



# **BBVA Continental**

## **Investors Report**

Fourth Quarter 2016

# Disclaimer

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# Sections

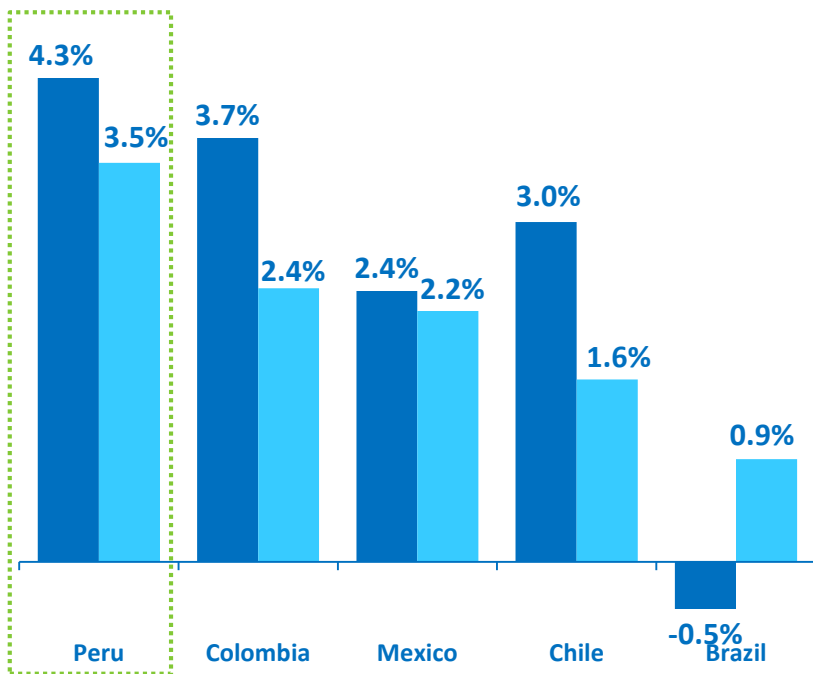
- 1 Peruvian Economy & Financial System
- 2 BBVA Continental
- 3 Ratings
- 4 Social responsibility and Awards

# 1

# Peruvian Economy & Financial System

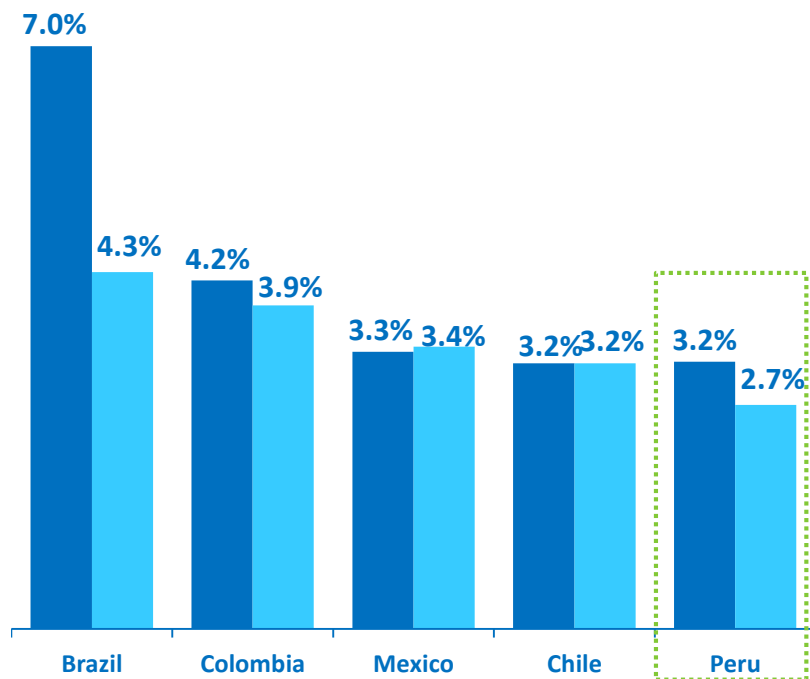
# Peru: one of the most stable and fastest-growing economies in the region...

**GDP Growth (Real)**



■ 2012 - 2016 Average    ■ 2017 Projected

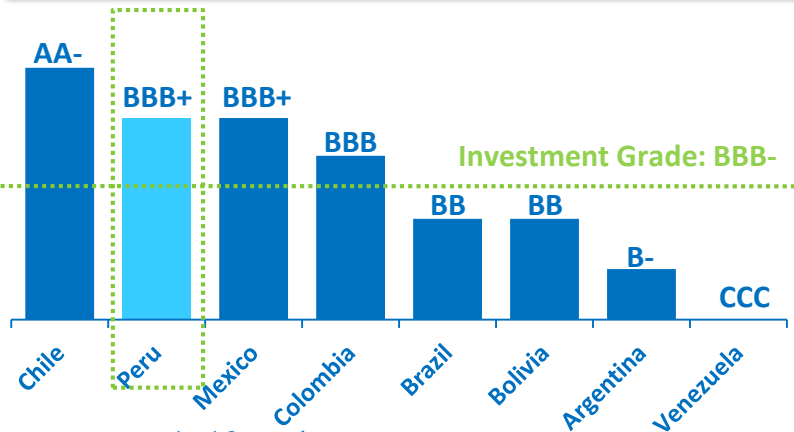
**Inflation (End of Period)**



■ 2012 - 2015 Average    ■ 2017 Projected

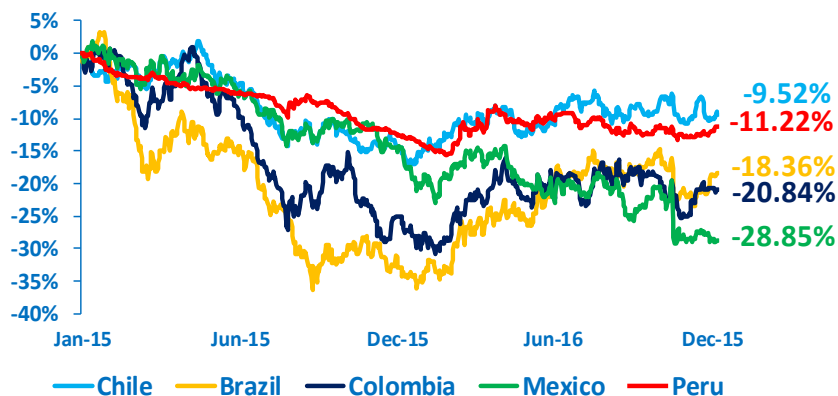
# ...sovereign investment grade, relatively stable currency and low levels of debt

## Credit Risk Profile



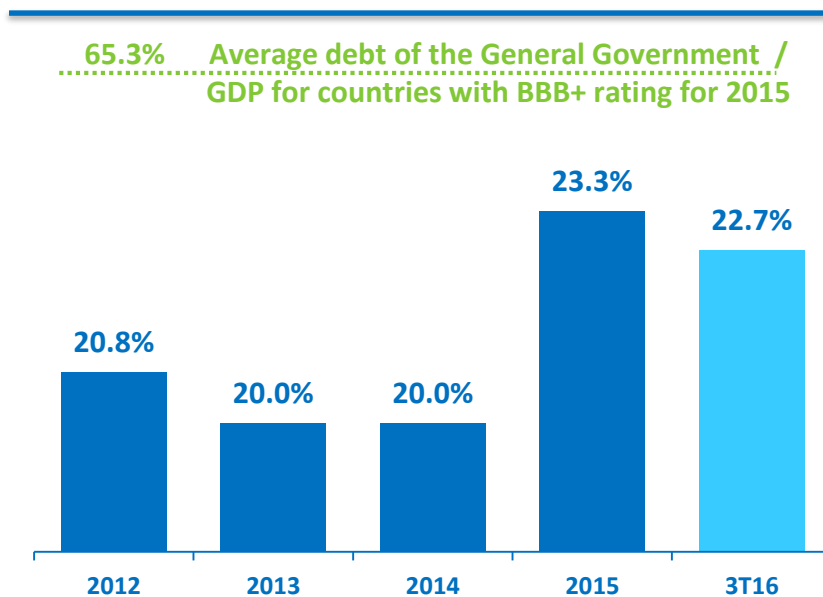
Source: Standard & Poor's

## Currency depreciation against USD



Source: Bloomberg

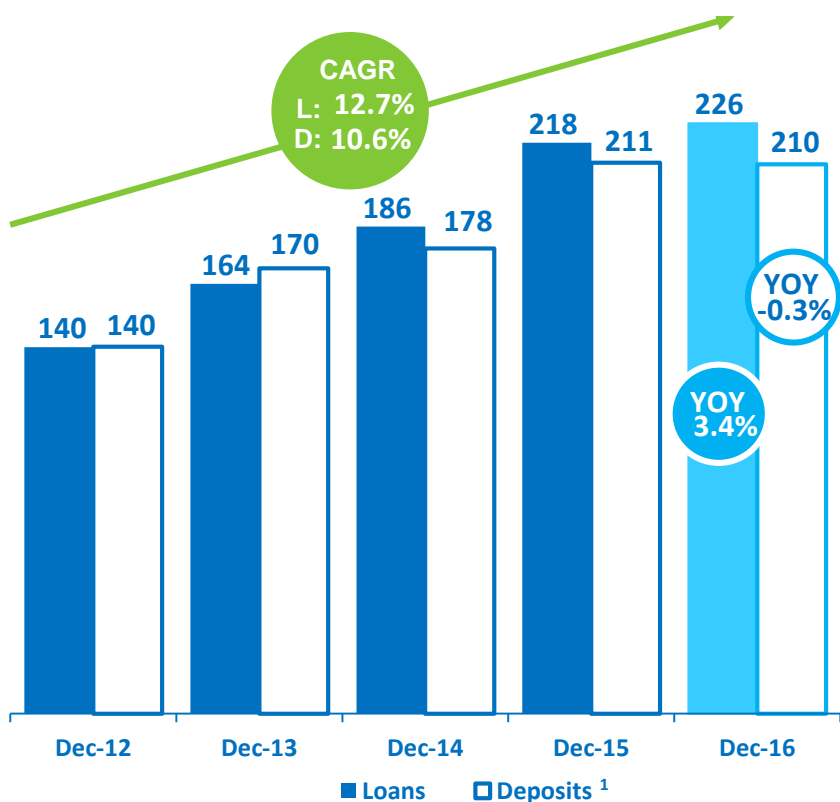
## Peruvian Public Debt (% of GDP)



Source: BCRP

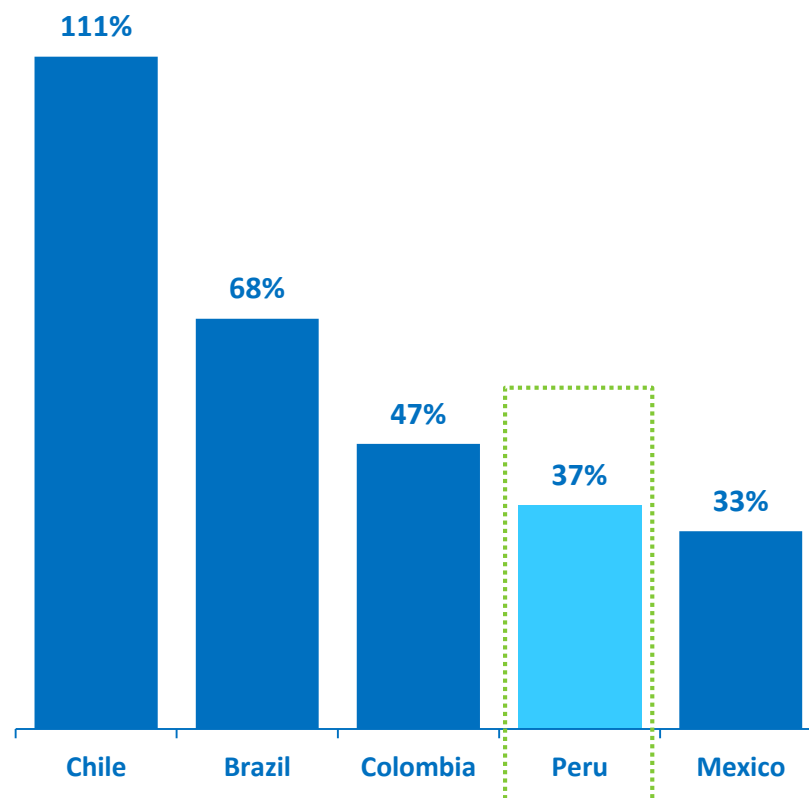
# Peru has a solid Financial System with great opportunities of expansion...

Performing loans and Deposits (\$/Billions)



<sup>1</sup> Other obligations are excluded from deposits  
Source: Superintendencia de Banca, Seguros y AFP (SBS)

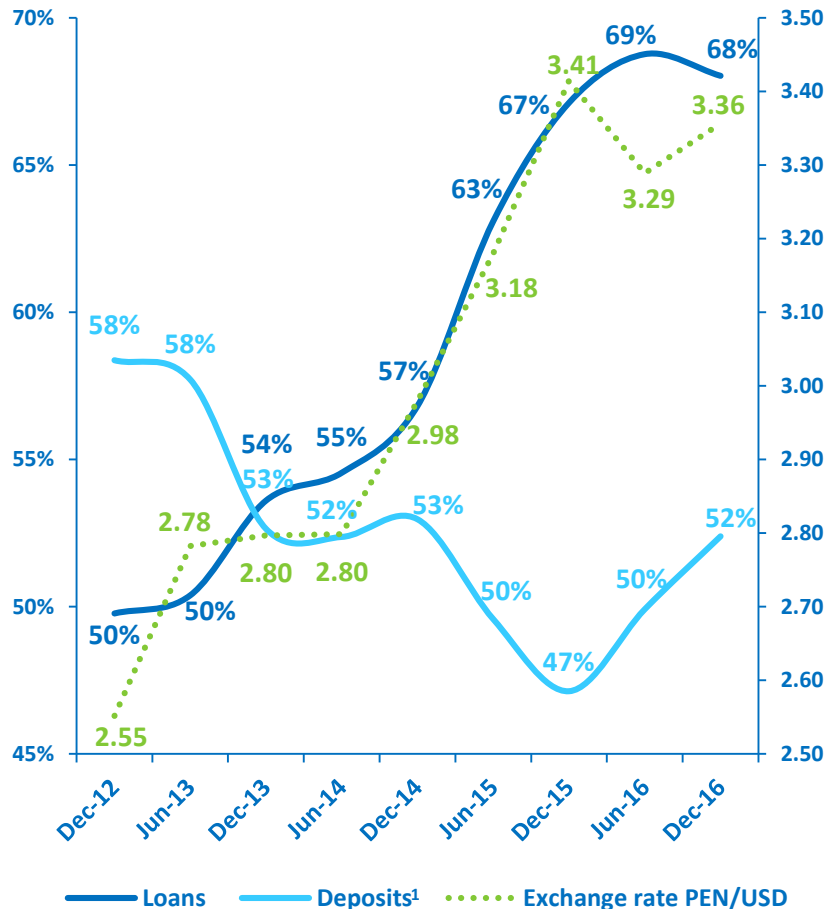
Loans to private sector (% of GDP, 2015)



Source: World Bank (WB)

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

Domestic currency Loans & Deposits (% Total Loans & Deposits)



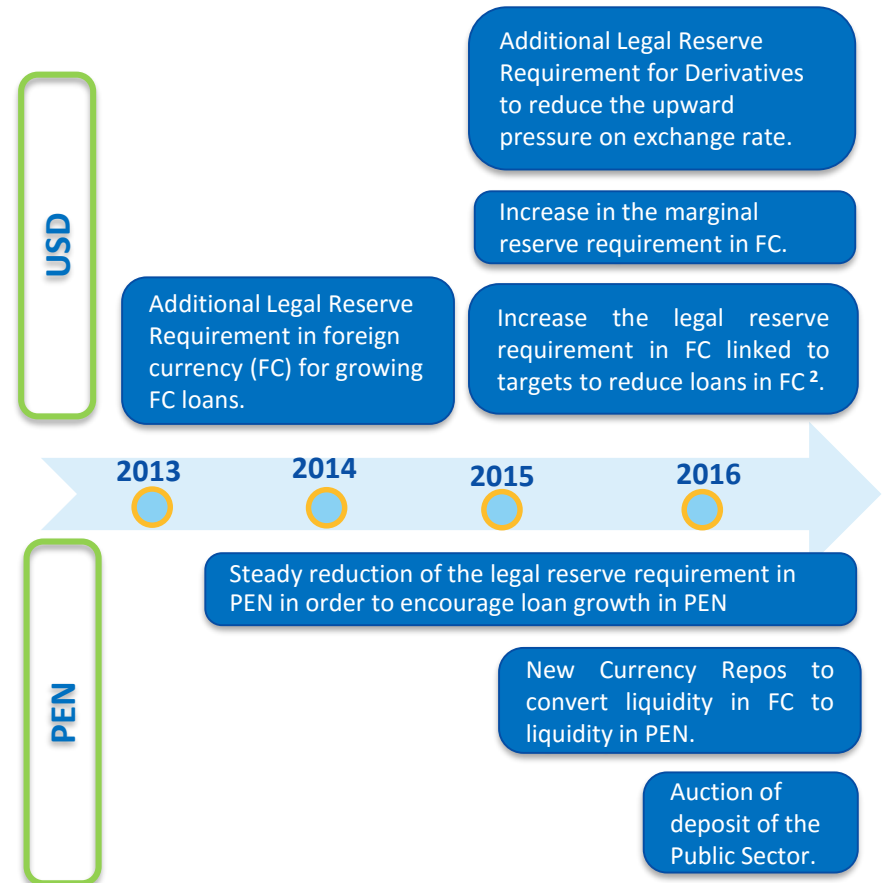
<sup>1</sup> Other obligations are excluded from deposits

<sup>2</sup> Excluded operations higher than USD10MM and 3 years from June 2015

Source: SBS & BCRP

## Central Bank Measures

Objective: To reduce credit exchange rate risk

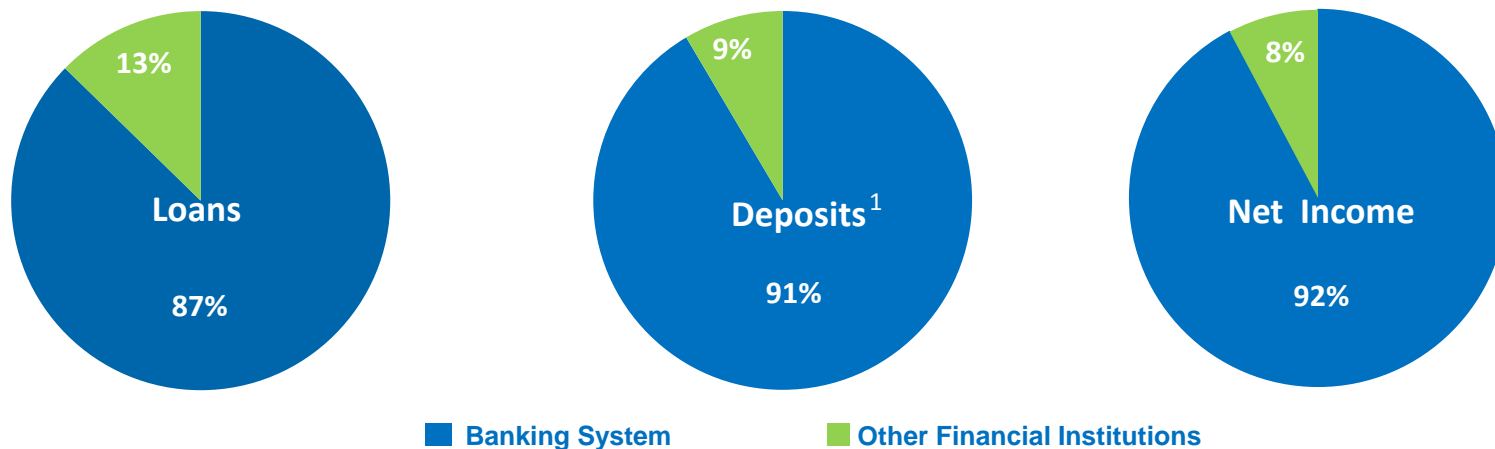




# Peruvian Financial System (December 2016)

Financial system	Institution S/ Million	Net loans Dec-16	Deposits <sup>1</sup> Dec-16	Net Income Dec-16
Banking system	Banks (16)	224,543	210,201	7,226
	Banco de la Nación	10,111	23,174	876
Other financial institutions	Cajas Municipales (12)	15,873	16,750	397
	Financieras (11)	9,168	5,553	297
	Cajas Rurales (6)	995	624	-6
	Edpymes (10)	1,512	-	-0
	Leasing (2)	322	-	-3
	COFIDE	6,837	127	78
	Agrobanco	1,477	-	-95

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



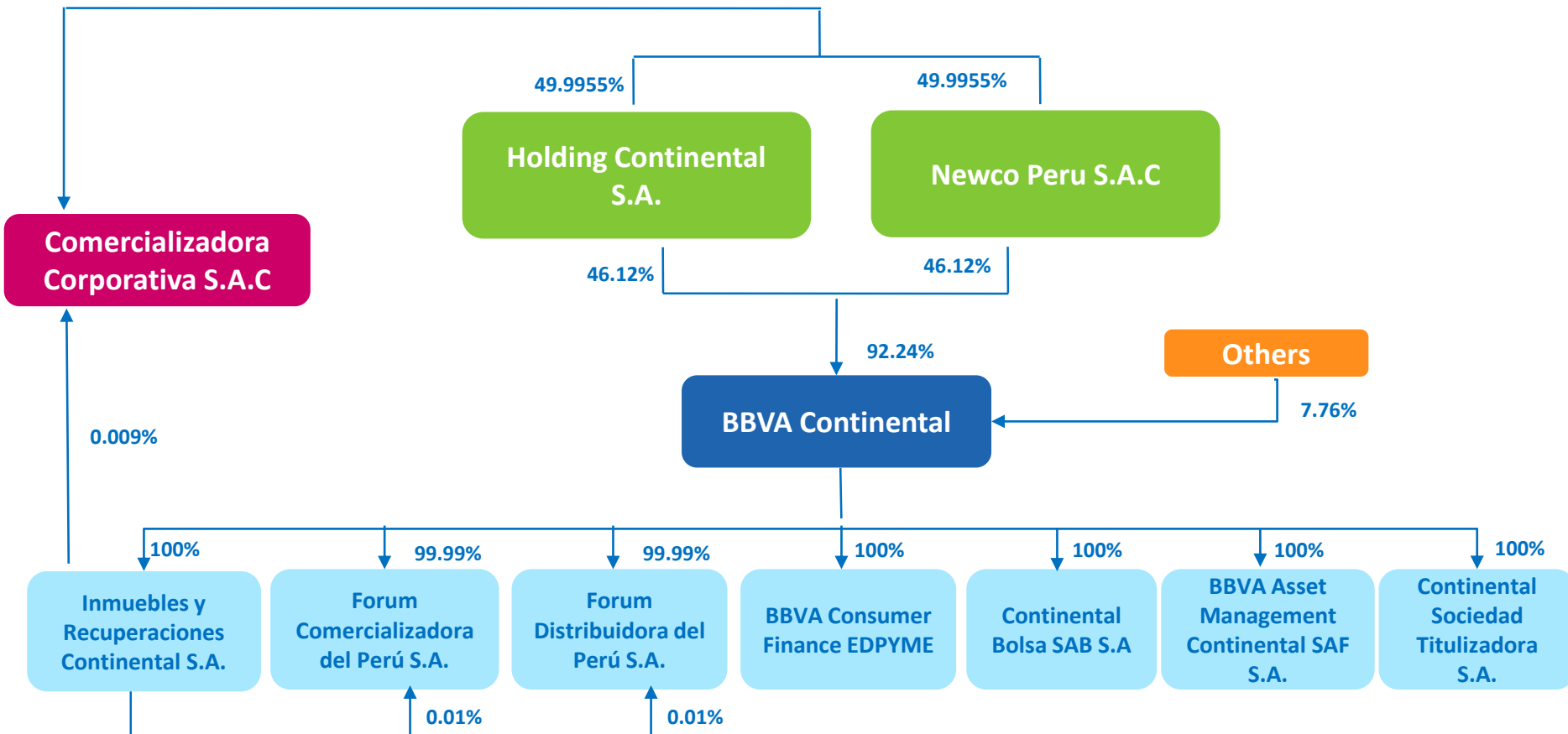
<sup>1</sup>Other obligations are excluded from deposits  
Source: SBS

**2**

**BBVA Continental**

# BBVA Continental Shareholders

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



# BBVA Continental BBVA Group

(December 2016)

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



**€ 732**  
billion in total assets

**70**  
million customers

**35**  
countries

**8,660**  
branches

**31,120**  
ATMs

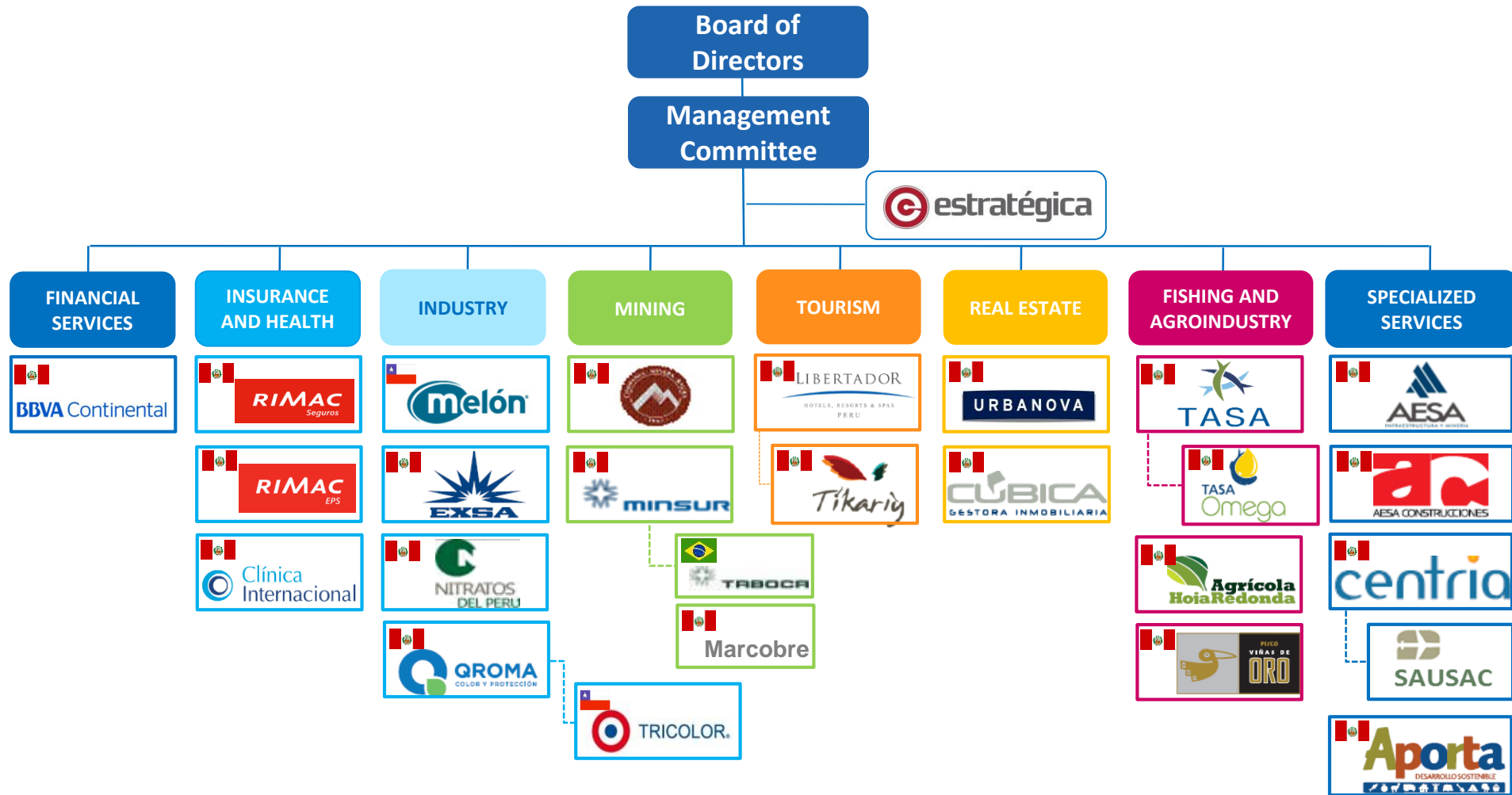
**134,792**  
employees

<sup>1</sup> 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



# Key performance indicators of BBVA Continental:

(December 2016)



- ✓ **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

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

#1 in Cost of risk <sup>1</sup>	1.04%
#1 in NPL ratio	2.41%
#1 in Coverage ratio	187.46%
#3 in profitability ROE: Annualized net income / Average equity	20.75%
#3 in efficiency	39.40%
#2 in assets	S/ 78,620 million
#2 in performing loans	S/ 49,714 million
#2 in deposits <sup>2</sup>	S/ 48,714 million
#2 in number of branches	322

<sup>1</sup> Cost of risk: Provisions for the last 12 months between total loans (average of the last 12 months).

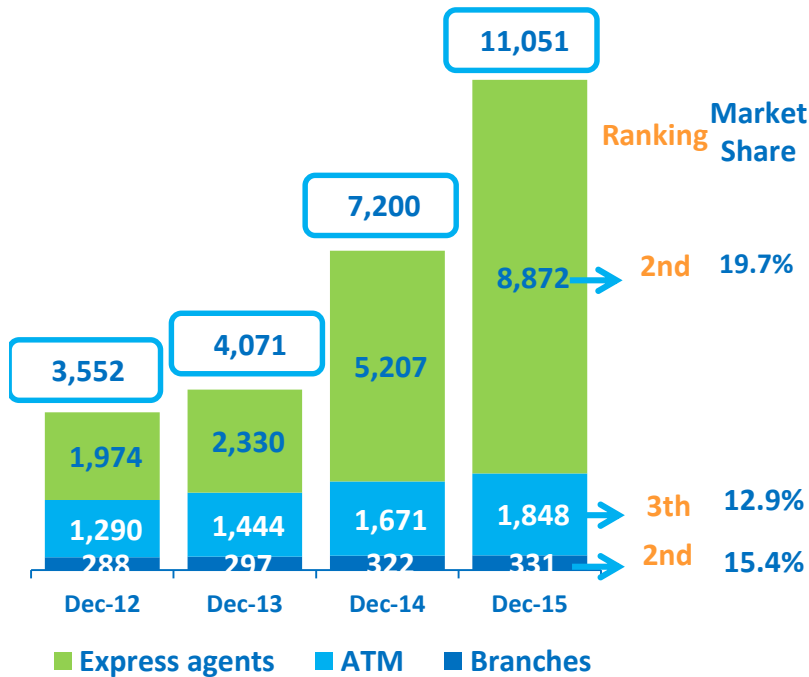
<sup>2</sup> Other obligations are excluded from deposits.

# Strong banking platform

## Distribution network

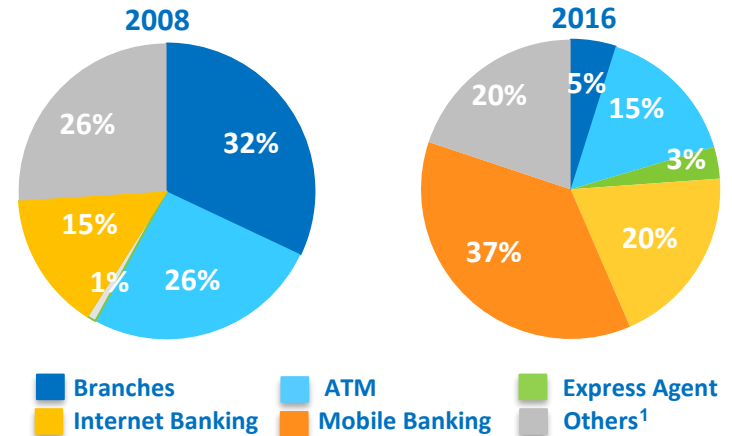
One of the largest in the country

- ✓ 11,051 points of service
- ✓ More than 4.5 million customers



<sup>1</sup> Other channels include Telephone Banking, POS, Net Cash and Automatic debit.  
Source: SBS & BBVA Continental

## Evolution in transactions per channel



## Digital Banking

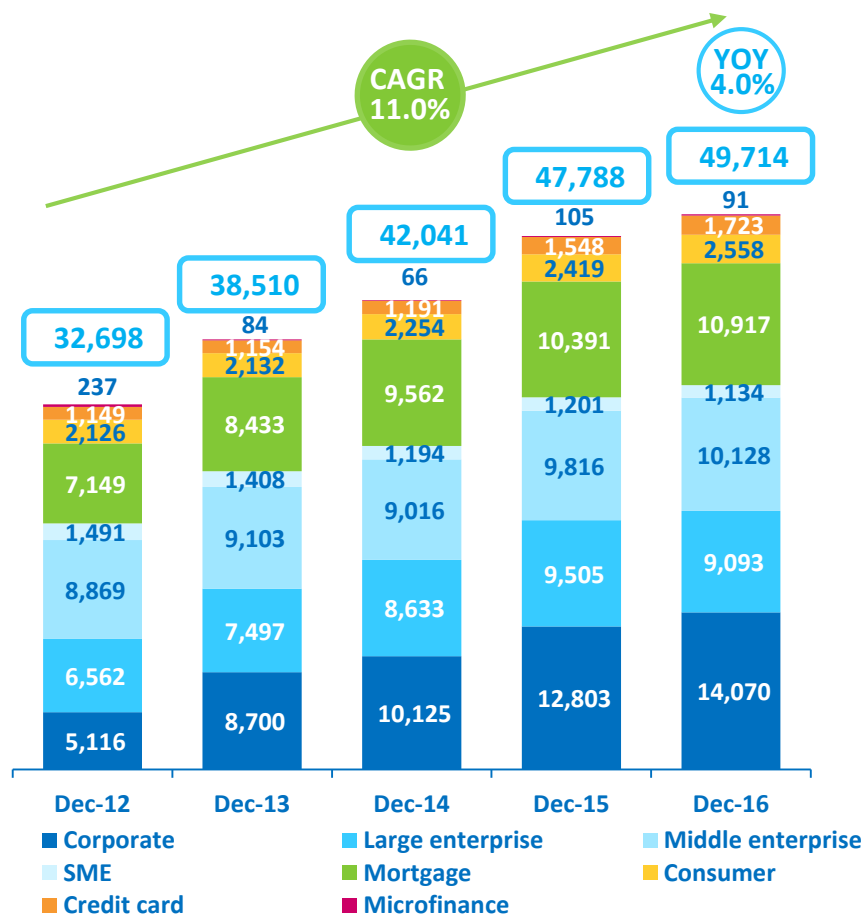
Objective: To be the leading Digital Bank in the region

- ✓ Digital Sales:
  - Credit Cards
  - Consumer Loans
  - Insurances
  - Mutual Funds
  - Online Accounts Opening
- ✓ New Features and UX optimization in Online and Mobile Banking
- ✓ Improvements in the user experience on the web

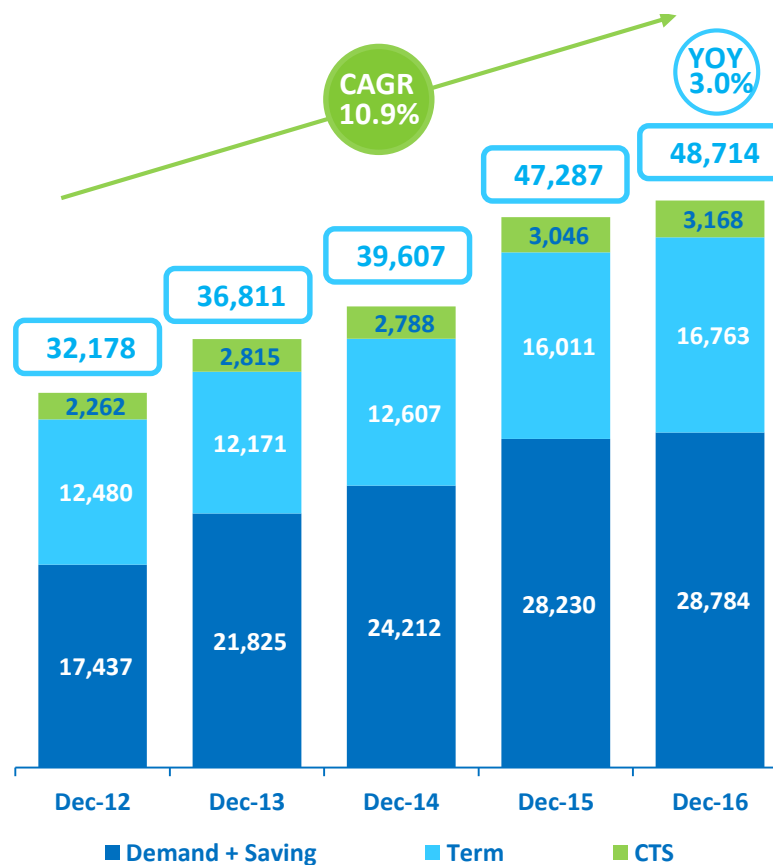


# Outstanding growth (\$/ Million, %)

## Performing loans



## Deposits<sup>1</sup>



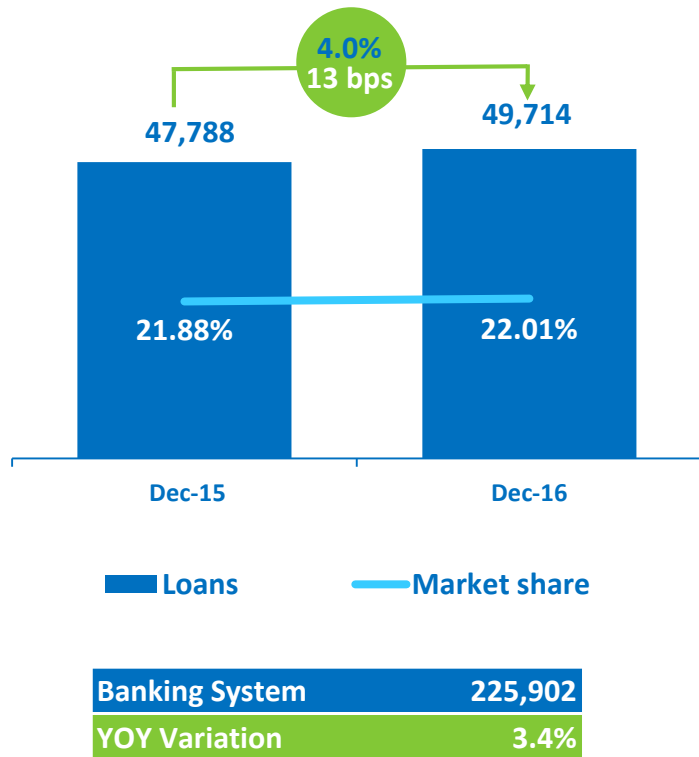
<sup>1</sup>Other obligations are excluded from deposits

Source: SBS

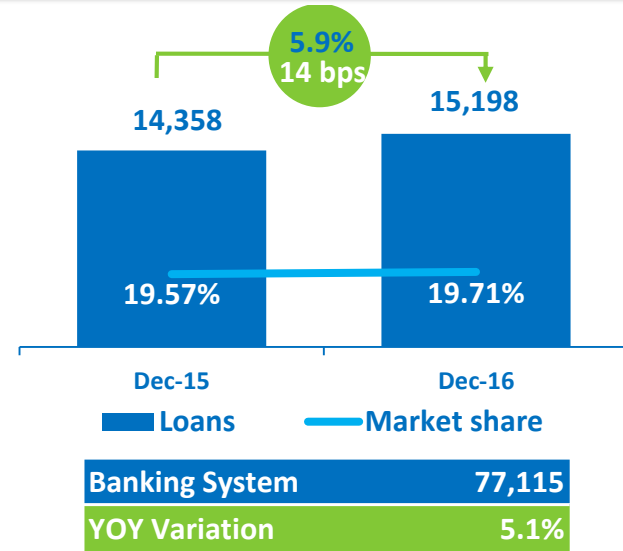


# Performing loans (S/ Million, %)

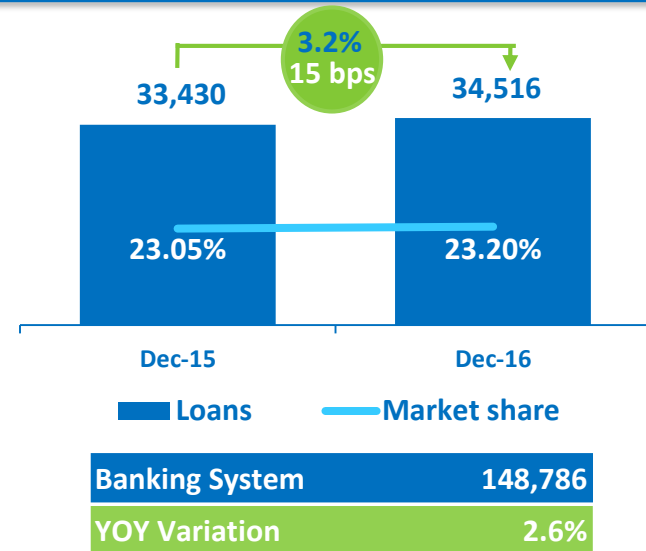
BBVA Continental shows steady loan growth...



## Retail Loans



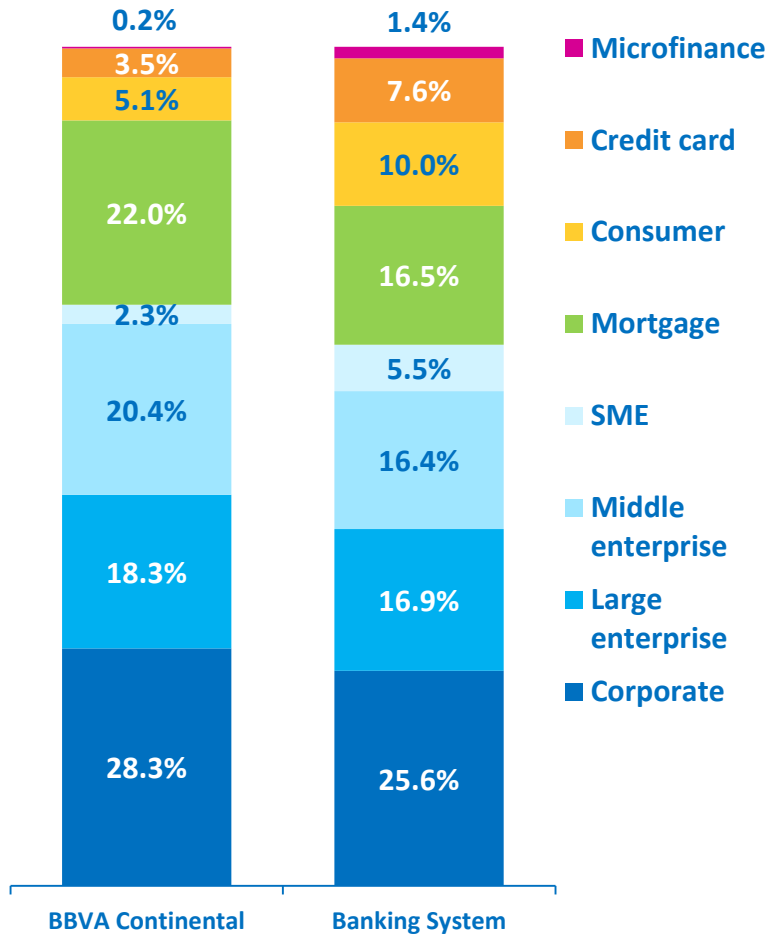
## Business Loans



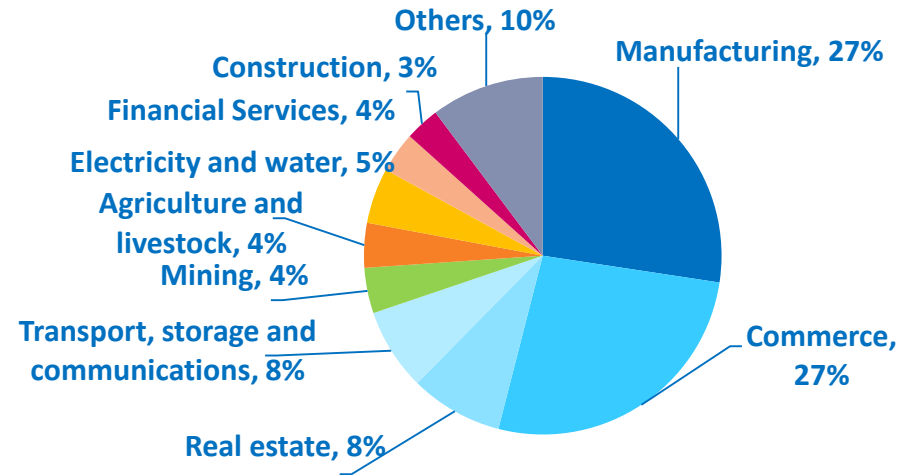
# High quality of loan portfolio

(December 2016)

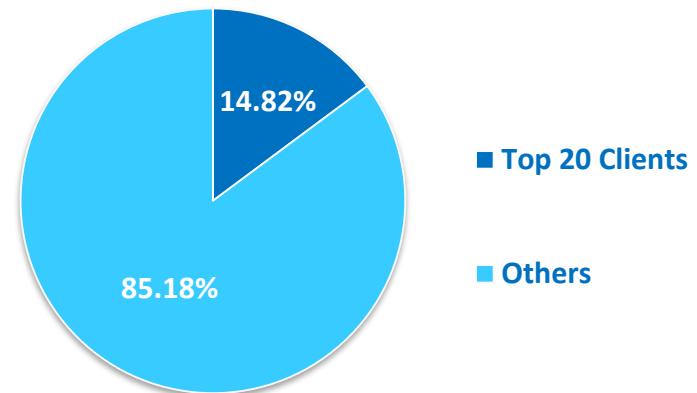
## Loans breakdown



## Loans by economic sector

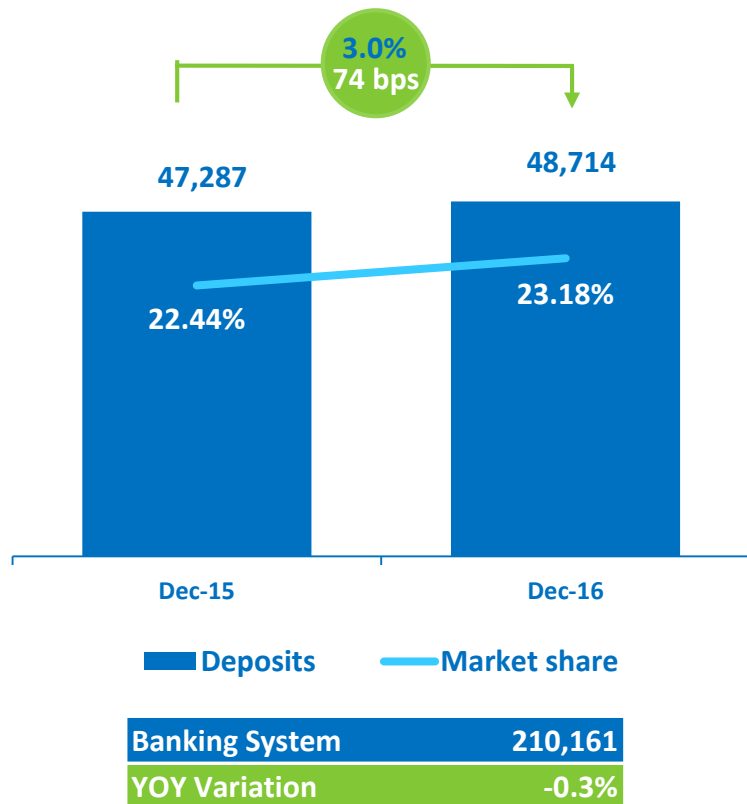


## Concentration Risk

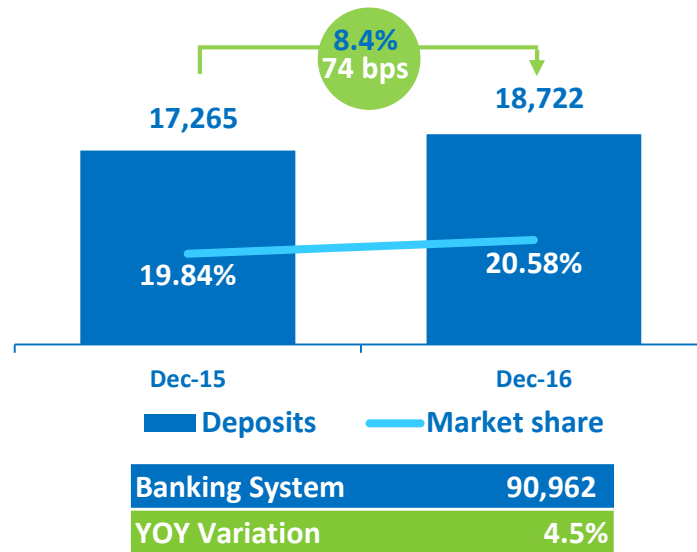


# Deposits (S/ Million, %)

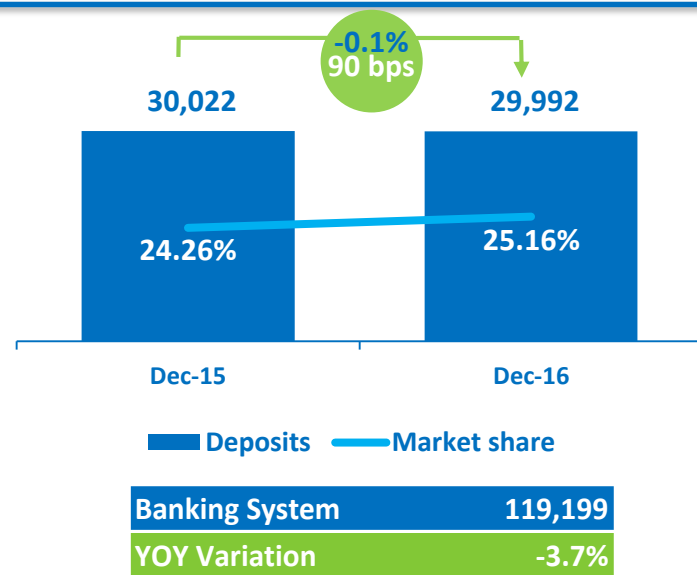
Growth continues also in deposits...



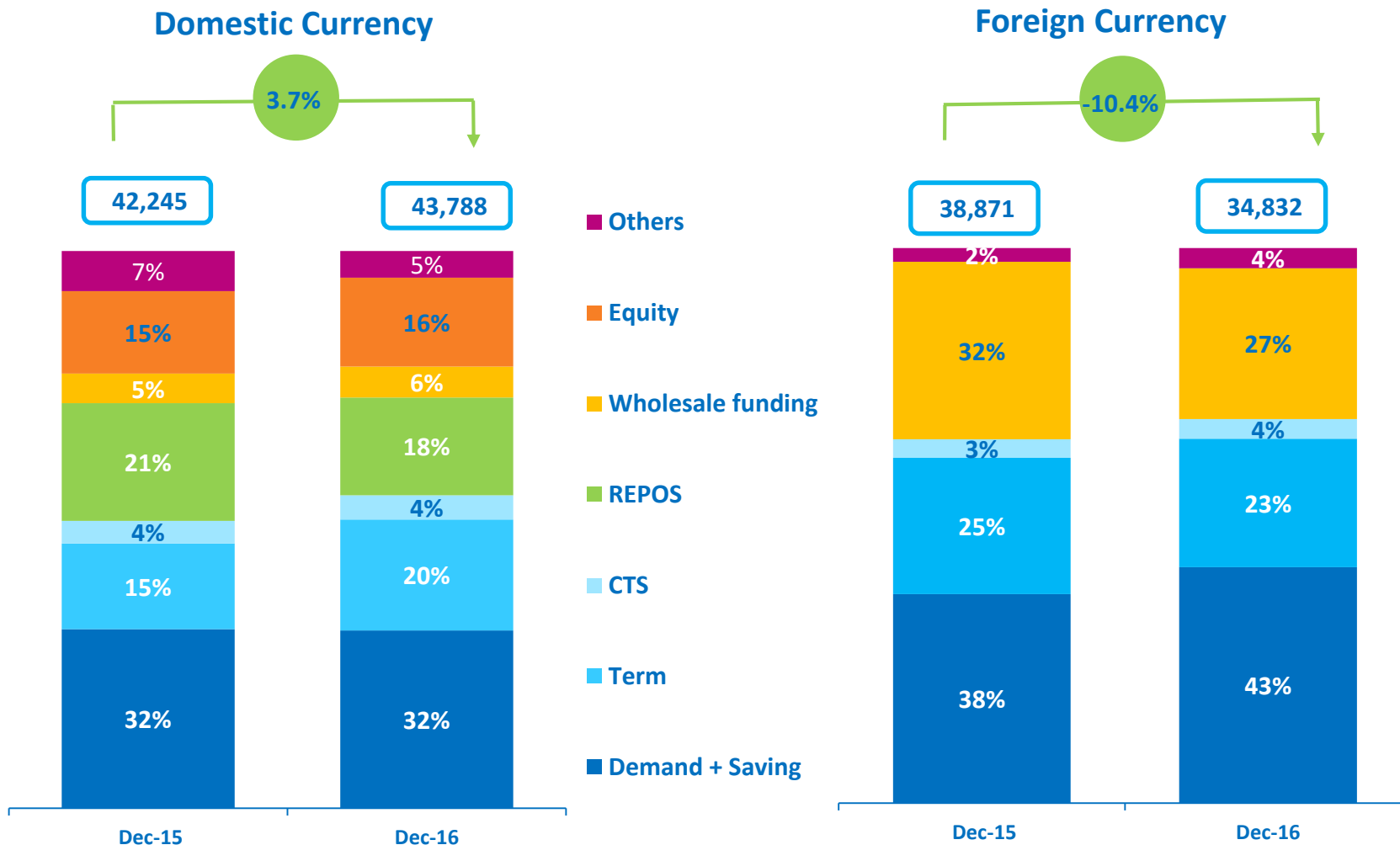
## Retail Deposits



## Business Deposits

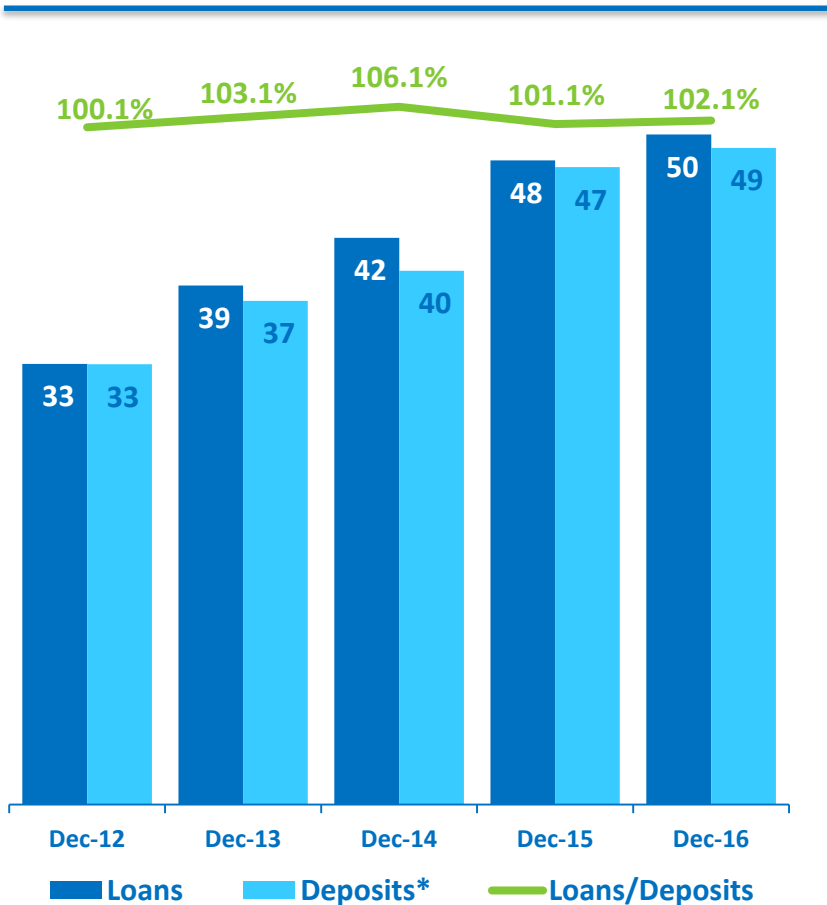


# Liabilities and Capital Breakdown

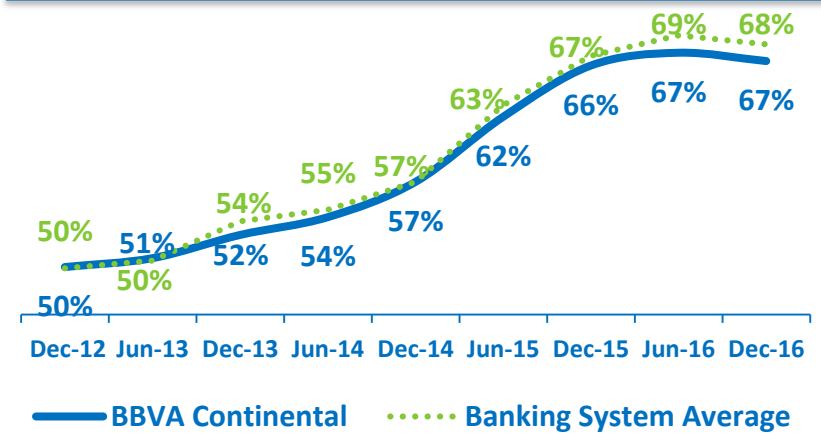


# High level of self-financing and balance sheet denomination in PEN

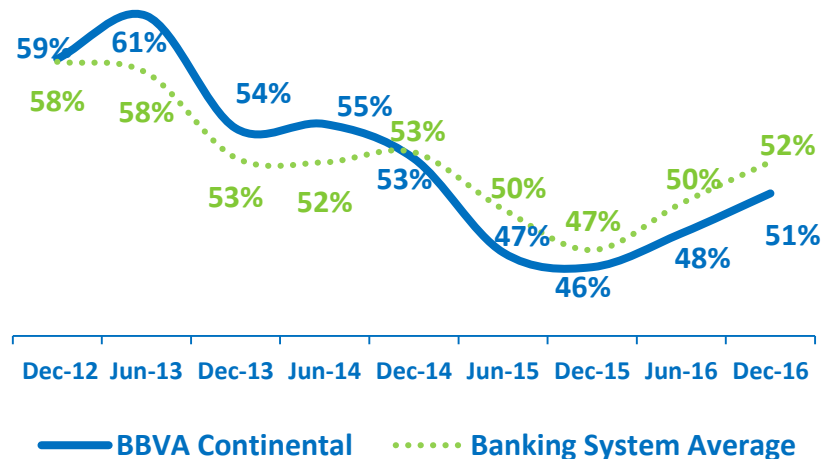
**Loans and Deposits** (\$/ Billion)



**Domestic Currency Performing Loans** (% Total Loans)

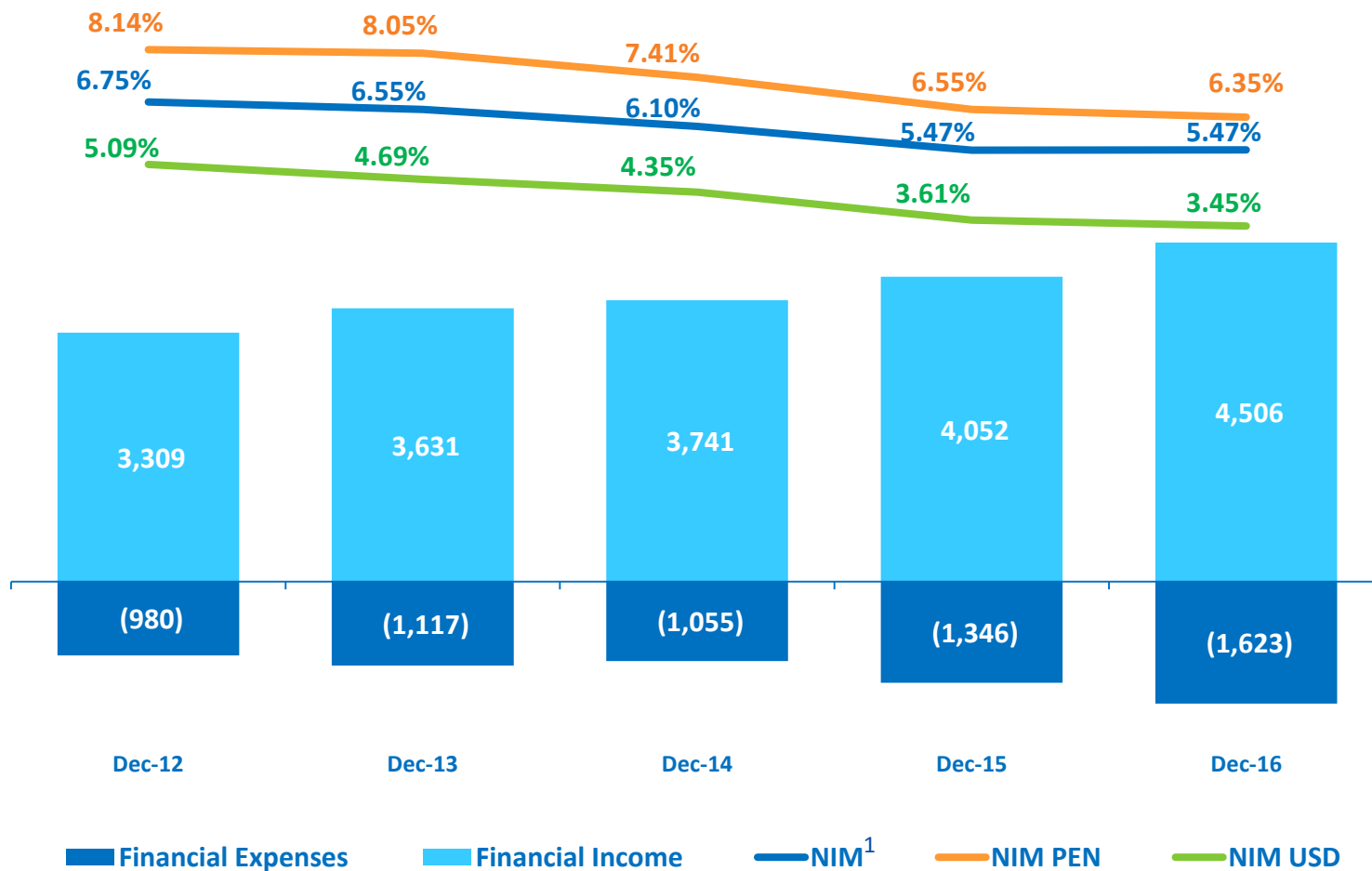


**Domestic Currency Deposits**<sup>1</sup> (% Total Deposits)



<sup>1</sup> Other obligations are excluded from deposits  
Source: SBS

# Financial margin (\$/ Million,%)



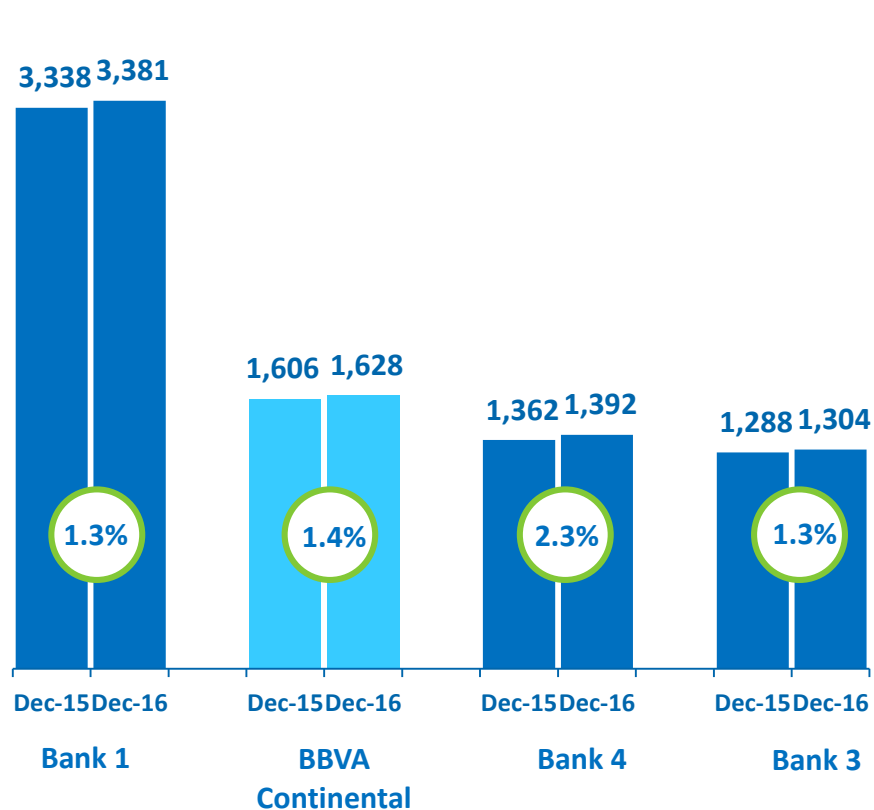
<sup>1</sup> **NIM ratio:** Interest margin for the last 12 months divided by average interest earning assets (interbank funds, investments, net loans).

Source: SBS & ASBANC

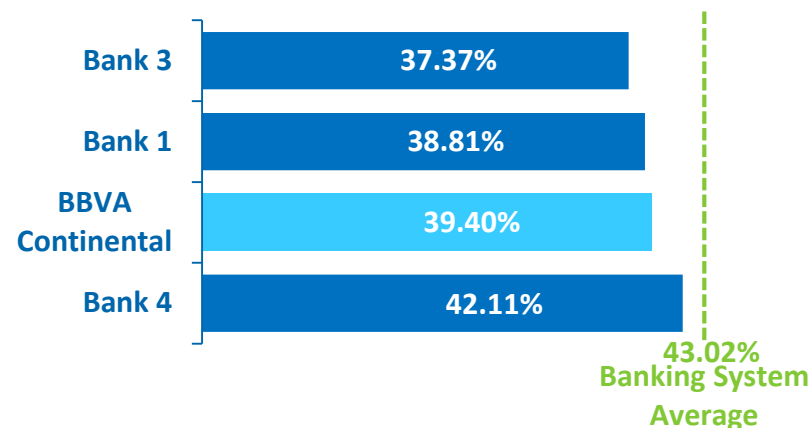
# Expenses management

We manage an attractive efficiency ratio

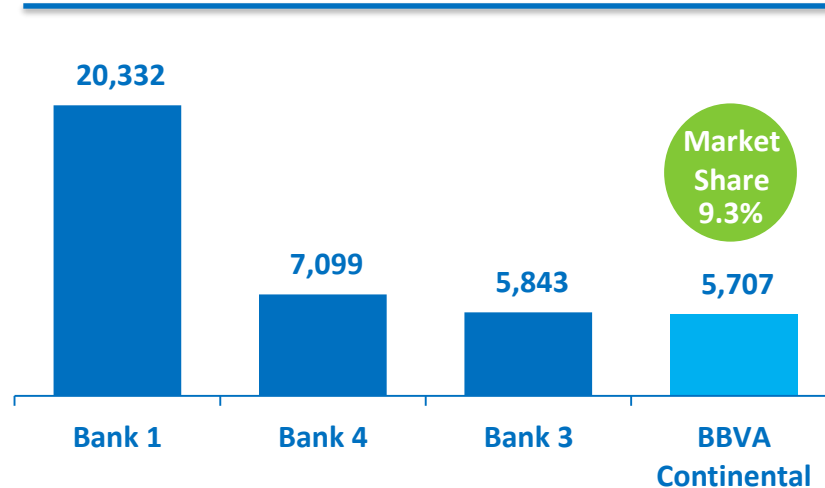
Administrative expenses <sup>1</sup> (S/ Million, %)



Efficiency Ratio (December 2016)



Number of employees (December 2016)

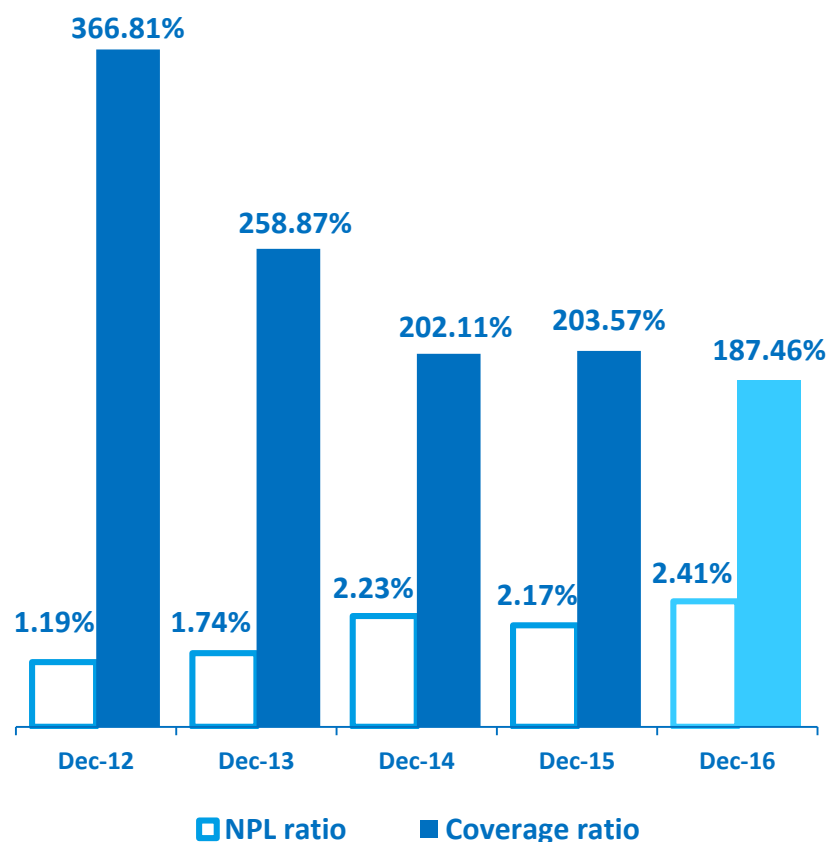


<sup>1</sup> Includes Amortization and Depreciation

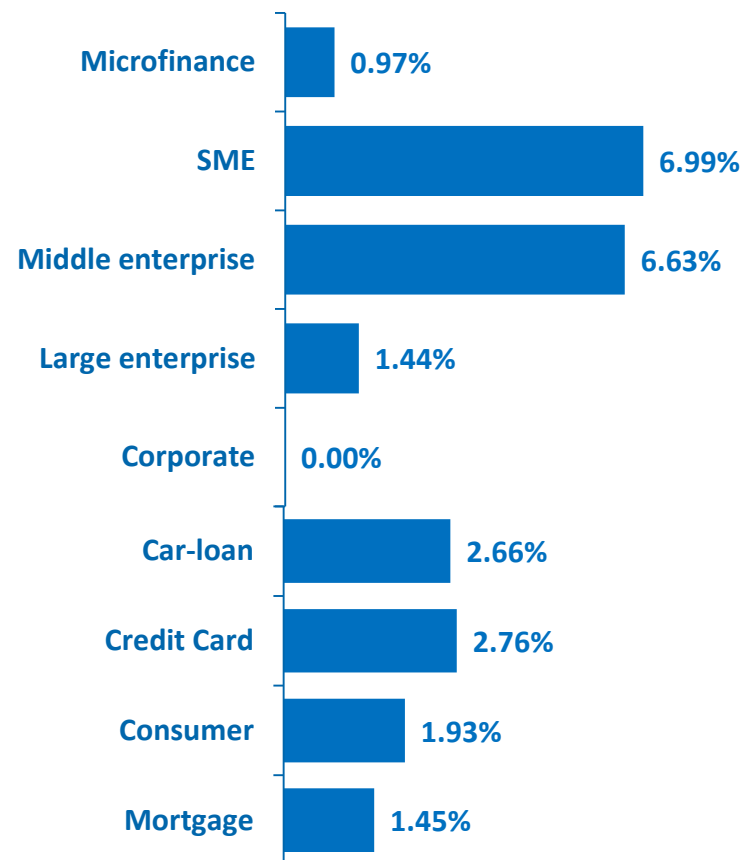
Source: SBS

# Risk management

## Outstanding asset quality



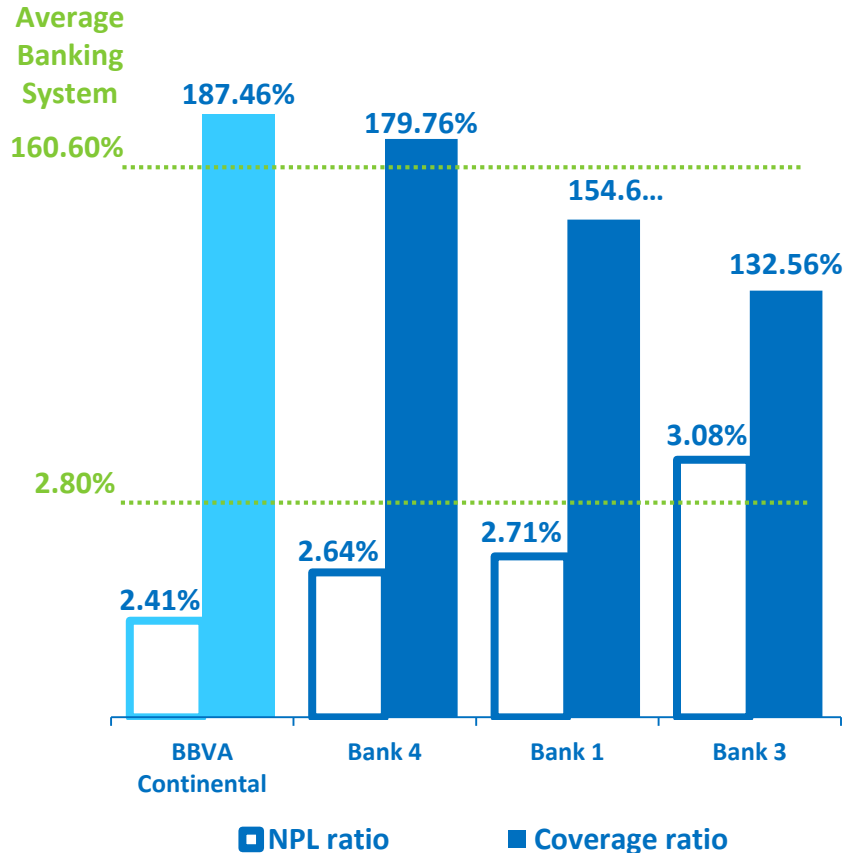
## NPL ratio by product and segment (December 2016)



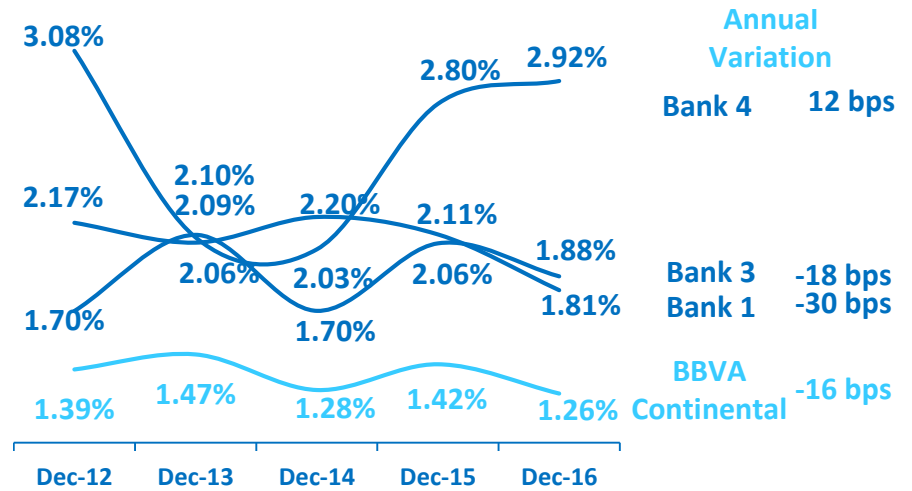


# Risk management

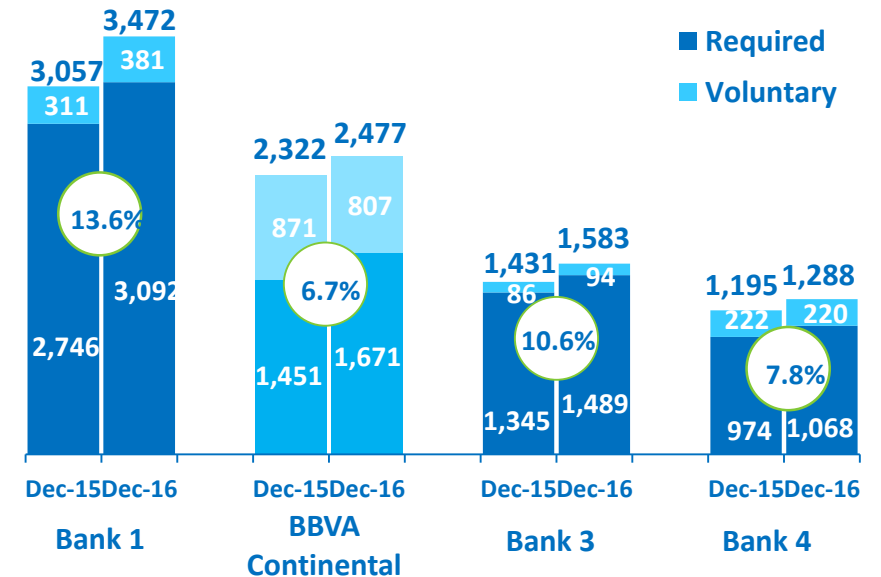
Best NPL Ratio and Coverage Ratio (December 2016)



Best Risk Cost<sup>1</sup> ratio vs. Peer Group



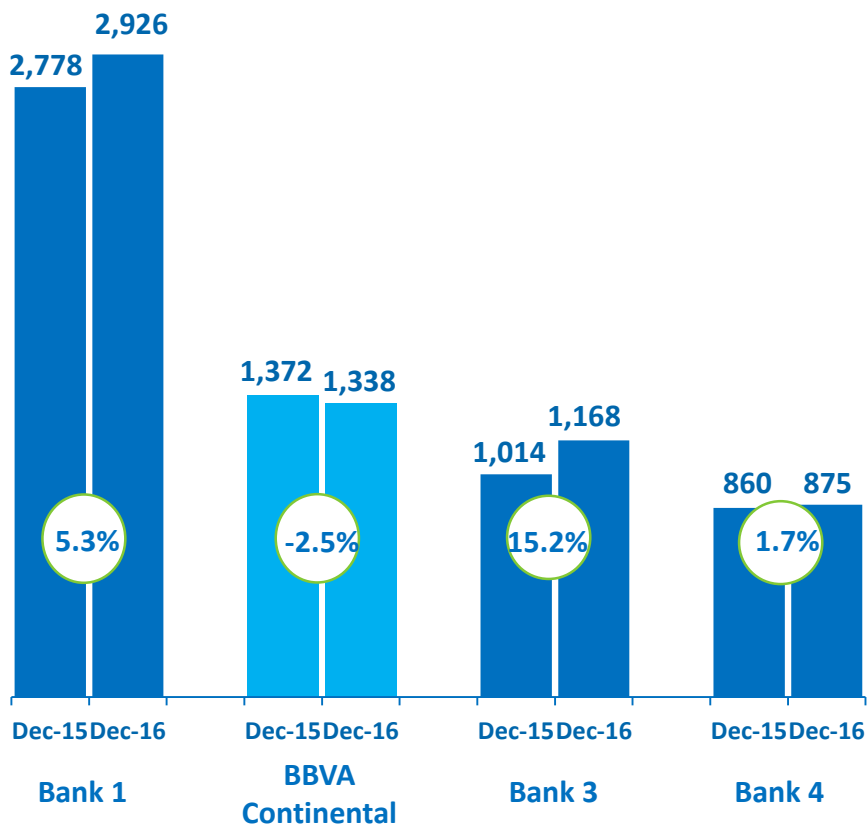
Maintaining high levels of voluntary provisions



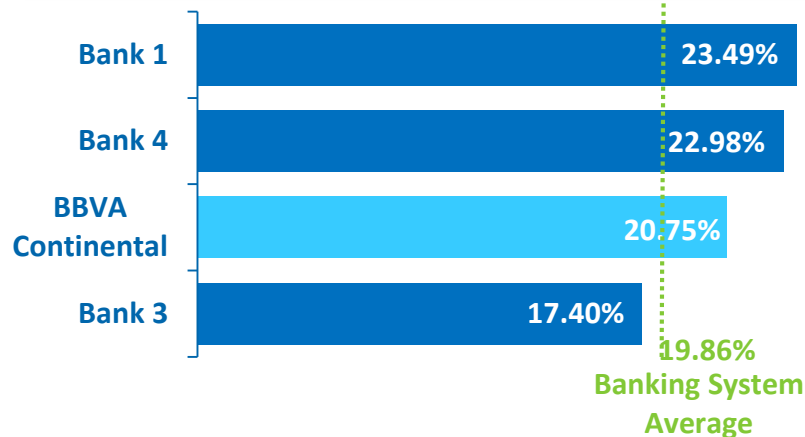
<sup>1</sup> Risk Cost: Provisions for the last 12 months between average loans from the last 12 months. Source: SBS

# Profitability management

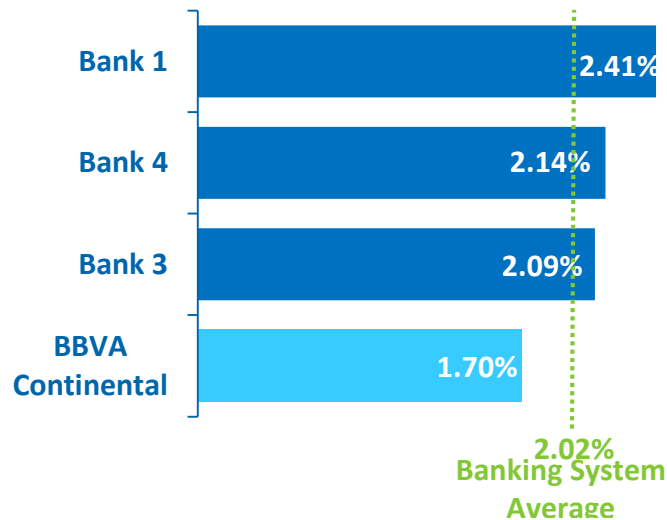
Net income (\$/ Million, %)



Return on Equity – ROE (December 2016)

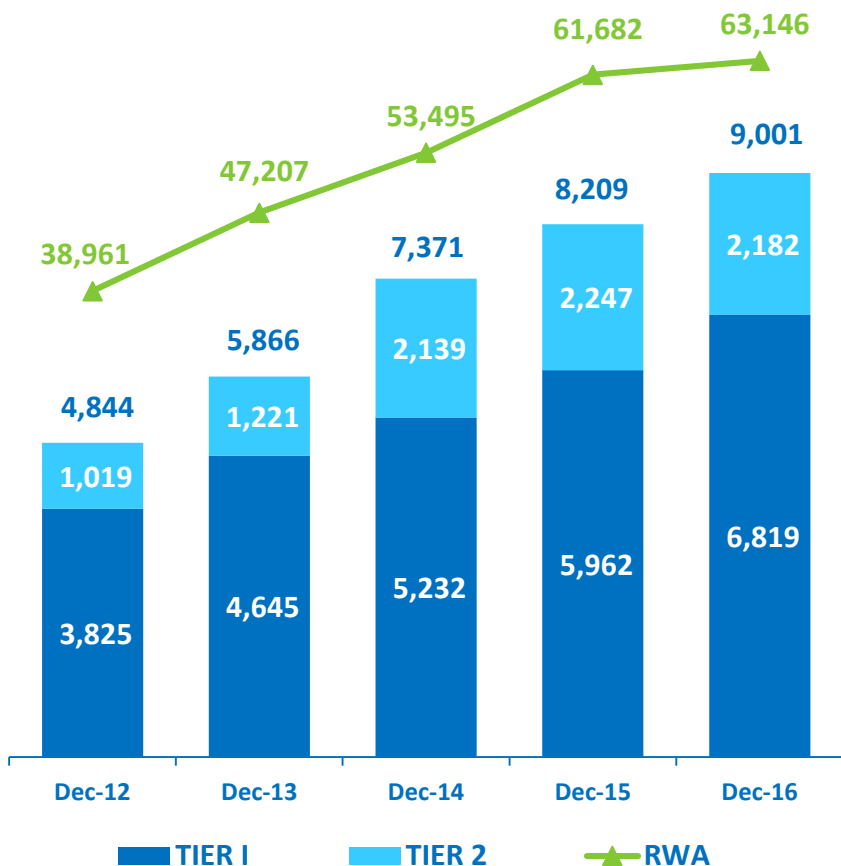


Return on Assets – ROA (December 2016)

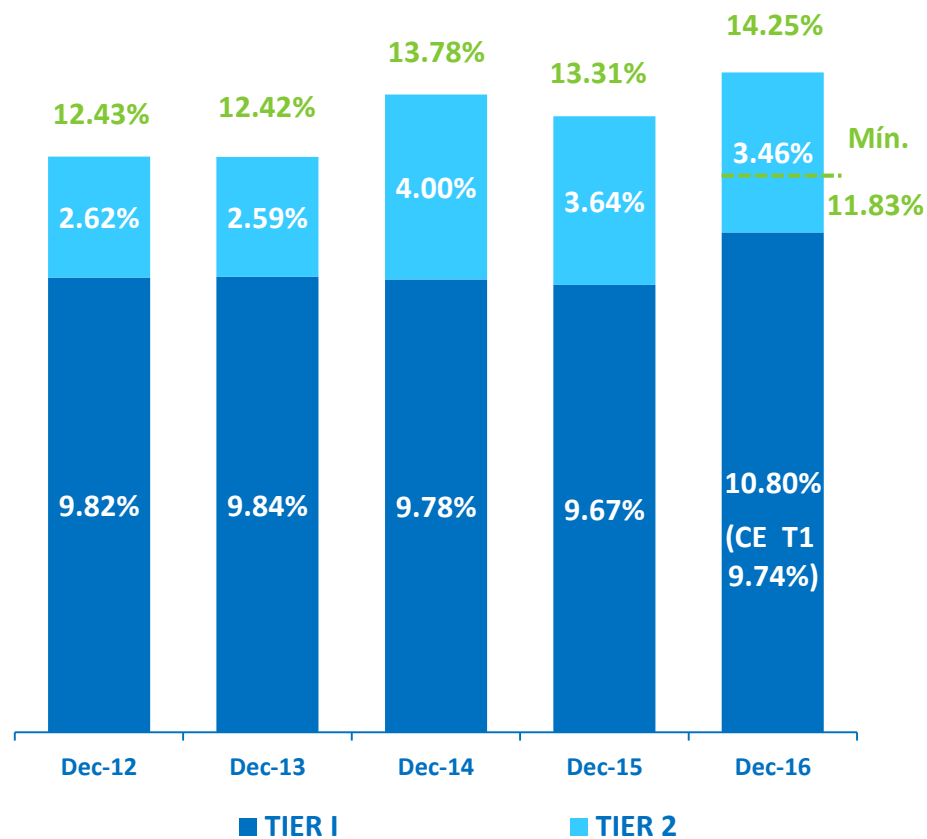


# Solvency management

Regulatory capital & RWA (\$/ Million)



Main Capital Ratios



# 3 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)	CP-1+ (pe)	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+

# 4 Social Responsibility and Awards

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

**SOCIAL RESPONSIBILITY**

Informe de Banca  
Responsable 2015



**Social, Economical and  
Environmental  
Responsibility Report**



**Reading Program:  
“Leer es estar adelante”**



**AWARDS**



**Forbes**



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



# **BBVA Continental**

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Fourth Quarter 2016