



# **BBVA Continental**

## **Investors Report**

First Quarter 2017

# Disclaimer

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# Sections

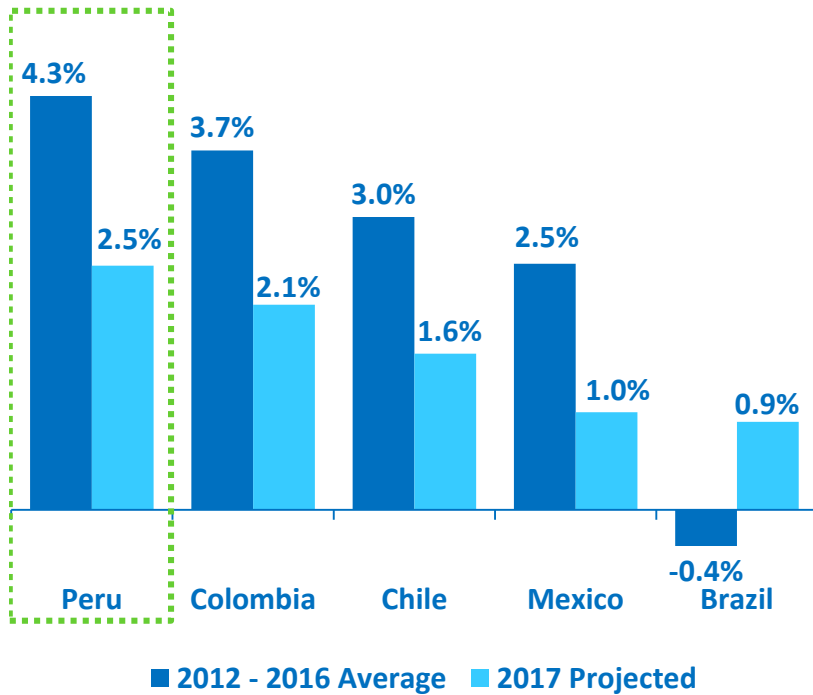
- 1 Peruvian Economy & Financial System
- 2 BBVA Continental
- 3 Ratings
- 4 Social responsibility and Awards

# 1

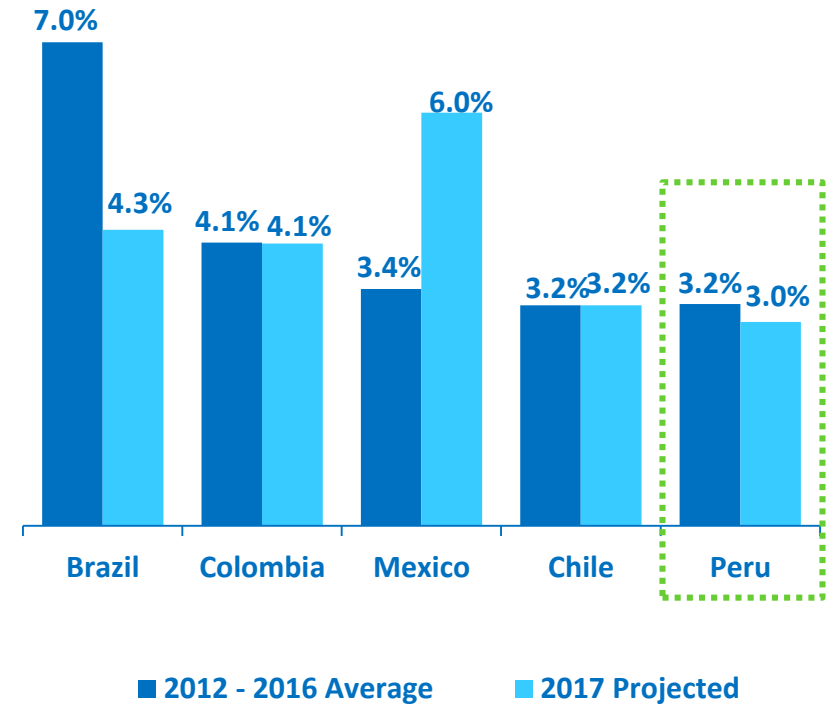
# Peruvian Economy & Financial System

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

**GDP Growth** (Real)

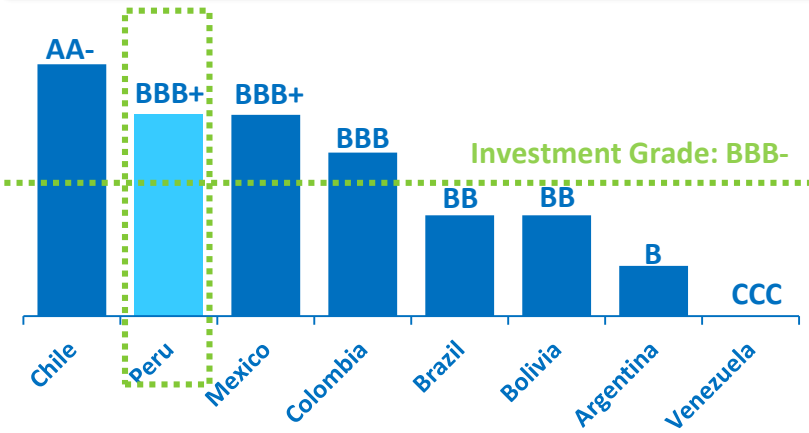


**Inflation** (End of Period)



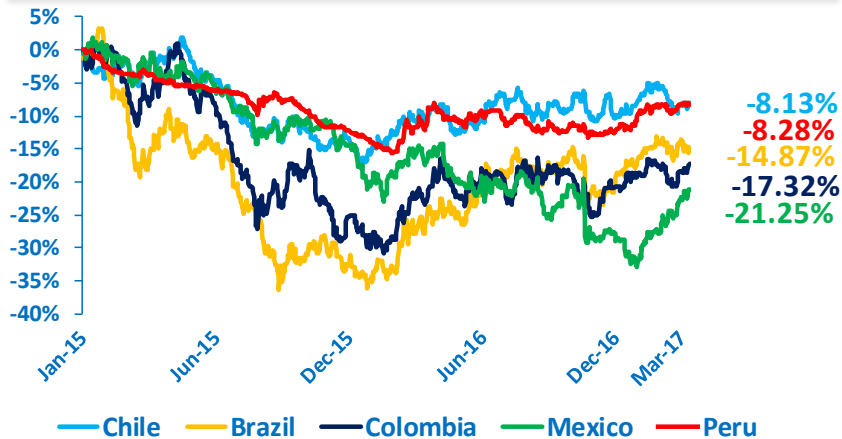
# ...sovereign investment grade, relatively stable currency and low levels of debt

## Credit Risk Profile



Source: Standard & Poor's

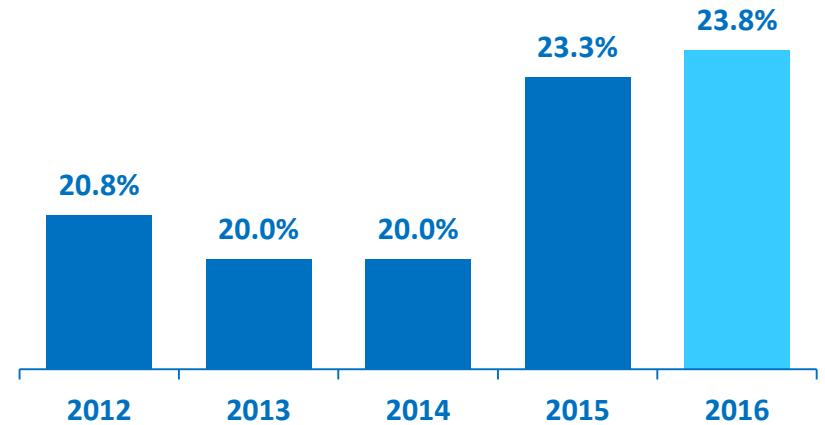
## Currency depreciation against USD



Source: Bloomberg

## Peruvian Public Debt (% of GDP)

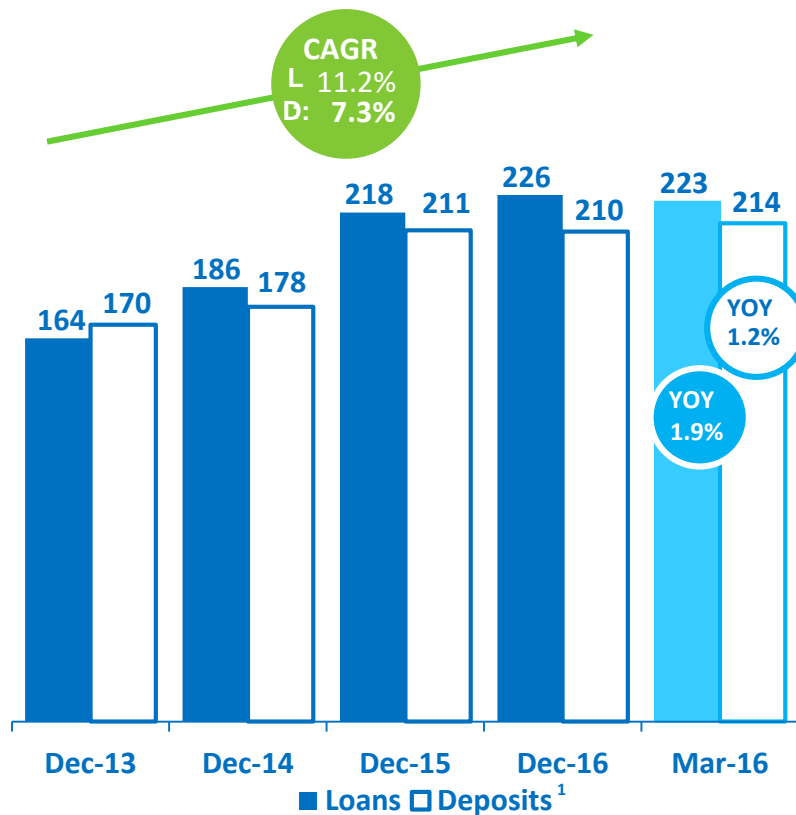
55.5% Average debt of the General Government / GDP for countries with BBB+ rating for 2016



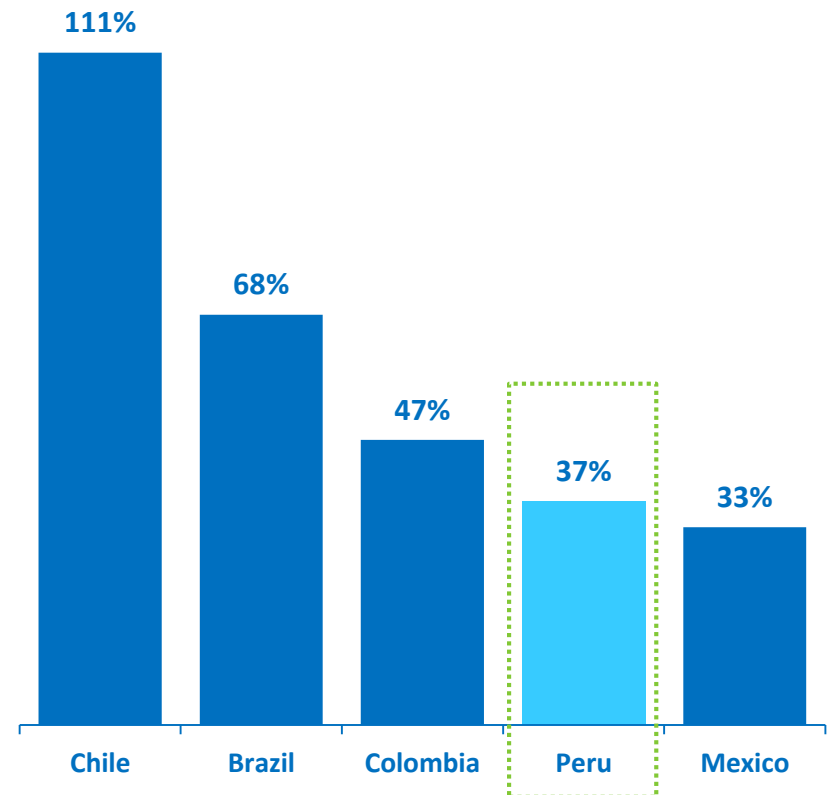
Source: BCRP

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

Performing loans and Deposits (S/Billions)



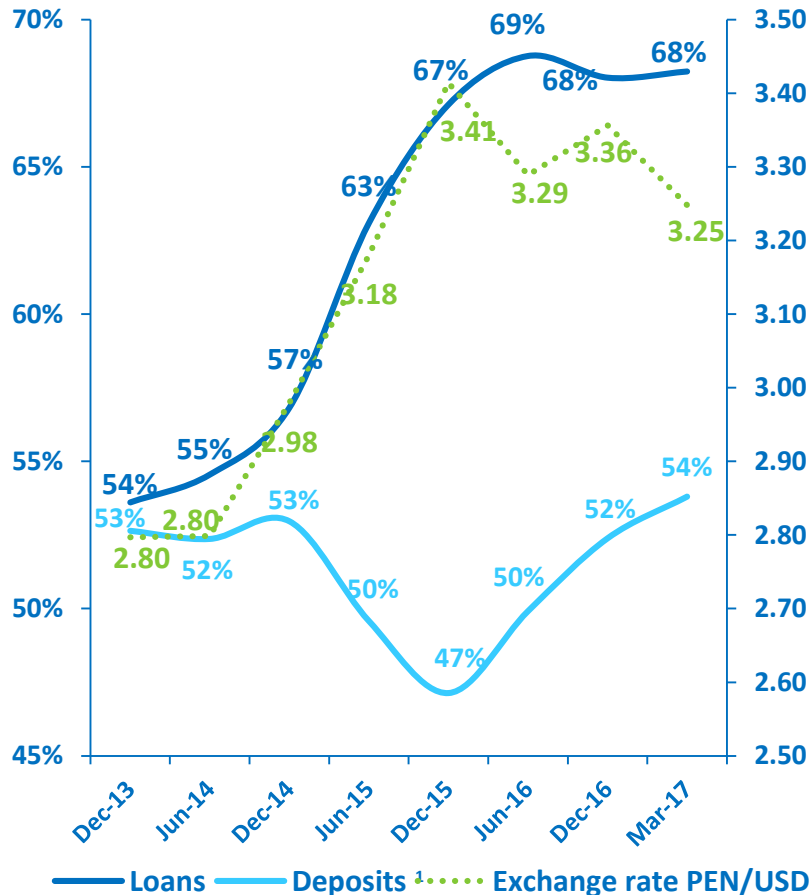
Loans to private sector (% of GDP, 2015)



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

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

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



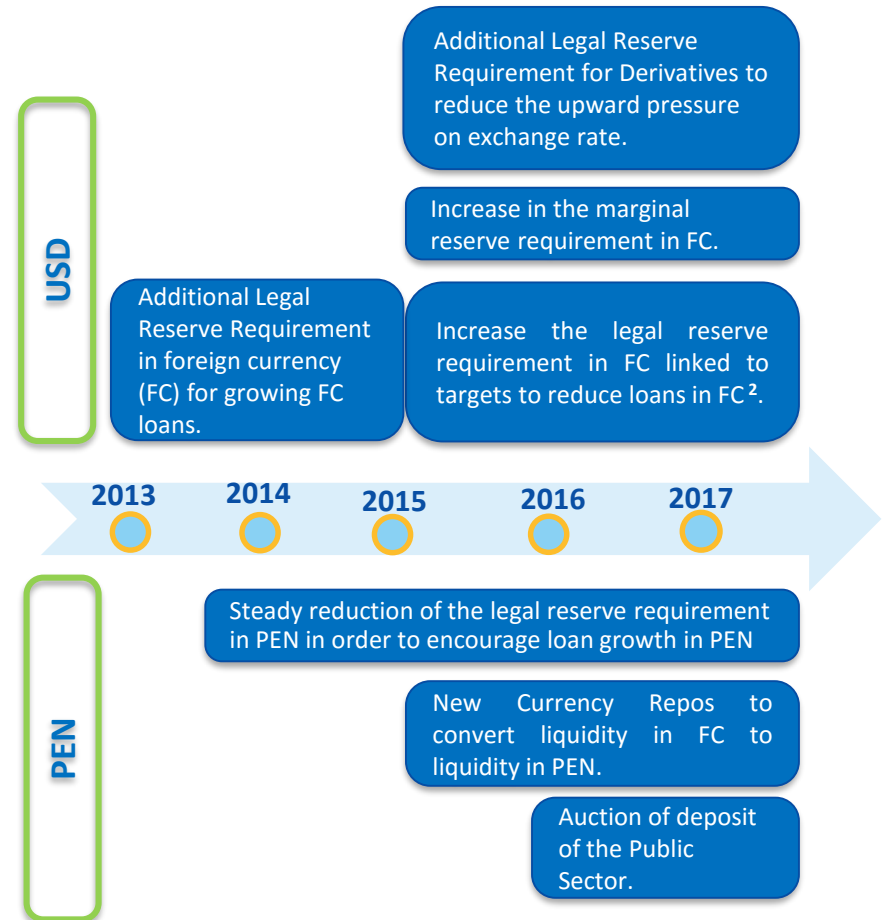
<sup>1</sup> Other obligations are excluded from deposits

<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

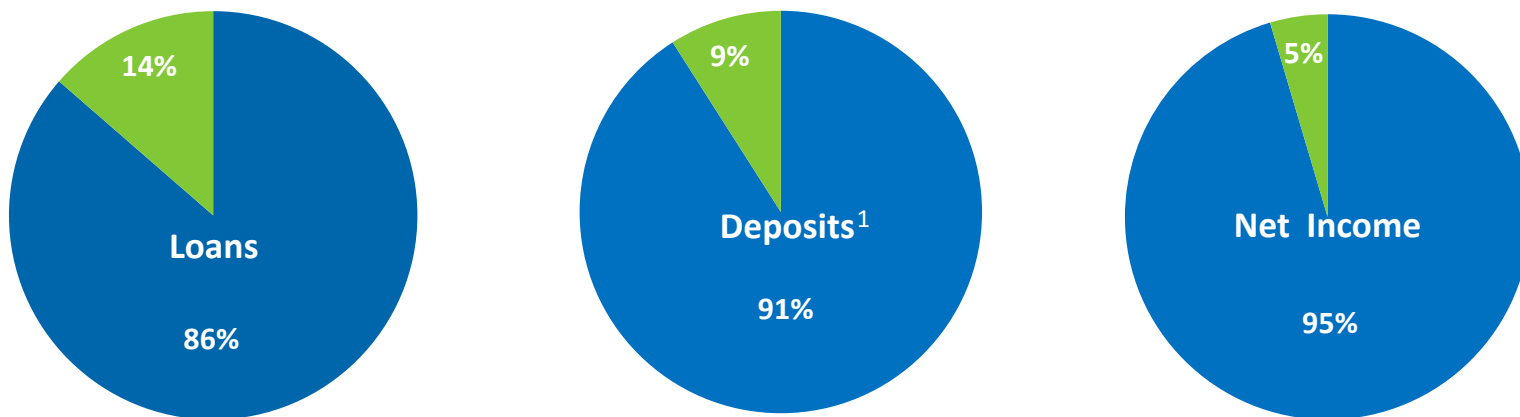




## Peruvian Financial System (March 2017)

Financial system	Institution S/ Million	Net loans Mar-17	Deposits Mar-17	Net Income Mar-17
Banking system	Banks (16)	221,970	213,856	1,740
	Banco de la Nación	10,095	21,967	225
Other financial institutions	Cajas Municipales (12)	16,215	16,884	80
	Financieras (11)	9,292	5,787	66
	Cajas Rurales (6)	1,043	695	-2
	Edpymes (10)	1,633	-	1
	Leasing (2)	202	-	-4
	COFIDE	6,740	59	-47
	Agrobanco	1,424	-	1

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



■ Banking System

■ Other Financial Institutions

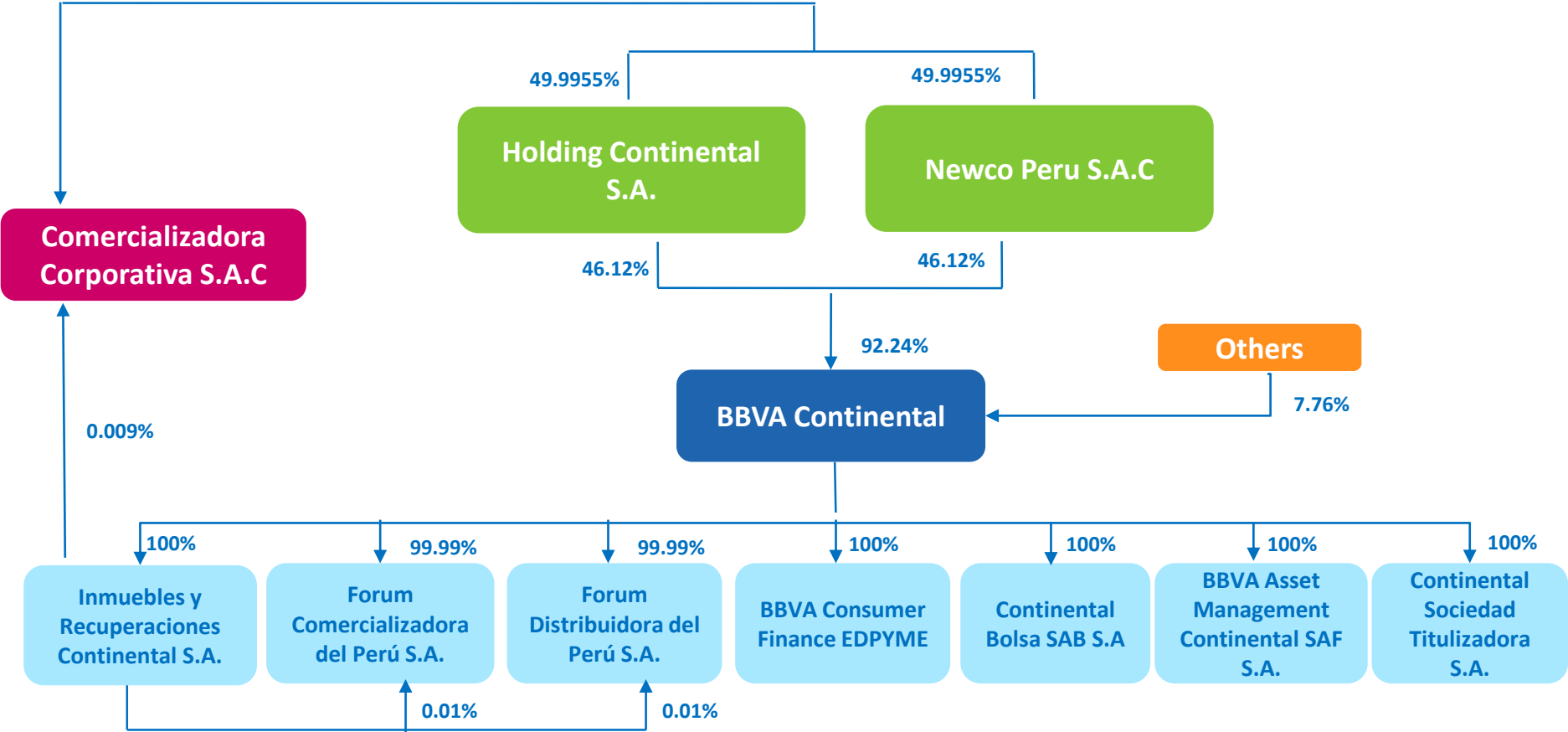
<sup>1</sup>Other obligations are excluded from deposits  
Source: SBS

**2**

**BBVA Continental**

# BBVA Continental Shareholders

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



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



**€ 719**  
billion in total assets

**70**  
million customers

**35**  
countries

**8,499**  
branches

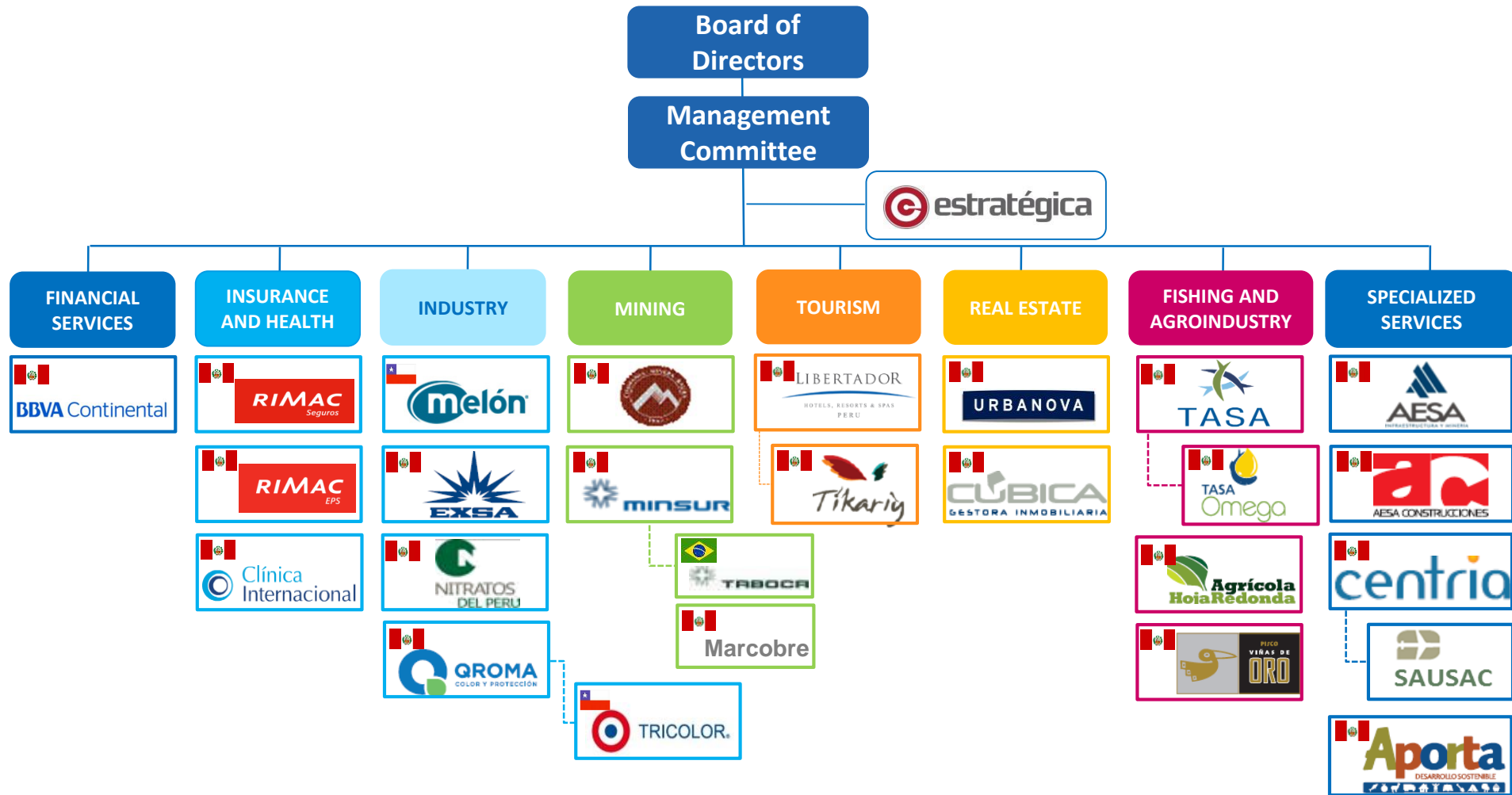
**31,185**  
ATMs

**133,007**  
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:

(March 2017)



- ✓ **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>	1.63%
#1 in NPL ratio	2.73%
#1 in Coverage ratio	174.77%
#3 in profitability ROE	20.41%
#3 in efficiency	38.67%
#2 in assets	S/ 75,730 million
#2 in performing loans	S/ 46,881 million
#2 in deposits <sup>2</sup>	S/ 47,441 million
#2 in number of branches	319

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

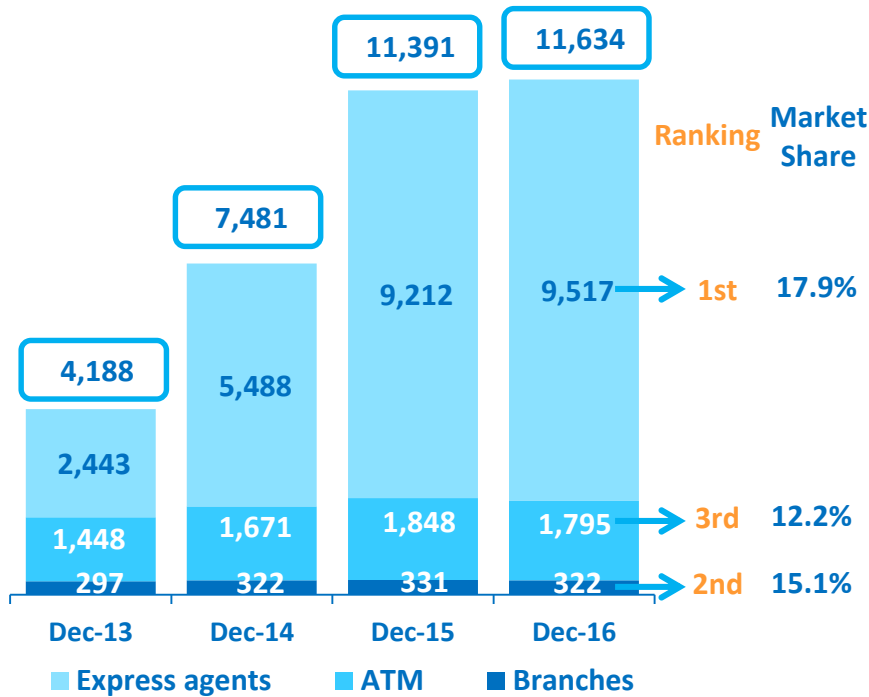
<sup>2</sup> Other obligations are excluded from deposits.

# Strong banking platform

## Distribution network<sup>1</sup>

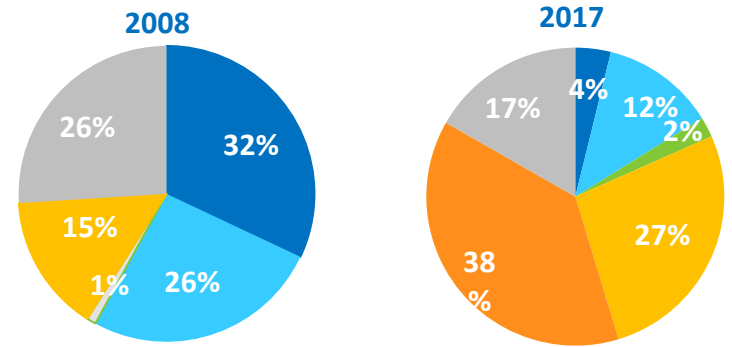
One of the largest in the country

- ✓ 11,634 points of service
- ✓ More than 4.5 million customers



1 ATM & Express agents as of September 2016, last available public data.  
 2 Other channels include Telephone Banking, POS, Net Cash and Automatic debit.  
 Source: SBS & BBVA Continental

## Evolution in transactions per channel



- Branches
- ATM
- Express Agent
- Internet Banking
- Mobile Banking
- Others<sup>2</sup>

## Digital Banking

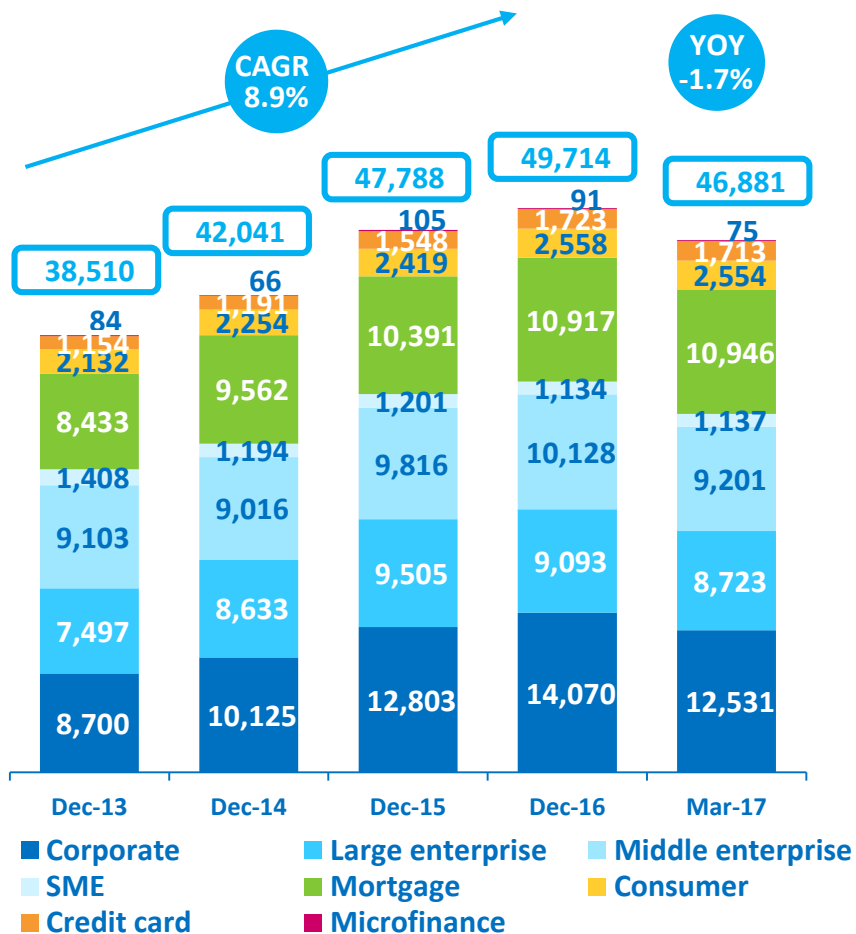
Objective: To be the leading Digital Bank in the region

- ✓ 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

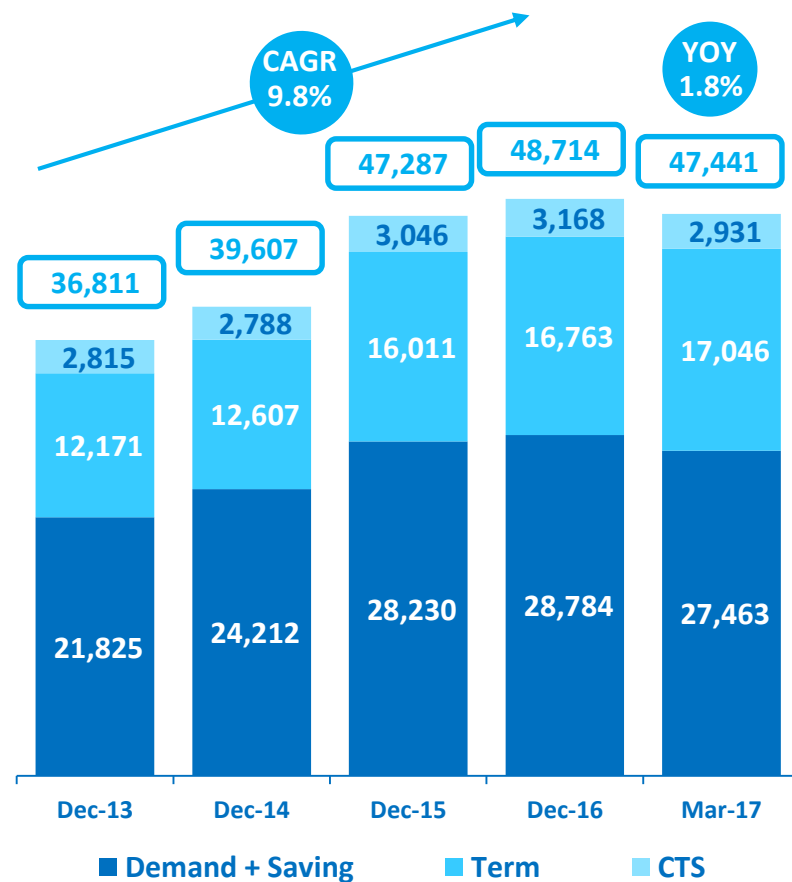


# Outstanding growth (\$/ Million, %)

## Performing loans



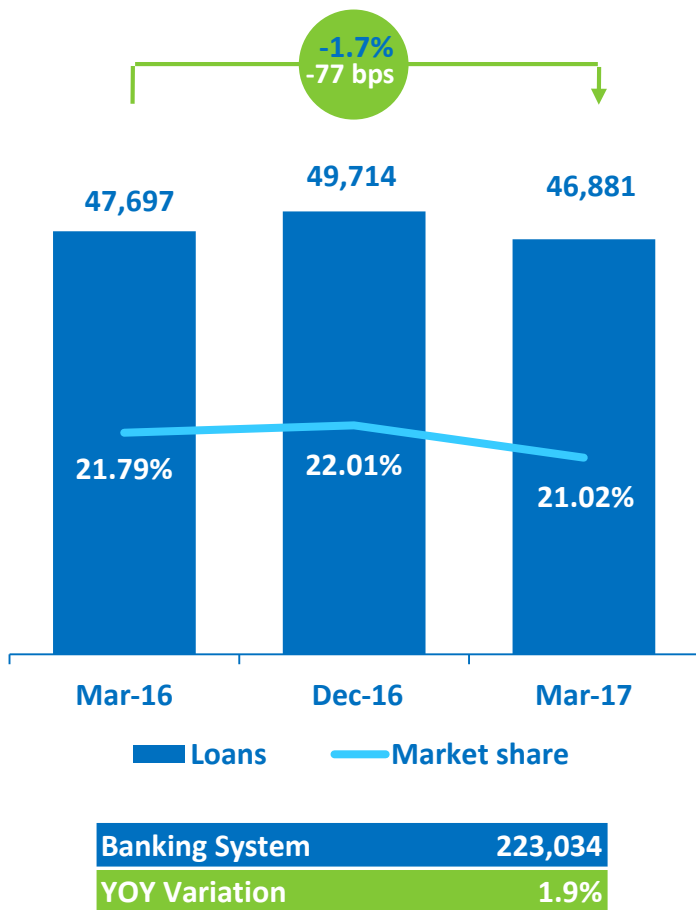
## Deposits<sup>1</sup>



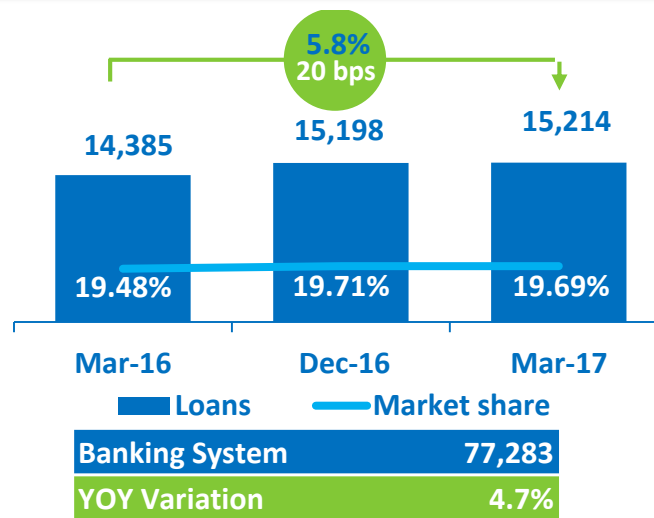
<sup>1</sup>Other obligations are excluded from deposits  
Source: SBS



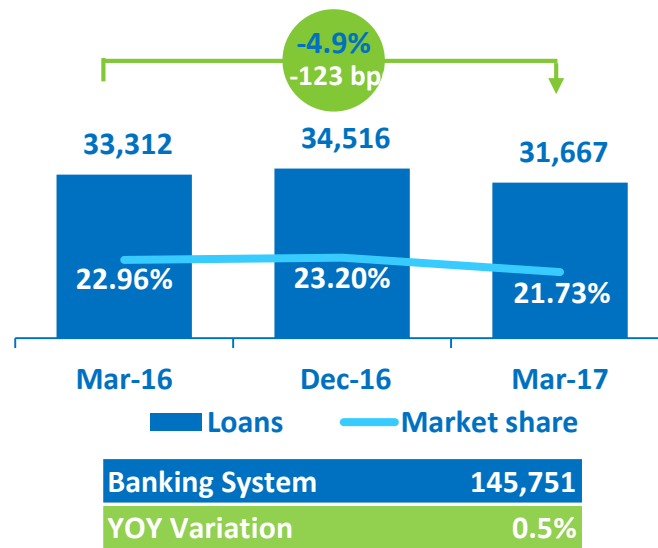
# Performing loans (\$/ Million, %)



# Retail Loans



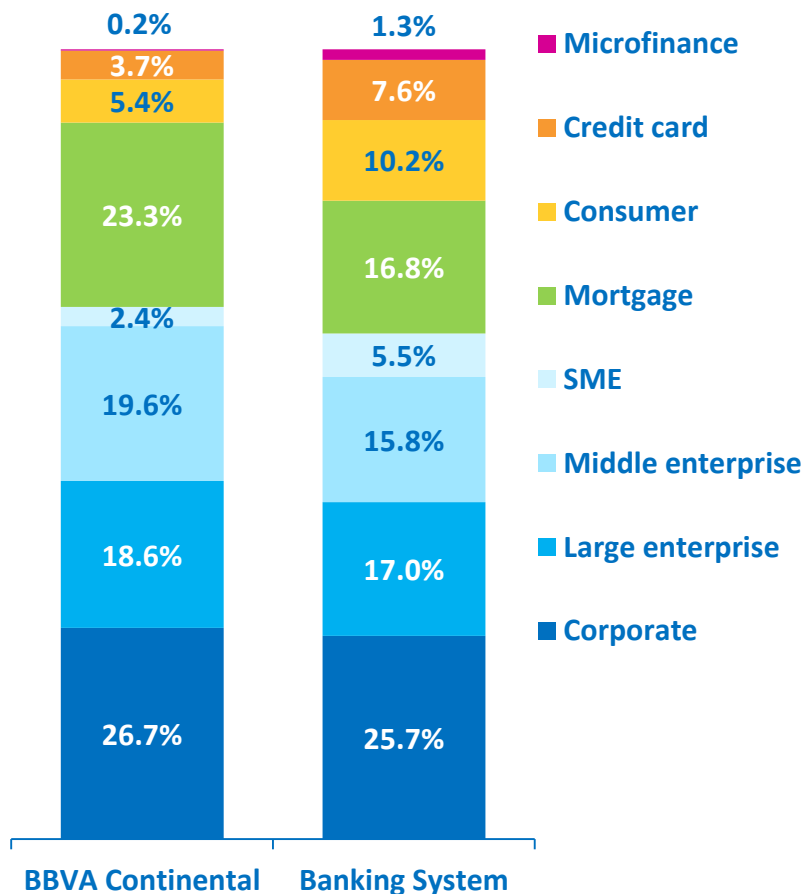
# Business Loans



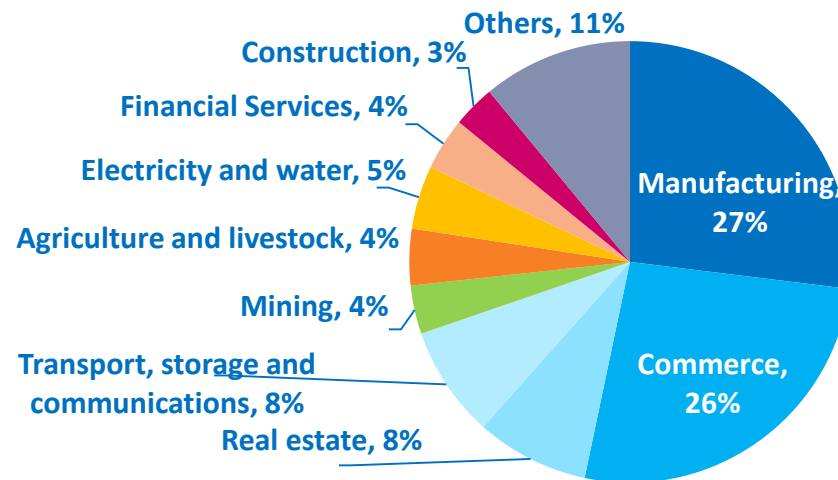
# High quality of loan portfolio

(March 2017)

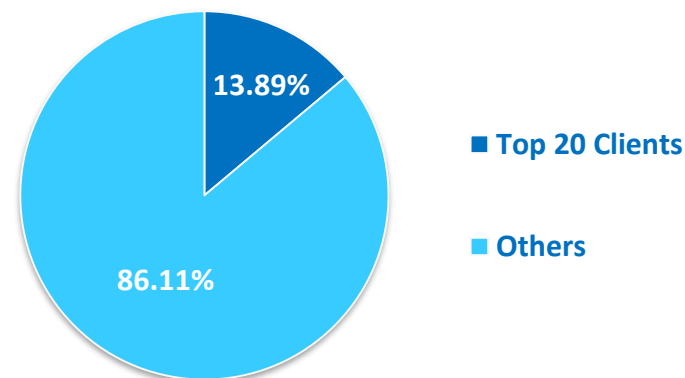
## Loans breakdown



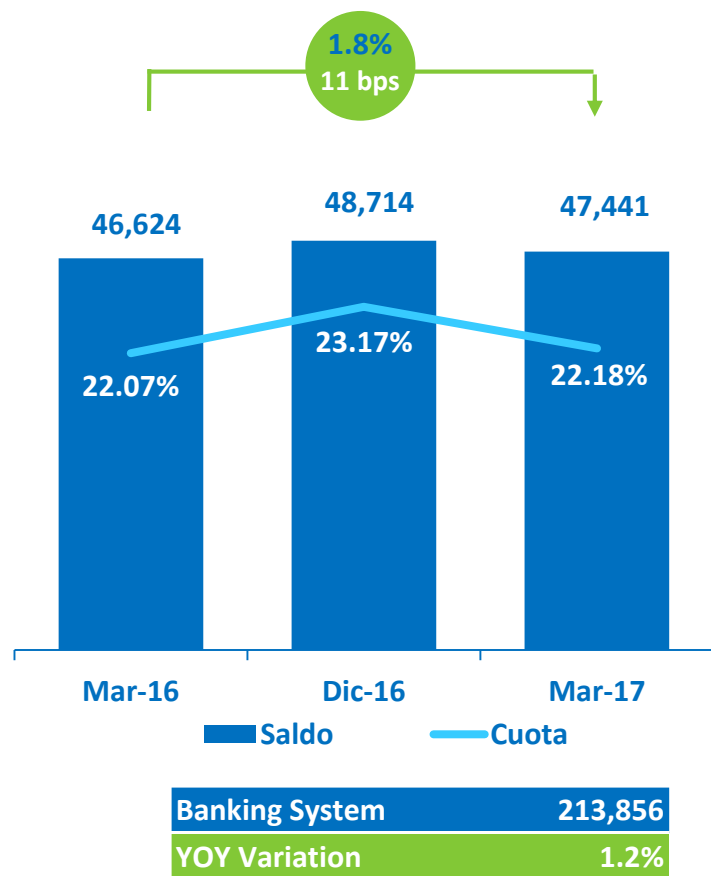
## Loans by economic sector



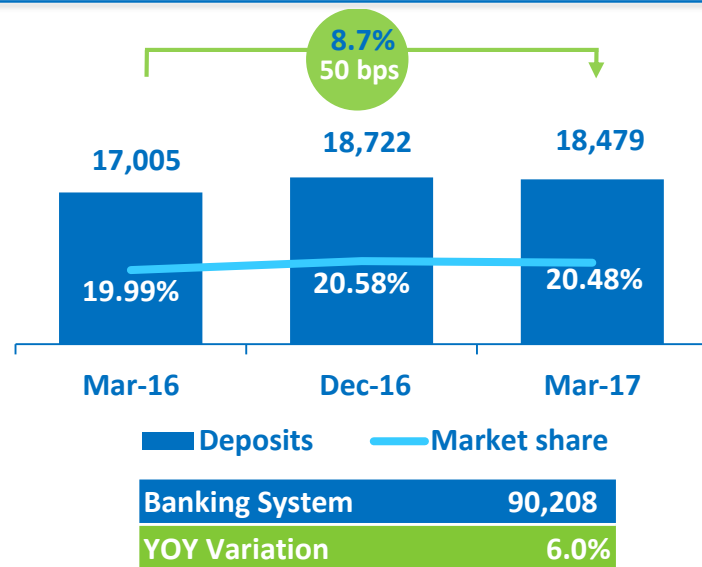
## Concentration Risk



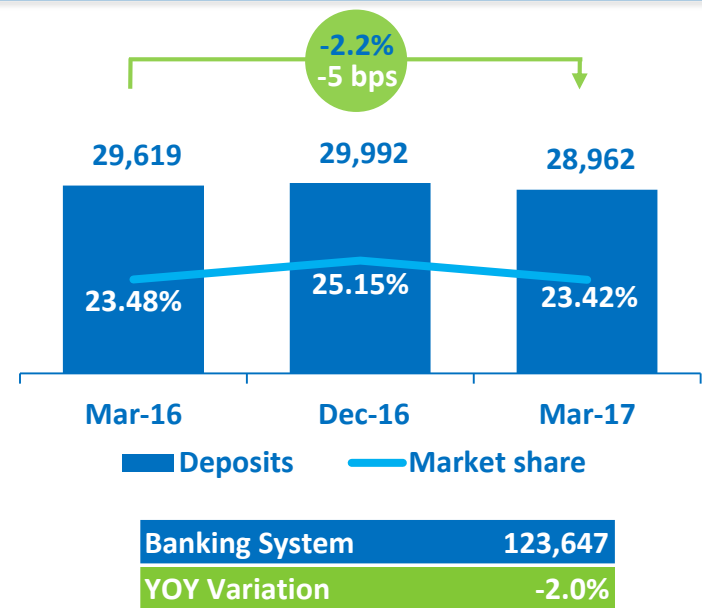
# Deposits (S/ Million, %)



## Retail Deposits



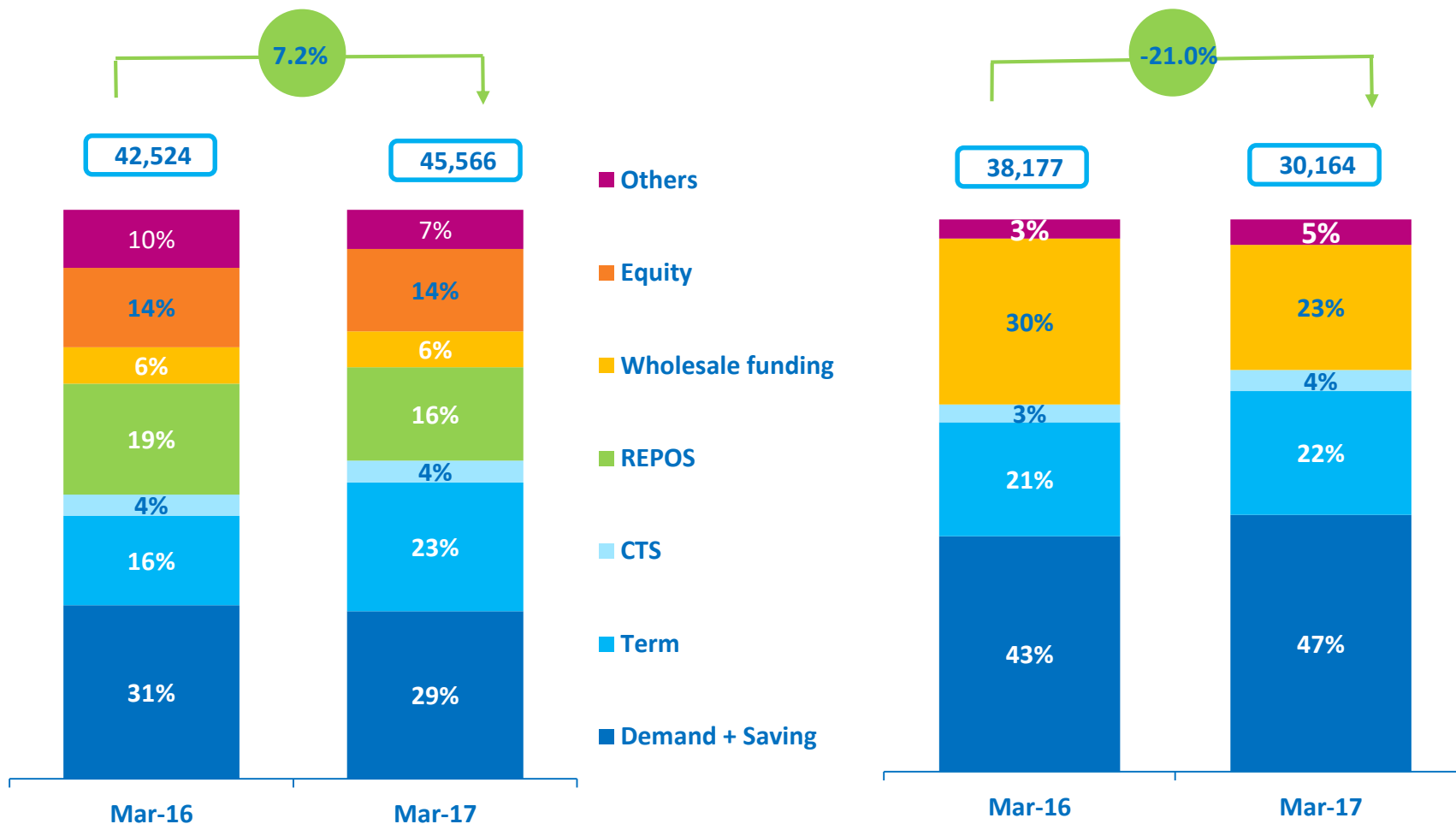
## Business Deposits



# Liabilities and Capital Breakdown

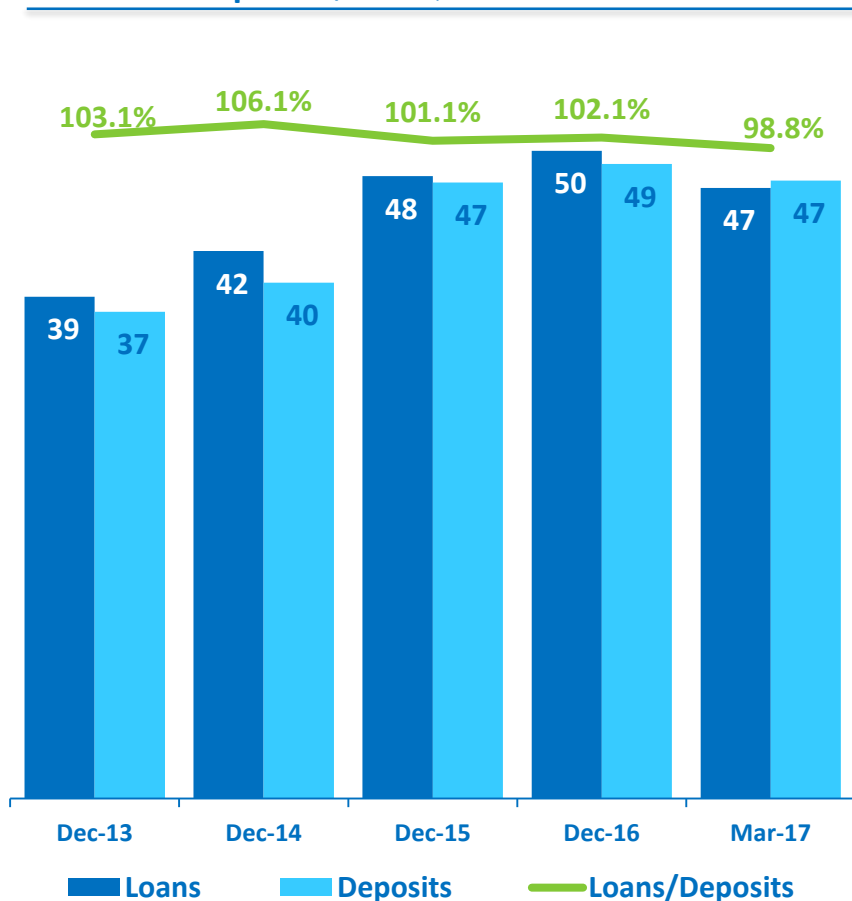
Domestic Currency

Foreign Currency

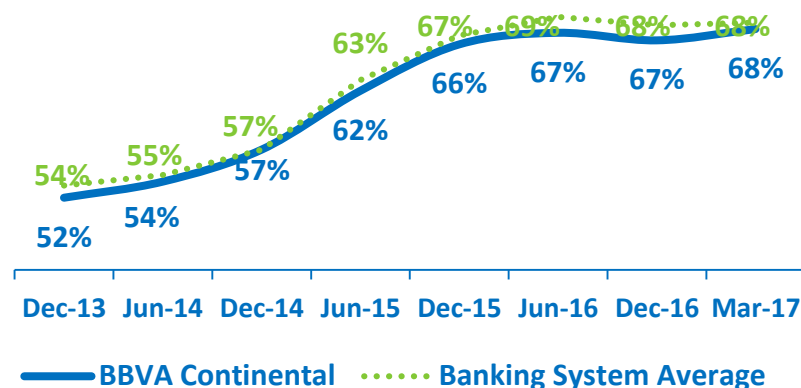


# High level of self-financing and balance sheet denomination in PEN

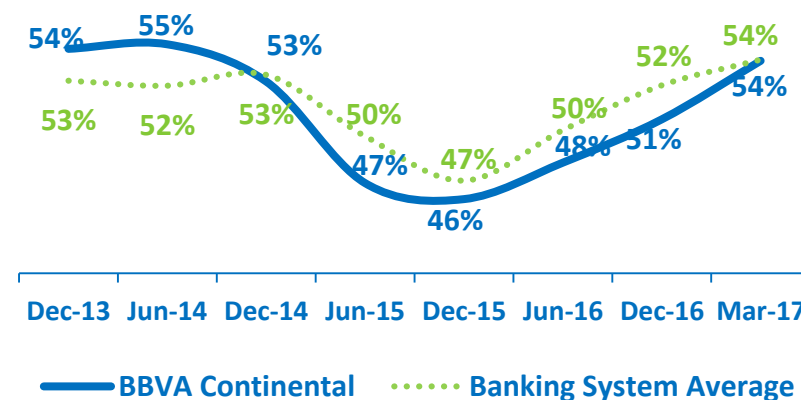
Loans and Deposits (\$/ Billion)



Domestic Currency Performing Loans (% Total Loans)

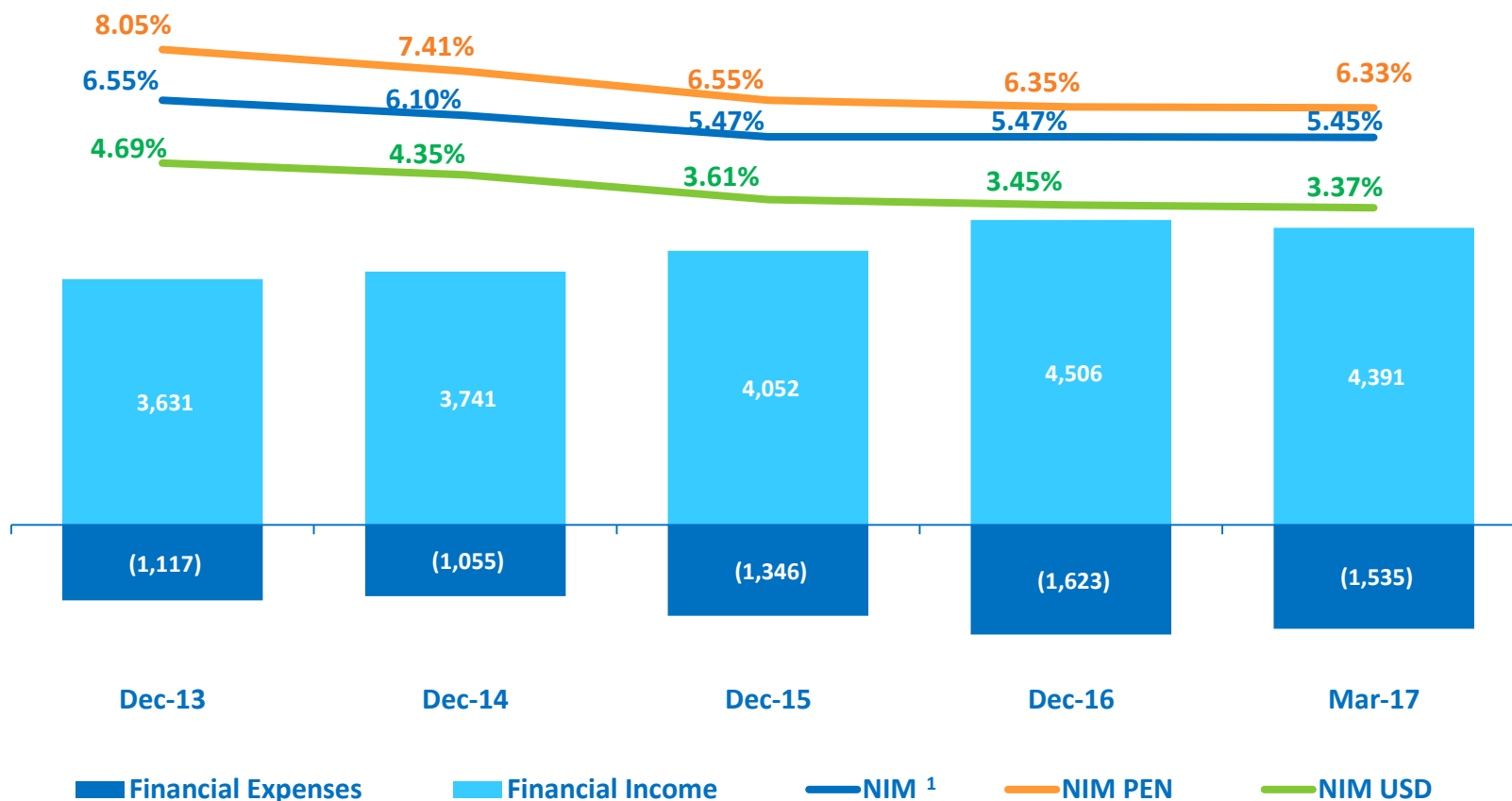


Domestic Currency Deposits<sup>1</sup> (% Total Deposits)



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

# Financial margin (\$/ Million,%)



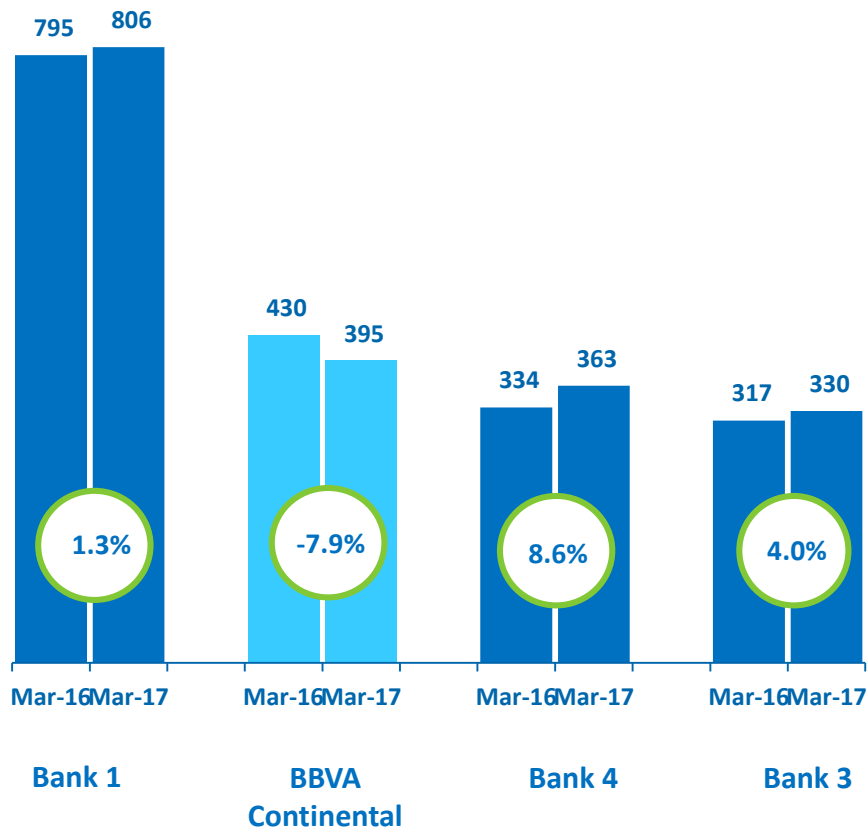
<sup>1</sup> **NIM ratio:** Interest margin for the last 12 months divided by average interest earning assets (interbank funds, investments, net loans).

Source: SBS & ASBANC

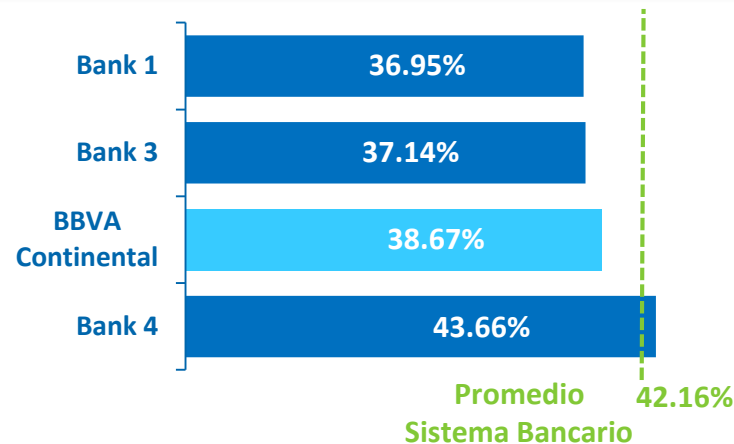
# Expenses management

We manage an attractive efficiency ratio

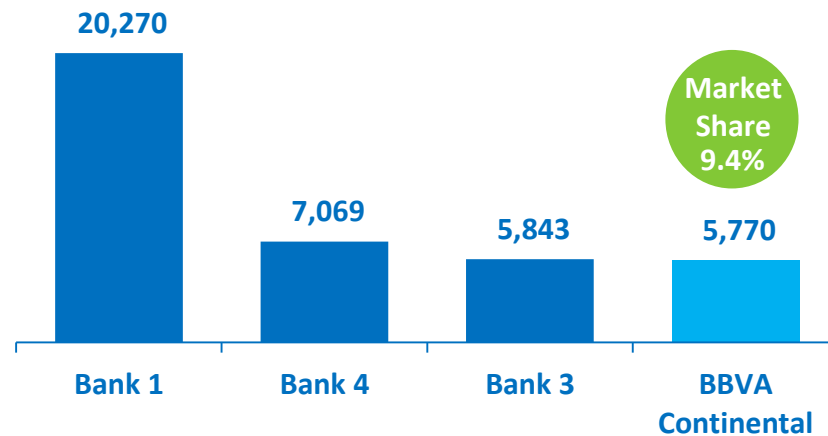
Administrative expenses <sup>1</sup> (S/ Million, %)



Efficiency Ratio (March 2017)



Number of employees (March 2017)

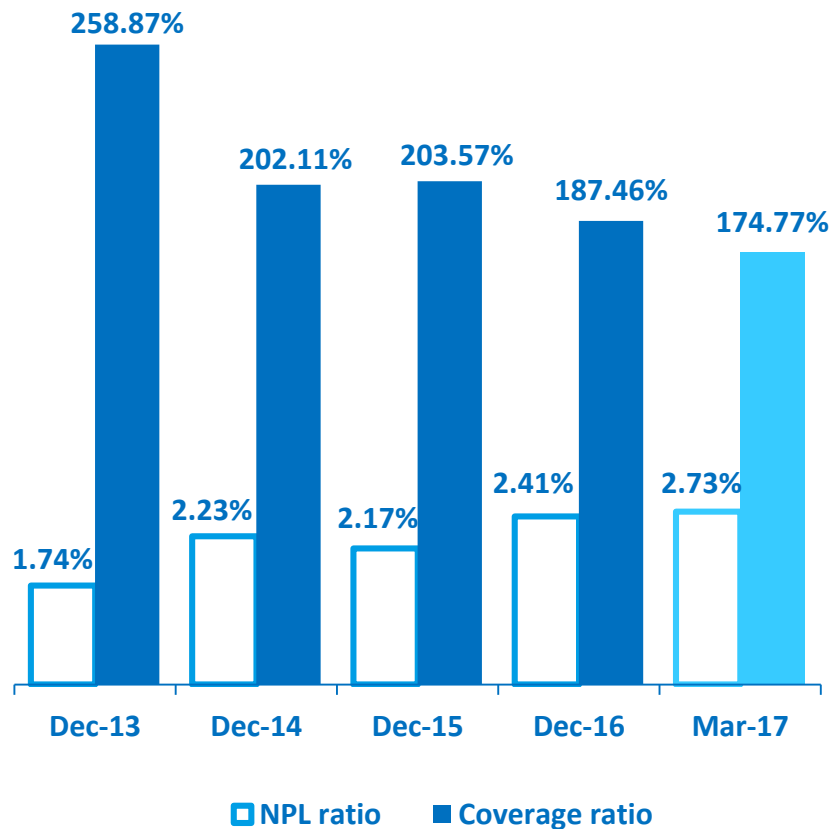


<sup>1</sup> Includes Amortization and Depreciation

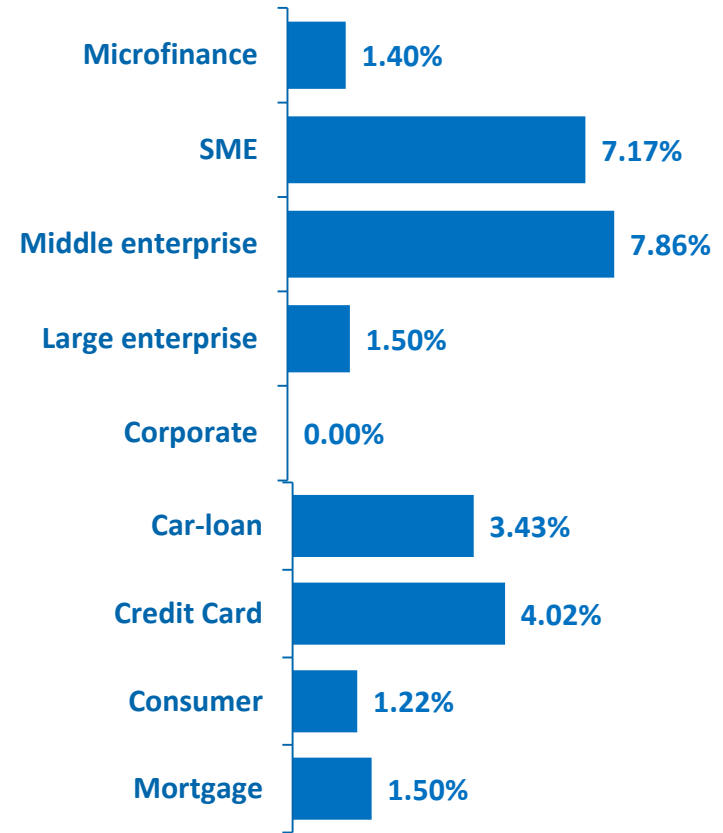
Source: SBS

# Risk management

## Outstanding asset quality



## NPL ratio by product and segment (March 2017)

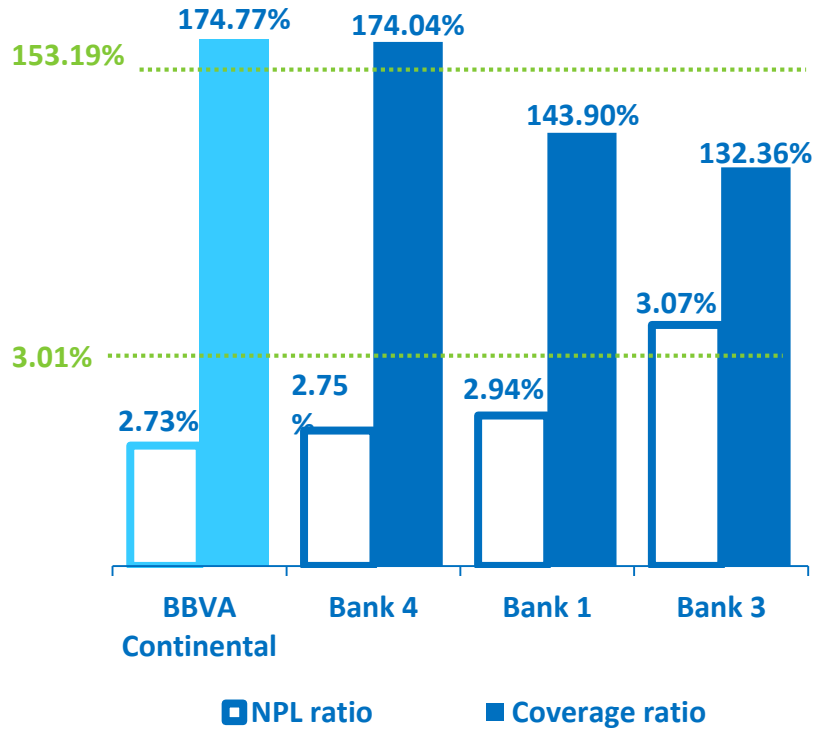




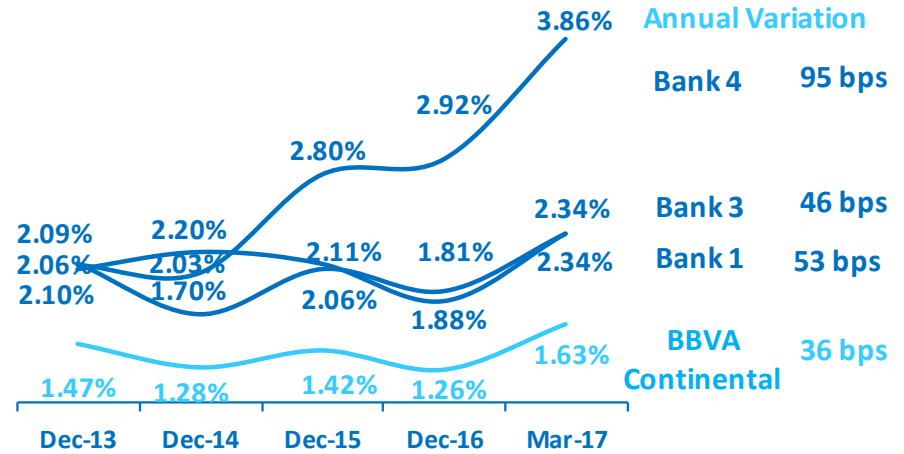
# Risk management

## Best NPL Ratio and Coverage Ratio (March 2017)

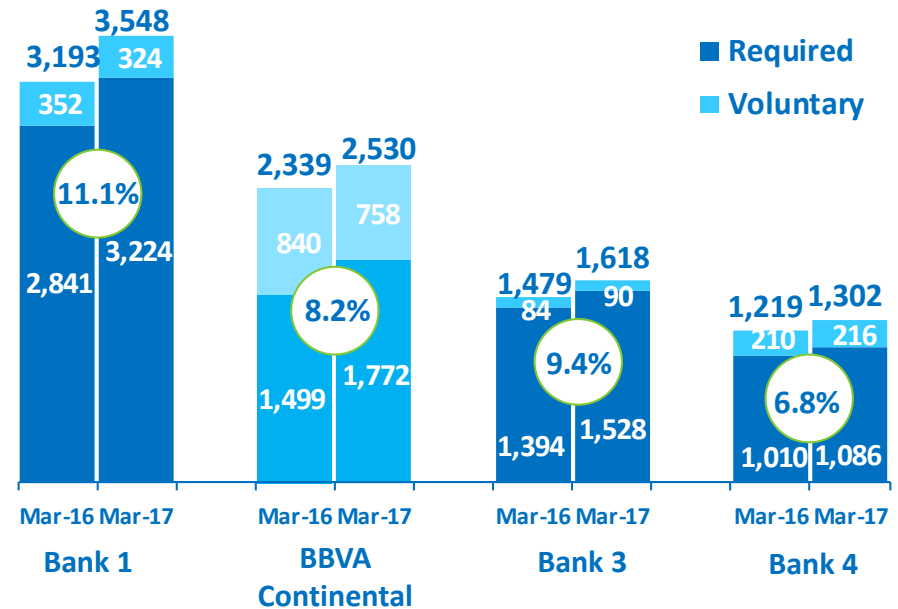
Average Banking System



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



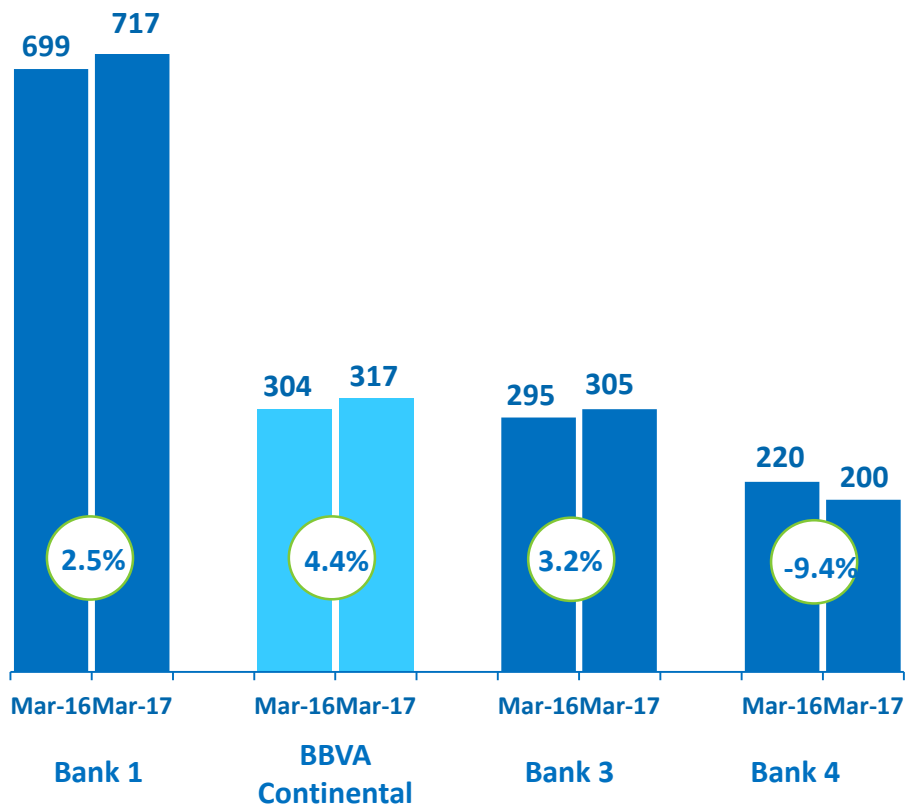
## Maintaining high levels of voluntary provisions (S/ Million)



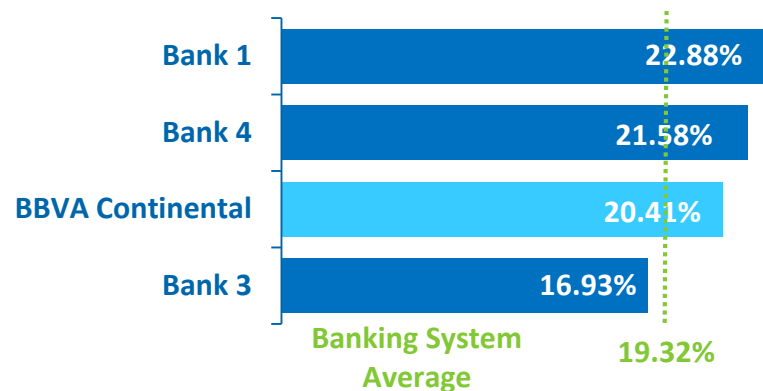
<sup>1</sup> Risk Cost: Provisions for the last 12 months between average loans from the last 12 months. Source: SBS

# Profitability management

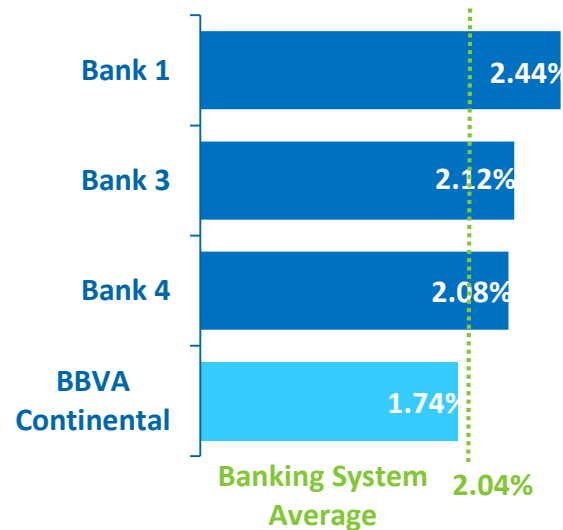
Net income (\$/ Million, %)



Return on Equity – ROE (March 2017)

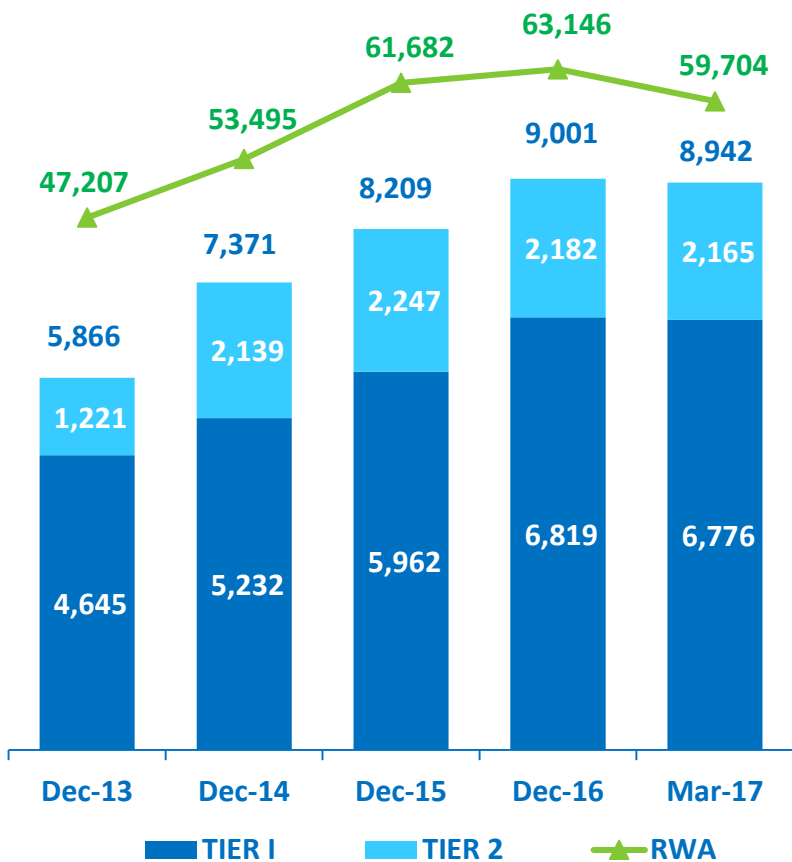


Return on Assets – ROA (March 2017)

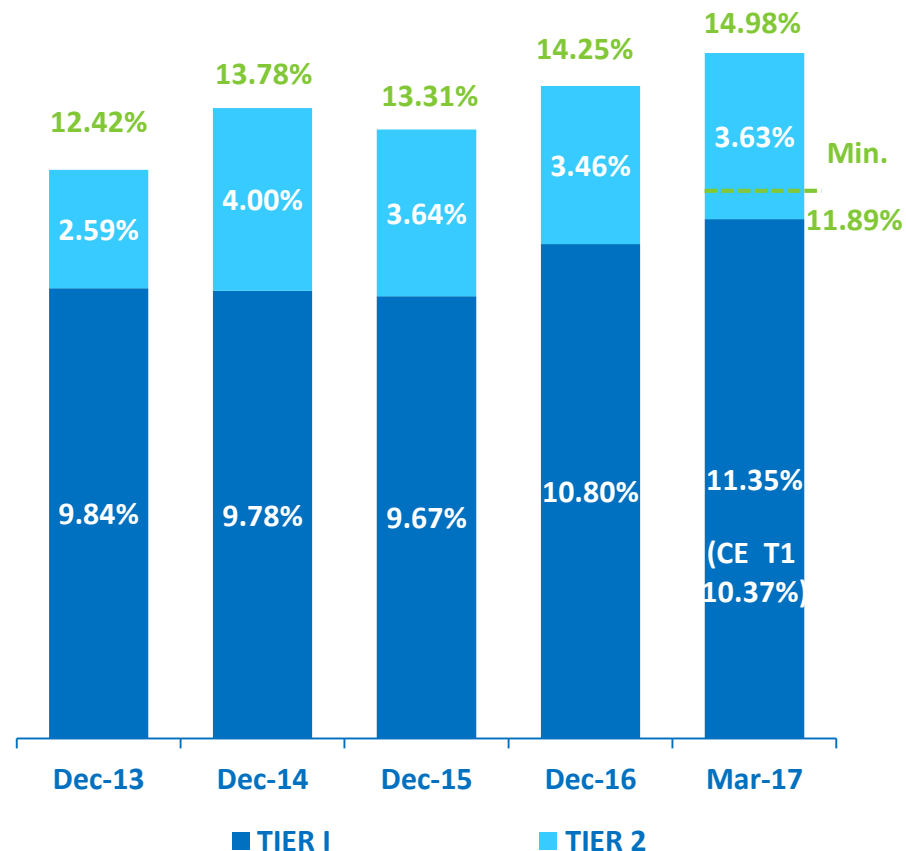


# Solvency management

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	<sub>PE</sub> 1+
Short term deposits	CP - 1 + (pe)	EQL 1 + pe	<sub>PE</sub> Categoría I
Term deposits > 1 year	AAA (pe)	AAA.pe	<sub>PE</sub> AAA
Corporate bonds	AAA (pe)	AAA.pe	<sub>PE</sub> AAA
Subordinated bonds	AA+ (pe)	AA+.pe	<sub>PE</sub> AA+
Leasing bonds	AAA (pe)	AAA.pe	<sub>PE</sub> AAA
Common shares	1a (pe)	1a Clase.pe	<sub>PE</sub> N1
Issuer rating	A+	A+	<sub>PE</sub> 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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First Quarter 2017