



# BBVA Peru

## Investor Report

Second Quarter 2020



Creando Oportunidades

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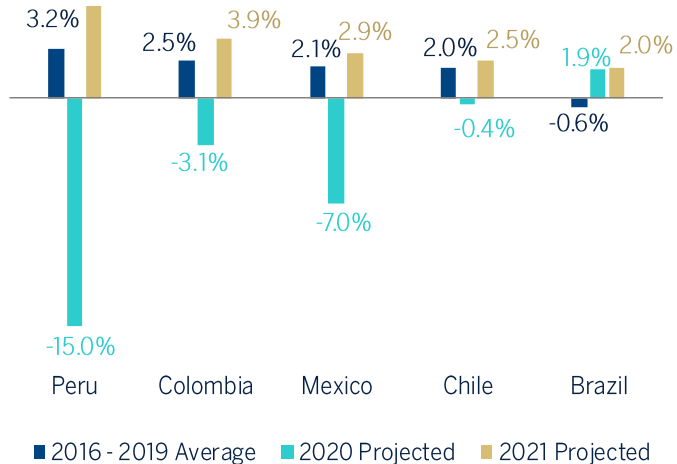
APPENDIX  
Debt Issuances

01

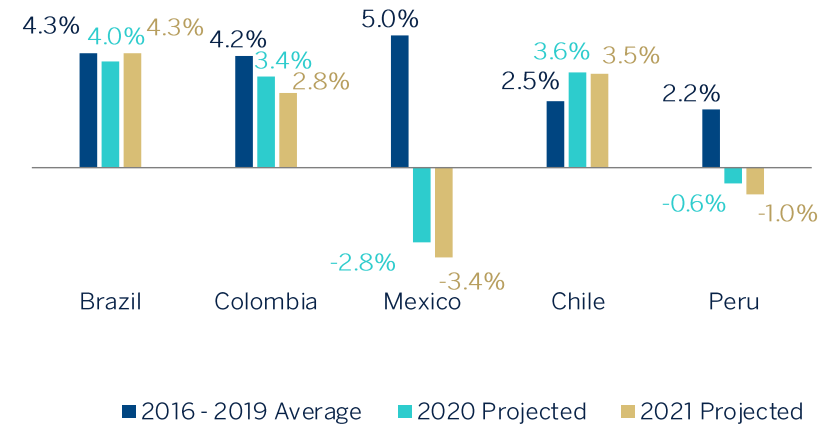
# Peruvian Economy & Financial System

# In 2020, regional economies are strongly influenced by COVID-19, however these have been reactivating during the last months

## 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.
- Release of retained VAT taxes
- CTS disbursement
- 25% AFP funds release
- Business liquidity program **“Reactiva Perú”**

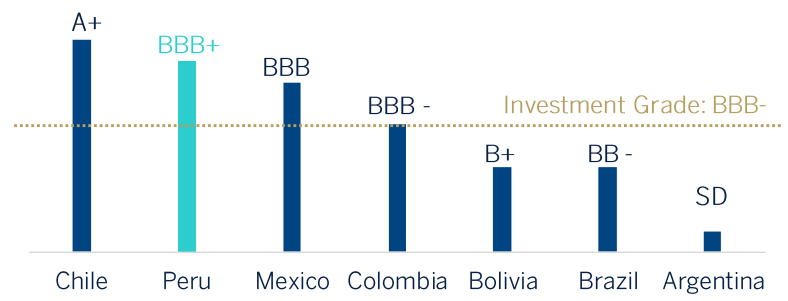
## ECONOMIC ACTIVITY



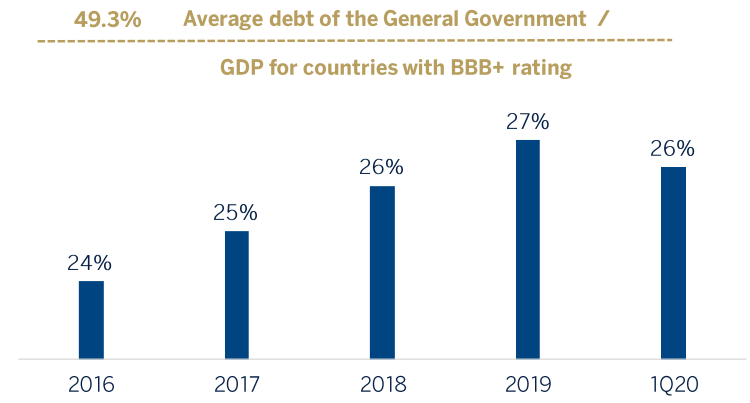
- S/ 760 bond “Yo me quedo en casa” given to 2.7 million households, especially to those in vulnerable situation.
- COFIDE y CRECER Fund guarantees for Mypes y Pymes.
- FAE Mype gave loans to 156 thousand enterprises for S/ 800 million.
- Massive debt reprogramming
- Reference rate reduction, arriving to its historical lowest level (0.25%).
- Economic Reactivation Plan in four phases.

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

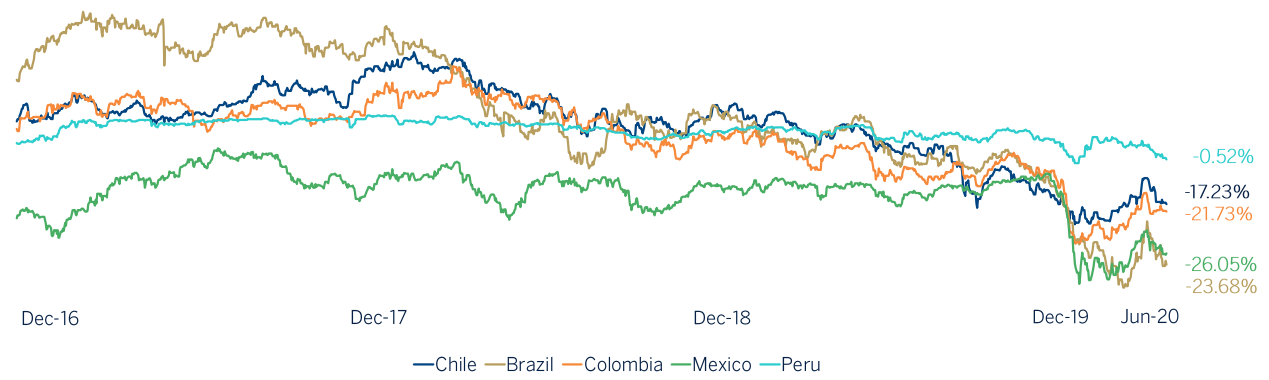
## CREDIT RISK PROFILE



## PERUVIAN PUBLIC DEBT (% OF GDP)



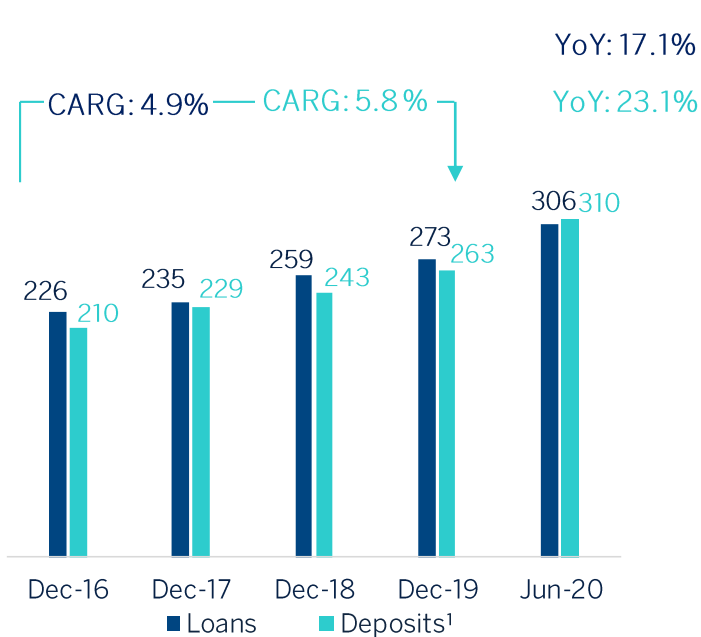
## CURRENCY DEPRECIATION AGAINST USD



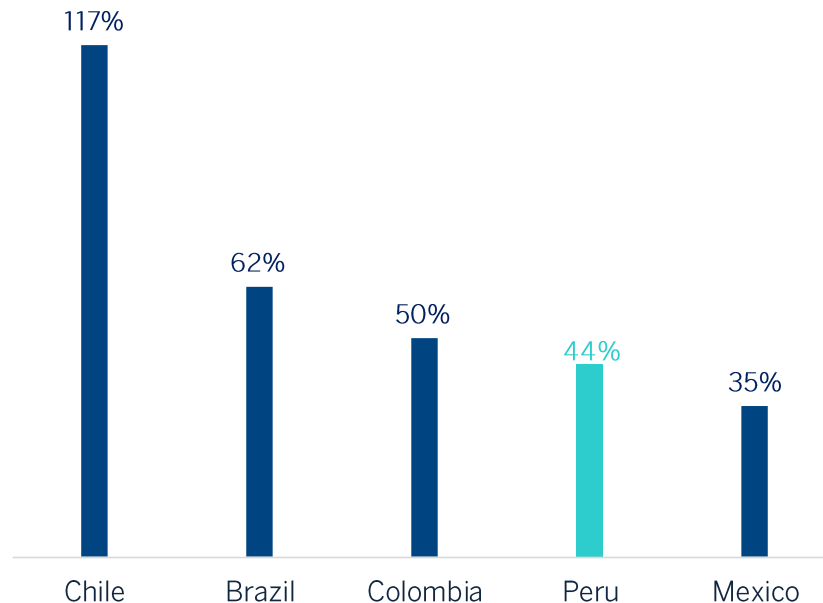
Source: Bloomberg, BCRP

# Banking System growth driven by Reactiva

### PERFORMING LOANS AND DEPOSITS (\$/ THOUSAND MILLION)



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



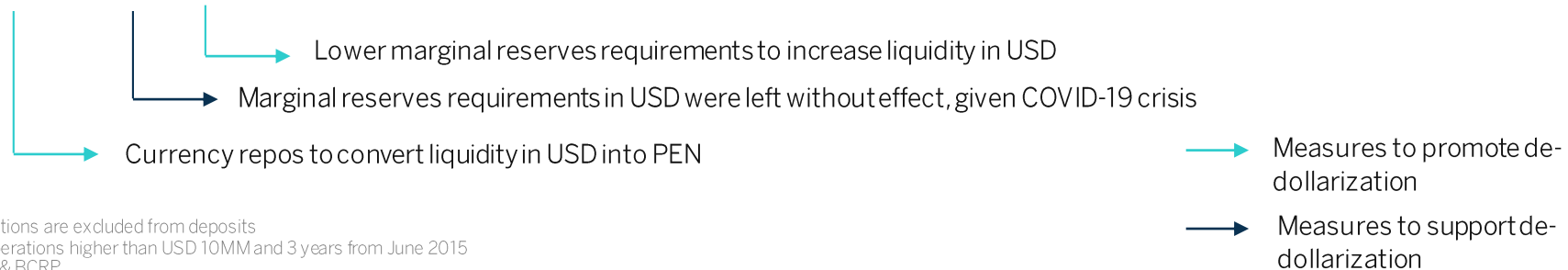
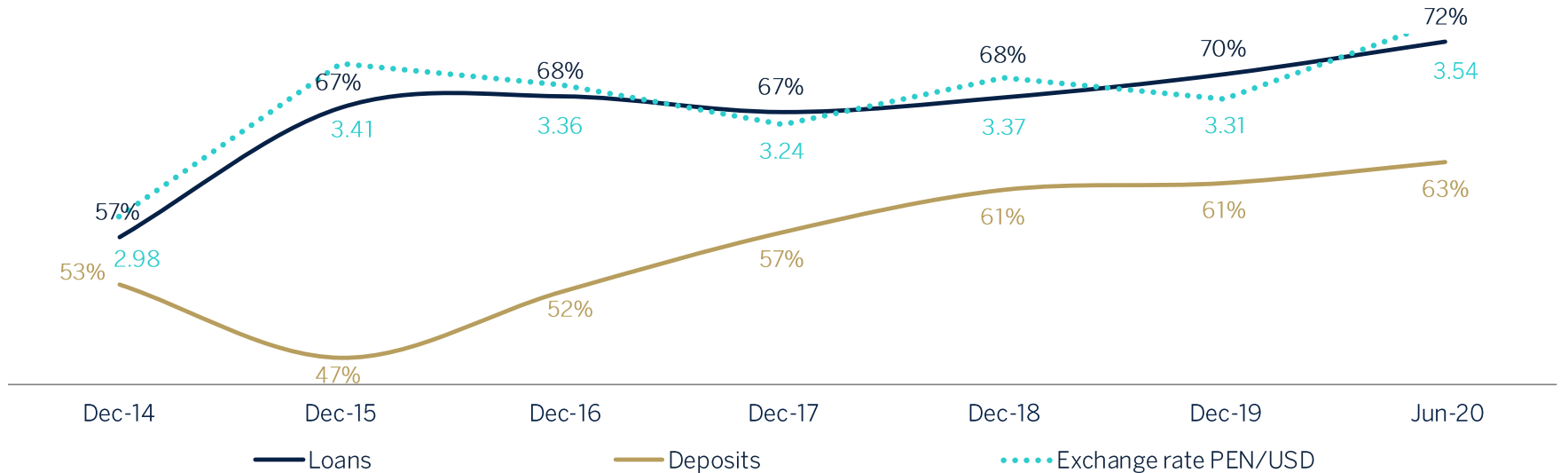
<sup>1</sup>Other obligation are excluded from deposits  
Source: Superintendencia de Banca, Seguros y AFP (SBS) & World bank (WB)



# Central Bank promotes PEN denomination of Loans

## LOCAL CURRENCY LOANS AND DEPOSITS

(% TOTAL LOANS AND DEPOSITS)



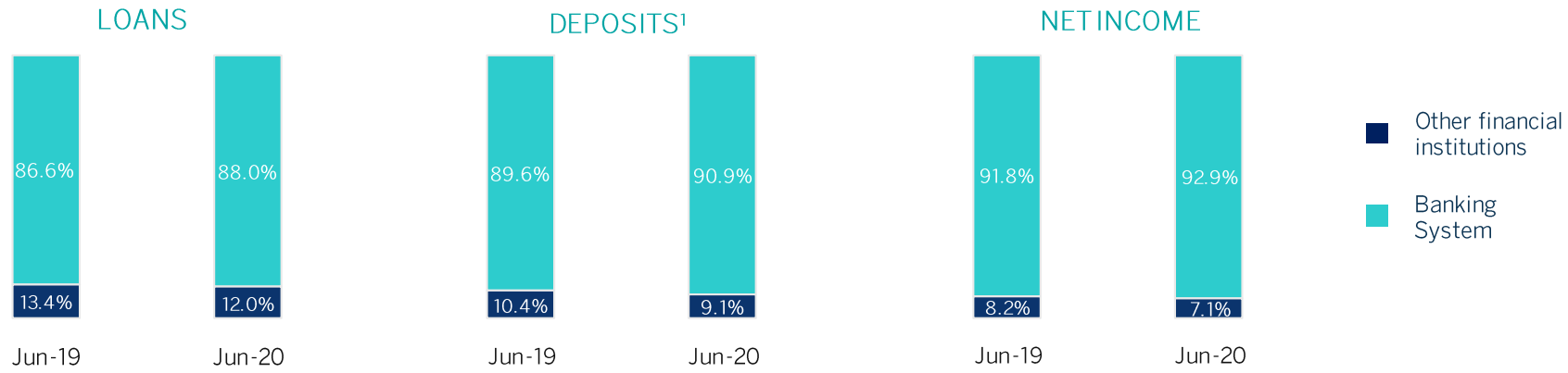
<sup>1</sup> Other obligations are excluded from deposits

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

Source: SBS & BCRP

# Peruvian Financial System (JUNE 2020)

Financial system	Institution S/ Million	Net loans	YoY (%)	Deposits	YoY (%)	Net Income	YoY (%)
Banking system	Banks (15)	303,201	16.1%	309,728	23.1%	2,111	-52.5%
	Banco de la Nación	7,847	16.2%	31,325	31.4%	407	-28.2%
Other financial institutions	Cajas Municipales (12)	20,468	1.2%	23,532	6.4%	85	-53.6%
	Financieras (11)	11,703	-4.5%	8,609	9.0%	97	-60.4%
	Cajas Rurales (7)	1,898	-11.9%	1,704	-7.7%	-12	-1356.7%
	Edpymes (9)	2,291	1.9%	-	-	36	27.3%
	Leasing (1)	260	8.7%	-	-	1	-85.9%
	COFIDE	5,722	44.9%	204	487.8%	3	-65.4%
	Agrobanco	210	-35.9%	-	-	-18	24.2%



✓ The 4th largest peers concentrate around 85% of the bank loans and deposits.

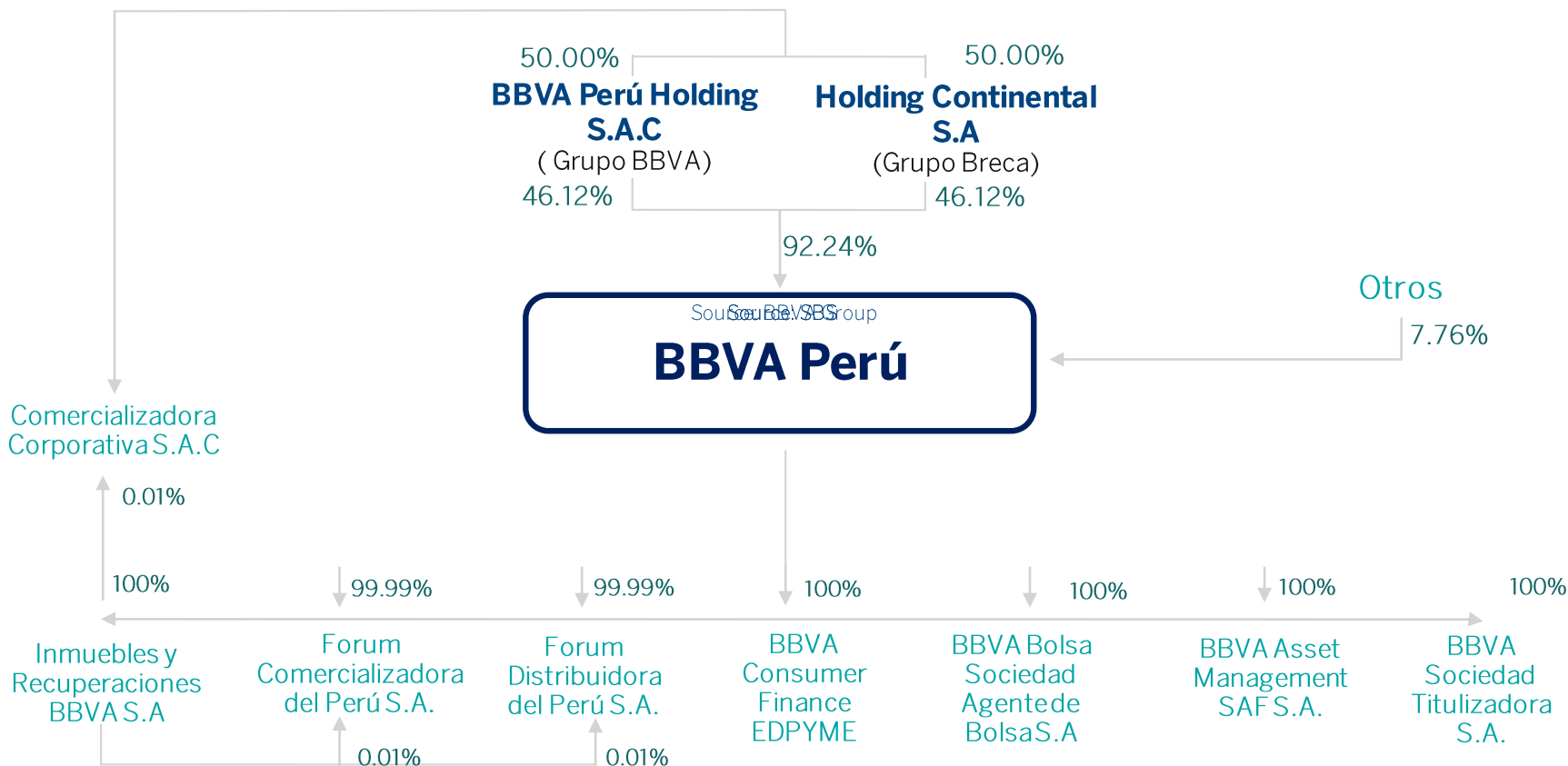
<sup>1</sup>Other obligations are excluded from deposits  
Source: SBS

02

# About BBVA Peru

# Shareholders

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



Source: BBVA

# 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



**€754**  
miles de millones  
de activo total

**79,1**  
millones de clientes

**>30**  
países

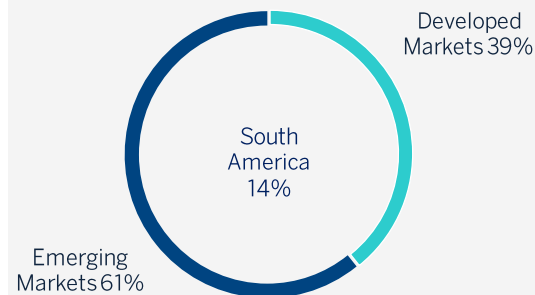
**7.699**  
oficinas

**32.310**  
cajeros

**125.041**  
empleados

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

*Decentralized model*

## Corporate Center

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

## 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

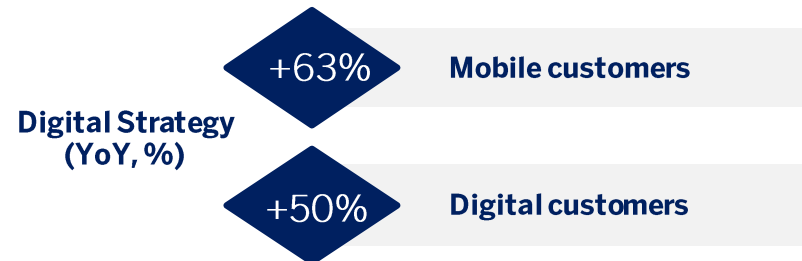
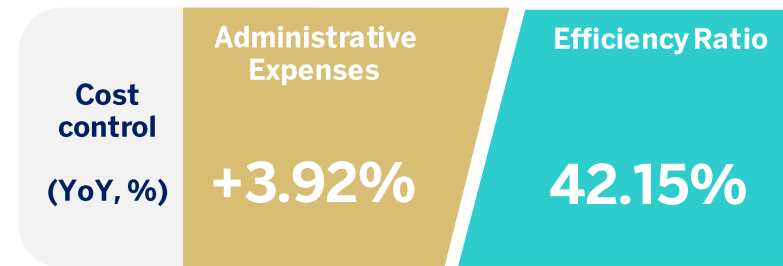
# Highlights of BBVA Peru (JUNE 2020)

<b>Assets</b> (PEN million)	97,076
<b>ROE</b>	14.02%
<b>ROA</b>	1.50%



## Great Asset Quality

<b>NPL</b>	3.23%
<b>Cost of Risk</b>	1.65%
<b>Coverage Ratio</b>	164.76%



## Strong Capital & Liquidity Ratios

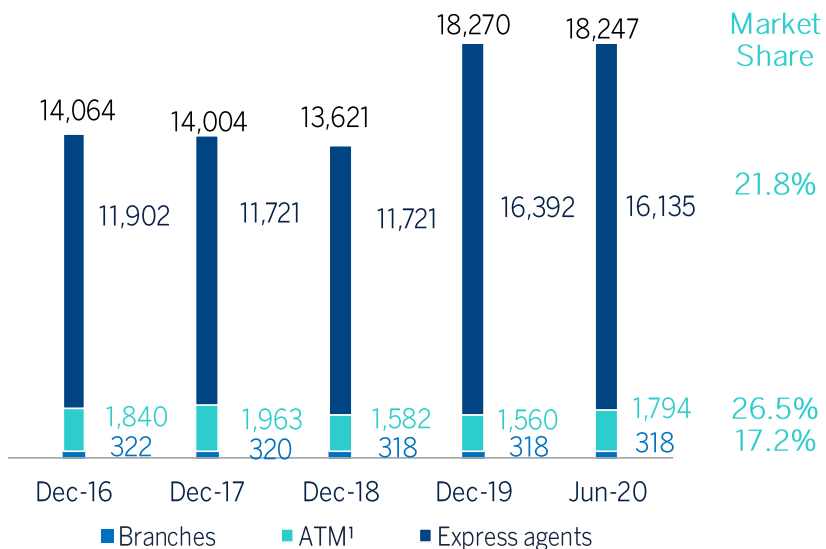
<b>Global Capital</b>	<b>CET1</b>
14.07%	10.31%
<b>Loan – to – deposits</b>	<b>95%</b>

# Strong Banking platform

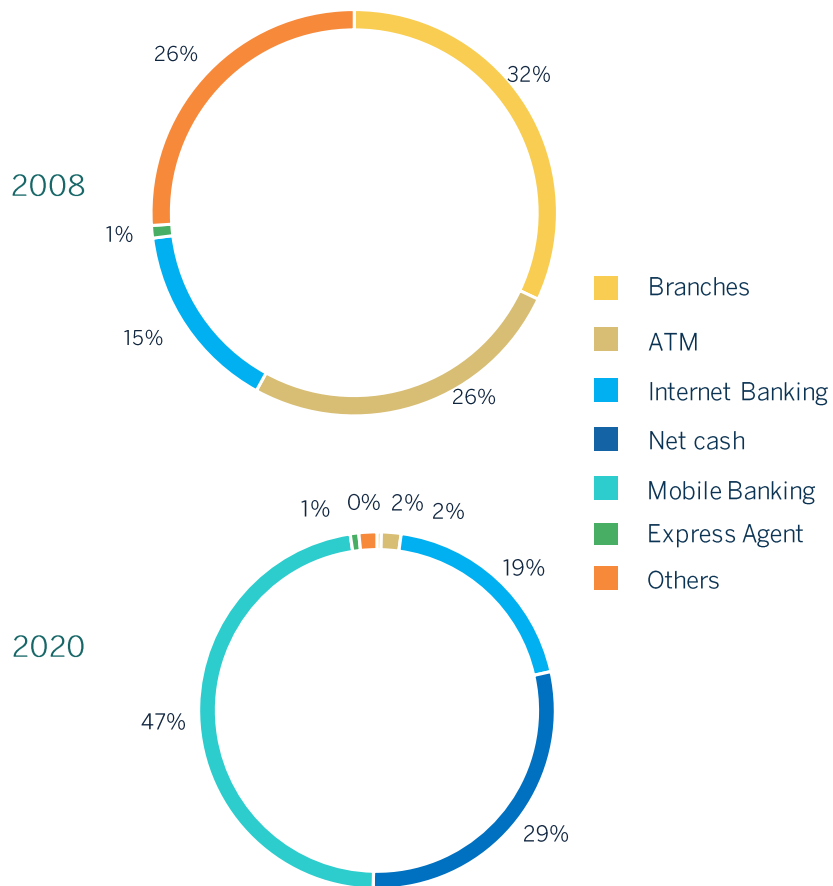
## DISTRIBUTION NETWORK<sup>1</sup> (JUNE 2020)

One of the largest in the country

- 18,247 points of service
- More than 6.7 million customers



## EVOLUTION IN TRANSACTION PER CHANNEL



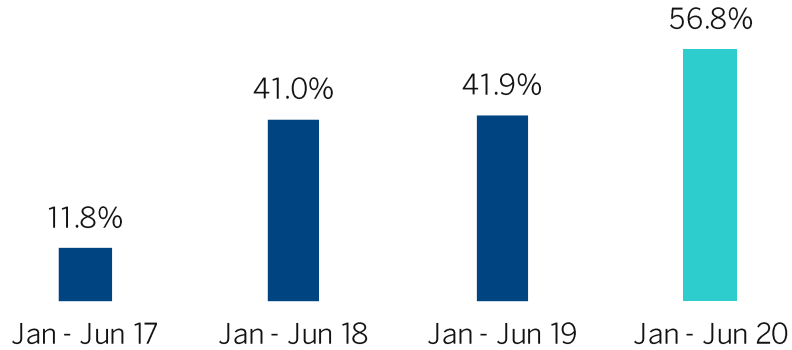
<sup>1</sup> Source: Branches, ATMs from ASBANC

Source: SBS and 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






- Mobile users grew 63% while digital users grew 50% YoY

## COVID-19 IMPACT

- Savings account category is the product that benefits the most
- Encouragement in the use of digital channels on the website and emails.
- Implementation of the grace period benefit loans on digital channels, between may and june.

## ACCELERATING DIGITAL USE

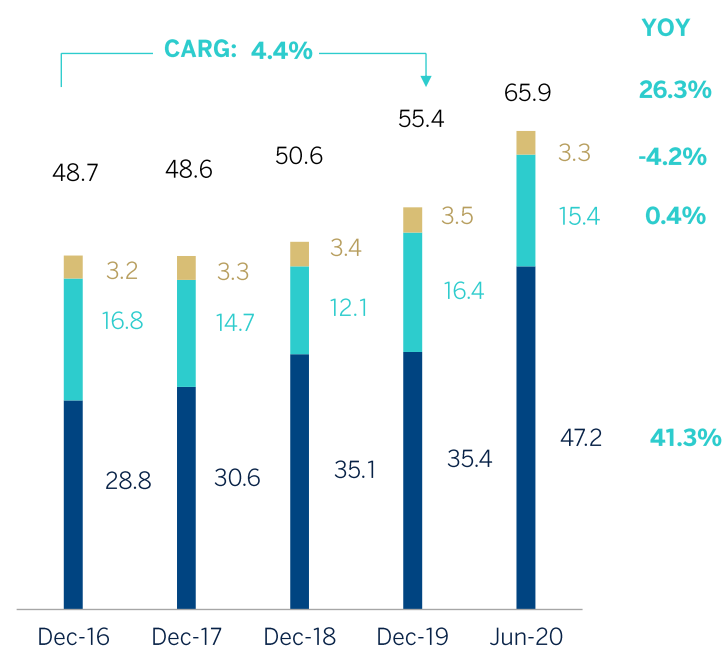
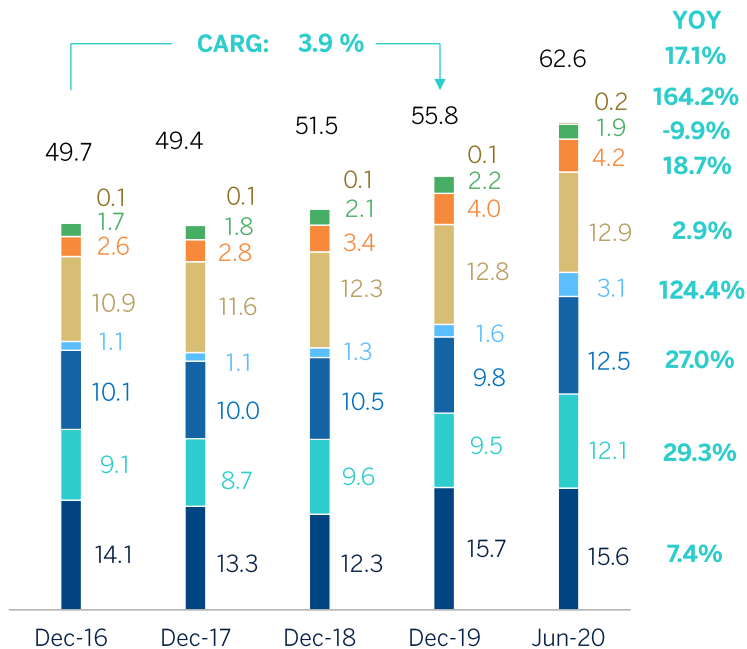


Digital Share	Jun 19	Jun 20
Digital sales	41.9%	56.8%
Credit cards 	22.4%	26.5%
Saving accounts 	9.6%	47.7%
Fx (T-cambio) 	42.2%	63.1%

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

## PERFORMING LOANS

## DEPOSITS<sup>1</sup>

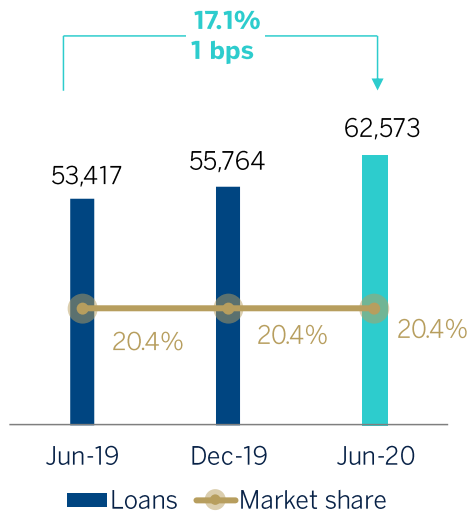


- Corporate
- SME
- Credit card
- Large enterprise
- Mortgage
- Microfinance
- Middle enterprise
- Consumer

- Demand + Saving
- Term
- CTS

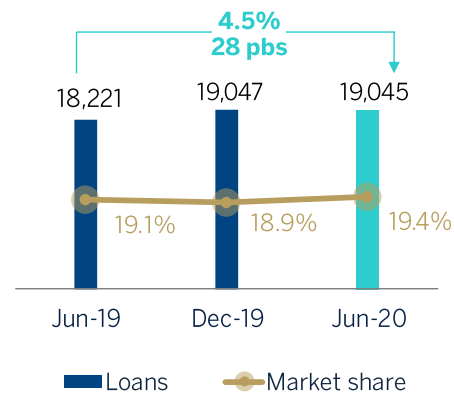
<sup>1</sup> Other obligations are excluded from deposits  
 Source: ASBANC and SBS

# Performing loans (S/ Million, %)



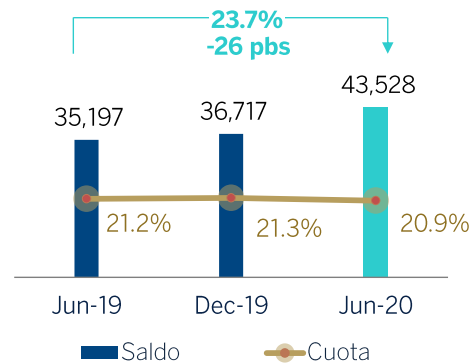
Banking System	306,260
YOY Variation	17.1%

## RETAIL LOANS



Banking System	98,118
YOY Variation	3.0%

## BUSINESS LOANS

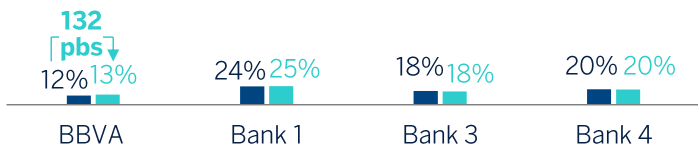


Banking System	208,142
YOY Variation	25.2%

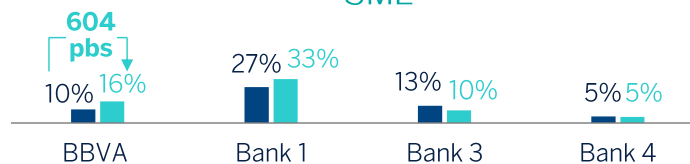
<sup>1</sup> Other obligations are excluded from deposits  
Source: ASBANC

# Market share - Loans

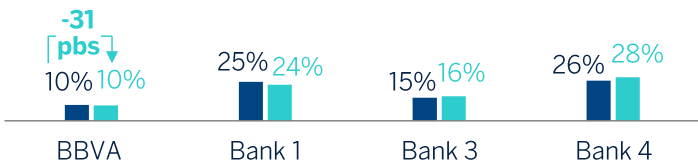
## Consumer



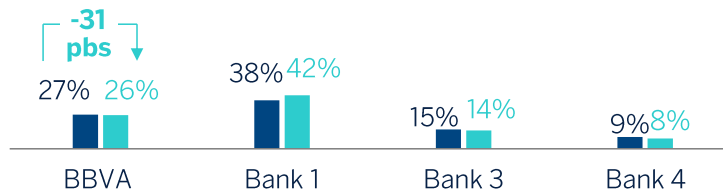
## SME



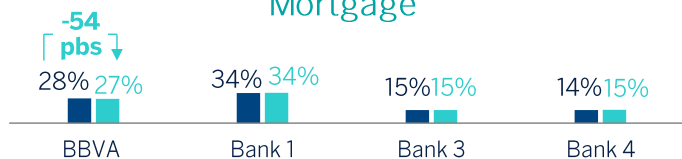
## Credit cards



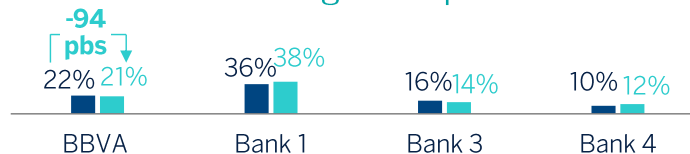
## Middle enterprises



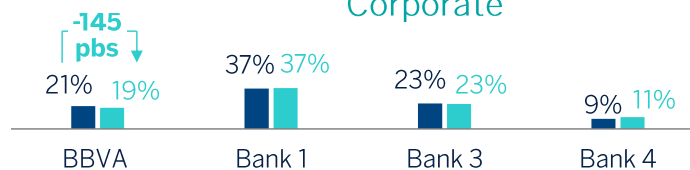
## Mortgage



## Large enterprises



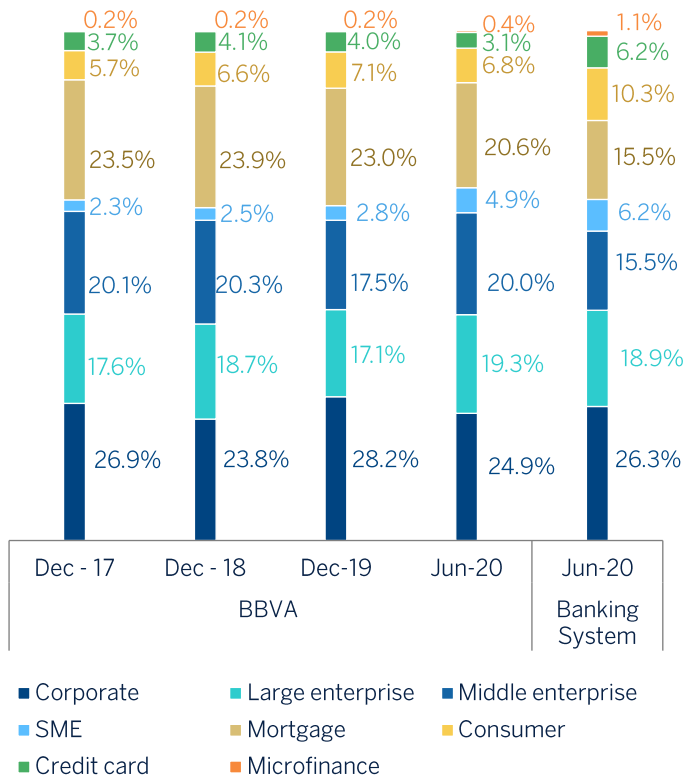
## Corporate



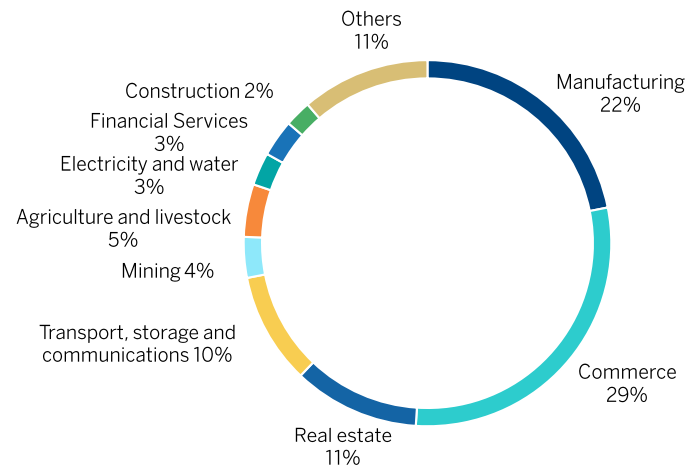
■ June 2019  
 ■ June 2020

# Well diversified loan portfolio

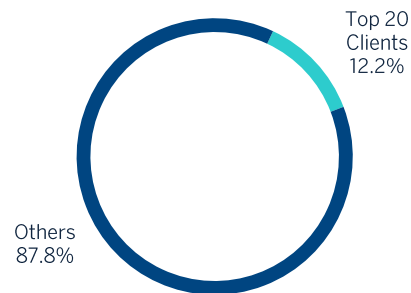
## LOANS BREAKDOWN



## LOANS BY ECONOMIC SECTOR (JUNE 2020)

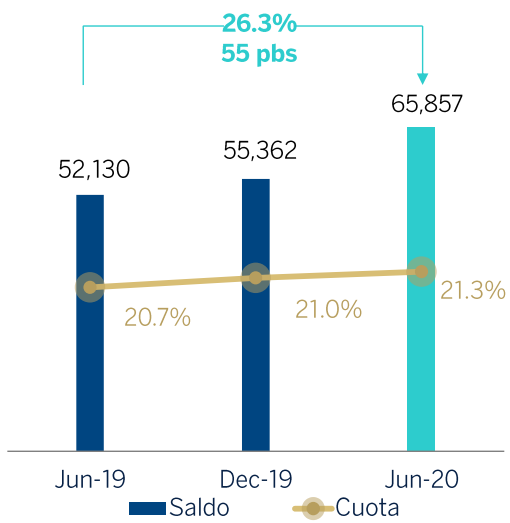


## CONCENTRATION RISK (JUNE 2020)



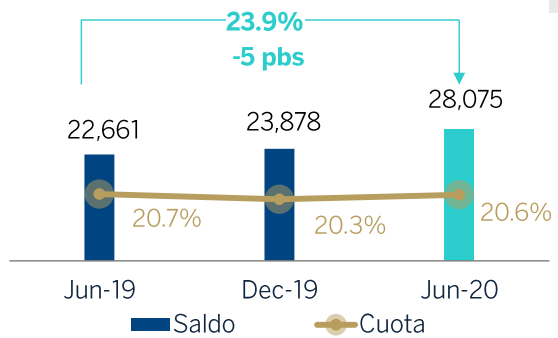


# Deposits (S/ Million, %)



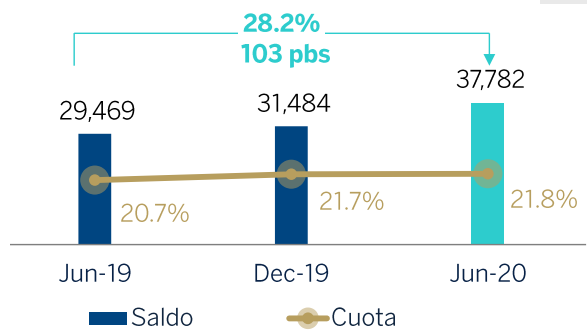
<b>Banking System</b>	<b>309,728</b>
YOY Variation	23.1%

## RETAIL DEPOSITS



<b>Banking System</b>	<b>136,051</b>
YOY Variation	24.2%

## BUSINESS DEPOSITS

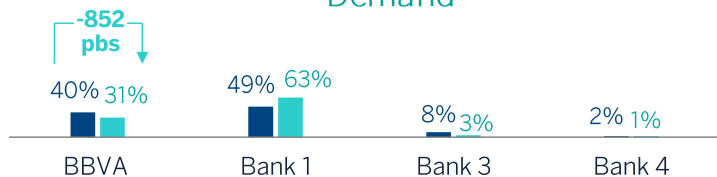


<b>Banking System</b>	<b>173,677</b>
YOY Variation	22.2%

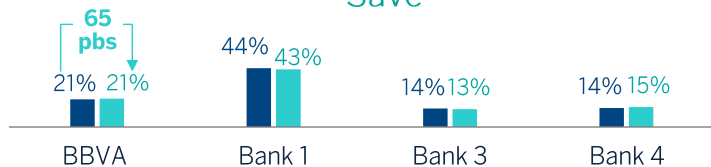
# Market share - Deposits

## RETAIL DEPOSITS

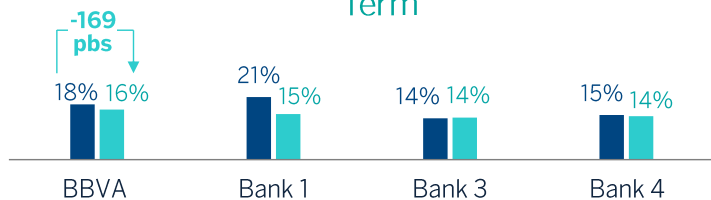
### Demand



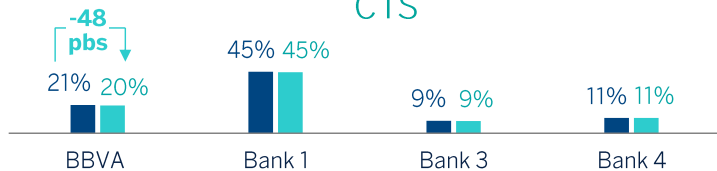
### Save



### Term

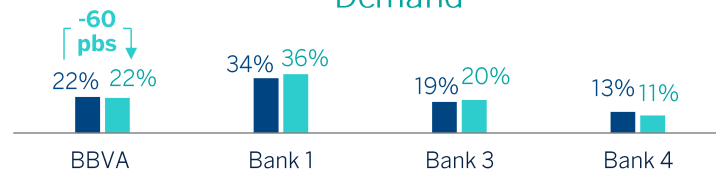


### CTS

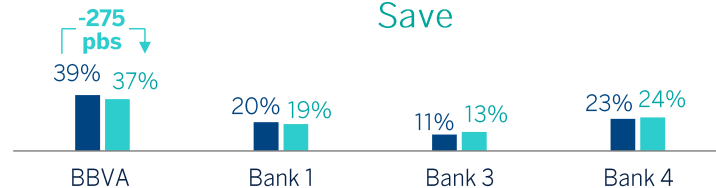


## BUSINESS DEPOSITS

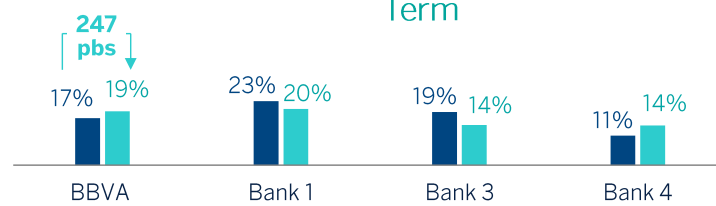
### Demand



### Save



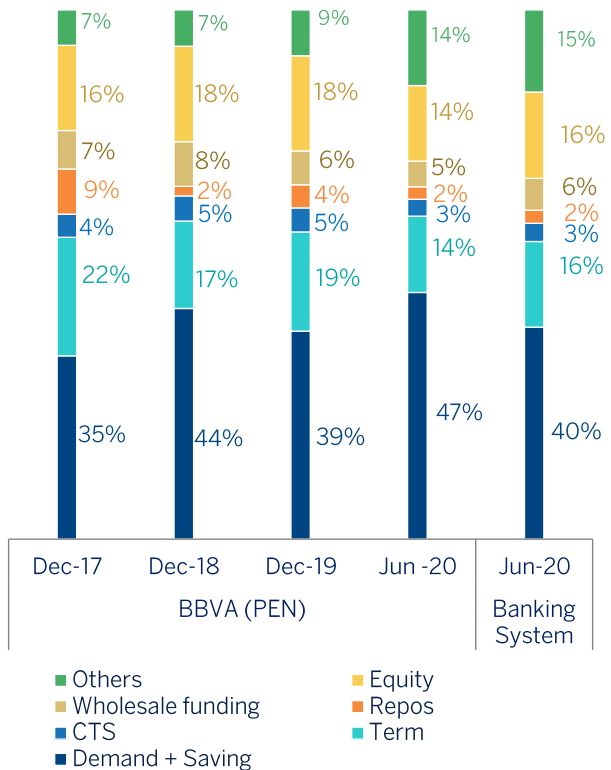
### Term



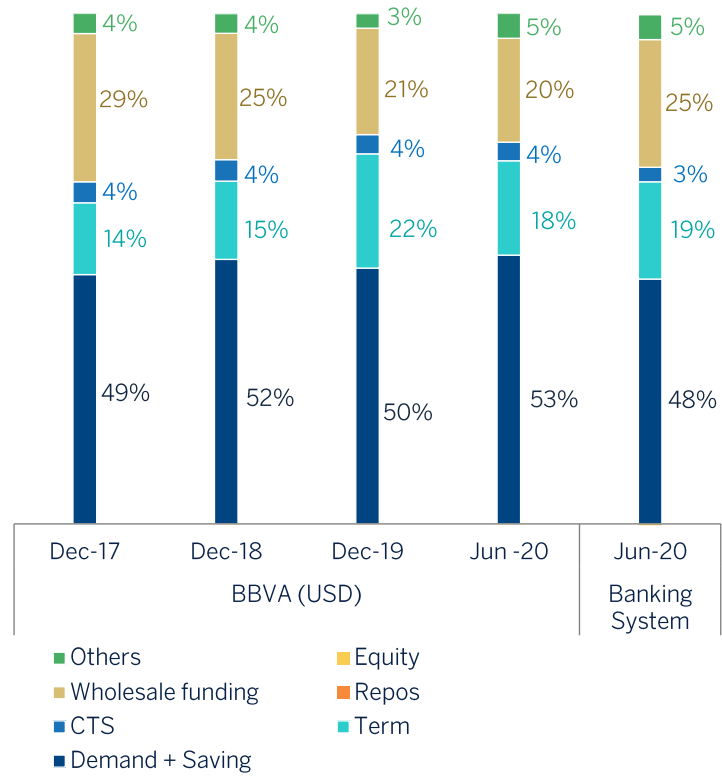
■ June 2019  
■ June 2020

# Liabilities and capital breakdown

## LOCAL CURRENCY

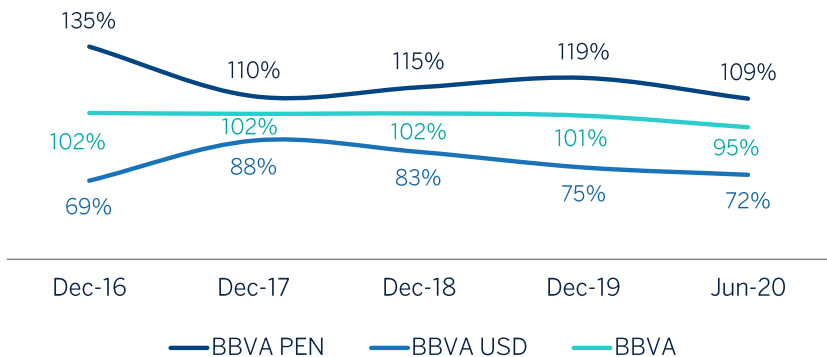


## FOREIGN CURRENCY

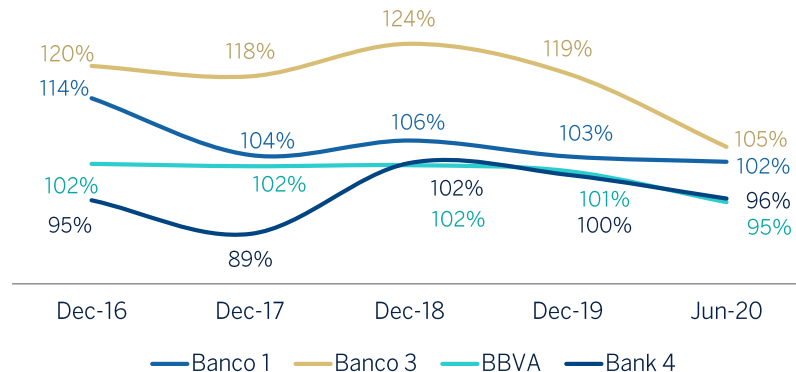


# High level of self-financing and balance sheet in local currency

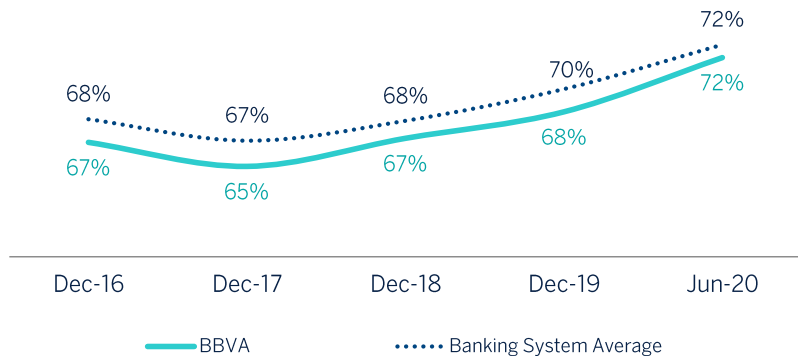
## LOAN TO DEPOSITS BY CURRENCY<sup>1</sup>



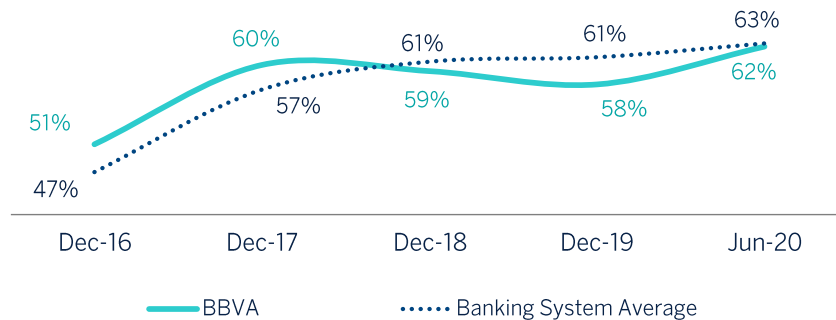
## LOAN TO DEPOSIT – PEER GROUP



## DOMESTIC CURRENCY PERFORMING LOANS



## DOMESTIC CURRENCY DEPOSITS (% TOTAL DEPOSITS)

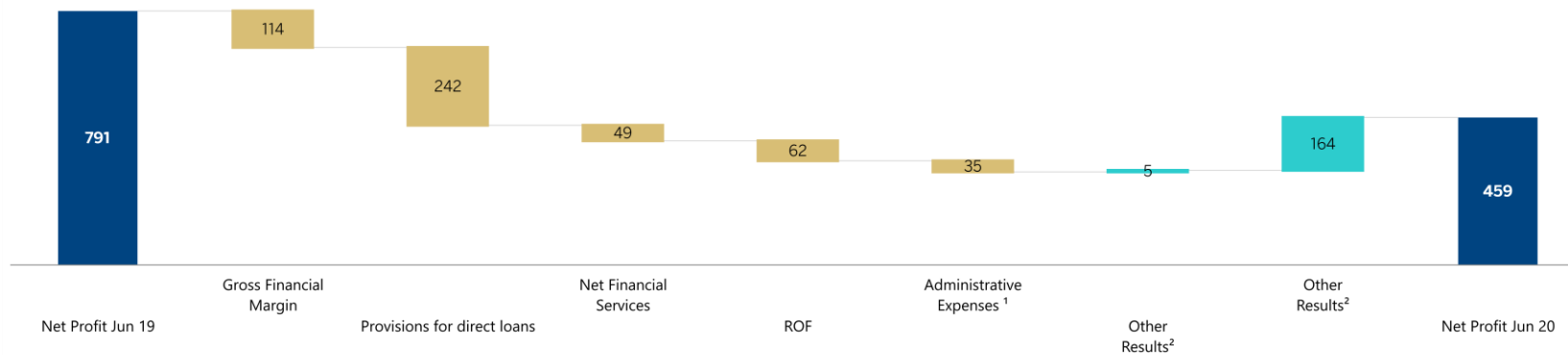


<sup>1</sup>Other obligations are excluded from deposits  
Source: SBS

# BBVA Profit & Loss

(S/. Million)

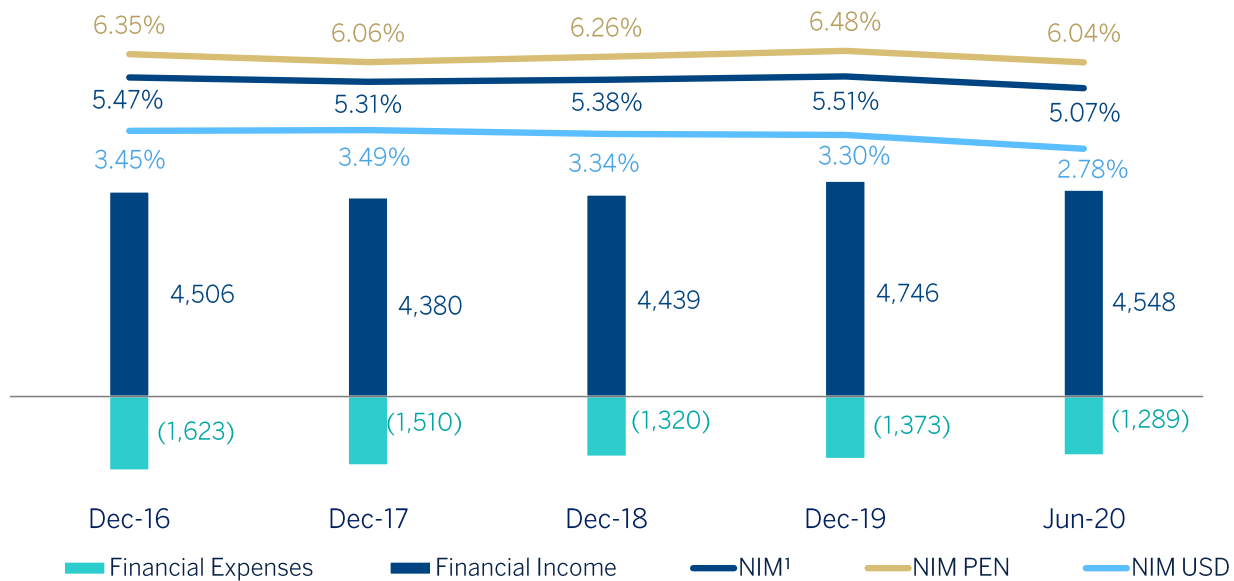
	Jun-19	Jun-20	%
Gross Financial Margin	1,669	1,556	-6.8
Provisions for direct loans	(373)	(615)	64.9
Net Financial Margin	1,296	940	-27.5
Income from financial services	574	502	-12.5
Expenses from financial services	(194)	(171)	-12.0
Gain / Loss From Financial Operations (ROF)	356	294	-17.4
Operating Margin	2,032	1,566	-22.9
Administrative expenses	(787)	(813)	3.2
Depreciation and amortization	(90)	(99)	10.1
Net Operating Margin	1,154	654	-43.4
Asset valuation and other provisions	(50)	(61)	22.4
Other Income and Expenses	(3)	13	-483.9
Profit / Loss Before Income Tax	1,101	605	-45.0
Income tax	(311)	(146)	-52.9
Net Profit	791	459	(42.0)



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

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

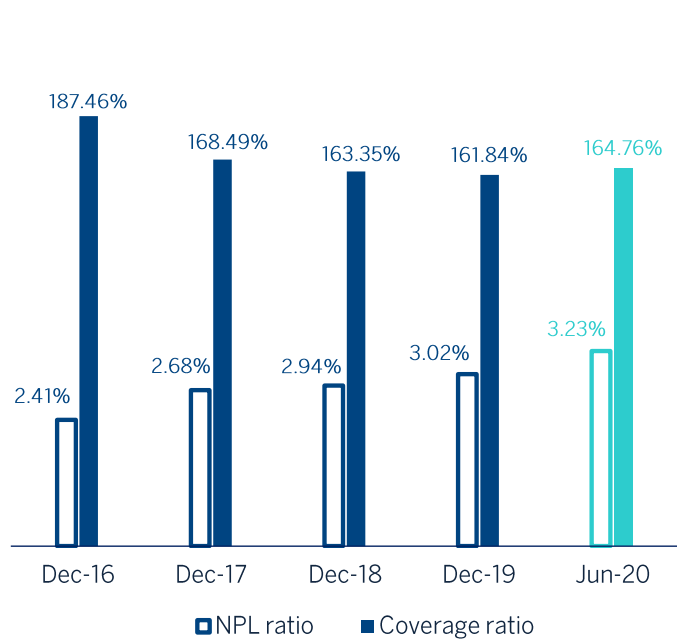
# Gross financial margin (S/ Millions, %)



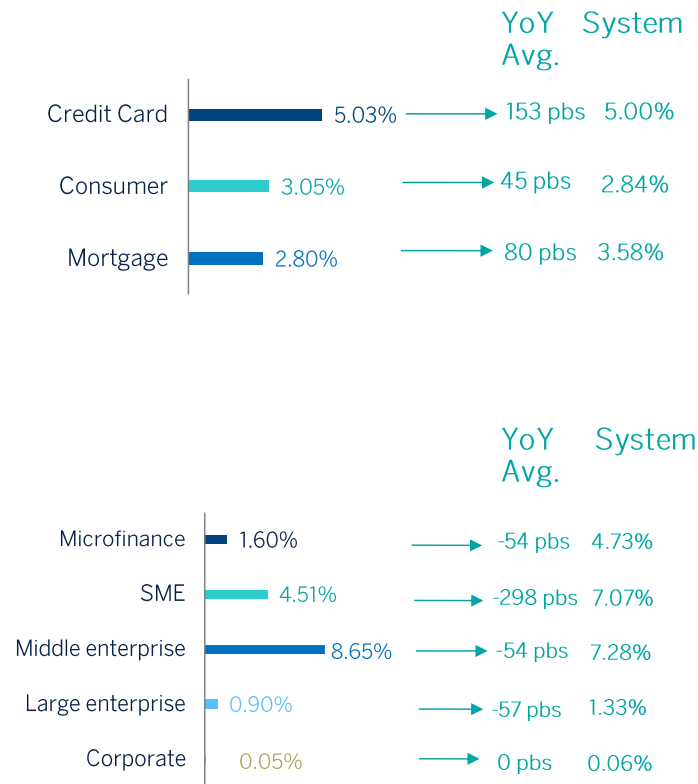
<sup>1</sup>NIM: Gross financial margin for the last 12 months divided by average interest earning assets (interbank funds, investments and net loans)  
Source: SBS and ASBANC

# Risk management

## OUTSTANDING ASSET QUALITY



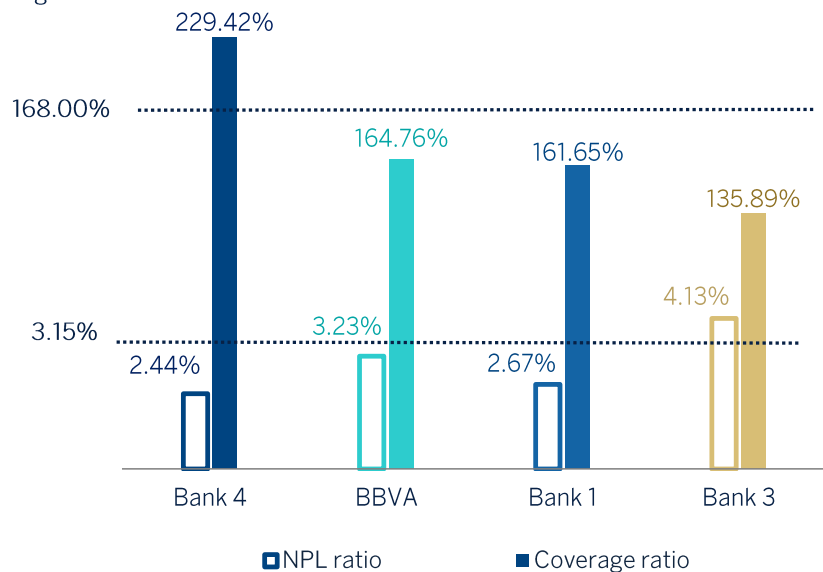
## NPL RATION BY PRODUCT AND SEGMENT (JUNE 2020)



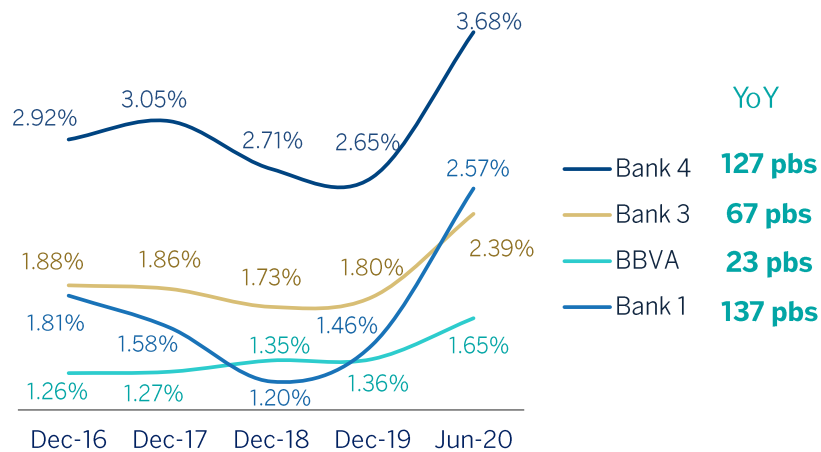
# Risk management

## NPL RATIO & COVERAGE RATIO (JUNE 2020)

Banking System Average



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

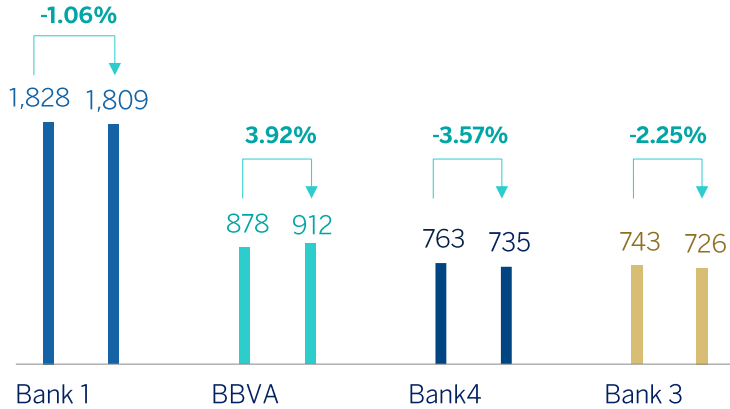


<sup>1</sup> Includes provisions / total credits of the last 12 months  
Source: SBS

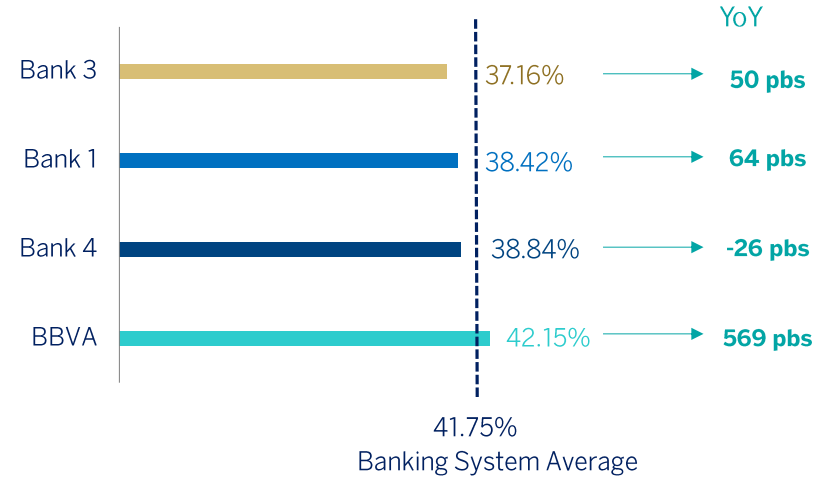


# Expenses management

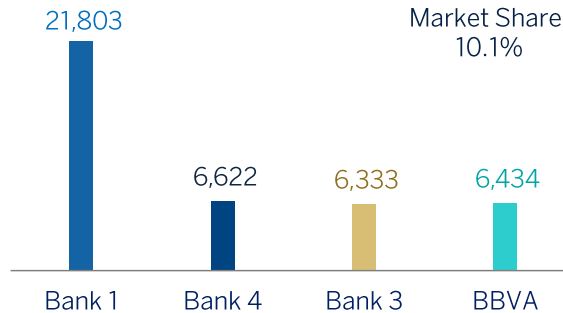
## ADMINISTRATIVE EXPENSES<sup>1</sup> (JUNE 2019 VS 2020)



## EFFICIENCY RATIO (JUNE 2020)



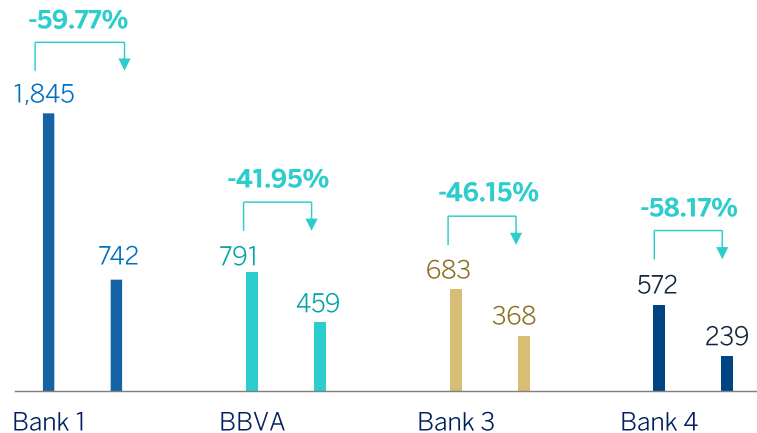
## NUMBER OF EMPLOYEES (JUNE 2020)



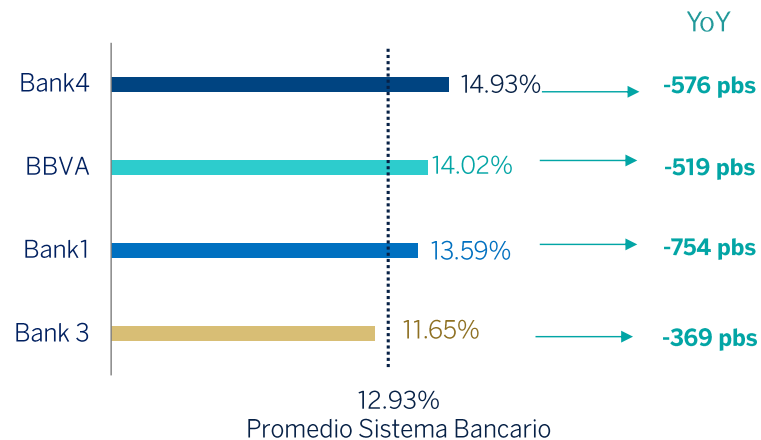
<sup>1</sup>Includes depreciation and amortization  
Source: SBS and ASBANC

# Profitability management

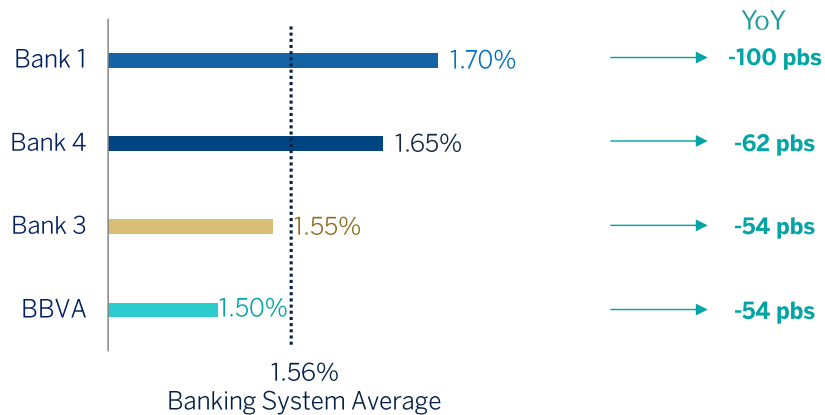
NET PROFIT (\$/ MILLION,%)  
(JUNE 2019 VS 2020)



RETURN ON EQUITY – ROE (JUNE 2020)

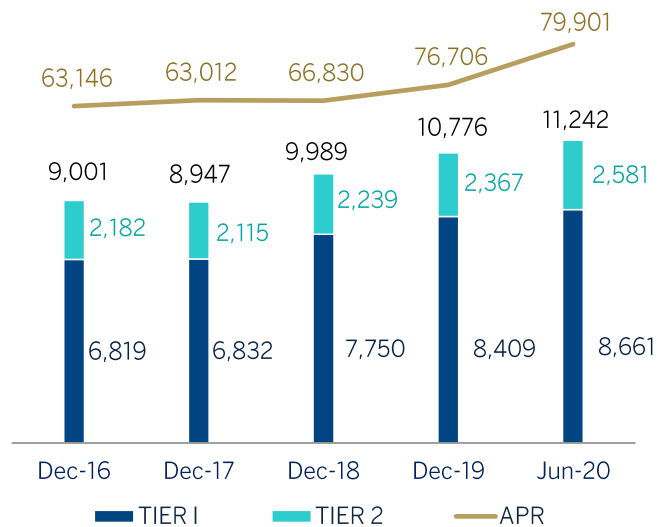


RETURN ON ASSETS – ROA (JUNE 2020)

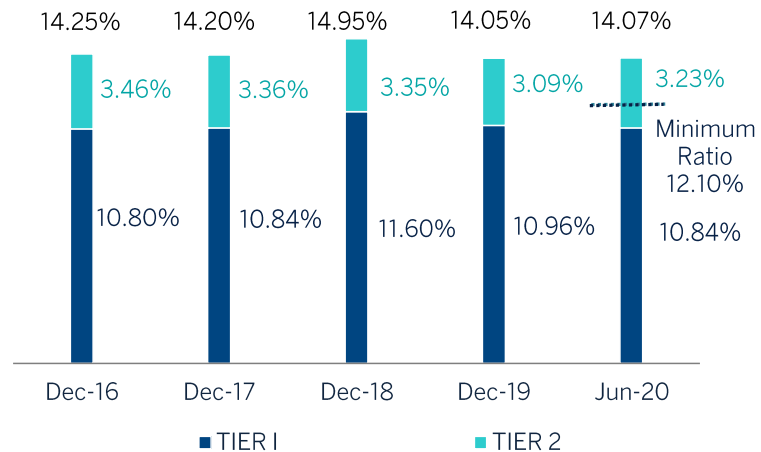


# Solvency management

## REGULATORY CAPITAL & RWA (S/ MILLION)



## CAPITAL RATIOS



04

# Ratings

# International & local rating

Rating agencies have granted BBVA Peru the Best international and local ratings (June 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 July 16<sup>th</sup> Standard & Poor's 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

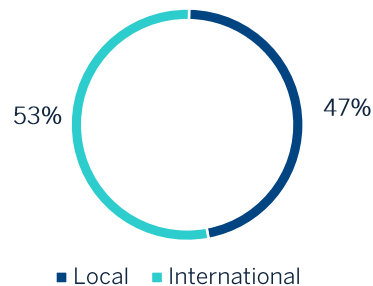
# APPENDIX



# Debt Issuance

		Bond	Issue Date	Call Date	Due Date	Currency	Issued Amount (m)	Coupon Rate	ISIN
BBVA	International	Corporativo	Ago-12	-	Ago-22	USD	500,000	5.00%	US05537GAA31-USP16260AA28
		Subordinado	Set-14	Set-24	Set-29	USD	300,000	5.25%	US05537GAD79-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	Jul-19		Jul-22	PEN	120,000	4.31%	PEP11600M301
		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	2,486	47%
International	2,830	53%
<b>Total</b>	<b>5,317</b>	<b>100%</b>



**BBVA**

Creando Oportunidades

# BBVA Peru

## Investor Report

Second Quarter 2020