

BBVA

Creando Oportunidades

BBVA Peru

Investor Report

First Quarter 2020

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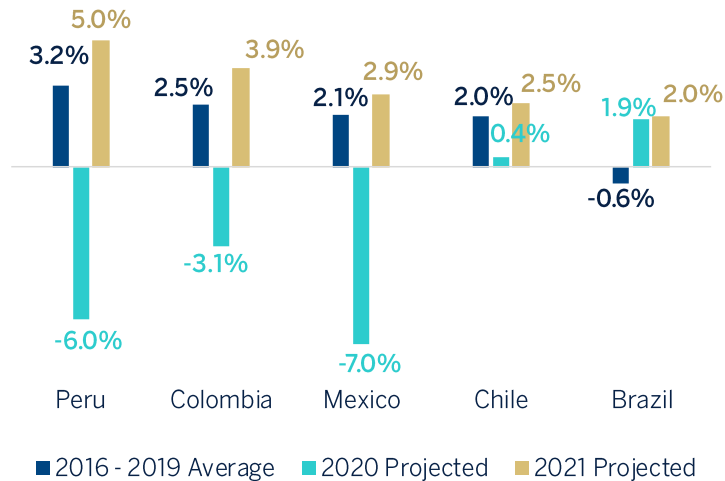
APPENDIX
Debt Issuances

01

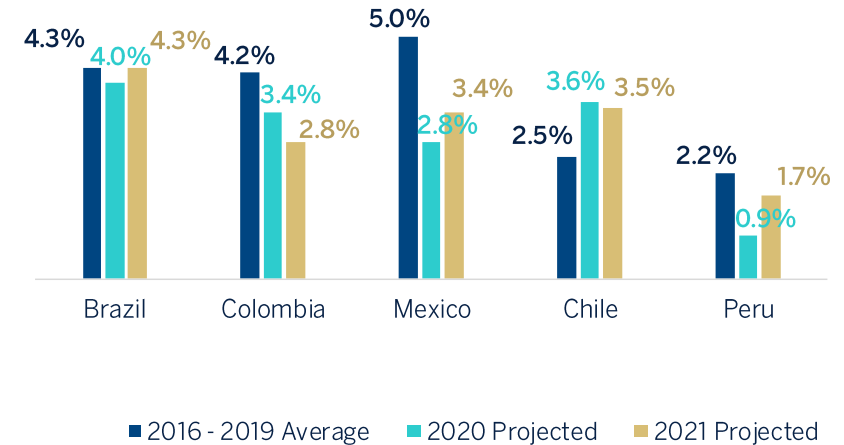
Peruvian Economy & Financial System

In 2020, regional economies will be strongly influenced by mandatory isolation measures implemented to control COVID-19

GDP GROWTH (REAL)



INFLATION (END OF PERIOD)



COVID – 19 dynamics: Incentives and measures implemented by the Government

SYSTEM LIQUIDITY



- **BCRP will ensure liquidity** through Repos, currency security Repos and credit Repos
- **Extension of Forward limits to Banks**
- **Active intervention in the FX market** with exchange swaps to control the exchange rate.
- **Release of retained VAT taxes**
- **CTS release proposal**
- **Business liquidity program “Reactiva Perú”** with state guarantee, provides working capital financing facilities to formal SMEs at competitive rates (PEN 60 Bn).

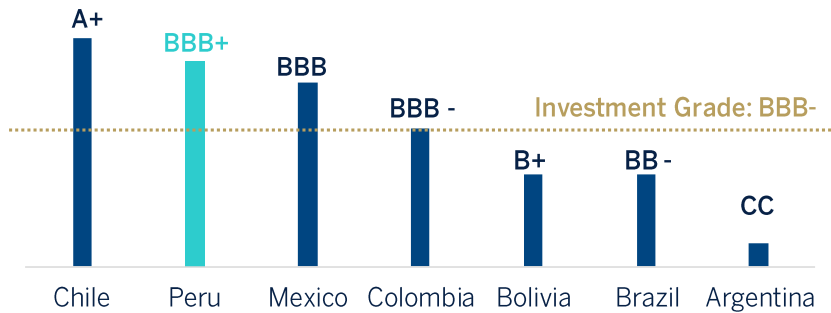
ECONOMIC ACTIVITY



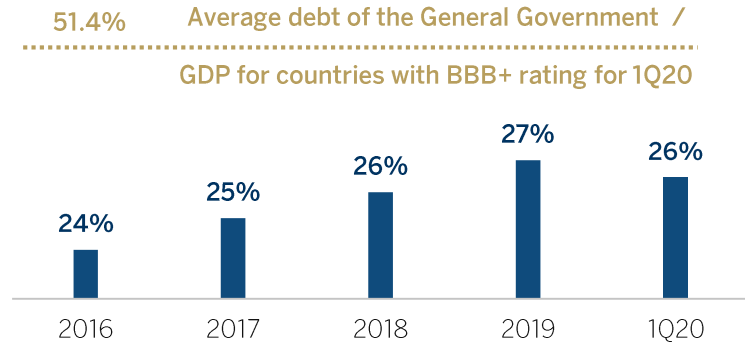
- **S/ 380 soles bond given to three million households**, especially to those in vulnerable situation (PEN 1 Bn)
- **Tax obligations deferral**, for at least 30 days.
- **COFIDE y CRECER Fund guarantees for Mypes y Pymes.**
- **Massive debt reprogramming up to 90 days**, authorized by SBS.
- **Reference rate reduction, arriving to its historical lowest level**, -100pbs in march and -100pbs in april (0.25%)

The local currency has remained relatively stable despite the crisis, outperforming other currencies

CREDIT RISK PROFILE



PERUVIAN PUBLIC DEBT (% OF GDP)

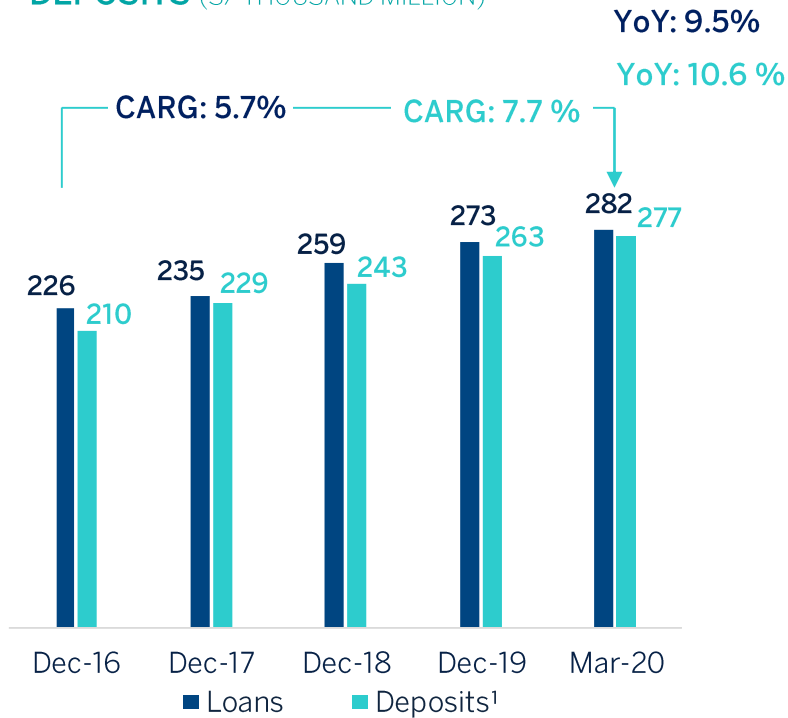


CURRENCY DEPRECIATION AGAINST USD

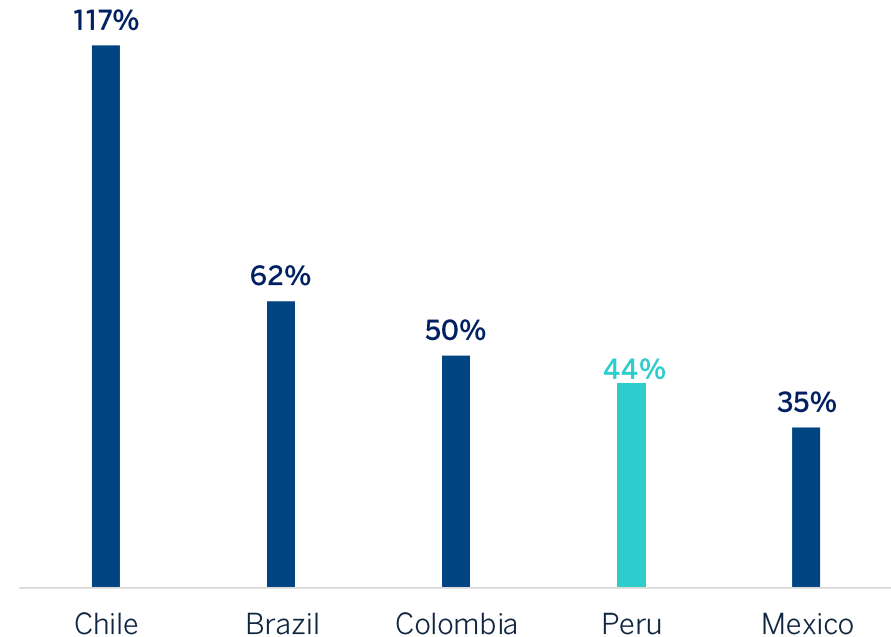


Peru has solid Banking System with great opportunities to expand

PERFORMING LOANS AND DEPOSITS (S/ THOUSAND MILLION)



LOANS TO PRIVATE SECTOR (% GDP, 2018)



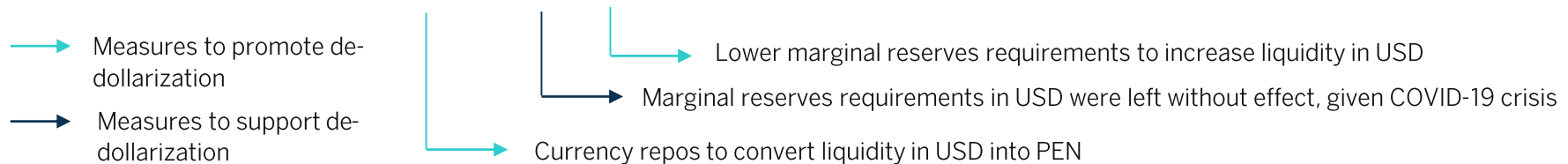
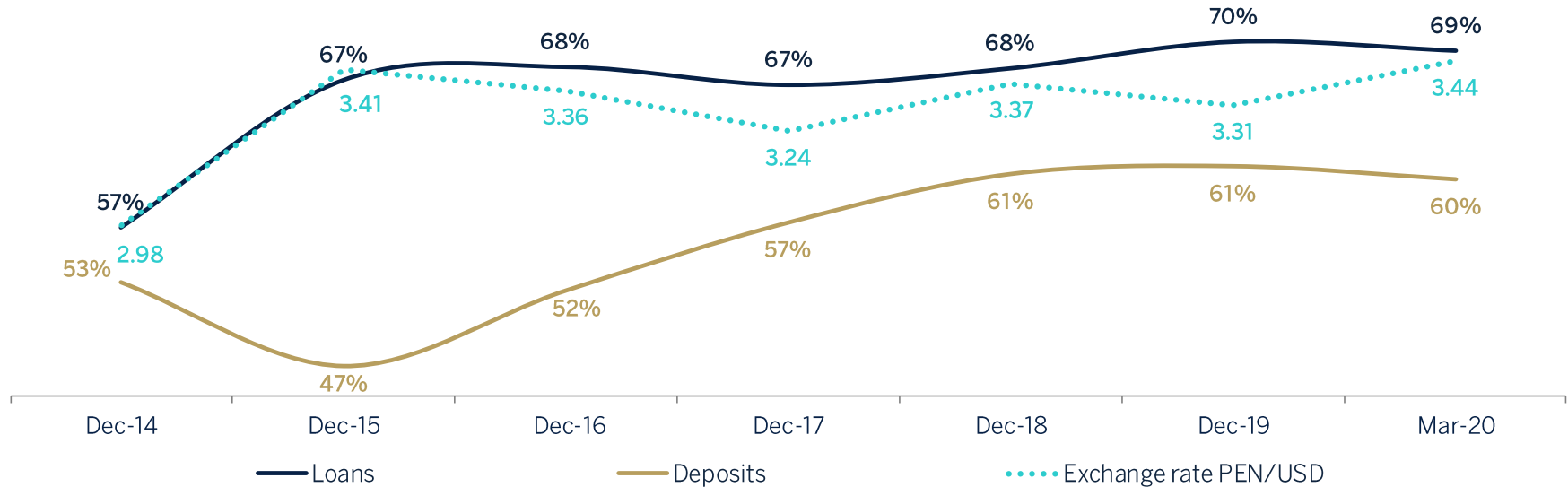
¹Other obligation are excluded from deposits

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)



¹ Other obligations are excluded from deposits

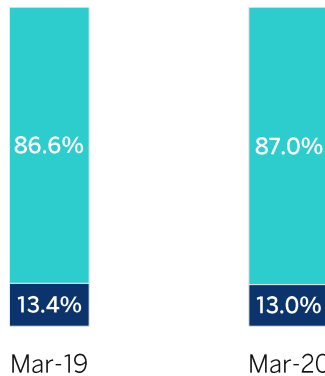
² Excluded operations higher than USD 10MM and 3 years from June 2015

Source: SBS & BCRP

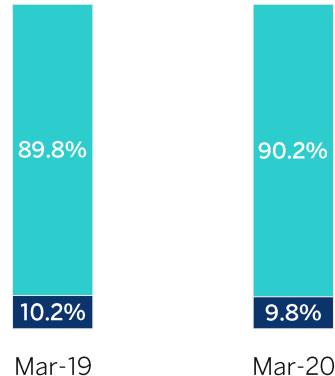
Peruvian Financial System (MARCH 2020)

Financial system	Institution S/ Million	Net loans	YoY (%)	Deposits	YoY (%)	Net Income	YoY (%)
Banking system	Banks (15)	281,207	9.5%	276,810	10.6%	1,826	-15.1%
	Banco de la Nación	6,640	-3.6%	29,892	25.8%	301	24.3%
Other financial institutions	Cajas Municipales (12)	21,020	5.9%	23,264	8.4%	63	-30.9%
	Financieras (11)	12,602	6.0%	8,249	8.2%	127	0.8%
	Cajas Rurales (7)	2,048	-5.9%	1,741	-9.1%	-4	-305.7%
	Edpymes (9)	2,391	14.2%	-	-	21	18.6%
	Leasing (1)	253	5.9%	-	-	2	176.7%
	COFIDE	4,301	3.5%	37	-68.0%	3	-11.4%
	Agrobanco	217	-41.3%	-	-	-10	-492.2%

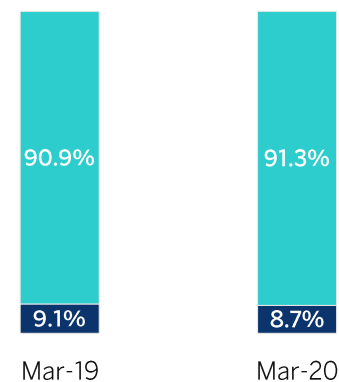
LOANS



DEPOSITS¹



NET INCOME



■ Other financial institutions
■ Banking System



The 4th largest peers concentrate around 84% of the bank loans and deposits

BBVA

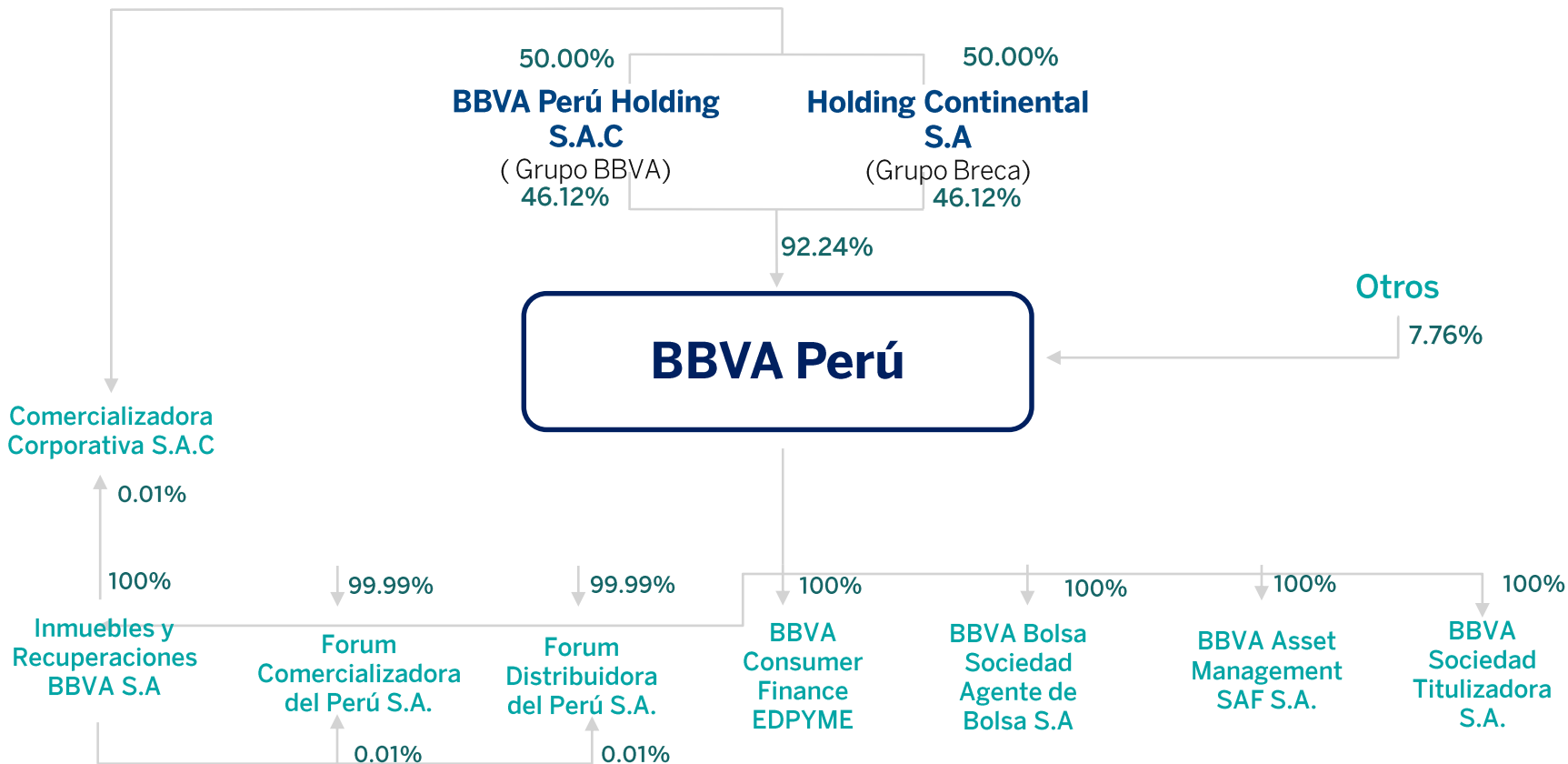
Creando Oportunidades

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



€731
miles de millones
de activo total

78,5
millones de clientes

>30
países

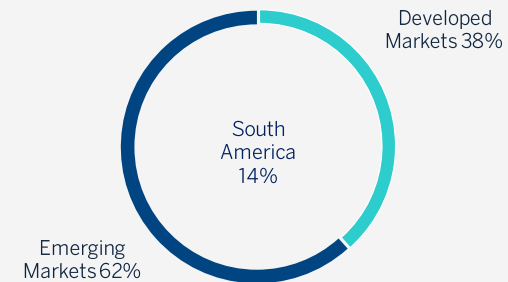
7.694
oficinas

32.275
cajeros

126.041
empleados

Well diversified & self sufficient subsidiaries¹

Gross Income



¹Excludes 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

COVID – 19 dynamics: BBVA's response to new challenges



COVID – 19 dynamics: BBVA's response to new challenges

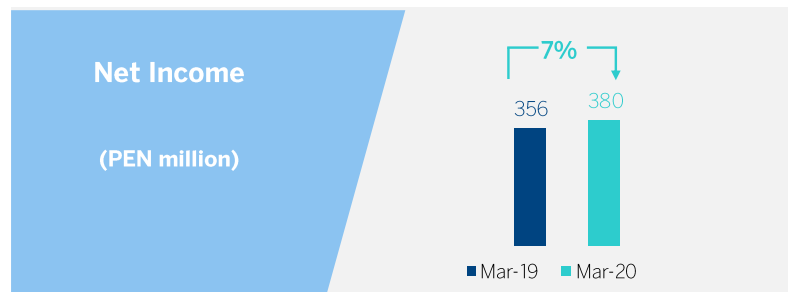


03

Financial Highlights

Highlights of BBVA Peru (MARCH 2020)

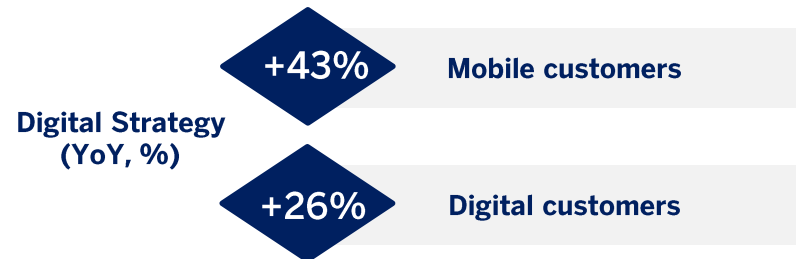
Assets (PEN million)	84,952
ROE	18.46%
ROA	1.99%



Great Asset Quality

NPL	3.14%
Cost of Risk	1.27%
Coverage Ratio	160.22%

Cost control (YoY, %)	Administrative Expenses +11.58%	Efficiency Ratio 41.14%
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Strong Capital & Liquidity Ratios

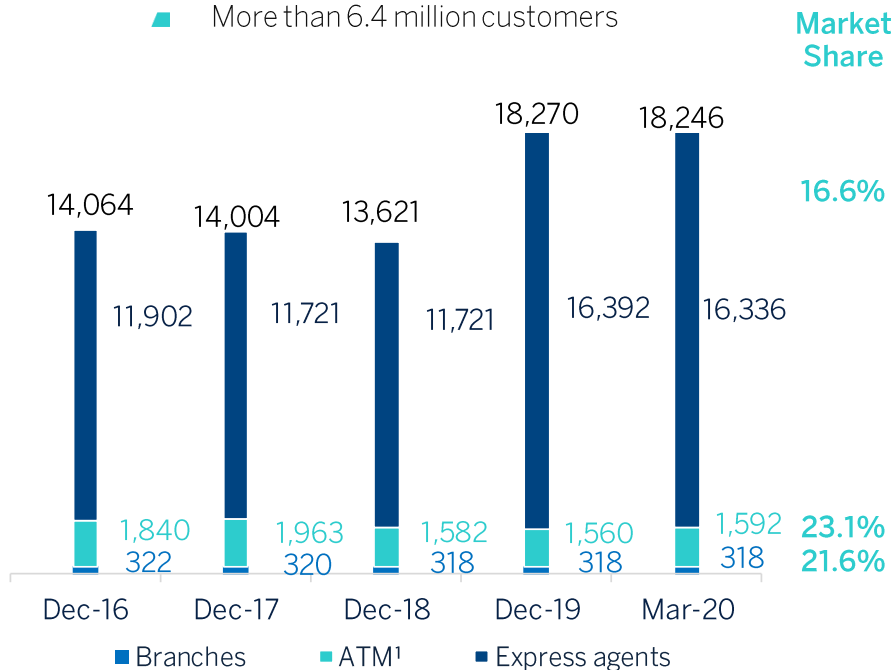
Global Capital	CET1
14.01%	10.31%
Loan – to – deposits	102%

Strong Banking platform

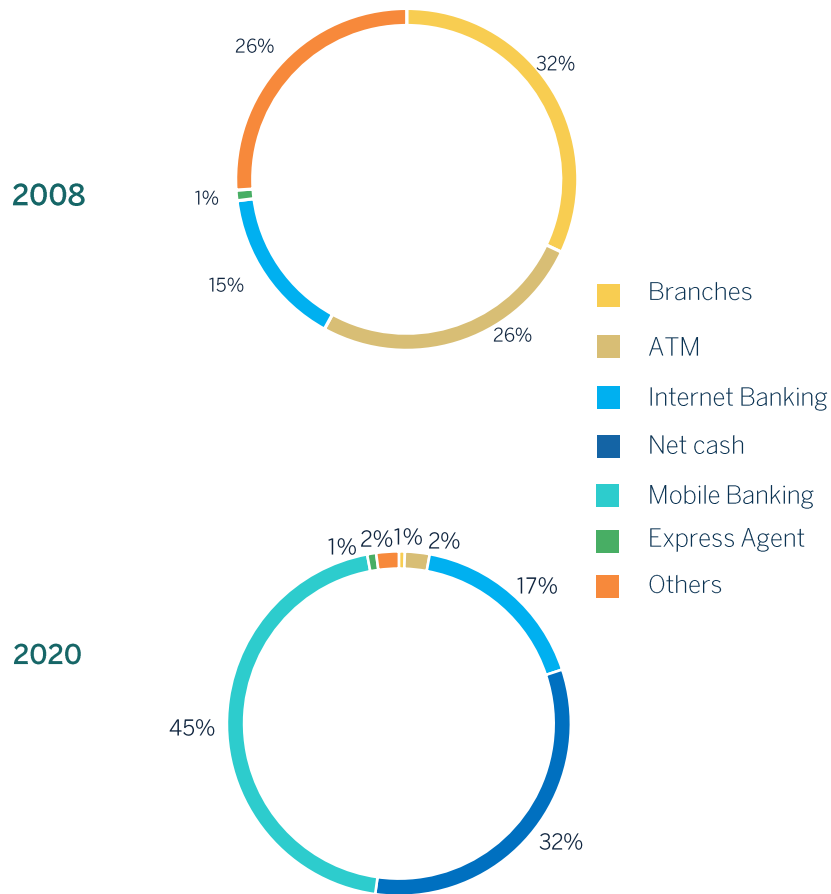
DISTRIBUTION NETWORK¹ (MARCH 2020)

One of the largest in the country

- 18,246 points of service
- More than 6.4 million customers



EVOLUTION IN TRANSACTION PER CHANNEL

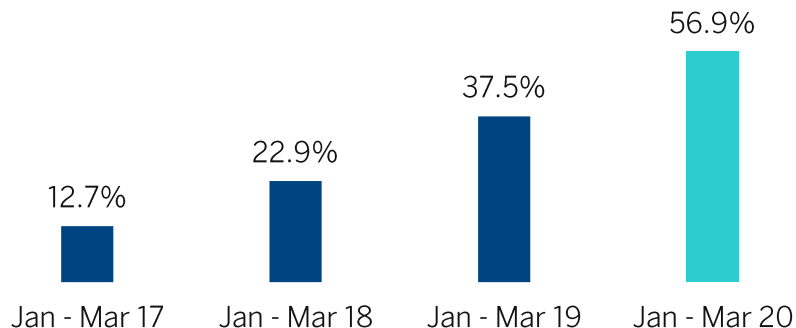


¹ Source: Branches, ATMs from ASBANC, ATMs from SBS
Source: SBS y BBVA

*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 UNITS SHARE YTD






- 837K digital target customers
- 92% of them are mobile users with high potential in hiring digital services.

COVID-19 IMPACT

- Savings account category is the product that benefits the most, multiplying its daily sales by x4.5.
- Encouragement in the use of digital channels on the website and emails.
- Implementation of the grace period benefit loans on digital channels.

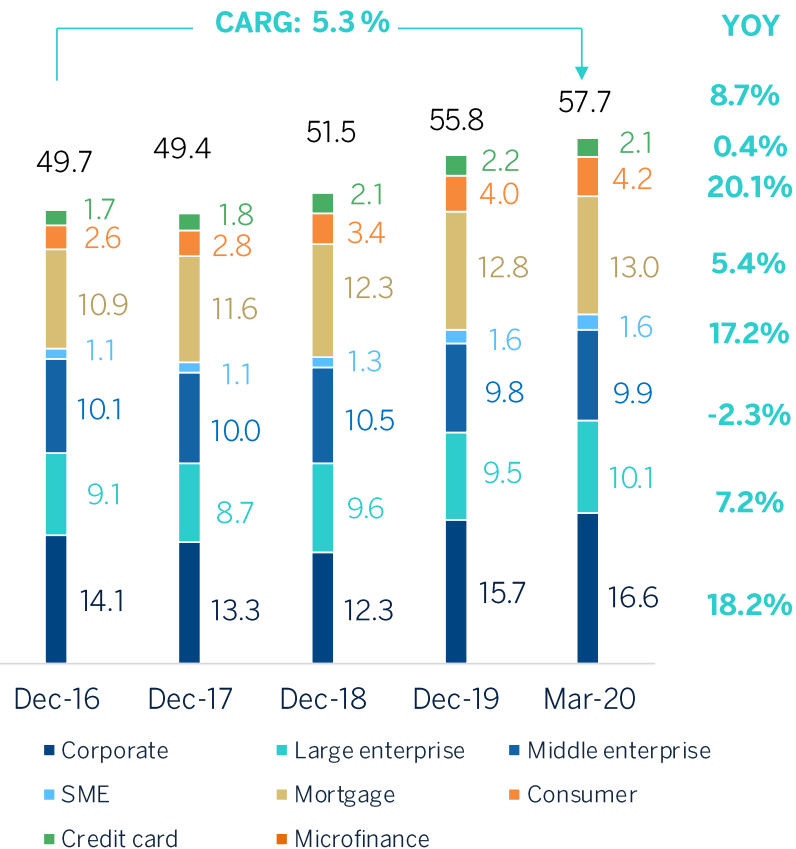
ACCELERATING DIGITAL USE



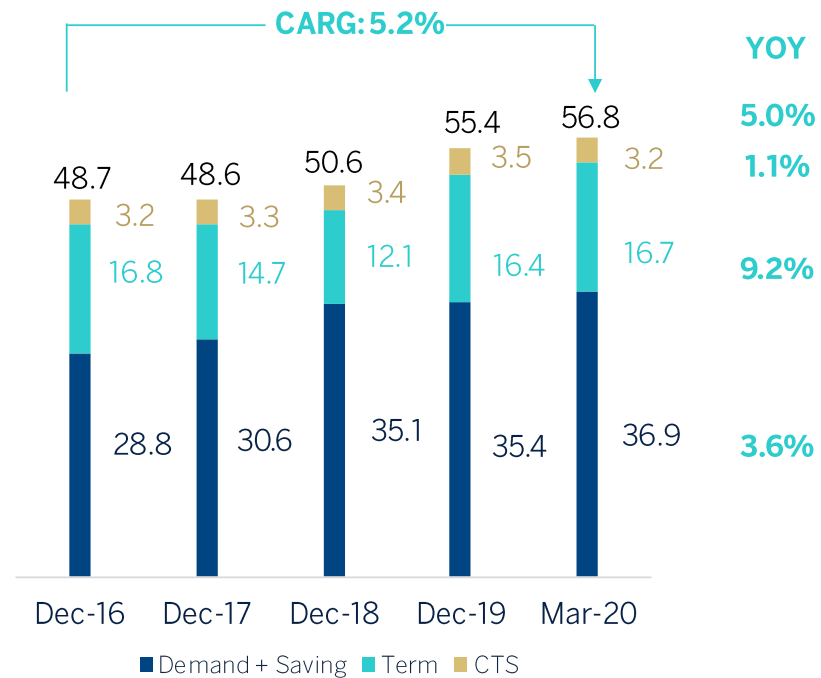
Digital Share	Mar 19	Mar 20
Digital sales	37.5%	56.9%
Credit cards 	18.7%	25.3%
Saving accounts 	9.11%	22.3%
Fx (T-cambio) 	34.0%	60.8%

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

PERFORMING LOANS

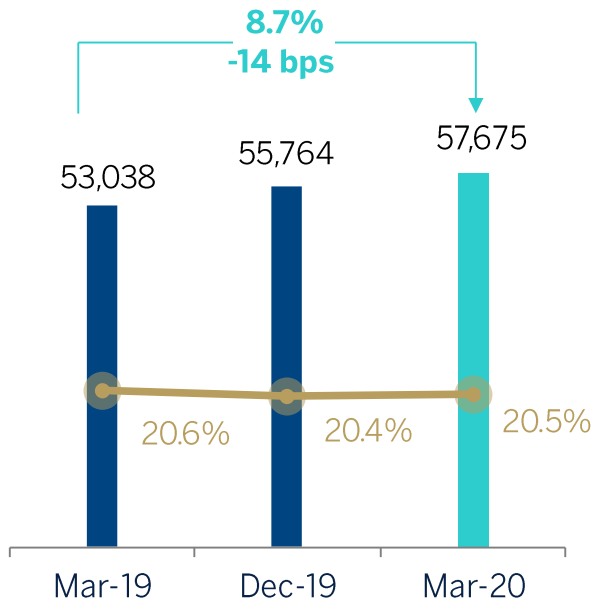


DEPOSITS¹



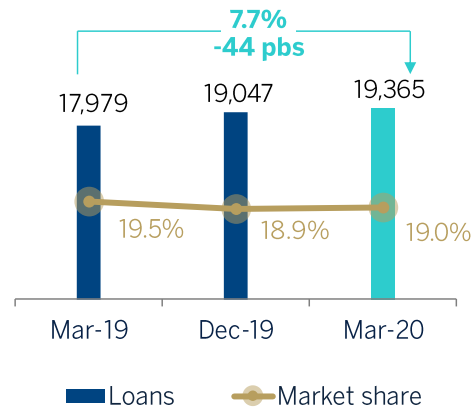
¹ Other obligations are excluded from deposits
Source: ASBANC y SBS

Performing loans (S/ Million, %)



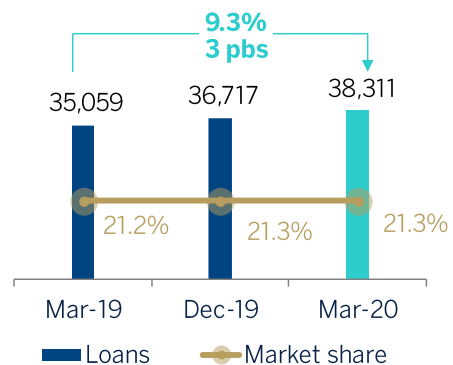
Banking System	281,903
YOY Variation	9.5%

RETAIL LOANS



Banking System	101,782
YOY Variation	10.2%

BUSINESS LOANS

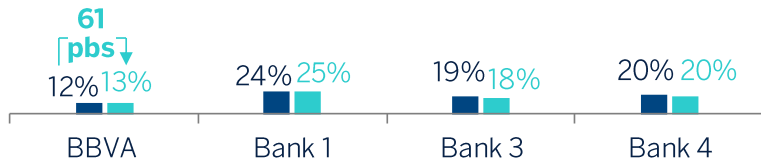


Banking System	180,122
YOY Variation	9.1%

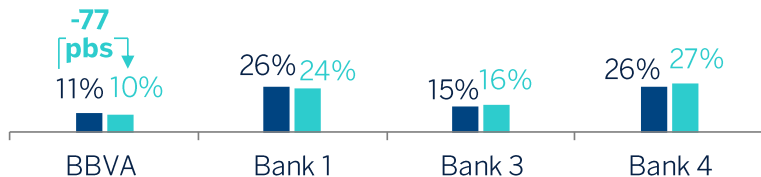
¹Other obligations are excluded from deposits
Source: ASBANC

Market share - Loans

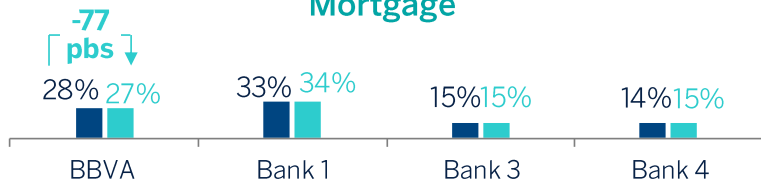
Consumer



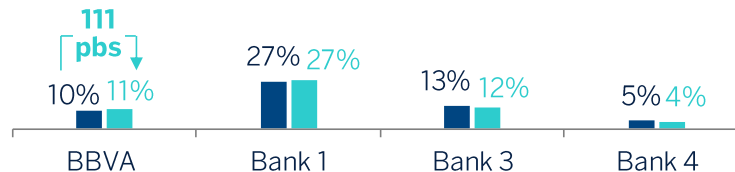
Credit cards



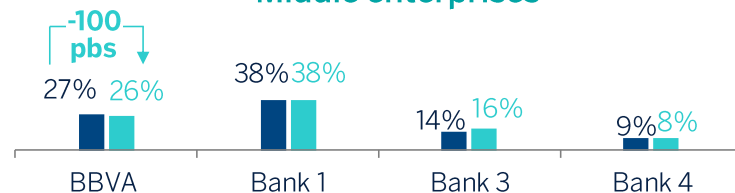
Mortgage



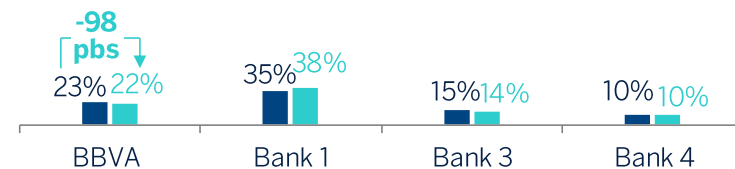
SME



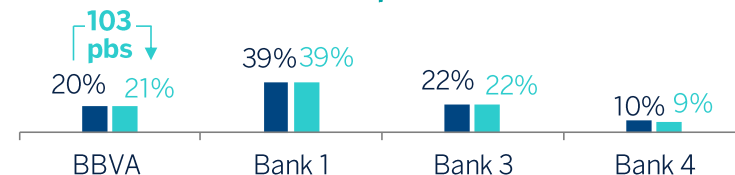
Middle enterprises



Large enterprises



Corporate

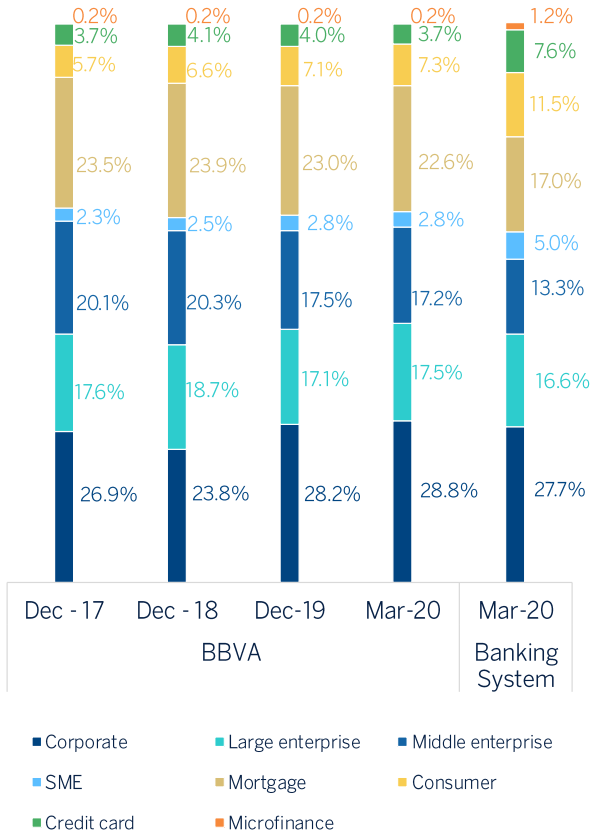


■ March 2019
■ March 2020

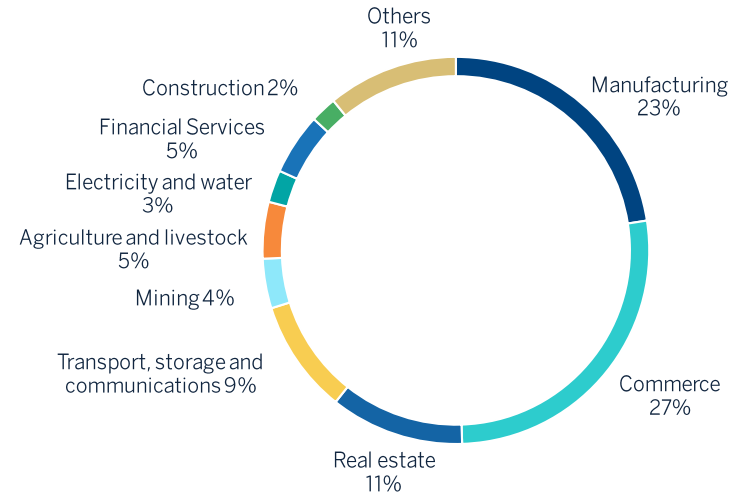
Source: ASBANC (Consumer Includes Auto Loans)

Well diversified loan portfolio

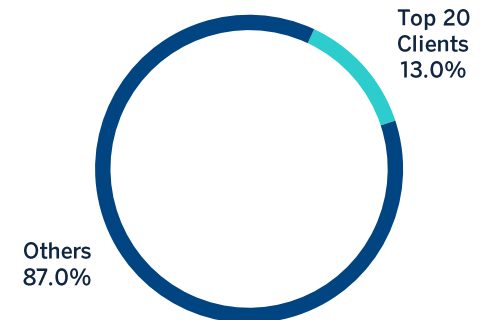
LOANS BREAKDOWN



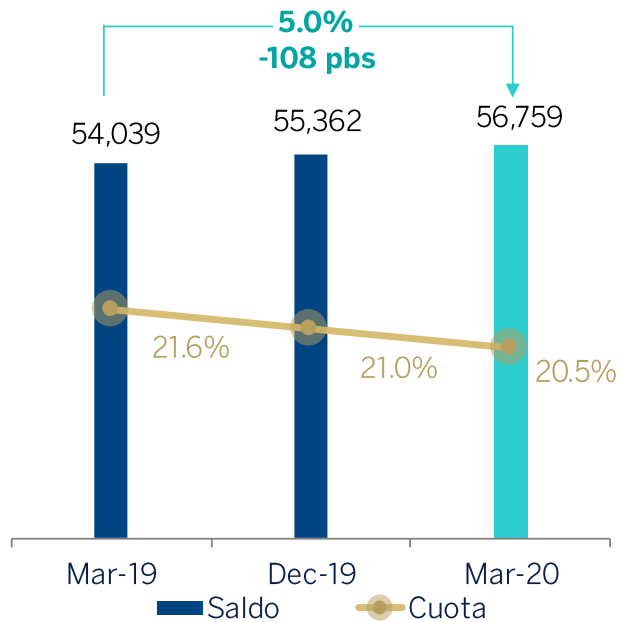
LOANS BY ECONOMIC SECTOR (MARCH 2020)



CONCENTRATION RISK (MARCH 2020)



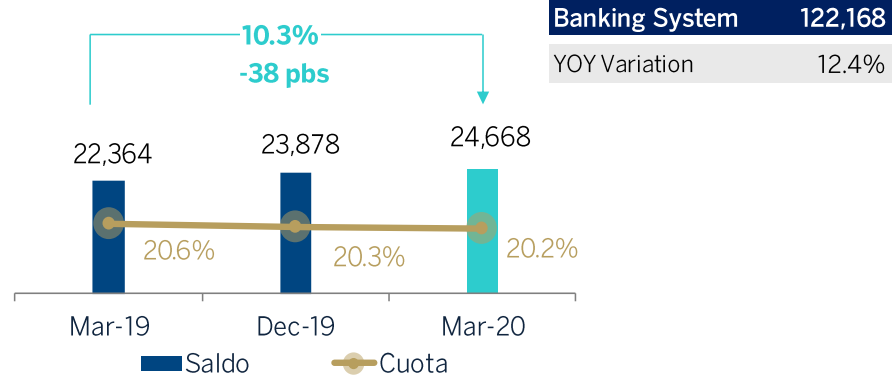
Deposits (S/ Million, %)



Banking System 276,810

YOY Variation 10.6%

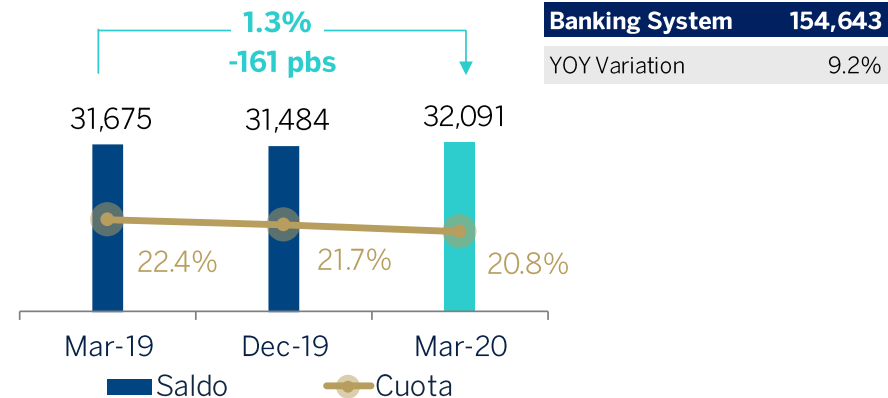
RETAIL DEPOSITS



Banking System 122,168

YOY Variation 12.4%

BUSINESS DEPOSITS

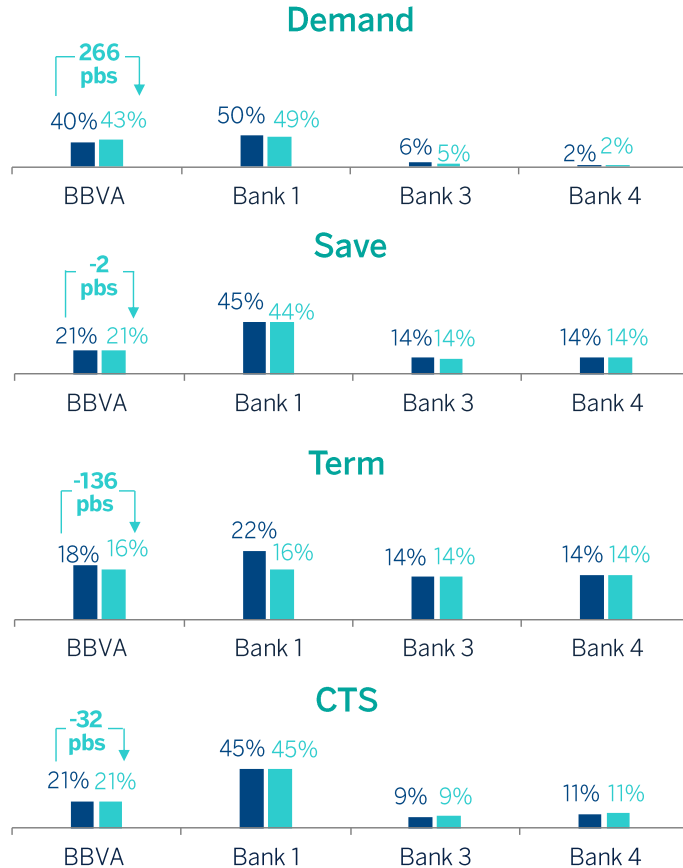


Banking System 154,643

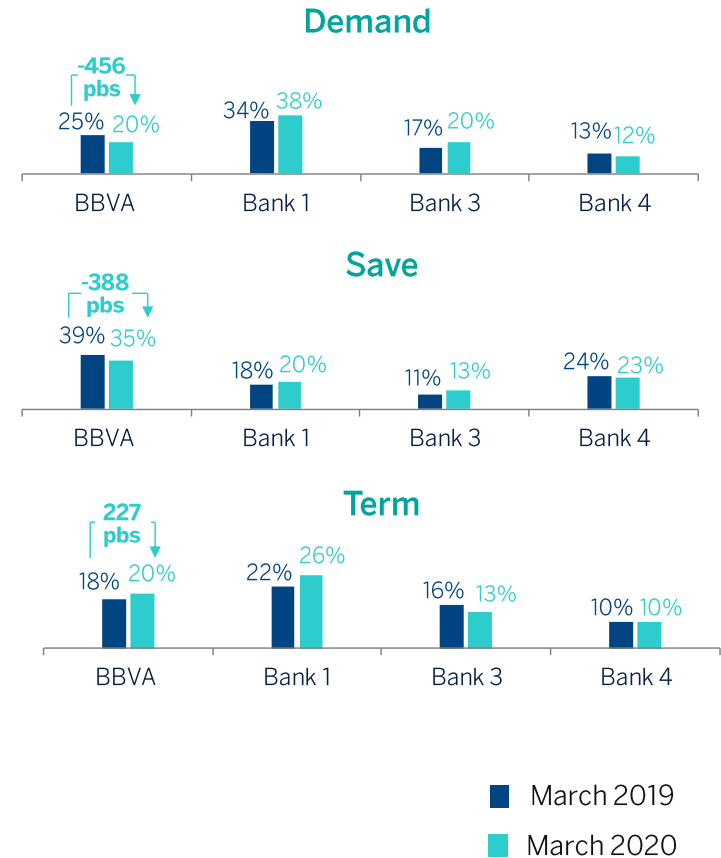
YOY Variation 9.2%

Market share - Deposits

RETAIL DEPOSITS

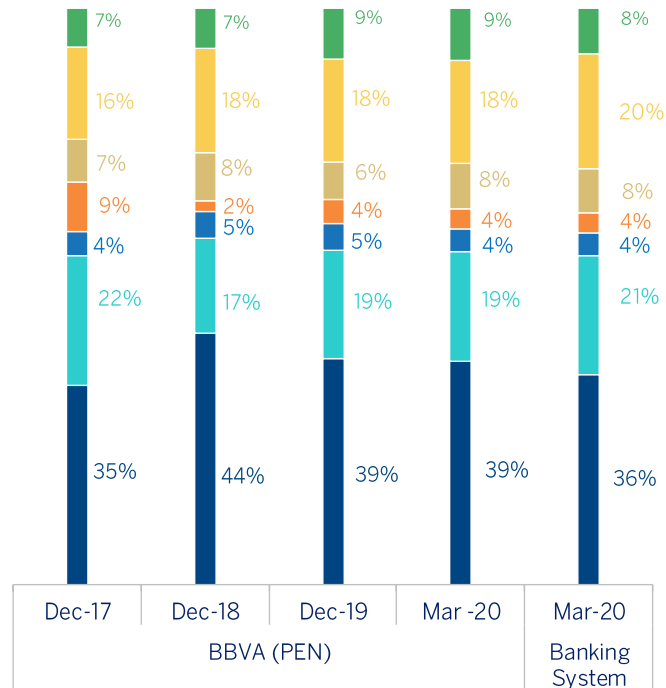


BUSINESS DEPOSITS

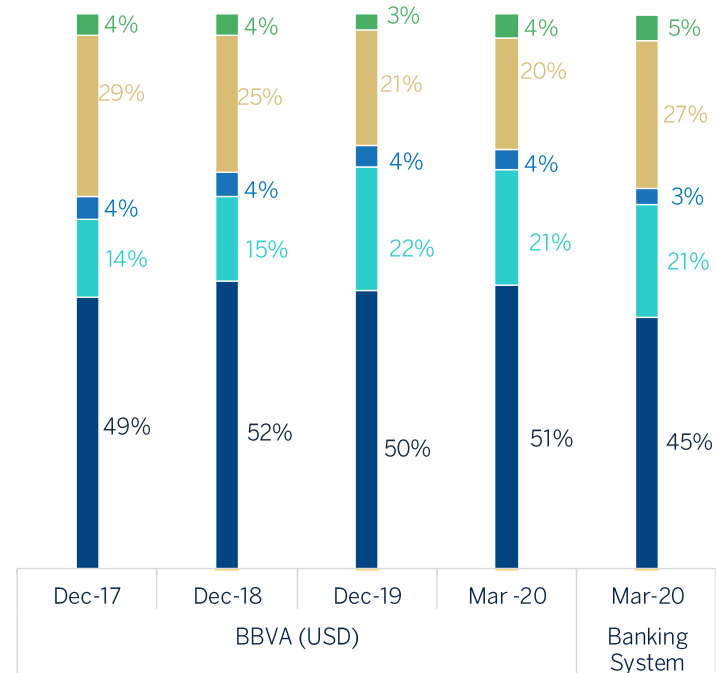


Liabilities and capital breakdown

LOCAL CURRENCY



FOREIGN CURRENCY

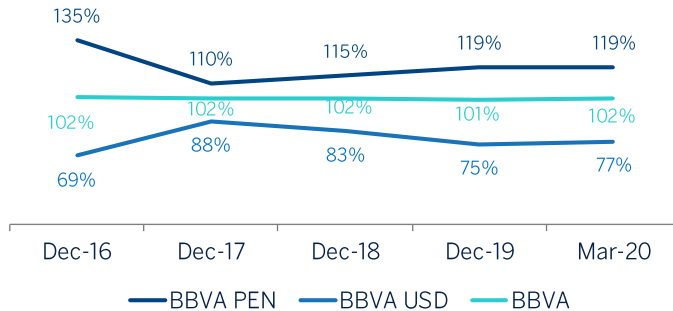


- Others
- Repos
- Demand + Saving
- Equity
- CTS
- Term
- Wholesale funding

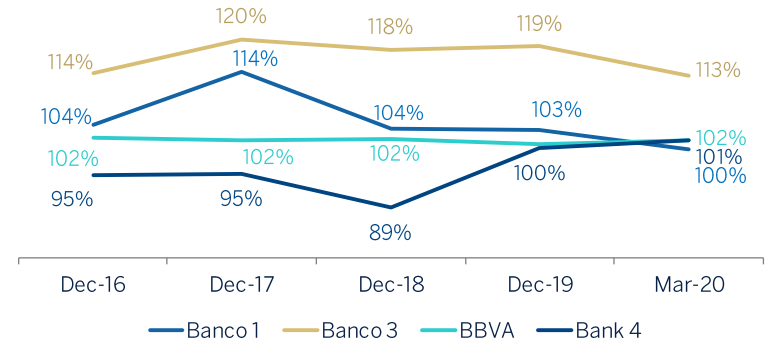
- Others
- Repos
- Demand + Saving
- Equity
- CTS
- Term
- Wholesale funding

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

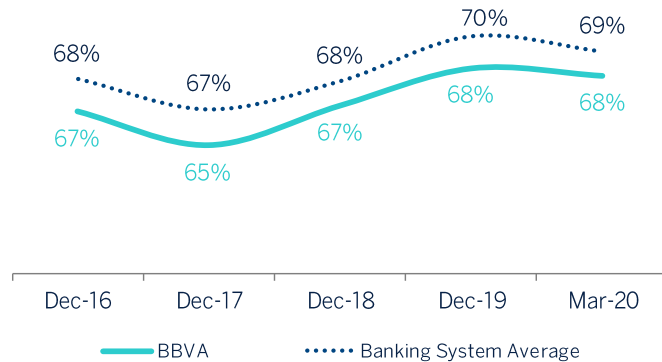
LOAN TO DEPOSITS BY CURRENCY¹



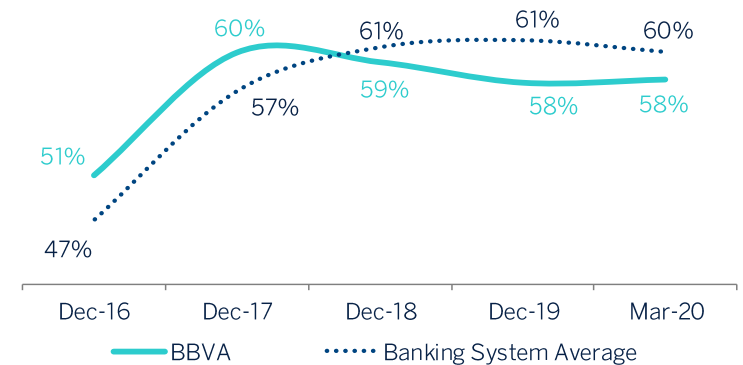
LOAN TO DEPOSIT – PEER GROUP



DOMESTIC CURRENCY PERFORMING LOANS



DOMESTIC CURRENCY DEPOSITS (% TOTAL DEPOSITS)

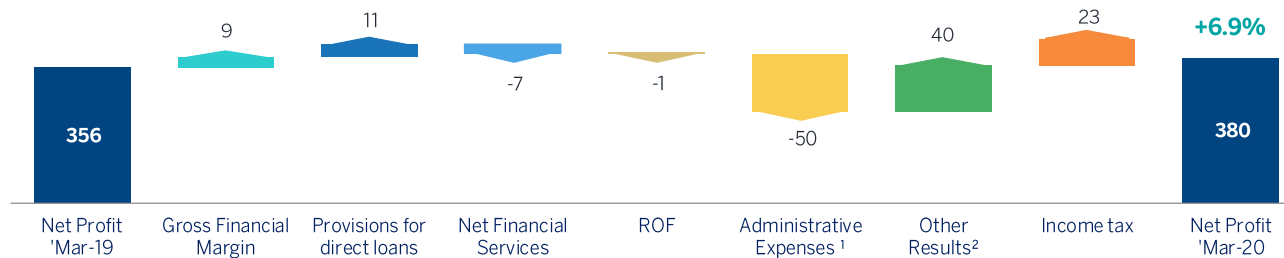


¹Other obligations are excluded from deposits
Source: SBS

BBVA Profit & Loss

(S/. Million)

	Mar-19	Mar-20	%
Gross Financial Margin	825	834	1.1
Provisions for direct loans	(201)	(191)	-5.3
Net Financial Margin	624	644	3.2
Income from financial services	282	279	-1.2
Expenses from financial services	(94)	(98)	3.9
Gain / Loss From Financial Operations (ROF)	166	165	-0.4
Operating Margin	978	990	1.2
Administrative expenses	(391)	(437)	11.7
Depreciation and amortization	(45)	(50)	10.1
Net Operating Margin	542	503	-7.1
Asset valuation and other provisions	(45)	(17)	-62.9
Other Income and Expenses	(1)	11	-1489.3
Profit / Loss Before Income Tax	496	497	0.3
Income tax	(140)	(117)	-16.5
Net Profit	356	380	6.9

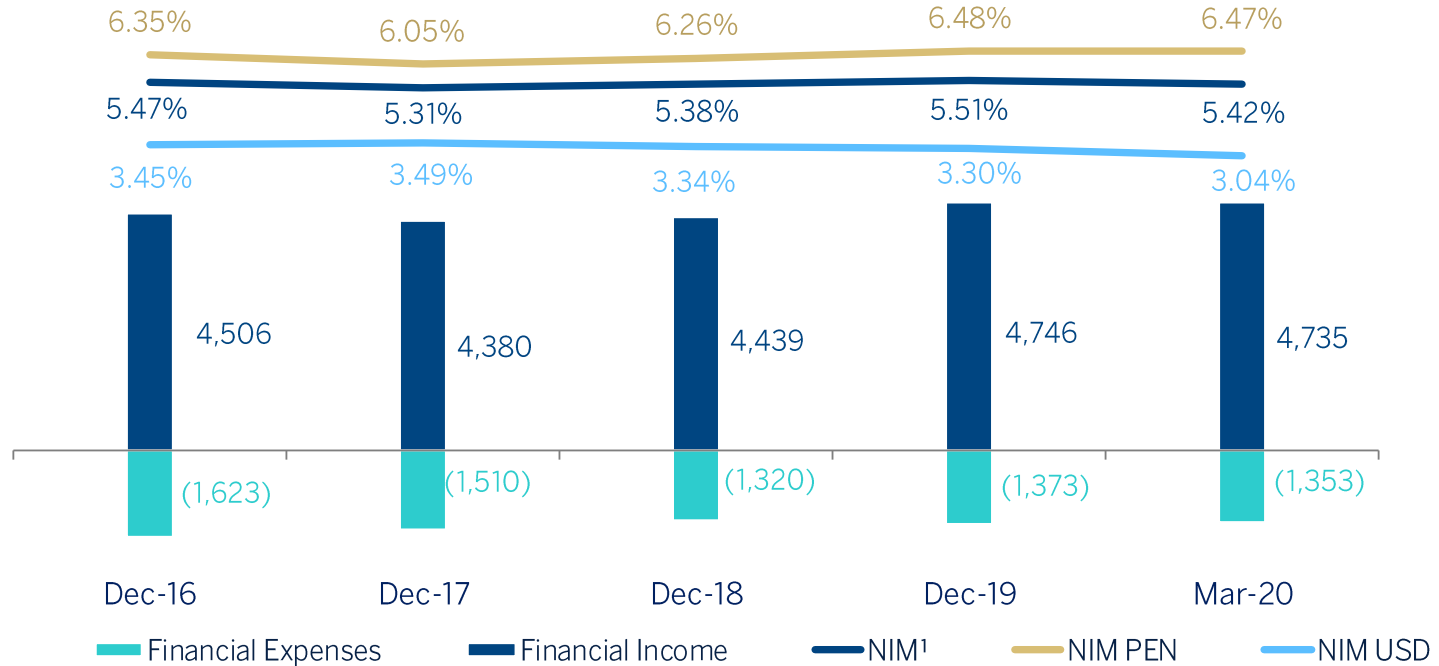


¹Includes administrative expenses, depreciation and amortization

²Includes asset valuation, other provisions and other income and expenses

Source: ASBANC

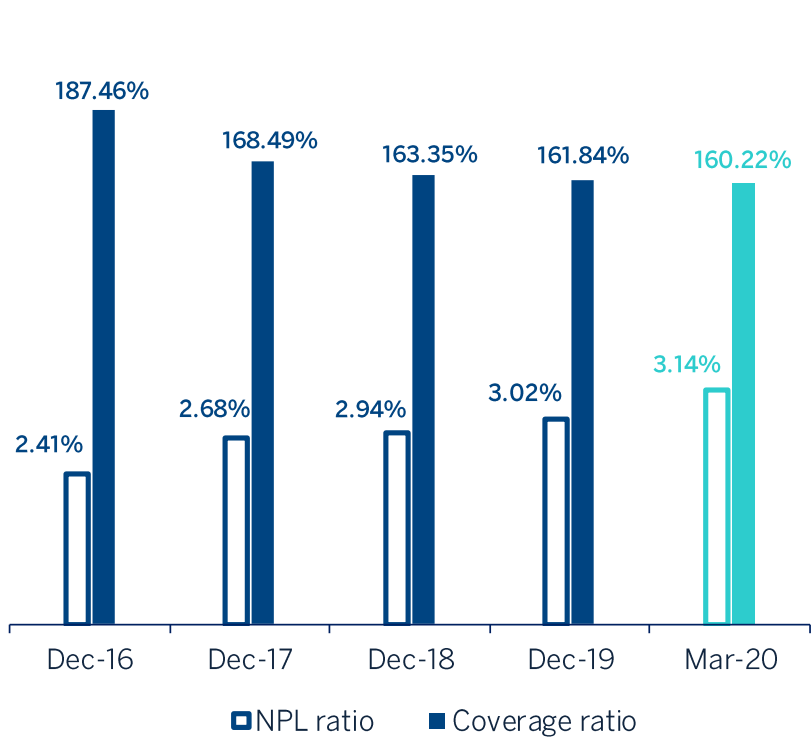
Gross financial margin (S/ Millions, %)



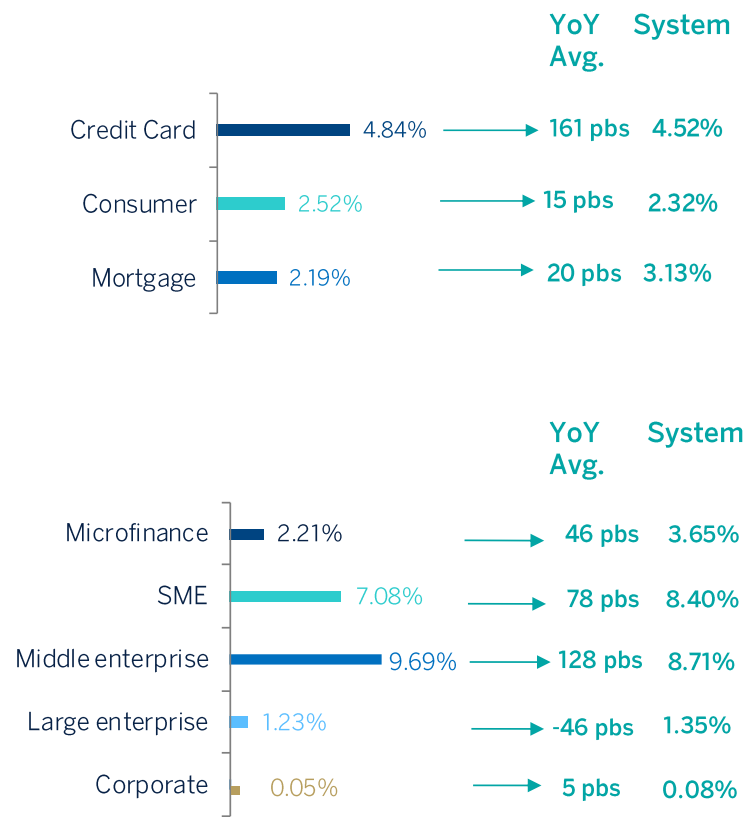
¹NIM: Gross financial margin for the last 12 months divided by average interest earning assets (interbank funds, investments and net loans)
Source: SBS y ASBANC

Risk management

OUTSTANDING ASSET QUALITY



NPL RATION BY PRODUCT AND SEGMENT (MARCH 2020)

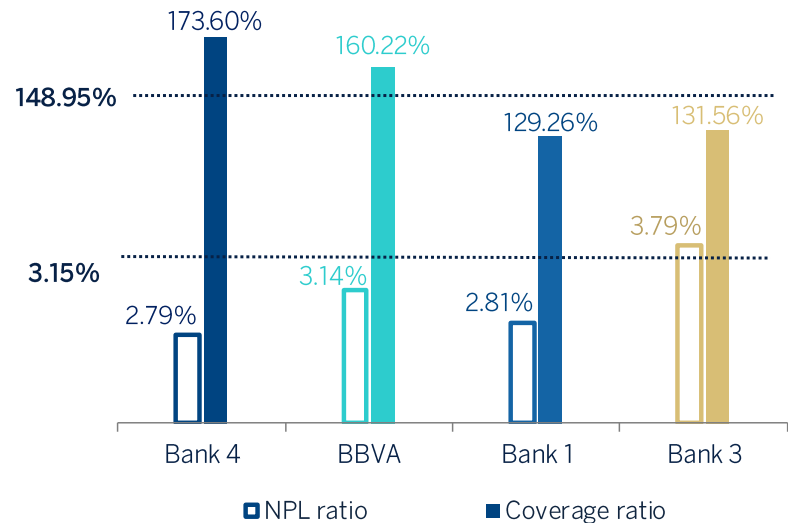


Source: SBS

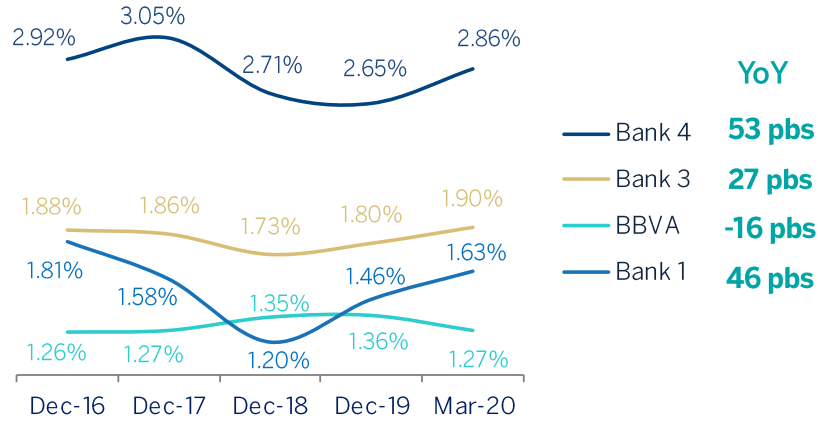
Risk management

NPL RATIO & COVERAGE RATIO (MARCH 2020)

Banking System Average



BEST COST OF RISK¹ VS. PEER GROUP

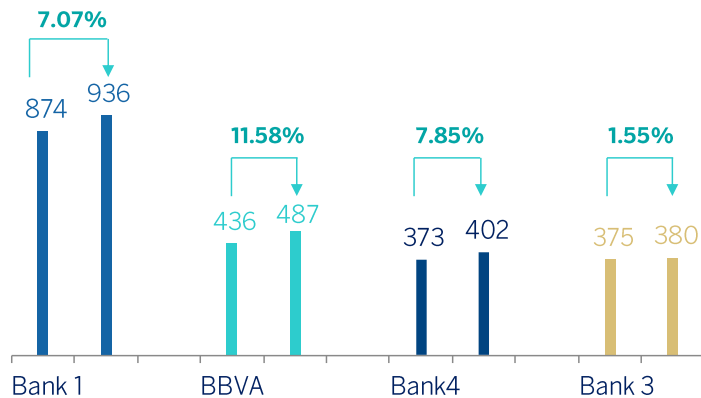


¹Includes provisions / total credits of the last 12 months
Source: SBS

Expenses management

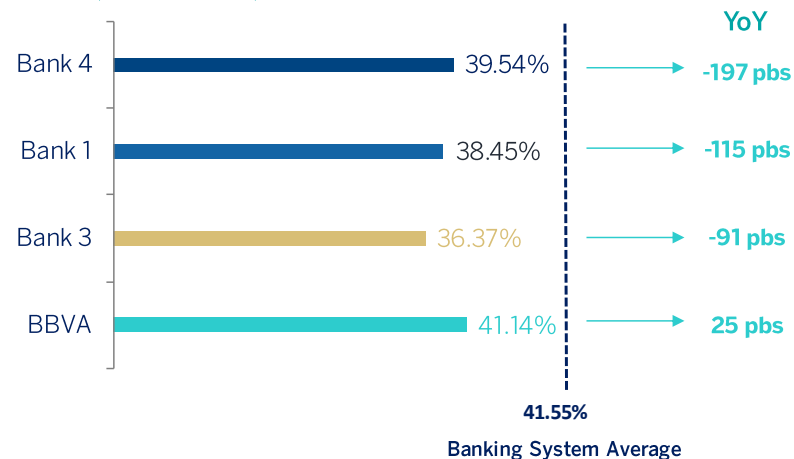
ADMINISTRATIVE EXPENSES¹

(MARCH 2019 VS 2020)



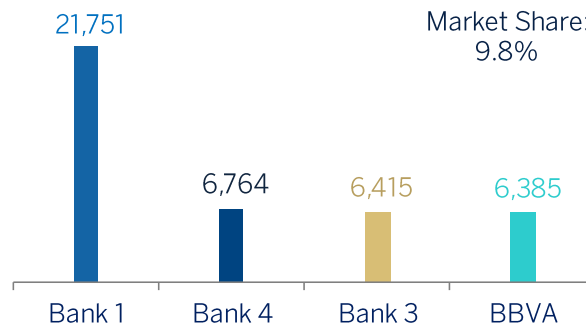
EFFICIENCY RATIO

(MARCH 2020)



NUMBER OF EMPLOYEES

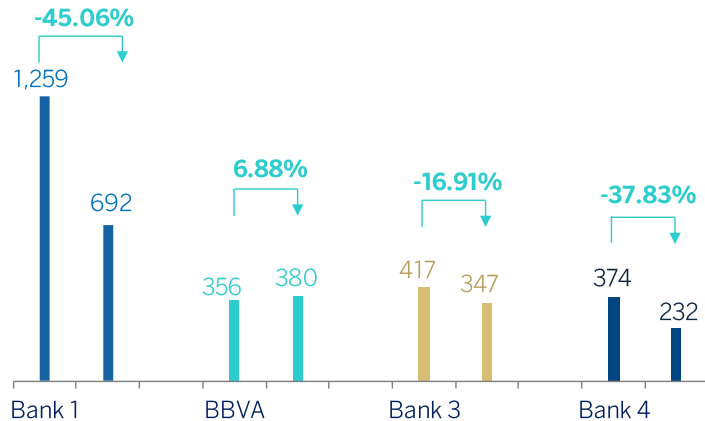
(MARCH 2020)



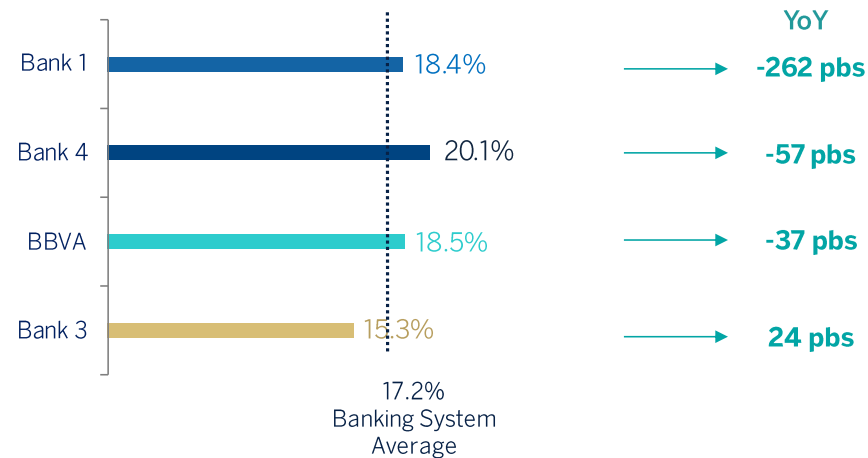
¹Includes depreciation and amortization
Source: SBS

Profitability management

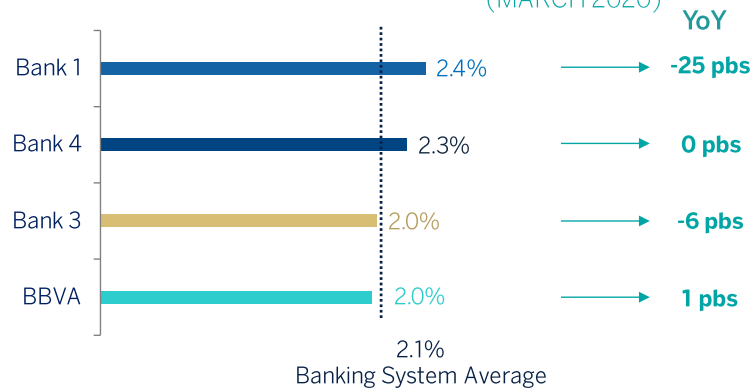
NET PROFIT (S/ MILLION,%)
(MARCH 2019 VS 2020)



RETURN ON EQUITY – ROE (MARCH 2020)

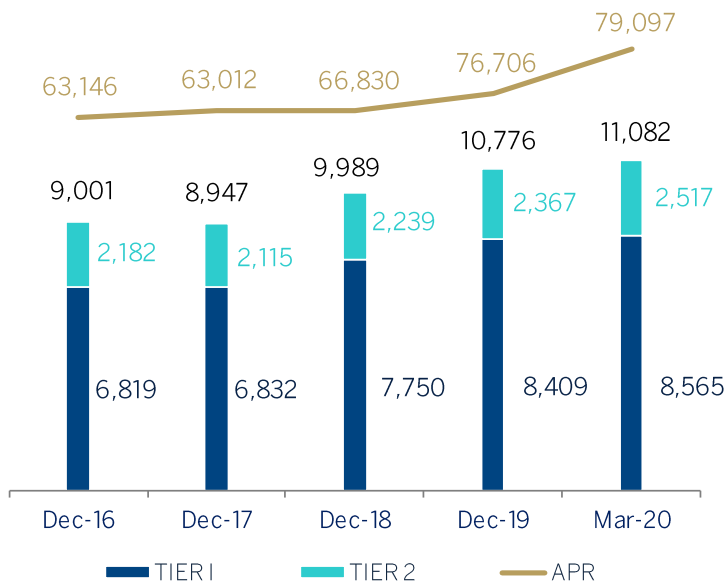


RETURN ON ASSETS – ROA (MARCH 2020)

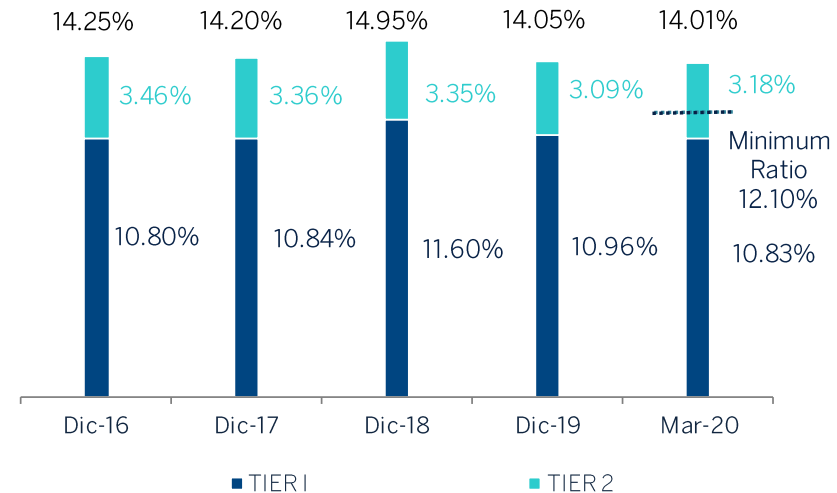


Solvency management

REGULATORY CAPITAL & RWA (S/ MILLION)



CAPITAL RATIOS



04

Ratings

International & local rating

Rating agencies have granted BBVA Peru the Best international and local ratings (March 2020)

INTERNATIONAL RATING

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	Negative	Stable

Instrumentos	Moody's
Long Term Deposits	BBB+
Short Term Deposits	Prime 2
Outlook	Stable

LOCAL RATING

Instrument	Apoyo & Asociados	Moody's	PCR
Negotiable Certificate of Deposits (CD)	CP - 1 + (pe)	ML - 1+ pe	PE1+
Short term deposits	CP - 1 + (pe)	ML - 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 April 11th Fitch Ratings changed their perspective from "stable" to "negative"

04

Social Responsibility and Awards

We are recognized for maintaining our commitment to society

FOUNDATION BBVA

1 LEER Program



2 Scholarship Program



3 Cultural Activities

- ✓ XXIV Lima International Book Fair
- ✓ Pre-Columbian Art Museum



AWARDS

- 1 Best bank in Latin America and Peru
- 2 Most innovative digital bank in Latin America
- 3 Fourth company with the best reputation in Peru
- 4 Among the 10 most admired companies in the country
- 5 Sustainable Finance Bank of the Year



BBVA

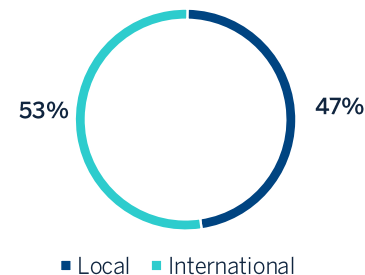
Creando Oportunidades

APPENDIX

Debt Issuance

BBVA	International	Bond	Issue Date	Call Date	Due Date	Currency	Issued Amount (m)	Coupon Rate	ISIN
		Subordinados	Set-14	Set-24	Set-29	USD	300,000	5.25%	USO5537GAD79-USP16236AG98
Local	Corporativos	Ago-10		Ago-20	PEN	40,000	7.19%	PEP11600M145	
	Corporativos	Ago-10		Ago-20	PEN	80,000	7.22%	PEP11600M152	
	Corporativos	Dic-11		Dic-26	PEN	150,000	7.47%	PEP11600M186	
	Corporativos	Jun-16		Jun-21	PEN	150,000	6.28%	PEP11600M236	
	Corporativos	Nov-17		Nov-20	PEN	350,000	4.78%	PEP11600M244	
	Corporativos	Jun-18		Jun-21	PEN	132,425	4.44%	PEP11600M251	
	Corporativos	Jun-18		Jun-21	PEN	69,435	4.50%	PEP11600M269	
	Corporativos	Jul-18		Jul-23	PEN	100,000	5.53%	PEP11600M277	
	Corporativos	Ago-18		Ago-23	PEN	73,465	5.63%	PEP11600M285	
	Corporativos	Set-18		Set-21	PEN	70,000	4.78%	PEP11600M293	
	Corporativos	Ago-19		Ago-22	PEN	65,520	4.09%	PEP11600M319	
	Corporativos	Oct-19		Oct-22	PEN	150,000	3.91%	PEP11600M327	
	Corporativos	Dic-19		Dic-24	PEN	96,550	4.44%	PEP11600M335	
	Subordinados	May-07	May-22	May-27	USD	20,000	6.00%	PEP11600D029	
	Subordinados	Jun-07		Jun-32	PEN	55,000	3.47%	PEP11600D037	
	Subordinados	Nov-07		Nov-32	PEN	50,000	3.56%	PEP11600D052	
	Subordinados	Feb-08		Feb-28	USD	20,000	6.47%	PEP11600D060	
	Subordinados	Jul-08		Jul-23	PEN	45,000	3.06%	PEP11600D078	
	Subordinados	Set-08		Set-23	PEN	50,000	3.09%	PEP11600D086	
	Subordinados	Dic-08		Dic-33	PEN	30,000	4.19%	PEP11600D094	
Subordinados	Oct-13	Oct-23	Oct-28	USD	45,000	6.53%	PEP11600D102		
CDN	Oct-19		Oct-20	PEN	150,000	3.33%	PEP11600Q179		
BAF	Dic-17		Dic-20	PEN	158,000	4.63%	PEP11600K073		

Total Debt	S/ MM	%
Local	2,478	47%
International	2,750	53%
Total	5,227	100%



BBVA

Creando Oportunidades

BBVA Peru

Investor Report

First Quarter 2020