



# BBVA Peru

## Investor Report

Second Quarter 2019



Creando Oportunidades

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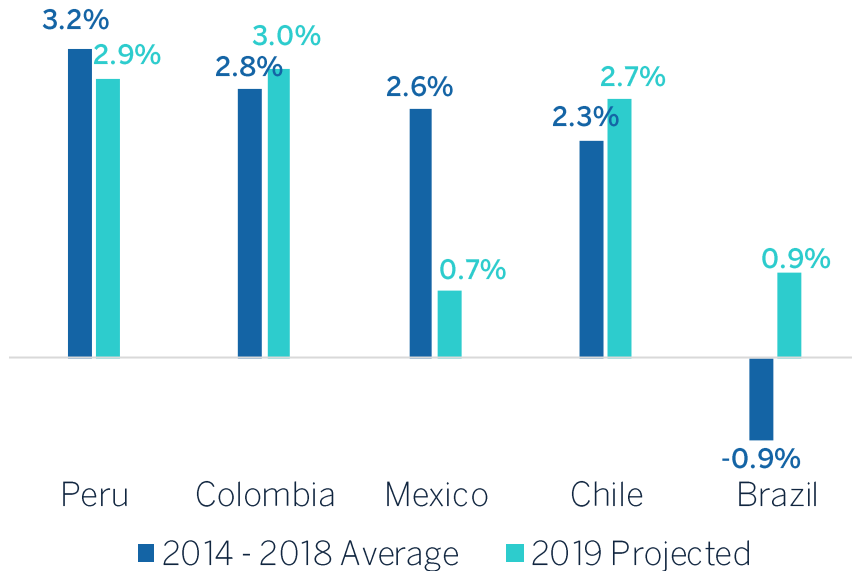
APPENDIX  
Debt Issuances

01

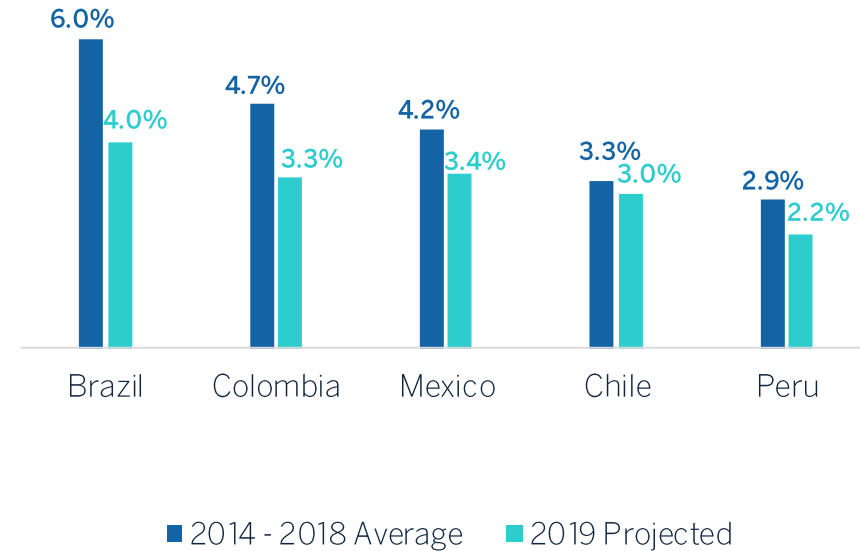
# Peruvian Economy & Financial System

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

## GDP GROWTH (REAL)

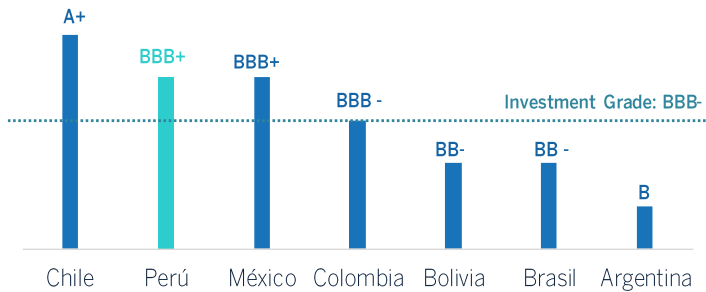


## INFLATION (END OF PERIOD)

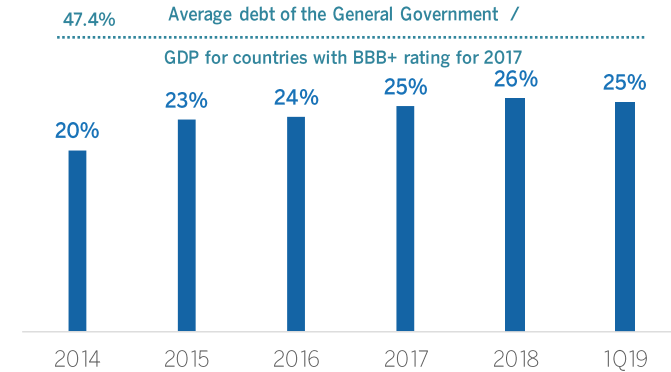


# The local currency has maintained stable levels, surpassing other currencies

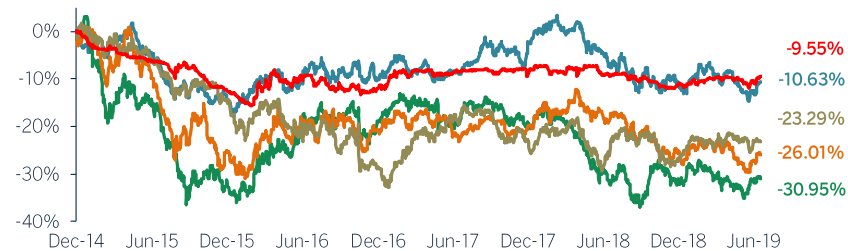
## CREDIT RISK PROFILE



## PERUVIAN PUBLIC DEBT (% OF GDP)



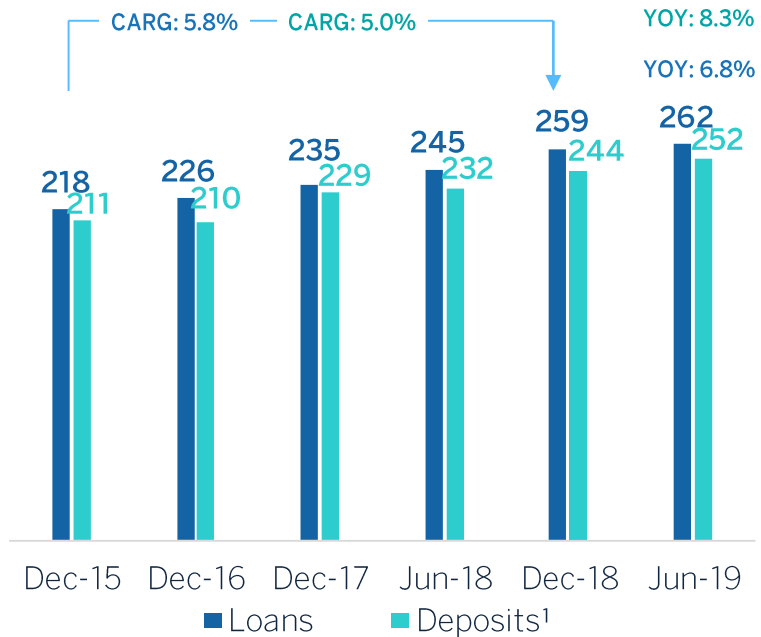
## CURRENCY DEPRECIATION AGAINST USD



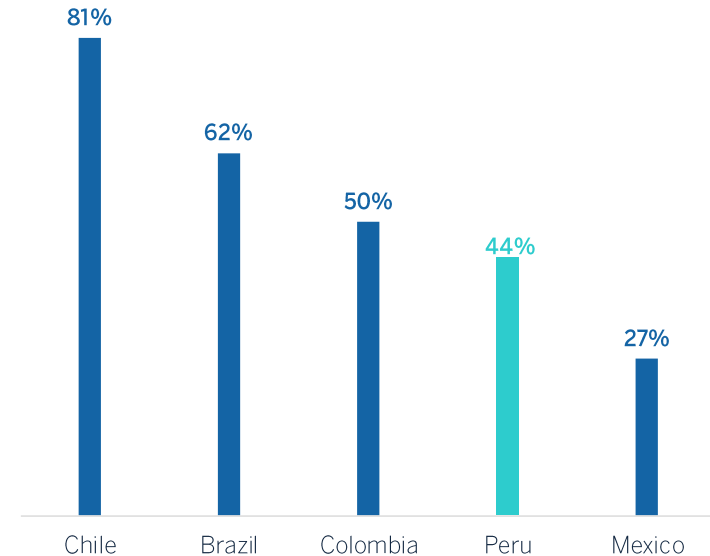
— Chile — Brazil — Colombia — Mexico — Peru

# Peru has a solid Banking System with great opportunities to expand

## PERFORMING LOANS AND DEPOSITS (S/ BILLION)



## LOANS TO PRIVATE SECTOR (% GDP, 2018)



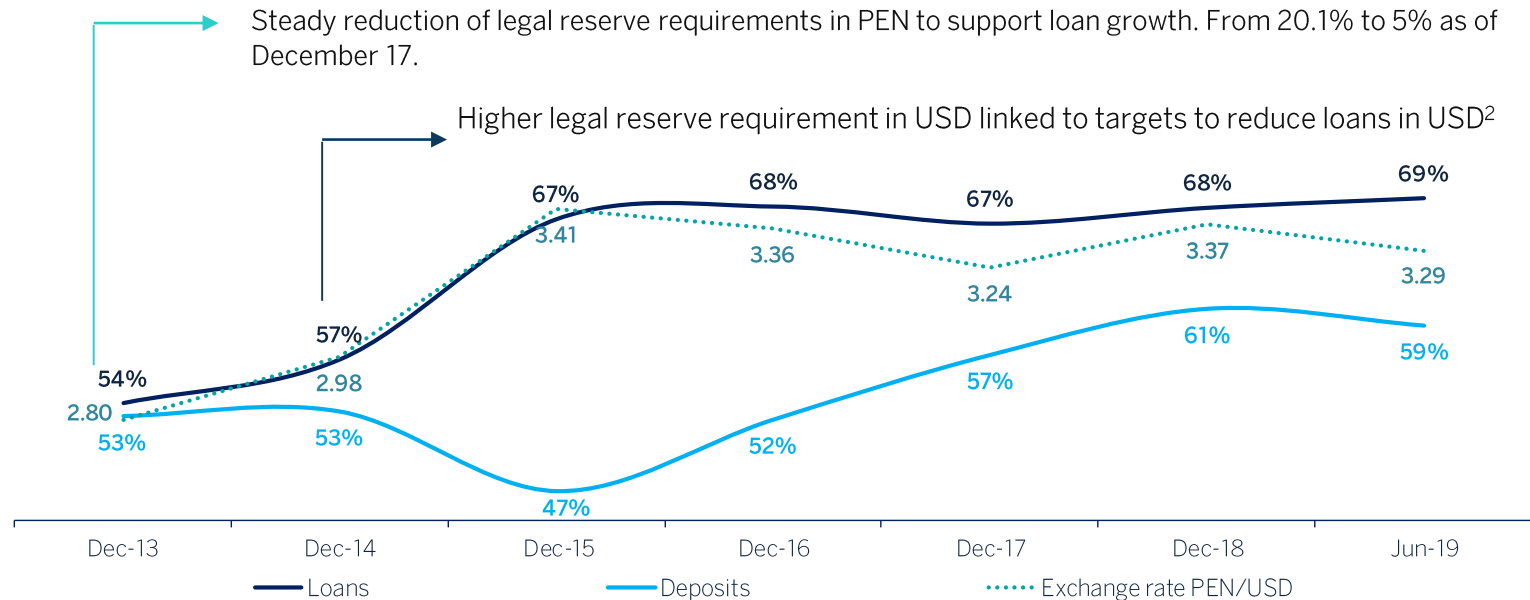
<sup>1</sup>Other obligation are excluded from deposits

Source: Superintendencia de Banca, Seguros y AFP (SBS) & World bank (WB)

# And a Central Bank that promotes PEN denomination of Loans

## LOCAL CURRENCY LOANS AND DEPOSITS

(% TOTAL LOANS AND DEPOSITS)



→ Measures to promote de-dollarization

→ Measures to support de-dollarization

→ Lower marginal reserves requirements to increase liquidity in USD

→ Higher marginal reserve requirements in USD reached 70%

→ Currency repos to convert liquidity in USD into PEN

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

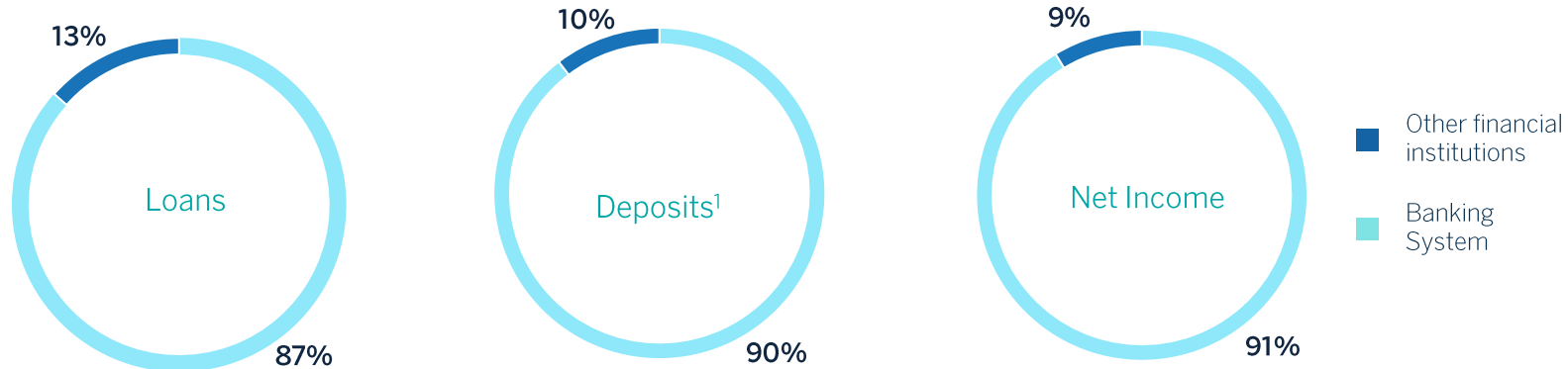
<sup>2</sup> Excluded operations higher than USD 10MM and 3 years from June 2015

Source: SBS & BCRP



# Peruvian Financial System (June 2019)

Financial system	Institution S/ Million	Net loans	Deposits	Net Income
Banking system	Banks (15)	261,120	251,701	4,444
	Banco de la Nación	6,887	23,762	242
Other financial institutions	Cajas Municipales (12)	20,221	22,122	184
	Financieras (11)	12,420	7,897	245
	Cajas Rurales (7)	2,154	1,845	1
	Edpymes (9)	2,248	-	29
	Leasing (1)	239	-	4
	COFIDE	3,949	21	8
	Agrobanco	328	-	-24



The 4th largest players concentrate around 83% of the Banks loans and deposits

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

BBVA

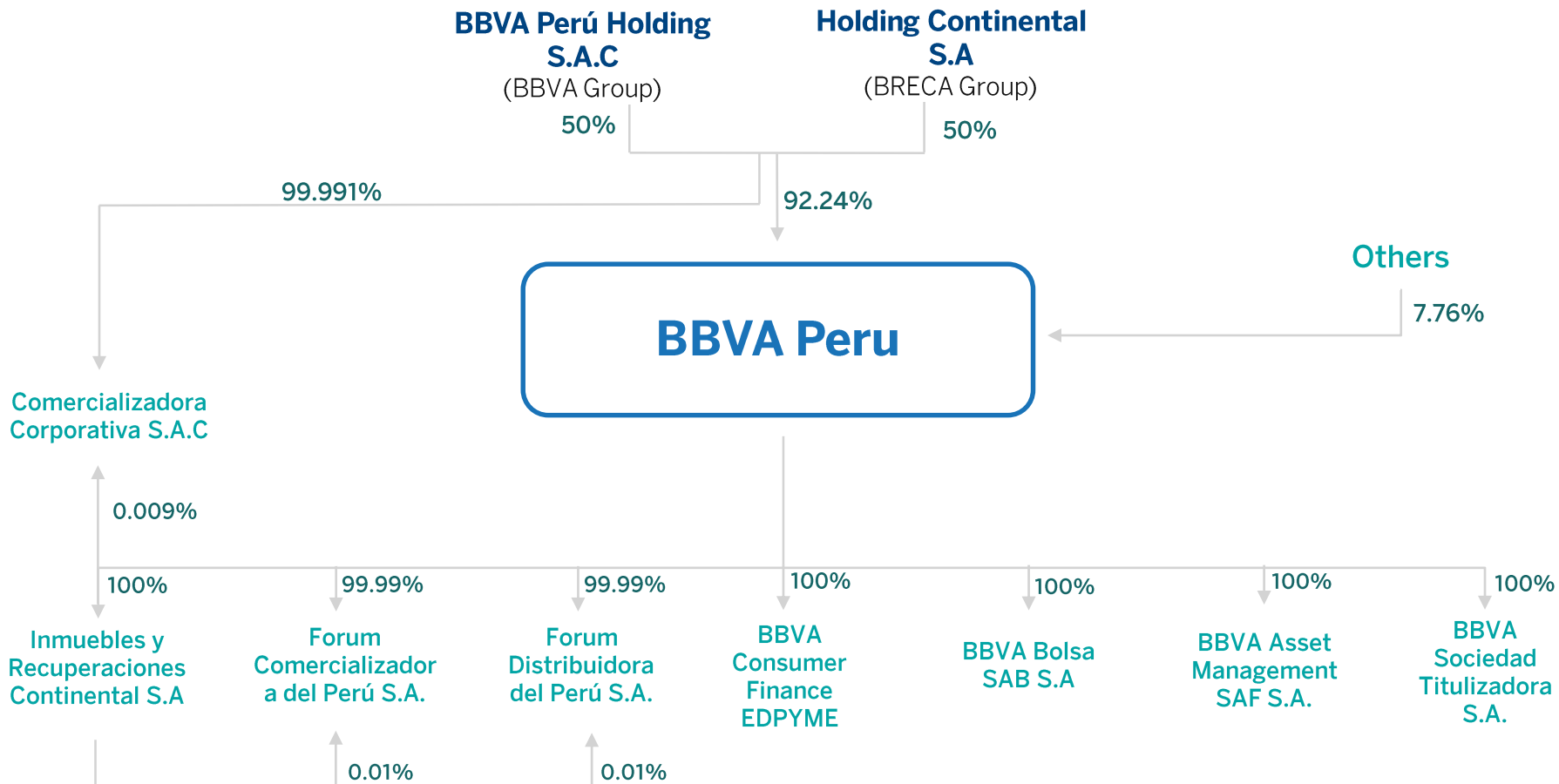
Creando Oportunidades

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# About BBVA Peru

# Shareholders

BBVA Peru y Subsidiaries are part of the Economic Group formed by BBVA Group and Breca



# 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 its results



**€697.6**  
billion in total assets

**76**  
million customers

**>30**  
countries

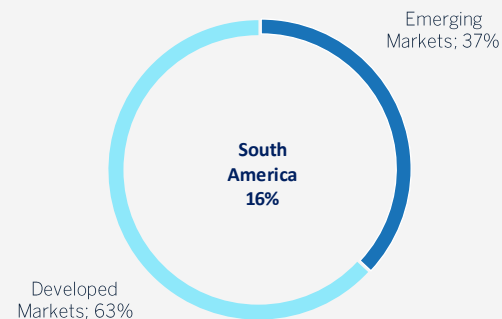
**7,823**  
branches

**32,621**  
ATMs

**126,017**  
employees

Well diversified & self sufficient subsidiaries<sup>1</sup>

## Gross Income



<sup>1</sup>Excludes corporate activities. Leading franchises in developed (Spain and EEUU) and Emerging markets (South America, Mexico and Turkey)  
Source: BBVA Group

# Principles of Liquidity & Capital Management of BBVA Group

Self-sufficient subsidiaries from a liquidity point of view, with robust supervision and control by parent company

Retail profile of BBVA Group balance sheet with limited dependence on wholesale funding

Parent and subsidiaries proven ability to access the wholesale funding markets (medium & long term) on a regular basis

Ample high quality collateral available, compliant with regulatory liquidity requirements at a Group and Subsidiary level

## Subsidiaries

- Self-sufficient balance-sheet management
- Own capital and liquidity management
- Market access with its own credit, name and rating
- Responsible for doing business locally

## Corporate Center

- Guidelines for capital and liquidity / ALCO supervision
- Common risk culture

## *Decentralized model*

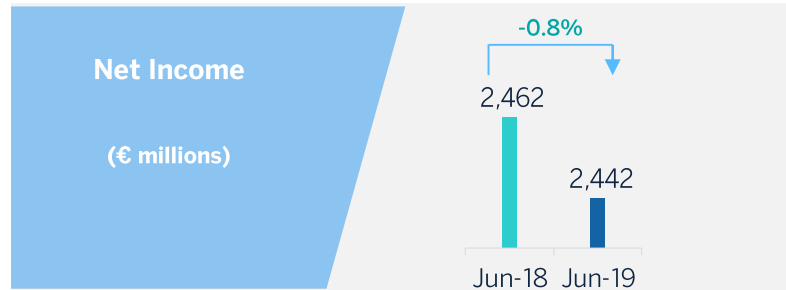
## Advantages

- Market discipline and proper incentives / sustainable credit growth
- Medium term orientation / consistent with retail banking
- Natural firewalls / limited contagion
- Safeguards financial stability / proven resilience during the crisis
- Helps development of local capital markets
- Buffers in different balance sheets

No liquidity transfers between the parent and subsidiaries, or among subsidiaries

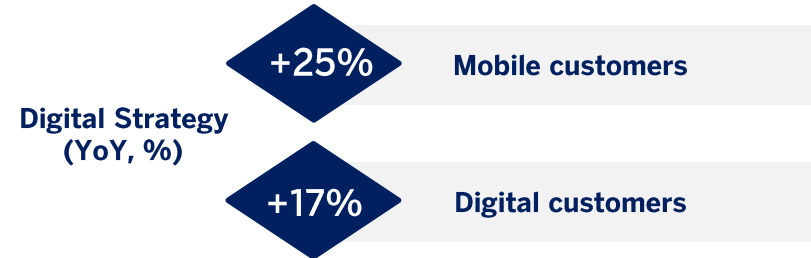
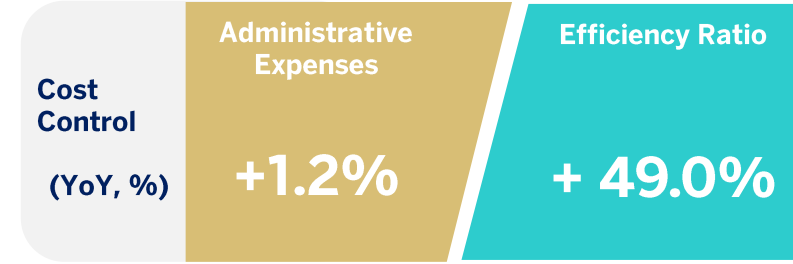
# Highlights of BBVA Group (June 2019)

Assets (€ millions)	697,626
ROE	10.2%
ROA	0.86%



## Great Asset Quality

NPL	3.84%
Cost of risk	0.91%
Coverage ratio	75%



## Strong Capital & Liquidity Ratios

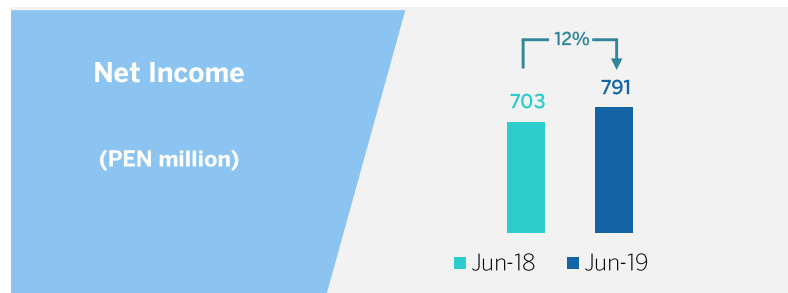
Global Capital	CET1
15.8%	11.52%
Liquidity Coverage Ratio	132%

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# Financial Highlights

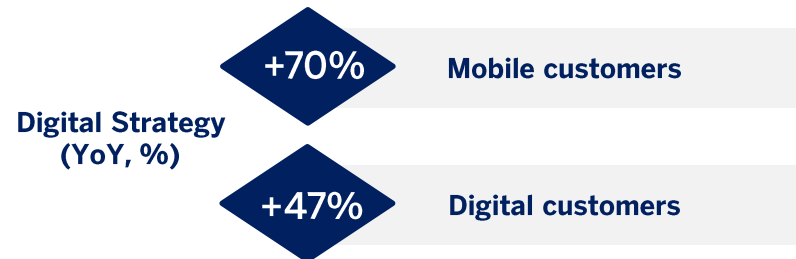
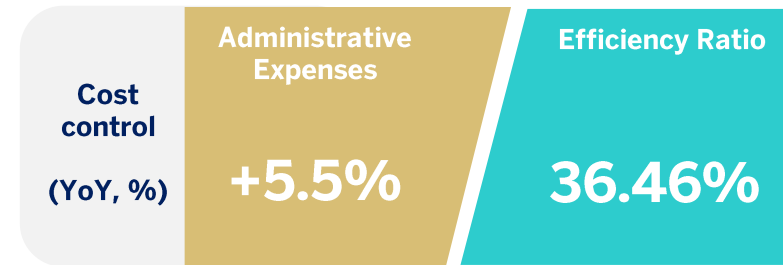
# Highlights of BBVA Peru (June 2019)

Assets (PEN million)	78,209
ROE	19.21%
ROA	2.03%



## Great Asset Quality

NPL	3.13%
Cost of Risk	1.42%
Coverage Ratio	157.23%



## Strong Capital & Liquidity Ratios

Global Capital	CET1
14.56%	10.60%
Loan – to – deposits	102%



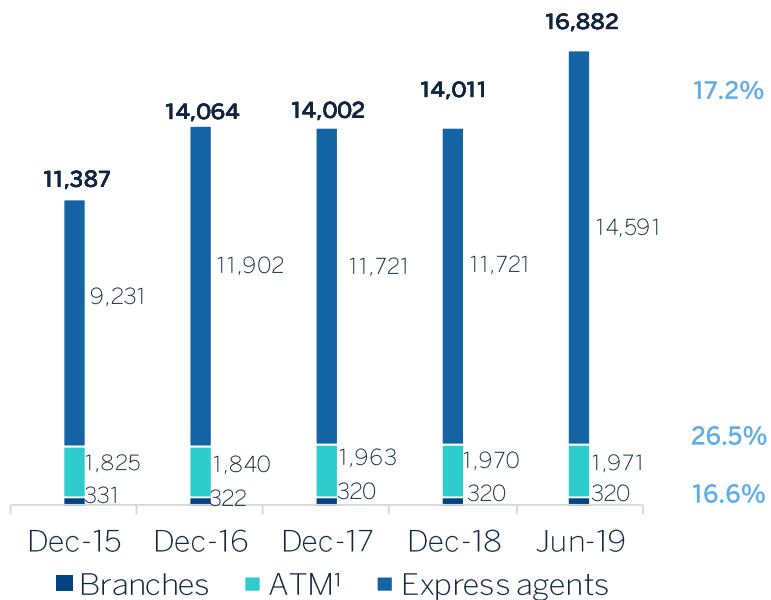
# Strong Banking platform

## DISTRIBUTION NETWORK<sup>1</sup>

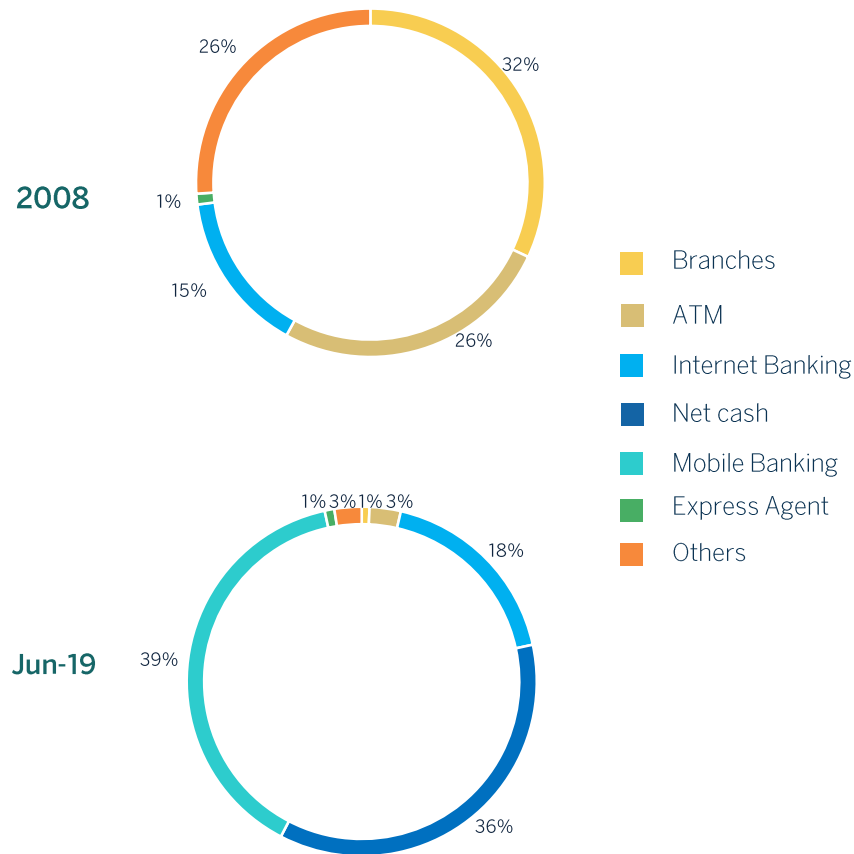
One of the largest in the country

- 16,882 points of service
- More than 5.5 million customers

Market Share



## EVOLUTION IN TRANSACTION PER CHANNEL



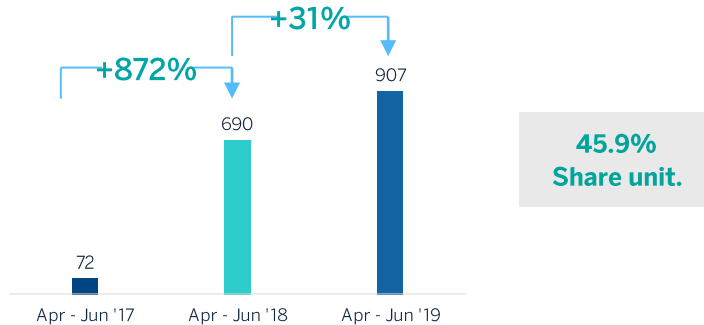
<sup>1</sup> Source: Branches, ATMs from ASBANC, ATMs from SBS

Source: SBS y BBVA

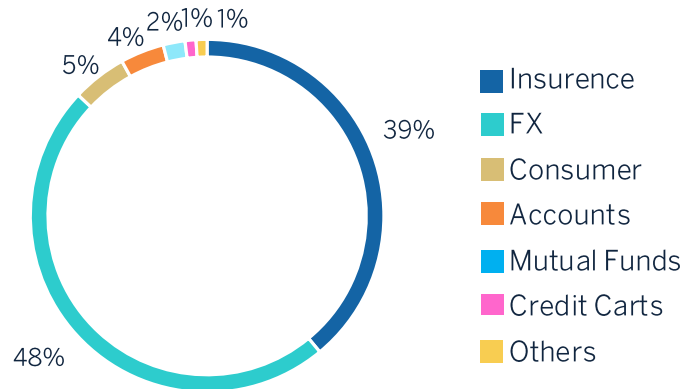
\*The others section includes Telephone Banking, POS, Express cash and automatic debt

# With the purpose of being the leading digital bank in the region

## DIGITAL SALES – UNITS (THOUSANDS PEN)



## DIGITAL SALES BY PRODUCT



## MAIN GROWTH DRIVERS

### Client Digitalization

We have 839K digital active clients (82% of them are active clients) with high potential of digital contracting.

### Product digitalization

In May, a new flow of credit card sale was implemented from the app connected to the online risk assessment

### Telemarketing sales boost + Network

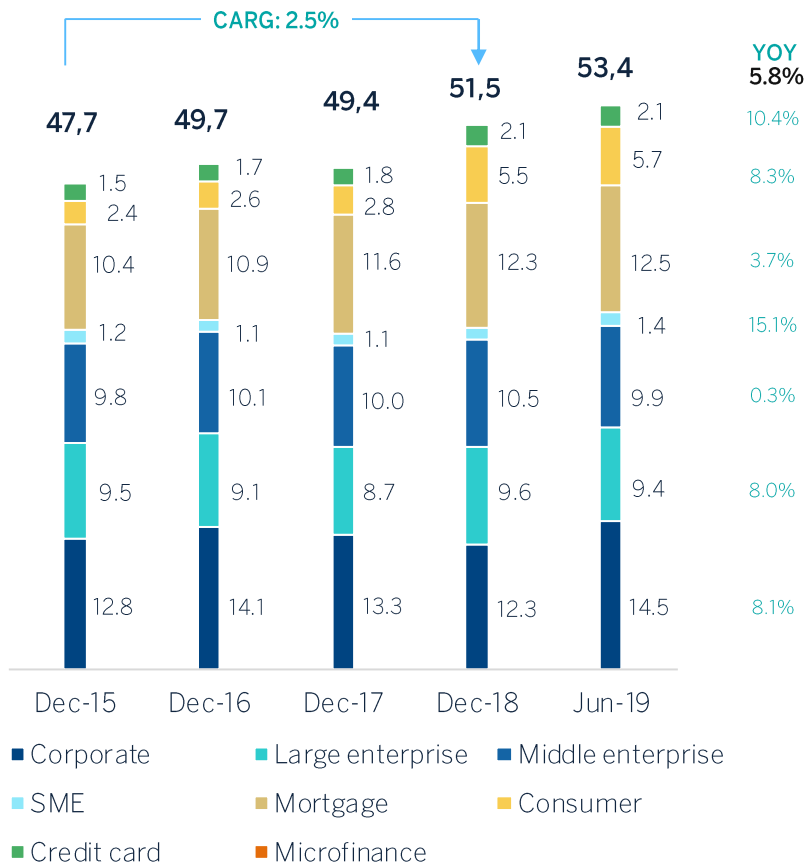
Improvements in sales speech, monitoring meetings and measurement of sales effectiveness.

### Digital Marketing

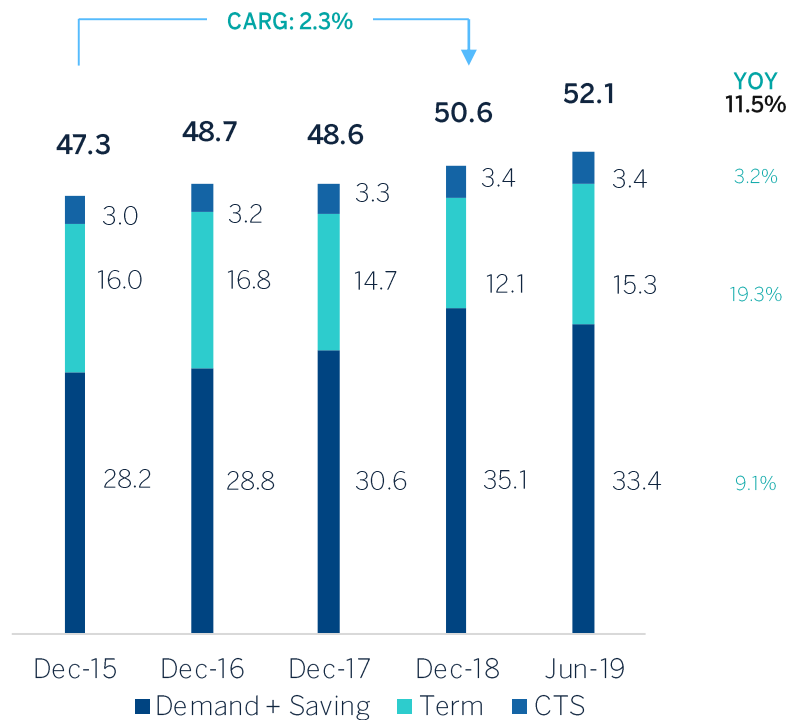
In April, we participated in the first edition of the largest e-commerce event: Cyber WOW  
We implemented improvements in the personalization of sales messages in the Internet banking

# Loans and deposit performance (S/ million,%)

## PERFORMING LOANS

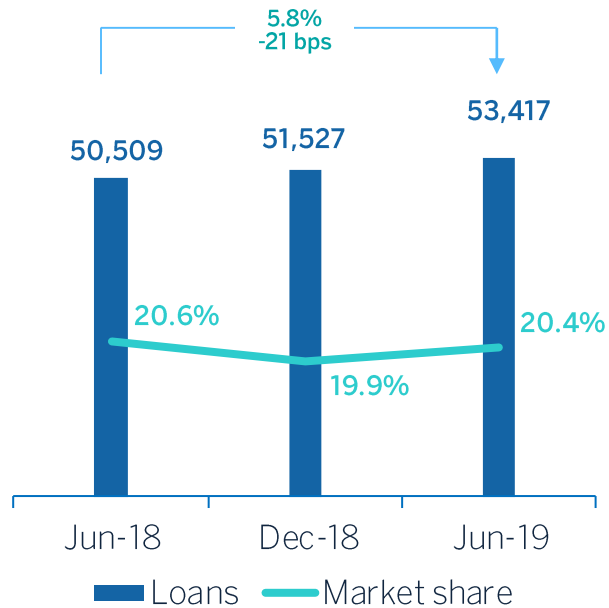


## DEPOSITS<sup>1</sup>



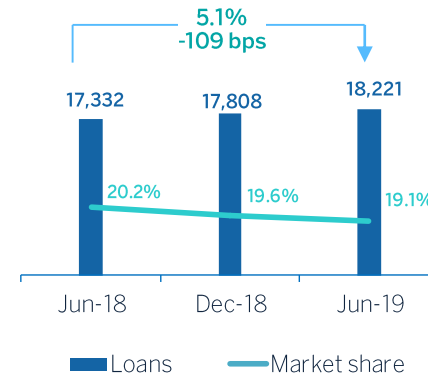
<sup>1</sup> Other obligations are excluded from deposits  
Source: SBS

# Performing loans (S/ Million, %)



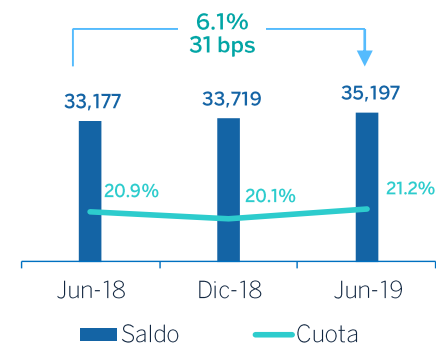
<b>Banking System</b>	<b>261,522</b>
YOY Variation	6.84%

## RETAIL LOANS



<b>Banking System</b>	<b>95,250</b>
YOY Variation	11.11%

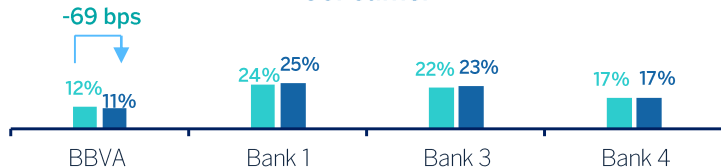
## BUSINESS LOANS



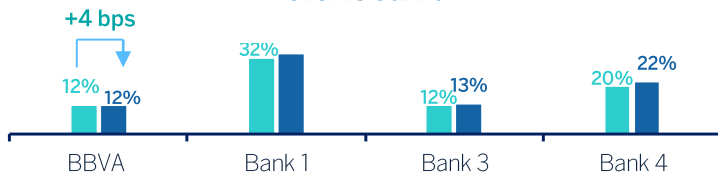
<b>Banking System</b>	<b>166,272</b>
YOY Variation	4.54%

# Market share - Loans

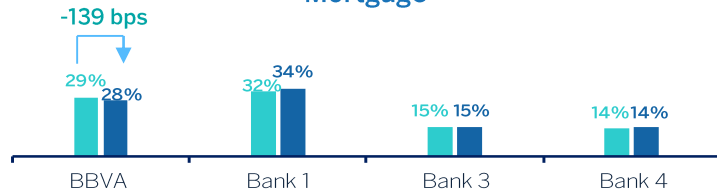
## Consumer



## Credit Cards



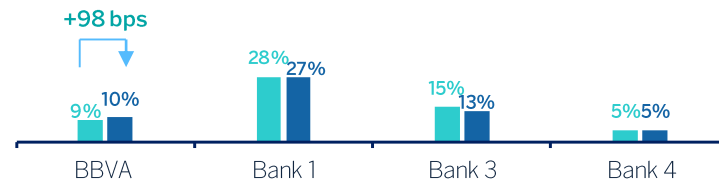
## Mortgage



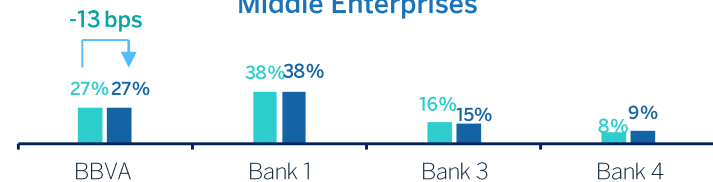
■ June 2019

■ June 2018

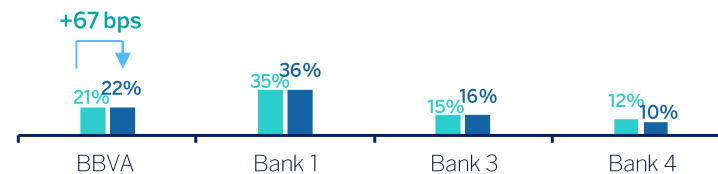
## SME



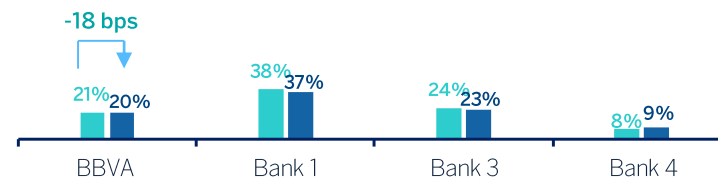
## Middle Enterprises



## Large Enterprises

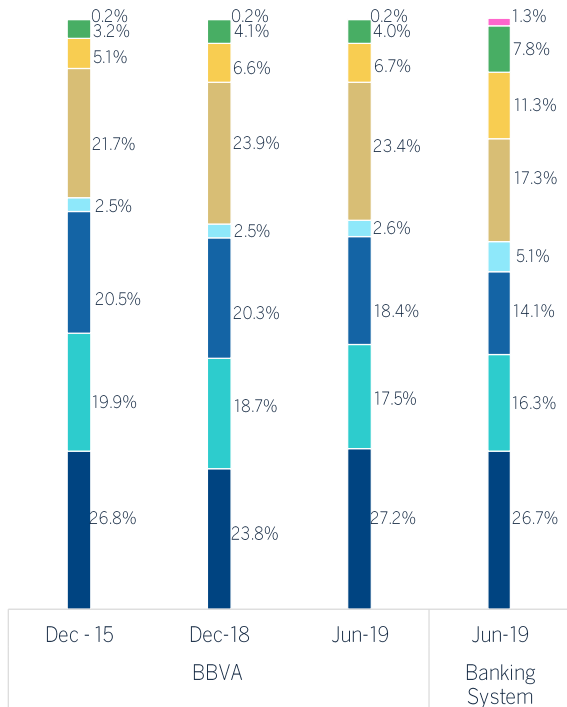


## Corporate



# Well diversified loan portfolio

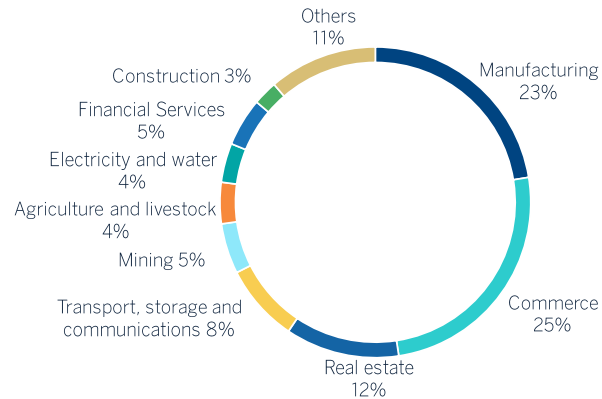
## LOANS BREAKDOWN



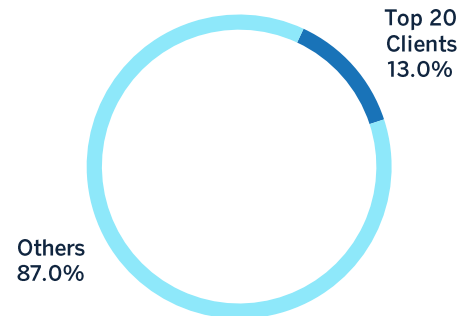
- Corporate
- Large enterprise
- Middle enterprise
- SME
- Mortgage
- Consumer
- Credit card
- Microfinance

Source: ASBANC

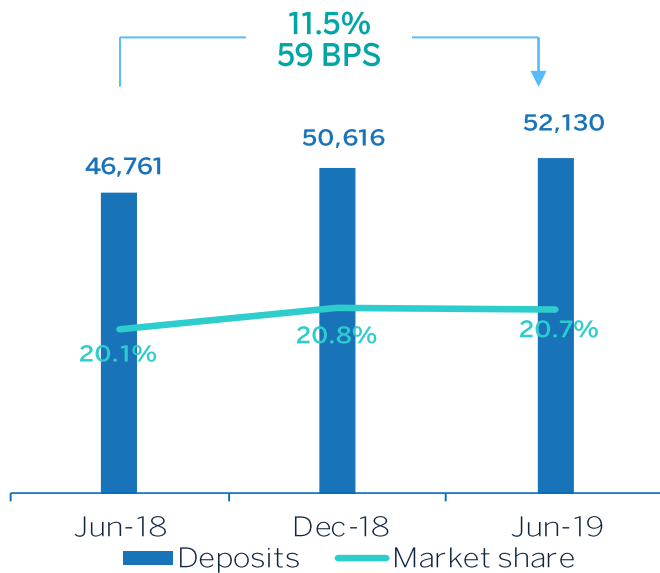
## LOANS BY ECONOMIC SECTOR (JUNE 2019)



## CONCENTRATION RISK (JUNE 2019)

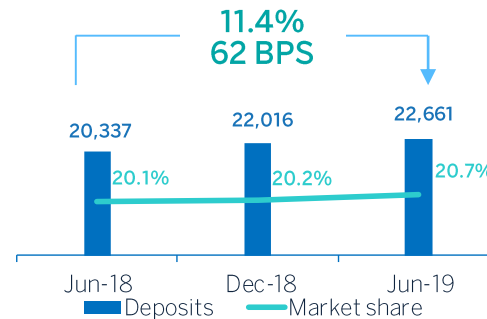


# Deposits (S/ Million, %)



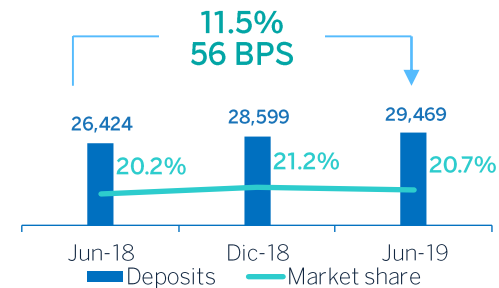
<b>Banking System</b>	<b>251,701</b>
YOY Variation	8.32%

## RETAIL DEPOSITS



<b>Banking System</b>	<b>109,538</b>
YOY Variation	8.08%

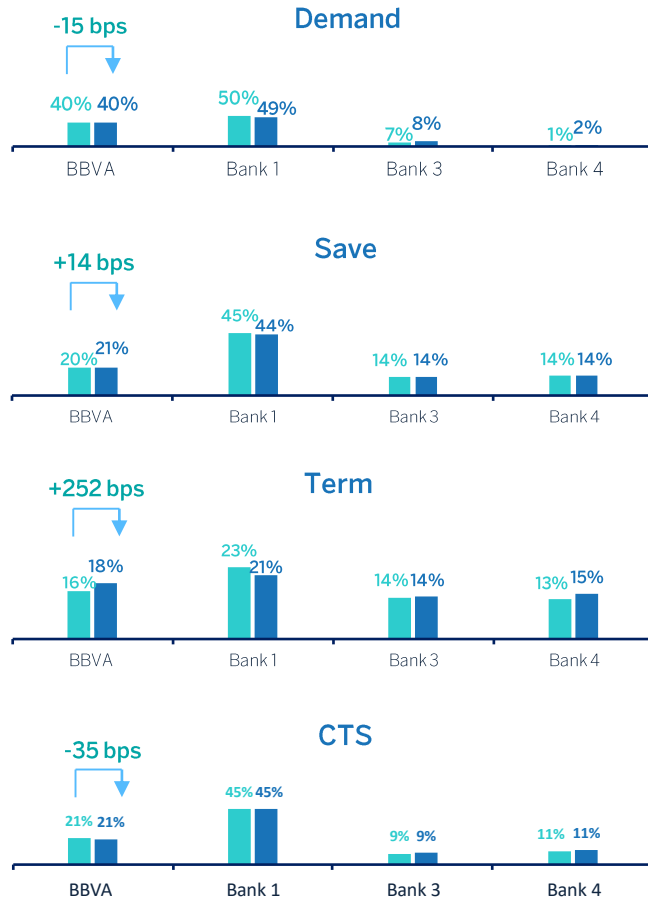
## BUSINESS DEPOSITS



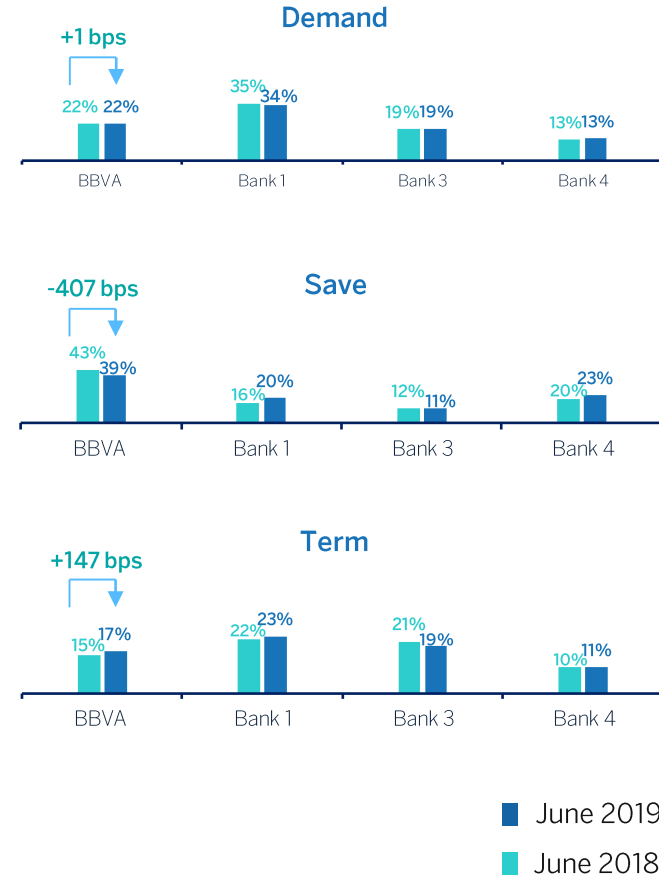
<b>Banking System</b>	<b>142,163</b>
YOY Variation	8.51%

# Market share - Deposits

## RETAIL DEPOSITS



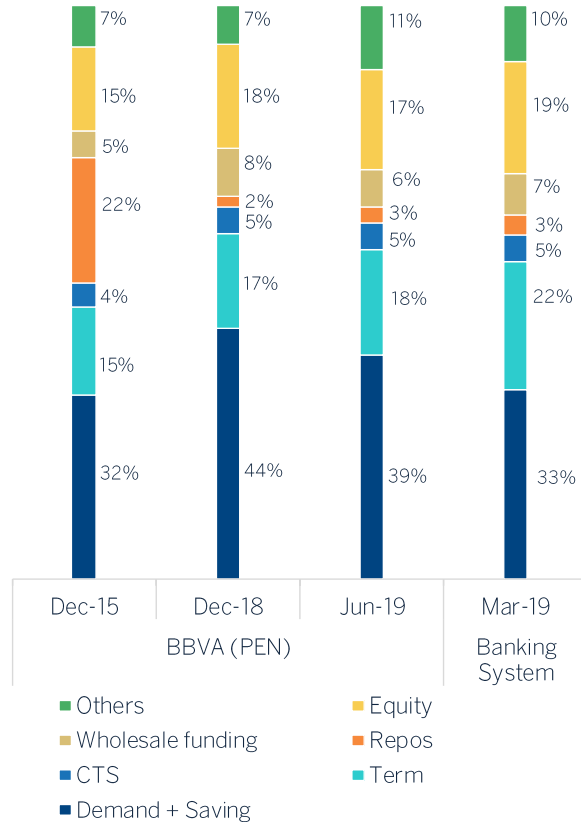
## BUSINESS DEPOSITS



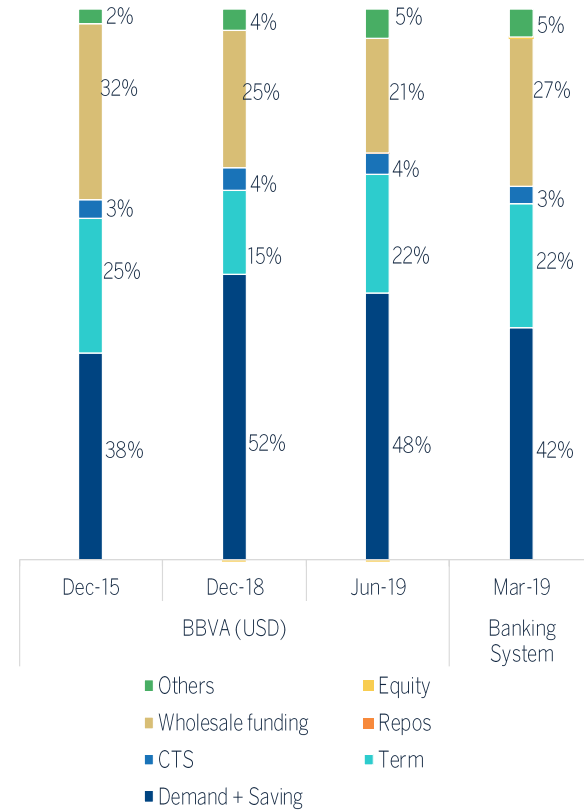


# Liabilities and capital breakdown

## LOCAL CURRENCY

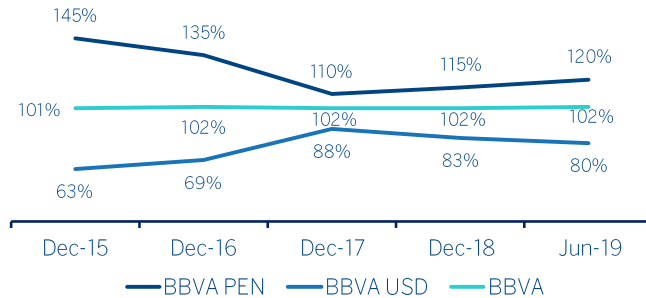


## FOREIGN CURRENCY

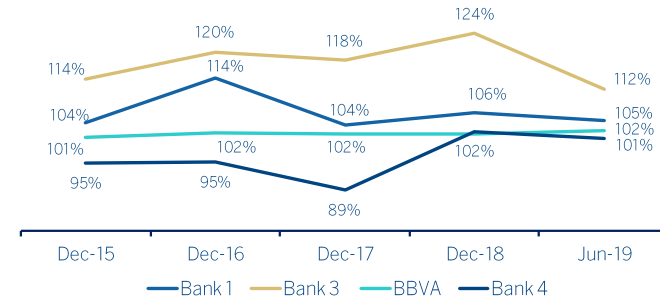


# High level of self-financing and balance sheet in local currency

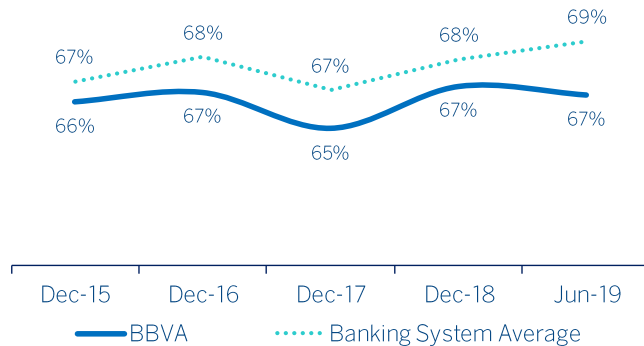
## LOAN TO DEPOSITS BY CURRENCY<sup>1</sup>



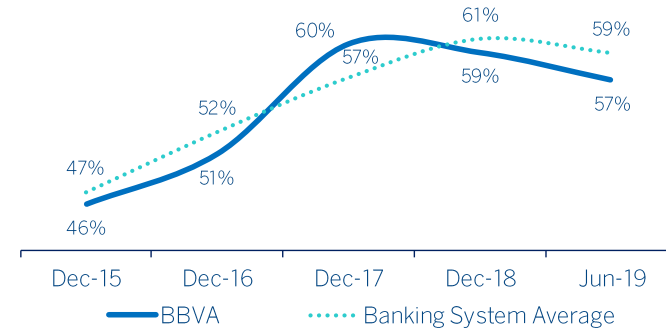
## LOAN TO DEPOSIT – PEER GROUP



## DOMESTIC CURRENCY PERFORMING LOANS



## DOMESTIC CURRENCY DEPOSITS (% TOTAL DEPOSITS)

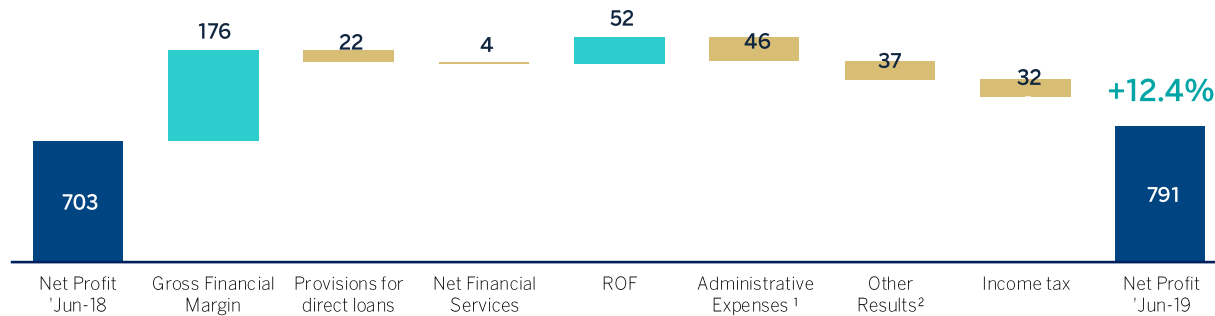


<sup>1</sup>Other obligations are excluded from deposits  
Source: SBS y ASBANC

# BBVA Profit & Loss

(S/. Million)

	Jun-18	Jun-19	%
Gross Financial Margin	1,493	1,669	11.8
Provisions for direct loans	(351)	(373)	6.3
Net Financial Margin	1,142	1,296	13.5
Income from financial services	550	574	4.4
Expenses from financial services	(166)	(194)	17.0
Gain / Loss From Financial Operations (ROF)	304	356	17.1
Operating Margin	1,830	2,032	11.0
Administrative expenses	(760)	(787)	3.6
Depreciation and amortization	(72)	(90)	25.6
Net Operating Margin	998	1,154	15.7
Asset valuation and other provisions	(5)	(50)	955.4
Other Income and Expenses	(11)	(3)	-70.6
Profit / Loss Before Income Tax	982	1,101	12.1
Income tax	(279)	(311)	11.3
<b>Net Profit</b>	<b>703</b>	<b>791</b>	<b>12.4</b>

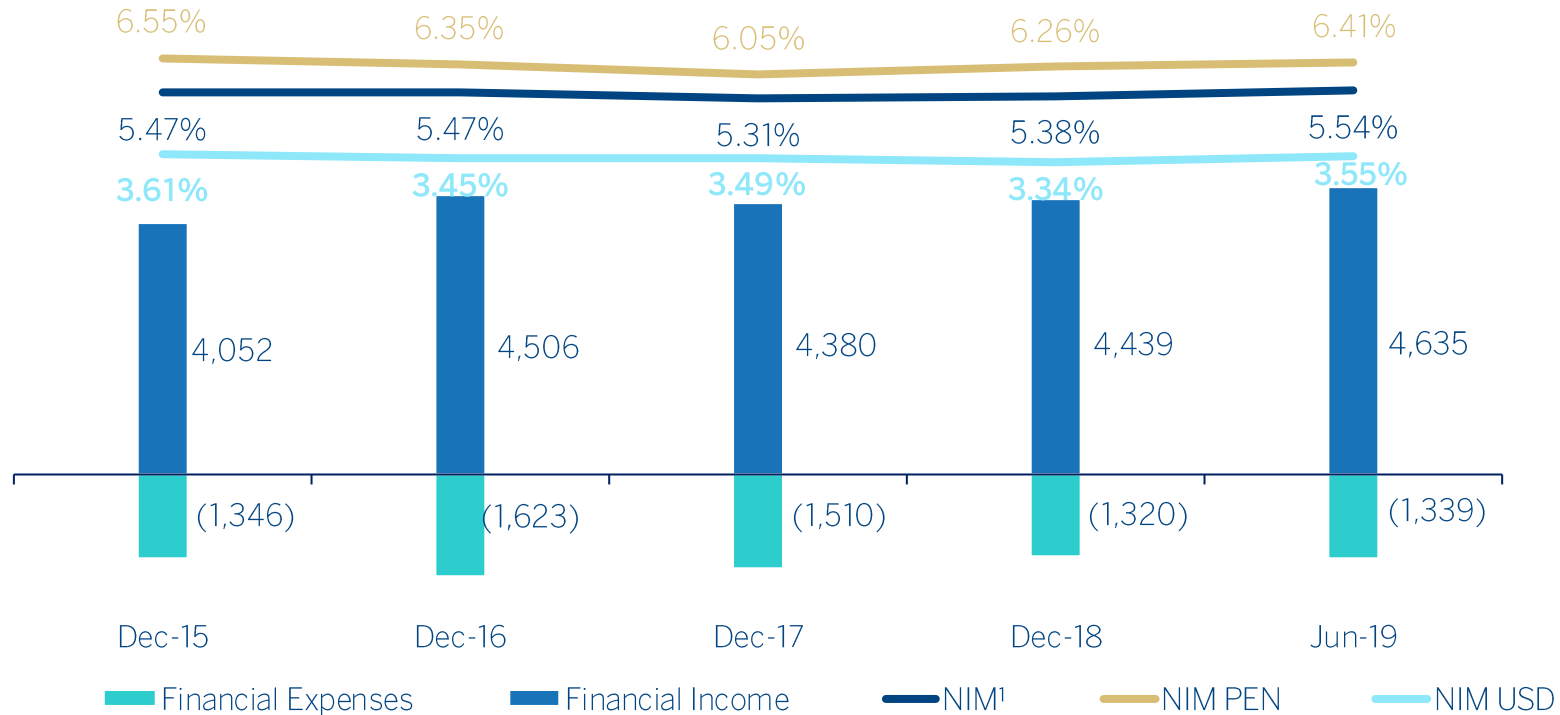


<sup>1</sup>Includes administrative expenses, depreciation and amortization

<sup>2</sup>Includes asset valuation, other provisions and other income and expenses

Source: ASBANC

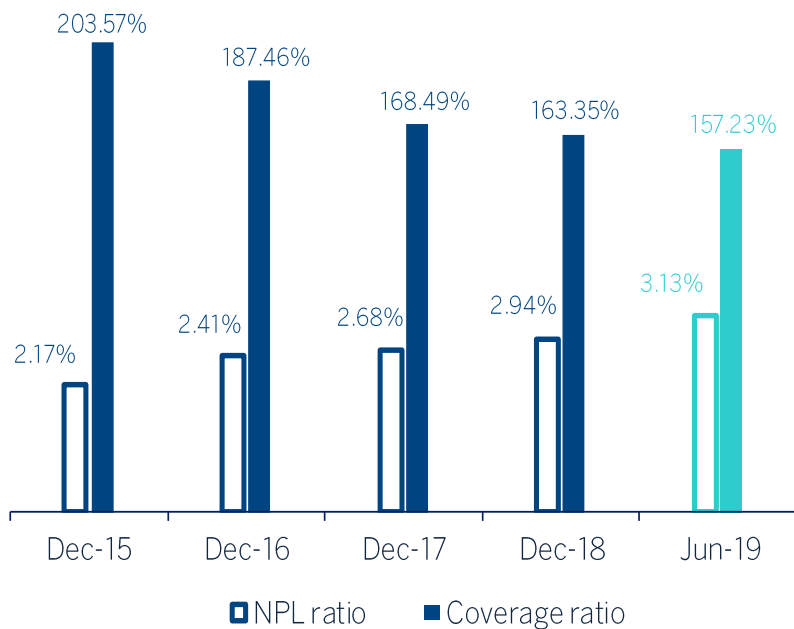
# Gross financial margin (S/ Millions, %)



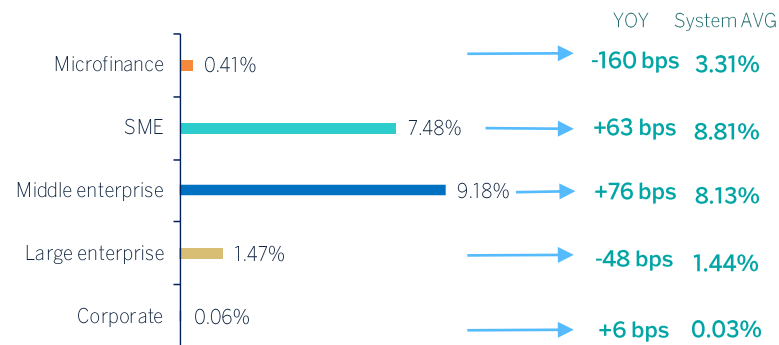
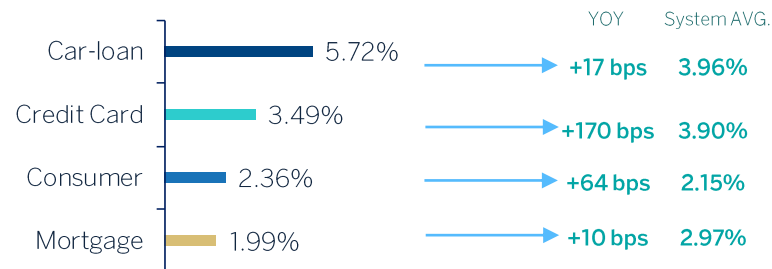
<sup>1</sup>NIM: Gross financial margin for the last 12 months divided by average interest earning assets (interbank funds, investments and net loans)  
Source: SBS y ASBANC

# Risk management (June 2019)

## OUTSTANDING ASSET QUALITY



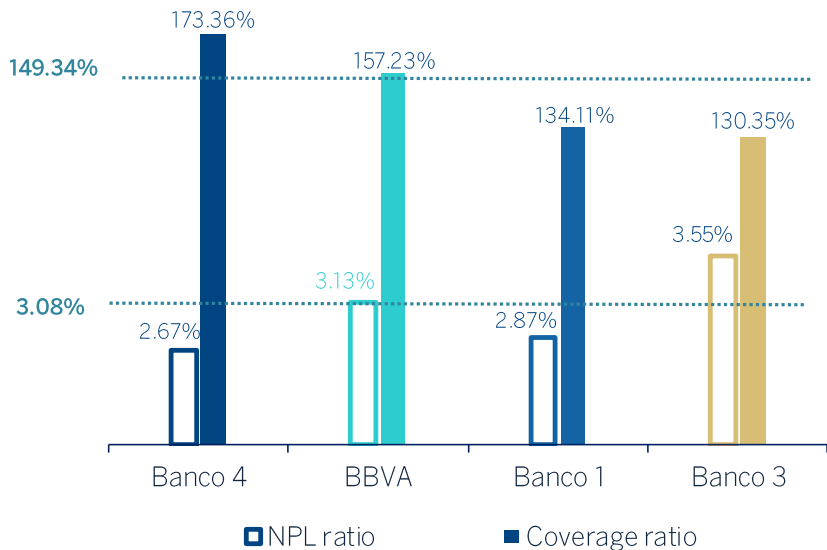
## NPL RATION BY PRODUCT AND SEGMENT



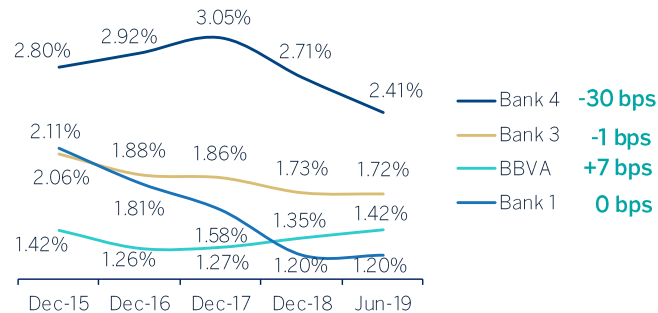
# Risk management (June 2019)

## NPL RATIO & COVERAGE RATIO

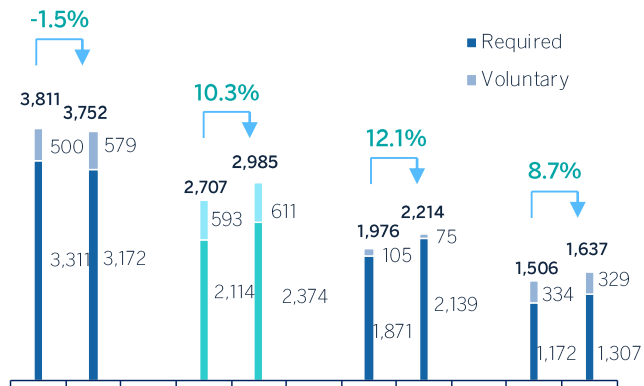
Banking System Average



## BEST COST OF RISK<sup>1</sup> VS. PEER GROUP



## MAINTAINING HIGH LEVELS OF VOLUNTARY PROVISIONS (S/ MILLION)

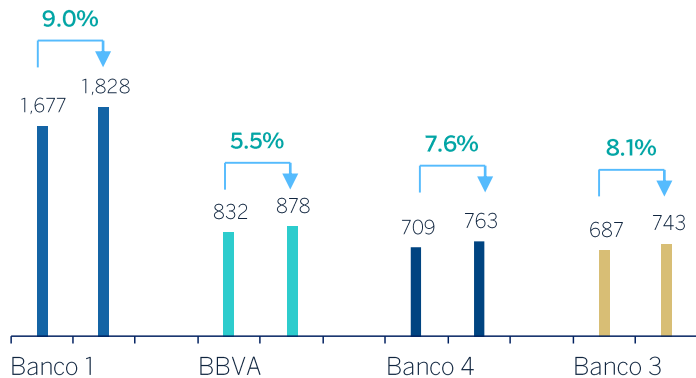


<sup>1</sup> Includes provisions / total credits of the last 12 months  
Source: SBS

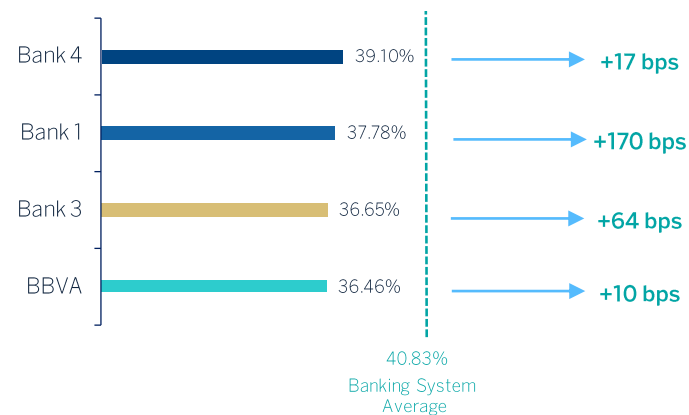
# Expenses management (June 2019)

## ADMINISTRATIVE EXPENSES<sup>1</sup>

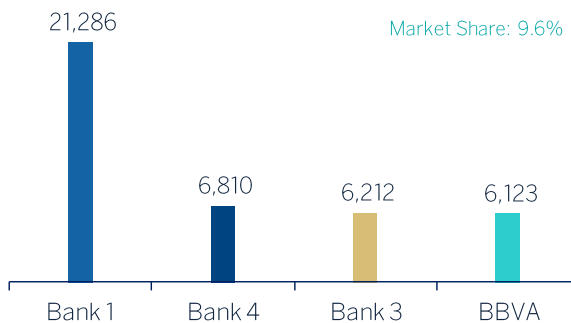
(JUNE 2018 VS JUNE 2019)



## EFFICIENCY RATIO



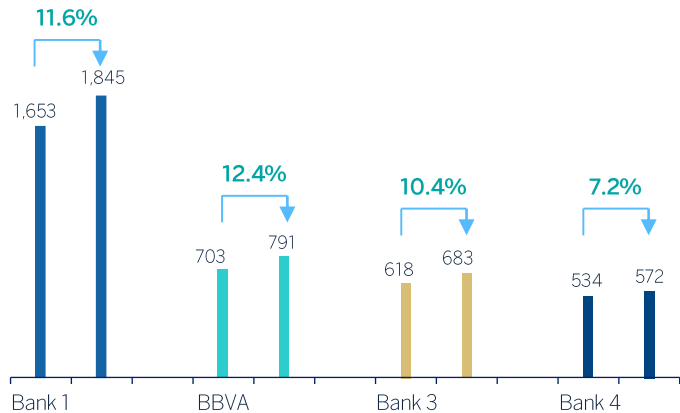
## NUMBER OF EMPLOYEES



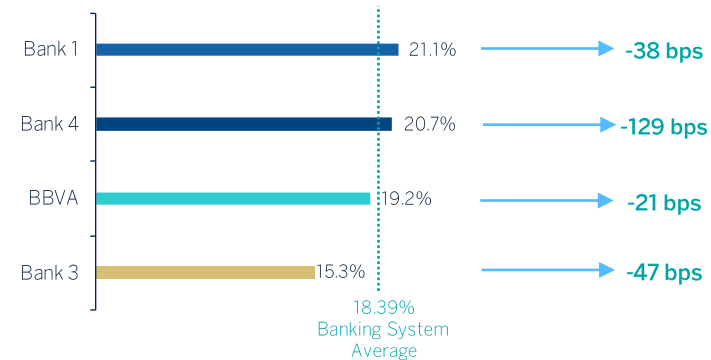
<sup>1</sup>Includes depreciation and amortization  
Source: SBS

# Profitability management

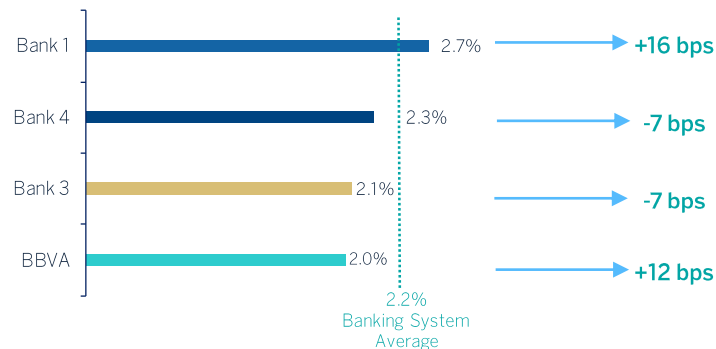
## NET PROFIT (\$/MILLION,%)



## RETURN ON EQUITY – ROE (JUNE 2019)



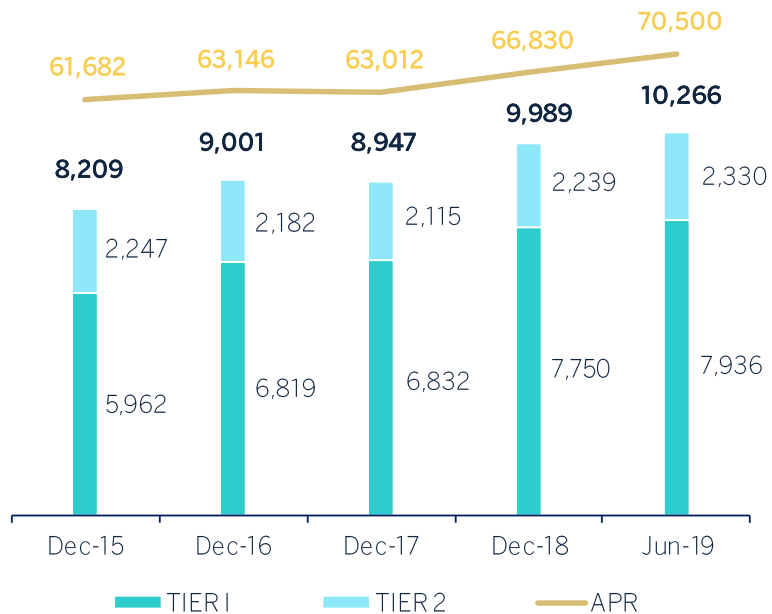
## RETURN ON ASSETS – ROA (JUNE 2019)



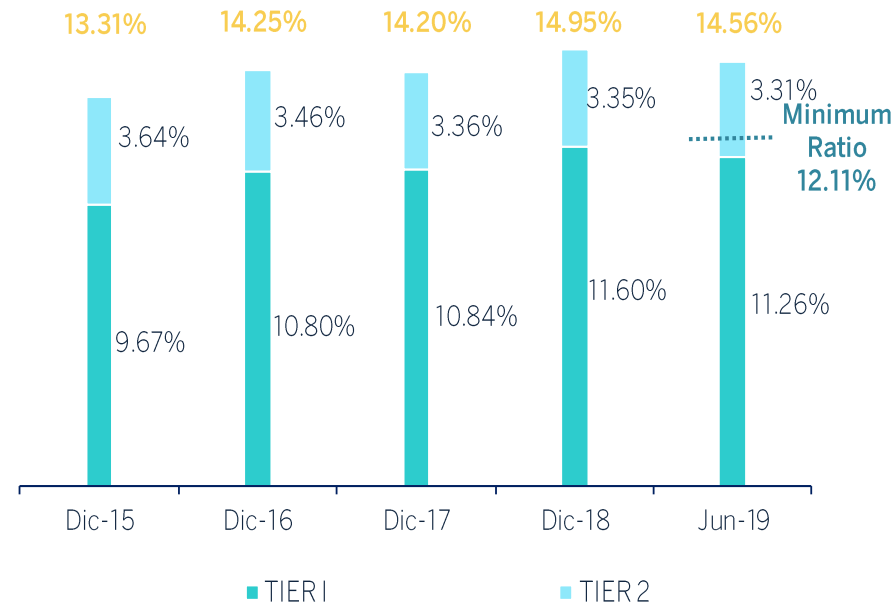


# Solvency management

## REGULATORY CAPITAL & RWA (S/ MILLION)



## CAPITAL RATIOS



04

Ratings

# International & local rating

Rating agencies have granted BBVA Peru the Best international and local ratings (June 2019)

Instrument	Fitch Ratings	Standard & Poors
Foreign currency long term issuances	BBB+	BBB+
Foreign currency short term issuances	F2	A-2
Local currency long term issuances	BBB+	BBB+
Local currency short term issuances	F2	A-2
Outlook	Estable	Estable

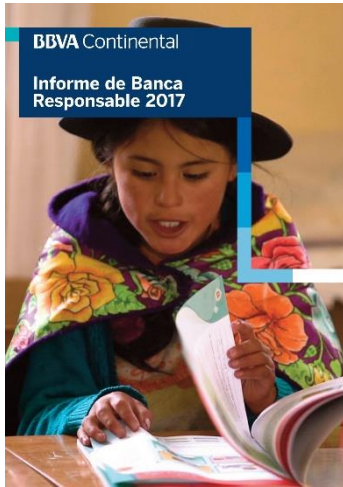
Instrument	Apoyo & Asociados	Equilibrium	PCR
Negotiable Certificate of Deposits (CD)	CP - 1 + (pe)	EQL 1+ pe	PE1+
Short term deposits	CP - 1 + (pe)	EQL 1 + pe	PECategoría I
Term deposits > 1 year	AAA (pe)	AAA.pe	PEAAA
Corporate bonds	AAA (pe)	AAA.pe	PEAAA
Subordinated bonds	AA+ (pe)	AA+.pe	PEAA+
Leasing bonds	AAA (pe)	AAA.pe	PEAAA
Common shares	1a (pe)	1a Clase.pe	PEN1
Issuer rating	A+	A+	PEA+

On March 11<sup>th</sup> Standard & Poor's changed their perspective from "negative" to "stable"

05

# Social Responsibility and Awards

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



Social, Economical and Environmental Responsibility Report



Reading Program:

**“Leer es estar adelante”**



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

## Awards



Top 10 companies with the best reputation in Peru



Best investment bank in Peru (local issuances)



This award highlights the bank's ability to innovate and develop digital products and services for their clients.



Top 10 of the most admired companies in Peru.

BBVA

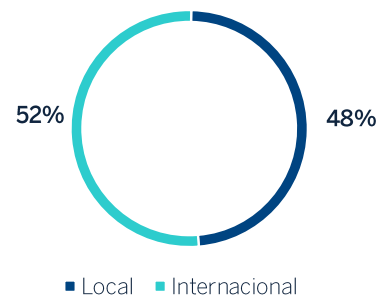
Creando Oportunidades

# APPENDIX

# Debt Issuance

	Bond	Issue Date	Call Date	Due Date	Currency	Issued Amount (m)	Coupon Rate	ISIN	
BBVA	International	Corporate	Aug-12	-	Ago-22	USD	500,000	5.00%	US05537GAA31-USP16260AA28
	Subordinatec	Set-14	Set-24	Set-29	USD	300,000	5.25%	US05537GAD79-USP16236AG98	
	Local	Subordinatec	May-07	May-22	May-27	USD	20,000	6.00%	PEP11600D029
	BAF	Oct-16		Oct-19	PEN	205,100	5.47%	PEP11600K057	
	BAF	Jan-17		Jan-20	PEN	200,000	6.03%	PEP11600K065	
	Corporate	Aug-10		Aug-20	PEN	40,000	7.19%	PEP11600M145	
	Corporate	Aug-10		Aug-20	PEN	80,000	7.22%	PEP11600M152	
	Corporate	Nov-17		Nov-20	PEN	350,000	4.78%	PEP11600M244	
	BAF	Dec-17		Dec-20	PEN	158,000	4.63%	PEP11600K073	
	Corporate	Jun-18		Jun-21	PEN	132,425	4.44%	PEP11600M251	
	Corporate	Jun-18		Jun-21	PEN	69,435	4.50%	PEP11600M269	
	Corporate	Jun-16		Jun-21	PEN	150,000	6.28%	PEP11600M236	
	Corporate	Jul-19		Jul-22	PEN	120,000	4.31%	PEP11600M301	
	Corporate	Aug-19		Aug-22	PEN	65,520	4.09%	PEP11600M319	
	Subordinatec	Jul-08		Jul-23	PEN	45,000	3.06%	PEP11600D078	
	Corporate	Jul-18		Jul-23	PEN	100,000	5.53%	PEP11600M277	
	Corporate	Aug-18		Aug-23	PEN	73,465	5.63%	PEP11600M285	
	Subordinatec	Set-08		Set-23	PEN	50,000	3.09%	PEP11600D086	
	Corporate	Dec-11		Dec-26	PEN	150,000	7.47%	PEP11600M186	
	Subordinatec	Feb-08		Feb-28	USD	20,000	6.47%	PEP11600D060	
	Subordinatec	Oct-13	Oct-23	Oct-28	USD	45,000	6.53%	PEP11600D102	
	Subordinatec	Jun-07		Jun-32	PEN	55,000	3.47%	PEP11600D037	
	Subordinatec	Nov-07		Nov-32	PEN	50,000	3.56%	PEP11600D052	
	Subordinatec	Dec-08		Dec-33	PEN	30,000	4.19%	PEP11600D094	

Total Debt	S/ MM	%
Local	2,474	48%
Internacional	2,635	52%
<b>Total</b>	<b>5,109</b>	<b>100%</b>





# BBVA Peru

## Investor Report

Second Quarter 2019