I
Term deposits > 1 year	AAA (pe)	AAA.pe	pAAA
Corporate bonds	AAA (pe)	AAA.pe	pAAA
Subordinated bonds	AA+ (pe)	AA+.pe	pAA+
Leasing bonds	AAA (pe)	AAA.pe	pAAA
Common shares	1a (pe)	1a Clase.pe	PC N1
Issuer rating	A+	A+	A+

# 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



**América economía Los 25 Mejores**

**Forbes**

**WORLD'S BEST MULTINATIONAL WORKPLACES 2015**

**BEST DIGITAL BANK AWARD • 2015**

**EUROMONEY AWARDS FOR EXCELLENCE 2015**

**GLOBAL FINANCE**



**BOLSA DE VALORES DE LIMA BVL**

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





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Second Quarter 2016