

BANCO BBVA PERU AND SUBSIDIARIES

Interim Consolidated Financial Statements

March 31, 2021 and December 31, 2020

BANCO BBVA PERU Y SUBSIDIARIAS

Interim Consolidated Financial Statements

As of March 31, 2021 and December 31, 2020

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BANCO BBVA PERU AND SUBSIDIARIES
Interim Consolidated Statement of Financial Position
As of March 31, 2021 and December 31, 2020

<i>In thousands of Peruvian soles</i>	<i>Note</i>	2021	2020	<i>In thousands of Peruvian soles</i>	<i>Note</i>	2021	2020
Assets				Liabilities and equity			
Cash and due from banks	5	22,626,950	24,954,267	Obligations to the public and deposits from financial system entities	12	68,338,585	72,212,597
Interbank funds		-	137,599	Interbank funds		-	72,421
Investments at fair value through profit or loss and available for sale	6	10,995,769	11,421,340	Borrowings and financial obligations	13	7,760,781	7,053,718
Loan portfolio, net	7	66,598,591	66,593,761	Derivatives held for trading	8	994,897	876,395
Derivatives held for trading	8	1,258,671	898,595	Hedging instrument	8	16,806	14,633
Hedging instrument	8	70,565	103,354	Accounts payable, provisions and other liabilities	14	18,910,158	17,745,648
Realizable, and seized assets, and assets received through court actions		33,559	34,296	Total liabilities		96,021,227	97,975,412
Non-current assets held for sale		91,513	94,830	Equity	15		
Interest in associates	9	6,312	4,582	Share capital		6,758,466	6,529,169
Property, furniture and equipment, net	10	989,855	1,013,105	Reserves		1,896,680	1,831,131
Deferred income tax		751,359	685,326	Adjustments to equity		59,457	119,148
Other assets, net	11	1,812,768	1,396,213	Retained earnings		500,082	882,408
Total assets		105,235,912	107,337,268	Total equity		9,214,685	9,361,856
Risks and contingent commitments	16	32,100,590	34,034,065	Total liabilities and equity		105,235,912	107,337,268
				Risks and contingent commitments	16	32,100,590	34,034,065

The accompanying notes are an integral part of these consolidated financial statements

BANCO BBVA PERU Y SUBSIDIARIAS
Interim Consolidated Statement of Income
For the three-month periods ended March 31, 2021 and 2020

<i>In thousands of Peruvian soles</i>	Note	2021	2020
Interest income	17	983,503	1,161,172
Interest expense	18	(169,597)	(315,310)
Gross financial margin		813,906	845,862
Provision for direct loans, net of recovery		(404,025)	(192,209)
Net financial margin		409,881	653,653
Income from financial services, net	19	219,009	184,909
Financial margin net of income and expenses for financial services		628,890	838,562
Profit or loss from financial operations	20	174,204	145,032
Operating margin		803,094	983,594
Administrative expenses	21	(416,831)	(445,805)
Depreciation and amortization		51,079	(49,924)
Net operating margin		437,342	487,865
Valuation of assets and provisions		(133,148)	(14,890)
Net operating profit or loss		304,194	472,975
Other expenses and income, net		(3,643)	10,787
Profit or loss before income tax		300,551	483,762
Income tax		(93,254)	(114,630)
Net profit		207,297	369,132
Basic and diluted earnings per share in soles	22	0.0307	0.0546
Weighted average number of outstanding shares (in thousands of shares)	22	6,758,466	6,758,466

The accompanying notes are an integral part of these consolidated financial statements

BANCO BBVA PERU Y SUBSIDIARIAS

Interim Consolidated statement of Comprehensive income and Other Comprehensive Income
For the three-month periods ended March 31, 2021 and 2020

<i>In thousands of Peruvian soles</i>	<i>Note</i>	2021	2020
Net profit		207,297	369,132
Other comprehensive income:			
Unrealized losses (gains) on available-for-sale investments		(54,864)	424
Unrealized losses (gains) on cash flow hedges		(7,113)	3,466
Share of other comprehensive income of associates		48	18
Income tax related to components of other comprehensive income		2,238	(709)
Other comprehensive income for the period, net of income tax		(59,691)	3,199
Total comprehensive income for the period		147,606	372,331

The accompanying notes are an integral part of these consolidated financial statements

BANCO BBVA PERU Y SUBSIDIARIAS

Interim Consolidated Statement of Changes in Equity

For the three-month periods ended March 31, 2021 and 2020

<i>In thousands of Peruvian soles</i>	Number of shares in thousands (note 15B)	Share capital (note 15B)	Legal reserve (note 15C)	Adjustments to equity (note 15D)	Retained earnings (note 15E)	Total equity
Balances at January 1, 2020	5,885,209	5,885,209	1,669,835	22,816	1,602,606	9,180,466
Net profit	-	-	-	-	369,132	369,132
Other comprehensive income:						
Unrealized gains on available-for-sale investments	-	-	-	768	-	768
Unrealized gains on cash flow hedges	-	-	-	2,413	-	2,413
Unrealized losses on share of other comprehensive income of associates	-	-	-	18	-	18
Unrealized losses on actuarial liabilities	-	-	-	-	-	-
Total comprehensive income for the period				3,199	369,132	372,331
Changes in equity (not included in comprehensive income):						
Dividends	-	-	-	-	-	-
Capitalization of retained earnings	-	-	-	-	-	-
Application to reserves and other movements	-	-	-	-	-	-
Balances at March 31, 2020	5,885,209	5,885,209	1,669,835	26,015	1,971,738	9,552,797
Balances at January 1, 2021	6,529,169	6,529,169	1,831,131	119,148	882,408	9,361,856
Net profit	-	-	-	-	207,297	207,297
Other comprehensive income:						
Unrealized gains on available-for-sale investments	-	-	-	(54,724)	-	(54,724)
Unrealized gains on cash flow hedges	-	-	-	(5,015)	-	(5,015)
Unrealized losses on share of other comprehensive income of associates	-	-	-	48	-	48
Unrealized losses on actuarial liabilities	-	-	-	-	-	-
Total comprehensive income for the period				(59,691)	207,297	147,606
Changes in equity (not included in comprehensive income):						
Dividends	-	-	-	-	(294,811)	(294,811)
Capitalization of retained earnings	229,297	229,297	-	-	(229,297)	-
Application to reserves and other movements	-	-	65,549	-	(65,515)	34
Balances at March 31, 2021	6,758,466	6,758,466	1,896,680	59,457	500,082	9,214,685

The accompanying notes are an integral part of these consolidated financial statements

BANCO BBVA PERU Y SUBSIDIARIAS
Interim Consolidated Statement of Cash Flows
For the three-month periods ended March 31, 2021 and 2020

<i>In thousands of Peruvian soles</i>	2021	2020
Reconciliation of net profit to cash and cash equivalents from operating activities:		
Net profit	207,297	369,132
Adjustments	513,533	286,469
Depreciation and amortization	51,208	49,924
Impairment of Property, furniture and equipment and intangible assets	11,800	118
Impairment of available-for-sale investments and goodwill	(1,096)	1,601
Provisions	424,182	205,382
Other adjustments	27,439	29,444
Net changes in assets and liabilities	(6,496,789)	19,401
Loan portfolio	198,526	(1,596,327)
Available-for-sale investments	(2,641,345)	261,210
Accounts receivable and others	146,114	(359,330)
Unsubordinated debt	(5,147,446)	1,032,395
Accounts payable and others	947,362	681,453
Profit or loss for the period after net changes in assets, liabilities and adjustments	(5,775,959)	675,002
Income tax paid	(345,493)	(211,329)
Net cash and cash equivalents from operating activities	(6,121,452)	463,673
Cash flows from investing activities:		
Purchases of intangible assets e property, furniture and equipment	(24,496)	(10,564)
Other cash inflows from investing activities	15,664	10,197
Net cash and cash equivalents used in investing activities	(8,832)	(367)
Cash flows from financing activities:		
Cash inflows from issuance of subordinated financial liabilities	729,800	-
Payment of dividends	416	93
Other cash outflows from investing activities	(42,112)	-
Net cash and cash equivalents used in financing activities	688,104	93
Net (decreased) increase in cash and cash equivalents before the effect of changes in exchange rates	(5,442,180)	463,399
Effects of changes in exchange rates on cash and cash equivalents	510,746	483,723
Net (decrease) increase in cash and cash equivalents	(4,931,434)	947,122
Cash and cash equivalents at beginning of period	31,265,696	15,762,558
Cash and cash equivalents at end of period	26,334,262	16,709,680
Funds pledged as guarantee	1,237,625	2,159,865
Investment with maturities of less than 90 days	(4,944,937)	(4,002,229)
CASH AND DUE FROM BANKS IN THE STATEMENT OF FINANCIAL POSITION	22,626,950	14,867,316

The accompanying notes are an integral part of these consolidated financial statements

1. Reporting entity and core activity

A. Reporting entity

Banco BBVA Perú S.A. (hereinafter the Bank) is a subsidiary of BBVA Perú Holding S.A.C., which holds 46.12% of its share capital as of March 31, 2021 and December 31, 2020. Banco Bilbao Vizcaya Argentaria S.A. holds 100% of the shares of BBVA Holding Perú S.A.C.

B. Core activity

The Bank is a corporation ("sociedad anónima" in Peru) incorporated in 1951 and authorized to operate as a banking institution by the Peruvian banking, insurance and pension plan regulator, Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones (hereinafter the SBS).

The Bank's activities mainly comprise financial intermediation or brokerage activities carried out by commercial banks. Such activities are governed by the SBS under Law 26702 "General Law of the Financial and Insurance Systems and SBS Organic Law" as amended (hereinafter the Banking Law). This Law establishes the requirements, rights, obligations, guarantees, restrictions, and other operating conditions to which every legal entity operating in the financial and insurance systems should adhere.

The registered office and headquarters of the Bank are at Av. República de Panamá N° 3055 - San Isidro, Lima, Peru.

The Bank holds 100% of the share capital with voting rights over its subsidiaries: BBVA Bolsa Sociedad Agente de Bolsa S.A, BBVA Asset Management S.A. SAF, BBVA Sociedad Titulizadora S.A., Inmuebles y Recuperaciones BBVA S.A, BBVA Consumer Finance EDPYME, Forum Comercializadora del Perú S.A. and Forum Distribuidora del Perú S.A. Even though the Bank does not hold share capital or voting rights over Continental DPR Finance Company (DPR), due to the characteristics of its corporate purpose and its relationship with the Bank, the accounting standards that govern the Bank require DPR's financial statements to be included on a consolidated basis with those of the Bank (all these companies including the Bank are hereinafter denominated Grupo BBVA Perú)

At March 31, 2021 and December 31, 2020, the Bank carries out its business using a nationwide network of 325 and 332 agencies, respectively. The number of personnel employed by Grupo BBVA Perú at March 31, 2021 and December 31, 2020 is 6,084 and 6,064, respectively.

National Emergency

On March 11, 2020, the World Health Organization (WHO) declared the COVID-19 coronavirus a pandemic, and recommended spread contention and mitigation measurements worldwide. On March 15, 2020, the Peruvian government instated, by means of Supreme Decree No 044-2020-PCM, a National Emergency and ordered mandatory social confinement given the severe circumstances affecting the lives of the population throughout the nation from the spread of the coronavirus (COVID-19).

The Bank did not stop its activities, not even during the quarantine period, to serve and support the government's financing relief programs and social assistance initiatives, including the economic relief packages directed to vulnerable households in poverty or extreme poverty conditions.

From the beginning of the pandemic, the Bank carried out a number of containment actions that led to setting up a multidisciplinary team in charge of designing and implementing the strategy to cope with the bio-sanitary crisis, and with the main objective of protecting the health of employees and customers throughout Peru.

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For this purpose, this multidisciplinary team designed a health strategy, comprehensive infrastructure implementation and management of the demands from the offices, based on the new reality arising from the pandemic. Further, a teleworking strategy was implemented for our people charged with the core business processes, as well as for those collaborators considered vulnerable population given their preexisting health conditions

C. Approval of the consolidated financial statements

The Consolidated financial statements at March 31, 2021 were authorized for issuance by Bank Management.

D. Peruvian government-sponsored programs for economic reactivation

The Peruvian Ministry of Economy and Finance (MEF) implemented the following economic relief programs directed to debtors affected by the national health emergency:

Program / Effective period	Legal basis	Brief description of the program	Amount of the program
Reactiva Perú Until November 30, 2020	DL No 1455 (April 6, 2020) Ministerial Resolution No 134-2020-EF (April 13, 2020)	It was created with the following purposes: <ul style="list-style-type: none"> Respond to the liquidity needs that companies face due to the impact of COVID-19. Ensure the continuity of the chain of payments. <p>By means of this program, the Government makes available to companies guarantees so that they can access working capital loans, and can meet short-term obligations with their workers and suppliers of goods and services. These guarantees ranges from 80% to 98% of the loan, the maximum amount of which per customer is S/ 10 million, which is determined based on the volume of sales.</p> <p>Additionally, the Bank obtains the resources to grant these loans through repurchase agreements with the Central Reserve Bank of Peru (BCRP, the Spanish acronym) for the guaranteed portion.</p>	S/ 60,000 million
	Emergency Decree No 026-2021 (March 6, 2021)	Dated March 6, 2021 the Peruvian Government set forth that loans given under the Reactiva Program be subject to rescheduling, provided that they meet certain conditions set out in the standard (decline in sales). Rescheduling can be agreed based on the Bank's or BCRP's funding. If Bank's funding is to be used, the interest rate can be raise up to 25 basis points. Due date to use this rescheduling facility is July 15, 2021.	S/ 19,500 million
Fondo FAE-MYPE Up to December 31, 2020	Emergency Decree No 029-2020 (March 20,	Business Support Fund (FAE) for Small Business and Microbusinesses (MYPE). Initially, this program was intended to provide	S/ 4,000 million

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Program / Effective period	Legal basis	Brief description of the program	Amount of the program
	2020) Ministerial Resolution No 124-2020-EF (March 25, 2020)	new working capital loans, rescheduling and refinancing and the maximum amount of the loan per customer was up to S/ 90 thousand with guarantee percentages of 30%, 50% and 70%. Currently, this is only intended for working capital loans and the maximum amount is up to S/ 30 thousand with guarantee percentages of 95% and 98%.	
Fondo FAE- TURISMO Up to June 30, 2021	Emergency Decree No 076 -2020 (June 30, 2020) Ministerial Resolution No 228-2020-EF (August 11, 2020)	Intended for MYPEs engaged in lodging activities, interprovincial passenger land transport, tourist transport, travel and tourism agencies, restaurants, leisure activities, organization of congresses, conventions and events, tourist guidance, and production and marketing of handicrafts. Intended for working capital loans and for a maximum amount per customer of up to S/ 750 thousands with guarantee percentages of 95% and 98%.	S/ 1,500 million
Fondo FAE-AGRO Up to June 30, de 2021	Emergency Decree No 082 -2020 (July 9, 2020) Ministerial Resolution No 226-2020-EF (9 de August de 2020)	This credit facility is directed to small farmers. This a loan facility secured to the Bank for it to provide working capital loans to customers. The maximum loan per customer is S/ 30 thousand with guarantee percentages of 95% and 98%.	S/ 2,000 million
Fondo Crecer Up to 2049	Legislative Decree No 1399 (September 7, 2018) Supreme Decree No 007-2019-EF (January 11, 2019)	This is a program that secures loans for working capital, fixed assets and exports to promote the productive and business activities of Pymes. The maximum amount per customer is S/ 10 million. Guarantee percentages are up to 75% for small entities and microbusinesses and up to 70% for medium-sized entities, and up to 60% for exporting companies.	Not indicated
Government guarantee program to secure the loan portfolio of financial institutions Up to December	Legislative Decree No 1508-2020 (May 11, 2020) Ministerial Resolution No 178-2020-EF	It is intended to provide liquidity to banks, financial institutions and credit agencies.	S/ 7,000 million

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Program / Effective period	Legal basis	Brief description of the program	Amount of the program
31, 2022.	(June 24, 2020)		
Repurchase agreement with rescheduling of loan portfolio	Circular BCRP 0021-2020 (June 7, 2020)	BCRP ordered the possibility that financial entities obtain funding at a rate of 0.5% under repurchase agreements. Under this model, financial system institutions engaged to reschedule the loan portfolio of its customers or portfolio acquired from other financial institutions, as a way to temporarily reduce the interest rate over the period the transaction with the BCRP takes.	Not indicated
Guarantee programs - COVID-19 Up to August 31, 2021	Ley No 31050 (October 8, 2020) Ministerial Resolution 296-2020-EF (October 18, 2020) Emergency decree No 033 - 2021 (March 30, 2021)	This is intended to consumer loan portfolios, personal loans, mortgages loans, motor loans and MYPEs. This program secures the loans that are rescheduled by the financial institutions. The rescheduling includes a reduced interest rate.	S/ 5,500 million
Program to Support micro businesses and small entities	Emergency Decree No 019 - 2021 (February 12, 2021)	This is financing program is intended to provide working capital to small entities and microbusinesses, This program is to be managed by COFIDE.	S/ 2,000 million

E. Standards with an impact on the Financial System

Law 31143 Financial Services Act

The purpose of this piece of legislation is to govern the ceiling of the interest rates determined on loans and other provisions. This law was enacted on March 18, 2021.

Major features are:

- BCRP is entitled to set maximum and minimum interest rates on a semi-annual basis, a power that cannot be delegated.
- BCRP shall set the maximum active interest rates (maximum interest rate) on consumer loans, low-amount consumer loans (equal to or below S/ 8,800) and loans to small entities and microbusinesses.
- Bank commissions should be approved by the SBS and shall indicate a service rendering based on "real and demonstrable" costs. Contracts, summary sheets, expenses and fee schedules shall also be approved by the SBS.
- Removal of certain commissions.

F. Reclassifications

Certain items of the consolidated financial statements at December 31, 2020 were reclassified for comparison purposes. Management considers the reclassifications made do not convey changes in the decisions made based on them. The items reclassified and amounts involved are shown below:

Consolidated Statement of Financial Position at December 31, 2020

For comparative purposes the following reclassifications were made:

<i>In thousands of Peruvian soles</i>	Balance without reclassification	Reclassification	Reclassified balances
Assets			
Realizable assets, seized assets and assets recovered under court action	129,126	(94,830)	34,296
Non-current assets held for sale	-	94,830	94,830

2. Basis of Preparation of the Consolidated Financial Statements

A. Basis of consolidation

The Consolidated financial statements includes the financial statements of the entities comprising the Grupo BBVA Perú, enumerated in note 1B, after eliminating significant intercompany balances and transactions between the consolidating entities, and the gains and losses resulting from those transactions. All subsidiaries have been consolidated since their incorporation or acquisition

Subsidiaries are all the entities over which the Bank has the power to govern its operating and financial policies. Consolidation ceases at the date in which the Bank loses control over them.

The table below shows the major balances of Grupo BBVA Perú at March 31, 2021 and December 31, 2020:

<i>In millions of Peruvian soles</i>	Assets		Liabilities		Equity	
	2021	2020	2021	2020	2021	2020
Entity						
Banco BBVA Perú	105,316	107,384	96,090	98,008	9,226	9,376
BBVA Bolsa Sociedad Agente de Bolsa S.A.	97	34	80	15	17	19
BBVA Asset Management S.A. SAF	47	42	19	2	28	40
BBVA Sociedad Titulizadora S.A.	6	6	-	1	6	5
Inmuebles y Recuperaciones BBVA S.A.	176	176	2	4	174	172
Continental DPR Finance Company	90	101	90	101	-	-
BBVA Consumer Finance Edpyme	321	340	234	235	87	105
Forum Comercializadora S.A.	2	2	-	-	2	2
Forum Distribuidora S.A.	142	110	117	85	25	25

3. Accounting principles and practices

The accounting principles and practices used at March 31, 2021 have not changed in relation with those applied in the financial statements for the years ended December 31, 2020 and 2019 issued on February 23, 2021 and audited by Caipo y Asociados S. Civil de R.L., a member firm of KPMG International Cooperative.

4. Foreign currency balances

The interim consolidated statement of financial position includes foreign currency balances, mostly in U.S. dollars (US\$), which are stated at the exchange rate in Peruvian soles (S/) set by the SBS. At March 31, 2021 and December 31, 2020, the prevailing exchange rates were US\$ 1 = S/ 3.757 and US\$ 1 = S/ 3.621, respectively.

Foreign currency transactions in Peru and international trade comprising the items authorized by the Central Reserve Bank of Peru (BCRP) are entered into via the bank system in the open market. At March 31, 2021 the buying and selling exchange rates used were US\$ 1 = S/ 3.754 and US\$ 1 = S/ 3.758, respectively (US\$ 1= S/ 3.618 buying and US\$ 1 = S/ 3.624 selling at December 31, 2020).

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At March 31, 2021 and December 31, 2020 foreign currency balances stated in equivalent U.S. dollars are summarized below:

<i>In thousands of U.S. dollars</i>	2021			2020		
	U.S. Dollars	Other currencies	Total	U.S. Dollars	Other currencies	Total
Assets						
Cash and due from banks	3,066,787	62,372	3,129,159	3,239,797	69,646	3,309,443
Interbank funds	-	-	-	38,000	-	38,000
Investments at fair value through profit or loss and available-for-sale investments	580,082	-	580,082	941,932	-	941,932
Loan portfolio, net	4,397,948	1,696	4,399,644	4,565,737	1,443	4,567,180
Other assets, net	120,784	4,341	125,125	249,745	1,715	251,460
	8,165,601	68,409	8,234,010	9,035,211	72,804	9,108,015
Liabilities						
Obligations to the public and deposits from financial system entities	7,239,254	52,552	7,291,806	7,511,607	55,222	7,566,829
Borrowings and financial obligations	1,474,049	-	1,474,049	1,323,129	-	1,323,129
Provisions and other liabilities	246,588	8,377	254,965	196,586	10,824	207,410
	8,959,891	60,929	9,020,820	9,051,322	66,046	9,117,368
Net debit position	(794,290)	7,480	(786,810)	(16,111)	6,758	(9,353)
Derivative financial instruments, short position	5,709,950	298,198	6,008,148	4,301,983	267,285	4,569,268
Derivative financial instruments, short position	4,895,629	308,609	5,204,238	4,255,335	277,984	4,533,319
Net position	20,031	(2,931)	17,100	30,537	(3,941)	26,596

At March 31, 2021 and 2020, the Bank stated within "Profit or loss from financial operations" in the consolidated statement of income, exchange gains of S/ 94 million and S/ 217 million, respectively that reflect the foreign exchange position valuation as well as foreign exchange purchase and sale transactions (Note 20).

The variance percentage of the Peruvian sol foreign exchange in relation with the U.S. dollar was 3.76% and 9.26% at March 31, 2021 and December 31, 2020, respectively.

5. Cash and due from banks

At March 31, 2021 and December 31, 2020 this item consists of the following:

<i>In thousands of Peruvian soles</i>	2021	2020
Banco Central de Reserva del Perú (a)	18,382,513	15,308,202
Cash (a)	2,394,553	2,360,065
Guarantee funding BCRP (c)	645,949	1,505,604
Other guarantee funding (d)	591,676	390,728
Banks and other foreign financial institutions (b)	319,248	5,223,908
Clearing	197,860	28,023
Banks and other local financial institutions (b)	94,751	137,377
Other cash	400	360
	22,626,950	24,954,267

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At March 31, 2021 and December 31, 2020

- (a) At March 31, 2021 funding held in Cash and with Banco Central de Reserva del Perú (BCRP) include US\$ 2,673 million and S/ 1,613 million (US\$ 1,366 million and S/ 1,890 million at December 31, 2020) intended to cover the reserve requirements that a Bank must meet for the deposits captured and obligations with the public under local regulations currently effective. These funding is held in the vault of the Bank or held with the BCRP.

At March 31, 2021 and December 31, 2020 the funds subject to the reserve requirement in local and foreign currency are subject to an interest rate of 4% and 35%, respectively on the total obligations subject to reserve requirements (TOSE, the Spanish acronym), under the regulations set by the BCRP.

The legal minimum reserve requirements is 4% and it is not interest bearing. The reserve requirement funding that consists of the additional reserve requirements in foreign and local currency bear interest at a nominal rate set by the BCRP.

At March 31, 2021, the balances held with the BCRP include time deposits of S/ 7,812 million and overnight deposits of S/ 1,043 million (S/ 10,600 million of time deposits at December 31, 2020).

- (b) At March 31, 2021 and at December 31, 2020, deposits with local and foreign banks mainly reflect balances in soles and U.S. dollars, as well as lower amounts in other currencies; they are Cash and due from banks and interest accrues at market interest rates.
- (c) At March 31, 2021 and December 31, 2020, Cash and due from banks includes guarantee funds that secure foreign exchange repurchase agreements with the BCRP of US\$ 161 million and US\$ 400 million, respectively (Note 14(a)) as well as repo transactions of loan portfolios for S/ 40 million, in both periods.
- (d) At March 31, 2021 and December 31, 2020, Cash and due from banks includes guarantee funds that secure transactions with derivatives for US\$ 130 million and US\$ 80 million, respectively. Also, at March 31, 2021, a total of S/ 74 million and US\$ 6 million is included in this item used to secure the process of transfers at the request of BCRP (S/ 80 million and US\$ 5 million, at December 31, 2020).

At March 31, 2021 and 2020 interest income on Cash and due from banks totaled S/ 7 million and 23 million, respectively and was stated within Interest income in the consolidated statement of income (Note 17).

6. Investments at Fair Value through Profit or Loss and Available-for-Sale Investments

At March 31, 2021 and December 31, 2020 this item consists of:

<i>In thousands of Peruvian soles</i>	2021	2020
Investments at fair value through profit or loss:		
Certificates of deposit with BCRP (a)	3,384,177	4,015,271
Peruvian Treasury Bonds (b)	540,815	663,785
Investments in mutual funds (e)	43,124	43,216
	3,968,116	4,722,272
Available-for-sale investments:		
Certificates of deposit with BCRP (a)	3,314,822	2,557,657
Peruvian Treasury Bonds (b)	2,477,818	1,912,583
U.S. Treasury bills (c)	976,821	1,903,892
Corporate bonds (e)	105,004	147,062
Multilateral development banks bonds (d)	75,719	102,955
U.S. treasury bonds	45,671	44,564
Shares in local entities (f)	30,788	29,345
Shares in foreign entities	1,010	1,010
	7,027,653	6,699,068
	10,995,769	11,421,340

- (a) Certificates of deposits issued by the BCRP are freely tradable securities with maturity up to February 2022 (April 2021, at December 31, 2020), repossessed through BCRP public auctions or traded in the Peruvian secondary market.

At March 31, 2021, these instruments earn annual interest in local currency ranging from 0.18% to 0.48% (from 0.25% to 5% in local currency, at December 31, 2020) and from 0.21% to 5% in foreign currency (from 0.17% to 5% in foreign currency at December 31, 2020).

- (b) Peruvian Treasury Bonds are sovereign bonds of the Republic of Peru issued in local currency and global bonds in foreign currency, issued by the Ministry of Economy and Finance (MEF) of Peru, and represent internal public debt securities of the Republic of Peru.

At March 31, 2021 these bonds earn interest at annual interest rates ranging from 0.8% to 6.1% (from 0.73% to 5.25% at December 31, 2020) in local currency and in foreign currency at 1.55% (from 0.96% to 1.76% at December 31, 2020). At March 31, 2021 and December 31, 2020, bonds in local currency have maturity up to February 2055 in both periods and those in foreign currency mature up to July 2025 in both periods.

At March 31, 2021 and December 31, 2020, a portion of Peru's global bonds in foreign currency have a cash flow hedge (Note 8).

- (c) At March 31, 2021 and December 31, 2020, U.S. Treasury bills earn interest at an annual interest rate of 0.01% (ranging from 0.03% to 0.76% at December 31, 2020) in foreign currency with maturities up to April 2021 (March 2021 at December 31, 2020).

At December 31, 2020, the exposure of U.S. Treasury bills includes S/ 6 million of provisions for country risk. Also, at December 31, 2020, a portion of the U.S. Treasury Bills has a cash flow hedge (Note 8).

- (d) Multilateral development bank bonds include international corporate bonds in foreign currency issued by the European Investment Bank (EIB). Bonds of the Asian Development Bank matured in January 2021. At March 31, 2021 and December 31, 2020, these bonds earn interest at an annual interest rate of 0.12% in foreign currency (from 0.16% to 7.28% at December 31, 2020) and their maturity is up to June 2021, in both periods.

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At March 31, 2021 and December 31, 2020, a portion of the EIB bonds in foreign currency have a cash flow hedge (Note 8 (ii)).

- (e) At March 31, 2021 and December 31, 2020, this item includes corporate bonds issued by local entities of Peru in foreign currency.

At March 31, 2021 these bonds accrue interest at annual interest rates ranging from 0.86% to 1.16% in foreign currency (from 0.65% to 1.04% at December 31, 2020). At March 31, 2021 and at December 31, 2020, those bonds in foreign currency have maturities of up to April 2023, in both periods.

- (f) At March 31, 2021 and December 31, 2020 this item mainly reflects shares on the Lima Stock Exchange (Bolsa de Valores de Lima - BVL) of S/ 31 million and S/ 29 million, respectively. At March 31, 2021, an impairment provision was recorded of S/ 13 million and S/ 4 million for the investments on Bolsa de Valores de Lima and Pagos Digitales Peruanos, respectively (S/ 14 million and S/ 4 million at December 31, 2020).
- (g) At March 31, 2021 and December 31, 2020, investments in mutual funds reflect the ownership interest quotas held by Inmuebles y Recuperaciones BBVA S.A. in the different funds managed by BBVA Asset Management S.A. SAF.

At March 31, 2021 unrealized gains on the valuation of available-for-sale investments (Note 15-D) totals S/ 56 million (S/ 111 million at December 31, 2020).

At March 31, 2021 and 2020 the accrued interest on the Bank's investment portfolio (Note 17) totals S/ 28 million and S/ 44 million, respectively.

7. Loan portfolio, net

At March 31, 2021 and December 31, 2020 this item consists of:

<i>In thousands of Peruvian soles</i>	2021		2020	
Direct loans				
Loans	32,638,069	49%	33,852,056	52%
Mortgage loans	13,198,332	20%	12,850,101	19%
Consumer loans	6,456,726	10%	6,489,115	10%
Foreign trade	4,571,274	7%	3,647,036	5%
Finance lease	3,531,329	5%	3,478,196	5%
Project finance	1,917,517	3%	1,853,442	3%
Factoring	1,176,147	2%	1,295,540	2%
Discounts	881,613	1%	874,658	1%
Others	2,182,591	3%	2,141,713	3%
	66,553,598	100%	66,481,857	100%
Loans past due and loans under legal collection	2,416,564	3%	2,285,362	3%
Refinanced loans	1,959,511	3%	1,808,355	3%
	70,929,673	106%	70,575,574	106%
Plus (less):				
Accrued returns on current loans	529,474	1%	539,844	1%
Deferred interest	(100,888)	-	(102,554)	-
Provisions for direct loan losses	(4,759,668)	(7%)	(4,419,103)	(7%)
	66,598,591	100%	66,593,761	100%
Contingent loans	17,713,820		20,304,156	

At March 31, 2021 and December 31, 2020, a 51% of the direct loan portfolio is concentrated on 3,879 and 3,795 customers, which total S/ 36,618 million and S/ 36,447 million, respectively.

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The direct loan portfolio is secured with guarantees obtained from customers, mostly comprising mortgages, deposits, performance bonds, securities and “warrants” for a total S/ 54,625 million at March 31, 2021 (S/ 54,746 million at December 31, 2020).

At March 31, 2021, a portion of the mortgage loan portfolio is secured with a balance due from Fondo MIVIVIENDA S.A. – Programa MI HOGAR of up to S/ 466 million (S/ 452 million at December 31, 2020) (Note 13 (b)).

At March 31, 2021 a portion of the loan portfolio relates to the economic relief program called Reactiva Perú, Crecer and FAE (Note 1.D) showing balances of S/ 14,810 million, S/ 11 million and S/ 64 million, respectively (S/ 14,931 million, S/ 15 million and S/ 94 million at December 31, 2020). Financing under the Reactiva program reflects the repo transactions involving the loan portfolio with the BCRP (Note 14(a)). The table below shows a breakdown of these loans by the type:

<i>In thousands of Peruvian soles</i>	2021	2020
Type of loan		
Corporate	42,179	38,000
Large company	3,856,302	3,835,084
Medium-sized entity	9,245,364	8,636,617
Other	1,665,771	2,421,675
Total loans under the Reactiva Program	14,809,616	14,931,376

At March 31, 2021, S/ 1,258 million of the rescheduled loan portfolio consists of report transactions with loan portfolio with the BCRP (S/ 199 million at December 31, 2020) (Note 14(a)).

At March 31, 2021, Grupo BBVA Perú has written down the impaired loan portfolio of S/ 64 million (S/ 72 million, at December 31, 2020).

At March 31, 2021, Grupo BBVA Perú has condoned certain loan transactions for a total S/ 8 million, which correspond to capital (S/ 18 million at December 31, 2020).

At March 31, 2021 and December 31, 2020 the annual average effective interest rate on major products were the following:

	2021		2020	
	Local currency	Foreign currency	Local currency	Foreign currency
Active transactions				
Loans and discounts	3.26	4.53	3.39	4.57
Mortgage	6.43	5.90	6.99	6.14
Consumer	20.79	21.95	21.68	22.64

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The table below shows the balances at March 31, 2021 and December 31, 2020 of the direct loan portfolio by type of customer, in accordance with the provisions of Resolution SBS No 11356-2008:

<i>In thousands of Peruvian soles</i>	2021		2020	
Medium-sized entities	19,820,046	28%	19,959,956	28%
Mortgage	13,924,715	19%	13,560,999	19%
Large entities	13,489,021	19%	12,662,580	18%
Corporate	11,955,173	17%	11,941,981	17%
Consumer	6,929,581	10%	6,921,830	10%
Small-sized entities	2,705,149	4%	3,416,998	5%
Public-sector entities	1,219,350	2%	1,195,003	2%
Financial system entities	459,074	1%	407,929	1%
Brokerage entities	339,731	-	322,952	-
Microbusinesses	74,833	-	172,346	-
Multilateral development banks	13,000	-	13,000	-
	70,929,673	100%	70,575,574	100%

At March 31, 2021 and December 31, 2020, the loan portfolio balances are distributed in the following economic sectors:

<i>In thousands of Peruvian soles</i>	2021		2020	
Mortgage and Consumer loans	20,854,296	30%	20,482,829	30%
Trade	14,748,316	20%	14,370,278	20%
Manufacturing	9,800,368	14%	10,042,657	14%
Real Estate, corporate and rentals	5,835,917	8%	5,962,891	8%
Transport, warehousing and communications	5,703,927	8%	5,707,309	8%
Agriculture and cattle-raising	2,379,910	3%	2,308,038	3%
Mining	1,838,350	3%	2,007,550	3%
Construction	1,522,497	2%	1,417,140	2%
Electric power, gas and water	1,388,360	2%	1,392,419	2%
Financial brokerage	1,301,914	2%	1,232,140	2%
Other	5,555,818	8%	5,652,323	8%
	70,929,673	100%	70,575,574	100%

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At March 31, 2021 and December 31, 2020, under the SBS standards currently in force, the loan portfolio of Grupo BBVA Perú is risk rated as follows:

<i>In thousands of Peruvian soles</i>	2021						2020					
	Directs	%	Contingent	%	Total	%	Direct	%	Contingent	%	Total	%
Credit risk-rating												
Normal	64,144,190	91	16,701,902	95	80,846,092	91	64,142,505	91	19,307,896	96	83,450,401	91
With potential problems	2,367,359	3	488,576	3	2,855,935	3	2,154,440	3	466,670	2	2,621,110	3
Substandard	1,100,956	2	409,682	2	1,510,638	2	1,084,194	2	416,776	2	1,500,970	2
Doubtful	833,312	1	40,895	-	874,207	1	881,024	1	36,260	-	917,284	1
Loss	2,382,967	3	72,765	-	2,455,732	3	2,210,857	3	76,554	-	2,287,411	3
	70,828,785	100	17,713,820	100	88,542,605	100	70,473,020	100	20,304,156	100	90,777,176	100
Deferred interest	100,888				100,888		102,554				102,554	
	70,929,673		17,713,820		88,643,493		70,575,574		20,304,156		90,879,730	

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At March 31, 2021 and December 31, 2020 the movement of the provision for direct loan losses is as follows:

<i>In thousands of Peruvian soles</i>	2021	2020
Balances at January 1	(4,419,103)	(2,907,009)
Additions debited to profit or loss	(984,194)	(2,749,072)
Recovery of provisions	577,408	991,859
Sales of loan portfolio	62,065	225,546
Write-off	63,546	71,506
Waiver	7,736	18,334
Exchange difference and other adjustments	(67,126)	(70,267)
Balances at March 31	(4,759,668)	(4,419,103)

At March 31, 2021 and 2020 the provision for direct loan losses, as shown net in the consolidated statement of income, is as follows:

<i>In thousands of Peruvian soles</i>	2021	2020
Provisions for loan losses	(984,194)	(666,665)
Recovery of provisions	577,408	473,008
Income from recovery of loan portfolio	2,761	1,448
Provision for loan losses, net of recoveries	(404,025)	(192,209)

Management considers that the level of provision for loans losses covers eventual losses on the direct loan portfolio at the date of the consolidated statement of financial position and has been determined in compliance with current regulations.

The balance of the provision for loan losses is as follows:

<i>In thousands of Peruvian soles</i>	2021	2020
Specific	(2,898,168)	(2,788,296)
COVID - 19 specific	(55,830)	(128,446)
Generic	(602,889)	(585,172)
Voluntary	(1,202,211)	(915,643)
Provision for country risk	(570)	(1,546)
Balances at December 31	(4,759,668)	(4,419,103)

Grupo BBVA Perú, in compliance with current laws and regulations, has identified customers exposed to the exchange rate risk, and considers that it is not necessary to record an additional provision for this item.

Over 2021, the Bank sold loan portfolio for S/ 62 million (S/ 226 million in 2020). The selling price was S/ 4 million (S/ 11 million over 2020) and is shown within "profit or loss from financial transactions" in the consolidated statement of income.

At March 31, 2021 and December 31, 2020, rescheduled loans totaled S/ 5,528 million and S/ 13,210 million, respectively as broken down below:

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<i>In thousands of Peruvian soles</i>	2021	2020
Types of loans		
Medium-sized entities	1,668,877	3,966,509
Housing mortgage	1,457,392	4,676,367
Revolving consumer	698,482	844,938
Large entities	618,593	1,214,955
Non-revolving consumer	481,566	1,831,799
Corporate	337,358	157,953
Small-sized entities	262,332	512,861
Microbusinesses	3,584	4,429
Total rescheduled loans	5,528,184	13,209,811

From April to June 2020, the Bank rescheduled approximately S/ 2,872 million of loans for a period not longer than 3 months at no interest (consumer loans, small-sized and microbusinesses). The impact of these rescheduling was smaller financial income of approximately S/ 97 million

8. Trading and Hedging Derivatives

At March 31, 2021 and December 31, 2020, the Bank has commitments to buying foreign exchange on a future date (“forwards”), currency swaps, interest rate swaps (IRS”) and options. The table below shows the fair value of these derivatives as accounts receivable (asset) or accounts payable (liabilities). The nominal values shown reflect the underlying amount of the derivatives based on which changes in the fair value are measured.

<i>In thousands of Peruvian soles</i>	Note	Underlying	Nominal	Asset	Liabilities
2021					
Derivatives held for trading					
Forward foreign exchange			24,883,285	366,190	305,164
Currency swaps			15,196,181	678,677	428,167
Interest rate swaps			13,453,717	218,997	258,739
Share, exchange options and other			644,739	2,827	2,827
Provision for country risk			-	(8,021)	-
			54,177,922	1,258,671	994,897
Hedging instrument	<i>6 and 13</i>				
At fair value (i)					
Interest rate swaps		Bond issue	3,005,600	70,304	-
Interest rate swap		Balances due	46,963	262	-
Cash flows (ii)					
Currency swaps		Peru Global bonds	112,710	-	13,922
Forward foreign exchange		Multilateral Development Bank bonds	38,487	-	2,678
Interest rate swap		Balances due	26,836	-	206
			3,230,595	70,565	16,806
			57,408,517	1,329,236	1,011,703

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<i>In thousands of Peruvian soles</i>	Note	Underlying	Nominal	Assets	Liabilities
2020					
Derivatives held for trading					
Forward foreign exchange			20,640,060	153,918	205,947
Interest rate swaps			12,326,261	280,024	375,716
Currency swaps			10,138,403	469,980	291,822
Share, exchange options and other			720,484	2,910	2,910
Provision for country risk			-	(8,237)	-
			43,825,208	898,595	876,395
Hedging instrument	<i>6 and 13</i>				
At fair value (i)					
Interest rate swaps		Bond issuance	2,896,800	102,960	-
Interest rate swaps		Balances due	54,315	394	-
Cash flows (ii)					
Forward foreign exchange		U.S. Treasury bills	217,260	-	2,674
Forward foreign exchange		Multilateral development bank bond	111,161	-	5,466
Currency swaps		Peru Global Bond	108,630	-	6,196
Interest rate swaps		Balances due	31,037	-	297
			3,419,203	103,354	14,633
			47,244,412	1,001,949	891,028

(i) **Hedging instrument at fair value**
Interest rate swap - IRS

At March 31, 2021, the Bank has contracted "interest rate swaps - IRS" at a nominal value of S/ 3,053 million to hedge borrowings and security issuances (S/ 2,951 million at December 31, 2020). On these IRS, the Bank obtains a fixed interest rate in U.S. dollars and pays interest at a variable rate in the same currency. Over 2021, the total change in the fair value of the IRSs reflects gains of S/ 20 million as shown within "Profit or loss from financial transactions" in the consolidated statement of income (gains of S/ 86 million over 2020).

(ii) **Cash flow hedge derivatives**
Forward foreign exchange

At March 31, 2021 the Bank has contracted "forward foreign exchange" for a total S/ 38 million to hedge fixed-income securities recorded as available-for-sale investments (US\$ 10 million of bonds issued by the European Investment Bank (EUI)). On the "Forward foreign exchange" contracts, the Bank obtains future cash flows in soles and pays future cash flows in U.S. dollars.

At December 31, 2020, the Bank has contracted "forward foreign exchange" for a S/ 328 million to hedge fixed-income securities recorded as available-for-sale investments (US\$ 60 million of U.S. Treasury bills, US\$ 20 million of Asian Development Bank (ASD) bonds and US\$ 10 million of European Investment Bank (EUI) bonds). On the U.S. Treasury bills, it obtains cash flows in soles and pays future cash flows in U.S. dollars; on the ASD and EUI bonds, it obtains future cash flows in soles and pays future cash flows in U.S. dollars.

Over 2021, the fair value of the "forward foreign exchange" contracts reflect gains of S/ 1.3 million recognized in equity accounts, net of deferred income tax (gains, net of deferred income tax of S/ 2.8 million over 2020).

Cross-currency swaps - CCS

At March 31, 2021, the Bank "cross-currency swaps - CCS" at a nominal value of S/ 113 million to hedge bonds recognized as available-for-sale investments (US\$ 30 million of global bonds). On the CCS on the global bonds, the Bank obtains fixed interest rate in soles and

pays fixed interest rate in U.S. dollars.

At December 31, 2020, the Bank has “*cross-currency swaps - CCS*” contracts at a nominal value of S/ 109 million to hedge bonds recognized as available-for-sale investments (US\$ 30 million of global bonds). On the CCS of the global bonds, the Bank obtains fixed interest rate in soles and pays fixed interest rate in U.S. dollars.

Over 2021, the fair value of CCS reflects losses of S/ 0.3 million as recorded in equity accounts, net of the related deferred income tax (gains, net of deferred income tax of S/ 3.3 million over 2020).

Interest rate swap - IRS

At March 31, 2021, the Bank has “*interest rate swap - IRS*” contracts at a nominal value of S/ 27 million to hedge balances due (S/ 31 million at December 31, 2020). The Bank obtains a variable interest rate in U.S. dollars and pays a fixed interest rate in the same currency. Over 2021, the fair value of the IRS reflects losses of S/ 0.1 million and is recorded in equity accounts, net of the related deferred income tax (losses, net of deferred income tax of S/ 0.1 million over 2020).

9. Interest in Associates

At March 31, 2021 and December 31, 2020 this item consists of:

<i>In thousands of Peruvian soles</i>	2021	2020
TFP S.A.C. (a)	5,236	4,582
Compañía Peruana de Medios de Pagos S.A.C. (b)	1,076	-
	6,312	4,582

- (a) At March 31, 2021 and December 31, 2020, Grupo BBVA Perú, through the Bank, holds 24.30% interest in the capital stock of TFP S.A.C.
- (b) At March 31, 2021 and December 31, 2020, Grupo BBVA Perú, through the Bank, holds 21.03% interest in capital stock of this entity.

In February 2021, the Bank sold a portion of its shares of Compañía Peruana de Medios de Pagos S.A.C. (Visanet Perú) based on the transactional level for 2020, which remained to be countersigned and settled by the buyers.

At December 31, 2020, the current juncture and the National Emergency instated nationwide had an adverse impact on the transactions and profit or loss of Visanet Perú, and therefore, Grupo BBVA Perú, via the Bank, recognized losses of S/ 2 million on that associate. The results of operations of that company were impacted by the COVID-19 national emergency. On the other hand, the Company's financial statements include the profit or loss of its subsidiary Soluciones y Servicios Integrados SAC, which was created three years ago focusing on the consumer and retail sector; therefore, costs and expenses have been incurred in creating new products and brand positioning.

At March 31, 2021 and 2020, the Bank has recognized net gains on its interest in associates of S/ 2 million and S/ 0.8 million, respectively (Note 20).

10. Property, furniture and equipment, net

The movement of the item of property, furniture and equipment and the related accumulated depreciation is as follows:

<i>In thousands of Peruvian soles</i>	Land	Buildings and premises	Furniture and equipment	Vehicles	Installations and improvements to rental property	Work-in-progress	Goods in transit and replacement parts	Total
Cost								
Balance at January 1, 2020	118,224	970,780	732,353	8,088	263,400	85,125	255	2,178,225
Additions	-	8,725	52,390	-	4,560	66,606	-	132,281
Disposals and sales	-	-	(4)	-	-	-	-	(4)
Derecognition of assets and other	-	(217)	(3,214)	-	24	(39)	-	(3,446)
Transfers	-	(79,557)	-	-	79,770	(213)	-	-
At December 31, 2020	118,224	899,731	781,525	8,088	347,754	151,479	255	2,307,056
Additions	-	548	1,467	-	400	644	-	3,059
Derecognition of assets and other	-	(27)	(171)	-	-	-	-	(198)
At March 31, 2021	118,224	900,252	782,821	8,088	348,154	152,123	255	2,309,917
Depreciation								
Balance at January 1, 2020	-	563,560	454,287	6,639	165,635	-	-	1,190,121
Additions	-	24,645	71,475	643	10,606	-	-	107,369
Disposals and sales	-	-	(4)	-	-	-	-	(4)
Impairment	-	118	-	-	-	-	-	118
Derecognition of assets	-	(216)	(3,457)	-	20	-	-	(3,653)
Transfers	-	(16,582)	-	-	16,582	-	-	-
At December 31, 2020	-	571,525	522,301	7,282	192,843	-	-	1,293,951
Additions	-	5,686	17,721	144	2,772	-	-	26,323
Derecognition of assets and other	-	(27)	(185)	-	-	-	-	(212)
At March 31, 2021	-	577,184	539,837	7,426	195,615	-	-	1,320,062
Net carrying amount								
At March 31, 2021	118,224	323,068	242,984	662	152,539	152,123	255	989,855
At December 31, 2020	118,224	328,206	259,224	806	154,911	151,479	255	1,013,105

Under current legislation, banks in Peru are not permitted to use the items of Property, furniture and equipment as guarantees, except for those items acquired by means of the issuance of lease bonds and to carry out lease transactions.

11. Other assets, net

At March 31, 2021 and December 31, 2020 this item consists of the following:

<i>In thousands of Peruvian soles</i>	2021	2020
Other assets		
Transactions in progress (a)	1,114,989	765,274
Intangible assets (b)	270,073	285,337
VAT and Income tax credit balance, net	225,819	176,754
Prepaid expenses (c)	126,729	122,256
Other accounts receivable	65,193	37,511
Accounts receivable from sales of goods, services and trust funds	8,062	7,103
Others	1,903	1,978
	1,812,768	1,396,213

- (a) Transactions in progress are mainly those carried out during the last days of the month and are reclassified in the following month to their final accounts in the consolidated statement of financial position. These transactions do not have an impact on the Grupo BBVA Perú's profit or loss. At March 31, 2021, these are mainly treasury transactions: i) currency buying and selling of S/ 331 million (S/ 480 million at December 31, 2020), and ii) sales of securities of S/ 729 million (S/ 231 million at December 31, 2020).
- (b) At March 31, 2021 intangible assets are recorded net of accumulated amortization and impairment for S/ 283 million (S/ 246 million at December 31, 2020).
- (c) At March 31, 2021 and December 31, 2020, prepaid expenses mainly consist of prepaid insurance contracts, deferred loan origination costs related to fees paid to the external sales force and the premium paid on the acquisition of the loan portfolio.

Goodwill

At March 31, 2021 and December 31, 2020, the Grupo BBVA, through the Bank, has assessed the recoverable amount of the CGU it has, and has recognized an allowance for impairment of S/ 10 million of goodwill, which is the higher value paid over the carrying amounts of BBVA Consumer Finance EDPYME, Forum Comercializadora del Perú S.A. and Forum Distribuidora del Perú S.A.

12. Obligations with the Public and Deposits from Financial System Entities

At March 31, 2021 and December 31, 2020 this item consists of the following:

<i>In thousands of Peruvian soles</i>	2021	2020
Obligations with the public		
Demand deposits	27,545,765	29,778,628
Savings deposits	25,148,473	24,711,799
Time deposits	14,511,618	16,247,276
Other obligations	96,649	74,831
	67,302,505	70,812,534
Deposits from financial system entities		
Time deposits	505,301	815,785
Demand deposits	468,497	512,338
Savings deposits	62,282	71,940
	1,036,080	1,400,063
	68,338,585	72,212,597

The Bank determines deposit interest rates based on the interest rates prevailing in the market. Annual interest rates prevailing at March 31, 2021 and December 31, 2020 on major products ranged

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as follows:

	2021		2020	
	Local currency	Foreign currency	Local currency	Foreign currency
Checking accounts	0.00 – 0.25	0.00 – 0.125	0.00 – 0.25	0.00 – 0.125
Saving deposits	0.00 – 0.50	0.00 – 0.125	0.00 – 0.50	0.00 – 0.25
Time deposits and bank certificates	0.01 – 1.35	0.01 – 0.80	0.80 – 1.35	0.10 – 0.80
Super deposito	0.01 – 1.35	0.01 – 0.25	0.80 – 1.35	0.10 – 0.80
Depósitos CTS	0.25 – 1.50	0.15 – 1.75	1.00 – 2.50	0.60 – 1.75

At March 31, 2021, of the total deposits and obligations with individuals, legal entities and non-profit institutions and other legal persons, S/ 23,034 million are secured with a deposit insurance fund called Fondo de Seguro de Depósitos (S/ 22,813 million at December 31, 2020) and are obtained from the daily average balances for the month as required under Resolution SBS No 0657-99. The maximum amount covered is S/ 104,377 at the close of March 2021 (S/ 101,522 at the close of December 2020).

13. Borrowings and financial obligations

At March 31, 2021 and December 31, 2020 this item consists of:

<i>In thousands of Peruvian soles</i>	2021	2020
Borrowings and financial obligations:		
Foreign financial institutions (a)	2,047,566	1,357,873
Programa MIVIVIENDA - Crédito MIHOGAR – Local financial system (b)	466,372	475,677
Corporación Financiera de Desarrollo – COFIDE (c)	91,688	134,236
Accrued interest payable	8,365	7,125
	2,613,991	1,974,911
Securities and bonds (d):		
Corporate bonds	3,088,510	3,026,713
Subordinated bonds	1,805,940	1,763,493
Negotiable certificates of deposit	134,625	131,903
Notes (debt instruments)	73,986	85,700
Accrued interest payable	43,729	70,998
	5,146,790	5,078,807
	7,760,781	7,053,718

Certain loan agreements include standard clauses regarding compliance with financial ratios, use of funds and other administrative matters. Management considers that at March 31, 2021 and December 31, 2020, these clauses are being met, in all material respects, and do not represent any restriction to the activities of Grupo BBVA Perú.

- (a) At March 31, 2021 and December 31, 2020, the Bank has reported the borrowings contracted with foreign financial institutions, which bear interest at annual average interest rates ranging from Libor + 0.52% to 5%, in both periods:

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<i>In thousands</i>	2021		2020		Maturity date
	US\$	S/	US\$	S/	
BBVA S.A. (i)	200,000	751,400	-	-	February 2031
Wells Fargo Bank	100,000	375,700	100,000	362,100	May 2022
Sumitomo Bank, NY	60,000	225,420	60,000	217,260	May 2021
Toronto Dominion Bank	50,000	187,850	80,000	289,680	April 2021
Citibank NY	50,000	187,850	50,000	181,049	November 2021
Mizuho Corporate Bank	50,000	187,850	50,000	181,049	November 2023
ICO - Instituto de crédito	35,000	131,496	35,000	126,735	August 2022
	545,000	2,047,566	375,000	1,357,873	
Accrued interest payable	1,958	7,357	1,647	5,965	
	546,958	2,054,923	376,647	1,363,838	

- (i) Comprising a subordinated loan in foreign currency agreed at an annual interest rate of 3.18% for the first 5 years; a new rate is to be set for the remaining years. That borrowing is recorded as Level 2 regulatory capital.

At March 31, 2021, the Grupo BBVA Perú has accounts payable of S/ 2 million comprising deferred direct issuance expenses.

- (b) At March 31, 2021 this item reflects resources obtained to finance the acquisition of houses under a government-sponsored program called MI VIVIENDA (Crédito MI HOGAR), for a total S/ 464 million, in local currency and US\$ 1 million, in foreign currency (S/ 449 million in local currency and US\$ 1 million in foreign currency at December 31, 2020). At March 31, 2021 and December 31, 2020 this bears interest at an annual effective rate of 7.75% in U.S. dollars and 6.25% on the principal plus the Constant Updating Value (VAC) in Peruvian soles, in both periods, with maturities up to March 2041 and December 2040, respectively.

At March 31, 2021 and December 31, 2020 the balances due to Fondo MIVIVIENDA are secured with a mortgage loan portfolio for up to S/ 466 million and S/ 452 million, respectively (Note 7). These loans include specific agreements on how the funds should be spent, the financial conditions that the final borrower should maintain and other administrative specifications.

- (c) At March 31, 2021, these balances reflect balances of the corporate support fund called Programa de Fondo de Apoyo Empresarial (FAE), managed by COFIDE with a total S/ 86 million (S/ 127 million, at December 31, 2020) in local currency, and US\$ 0.1 million (US\$ 0.2 million, at December 31, 2020) in foreign currency. At March 31, 2021 and December 31, 2020 these balances bear interest ranging from 4.61% to 7.51% in local currency and from 5.29% to 7.36% in foreign currency, in both periods.
- (d) At March 31, 2021 and December 31, 2020 securities and bonds are detailed as follows:

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Program	Authorized amount	Currency	Original amount placed	2021	2020	Maturity date
Corporate bonds						
2nd issuance Series A- Fifth Program	USD 250 million	PEN	150,000	150,000	150,000	December 2026
2nd issuance Series A- Sixth program		PEN	150,000	150,000	150,000	June 2021
1st issuance Series A - Seventh Program	USD 1,000 million	PEN	132,425	132,425	132,425	June 2021
1st issuance Series B - Seventh Program		PEN	69,435	69,435	69,435	June 2021
2nd issuance Series A - Seventh Program		PEN	100,000	100,000	100,000	July 2023
2nd issuance Series B - Seventh Program		PEN	73,465	73,465	73,465	August 2023
1st issuance Series C - Seventh Program		PEN	70,000	70,000	70,000	September 2021
1st issuance Series D - Seventh Program		PEN	120,000	120,000	120,000	July 2022
1st issuance Series E - Seventh Program		PEN	65,520	65,520	65,520	August 2022
1st issuance Series F - Seventh Program		PEN	150,000	150,000	150,000	October 2022
2nd issuance Series C - Seventh Program		PEN	96,550	96,550	96,550	December 2024
First International Issuance Program (i)	USD 500 million	USD	500,000	1,911,115	1,849,318	August 2022
				3,088,510	3,026,713	
Subordinated bonds						
2nd issuance Series A- First Program	USD 50 million ó S/ 158.30 million	USD	20,000	74,896	72,177	May 2027
3rd issuance Series A- First Program		PEN	55,000	82,216	81,672	June 2032
2nd issuance Series A- Second Program	USD 100 million	PEN	50,000	73,199	72,715	November 2032
3rd issuance Series A- Second Program		USD	20,000	75,140	72,420	February 2028
4th issuance Single Series- Second Program		PEN	45,000	63,576	63,155	July 2023
5th issuance Single Series- Second Program		PEN	50,000	69,728	69,266	September 2023
6ta issuance Series A- Second Program		PEN	30,000	41,116	40,844	December 2033
1st issuance Single Series- Third Program	USD 55 million	USD	45,000	169,065	162,945	October 2028
First International Issuance Program - Single Series(ii)	USD 300 million	USD	300,000	1,157,004	1,128,299	September 2029
				1,805,940	1,763,493	
Negotiable certificates of deposit				134,625	131,903	
Notes (iii)						
2nd issuance of Notes Series 2012-C and 2012-D	US\$ 235 million	USD	235,000	73,986	85,699	June 2022
				73,986	85,700	
Accrued interest payable				43,729	70,998	
				5,146,790	5,078,807	

- (i) In August 2012, the Bank issued corporate bonds in the international market for a face value of US\$ 500 million, at an annual fixed interest rate of 5%, and with maturity in August 2022; the principal will be fully paid at the maturity date. The fair value of this issue is hedged with an interest rate swap – IRS that has resulted in cumulative losses of S/ 33 million at March 31, 2021 (S/ 39 million of cumulative losses at December 31, 2020).
- (ii) In September 2014, the Bank issued subordinated bonds in the international market for a face value of US\$ 300 million, at an annual fixed rate of 5.25%, and with maturity in September 2029; the principal will be fully paid at the maturity date. The fair value of this issue is hedged with an interest rate swap – IRS that has resulted in cumulative gains of S/ 35 million at March 31, 2021 (S/ 47 million cumulative gains at December 31, 2020).
- (iii) Notes issued in June 2012 with a balance at March 31, 2021 of US\$ 20 million (US\$ 24 million at December 31, 2020) contains financing of US\$ 7 million (US\$ 9 million at December 31, 2020) with maturity in June 2022 with a cash flow hedge via an “interest rate swap – IRS” (Note 8(ii)). It also includes financing of US\$ 13 million (US\$ 15 million at December 31, 2020) agreed at an annual fixed interest rate of 5% with maturity in June 2022 with a fair value hedge via an interest rate swap – IRS, which, at March 31, 2021, has resulted in cumulative losses of S/ 0.2 million (cumulative losses of S/ 0.3 million at December 31, 2020).

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These financing facilities are secured by present and future cash flows expected from the electronic payment orders of customers (Diversified payments rights - DPR's). In addition, they contain covenants involving financial ratios that should be met and other specific terms related to the transferred cash flows, which Management consider has complied with at March 31, 2021 and December 31, 2020.

At March 31, 2021 and December 31, 2020 corporate bonds do not have specific guarantees and interest accrues at annual rates ranging from 3.9% to 7.5% and at an annual interest rate of 5% in foreign currency, in both periods.

Subordinated bonds have been issued in accordance with the Banking Law and interest accrues at a rate ranging from constant update value (Valor de actualización constant) plus a spread and 5.6% in local currency, and from 5.3% to 6.5% in foreign currency at March 31, 2021 and December 31, 2020.

At March 31, 2021 and December 31, 2020, Grupo BBVA Perú has accounts payable of S/ 7 million comprising deferred issuance expenses in both periods.

14. Accounts Payable, Provisions and Other Liabilities

At March 31, 2021 and December 31, 2020 this item consists of:

<i>In thousands of Peruvian soles</i>	2021	2020
Accounts payable		
Repurchase agreements (a)	15,307,517	15,183,940
Accounts payable to suppliers	400,773	361,868
Dividends, workers' profit sharing and remunerations payable (Note 14 E)	346,935	114,026
Other accounts payable and current taxes (VAT and income tax) (b)	331,798	186,878
Premium to deposit insurance fund, contributions and obligations with tax collecting institutions	246,388	128,063
Interest payable	47,079	61,136
	16,680,490	16,035,911
Other liabilities		
Transactions in progress (c)	1,262,301	746,284
Deferred income and others	75,664	74,524
	1,337,965	820,808
Provisions		
Labor provisions and others	416,146	416,682
Provision for contingent loans (d)	234,391	247,027
Provision for litigations, claims and other contingencies (d)	241,166	225,220
	891,703	888,929
	18,910,158	17,745,648

- (a) At March 31, 2021, this item reflects the balance of liabilities for purchase agreements of foreign currency for S/ 553 million (S/ 1,383 million at December 31, 2020), repo transactions of loan portfolio under the Reactiva Peru Program for S/ 13,497 million (S/ 13,602 million at December 31, 2020) and repurchase agreement of rescheduled loan portfolio for S/ 1,258 million (S/ 199 million at December 31, 2020) agreed with the BCRP.

At March 31, 2021, repurchase agreement of foreign currency have maturity in April 2021 (up until from April 2021 to December 31, 2020) and bear interest at annual interest rates ranging from 1.80% to 3.06% (from 1.80% to 3.61% at December 31, 2020); maturities of repo transactions of loan portfolio under the Reactiva Peru Program are up to December 2023 (from December 2023 to December 31, 2020) and bear an annual interest rate of 0.50% (0.50% at December 31, 2020); the maturities of the repurchase agreements of rescheduled loan portfolio are up to January 2025 (from August 2024 to December 31, 2020) and bear an

annual interest rate of 0.50% (0.50% at December 31, 2020).

- (b) Other accounts payable at March 31, 2021 include S/ 175 million of short-selling transactions (S/ 110 million at December 31, 2020).
- (c) Transactions in progress are mainly those carried out during the last days of the month and are reclassified in the following month to their final accounts in the consolidated statement of financial position; these transactions do not affect the Bank's profit or loss. At March 31, 2021, passive transactions in progress mainly include treasury transactions for S/ 1,015 million relating to treasury transactions (S/ 612 million at December 31, 2020).
- (d) Grupo BBVA Perú has several pending court claims, litigation and other processes that are related to its core business, which Management and its legal counsel consider will not result in additional liabilities to those already recognized.

15. Equity

A. The regulatory capital limits

In accordance with the Banking Law, the regulatory capital ("patrimonio efectivo") amount could not be less than 10% of the assets and indirect loans weighted per credit, market and operational risks, which are calculated by the Bank and by EDPYME using the standard method for calculating the regulatory capital requirement for credit risk and market risk. For the operational risk, the Bank uses the alternative standard method while EDPYME uses the basic indicator method.

On an individual basis, at March 31, 2021, the regulatory capital of the Bank and EDPYME, determined under current laws and regulations is S/ 11,587 million and S/ 88 million, respectively (S/ 10,649 million and S/ 87 million, respectively at December 31, 2020). This figure is used to calculate certain limits and restrictions applicable to all banking entities in Peru, which management considers having fully complied with.

At March 31, 2021, assets and indirect loans weighted per credit, market and operational risks of the Bank and EDPYME, determined under current laws and regulations is S/ 76,915 million and S/ 465 million, respectively (S/ 77,820 million and S/ 476 million, respectively, at December 31, 2020).

At March 31, 2021, the aggregate capital ratio for market, operational and credit risks of the Bank and EDPYME is 15.06% and 18.89%, respectively (13.68% and 18.25%, respectively, at December 31, 2020).

At March 31, 2021, the Additional Regulatory Capital Requirement of the Bank and EDPYME is S/ 1,049 million and S/ 7 million, respectively (S/ 1,285 million and S/ 8 million, respectively, at December 31, 2020).

B. Capital stock

At March 31, 2021 and December 31, 2020, the Bank's authorized, subscribed, and paid-in capital is represented by 6,529,169 thousand common shares at 1 sol (S/ 1.00) par value each in both periods. At March 31, 2021 a total of 229,297 thousand ordinary shares remain to be issued on the capitalization of retained earnings.

At the General Shareholders' Meeting held on March 24, 2021 and May 11, 2020 the decision was made to increase share capital by S/ 229 million and S/ 644 million, respectively, by means of the capitalization of retained earnings.

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The shareholding structure of the Bank at March 31, 2021 and December 31, 2020 is as follows:

Interest	2021		2020	
	Number of shareholders	Interest %	Number of shareholders	Interest %
Up to 1	7,988	2.91	8,045	3.01
From 1.01 to 5	4	4.85	4	4.75
From 45.01 to 100	2	92.24	2	92.24
	7,994	100.00	8,051	100.00

C. Reserves

In accordance with the Banking Law, the Bank is required to keep a legal reserve of more than 35% of the paid-in-capital. This legal reserve shall be appropriated by an annual transfer of more than 10% of the post-tax profit. It shall replace the reserve referred to in the Peruvian Corporate Law (Ley General de Sociedades). On the other hand, in accordance with the Banking Law, the amount of this reserve may also be increased with contributions made by the shareholders for this purpose.

At the General Shareholders' Meeting held on March 24, 2021 and May 11, 2020 the reserve was approved to be made up of 10% of the 2020's profits (S/ 66 million) and 2019's profits (S/ 161 million), respectively.

D. Adjustments to equity

At March 31, 2021 and December 31, 2020, unrealized gains, net of deferred income tax, were as follows:

<i>In thousands of Peruvian soles</i>	<i>Note</i>	2021	2020
Available-for-sale investments	6	55,832	110,556
Cash flow hedges	8	938	5,953
Associates' other comprehensive income		179	131
Actuarial liabilities		2,508	2,508
		59,457	119,148

E. Retained earnings

At the General Shareholders' Meetings held on March 24, 2021 and May 11, 2020 the decision was made to capitalize retained earnings of S/ 229 million and S/ 644 million, distribute dividends of S/ 295 million and S/ 563 million and hold within the retained earnings account a total of S/ 66 million and S/ 241 million, respectively.

On October 28, 202 the Board decided, using the powers conferred to it by the General Shareholders' Meeting held on May 11, 2020, and in accordance with the provisions of article 184, A), subsection 2 of the Banking Law, to unanimously approve the commitment to capitalizing profits of 2020's for S/ 142 million. This commitment was made formal at the General Shareholders' Meeting dated March 24, 2021.

16. Contingent Risks and Commitments

At March 31, 2021 and December 31, 2020 this item consists of the following:

<i>In thousands of Peruvian soles</i>	2021	2020
Indirect loans:		
Guarantees and letters of guarantee	16,314,222	18,854,043
Letters of credit and banker's acceptances	1,399,598	1,450,113
	17,713,820	20,304,156
Unused credit lines and undrawn loans granted	14,380,759	13,724,115
Various responsibilities	6,011	5,794
	32,100,590	34,034,065

In the normal course of its business, Grupo BBVA Perú enters into transactions with risks recorded in contingent accounts. These transactions expose Grupo BBVA Perú to the credit risk, in addition to the risk reflected in the amounts stated in the consolidated statement of financial position

Credit risk for contingent transactions reflects the probability that a counterparty will default its obligations when they come due.

Grupo BBVA Perú applies similar credit policies when evaluating and granting direct and indirect loans. In management's opinion, contingent transactions do not represent a relevant credit risk since it expects that a portion of these indirect loans expire without being used. The total amount of indirect loans does not necessarily represent future cash outflows for Grupo BBVA Perú.

Management estimates that no significant losses will arise from contingent transactions as of March 31, 2021 and December 31, 2020.

17. Interest Income

At March 31 this item consists of:

<i>In thousands of Peruvian soles</i>	2021	2020
Direct loan portfolio	936,429	1,093,087
Available-for-sale investments	19,437	24,733
Profit or loss on hedging transactions	11,645	-
Investments at fair value through profit or loss	8,071	19,527
Cash and due from banks	6,667	22,648
Interbank funds	5	162
Other financial income	1,249	1,015
	983,503	1,161,172

18. Interest expenses

At March 31 this item consists of:

<i>In thousands of Peruvian soles</i>	2021	2020
Borrowings and financial obligations	(85,182)	(121,368)
Obligations with the public	(49,431)	(152,356)
Accounts payable	(26,915)	(19,851)
Deposits from financial system entities	(1,901)	(10,540)
Interbank funds	(50)	(2,892)
Profit or loss on hedging transactions	-	(6,820)
Other financial expenses	(6,118)	(1,483)
	(169,597)	(315,310)

19. Income and expenses from financial services, net

At March 31 this item consists of:

<i>In thousands of Peruvian soles</i>	2021	2020
Income		
Commissions on transfers	58,752	38,730
Income from indirect loans	58,301	52,826
Income from credit card commissions	58,189	57,117
Income from commissions on collection services	34,609	35,522
Income from services and maintenance of checking accounts	13,688	12,411
Income from online corporate banking services	13,673	12,254
Income from technical and legal studies	3,605	2,592
Income from advisory services	2,975	3,471
Income from cash services	1,070	2,787
Income from trust and trustee commissions	375	349
Other income from services	76,465	72,371
	321,702	290,430
Expenses		
Expenses from Visa and Mastercard transactions	(30,447)	(34,851)
Deposit insurance fund premiums	(25,870)	(19,880)
Customer loyalty programs	(14,447)	(23,835)
Transfers	(6,356)	(3,106)
Foreign exchange spot purchase transaction	(3,692)	(1,965)
Checking account maintenance expenses	(1,225)	(1,087)
Other expenses of services	(20,656)	(20,797)
	(102,693)	(105,521)
	219,009	184,909

20. Profit or loss from financial transactions

At March 31 this item consists of:

<i>In thousands of Peruvian soles</i>	2021	2020
Derivative held for trading	104,229	(71,562)
Exchange gains (losses) (Note 4)	93,930	216,846
Gains on share of interest in associates	2,163	758
Available-for-sale investments	99	20,234
Others	7,928	(5,237)
Investments at fair value through profit or loss	(34,145)	(16,007)
	174,204	145,032

21. Administrative expenses

At March 31 this item consists of:

<i>In thousands of Peruvian soles</i>	2021	2020
Expenses in personnel and Board	(211,165)	(225,880)
Expenses in services provided by third parties	(191,706)	(207,408)
Taxes and contributions	(13,960)	(12,517)
	(416,831)	(445,805)

22. Earnings per share

The table below shows the calculation of the weighted average amount of shares outstanding and earnings per share at March 31, 2021 and 2020:

<i>In thousands</i>	Number of shares outstanding (*)	Base shares in determining weighted average	Effective days to period-end	Weighted average number of ordinary shares
2021				
Balance at January 1, 2021	6,529,169	6,529,169	90	6,529,169
Capitalization of profit or loss for 2020	229,297	229,297	90	229,297
Balance at March 31, 2021	6,758,466	6,758,466		6,758,466
2020				
Balance at January 1, 2020	5,885,209	5,885,209	90	5,885,209
Capitalization of profit or loss for 2019	643,960	643,960	90	643,960
Capitalization of profit or loss for 2020	229,297	229,297	90	229,297
Balance at March 31, 2020	6,758,466	6,758,466		6,758,466

(*) At March 31, 2021, 229,297 thousand shares remain to be registered with public records and remain to be delivered.

At March 31, 2021 and 2020, earnings per share calculated on the basis of the weighted average number of shares outstanding was S/ 0.0307 and S/ 0.0546, respectively.

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23. Related-Party Transactions

At March 31, 2021 and December 31, 2020, the consolidated financial statements of Grupo BBVA Perú include related-party transactions, which, under IAS 24 and SBS regulations, comprise the Parent Company, related parties, associates, other related parties, and the Bank's directors and key management. All transactions with related parties are carry out under the same market conditions available for unrelated third parties

- (a) The table below shows the balances of the consolidated statement of financial position of Grupo BBVA Perú showing transactions with related parties at March 31, 2021 and December 31, 2020:

<i>In thousands of Peruvian soles</i>	2021					2020				
	Controlling party	Related parties (*)	Associates	Key staff and directors	Total	Controlling party	Related parties (*)	Associates	Key staff and directors	Total
Assets:										
Cash	174,830	441	-	-	175,271	207,721	-	-	-	207,721
Loan portfolio, net	-	298,928	19,979	30,088	348,995	-	353,554	32,824	29,146	415,524
Derivatives held for trading	242,504	96,962	-	-	339,466	322,397	80,325	-	-	402,722
Other assets, net	447,282	41,777	4,207	-	493,266	195,313	33,235	4,207	-	232,755
Total assets	864,616	438,108	24,186	30,088	1,356,998	725,431	467,114	37,031	29,146	1,258,722
Liabilities:										
Obligations with the public and deposits from financial system entities	93,164	780,837	871	105,767	980,639	91,266	803,885	331	98,195	993,677
Borrowings and financial obligations	753,653	-	-	-	753,653	-	-	-	-	-
Derivatives held for trading	627,968	247	-	-	628,215	511,778	380	-	-	512,158
Provisions and other liabilities	144,330	275,153	36	46	419,565	25,981	15,808	35	25	41,849
Total Liabilities	1,619,115	1,056,237	907	105,813	2,782,072	629,025	820,073	366	98,220	1,547,684
Off-balance sheet accounts										
Indirect loans	-	32,418	266	1,597	34,281	-	353,276	317	1,539	355,132
Derivative financial instruments	19,960,729	8,914	-	-	19,969,643	17,759,685	23,252	-	-	17,782,937

(*) Related parties include balances and transactions with other related parties in accordance with IAS 24 and SBS regulations.

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- (b) The table below shows the effects of related-party transactions on the BBVA Peru Group's consolidated statement of financial position for the period ended March 31, 2021 and 2020:

<i>In thousands of Peruvian soles</i>	2021					2020				
	Controlling party	Related parties (*)	Associates	Key staff and directors	Total	Controlling party	Related parties (*)	Associates	Key staff and directors	Total
Interest income	-	829	-	57	886	-	1,764	-	129	1,893
Interest expense	-	(3,434)	-	(84)	(3,518)	-	(925)	-	(267)	(1,192)
	-	(2,605)	-	(27)	(2,632)	-	839	-	(138)	701
Income from financial services	66	770	-	41	877	974	161	-	14	1,149
Expenses in financial services	-	-	-	-	-	-	-	-	-	-
	66	770	-	41	877	974	161	-	14	1,149
Net profit or loss from financial transactions	(1,596)	(650)	-	48	(2,198)	(2,713)	(99)	-	-	(2,812)
Administrative expenses	(11,274)	(25,617)	-	-	(36,891)	(7,085)	(26,628)	-	-	(33,713)
Other income, net	-	180	-	-	180	-	83	-	26	109
	(12,870)	(26,087)	-	48	(38,909)	(9,798)	(26,644)	-	26	(36,416)

(*)Related parties include balances and transactions with other related parties in accordance with IAS 24 and SBS regulations.

(c) Loans to personnel and key management compensation.

At March 31, 2021 and December 31, 2020 the Board of Directors, executives and employees of the Bank hold loan transactions permitted under the Banking Law, which regulates and establishes certain limits to transactions with members of the Board of Directors, executives and employees of financial entities in Peru. At March 31, 2021 and December 31, 2020, direct loans granted to employees, directors, executives and key personnel total S/ 502 million and S/ 496 million, respectively.

Also, at March 31, 2021 y 2020, remuneration of key personnel and compensation of the board of directors total S/ 4 million and S/ 3 million, respectively.

24. Trust and Fiduciary Services

The Bank offers trust and fiduciary structuring and management services and engages in preparing the related agreements. Assets held in trust are not included in the Bank's consolidated financial statements. The Bank is responsible for the appropriate management of these trusts based on the limits set by the applicable laws and the respective agreement. At March 31, 2021, the carrying amount of assets held in trust and trust property in the hands of the Bank totals S/ 15,962 million (S/ 15,199 million at December 31, 2020).

25. Financial risk management

Financial risk management is a critical function to the Bank's strategy because it guarantees its creditworthiness and sustainable development. The Bank's risk profile has been defined in accordance with the strategy and policies set by Grupo BBVA Perú, and considers a focused, independent and comprehensive risk management model.

- **Focused:** Focused on one single objective. Risk appetite is determined based on fundamental metrics, portfolio thresholds and economic sectors as well as indicators for portfolio management and monitoring.
- **Independent:** Independent of the business processes and supplemental to it. The risk area adaptation process enables it to closely monitor and follow up on the business and detect opportunities.
- **Comprehensive:** The Group has a risk model that is adaptable to all risks, to all businesses and in all countries.

For effective management with a comprehensive vision, the risk area of BBVA Peru Group is structured by type of risk: admission of retail and wholesale risks, monitoring, collections and recoveries, structural, market and fiduciary risks, control, validation, reporting and regulation; and with the aim of seeking synergies and greater integration of the processes that range from strategy, planning, to the implementation of management models and tools, the Risk Solution team consolidates cross-cutting functions that support the overall risk management.

During the course of this period, given the situation in the country involving the COVID-19 spread, risk management was focused on managing the crisis from all fronts:

- Portfolio management under the guidelines defined by the SBS and the Government, adaptation of management and monitoring reports to meet the new needs of the ongoing situation,
- Ongoing follow-up and monitoring of the liquidity risks
- From wholesale and retail Admission, permanent review and adjustment of the admission policies, rescheduling modalities carrying out the portfolio diagnosis, segmentation and action plans based on the identified criticality.
- The follow-up and management of collections was conducted based on a preventive and anticipatory approach, oriented to the most vulnerable and affected sectors. Specialized teams have

been set up to manage collections by implementing differentiated strategies based on the portfolio. Therefore, a good level of containment of the rescheduled portfolio has been achieved.

Credit risk

The Bank's risk management system is based on a corporate governance model by which Grupo BBVA determines the policies for managing and controlling the risk of retail and wholesale loans, and which are adapted to the local reality and regulations.

The risk area structure for credit risk management is as follows:

- *Portfolio Management, Data & Reporting:* This unit manages credit risk by performing an ongoing follow-up and monitoring of the portfolio based on the Bank's well-defined risk strategy and risk appetite for timely measuring of risks and communication to the relevant hierarchies. In addition, it is responsible for developing management and regulatory reports as well as monitoring the credit risk metrics used in determining provisions, regulatory capital, economic capital and the risk-adjusted profitability.
- *Risk Internal Control:* This is the control unit over risk activities. Specifically, and independently, it checks financial risks and their application and operation in risk activities against the applicable regulations and the internal governance structure, as well as checking the development and execution of the management and control processes over financial risks. Further, it is charged with validating the relevant risk models.
- *Risk Solution:* This unit manages the portfolio of projects in the Risk area. It ensures its definition, prioritization, execution and kickoff.
- *Risk Transformation:* This is a team responsible for ensuring the execution and continuing improvement of the dependent processes, meeting the defined and committed quality and productivity standards. As part of the process setup, it must seek efficiency and synergies to be obtained from the interaction of the services involved
- *Retail loans:* This area manages the retail loan risk based on the strategic objectives set by the Bank and keeping check on the credit quality of the underlying transactions. Managing this risk involves: defining the acceptance requirements, studying the behavior of products/segments, assessing borrowing levels, improving the capabilities of the commercial areas and the risk analysts by deploying training programs on an ongoing basis, setting a comprehensive credit risk policy that ensures the credit quality of the loan portfolio, performing continuing improvements in the business processes, tools and standards and overseeing compliance with the processes for the analysis and acceptance of the credit risk of the transactions derived from the commercial areas.

For loan origination, information is analyzed for the purpose of generating potential offerings to prospective customers who match the Bank's risk appetite using sophisticated automated tools that enable the Bank to come up with, validate and implement strategies for prospective sales campaigns directed to both individuals and small entities and microbusinesses (Pymes).

- *Wholesale Loans:* This unit manages wholesale portfolio credit risk and is intended to maximize the expected economic benefits based on an adequate measurement of the risk exposure and setting the credit risk limits as indicated in the Asset Allocation framework based on a well-defined target risk profit and risk appetite for the Group, and in full compliance with the relevant corporate standards and the applicable laws and regulations currently in force.

The staged operations enables Management to conduct an appropriate analysis, assessment and grant of loans to customers in the several business segments: Banca Empresa (entrepreneurships), Empresas Minoristas (retail entities) and Banca Corporativa e Inversión (corporate and investment banking), based on risk-rating models, early-warnings, and other variables and/or customer-specific characteristics.

This unit is also charged with performing an adequate assessment and grant of loans directed to the real-estate sector, including timely monitoring and control over them.

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- *Collection, Mitigation & Workout.* This role groups together the functions and processes necessary for the monitoring, default containment, collections, recoveries and the divestment of the portfolio with problems, both from retail and wholesale banking, seeking to achieve cross-cut efficiencies in the underlying processes, as well as in the external (collection agencies, calls, and law firms) and internal (office networks) management channels.

The with-problem portfolio is managed based on a centralized strategy that defines the refinancing policy, payment agreements with customers and repossessed assets, which aim at reducing the provision expense and default levels by differentiating each of the segments and stages of the credit life cycle.

Since 2018, the Bank has been executing a Comprehensive Collection Plan, a transformation project that involves process improvement, data management, remediable products, customer experience and IT platform, among the most important, which is ongoing in 2021.

As part of this plan, the Collection Dashboards (“Fábrica de Cobranzas”) continued to be strengthened, with follow-up on the KPIs (Key Performance Indicator) on collections and recoveries, development of solutions, deployment of new biddings in the external collection channels and law firms, as well as strengthening the Service Level Agreements (known as “Acuerdos de Nivel de Servicio - ANS”), incentive models and monitoring over the vendor performance in consistency with the best practices prevailing in the market. Additionally, support is provided to our customers in the context of the pandemic juncture via a Solutions Office or Oficina Solución (Commercial Banking) and the anticipation office known as Oficina Anticipa (Entrepreneurship Banking), which has enable the Bank to more adequate manage the with-problems portfolio and higher containment levels.

Financial risk management in the COVID-19 context:

- *Plan Anticipa:* 4 executives and a risk leader were selected for the exclusive attention of 255 customers who, in coordination with the office network, were the ones that presented the highest number of warnings over 2020. The objective of the team was to carry out a diagnosis and coordinate with the admission team to readjust in the form of rescheduling or coordinate with the Stage 3 team for timely refinancing. This model continues operating over 2021 and will continue to develop based on the changing needs arising from this juncture.
- *Plan Solución:* The executives of the commercial network (more than 180 executives) carried out the plan, with a role exclusively directed to the recovery activity. This team is led by 13 monitoring heads whose objective is the location of the main customers, conducting a diagnosis and readjusting operations via rescheduling or refinancing.

The retail portfolio segmentation was carried out considering the impact and materiality matrices (debt ranges) for the private and Pyme portfolios. In addition, collection management is differentiated based on whether the portfolio was rescheduled or not.

The impact level on the Pyme portfolio was taken as the main axis of the economic activity based on the entity’s line of business, which were classified as Winning, Sensible, Critical and Very critical, with Winning activities being those that were benefited by this COVID juncture.

- *Plan Cobranzas:* The implant model was developed, which is a supervision model based on the physical presence of a BBVA supervisor at the vendor’s physical facilities in order to maximize the performance of the collection processes and guarantee the execution of the strategies and tactical actions and even those of human resources. Currently, due to the current juncture, the physical presence was replaced with the virtual mode; however, 100% of the supervisor’s dedication was maintained exclusively to the assigned vendor.

A competition was held between the six external collection companies that manage the Bank’s retail portfolio to choose only three strategic allies for 2021, and therefore, the collection team was restructured into 6 implant supervisors to monitor the three external companies for both portfolio segments (Individuals and Pymes). In addition, two professionals from other areas were incorporated to support disbursements of the Refinancings (coordination and registration), preventive management testings, support the supervision

of external entities while the implant model was being developed and monitoring of the collection pilots was performed.

Guarantees received

The requirement of guarantees may be a necessary instrument, but not sufficient for granting loans; and their acceptance is supplementary to the lending process that requires and weighs previous verification of the debtor's payment capacity or whether this debtor is able to generate sufficient resources to enable it to amortize the risk assumed under the agreed terms.

The procedures for the management and valuation of guarantees received on loans granted to customers as indicated in the Guarantees Policies cover the guarantee acceptance policies and the basic principles for setting, maintenance and release of the guarantee. All guarantees assigned are to be properly instrumented and recorded in the relevant records, ensuring that they are currently updated and covered with the corresponding insurance policies in strict compliance with the rules set by the regulator.

Valuation of guarantees is governed by principles of prudence, involving appraisals reports on real-estate mortgages, market price for listed securities, value of interest in an investment fund, among others. This principles sets forth internal milestones that may be stricter than those established under local regulations, and under which the value of guarantees is updated.

Credit quality of the loan portfolio

Criteria against which a loan is determined to be impaired:

Debtor type	Impairment criteria
Retailer	Debtor past due for more than 90 days. Debtor classified as substandard, doubtful or loss.
Non-retailer	Debtor classified as substandard, doubtful or loss. Transactions that is refinanced or restructured.

Market risk

Market risk arises from the activity carried out in the markets with financial instruments the value of which may be affected by variations in market conditions in the form of changes in the different financial assets and the underlying risk factors. The risk can be mitigated and even eliminated by means of hedging (assets/liabilities or derivatives), or by undoing the open positions/transactions.

The three major market risks factors include interest rate risk, currency risk and price risk.

- Interest rate risk: This risk arises from changes in the timing structure of the market interest rates, in the different currencies.
- Currency risk: this risk arises from changes in the exchange rates of the different currencies.
- Price risk: this risk arises from changes in the market quotes either resulting from instrument-specific factors or factors that affect all instruments traded and quoted in the market.

In addition and for given positions, it is necessary to also consider other risks: spread, base, volatility or correlation risks.

VaR ("Value at Risk") is the basic variable to measure and control the Bank's market risk. This risk measurement estimates the maximum loss for a given level of confidence that can occur in the market positions held for a portfolio over a certain time horizon. The Bank calculates the VaR using the historical method at a confidence level of 99% and a time horizon of one day; the data period considered is two years

The structure of market risk limits determines a model of VaR and economic capital limits for market risk, as well as specific warnings and ad-hoc sub-limits for types of risk, among others.

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Further, adequacy tests are performed on the risk measurement models used, which estimate the maximum loss that can occur in the positions considered, at a given level of probability (“back testing”), as well as measurements of the impact of extreme market movements in the risk positions held (“stress testing”). Currently, stress tests are performed based on the historical scenarios that led to the Lehman Brothers crisis (2008).

Risk factors underlying the VaR at March 31, 2021 and December 31, 2020 are as follows:

<i>In thousands of Peruvian soles</i>	2021	2020
VaR by risk factors		
VaR without smoothing	7,073	7,957
Interest rate VaR	6,823	8,068
Currency VaR	390	481
Average VaR	7,921	8,411
Maximum VaR	11,107	12,387
Minimum VaR	6,069	5,803

Structural interest rate risk

The objective of managing the banking book interest rate risk is to keep the Bank's exposure in the event of changes in market interest rates at levels consistent with its strategy and risk profile. To this end, the Assets and Liabilities Committee (hereinafter COAP) conducts active management of the interest rate risk in the banking book with transactions intended to optimize the level of risk assumed, in relation with the expected outcome, and ensure adherence to the maximum levels of tolerable risk.

The activity performed by the COAP is based on the interest risk measurements conducted by the Risk area, which, acting as an independent unit, periodically quantifies the impact the variation in interest rates has on the interest margin and the economic value obtained by the Bank.

In addition to the sensitivity measurements to several changes in the market interest rates, the Bank develops probabilistic calculations that determine the “economic capital” (maximum loss in economic value) and the “margin at risk” (maximum loss of the interest margin) due to structural interest risk of the Bank's banking activity, excluding treasury activity, based on interest rate curve simulation models. Stress testing is conducted periodically to complete the evaluation of the Bank's interest risk profile.

All these risk measurements are subject to subsequent analysis and monitoring, and the levels of risk taken and the degree of adherence to the permitted limits are transferred to the different management and administration departments of the Bank.

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The table below shows the consumption of the levels of structural interest risk (stated in millions of S/) of the Bank at March 31, 2021 and December 31, 2020:

2021		Mar-21	Feb-21	Jan-21
Limit consumption				
Sensitivity in profit margin	7%	5.4%	5.4%	5.4%
Warning consumption				
Economic value sensitivity	1,200	439	452	496
Economic capital (CE)	1,200	556	559	584
Margin at risk (MeR)	4%	2.2%	2.2%	2.3%

2020		Dec-20	Nov-20	Oct-20	Set-20	Aug-20	Jul-20	Jun-20	May-20	Apr-20	Mar-20	Feb-20	Jan-20
Limit consumption													
Sensitivity in profit margin	7%	4.3%	4.5%	4.8%	5.1%	3.7%	3.2%	2.9%	3.5%	3.8%	3.9%	4.6%	4.6%
Warning consumption													
Economic value sensitivity	1,200	452	483	480	454	535	498	572	597	565	565	625	635
Economic capital (CE)	1,200	533	569	579	589	680	626	608	620	621	667	709	729
Margin at risk (MeR)	7%	1.9%	1.9%	2.0%	2.1%	1.8%	1.7%	1.3%	1.4%	1.3%	1.4%	1.8%	1.8%

In the measurement process, the Bank has established hypotheses on the evolution and behavior of certain items, such as those relating to products without explicit or contractual expiration. These hypotheses are based on studies that approach the relationship between the interest rates of these products and those of the market, and that allow the disaggregation of the specific balances into trend balances, with a long-term prevalence degree, and seasonal or volatile balances, with a short-term residual maturity.

Liquidity risk

The control, monitoring and management of the liquidity risk aims, in the short term, at ensuring compliance with the Bank's payment commitments in form and timing, without resorting to obtaining funds under unfavorable conditions, or deteriorating the image and reputation of Grupo BBVA Perú. Over the medium term, its objective is to ensure the adequacy of the financial structure and its evolution in the context of the changing economic conditions, the markets and the regulatory environment.

Management of liquidity and structural financing in the Bank are based on the principle of Grupo BBVA Perú's financial autonomy. This management approach contributes to preventing and limit liquidity risk by reducing the Bank's vulnerability in periods of high risk.

Management and monitoring of the liquidity risk is carried out comprehensively with a dual approach: short-term and long-term. The short-term liquidity risk approach over a time horizon of up to one year is focused on managing payments and collections derived from market activities, volatile customer resources and the potential liquidity needs of the Bank as a whole. The second approach, medium-term or financing, is focused on the financial management of the set of assets and liabilities, focusing on the financing structure, and over a time horizon equal to or greater than the one-year period.

Comprehensive management of the liquidity risk is carried out by COAP, where the Financial Management Unit of the Finance area analyzes the implications, in terms of financing and liquidity of the various Bank projects and their compatibility with the structure of target financing and the situation of financial markets. In this sense, the Financial Management Unit, consistent with the approved budgets, implements the proposals agreed by the COAP and manages the liquidity risk based on a wide scheme of limits, sub-limits and approved warnings on which the risk area carries out, independently, its measurement and control work, providing the manager with support tools and metrics for informed decision-making.

Periodic measurements of the risk taken and monitoring of the consumption of limits are carried out by the Structural, Markets and Fiduciary Risks Unit, which monthly reports on the levels of liquidity risk to the COAP; and more frequently to the departmental management units. It should be noted that during the beginning of the COVID19 pandemic National Emergency, the structural risks unit increased the frequency of measurement of the main liquidity indicators to carry out a daily monitoring that enable it to anticipate any contingencies and support the various management areas.

On the other hand, the Basel Committee on Banking Supervision (BCBS) has proposed a new liquidity regulation model based on two ratios: Liquidity coverage ratio (LCR) which is effective from 2015 and net stable funding ratio (NSFR) which was implemented since 2018. The Bank and Grupo BBVA took part in the quantitative impact study (QIS), which has included the new regulatory challenges in its new general framework of action to address liquidity and financing aspects. At local level, the SBS has also implemented a monitoring of the liquidity coverage ratio, following the general guidelines of the BCBS, although adapting it to the Peruvian reality. Measurement of liquidity coverage ratio started on December 2013 and it is conducted with daily frequency. The limit set for liquidity coverage ratio is 80% for the period from 2014 to 2017, 90% for 2018 and 100% for 2019 onward, which is being smoothly complied with.

Effective March 2020, the SBS has set the temporary inapplicability of the liquidity coverage ratios in local currency (RLC MN) and foreign currency (RCL ME). However, the structural risk unit has continued with performing daily measurement of the liquidity coverage ratios on a timely basis.

Repo transactions established under Circular 022-2015-BCRP and repo transactions with the BCRP within the scope of Legislative Decree 1508 that created the Government guarantee program, are considered sources of available financing to be included in the Bank's liquidity contingency plan. To this effect, the SBS requires that a framework agreement be signed with COFIDE and the portfolio that could be used in these transactions be identified.

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The distribution by terms of assets and liabilities as of March 31, 2021 and 2020 is presented as follows, which, in the case of the loan and deposit portfolios, includes their respective accrued returns

<i>In thousands of Peruvian soles</i>	Up to 1 month	From 1-3 months	From 3-6 months	From 6- 12 months	From 1-5 years	More than 5 years	Past-due and judicial collection loans	Non-contractual maturity	TOTAL
2021									
Assets									
Cash and due from banks	14,200,738	731,386	432,003	350,907	6,911,916	-	-	-	22,626,950
Interbank funds	-	-	-	-	-	-	-	-	-
Investments at fair value through profit or loss	3,924,992	-	-	-	-	-	-	43,124	3,968,116
Available-for-sale investments	6,256,543	75,719	48,237	42,294	301,546	303,314	-	-	7,027,653
Loan portfolio	5,538,701	6,195,341	7,084,579	9,221,777	25,173,105	10,968,524	2,416,564	-	66,598,591
Derivatives held for trading	100,428	187,004	84,573	90,061	356,104	440,501	-	-	1,258,671
Hedging derivatives	-	-	-	-	70,565	-	-	-	70,565
	30,021,402	7,189,450	7,649,392	9,705,039	32,813,236	11,712,339	2,416,564	43,124	101,550,546
Liabilities									
Obligations to the public	9,604,228	6,369,294	2,089,401	3,048,379	46,191,203	-	-	-	67,302,505
Demand deposits	4,095,828	2,998,226	-	-	20,451,711	-	-	-	27,545,765
Savings	2,195,866	1,511,390	-	-	21,441,217	-	-	-	25,148,473
Term	3,215,885	1,859,678	2,089,401	3,048,379	4,298,275	-	-	-	14,511,618
Other	96,649	-	-	-	-	-	-	-	96,649
Interbank funds	-	-	-	-	-	-	-	-	-
Deposits from financial system entities	502,021	210,793	271,384	12,621	39,261	-	-	-	1,036,080
Borrowings and financial obligations	216,102	603,559	111,552	237,813	3,653,094	2,938,661	-	-	7,760,781
Trading derivatives	155,893	99,860	39,805	60,633	327,559	311,147	-	-	994,897
Hedging derivatives	-	-	2,678	-	14,128	-	-	-	16,806
Accounts payable	1,926,128	112,795	1,076,975	3,274,902	10,288,714	-	-	-	16,679,514
Other liabilities	1,337,965	-	-	-	-	-	-	-	1,337,965
	13,742,337	7,396,301	3,591,795	6,634,348	60,513,959	3,249,808	-	-	95,128,548

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<i>In thousands of Peruvian soles</i>	Up to 1 month	From 1-3 months	From 3-6 months	From 6- 12 months	From 1-5 years	More than 5 years	Past-due and judicial collection loans	Non-contractual maturity	TOTAL
2020									
Assets									
Cash and due from banks	19,162,024	1,263,307	793,377	243,696	3,491,863	-	-	-	24,954,267
Interbank funds	137,599	-	-	-	-	-	-	-	137,599
Investments at fair value through profit or loss	4,679,056	-	-	-	-	-	-	43,216	4,722,272
Available-for-sale investments	5,746,998	187,460	75,352	51,596	335,071	302,591	-	-	6,699,068
Loan portfolio	5,970,613	6,351,096	4,507,113	6,584,206	30,190,702	10,704,669	2,285,362	-	66,593,761
Derivatives held for trading	93,939	62,911	47,726	22,369	288,069	383,581	-	-	898,595
Hedging derivatives	-	-	-	-	103,354	-	-	-	103,354
	35,790,229	7,864,774	5,423,568	6,901,867	34,409,059	11,390,841	2,285,362	43,216	104,108,916
Liabilities									
Obligations to the public	10,503,851	8,000,059	2,186,005	3,078,306	47,044,313	-	-	-	70,812,534
Demand deposits	4,613,896	3,378,292	-	-	21,786,440	-	-	-	29,778,628
Savings	2,172,598	1,495,035	-	-	21,044,166	-	-	-	24,711,799
Term	3,642,526	3,126,732	2,186,005	3,078,306	4,213,707	-	-	-	16,247,276
Other	74,831	-	-	-	-	-	-	-	74,831
Interbank funds	72,421	-	-	-	-	-	-	-	72,421
Deposits from financial system entities	530,432	454,819	34,206	234,179	146,427	-	-	-	1,400,063
Borrowings and financial obligations	26,675	180,431	778,489	324,592	3,604,598	2,138,933	-	-	7,053,718
Trading derivatives	108,096	107,034	69,850	34,589	247,926	308,900	-	-	876,395
Hedging derivatives	-	-	6,758	1,382	6,493	-	-	-	14,633
Accounts payable	829,267	830,000	553,100	-	13,819,408	-	-	-	16,031,775
Other liabilities	820,808	-	-	-	-	-	-	-	820,808
	12,891,550	9,572,343	3,628,408	3,673,048	64,869,165	2,447,833	-	-	97,082,347

Operational risk

Grupo BBVA Perú articulates an entity-wide operational risk management model, based on methodologies and procedures for the identification, assessment and monitoring of the operational risk, and supported by tools that allow for qualitative and quantitative management

This model is based on a decentralized management of operational risk carried out by operational risk management teams in the two lines of defense. For the first line, we have the Risk Control Assurer whose objective is to promote the adequate management of the operational risk in their respective management areas. This is done by extending the methodology of risk identification and implementing controls in close coordination with the process owners, who are those responsible for implementing the risk mitigation plans and performing the controls. For the second line of defense, there is a Risk Control Specialist team which defines the mitigation and control frameworks in their area of specialty (across the entire organization) and contrast those frameworks against those implemented along the first line of defense.

Both control teams work in close coordination under a methodological unit and report to the corresponding Internal Control and Operational Risk Committees (CIRO, the Spanish acronym), on an ongoing basis. From the risk area, the non-financial risk unit is charged with coordinating the CIROs, implementing corporate management tools, providing both control teams (Risk Control Assurer and Risk Control Specialist) with training, coordinating the update of the risk map under the established methodology and monitoring the mitigation plans.

With regards to qualitative management, the Support Tool for Operational Risk Management (STORM) makes it possible to record the operational risks identified by associating them with a taxonomy of processes and their quantification, as well as recording the periodic evaluation of the controls associated with critical risks. Over 2021, risks and controls are being updated to ensure the model continues to be effective.

In addition, there is a database, the Integrated Operational Risk System (SIRO, the Spanish acronym), which includes all operational risk events that may indicate a loss for the Bank and subsidiaries; this is a critical quantitative tool for operational risk management.

The Bank is authorized to use the alternative standard method for calculating the regulatory capital requirement for operational risk, which enables it to optimize the regulatory capital determination process.

The regulatory capital requirement for operational risk under the alternative standard method at March 31, 2021 was S/ 555 million (S/ 542 million as of December 31, 2020) and for EDPYME under the basic indicator method at March 31, 2021 was S/ 7 million (S/ 7 million at December 31, 2020).

Among the relevant initiatives carried out during 2020, the strengthening of the Bank's internal control scheme stands out, providing more infrastructure and work methodologies, which has enable the Bank to implement the two lines of defense in internal control using the above-mentioned roles of Risk Control Assurer and Risk Control Specialist. At the same time, the bank has been working on implementing a new tool that will support operational risk management

The business continuity team has conducted actions to ensure business continuity during the course of the National Emergency in place, including people management and remote working

26. Fair value

The methodology applied in determining the fair value has not changed in relation to that disclosed in the audited annual consolidated financial statements of 2020.

Carrying amount and fair value of financial assets and liabilities

Bearing in mind the fair value considerations and the SBS communication (Oficio Múltiple No 43078-2014-SBS) in which it determined that the fair value constitute the carrying amount for loans and deposits, at

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March 31, 2021 and December 31, 2020, the carrying amounts and fair values of the financial assets and liabilities of the Bank are as follows:

<i>In thousands of Peruvian soles</i>	Carrying amounts		Fair value	
	2021	2020	2021	2020
Assets				
Cash and due from banks	22,626,950	24,954,267	22,626,950	24,954,267
Interbank funds	-	137,599	-	137,599
Investments at fair value through profit or loss and available-for-sale investments	10,995,769	11,421,340	10,995,769	11,421,340
Loan portfolio	66,598,591	66,593,761	66,598,591	66,593,761
Derivatives held for trading	1,258,671	898,595	1,258,671	898,595
Hedging derivatives	70,565	103,354	70,565	103,354
Accounts receivable	73,256	44,614	73,256	44,614
Other assets	1,243,620	889,507	1,243,620	889,507
Total	102,867,422	105,043,037	102,867,422	105,043,037
Liabilities				
Obligations with the public and deposits from financial system entities	68,338,585	72,212,597	68,338,585	72,212,597
Interbank funds	-	72,421	-	72,421
Borrowings and financial obligations	7,760,781	7,053,718	7,793,984	7,035,674
Derivatives held for trading	994,897	876,395	994,897	876,395
Hedging derivatives	16,806	14,633	16,806	14,633
Accounts payable	16,679,514	16,031,775	16,679,514	16,031,775
Total	93,790,583	96,261,539	93,823,786	96,243,495

BANCO BBVA PERU Y SUBSIDIARIAS
Notes to the Interim Consolidated Financial Statements
At March 31, 2021 and December 31, 2020

The table below shows assets and liabilities recorded at fair value based on the fair value hierarchy level:

Financial instruments recorded at fair value and fair value hierarchy

<i>In thousands of Peruvian soles</i>	2021				2020			
	Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
Assets								
Investments at fair value through profit or loss								
Equity instruments	43,124	43,124	-	-	43,216	43,216	-	-
Debt instruments	3,924,992	363,085	3,561,907	-	4,679,056	296,595	4,382,461	-
Available-for-sale investments								
Equity instruments	30,676	30,676	-	-	29,233	29,233	-	-
Debt instruments	6,995,855	2,298,887	4,696,968	-	6,675,067	2,570,885	4,104,182	-
Trading derivatives	1,258,671	-	1,258,671	-	898,595	-	898,595	-
Hedging derivatives	70,565	-	70,565	-	103,354	-	103,354	-
	12,323,883	2,735,772	9,588,111	-	12,428,521	2,939,929	9,488,592	-
Liabilities								
Borrowings and financial obligations	3,115,270	-	3,115,270	-	3,032,280	-	3,032,280	-
Derivatives held for trading	994,897	-	994,897	-	876,395	-	876,395	-
Hedging derivatives	16,806	-	16,806	-	14,633	-	14,633	-
	4,126,973	-	4,126,973	-	3,923,308	-	3,923,308	-

27. Subsequent events

The Bank is not aware of any subsequent events occurring between the closing date and the issuing date of these interim consolidated financial statements that may affect them significantly.

Law 31171 – Law authorizing the disposal of the Employees' severance indemnities (Compensación por Tiempo de Servicios - CTS)

This is a one-time authorization and up to December 31, 2021 for workers within the scope of the CTS Law (Supreme Decree No 001-97-TR) to use, at their discretion, 100% of the CTS deposits held with the financial institutions with cumulative balances at the date of disposal. The Executive Branch of government has up until May 3, 2021 to issue the rules for application of the above-mentioned law. This law was enacted on April 23, 2021.