

**BBVA**

Creando Oportunidades

# BBVA Peru

Investor Report

Third Quarter 2019

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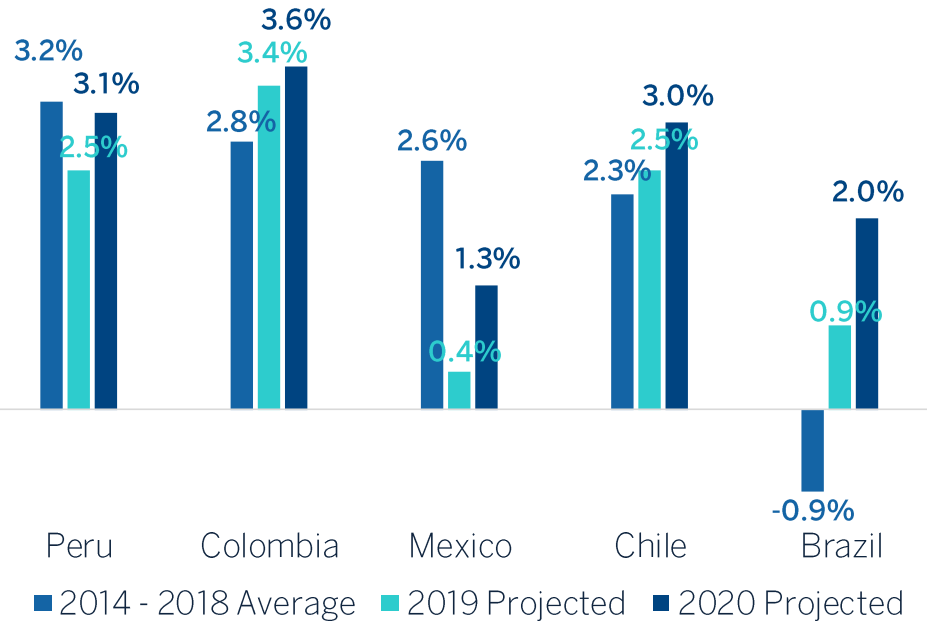
APPENDIX  
Debt Issuances

01

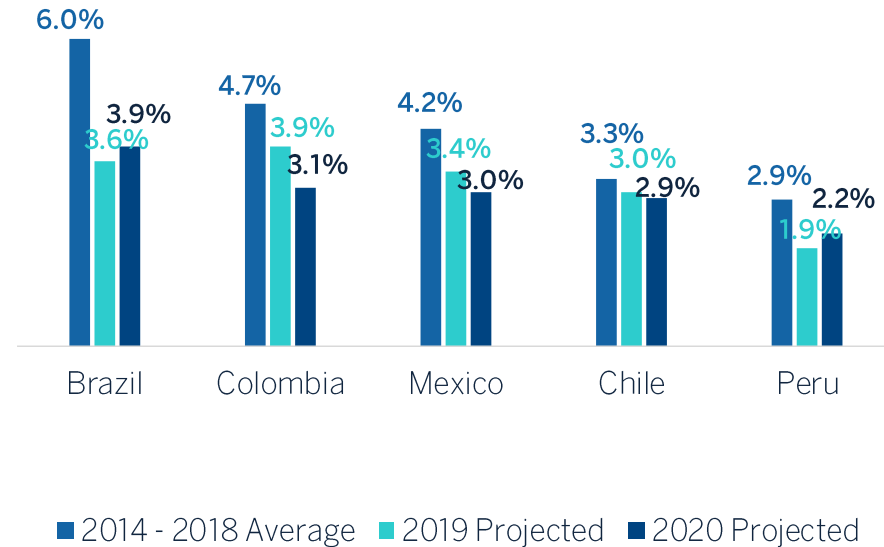
# Peruvian Economy & Financial System

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

## GDP GROWTH (REAL)

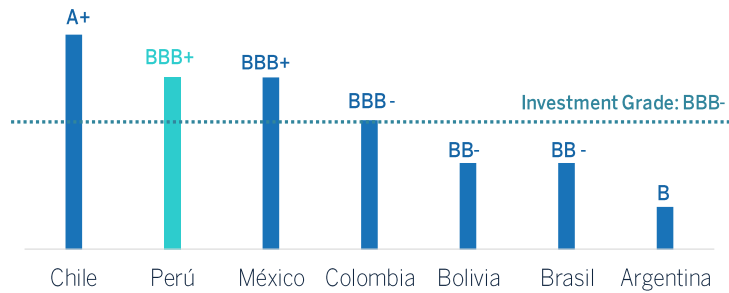


## INFLATION (END OF PERIOD)

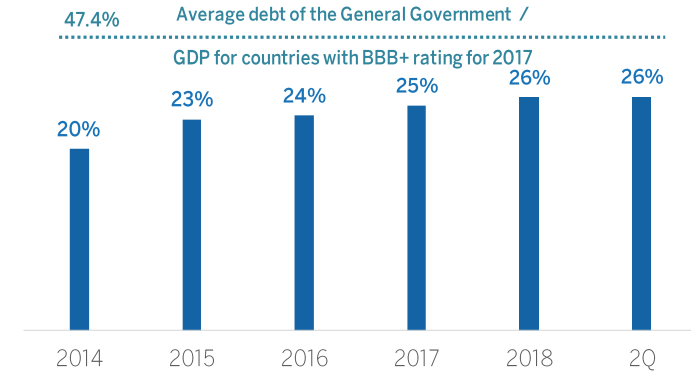


# The local currency has maintained stable levels, surpassing other currencies

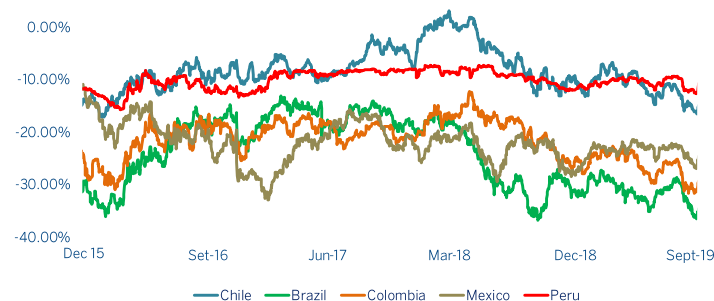
## CREDIT RISK PROFILE



## PERUVIAN PUBLIC DEBT (% OF GDP)

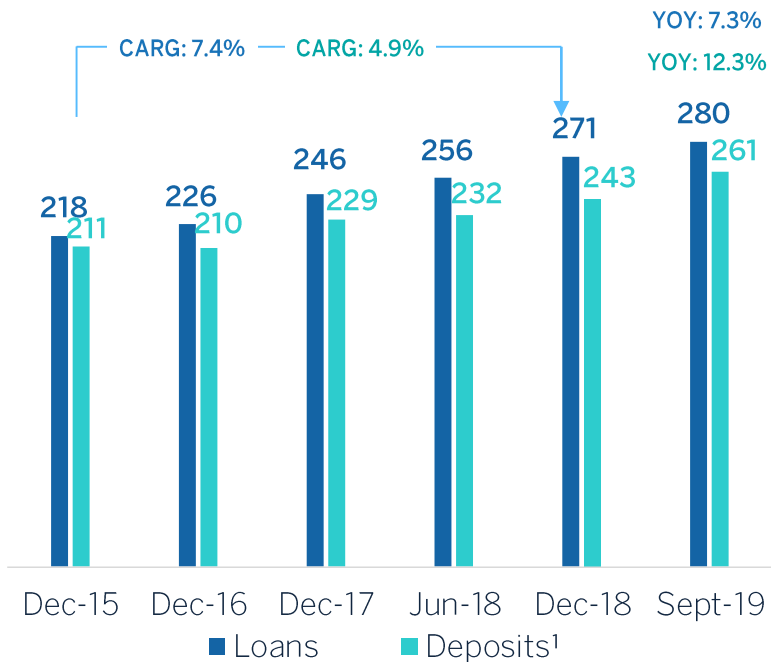


## CURRENCY DEPRECIATION AGAINST USD

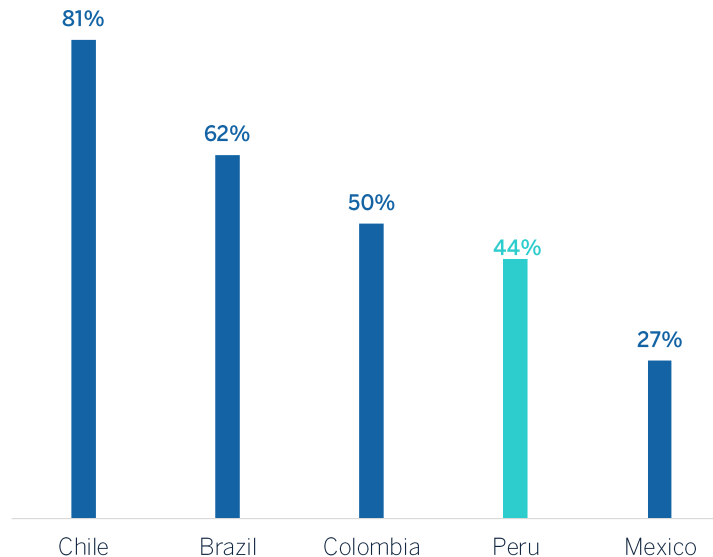


# Peru has a solid Banking System with great opportunities to expand

## PERFORMING LOANS AND DEPOSITS (S/ BILLION)



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

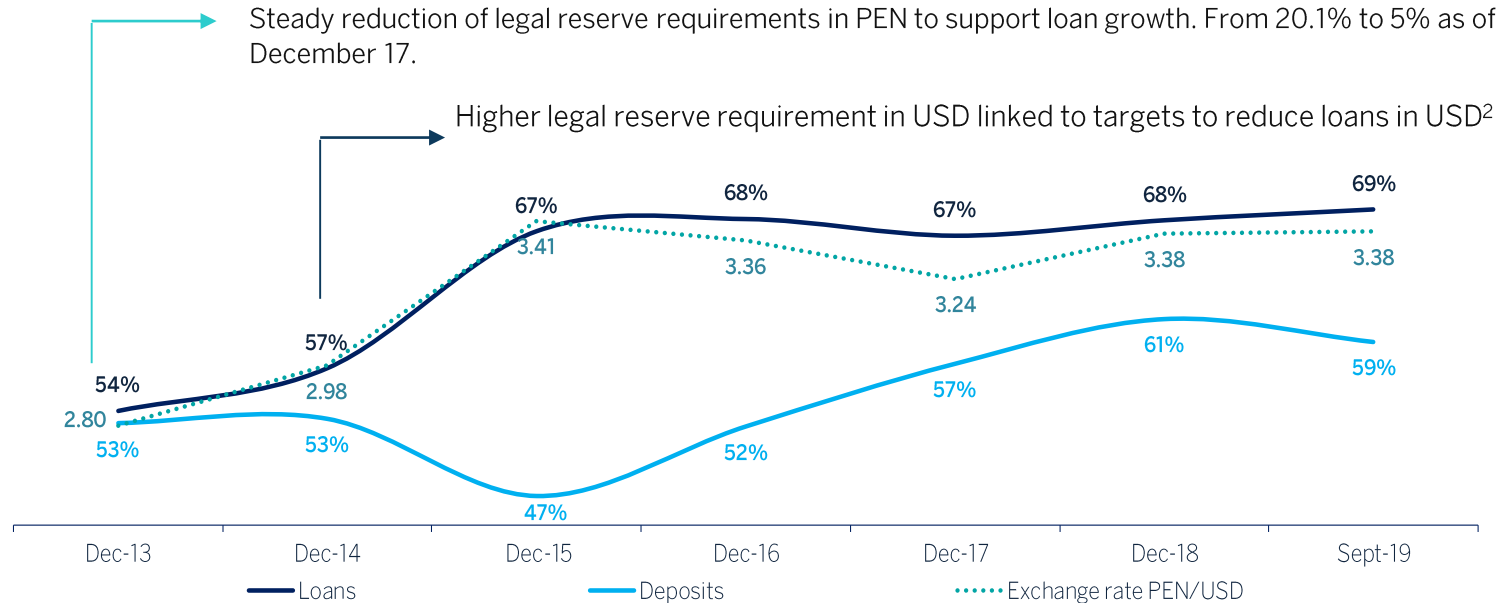


<sup>1</sup>Other obligation are excluded from deposits  
 Source: Superintendencia de Banca, Seguros y AFP (SBS) & World bank (WB)

# 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

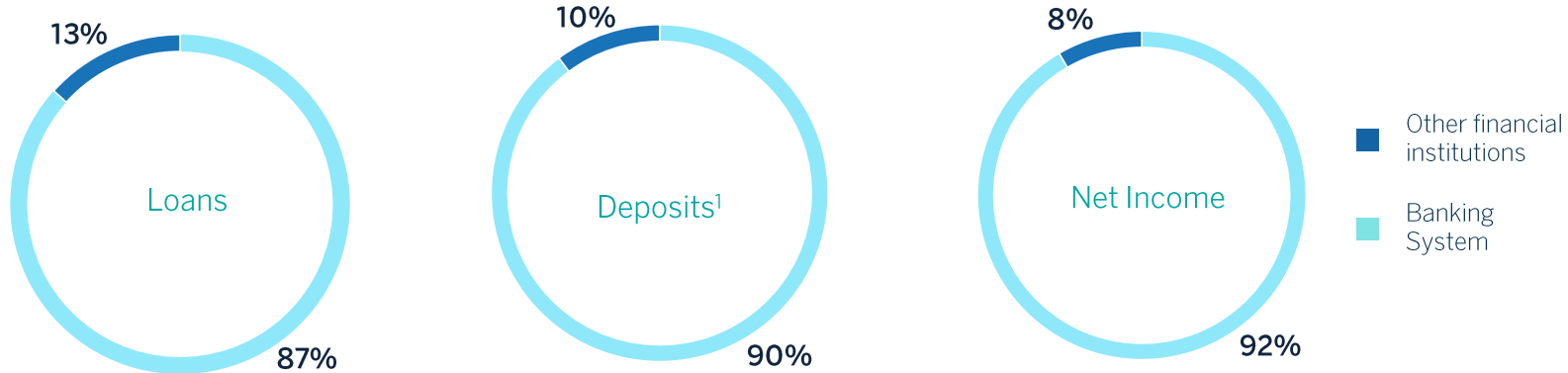
<sup>2</sup> Excluded operations higher than USD 10MM and 3 years from June 2015

Source: SBS & BCRP



# Peruvian Financial System (September 2019)

Financial system	Institution S/ Million	Net loans	Deposits	Net Income
Banking system	Banks (15)	267,082	260,841	7,000
	Banco de la Nación	6,346	24,388	779
Other financial institutions	Cajas Municipales (12)	20,638	22,446	305
	Financieras (11)	12,730	8,203	406
	Cajas Rurales (7)	2,130	1,702	3
	Edpymes (9)	2,390	0.5	29
	Leasing (1)	253	-	6
	COFIDE	3,681	13	11
	Agrobanco	282	-	-48



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

02

# 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



**€709** miles de millones de activo total

**77** millones de clientes

**>30** países

**7.798** oficinas

**32.830** cajeros

**126.332** empleados



<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

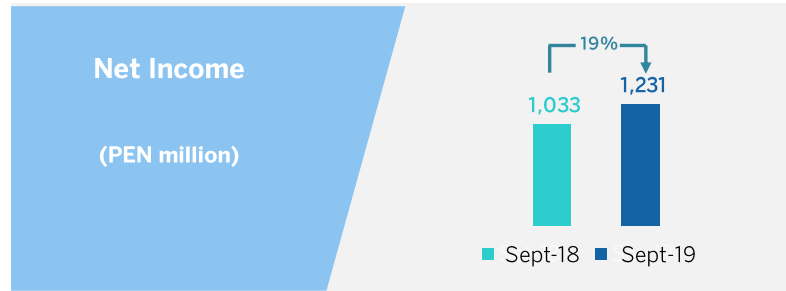
No liquidity transfers between the parent and subsidiaries, or among subsidiaries

03

# Financial Highlights

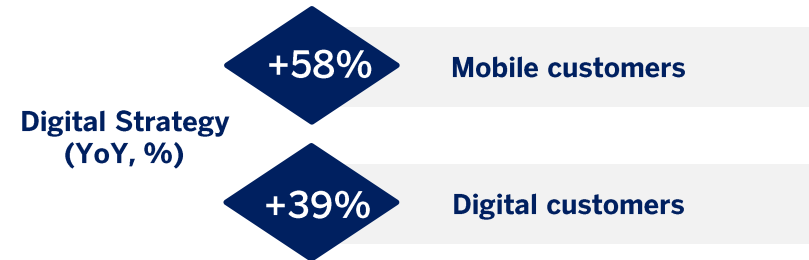
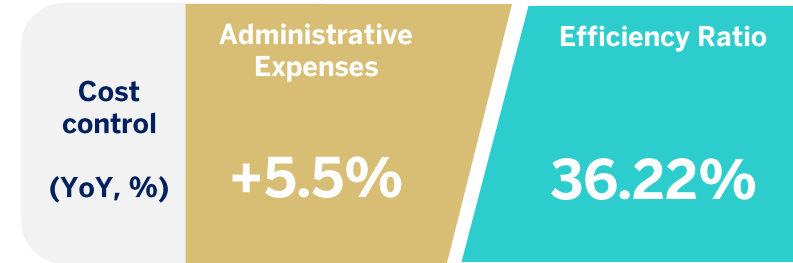
# Highlights of BBVA Peru (Sept 2019)

Assets (PEN million)	81,815
ROE	20.03%
ROA	2.11%



## Great Asset Quality

NPL	3.09%
Cost of Risk	1.33%
Coverage Ratio	158.6%



## Strong Capital & Liquidity Ratios

Global Capital	CET1
13.95%	10.73%
Loan – to – deposits	101%

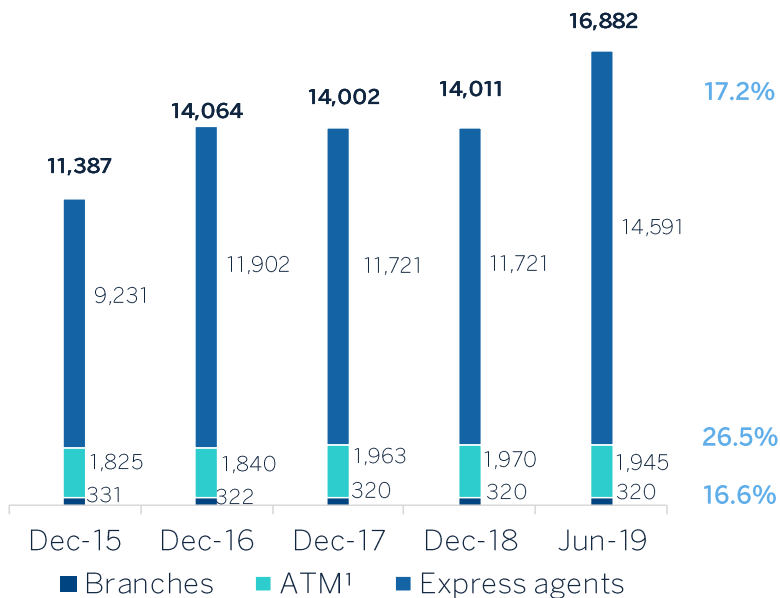
# Strong Banking platform

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

One of the largest in the country

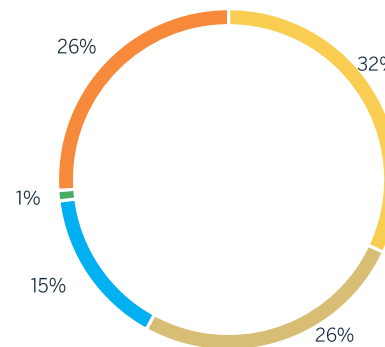
- 16,882 points of service
- More than 5.5 million customers

Market Share

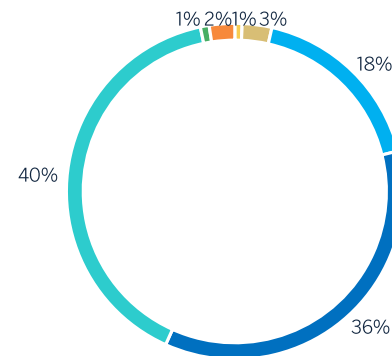


## EVOLUTION IN TRANSACTION PER CHANNEL

2008



Sept-19



- Branches
- ATM
- Internet Banking
- Net cash
- Mobile Banking
- Express Agent
- Others

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

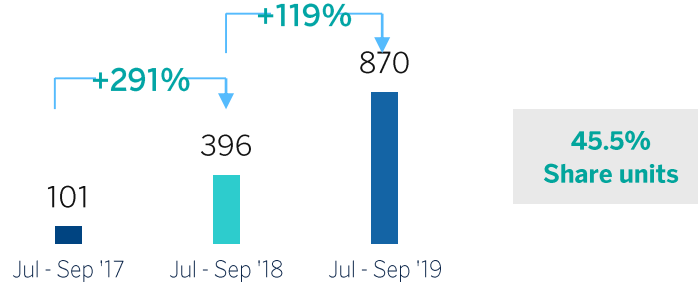
Source: SBS y BBVA

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

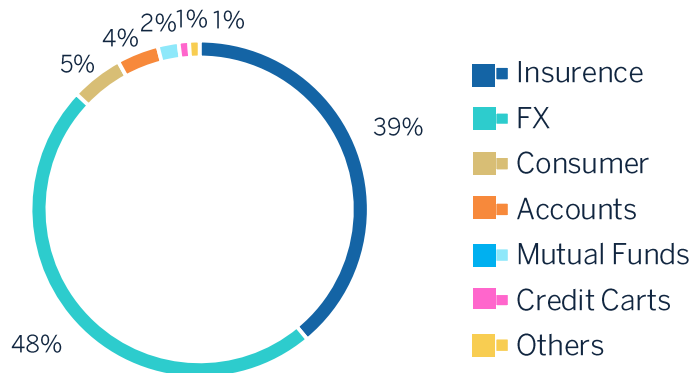


# With the purpose of being the leading digital bank in the region

## DIGITAL SALES – UNITS (THOUSANDS PEN)



## DIGITAL SALES BY PRODUCT



## MAIN GROWTH DIVERS

### Client Digitalization

Until september we have 893K digital active (84% of them are active clients) with high potential of digital contracting.

### Product digitalization

The selling process to users in the channels of internet banking and public area were optimized, through AB Testing.

### Telemarketing sales boost + Network

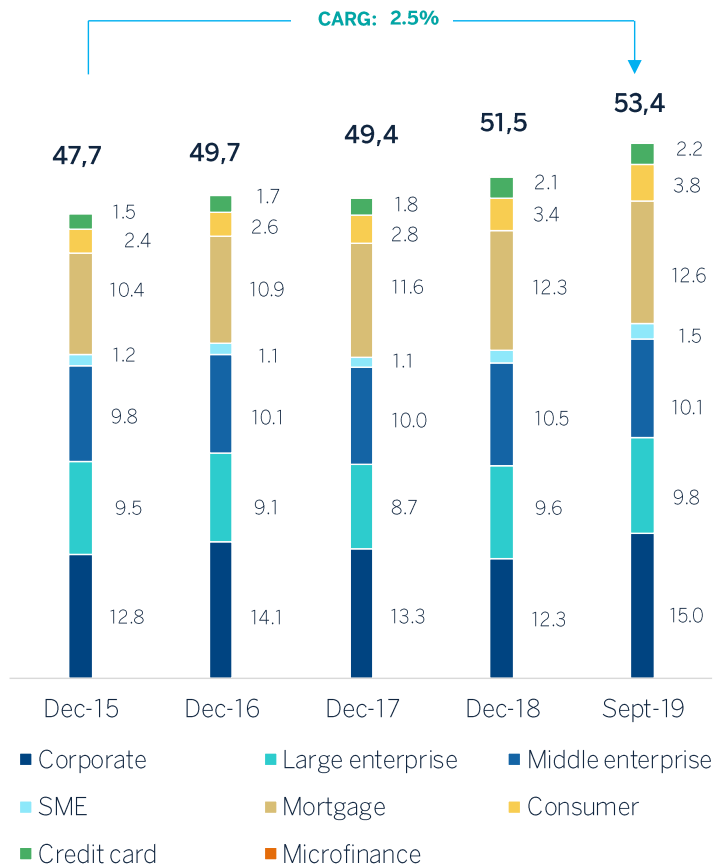
The improvements in sales speech and monitoring meetings presents a major effectiveness in Telemarketing. In addition, network support for digital education.

### Digital Marketing

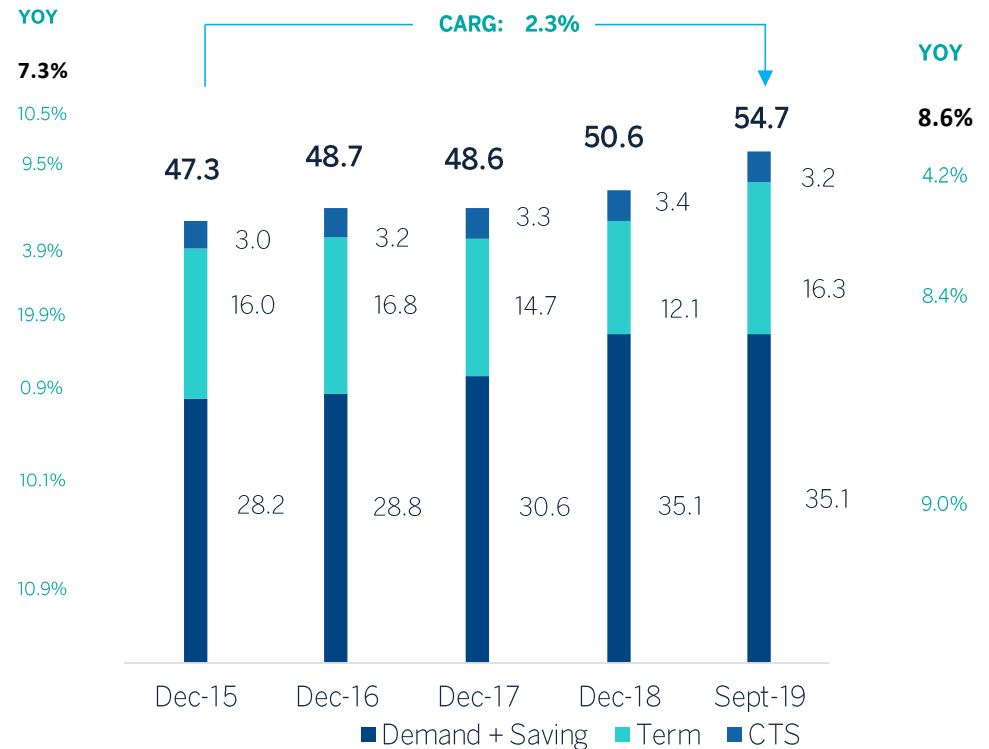
In July we participated in the 2nd edition of the Cyber WOW, generated sales in +5% in CC and +16% in Demand deposits vs the previous Cyber WOW

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

## PERFORMING LOANS

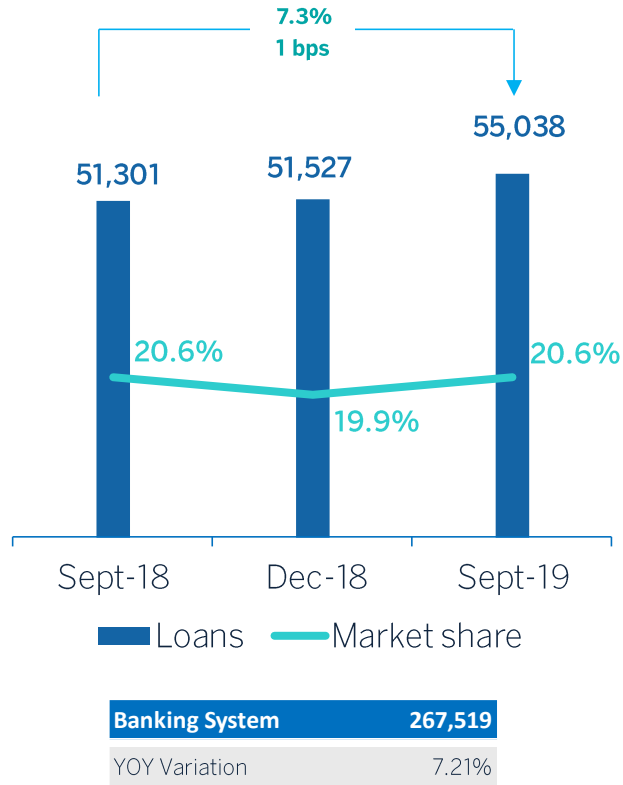


## DEPOSITS<sup>1</sup>

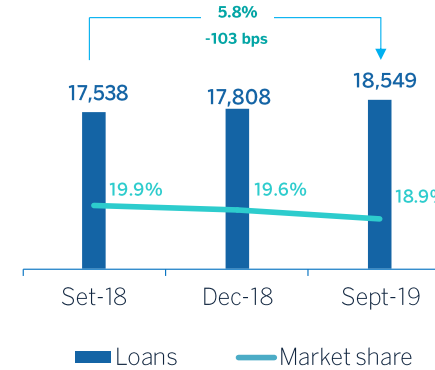


<sup>1</sup> Other obligations are excluded from deposits  
Source: SBS

# Performing loans (S/ Million, %)

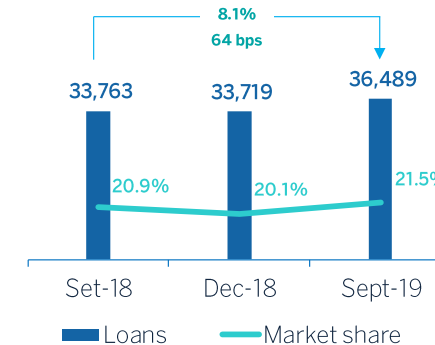


## RETAIL LOANS



Banking System	98,177
YOY Variation	11.54%

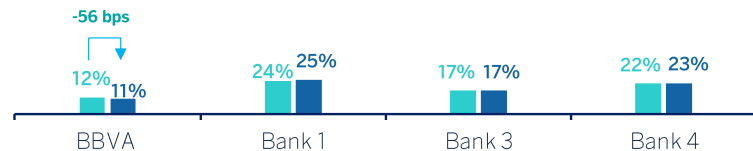
## BUSINESS LOANS



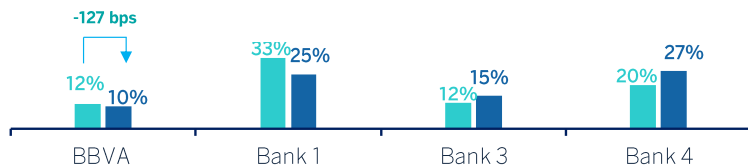
Banking System	169,342
YOY Variation	4.85%

# Market share - Loans

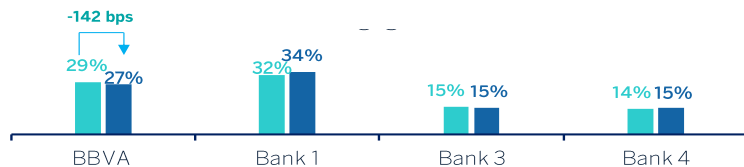
## Consumer



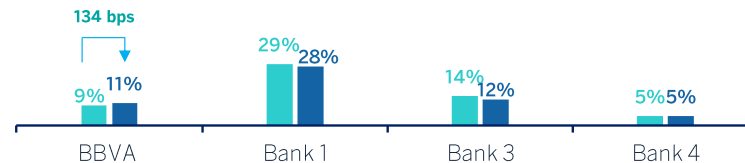
## Credit Cards



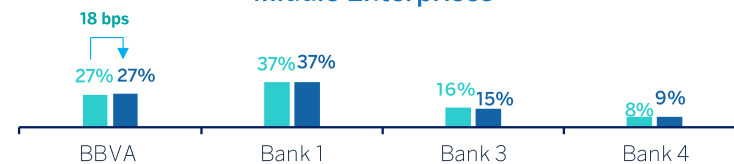
## Mortgage



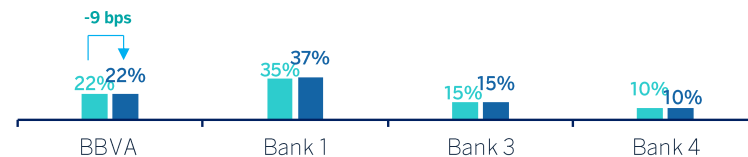
## SME



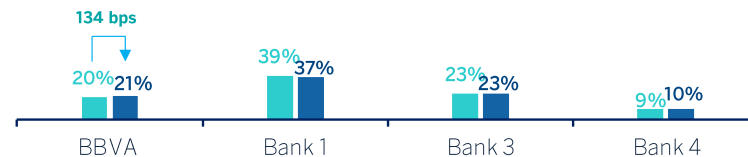
## Middle Enterprises



## Large Enterprises



## Corporate

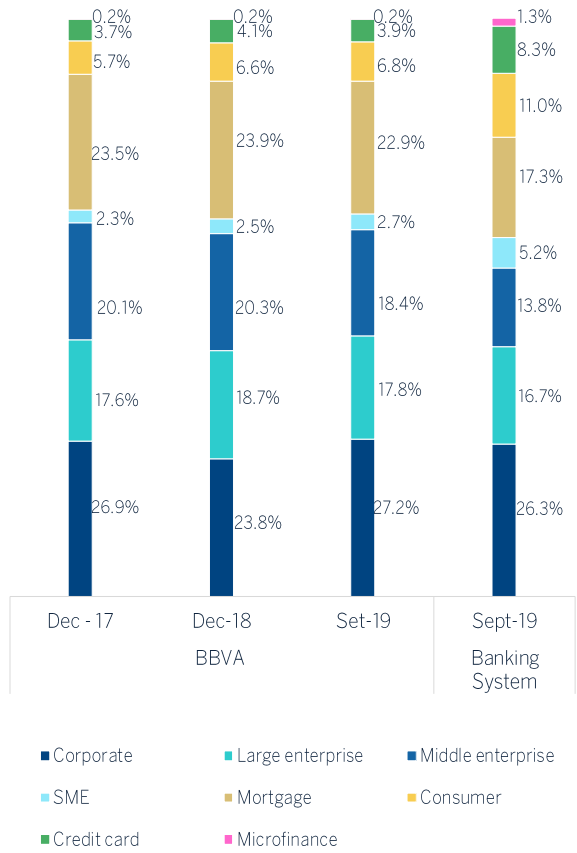


■ Sept 2019

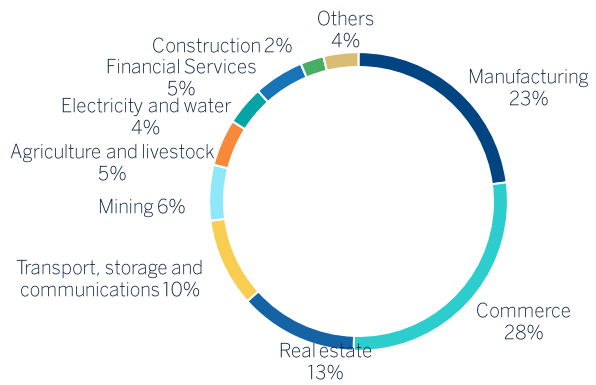
■ Sept 2018

# Well diversified loan portfolio

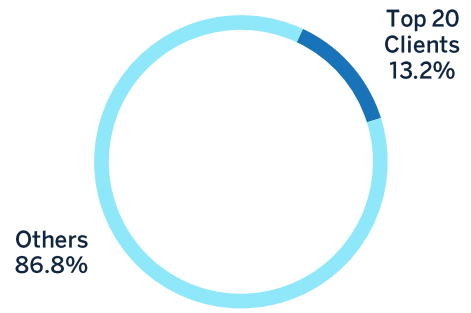
## LOANS BREAKDOWN



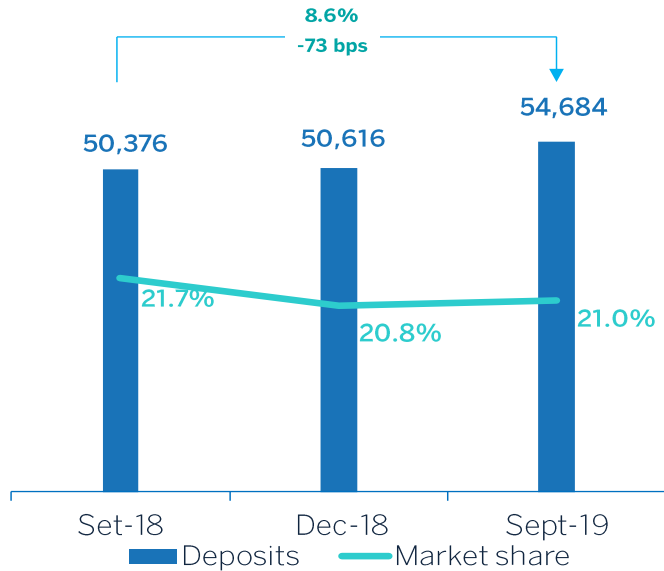
## LOANS BY ECONOMIC SECTOR (SEPT 2019)



## CONCENTRATION RISK (SEPTEMBER 2019)

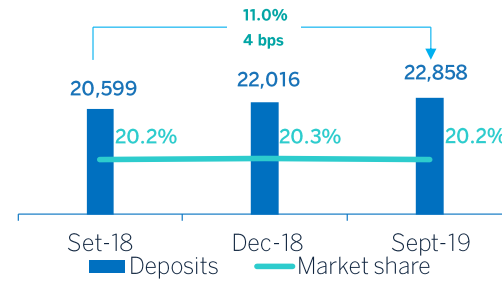


# Deposits (S/ Million, %)



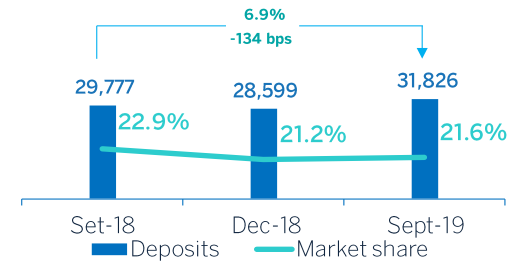
<b>Banking System</b>	<b>260,841</b>
YOY Variation	12.31%

## RETAIL DEPOSITS



<b>Banking System</b>	<b>113,208</b>
YOY Variation	10.76%

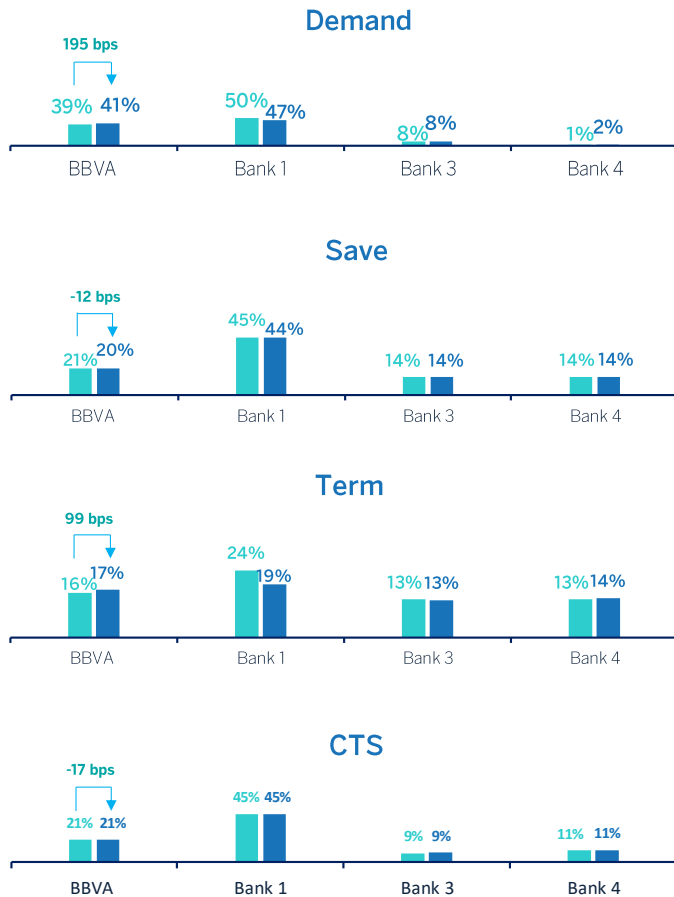
## BUSINESS DEPOSITS



<b>Banking System</b>	<b>147,632</b>
YOY Variation	13.53%

# Market share - Deposits

## RETAIL DEPOSITS

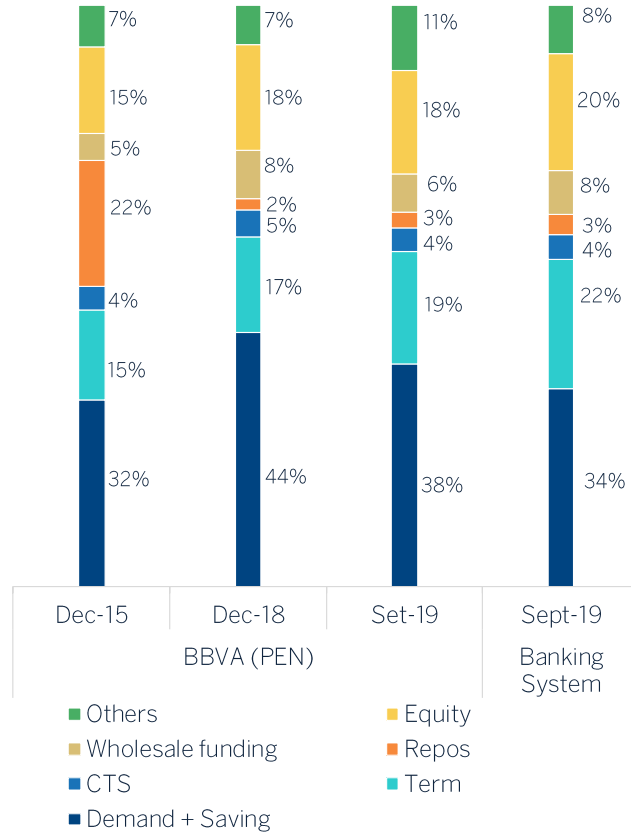


## BUSINESS DEPOSITS

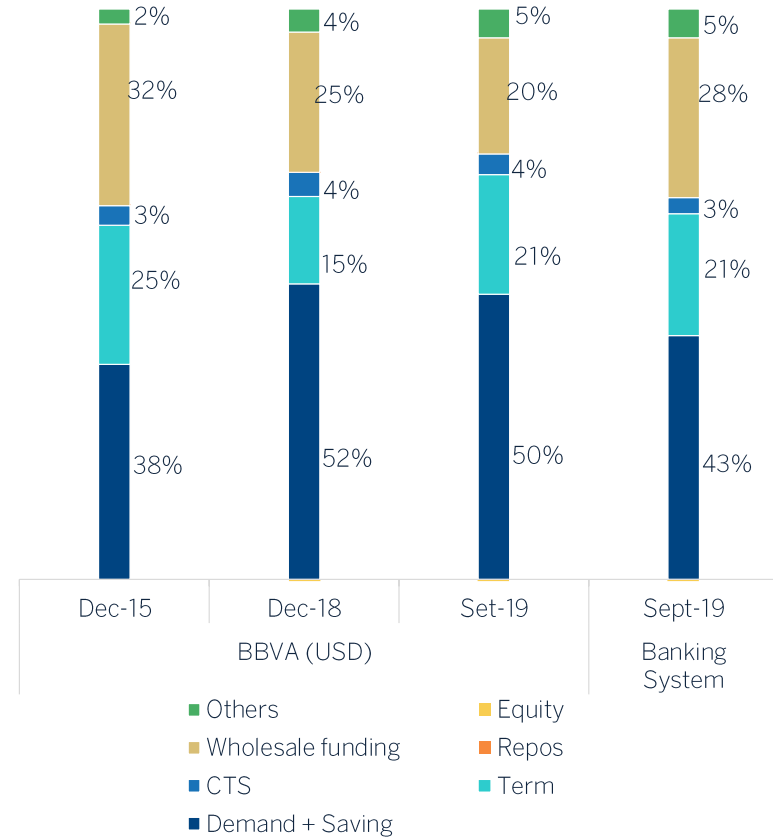


# Liabilities and capital breakdown

## LOCAL CURRENCY



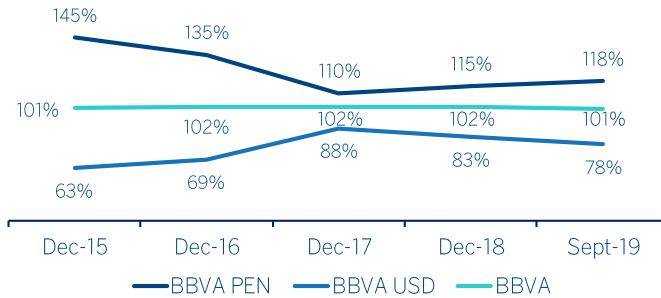
## FOREIGN CURRENCY



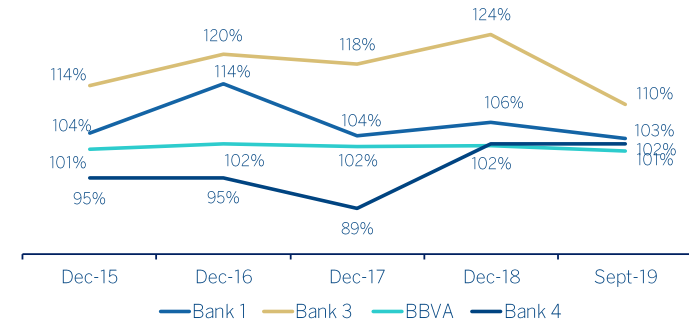


# High level of self-financing and balance sheet in local currency

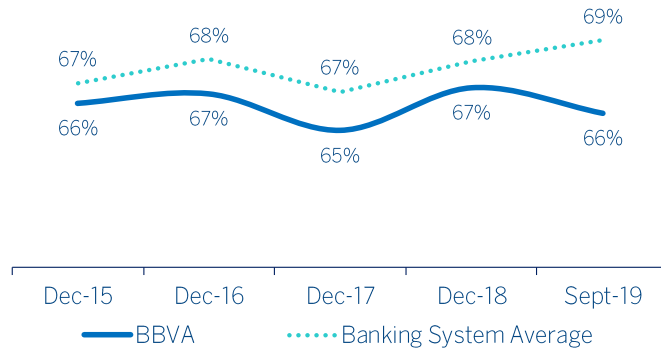
## LOAN TO DEPOSITS BY CURRENCY<sup>1</sup>



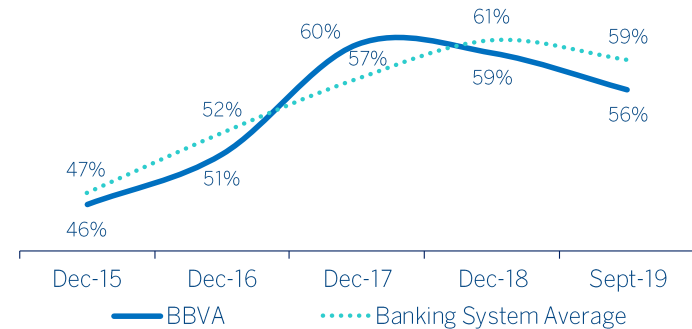
## LOAN TO DEPOSIT – PEER GROUP



## DOMESTIC CURRENCY PERFORMING LOANS



## DOMESTIC CURRENCY DEPOSITS (% TOTAL DEPOSITS)

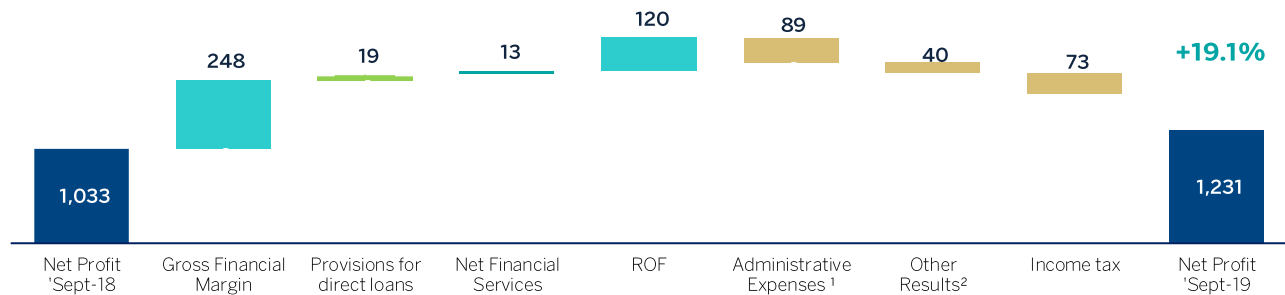


<sup>1</sup>Other obligations are excluded from deposits  
Source: SBS y ASBANC

# BBVA Profit & Loss

(S/. Million)

	Sept-18	Sept-19	%
Gross Financial Margin	2,284	2,532	10.8
Provisions for direct loans	(578)	(559)	-3.3
Net Financial Margin	1,706	1,972	15.6
Income from financial services	821	873	6.3
Expenses from financial services	(249)	(287)	15.3
Gain / Loss From Financial Operations (ROF)	440	560	27.3
Operating Margin	2,718	3,119	14.7
Administrative expenses	(1,133)	(1,205)	6.4
Depreciation and amortization	(110)	(127)	15.4
Net Operating Margin	1,475	1,786	21.1
Asset valuation and other provisions	(19)	(71)	267.2
Other Income and Expenses	(12)	(0)	-99.9
Profit / Loss Before Income Tax	1,444	1,714	18.8
Income tax	(410)	(484)	17.9
<b>Net Profit</b>	<b>1,033</b>	<b>1,231</b>	<b>19.1</b>

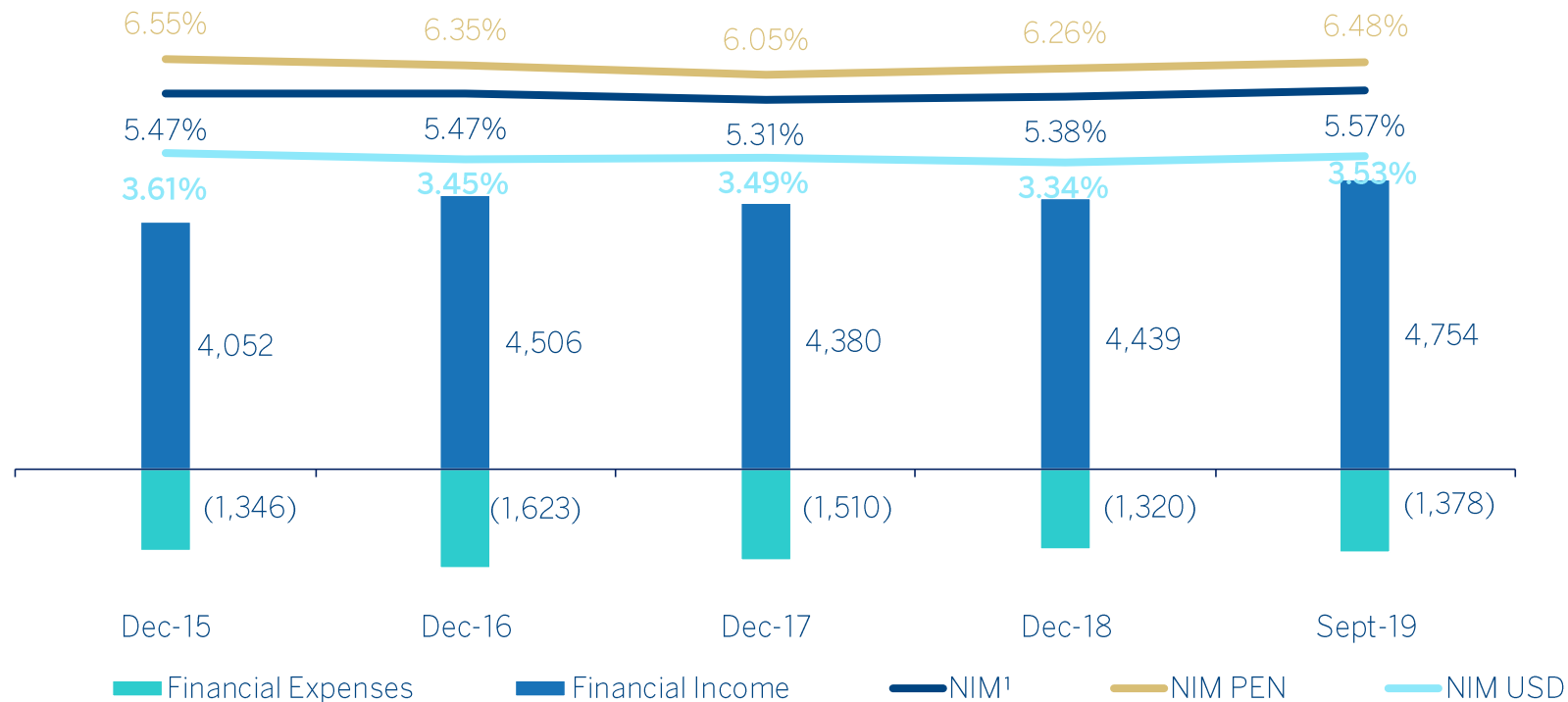


<sup>1</sup>Includes administrative expenses, depreciation and amortization

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

Source: ASBANC

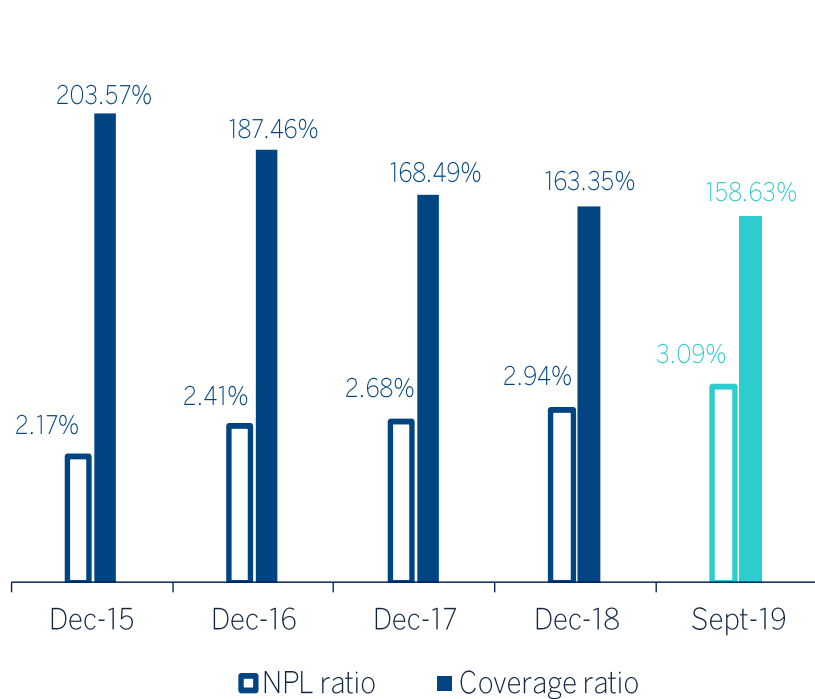
# Gross financial margin (S/ Millions, %)



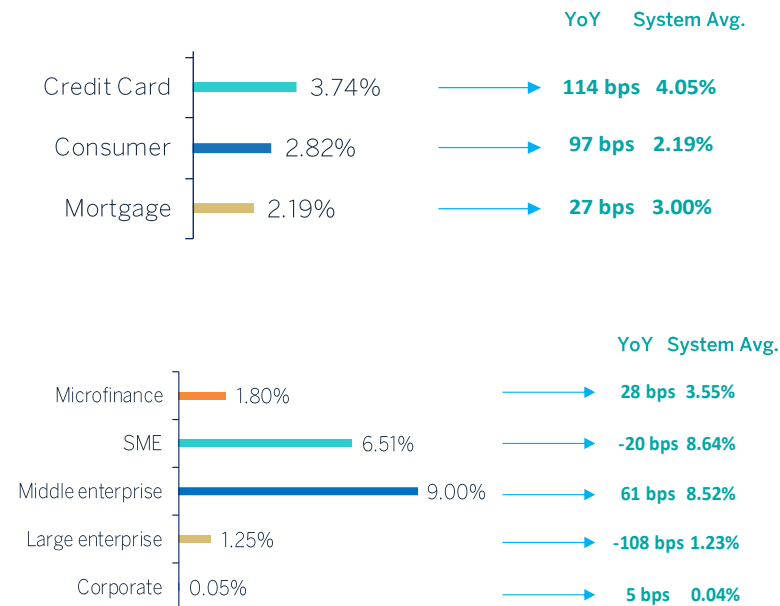
<sup>1</sup>NIM: Gross financial margin for the last 12 months divided by average interest earning assets (interbank funds, investments and net loans)  
Source: SBS y ASBANC

# Risk management (Sept 2019)

## OUTSTANDING ASSET QUALITY



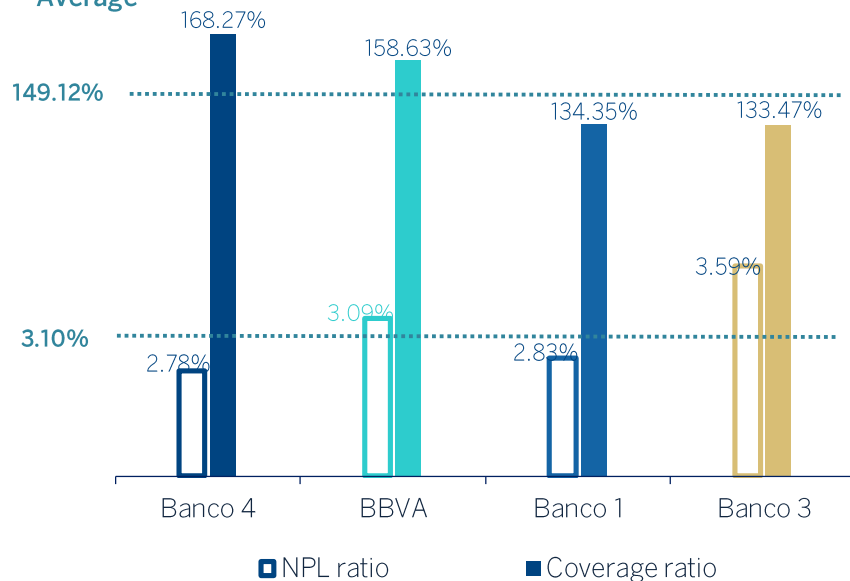
## NPL RATION BY PRODUCT AND SEGMENT



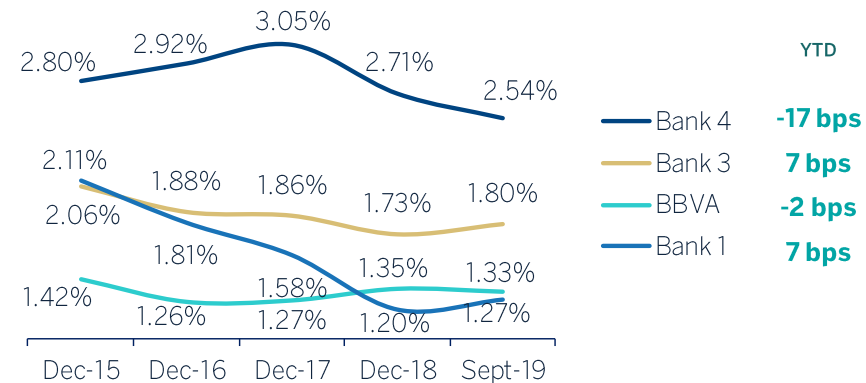
# Risk management (September 2019)

## NPL RATIO & COVERAGE RATIO

### Banking System Average



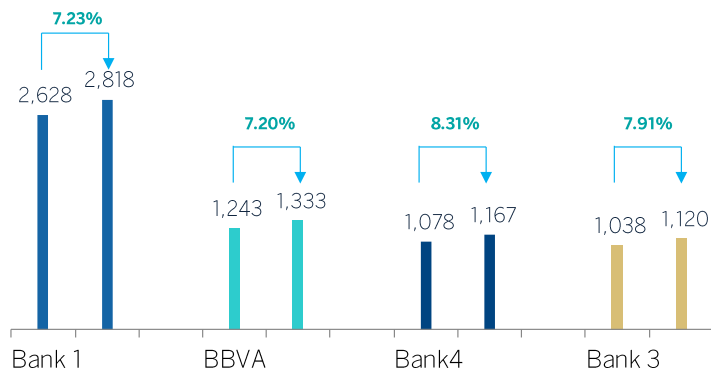
## BEST COST OF RISK<sup>1</sup> VS. PEER GROUP



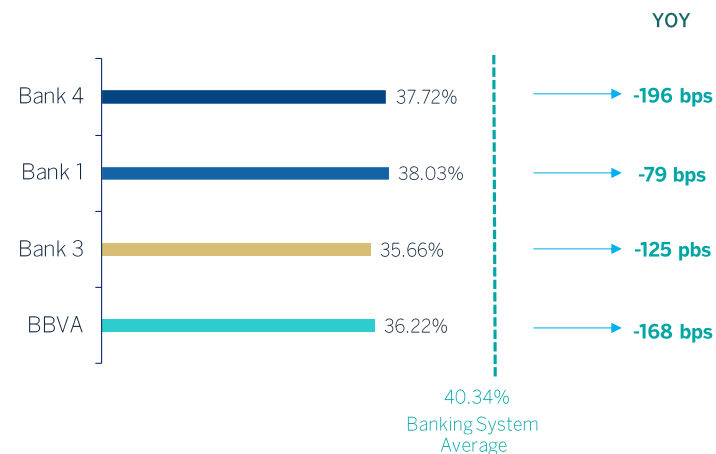
<sup>1</sup> Includes provisions / total credits of the last 12 months  
Source: SBS

# Expenses management (September 2019)

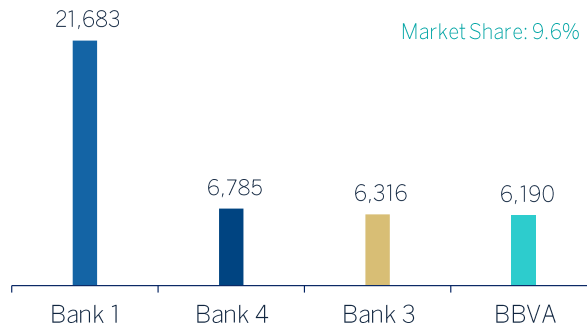
## ADMINISTRATIVE EXPENSES<sup>1</sup> (SEPTEMBER 2018 VS SEPTEMBER 2019)



## EFFICIENCY RATIO



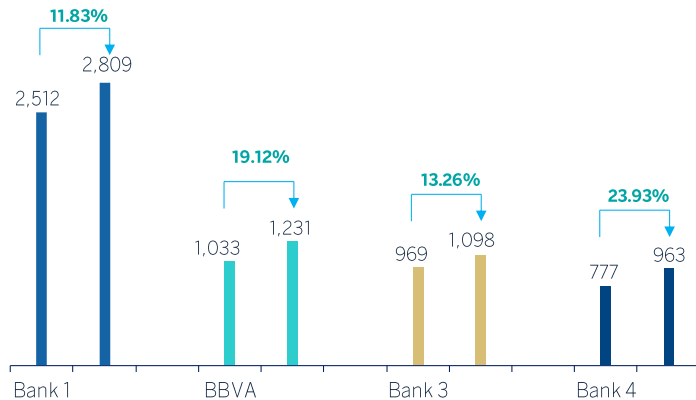
## NUMBER OF EMPLOYEES



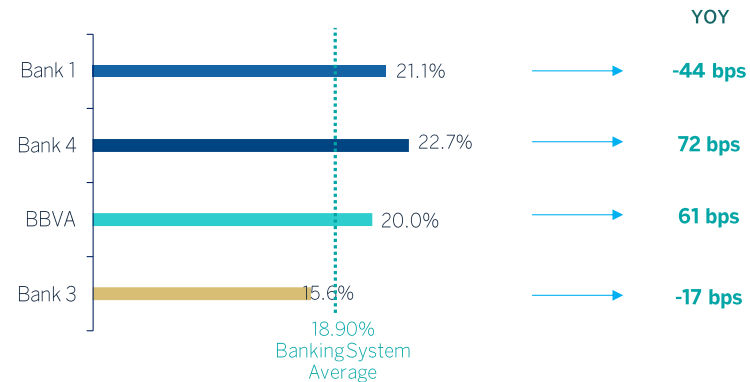
<sup>1</sup>Includes depreciation and amortization  
Source: SBS

# Profitability management

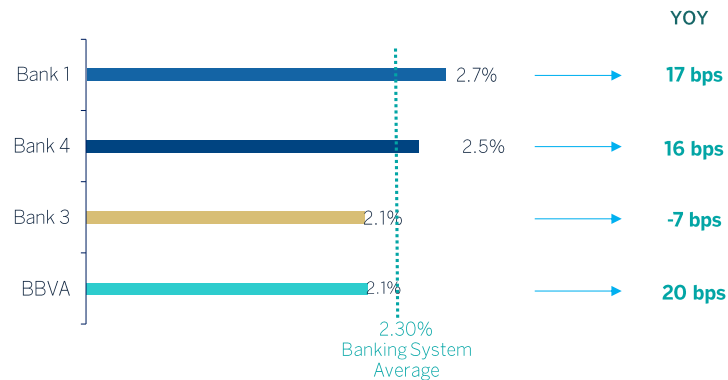
## NET PROFIT (\$/MILLION,%)



## RETURN ON EQUITY – ROE (SEPTEMBER 2019)

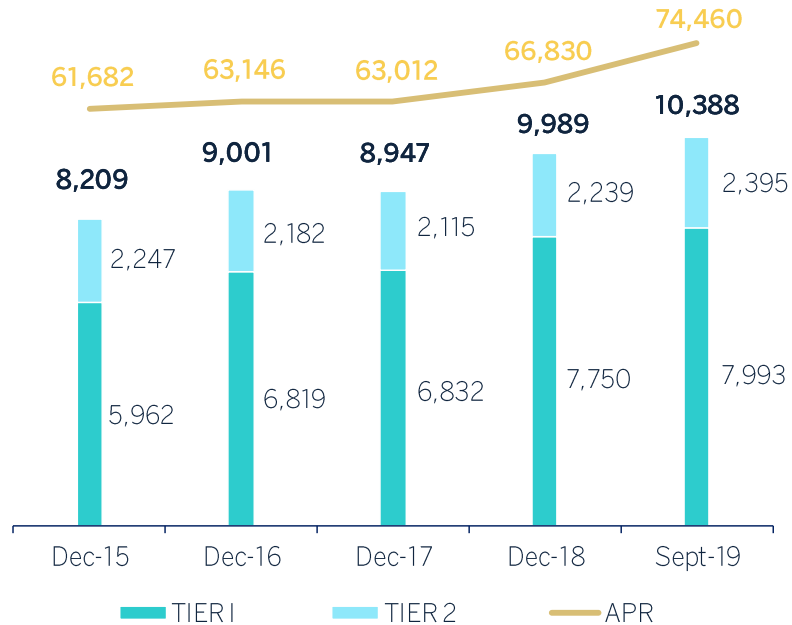


## RETURN ON ASSETS – ROA (SEPTEMBER 2019)

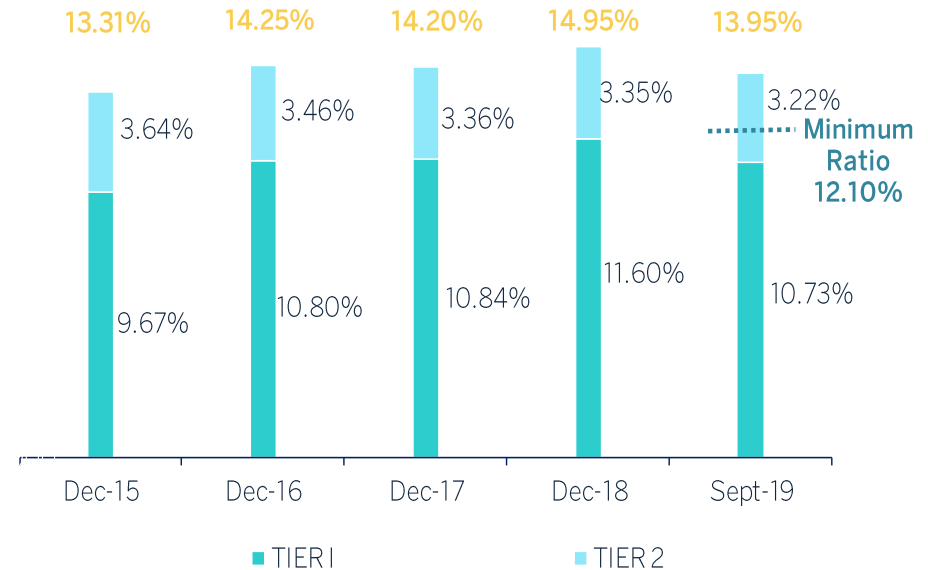


# Solvency management

## REGULATORY CAPITAL & RWA (\$/ MILLION)



## CAPITAL RATIOS





04

Ratings

# International & local rating

Rating agencies have granted BBVA Peru the Best international and local ratings (September 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

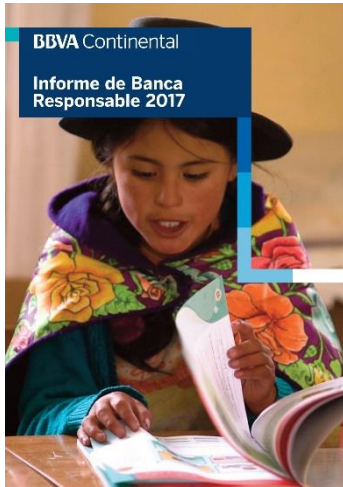
Instrument	Apoyo & Asociados	Equilibrium	PCR
Negotiable Certificate of Deposits (CD)	CP - 1+ (pe)	EQL 1+ pe	PE1+
Short term deposits	CP - 1+ (pe)	EQL 1+ pe	PE Categoría I
Term deposits > 1 year	AAA (pe)	AAA.pe	PEAAA
Corporate bonds	AAA (pe)	AAA.pe	PEAAA
Subordinated bonds	AA+ (pe)	AA+.pe	PEAA+
Leasing 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

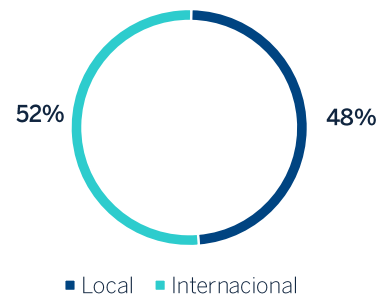
Creando Oportunidades

# 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**

Creando Oportunidades

# BBVA Peru

Investor Report

Third Quarter 2019