

# BANCO BBVA PERU AND SUBSIDIARIES

## Interim Consolidated Financial Statements

September 30, 2022 and December 31, 2021

# Interim Consolidated Financial Statements

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**BANCO BBVA PERU AND SUBSIDIARIES**

Interim Consolidated Statement of Financial Position

At September 30, 2022 and December, 31 2021

In thousands of Peruvian soles	Note	2022	2021	In thousands of Peruvian soles	Note	2022	2021
<b>Assets</b>				<b>Liabilities and equity</b>			
Cash and due from banks	5	18,982,697	16,295,026	Obligations with the public and deposits from financial system entities	12	71,992,475	63,939,029
Interbank funds		627,814	-	Borrowings and financial obligations	13	5,024,891	6,989,674
Investments at fair value through profit or loss and available for sale	6	11,178,145	9,760,611	Derivatives held for trading	8	1,649,782	1,572,020
Loan portfolio, net	7	70,027,668	70,433,581	Hedging derivatives	8	94,580	35,059
Derivatives held for trading	8	1,785,111	1,767,732	Accounts payable, provisions and other liabilities	14	16,810,847	18,791,244
Hedging derivatives	8	2,932	75,805	<b>Total liabilities</b>		<b>95,572,575</b>	<b>91,327,026</b>
Realizable and seized assets, and assets received through court actions		40,655	43,916	<b>Equity</b>	15		
Non-current assets held for sale		81,177	85,870	Share capital		7,382,184	6,758,467
Interest in associates	9	12,637	12,999	Reserves		2,053,490	1,896,680
Property, furniture and equipment, net	10	1,031,763	1,071,479	Adjustments to equity		(114,647)	(32,704)
Deferred income tax		700,264	710,091	Retained earnings		1,474,866	1,546,286
Other assets, net	11	1,897,605	1,238,645	<b>Total equity</b>		<b>10,795,893</b>	<b>10,168,729</b>
<b>Total assets</b>		<b>106,368,468</b>	<b>101,495,755</b>	<b>Total liabilities and equity</b>		<b>106,368,468</b>	<b>101,495,755</b>
Risks and contingent commitments	16	35,778,168	32,296,585	Risks and contingent commitments	16	35,778,168	32,296,585

The accompanying notes are an integral part of these Consolidated Financial Statements.

**BANCO BBVA PERU AND SUBSIDIARIES**

Interim Consolidated Statement of Income

For the nine-month periods ended September 30, 2022 and 2021

<i>In thousands of Peruvian soles</i>	<i>Note</i>	<b>2022</b>	<b>2021</b>
Interest income	17	3,993,270	3,113,965
Interest expense	18	(736,167)	(480,436)
<b>Gross financial margin</b>		<b>3,257,103</b>	<b>2,633,529</b>
Provision for direct loans, net of recoveries		(653,019)	(940,775)
<b>Net financial margin</b>		<b>2,604,084</b>	<b>1,692,754</b>
Income from financial services, net	19	677,815	634,819
<b>Financial margin net of income and expenses for financial services</b>		<b>3,281,899</b>	<b>2,327,573</b>
Profit or loss from financial transactions	20	515,507	584,186
<b>Operating margin</b>		<b>3,797,406</b>	<b>2,911,759</b>
Administrative expenses	21	(1,551,711)	(1,305,513)
Depreciation and amortization		(154,680)	(152,307)
<b>Net operating margin</b>		<b>2,091,015</b>	<b>1,453,939</b>
Valuation of assets and provisions		(57,810)	(141,953)
<b>Operating profit or loss</b>		<b>2,033,205</b>	<b>1,311,986</b>
Other expenses, net		7,265	(1,756)
<b>Profit before income tax</b>		<b>2,040,470</b>	<b>1,310,230</b>
Income tax		(552,597)	(420,810)
<b>Net profit</b>		<b>1,487,873</b>	<b>889,420</b>
<b>Basic and diluted earnings per share in soles</b>	22	<b>0.2015</b>	<b>0.1205</b>
<b>Weighted average number of outstanding shares (in thousands of shares)</b>	22	<b>7,382,184</b>	<b>7,382,184</b>

*The accompanying notes are an integral part of these Consolidated Financial Statements.*

**BANCO BBVA PERU AND SUBSIDIARIES**

## Interim Consolidated Statement of Income and Other Comprehensive Income

For the nine-month periods ended September 30, 2022 and 2021

<i>In thousands of Peruvian soles</i>	<i>Note</i>	<b>2022</b>	<b>2021</b>
Net profit		1,487,873	889,420
<b>Other comprehensive income:</b>			
Unrealized losses on available-for-sale investments		(74,802)	(171,926)
Unrealized losses on cash flow hedges		(14,019)	(29,797)
Share of other comprehensive income of associates		(114)	181
Income tax related to components of other comprehensive income		6,992	9,058
<b>Other comprehensive income for the period, net of income tax</b>		<b>(81,943)</b>	<b>(192,484)</b>
<b>Total comprehensive income for the period</b>		<b>1,405,930</b>	<b>696,936</b>

*The accompanying notes are an integral part of these Consolidated Financial Statements.*

**BANCO BBVA PERU AND SUBSIDIARIES**

Interim Consolidated Statement of Changes in Equity

For the nine-month periods ended September 30, 2022 and 2021

<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, 2021	6,529,169	6,529,169	1,831,131	119,148	882,408	9,361,856
Net profit	-	-	-	-	889,420	889,420
<b>Other comprehensive income:</b>						
Unrealized losses on available-for-sale investments	-	-	-	(171,658)	-	(171,658)
Unrealized losses on cash flow hedges	-	-	-	(21,007)	-	(21,007)
Unrealized gains on share of other comprehensive income of associates	-	-	-	181	-	181
<b>Total comprehensive income for the period</b>		-	-	<b>(192,484)</b>	<b>889,420</b>	<b>696,936</b>
Changes in equity (not included in comprehensive income):						
Dividends	-	-	-	-	(601,810)	(601,810)
Capitalization of retained earnings	229,298	229,298	-	-	(229,298)	-
Application to reserves and other movements	-	-	65,549	-	(65,513)	36
<b>Balance at September 30, 2021</b>	<b>6,758,467</b>	<b>6,758,467</b>	<b>1,896,680</b>	<b>(73,336)</b>	<b>875,207</b>	<b>9,457,018</b>
Balances at January 1, 2022	6,758,467	6,758,467	1,896,680	(32,704)	1,546,286	10,168,729
Net profit	-	-	-	-	1,487,873	1,487,873
<b>Other comprehensive income:</b>						
Unrealized losses on available-for-sale investments	-	-	-	(71,946)	-	(71,946)
Unrealized losses on cash flow hedges	-	-	-	(9,883)	-	(9,883)
Unrealized losses on share of other comprehensive income of associates	-	-	-	(114)	-	(114)
<b>Total comprehensive income for the period</b>		-	-	<b>(81,943)</b>	<b>1,487,873</b>	<b>1,405,930</b>
Changes in equity (not included in comprehensive income):						
Dividends	-	-	-	-	(779,647)	(779,647)
Capitalization of retained earnings	623,717	623,717	-	-	(623,717)	-
Application to reserves and other movements	-	-	156,810	-	(155,929)	881
<b>Balance at September 30, 2022</b>	<b>7,382,184</b>	<b>7,382,184</b>	<b>2,053,490</b>	<b>(114,647)</b>	<b>1,474,866</b>	<b>10,795,893</b>

The accompanying notes are an integral part of these Consolidated Financial Statements.

**BANCO BBVA PERU AND SUBSIDIARIES**  
Interim Consolidated Statement of Cash Flows  
For the nine-month periods ended September 30, 2022 and 2021

In thousands of Peruvian soles	2022	2021
Reconciliation of net profit to cash and cash equivalents from operating activities:		
Net profit	1,487,873	889,420
<b>Adjustments</b>	<b>1,300,703</b>	<b>1,854,231</b>
Depreciation and amortization	154,680	152,307
Impairment of Property, furniture and equipment and intangible assets	41,157	50,946
Impairment of available-for-sale investments and goodwill	5,992	-
Provisions	663,680	1,031,782
Other adjustments	435,194	619,196
<b>Net changes in assets and liabilities</b>	<b>4,936,361</b>	<b>(7,050,174)</b>
Loan portfolio	(140,625)	(1,319,127)
Available-for-sale investments	(463,828)	(1,581,558)
Accounts receivable and others	(779,269)	(1,912,917)
Unsubordinated debt	8,052,074	(6,712,562)
Accounts payable and others	(1,731,991)	4,475,990
<b>Profit or loss for the period after net changes in assets, liabilities, and adjustments</b>	<b>7,724,937</b>	<b>(4,306,523)</b>
Income tax paid	(707,696)	(668,392)
<b>Net cash and cash equivalents from operating activities</b>	<b>7,017,241</b>	<b>(4,974,915)</b>
<b>Cash flows from investing activities:</b>		
Purchases of intangible assets and property, furniture, and equipment	(171,519)	(172,564)
Other cash inflows from investing activities	105,487	58,866
<b>Net cash and cash equivalents used in investing activities</b>	<b>(66,185)</b>	<b>(113,698)</b>
<b>Cash flows from financing activities:</b>		
Cash inflows from issuance of subordinated financial liabilities	-	729,800
Cash outflows from redemption of subordinated financial liabilities	(78,190)	-
Payment of dividends	(778,395)	(294,248)
Other cash inflows from financing activities	796,200	192,900
Other cash outflows from financing activities	(2,626,433)	(1,238,340)
<b>Net cash and cash equivalents used in financing activities</b>	<b>(2,686,818)</b>	<b>(609,888)</b>
<b>Net increase (net decrease) in cash and cash equivalents before the effect of changes in exchange rates</b>	<b>4,264,238</b>	<b>(5,698,501)</b>
Effects of changes in exchange rates on cash and cash equivalents	(129,957)	1,501,057
<b>Net increase (Net decrease) in cash and cash equivalents</b>	<b>4,134,281</b>	<b>(4,197,444)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>19,820,752</b>	<b>31,265,696</b>
<b>Cash and cash equivalents at end of period</b>	<b>23,955,033</b>	<b>27,068,252</b>
Funds pledged as guarantee	1,043,699	1,520,118
Interbank funds	(627,814)	(25,001)
Investment with maturities of less than 90 days	(5,388,221)	(5,529,906)
<b>Cash and due from banks per the statement of financial position</b>	<b>18,982,697</b>	<b>23,033,463</b>

*The accompanying notes are an integral part of these Consolidated Financial Statements.*

## **BANCO BBVA PERU AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements

At September 30, 2022 and December, 31 2021

### **1. Reporting entity and core activity**

#### **A. Reporting entity**

Banco BBVA Peru (hereinafter the Bank) is a subsidiary of BBVA Peru Holding S.A.C., which holds 46.12% of its share capital as of September 30, 2022 and December 31, 2021. 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. Those 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 No 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 in liquidation, Forum Comercializadora del Peru S.A. and Forum Distribuidora del Peru 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 Peru).

#### **National Emergency**

On March 11, 2020, the World Health Organization (WHO) declared the COVID-19 coronavirus a pandemic, and recommended spread contention and mitigation measures 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). At the reporting date, this national emergency period was extended up until November 01, 2022. In this context, the Government has set a number of exceptional and preventive measures.

The Bank did not stop its activities, not even during the quarantine period, and it was engaged in serving and supporting 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.



## BANCO BBVA PERU AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

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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.

At the beginning of 2021, the second wave of COVID-19 began and extended with a large impact until late August. Based on the experience obtained from the past year work, the unit created globally at the Bank to manage the impact of the crisis, designed and implemented a comprehensive action plan that enable it to strengthen preventive measures, reducing new infections and, ensuring, at the same time, the business continuity. Major measures implemented were:

- Setting up a call center “Aló, doctor” consisting of seven medical doctors exclusively charged with providing guidance to collaborators and schedule Covid-19 testing;
- “On site” monitoring of adherence to biosafety protocols at office facilities, by both workers and customers;
- Preventive virtual talks by department at the bank;

At the reporting date, collaborators are allowed to return to the Head Office facilities under a hybrid approach (60% in person, 40% remote), driven by a full-blown communication campaign regarding the new spaces and services set up at the Head Office and the deployment of prime biosafety measures, including thermographic cameras and secured social distancing of two meters.

### C. Approval of the Consolidated Financial Statements

The Interim consolidated financial statements at September 30, 2022 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 date	Legal basis	Brief description of the program	Amount of the program
Reactiva Peru 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"><li>• Respond to the liquidity needs that companies face due to the impact of COVID-19.</li><li>• Ensure the continuity of the chain of payments.</li></ul> 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 range 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.  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.	S/ 60,000 million
Rescheduling – Reactiva Peru Until December 31,	Emergency Decree No 026-2021	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	S/ 19,500 million

**BANCO BBVA PERU AND SUBSIDIARIES**

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Program / Effective date	Legal basis	Brief description of the program	Amount of the program
2021	(March 6, 2021)	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 raised up to 25 basis points. Due date to use this rescheduling facility is September 30, 2021.	
	Emergency Decree No 091-2021 (September 30, 2021)	The term to benefit from this rescheduling of secured loans under this Program was expected to be extended to December 31, 2021.	
New rescheduling of REACTIVA Until December 31, 2022	Emergency Decree No 011-2022 (May 13, 2022)	The possibility was created that REACTIVA loans be subject to new rescheduling up until 10 thousand million. Rescheduled loans will continue to be secured by the Peruvian government. BCRP funding will be held until due date of the prior rescheduling, when it will be substituted with resources of a financial system entity.  For loans from S/ 90,001 to S/ 10 million, a decrease in volume of sales equal to or above 30% over 2021 in relation with those for 2019 should be demonstrated.	Not indicated
Fondo FAE-MYPE Until December 31, 2020	Emergency Decree No 029-2020 (March 20, 2020)  Ministerial Resolution No 124-2020-EF (March 25, 2020))	Business Support Fund (FAE) for Small Business and Microbusinesses (MYPE).  Initially, this program was intended to provide new working capital loans, rescheduling and refinancing and the maximum amount of the loan per customer was up to S/ 90 thousand with guaranteed percentages of 30%, 50% and 70%.  Currently, it is only intended for working capital loans and the maximum amount is up to S/ 30 thousand with guaranteed percentages of 95% and 98%.	S/ 4,000 million
Rescheduling FAE-MYPE until December 31, 2021	Emergency Decree No 091-2021 (September 30, 2020)	The term to benefit from this rescheduling of secured loans under this Program was expected to be extended to December 31, 2021.	
Fondo FAE-TURISMO Up to December 31, 2022	Emergency Decree No 076-2020 (June 30, 2020)  Ministry 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 thousand with guaranteed percentages of 95% and 98%.	S/ 1,500 million

**BANCO BBVA PERU AND SUBSIDIARIES**

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<b>Program / Effective date</b>	<b>Legal basis</b>	<b>Brief description of the program</b>	<b>Amount of the program</b>
	Emergency Decree No 091-2021 (September 30, 2021)	Effective period of program is extended; also, it will no longer be used solely in “working capital” but also for acquisition of “fixed assets”.	
	Emergency Decree No 004-2022 (March 30, 2022)	Effective period of program is amended until December 31, 2022. Scope of program is also amended to include financial consolidation or purchases of debts incurred in working capital and/or purchases of fixed assets that may have been acquired subsequently to the National Emergency period.	
		The possibility is included to reschedule credits granted in the framework of this Program until September 30, 2022.	
Fondo FAE-AGRO Until March 31, 2022	Emergency Decree No 082-2020 (July 9, 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 guaranteed percentages of 95% and 98%.	S/ 2,000 million
	Ministerial Resolution No 226-2020-EF (August 9, 2020)		
	Emergency Decree No 091-2021 (September 30, 2021)	The term is expected to be extended until March 31, 2022.	
Fondo Crecer Until 2049	Legislative Decree No 1399 (September 7, 2018)	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. Guaranteed 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
	Supreme Decree No 007-2019-EF (January 11, 2019)		
Government guarantee program to secure the loan portfolio of financial institutions	Legislative Decree No 1508-2020 (May 11, 2020)	It is intended to provide liquidity to banks, financial institutions and credit agencies.	S/ 7,000 million
Up to December 31, 2022.	Ministerial Resolution No 178-2020-EF (June 24, 2020)		
Repurchase agreement with	Circular BCRP 0021-2020	BCRP established the possibility that financial entities obtain funding at a rate of 0.5% under repurchase	Not indicated

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<b>Program / Effective date</b>	<b>Legal basis</b>	<b>Brief description of the program</b>	<b>Amount of the program</b>
rescheduling of loan portfolio	(June 7, 2020)	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.	
Guarantee programs - COVID-19  Up until December 31, 2021	Law No 31050 (October 8, 2020)  Ministerial Resolution 296-2020-EF (October 18, 2020)  Emergency Decree No 033 - 2021 (March 30, 2021)	It 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. Up to March 31, 2022	Emergency Decree No 019 - 2021 (February 12, 2021)  Emergency Degree N° 091-2021 (September 30, 2021)	This financing program is intended to provide working capital to small entities and microbusinesses. This program is to be managed by COFIDE.  The effective period of program is extended; it will no longer be intended for "working capital" but also for the acquisition of "fixed assets"	S/ 2,000 million
Program to support the Textile and Clothing sector (FAE-TEXCO)	Emergency Decree No 012-2022 (May 18, 2022)  Ministry Resolution No 178-2022-Ef/15	Setting extraordinary measures, both economic and financial, to promote financing to small-sized companies and microbusinesses (MYPE) of the textile and clothing sector.  For this purpose, Program to support the Textile and Clothing sector (FAE-TEXCO) is created to which S/ 200 million will be transferred from the non-committed FAE-MYPE remaining balance by COFIDE to provide collaterals on loan portfolios for up to (4) times its resources, as a way to secure loans obtained for working capital; purchases of fixed assets and/or financial consolidation for debt purchases.  Operating rules of the textile industry financial support fund (Fondo de Apoyo Empresarial para el sector textil y confección - FAE-TEXCO) were approved setting the objectives, conditions and major provisions for the adequate operation of such a fund.	Not indicated

## **BANCO BBVA PERU AND SUBSIDIARIES**

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### **E. Standards with an impact on the Financial System**

#### **SBS resolution No 0127-2022**

Pursuant to this Resolution, published on January 14, 2022, the special treatment comprising an extension to hold seized and recovered assets, established under the First Final Provision and Transition Provision of the rules for application of the Treatment of Assets Seized and Recovered and related Provision (Primera disposición Final y Transitoria del Reglamento para el Tratamiento de los Bienes Adjudicados y Recuperados y sus Provisiones), approved under Resolution SBS No 1535-2005, as amended, is extended until December 31, 2022, for those entities which may need it, with no need for a request for authorization or resolution to be issued by the SBS.

#### **Legislative Decree No 1531**

On March 19, 2022, Law No 26702, *Ley General del Sistema Financiero y del Sistema de Seguros y Orgánica de la Superintendencia de Banca y Seguros* (the general financial system law), as amended, including the following major changes:

- Adapting the capital approach to the Basil III standards: composition of regulatory capital, leverage ratio requirements, powers in the event of noncompliance with liquidity requirements, among others. The SBS will use general nature standards to establish the form and due date for adequacy over 2022.
- Edpyme is renamed as Credit Entities, which are entities that lend money and obtain no deposits from the public.
- Regulation of digital financial services

The Bank is currently analyzing the impacts this standard may have and is expected to complete the analysis when the general nature standards are issued by the SBS on the matter.

#### **Circular B-2259-2022**

By means of this circular, published on March 24, 2022, excess limits on price variations are specified, as well as the condition of customers, including a reduction in regulatory capital associated with losses for the period and /or prior-year negative results.

#### **Emergency Decree No 003-2022**

On March 26, 2022, Emergency Decree No 003-2022 was published to extend, among others, the period for the reduction of such an overall limit (as per E.D. No 037-2021, the overall limit was set at 8% until March 31, 2022) as follows

- Until August 2022, the overall limit cannot be lower than 8%
- Effective September 2022 and up until March 2023, the overall limit cannot be lower than 8.5%.

#### **Multiple Communication (Oficio Múltiple) No 05830-2022-SBS**

The requirement of a 100% ratio of Liquidity coverage ratio in local currency was reinstated as well as the Liquidity coverage ratio in foreign currency (RCL<sub>ME</sub>) effective from April 01, 2022.

#### **SBS Resolution No 01299-2022**

By means of this resolution, dated April 20, 2022, the Rules for Trading and Accounting for Derivative Financial Products by Financial System Entities is amended to specify the valuation methodology to be followed for derivative financial products.

In this respect, article 8 is amended to include article 8-A to determine that each and every change in fair value of a derivative financial product to be used for trading or to be used for hedging shall affect profit or loss for the year; or otherwise for derivatives used in hedging, they shall affect equity; valuation can be estimated at bid price or at ask price for open positions, depending on whether the position is long (asset) or short (liability). For those positions that offset market risks and for foreign exchange forward transactions with contractual maturity of less than or equal to one year, valuation could be estimated at the mid prices.

#### **SBS Resolution No 01395-2022**

By means of this resolution, dated April 26, 2022, the Rules for financial system commissions and expenses is amended. The following are the major changes introduced:

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- Extending from 45 to 60 days the time for SBS to approve new commissions and/or expenses not indicated in Exhibits No 1 and 2 to the Rules.
- Including in Exhibit No 1 Rules for Commissions and Expenses, the assessment of the endorsed insurance policy applicable to mortgage loans and consumer loans, excluding those charges for assessment, management and/or administration of the endorsed policy, for a liability insurance that need to be contracted.
- Amending Exhibit No 1 (definition of commissions by type of product) regarding Credit Cards, Mortgage and Consumer loans, savings and current accounts, concerning the “use of channels” standardizing definitions, which now contain the following terms: use of supplemental channels, transactions at bank counter and use of electronic modules.
- For the approval of commissions and/or expenses that relate to the terms and descriptions contained in Exhibits No 1 and 2, the 15-day term can be extended by the SBS whenever additional time is required.

### **Law No 31483**

On May 27, 2022 the law promoting the formalization of the microbusinesses and small-sized entities via “Fondo Crecer”, is published, including numeral 3 to article 4 of Legislative Decree No 1399, which is intended to strengthen the microbusinesses, small-sized and medium-sized entities and creates a fund called “Fondo Crecer”. Numeral 3 indicates that those entities within the scope of the national program called “Tu Empresa” are the recipients of “Fondo Crecer”, under the provisions of Supreme Decree 012-2017-PRODUCE, in the framework of the financing alternatives stated in Emergency Decree 013-2020, which promotes financing of Mipyme entities, entrepreneurship and startups.

### **SBS Resolution No 01905-2022**

This resolution was published on June 10, 2022 to amend the effective date of a number of amendments and Exhibits to the Rules for Consolidated Supervision of Financial and Mixed Conglomerates to provide them with a longer term (January 2023) to apply the new adjustments in calculating the consolidated regulatory capital of the portion derived from those non-controlling parties that are part of the group to be consolidated, as well as making adjustments to certain exhibits for a more adequate reporting.

### **SBS Resolution No 01944-2022**

By means of the above resolution, dated June 16, 2022, the provision is made that for financial system entities, the portion of the rescheduled loans that are secured with the Program to Support Businesses to MIPyME of the tourism sector (FAE-TURISMO), should be treated equally as the loans rescheduled and secured with Program to Support Businesses to MyPE, per Resolution SBS No 1933-2021 and Multiple Communication No 32591- 2021-SBS.

The exceptional limit of fifty percent (50%) of the regulatory capital required to financial system entities is applicable to the total number of coverages to be granted by the FAE-TURISMO, regardless of whether they relate to loans rescheduled under the framework of Emergency Decree No 004-2022, granted to the same financial system entity.

### **Resolution SBS No 02165-2022**

Pursuant to the above resolution, dated July 12, 2022, the portion of rescheduled loans under the framework of DU No 011-2022 within the scope of the REACTIVA PERÚ relief program should be treated equally as those portions of loans within the scope of the government program for payment continuity (Programa de Garantía del Gobierno Nacional para la Continuidad en la Cadena de Pagos), under resolutions SBS No 1314-2020 and No 1546-2020. Also, the Accounting Manual for Financial System Entities is hereby amended.

### **Resolution SBS No 02192-2022**

Pursuant to this resolution, dated July, 14, 2022, provisions for application of the maximum interest rates are set forth.

### **Circular No 0017-2022-BCRP**

Pursuant to this circular, dated July 18, 2022, circular of money market interest rate reporting is amended. Major changes were as follows:

- Including report 4 called: “Costo de financiamiento externo de corto plazo” (Cost of short-term financing) and Report 5 called: “Repos con contrapartes distintas a Entidades del Sistema Financiero” (Repos with entities other than financial system entities) .

## BANCO BBVA PERU AND SUBSIDIARIES

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- A requirement is included to submit to BCRP, Exhibit 1, Investments, from the Accounting Manual in addition to Exhibit 1-C.

## 2. Basis of preparation of the Consolidated Financial Statements

### A. Basis of consolidation

These Interim consolidated financial statements include the financial statements of the entities comprising Grupo BBVA Peru, enumerated in note 1B, after eliminating significant intercompany balances and transactions between the consolidating entities, and any gains and losses resulting from those transactions. All subsidiaries have been consolidated from the date of 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 Peru at September 30, 2022 and December 31, 2021:

<i>In million of Peruvian soles</i>	Assets		Liabilities		Equity	
	2022	2021	2022	2021	2022	2021
<b>Entity</b>						
Banco BBVA Perú	106,032	101,645	95,231	91,463	10,801	10,182
BBVA Bolsa Sociedad Agente de Bolsa S.A.	541	54	523	35	18	19
BBVA Asset Management S.A. SAF	29	39	2	2	27	37
BBVA Sociedad Titulizadora S.A.	5	6	1	1	4	5
Inmuebles y Recuperaciones BBVA S.A.	181	184	1	3	180	181
Continental DPR Finance Company	-	47	-	47	-	-
BBVA Consumer Finance Edpyme en liquidación	121	120	5	16	116	104
Forum Comercializadora S.A.	2	2	-	-	2	2
Forum Distribuidora S.A.	113	163	83	136	30	27

## 3. Accounting principles and practices

The accounting principles and practices used at September 30, 2022, have not changed in relation with those used in the financial statements for the years ended December 31, 2021 and 2020, issued on February 23, 2022 and audited by Caipo y Asociados S. Civil de R.L., a member firm of KPMG International Cooperative.

## 4. Foreign currency balances

The consolidated statement of financial position includes foreign currency balances, mostly in U.S. dollars (US\$), which are stated in Peruvian soles (S/) at the exchange rate set by the SBS. At September 30, 2022 and December 31, 2021, these were US\$ 1 = S/ 3.981 and US\$ 1 = S/ 3.987, 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 September 30, 2022, the buying and selling exchange rates used were US\$ 1 = S/ 3.978 and US\$ 1 = S/ 3.984, respectively (buying and selling exchange rates of US\$ 1 = S/ 3.975 and US\$ 1 = S/ 3.998 at December 31, 2021).

At September 30, 2022 and December 31, 2021, foreign currency balances stated in equivalent U.S. dollars are summarized below:

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<i>In thousands of U.S. dollars</i>	2022			2021		
	U.S. Dollars	Other currencies	Total	U.S. dollars	Other currencies	Total
<b>Assets</b>						
Cash and due from banks	3,459,804	106,713	3,566,517	2,949,877	99,220	3,049,097
Interbank funds	-	-	-	-	-	-
Investments at fair value through profit or loss and available-for-sale investments	671,725	-	671,725	400,035	-	400,035
Loan portfolio, net	4,718,525	-	4,718,525	4,316,442	222	4,316,664
Other assets, net	218,365	5,641	224,006	126,893	1,716	128,609
	<b>9,068,419</b>	<b>112,354</b>	<b>9,180,773</b>	<b>7,793,247</b>	<b>101,158</b>	<b>7,894,405</b>
<b>Liabilities</b>						
Obligations with the public and deposits from Financial System entities	7,504,966	60,933	7,565,899	6,610,015	68,562	6,678,577
Interbank funds	-	-	-	-	-	-
Borrowings and financial obligations	865,883	-	865,883	1,306,241	-	1,306,241
Provisions and other liabilities	496,318	26,393	522,711	301,951	5,814	307,765
	<b>8,867,167</b>	<b>87,326</b>	<b>8,954,493</b>	<b>8,218,207</b>	<b>74,376</b>	<b>8,292,583</b>
<b>Net debit (short) position</b>	<b>201,252</b>	<b>25,028</b>	<b>226,280</b>	<b>(424,960)</b>	<b>26,782</b>	<b>(398,178)</b>
Derivative financial instruments, short position	5,107,577	158,344	5,265,921	6,047,373	202,693	6,250,066
Derivative financial instruments, long position	5,234,482	186,600	5,421,082	5,426,887	233,758	5,660,645
<b>Net asset (long) position</b>	<b>74,347</b>	<b>(3,228)</b>	<b>71,119</b>	<b>195,526</b>	<b>(4,283)</b>	<b>191,243</b>

At September 30, 2022 and 2021, the Bank stated within "Profit or loss from financial operations" in the consolidated statement of income, exchange gains of S/ 750 million and S/ 47 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 -0.15% and 10.11% at September 30, 2022 and at December 31, 2021.

## 5. Cash and due from banks

At September 30, 2022 and December 31, 2021, this item consists of:

<i>In thousands of Peruvian soles</i>	2022	2021
Banco Central de Reserva del Peru (a)	9,702,996	12,117,862
Banks and other foreign financial institutions (b)	4,756,164	513,896
Cash (a)	2,763,506	2,583,579
Other guarantee funding (c)	1,043,700	803,222
Banks and other local financial institutions (b)	635,980	198,244
Clearing	78,758	38,003
Other cash	1,593	366
Guarantee funding BCRP (d)	-	39,854
	<b>18,982,697</b>	<b>16,295,026</b>

- (a) At September 30, 2022 and December 31, 2021, funding held in Cash and the Central reserve Bank of Peru (BCRP) includes US\$ 2,138 million and S/ 1,941 million (US\$ 705 million and S/ 1,731 million at December 31, 2021) 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.



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At September 30, 2022 and December 31, 2021 the funds subject to the reserve requirement in local and foreign currencies are subject to an interest rate of 6% and 35%, respectively (4.75% and 35% at December 31, 2021) on the total obligations subject to reserve requirements (TOSE) under the regulations set by the BCRP.

The legal minimum reserve requirements is 6% (4% at December 31, 2021) and it is not interest bearing. The reserve requirement funding that consists of the additional reserve requirements in foreign and local currency bears interest at a nominal rate set by the BCRP.

At September 30, 2022, the balances in BCRP include overnight deposits of S/ 940 million and S/ 1,168 million time deposits (S/ 800 million time deposits and S/ 9,326 million overnight deposits, at December 31, 2021).

- (b) At September 30, 2022 and December 31, 2021, deposits with local and foreign banks mainly reflect balances in soles and U.S. dollars and euros, as well as lower amounts in other currencies; they are Cash and due from banks and interest accrues at market interest rates.

At September 30, 2022, this item principally includes balances held with the following financial institutions: JP Morgan Chase Bank of S/ 91,363 million, Brown Brothers Harriman of S/ 844 million, Citibank N.A. New York of S/ 843 million, Bank of New York S/ 801 million, Standard Chartered Bank S/ 418 million and BBVA París of S/ 390 million (at December 31, 2021, balances were mostly held with BBVA S.A. S/ 364 million and Citibank N.A. New York of S/ 65 million).

- (c) At September 30, 2022 and December 31, 2021, Cash and due from banks includes guarantee funds that secure transactions with derivatives for US\$ 196 million and US\$ 158 million, respectively. Also, at September 30, 2022, it includes S/ 214 million and US\$ 11 million to secure the process of transfers at the request of BCRP (S/ 132 million and US\$ 9 million at December 31, 2021).
- (d) At December 31, 2021, cash and due from banks include guarantee funds on loan portfolio repo transactions of S/ 40 million.

At September 30, 2022 and 2021, interest income on Cash and due from banks totaled S/ 85 million and 18 million, respectively and it 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 September 30, 2022 and December 31, 2021, this item consists of:

<i>In thousands of Peruvian soles</i>	<b>2022</b>	<b>2021</b>
Investments at fair value through profit or loss:		
Certificates of deposit with BCRP (a)	3,431,372	3,738,906
Peruvian Treasury Bonds (b)	384,581	390,675
	<b>3,815,953</b>	<b>4,129,581</b>
Available-for-sale investments:		
Peruvian Treasury Bonds (b)	2,599,834	1,807,890
U.S. Treasury bills (c)	2,386,452	1,035,644
Certificates of deposit with BCRP (a)	2,275,138	2,613,849
Corporate bonds (d)	70,774	109,789
Shares in local entities (e)	28,984	32,834
Shares in foreign entities	1,010	1,010
Investments in mutual funds (f)	-	30,014
	<b>7,362,192</b>	<b>5,631,030</b>
	<b>11,178,145</b>	<b>9,760,611</b>

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- (a) Certificates of deposits issued by the BCRP are freely tradable securities with maturity up to September 2023 (March 2022, at December 31, 2021), repossessed through BCRP public auctions or traded in the Peruvian secondary market. Of the balance of these instruments at December 31, 2021 a total of S/ 630 million is securing repo transactions.

At September 30, 2022, these instruments earn annual interest in local currency ranging from 0.83% to 8.11% (from 0.38% to 5% in local currency, at December 31, 2021) and 0.22% in foreign currency at December 31, 2021.

- (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 September 30, 2022, these bonds earn interest at annual interest rates ranging from 2.7% to 8.94% (from 1.5% to 6.87% at December 31, 2021) in local currency and 5.39% in foreign currency (1.72% at December 31, 2021). At September 30, 2022 and December 31, 2021, 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 September 30, 2022 and December 31, 2021, a portion of Peru's global bonds in foreign currency of US\$ 30 million have a cash flow hedge (Note 8).

- (c) At September 30, 2022, U.S. Treasury bills earn interest at an annual interest rate ranging from 2.45% to 4.38% (ranging from 0.019% to 0.212% at December 31, 2021) in foreign currency with maturities up to July 2024 in both periods (September 2022 at December 31, 2021).

At December 31, 2021, a portion of U.S. Treasury bonds for US\$ 100 million has a cash flow hedge (Note 7). Also, at September 30, 2022, the exposure of U.S. Treasury bills includes S/ 4 million of provisions for country risk.

- (d) At September 30, 2022 and at December 31, 2021, this balance includes corporate bonds issued by Peruvian entities in foreign currency.

At September 30, 2022, these bonds earn interest at annual rates ranging from 4.85% and 5.39% in foreign currency (from 1.21% to 1.57% at December 31, 2021). At September 30, 2022 and December 31, 2021, these bonds in foreign currency have maturities until April 2023, in both periods.

- (e) At September 30, 2022, an impairment allowance was made of S/ 13 million and S/ 4 million on the investments held on Bolsa de Valores de Lima and Pagos Digitales Peruanos, respectively (S/ 11 million and S/ 4 million at December 31, 2021).

- (f) At December 31, 2021 investments in mutual funds reflect the ownership interest quotas held by Consumer Finance Edpyme in the different funds managed by BBVA Asset Management S.A. SAF.

At September 30, 2022, unrealized gains on valuations of available-for-sale investments (Note 15-d) totaled S/ 114 million (unrealized losses of S/ 42 million at December 31, 2021).

At September 30, 2022 and 2021, interest accrued on the Bank's investment portfolio (Note 17) totaled S/ 307 million and S/ 92 million, respectively.

## 7. Loan portfolio, net

At September 30, 2022 and December 31, 2021 this item consists of:

<i>In thousands of Peruvian soles</i>	<b>2022</b>		<b>2021</b>	
Direct loans				
Loans	29,225,733	42%	32,444,769	47%
Mortgage loans	13,974,519	20%	13,600,490	20%
Consumer loans	9,401,710	14%	7,482,224	11%
Foreign trade	6,435,786	9%	4,894,668	7%
Finance lease	3,323,533	5%	3,463,072	5%
Project finance	1,480,826	2%	1,649,807	2%
Factoring	1,358,914	2%	1,537,513	2%
Discounts	1,099,706	2%	1,014,448	1%
Others	3,008,350	4%	3,519,296	5%
	<b>69,309,077</b>	<b>100%</b>	<b>69,606,287</b>	<b>100%</b>
Loans past due and loans under legal collection	3,101,441	5%	2,778,677	4%
Refinanced loans	1,795,945	2%	2,164,622	3%
	<b>74,206,463</b>	<b>107%</b>	<b>74,549,586</b>	<b>107%</b>
Plus (less):				
Accrued returns on current loans	599,564	1%	641,441	1%
Unearned interest	(88,889)	-	(99,284)	-
Provisions for direct loan losses	(4,689,470)	(8%)	(4,658,162)	(8%)
	<b>70,027,668</b>	<b>100%</b>	<b>70,433,581</b>	<b>100%</b>
Contingent loans	<b>18,101,843</b>		<b>16,981,494</b>	

At September 30, 2022 and December 31, 2021, 51% of the direct loan portfolio is concentrated in approximately 4,483 and 3,562 customers, which total S/ 38,182 million and S/ 38,385 million, respectively.

The direct loan portfolio is secured with guarantees obtained from customers, mostly comprising mortgages, deposits, performance bonds, securities and “warrants” for a total of S/ 52,498 million at September 30, 2022 (S/ 54,701 million at December 31, 2021).

At December 31, 2021, a portion of the loan portfolio consisting of US\$ 146 million of commercial loans has a cash flow hedge (Note 8).

A portion of the mortgage loan portfolio at September 30, 2022, is secured with a balance due from Fondo MIVIVIENDA – Programa MIHOGAR for up to S/ 620 million (S/ 500 million at December 31, 2021) (Note 13 (b)).

At September 30, 2022, a portion of the loan portfolio relates to the program called Crecer (Note 1.D) with balances of S/ 95 million (S/ 20 million at December 31, 2021).

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At September 30, 2022 a portion of the loan portfolio relates to the economic relief program called Reactiva Peru (Note 1.D) with balances of S/ 7,339 million (S/ 11,511 million at December 31, 2021). Loans under the Reactiva Program are part of the repo transactions on 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>	<b>2022</b>	<b>2021</b>
<b>Type of loan</b>		
Medium-sized entities	4,866,717	7,375,613
Large entities	1,462,424	2,799,296
Small entities	993,862	1,300,959
Microbusinesses	7,818	8,147
Corporate	7,817	26,737
<b>Total loans under Reactiva Program</b>	<b>7,338,638</b>	<b>11,510,752</b>

At September 30, 2022, S/ 6,004 million of the loan portfolio was used in repo transactions with the BCRP (S/ 5,608 million at December 31, 2021) (Note 14(a)).

At September 30, 2022 and December 31, 2021, the annual average effective interest rate on major products were the following:

	<b>2022</b>		<b>2021</b>	
	<b>Local currency</b>	<b>Foreign currency</b>	<b>Local currency</b>	<b>Foreign currency</b>
Active transactions				
Loans and discounts	6.94	5.35	4.10	3.95
Mortgage	5.98	5.42	5.86	5.43
Consumer	20.71	22.11	19.49	21.25

The table below shows the balances at September 30, 2022 and December 31, 2021 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>	<b>2022</b>		<b>2021</b>	
Medium-sized entities	18,419,507	25%	20,135,035	27%
Mortgage	14,650,481	20%	14,383,976	19%
Large entities	13,503,650	18%	12,862,938	17%
Corporate	12,213,554	16%	13,861,115	19%
Consumer	9,746,944	13%	7,792,114	10%
Small entities	3,600,751	5%	2,860,981	4%
Financial system entities	763,442	1%	593,153	1%
Public-sector entities	614,444	1%	1,324,985	2%
Brokerage entities	554,160	1%	654,890	1%
Microbusinesses	139,530	-	80,399	-
	<b>74,206,463</b>	<b>100%</b>	<b>74,549,586</b>	<b>100%</b>

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At September 30, 2022 and December 31, 2021, the loan portfolio balances are distributed in the following economic sectors:

<i>In thousands of Peruvian soles</i>	<b>2022</b>		<b>2021</b>	
Mortgage and Consumer loans	24,397,424	33%	22,176,089	30%
Trade	14,786,114	20%	15,027,845	20%
Manufacturing	10,628,104	14%	11,572,507	16%
Transport, warehousing and communications	6,358,539	9%	6,658,443	9%
Real Estate, corporate and rentals	3,866,219	5%	4,070,870	5%
Agriculture and cattle-raising	3,243,776	4%	2,727,454	4%
Financial brokerage	2,329,922	3%	1,811,720	2%
Hotels and restaurants	1,611,288	2%	1,723,099	2%
Electric power, gas and water	1,253,937	2%	1,793,180	2%
Construction	1,217,543	2%	1,477,262	2%
Mining	1,149,896	2%	2,201,883	3%
Other	3,363,701	4%	3,309,234	4%
	<b>74,206,463</b>	<b>100%</b>	<b>74,549,586</b>	<b>100%</b>

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At September 30, 2022 and December 31, 2021, under the SBS standards currently in force, the loan portfolio of Grupo BBVA Peru is risk rated as follows:

<i>In thousands of Peruvian soles</i>	2022						2021					
	Direct	%	Contingent	%	Total	%	Direct	%	Contingent	%	Total	%
Credit risk-rating												
Normal	66,859,583	91	16,393,565	91	83,253,148	91	67,126,831	90	15,272,594	90	82,399,426	90
With potential problems	2,393,312	3	1,243,717	7	3,637,029	4	2,602,306	3	1,119,484	7	3,721,790	4
Substandard	1,097,253	1	260,576	1	1,357,829	1	1,153,049	2	454,809	3	1,607,858	2
Doubtful	1,242,311	2	123,913	1	1,366,224	1	1,231,574	2	71,894	-	1,303,468	1
Loss	2,525,115	3	80,072	-	2,605,187	3	2,336,542	3	62,713	-	2,399,255	3
	<b>74,117,574</b>	<b>100</b>	<b>18,101,843</b>	<b>100</b>	<b>92,219,417</b>	<b>100</b>	<b>74,450,302</b>	<b>100</b>	<b>16,981,494</b>	<b>100</b>	<b>91,431,796</b>	<b>100</b>
Unearned interest	88,889				88,889		99,284				99,284	
	<b>74,206,463</b>		<b>18,101,843</b>		<b>92,308,306</b>		<b>74,549,586</b>		<b>16,981,494</b>		<b>91,531,080</b>	

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At September 30, 2022 and December 31, 2021, the movement of the provision for direct loan losses was as follows:

<i>In thousands of Peruvian soles</i>	<b>2022</b>	<b>2021</b>
Balances at January 1	(4,658,162)	(4,419,103)
Additions debited to profit or loss	(1,881,646)	(2,260,664)
Recovery of provisions	1,218,990	1,493,656
Sales of loan portfolio	307,755	399,621
Write-offs	264,594	184,458
Waiver	43,309	40,663
Exchange difference and other adjustments	15,690	(96,793)
	<b>(4,689,470)</b>	<b>(4,658,162)</b>

At September 30, 2022, Grupo BBVA Peru has written off the impaired loan portfolio for S/ 265 million (S/ 184 million at December 31, 2021).

At September 30, 2022, Grupo BBVA Peru has condoned loan transactions for S/ 43 million, which consist of capital (S/ 41 million at December 31, 2021).

At September 30, 2022 and 2021, the provision for direct loan losses, as shown net in the half-year consolidated statement of income, is as follows:

<i>In thousands of Peruvian soles</i>	<b>2022</b>	<b>2021</b>
Provisions for loan losses	(1,881,646)	(2,065,655)
Recovery of provisions	1,218,990	1,114,472
Income from recovery of loan portfolio	9,637	10,408
<b>Provision for loan losses, net of recoveries</b>	<b>(653,019)</b>	<b>(940,775)</b>

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 broken down as follows:

<i>In thousands of Peruvian soles</i>	<b>2022</b>	<b>2021</b>
Specific	(3,009,804)	(2,925,600)
COVID - 19 specific	(14,698)	(49,222)
Generic	(737,977)	(671,810)
Voluntary	(926,457)	(1,010,642)
Provision for country risk	(534)	(888)
	<b>(4,689,470)</b>	<b>(4,658,162)</b>

Grupo BBVA Peru, 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 2022, the Bank sold its loan portfolio for S/ 307 million (S/ 400 million in 2021). The selling price was S/ 22 million (S/ 23 million in 2021) and is shown within "profit or loss from financial transactions" in the half-year consolidated statement of income.

**BANCO BBVA PERU AND SUBSIDIARIES**

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At September 30, 2022 and December 31, 2021, rescheduled loans comprising the health emergency and the Reactiva Program, in accordance with the SBS standards, totaled S/ 4,821 and S/ 5,954 million, respectively; and as per the type of loan it is broken down below:

<i>In thousands of Peruvian soles</i>	<b>2022</b>	<b>2021</b>
<b>Type of loan</b>		
Medium-sized entities	3,083,068	3,396,056
Large entities	789,774	1,142,183
Small-sized entities	631,222	717,561
Housing mortgage	231,370	351,850
Corporate	66,413	110,871
Consumer	14,736	230,545
Microbusinesses	4,541	4,974
<b>Total rescheduled loans</b>	<b>4,821,124</b>	<b>5,954,040</b>

**8. Trading and Hedging Derivatives**

At September 30, 2022 and December 31, 2021, 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>	<b>Note</b>	<b>Underlying</b>	<b>Nominal</b>	<b>Asset</b>	<b>Liabilities</b>
<b>2022</b>					
<b>Trading derivative</b>					
Forward foreign exchange			22,180,819	243,271	427,452
Interest rate swaps			20,144,351	597,391	448,678
Currency swaps			19,184,466	939,475	768,678
Share, exchange options and other			687,290	4,974	4,974
			<b>62,196,926</b>	<b>1,785,111</b>	<b>1,649,782</b>
<b>Hedging instrument</b>	<i>6, 12 y 13</i>				
<b>At fair value (i)</b>					
Interest rate swaps		Bond issue	1,194,300	-	66,170
<b>Cash flows (ii)</b>					
Currency swaps		Balances due	238,860	-	964
Forward foreign exchange		Time deposits	154,875	2,932	-
Currency swaps		Peru Global Bond	119,430	-	23,354
Forward foreign exchange		Interest on bonds	114,255	-	4,092
			<b>1,821,720</b>	<b>2,932</b>	<b>94,580</b>
			<b>64,018,646</b>	<b>1,788,043</b>	<b>1,744,362</b>



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<i>In thousands of Peruvian soles</i>	<i>Note</i>	<i>Underlying</i>	<i>Nominal</i>	<i>Asset</i>	<i>Liabilities</i>
<b>2021</b>					
<b>Trading derivatives</b>					
Forward foreign exchange			23,311,275	339,541	428,488
Interest rate swaps			21,067,297	221,545	236,945
Currency swaps			21,285,101	1,217,374	904,980
Share, exchange options and other			1,024,321	1,607	1,607
Provision for country risk			-	(12,335)	-
			<b>66,687,994</b>	<b>1,767,732</b>	<b>1,572,020</b>
<b>Hedging instruments</b>					
	<i>6, 12 and 13</i>				
<b>At fair value (i)</b>					
Interest rate swaps		Bond issue	3,189,600	51,090	-
Interest rate swaps		Balances due	19,935	76	-
<b>Cash flows (ii)</b>					
Forward foreign exchange		Loan portfolio	583,738	16,958	-
Forward foreign exchange		U.S. Treasury bills	398,700	7,446	-
Forward foreign exchange		Supplier's future cash flows	210,115	-	2,733
Forward foreign exchange		Interest on bonds	158,982	235	3,894
Currency swaps		Peru Global Bond	119,610	-	28,378
Interest rate swaps		Balances due	11,391	-	54
			<b>4,692,071</b>	<b>75,805</b>	<b>35,059</b>
			<b>71,380,065</b>	<b>1,843,537</b>	<b>1,607,079</b>

(i) **Hedging instruments at fair value**

**Interest rate swap - IRS**

At September 30, 2022, the Bank has contracted "interest rate swaps - IRS" at a nominal value of S/ 1,194 million to hedge balances due and issuances (S/ 3,210 million de hedging bonds and balances due at December 31, 2021). Based 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. In 2022, the total change in the fair value of the IRSs reflects losses of S/ 99 million as shown within "Profit or loss from financial transactions" in the consolidated statement of income (S/ 37 million losses in 2021).

(ii) **Cash flow hedge derivatives**

**Forward foreign exchange**

At September 30, 2022, the Bank has contracted a forward foreign exchange for a total of S/ 269 million to hedge the loan portfolio for US\$ 39 million and commitments of future payment to suppliers for US\$ 29 million. For time deposits and for the commitment of future payment to suppliers, it obtains cash flows in U.S. dollars and pays future cash flows in Peruvian soles.

At December 31, 2021, the Bank has contracted a forward foreign exchange for a total of S/ 1,352 million to hedge the loan portfolio for US\$ 146 million, U.S. Treasury bills for US\$ 100 million, commitments of future payment to suppliers for US\$ 53 million and interest on bonds for US\$ 40 million. On the loan portfolio and the U.S. Treasury Bills, it obtains cash flows in Peruvian soles and pays cash flows in U.S. dollars; for the commitment of future payment to suppliers, it obtains cash flows in U.S. dollars and pays future cash flows in Peruvian soles.

Over 2022, the fair value of the "forward foreign exchange" contracts reflects gains of S/ 0.8 million recognized in equity accounts, net of deferred income tax (gains, net of deferred income tax of S/ 31 million in 2021).

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### ***Cross currency swaps - CCS***

At September 30, 2022, the Bank has contracted “*cross-currency swaps - CCS*” for a nominal value of S/ 358 million to hedge bonds recognized as available-for-sale investments (US\$ 30 million of global bonds) and balances due (US\$ 60 million). Under CCS on the global bonds and bonds due, the Bank obtains fixed interest in Peruvian soles and pays fixed interest in U.S. dollars.

At December 31, 2021, the Bank has contracted CCS for a total nominal value of S/ 120 million to hedge bonds carried as available-for-sale investments (US\$ 30 million of global bonds). Under CCS on the global bonds and bonds due, the Bank obtains fixed interest in Peruvian soles and pays fixed interest in U.S. dollars.

Over 2022, the fair value of CCS reflects losses of S/ 15 million as recorded in equity accounts, net of the related deferred income tax (losses net of deferred income tax of S/ 35 million in 2021).

### ***Interest rate swap - IRS***

At December 31, 2021, has “*interest rate swap - IRS*” contracts at a nominal value of S/ 11 million to hedge balances due. 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 taxes.

## **9. Interest in Associates**

At September 30, 2022 and December 31, 2021, this item consists of:

<i>In thousands of Peruvian soles</i>	<b>2022</b>	<b>2021</b>
Compañía Peruana de Medios de Pagos S.A.C. (a)	8,114	7,001
TFP S.A.C. (b)	4,523	5,998
	<b>12,637</b>	<b>12,999</b>

- (a) At September 30, 2022 and December 31, 2021 Grupo BBVA Peru, through the Bank, holds and interest of 21.50% and 21.15% of the capital stock of Compañía Peruana de Medios de Pago S.A.C. (Niubiz, formerly Visanet Peru), respectively.

In June 2022, the Bank purchased shares of the capital stock of Compañía Peruana de Medios de Pagos S.A.C. (Niubiz).

- (b) At September 30, 2022 and December 31, 2021, Grupo BBVA Peru, through the Bank, holds 24.30% interest in the capital stock of TFP S.A.C, for both periods.

At September 30, 2022 and 2021, the Bank has recognized net gains on its interest in associates of S/ 8 million and S/ 7 million, respectively (Note 20).

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**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
<b>Cost</b>								
Balance at January 1, 2021	118,224	899,731	781,525	8,088	347,754	151,479	255	2,307,056
Additions	-	12,154	98,700	-	6,618	70,026	-	187,498
Disposals and sales	-	-	(15)	-	-	-	-	(15)
Derecognition of assets	-	(356)	(27,088)	(366)	-	-	-	(27,810)
Transfers	-	14,188	366	-	(285)	(14,269)	-	-
<b>At December 31, 2021</b>	<b>118,224</b>	<b>925,717</b>	<b>853,488</b>	<b>7,722</b>	<b>354,087</b>	<b>207,236</b>	<b>255</b>	<b>2,466,729</b>
Additions	-	7,053	31,848	1,533	5,469	15,941	-	61,844
Disposals and sales	-	-	-	-	-	-	-	-
Derecognition of assets	-	(116)	(6,243)	-	-	-	-	(6,359)
Transfers	-	128,317	8,916	-	7,040	(144,273)	-	-
<b>At September 30, 2022</b>	<b>118,224</b>	<b>1,060,971</b>	<b>888,009</b>	<b>9,255</b>	<b>366,596</b>	<b>78,904</b>	<b>255</b>	<b>2,522,214</b>
<b>Depreciation</b>								
Balance at January 1, 2021	-	571,525	522,301	7,282	192,843	-	-	1,293,951
Additions	-	26,456	71,251	427	11,213	-	-	109,347
Disposals and sales	-	-	(15)	-	-	-	-	(15)
Impairment	-	9,700	-	-	10,100	-	-	19,800
Derecognition of assets	-	(356)	(27,111)	(366)	-	-	-	(27,833)
Transfers	-	2,266	-	-	(2,266)	-	-	-
<b>At December 31, 2021</b>	<b>-</b>	<b>609,591</b>	<b>566,426</b>	<b>7,343</b>	<b>211,890</b>	<b>-</b>	<b>-</b>	<b>1,395,250</b>
Additions	-	23,673	56,105	294	8,701	-	-	88,773
Disposals and sales	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	12,676	-	-	12,676
Derecognition of assets	-	(116)	(6,132)	-	-	-	-	(6,248)
Transfers	-	(4)	-	-	4	-	-	-
<b>At September 30, 2022</b>	<b>-</b>	<b>633,144</b>	<b>616,399</b>	<b>7,637</b>	<b>233,271</b>	<b>-</b>	<b>-</b>	<b>1,490,451</b>
<b>Net carrying amount</b>								
<b>At September 30, 2022</b>	<b>118,224</b>	<b>427,827</b>	<b>271,610</b>	<b>1,618</b>	<b>133,325</b>	<b>78,904</b>	<b>255</b>	<b>1,031,763</b>
<b>At December 31, 2021</b>	<b>118,224</b>	<b>316,126</b>	<b>287,062</b>	<b>379</b>	<b>142,197</b>	<b>207,236</b>	<b>255</b>	<b>1,071,479</b>

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 conduct lease transactions.

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**11. Other Assets, net**

At September 30, 2022 and December 31, 2021, this item consists of:

<i>In thousands of Peruvian soles</i>	<b>2022</b>	<b>2021</b>
<b>Other assets</b>		
Transactions in progress (a)	1,151,229	548,896
Intangible assets (b)	334,454	318,907
VAT and Income tax credit balance, net	225,655	199,451
Prepaid expenses (c)	169,045	139,892
Other accounts receivable	7,075	21,823
Accounts receivable from sales of goods, services, and trust funds	6,339	7,578
Others	3,808	2,098
	<b>1,897,605</b>	<b>1,238,645</b>

- (a) Transactions in progress are 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 Bank's profit or loss. At September 30, 2022, these are mainly treasury transactions: i) currency buying and selling of S/ 373 million (S/ 176 million at December 31, 2021), and ii) sales of securities of S/ 696 million (S/ 296 million at December 31, 2021).
- (b) At September 30, 2022, intangible assets are recorded net of accumulated amortization and impairment for S/ 457 million (S/ 363 million at December 31, 2021).
- (c) At September 30, 2022 and December 31, 2021, prepaid expenses mainly consist of deferred loan origination costs related to fees paid to the external sales force.

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

At September 30, 2022 and December 31, 2021, this item consists of:

<i>In thousands of Peruvian soles</i>	<b>2022</b>	<b>2021</b>
<b>Obligations with the public</b>		
Savings deposits	26,736,532	28,493,043
Demand deposits	25,075,174	24,887,037
Time deposits	18,664,970	9,633,223
Other obligations	245,150	91,485
	<b>70,721,826</b>	<b>63,104,788</b>
<b>Deposits from financial system entities</b>		
Demand deposits	680,815	287,005
Time deposits	536,999	472,489
Savings deposits	52,835	74,747
	<b>1,270,649</b>	<b>834,241</b>
	<b>71,992,475</b>	<b>63,939,029</b>

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The Bank determines deposit interest rates based on the interest rates prevailing in the market. Annual interest rates prevailing at September 30, 2022 and December 31, 2021 on major products ranged as follows:

	2022		2021	
	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 – 0.25	0.00 – 0.125	0.00 – 0.125
Time deposits and bank certificates	0.01 – 4.00	0.01 – 1.10	0.01 – 1.35	0.01 – 0.80
<i>Super deposito</i>	1.10 – 3.50	0.15 – 0.75	0.01 – 1.35	0.01 – 0.25
Employees' severance indemnities (CTS)	1.10 – 2.60	0.60 – 1.10	0.25 – 1.50	0.15 – 1.75

At September 30, 2022, of the total deposits and obligations with individuals, legal entities and non-profit institutions and other legal persons, S/ 25,740 million is secured with a deposit insurance fund called Fondo de Seguro de Depósitos (S/ 24,935 million at December 31, 2021), which is obtained from the daily average balances for the month as required under Resolution SBS No 0657-99, as amended. The maximum amount covered by individual is S/ 124,428 at the September 2022 period-end (S/ 115,637 at December 2021 year-end).

At September 30, 2022, a portion of the balance of time deposits of US\$ 39 million have a cash flow hedge (Note 8(ii)).

**13. Borrowings and financial obligations**

At September 30, 2022 and December 31, 2021, this item consists of:

<i>In thousands of Peruvian soles</i>	2022	2021
Borrowings and financial obligations:		
Foreign financial institutions (a)	1,791,450	1,534,994
Programa MIVIVIENDA - Crédito MIHOGAR – Local financial system (b)	626,060	500,011
International financial organizations (c)	238,860	-
Corporación Financiera de Desarrollo – COFIDE (d)	5,179	19,627
Accrued interest payable	21,209	24,146
	<b>2,682,758</b>	<b>2,078,778</b>
Securities and bonds (d):		
Subordinated bonds	1,752,248	1,894,193
Corporate bonds	570,015	2,767,766
Accrued interest payable	19,870	78,145
Negotiable certificates of deposit)	-	139,398
Notes (debt instruments)	-	31,394
	<b>2,342,133</b>	<b>4,910,896</b>
	<b>5,024,891</b>	<b>6,989,674</b>

Certain loan agreements include standard clauses regarding compliance with financial ratios, use of funds and other administrative matters. Management considers that at September 30, 2022 and December 31, 2021, these clauses are being met, in all material respects, and do not represent any restriction to the activities of Grupo BBVA Peru.

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- (a) At September 30, 2022, the Bank has reported the borrowings contracted with foreign financial institutions, which bear interest at annual average interest rates ranging from Libor + 1.45% to 3.48% (Libor + 0.52% to 5% at December 31, 2021):

In thousands	2022		2021		Maturity
	US\$	S/	US\$	S/	
BBVA S.A. (i)	200,000	796,200	200,000	797,400	February 2031
Standard Chartered	150,000	597,150	-	-	June 2022 and November 2022
Mizuho Corporate Bank	50,000	199,050	50,000	199,350	November 2023
Toronto Dominion Bank	25,000	99,525	-	-	November 2022
Caixa Bank	25,000	99,525	-	-	November 2022
ICO - Instituto de crédito	-	-	35,000	139,544	August 2022
Wells Fargo Bank	-	-	100,000	398,700	May 2022
	<b>450,000</b>	<b>1,791,450</b>	<b>385,000</b>	<b>1,534,994</b>	
Accrued interest payable	4,404	17,533	5,748	22,917	
	<b>454,404</b>	<b>1,808,983</b>	<b>390,748</b>	<b>1,557,911</b>	

- (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 September 30, 2022 and December 31, 2021, Grupo BBVA Peru has accounts payable of S/ 2 million comprising deferred direct issuance expenses, in both periods.

- (b) At September 30, 2022, 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/ 619 million, million in local currency and US\$ 0.3 million (S/ 498 million in local currency and US\$ 0.5 million in foreign currency, at December 31, 2021). At September 30, 2022 and December 31, 2021, that amount bears interest at an annual effective rate of 7.75% in U.S. dollars and 6.25% in Peruvian soles on the principal plus the Constant Updating Value (VAC) in Peruvian soles, in both periods, with maturities up to September 2042 and December 2041, respectively.

At September 30, 2022 and December 31, 2021, the balances due to Fondo MIVIVIENDA are secured with a mortgage loan portfolio for up to S/ 620 million and S/ 500 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 September 30, 2022, this balance includes a borrowing of US\$ 60 million with IFC (Institute Finance Corporation) with due date in December 2027 and with an annual interest rate of 3.11%. Also, the related cash flows are hedged with a "Cross Currency Swap – CCS" (Note 8 (ii)) and there is an account payable balance stated of S/ 2 million of deferred issuance expenses.
- (d) At September 30, 2022, these balances reflect balances of the corporate support fund called Programa de Fondo de Apoyo Empresarial (FAE) managed by COFIDE (Note 6). In local currency, the balance due totals S/ 0.2 million (S/ 14 million, at December 31, 2021), and, in foreign currency, the balance due totals US\$ 0.01 million, at December 31, 2021). At September 30, 2022, these balances bear interest ranging from 4.61% to 7.51% in local currency and ranging from 5.29% to 7.36%, in foreign currency, in both periods and with maturities up to April 2023.
- (e) At September 30, 2022 and December 31, 2021, securities and bonds are detailed as follows:

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Program	Authorized amount	Currency	Original amount placed	2022	2021	Maturity date
<b>Corporate bonds</b>						
2nd issuance Series A- Fifth Program	USD 250 million	PEN	150,000	150,000	150,000	December 2026
2nd issuance series A - Seventh Program	USD 1,000 million	PEN	100,000	100,000	100,000	July2023
2nd issuance series B - Seventh Program		PEN	73,465	73,465	73,465	August 2023
1st issuance series D - Seventh Program		PEN	120,000	-	120,000	July2022
1st issuance Series E - Seventh Program		PEN	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	-	2,012,231	August 2022
				<b>570,015</b>	<b>2,767,766</b>	
<b>Subordinated bonds</b>						
2nd issuance series A – First program	USD 50 million or S/ 158.30 million	USD	20,000	-	79,507	May 2027
3rd issuance series A - First program		PEN	55,000	92,294	86,291	June2032
2nd issuance series A - Second program	USD 100 million	PEN	50,000	82,172	76,827	November 2032
3rd issuance series A - Second program		USD	20,000	79,620	79,740	February 2028
4rd issuance single series - Second program		PEN	45,000	71,368	66,727	July 2023
5th issuance single series - Second program		PEN	50,000	78,274	73,183	September 2023
6th issuance series A - Second program		PEN	30,000	46,155	43,153	December 2033
1st single issuance – Third program	USD 55 million	USD	45,000	179,145	179,415	October 2028
First International Issuance Program – Single series (ii)	USD 300 million	USD	300,000	1,123,220	1,209,350	September 2029
				<b>1,752,248</b>	<b>1,894,193</b>	
<b>Negotiable certificates of deposit</b>						
					-	<b>139,398</b>
<b>Notes (iii)</b>						
2nd issuance of notes series 2012-C and 2012-D	US\$ 235 million	USD	235,000	-	31,394	June 2022
					-	<b>31,394</b>
<b>Accrued interest payable</b>				<b>19,870</b>	<b>78,145</b>	
				<b>2,342,133</b>	<b>4,910,896</b>	

- (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/ 19 million of cumulative losses at December 31, 2021).
- (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/ 66 million at September 30, 2022 (S/ 18 million cumulative losses at December 31, 2021).
- (iii) Notes issued that matured on June 15, 2022, with a balance at December 31, 2021 for US\$ 8 million, contained financing of US\$ 3 million, with a cash flow hedge via an “interest rate swap – IRS” (Note 8(ii)). It also includes financing of US\$ 5 million, agreed at an annual fixed interest rate of 5% with a fair value hedge via an interest rate swap – IRS, which, at December 31, 2021 has resulted in cumulative losses of S/ 0.1 million.

These financing facilities are secured by present and future cash flows expected from the electronic payment orders of customers (Diversified payments rights - DPR's). Also, Management considers that the Bank has complied with the financial covenants and other specific conditions related to the transferred cash flows.

**BANCO BBVA PERU AND SUBSIDIARIES**

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At September 30, 2022 and December, 31 2021

At September 30, 2022 and December 31, 2021, corporate bonds do not have specific guarantees and interest accrues at annual rates in local currencies ranging from 3.9% and 7.5% and at an annual interest rate of 5% in foreign currency, at December 31, 2021.

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 constante*) plus a spread on local currency and from 5.3% to 6.5% on foreign currency at September 30, 2022 and December 31, 2021.

At December 31, 2022, a portion of the coupons on corporate and subordinated bonds amounting to US\$ 40 million have a cash flow hedge (Note 8(ii)).

At September 30, 2022 and December 31, 2021, Grupo BBVA has accounts payable of S/ 5 million and S/ 6 million, respectively comprising deferred issuance expenses.

**14. Accounts Payable, Provisions and Other Liabilities**

At September 30, 2022 and December 31, 2021, this item consists of:

<i>In thousands of Peruvian soles</i>	<b>2022</b>	<b>2021</b>
<b>Accounts payable</b>		
Repurchase agreements with the BCRP (a)	11,781,854	16,217,008
Accounts payable to suppliers	808,794	469,926
Other payables (b)	772,577	139,813
Premium to deposit insurance fund, contributions and obligations with tax collecting institutions	181,682	174,252
Dividends, profit sharing and remuneration payable	105,515	130,263
Interest payable	58,639	25,273
	<b>13,709,061</b>	<b>17,156,535</b>
<b>Other liabilities</b>		
Transactions in progress (c)	2,000,339	532,375
Deferred income and other	77,527	74,712
	<b>2,077,866</b>	<b>607,087</b>
<b>Provisions</b>		
Labor provisions and others	512,531	480,846
Provision for litigations, claims and other contingencies (d)	274,144	302,670
Provision for contingent loans (c)	237,245	244,106
	<b>1,023,920</b>	<b>1,027,622</b>
	<b>16,810,847</b>	<b>18,791,244</b>

- (a) At September 30, 2022, this item shows the balance of repo transactions of loan portfolio under the Reactiva Peru Program for S/ 6,881 million (S/ 10,677 million at December 31, 2021), and repurchase agreement of rescheduled loan portfolio for S/ 4,901 million (S/ 4,942 million at December 31, 2021). At December 31, 2021, this item includes repo transactions with a certificate of deposits signed with the BCRP of S/ 598 million.



## BANCO BBVA PERU AND SUBSIDIARIES

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At September 30, 2022 and December, 31 2021

At September 30, 2022 and December 31, 2021, maturities of repo transactions of loan portfolio under the Reactiva Peru Program are up to December 2025 and bear an annual interest rate of 0.50%; the maturities of the repurchase agreements of rescheduled loan portfolio are up until September 2025 and bear annual interest rates ranging from 0.50% to 3.5%, in both periods.

- (b) At September 30, 2022, this item includes S/ 67 million of insurance on behalf of borrowers (S/ 35 million at December 31, 2021) and S/ 128 million of short-selling transactions (S/ 24 million at December 31, 2021).
- (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 September 30, 2022, passive transactions in progress mainly include treasury transactions for S/ 1,779 million (S/ 350 million at December 31, 2021).
- (d) Grupo BBVA Peru 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. Regulatory capital and legal limits

In accordance with the Peruvian 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.

By means of Emergency Decree No 037-2021 dated June 2, 2021, the overall limit was reduced to 8% until March 31, 2022. Subsequently, on March 26, 2022, Emergency Decree No 003-2022 was released to set a time extension for the reduction of the aforementioned overall limit as follows:

- Until August 2022, the overall limit shall not be lower than 8%
- Effective September 2022 and until March 2023, the overall limit shall not be lower than 8.5%

On July 20, 2011, SBS Resolution No 8425-2011 was published approving the rules for enforcement of the Additional Regulatory Capital Requirement and setting that the additional regulatory capital required would be the sum of the regulatory capital requirements calculated for each of the following components: credit concentration risk (individual, geographical and sectorial); by market concentration risk, by interest rate risk in the banking book and other risks.

In addition, by means of Communication No 2097-2022-SBS dated January 19, 2022 the SBS established that the Bank should maintain levels of capital stock, legal reserve and deductions set out in article 184 of the General Law, so that, when measuring solvency based only on those components, the Bank's solvency ratio is held above 10%. At September 30, 2022 the Bank's solvency ratio was 10.24%.

At September 30, 2022 and December 31, 2021, the figures and ratios relating to the Bank's regulatory capital are shown as follows:

<i>In thousands of Peruvian soles</i>	2022	2021
Assets and debts weighted by total risks	90,692,215	84,328,425
Total regulatory capital	12,697,824	11,919,149
Additional regulatory capital requirement I	1,279,870	1,067,460
Ratio of comprehensive capital over regulatory capital	14.00%	14.13%

It should be noted that the regulatory capital is a figure that is also used to calculate certain limits and restrictions applicable to the Bank, which Bank Management considers it has fully complied with.

**BANCO BBVA PERU AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements

At September 30, 2022 and December, 31 2021

**B. Share capital**

At September 30, 2022 and December 31, 2021, the Bank's authorized, subscribed, and paid-in capital is represented by 7,382,184 and 6,758,467 thousand common shares outstanding at one sol (S/ 1.00) par value each.

At the Mandatory General Shareholders' Meeting held on March 31, 2022 and March 24, 2021, the decision was made to increase capital by S/ 624 million and S/ 229 million, respectively by means of a capitalization of retained earnings.

The shareholding structure of the Bank at September 30, 2022 and December 31, 2021, is as follows:

Interest	2022		2021	
	Number of shareholders	Interest %	Number of shareholders	Interest %
Up to 1	8,579	6.62	7,952	6.13
From 1.01 to 5	1	1.14	1	1.63
From 45.01 to 100	2	92.24	2	92.24
	<b>8,582</b>	<b>100.00</b>	<b>7,955</b>	<b>100.00</b>

**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 Mandatory General Shareholders' Meeting held on March 31, 2022 and March 24, 2021, the reserve was approved to be made up of 10% of the profits of 2021 (S/ 156 million) and 2020 (S/ 66 million), respectively.

**D. Adjustments to equity**

At September 30, 2022 and December 31, 2021, unrealized gains, net of deferred income tax, were as follows:

<i>In thousands of Peruvian soles</i>	<i>Note</i>	2022	2021
Available-for-sale investments	6	(113,636)	(41,691)
Cash flow hedges	8	(14,682)	(4,799)
Associates' other comprehensive income		189	304
Actuarial liabilities		13,482	13,482
		<b>(114,647)</b>	<b>(32,704)</b>

**E. Retained earnings**

At the Mandatory General Shareholders' Meeting held on March 31, 2022 and March 24, 2021, the decision was made to approve the capitalization of retained earnings for S/ 624 million and S/ 229 million and dividend distribution for S/ 780 million and S/ 295 million, respectively.

At the General Shareholders' Meeting held on March 24, 2021, the decision was made to delegate the board the power to determine profit distribution (which is ultimately intended to be within the retained earnings account) as well as the amount and timeliness to the extent no commitment for capitalization of those profits is not considered necessary.

On September 22, 2021, the Bank's board agreed on the distribution of dividends amounting to S/ 307 million on the profits obtained in 2019 and 2020 which were intended to retained earnings.

**BANCO BBVA PERU AND SUBSIDIARIES**

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**16. Contingent Risks and Commitments**

At September 30, 2022 and December 31, 2021, this item consists of:

<i>In thousands of Peruvian soles</i>	<b>2022</b>	<b>2021</b>
Indirect loans:		
Guarantees and letters of guarantee	16,670,249	15,570,107
Letters of credit and banker's acceptances	1,431,594	1,411,387
	<b>18,101,843</b>	<b>16,981,494</b>
Unused credit lines and undrawn loans granted	17,669,956	15,308,712
Various responsibilities	6,369	6,379
	<b>35,778,168</b>	<b>32,296,585</b>

In the normal course of its business, Grupo BBVA Peru enters into transactions with risks recorded in contingent accounts. These transactions expose Grupo BBVA Peru 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 Peru 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 expires without being used. The total amount of indirect loans does not necessarily represent future cash outflows for Grupo BBVA Peru.

Management estimates that no significant losses will arise from contingent transactions at September 30, 2022 and December 31, 2021.

**17. Interest Income**

At September 30, this item consists of:

<i>In thousands of Peruvian soles</i>	<b>2022</b>	<b>2021</b>
Direct loan portfolio	3,583,391	2,962,934
Investments at fair value through profit or loss	163,874	34,519
Available-for-sale investments	143,008	57,625
Cash and due from banks	84,685	17,600
Profit or loss on hedging transactions	9,712	37,306
Interbank funds	5,344	65
Other financial income	3,256	3,916
	<b>3,993,270</b>	<b>3,113,965</b>

**18. Interest expense**

At September 30, this item consists of:

<i>In thousands of Peruvian soles</i>	<b>2022</b>	<b>2021</b>
Obligations with the public	(354,248)	(116,665)
Borrowings and financial obligations	(249,737)	(265,179)
Accounts payable	(81,376)	(69,480)
Deposits of financial system entities	(12,214)	(5,744)
Interbank funds	(8,900)	(373)
Other financial expenses	(29,692)	(22,995)
	<b>(736,167)</b>	<b>(480,436)</b>

**BANCO BBVA PERU AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements

At September 30, 2022 and December, 31 2021

**19. Income and expenses from financial services, net**

At September 30, this item consists of:

<i>In thousands of Peruvian soles</i>	<b>2022</b>	<b>2021</b>
<b>Income</b>		
Income from credit card commissions	271,074	208,407
Commissions on transfers	218,311	196,345
Income from indirect loans	194,048	182,770
Income from commissions on collection services	122,655	107,352
Income from online corporate banking services	51,480	42,151
Income from services and maintenance of checking accounts	41,403	41,110
Income from advisory services	16,336	14,783
Income from technical and legal studies	13,170	14,414
Income from cash services	6,500	3,509
Income from trust and trustee commissions	924	1,127
Other income from services	237,319	229,627
	<b>1,173,220</b>	<b>1,041,595</b>
<b>Expenses</b>		
Expenses from Visa and Mastercard transactions	(105,080)	(94,821)
Customer loyalty programs	(85,600)	(56,823)
Deposit insurance fund premiums	(82,268)	(79,139)
Reactiva Fund guarantee	(68,390)	(66,189)
Transfers	(30,509)	(22,448)
Foreign exchange spot purchase transaction	(7,408)	(9,765)
Checking account maintenance expenses	(3,819)	(3,927)
Other expenses in services	(112,331)	(73,664)
	<b>(495,405)</b>	<b>(406,776)</b>
	<b>677,815</b>	<b>634,819</b>

**20. Profit or loss from financial transactions**

At September 30, this item consists of:

<i>In thousands of Peruvian soles</i>	<b>2022</b>	<b>2021</b>
Exchange gains (losses) (Note 4)	749,905	46,730
Gains on share of interest in associates	8,341	6,995
Available-for-sale investments	679	(27,070)
Derivatives held for trading	(268,622)	572,173
Investments at fair value through profit or loss	(10,427)	(45,102)
Other	35,631	30,460
	<b>515,507</b>	<b>584,186</b>

**21. Administrative Expenses**

At September 30, this item consists of:

<i>In thousands of Peruvian soles</i>	<b>2022</b>	<b>2021</b>
Expenses in services provided by third parties	(780,226)	(605,767)
Expenses in personnel and Board	(733,525)	(659,298)
Taxes and contributions	(37,960)	(40,448)
	<b>(1,551,711)</b>	<b>(1,305,513)</b>

**BANCO BBVA PERU AND SUBSIDIARIES**

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**22. Earnings per share**

The table below shows the calculation of the weighted average number of shares outstanding and earnings per share at September 30, 2022 and December 31, 2021:

<i>In thousands</i>	Number of shares outstanding (*)	Base shares in determining weighted average	Effective days to period-end	Weighted average number of common shares
<b>2022</b>				
Balance at January 1, 2022	6,758,467	6,758,467	270	6,758,467
Capitalization of profit or loss for 2021	623,717	623,717	270	623,717
<b>Balance at September 30, 2022</b>	<b>7,382,184</b>	<b>7,382,184</b>		<b>7,382,184</b>
<b>2021</b>				
Balance at January 1, 2021	6,758,467	6,758,467	270	6,758,467
Capitalization of profit or loss for 2020	229,298	229,298	270	229,298
Capitalization of profit or loss for 2021	394,419	394,419	270	394,419
<b>Balance at September 30, 2021</b>	<b>7,382,184</b>	<b>7,382,184</b>		<b>7,382,184</b>

At September 30, 2022 and 2021, earnings per share calculated on the basis of the weighted average number of shares outstanding was S/ 0.2015 and S/ 0.1205, respectively.

## BANCO BBVA PERU AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

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### 23. Related-Party Transactions

At September 30, 2022 and December 31, 2021, the Interim consolidated financial statements of Grupo BBVA Peru 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 Peru stating transactions with related parties at September 30, 2022 and December 31, 2021:

In thousands of Peruvian soles	2022					2021				
	Controlling party	Related parties (*)	Associates	Key staff and directors	Total	Controlling party	Related parties (i)	Associates	Key staff and directors	Total
<b>Assets:</b>										
Cash and due from banks	391,072	-	-	-	391,072	364,274	-	-	-	364,274
Loan portfolio, net	-	251,129	33,186	26,978	311,293	-	809,374	11,783	29,705	850,862
Derivatives held for trading	423,547	69,040	-	-	492,587	487,180	107,829	-	-	595,009
Other assets, net	755,950	16,000	-	-	771,950	544,682	52,013	-	-	596,695
<b>Total assets</b>	<b>1,570,569</b>	<b>336,169</b>	<b>33,186</b>	<b>26,978</b>	<b>1,966,902</b>	<b>1,396,136</b>	<b>969,216</b>	<b>11,783</b>	<b>29,705</b>	<b>2,406,840</b>
<b>Liabilities:</b>										
Obligations with the public and deposits from financial system entities	258,435	1,708,907	912	44,094	2,012,348	123,188	369,239	803	208,459	701,689
Borrowings and financial obligations	811,438	-	-	-	811,438	819,131	-	-	-	819,131
Derivatives held for trading	1,002,292	-	-	-	1,002,292	1,071,514	1,816	-	-	1,073,330
Provisions and other liabilities	150,125	226,224	-	-	376,349	60,158	139,400	-	-	199,558
<b>Total liabilities</b>	<b>2,222,290</b>	<b>1,935,131</b>	<b>912</b>	<b>44,094</b>	<b>4,202,427</b>	<b>2,073,991</b>	<b>510,455</b>	<b>803</b>	<b>208,459</b>	<b>2,793,708</b>
<b>Off-balance sheet accounts</b>										
Indirect loans	-	32,426	7,074	-	39,500	-	21,932	14,213	-	36,145
Derivative financial instruments	19,374,331	-	-	-	19,374,331	22,852,867	498,037	-	-	23,350,904

(\*) 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 periods ended September 30, 2022 and 2021:

In thousands of Peruvian soles	2022					2021				
	Controlling party	Related parties (*)	Associates	Key staff and directors	Total	Controlling party	Related parties (*)	Associates	Key staff and directors	Total
Interest income	-	948	201	119	1,268	-	1,886	-	134	2,020
Interest expense	(18,647)	(14,973)	(1)	(8)	(33,629)	(21,572)	(10,844)	-	(26)	(32,442)
	<b>(18,647)</b>	<b>(14,025)</b>	<b>200</b>	<b>111</b>	<b>(32,361)</b>	<b>(21,572)</b>	<b>(8,958)</b>	<b>-</b>	<b>108</b>	<b>(30,422)</b>
Income from financial services	4,808	854	-	15	5,677	229	792	-	23	1,044
Expenses in financial services	-	-	-	-	-	-	-	-	-	-
	<b>4,808</b>	<b>854</b>	<b>-</b>	<b>15</b>	<b>5,677</b>	<b>229</b>	<b>792</b>	<b>-</b>	<b>23</b>	<b>1,044</b>
Net profit or loss from financial transactions	(7,680)	(1,321)	-	2	(8,999)	(6,268)	(2,589)	-	4	(8,853)
Administrative expenses	(103,455)	(124,361)	-	-	(227,816)	(40,393)	(77,508)	-	-	(117,901)
Other income, net	-	13	-	-	13	-	9	-	-	9
	<b>(111,135)</b>	<b>(125,669)</b>	<b>-</b>	<b>2</b>	<b>(236,802)</b>	<b>(46,661)</b>	<b>(80,088)</b>	<b>-</b>	<b>4</b>	<b>(126,745)</b>

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

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### (c) Loans to personnel and key management compensation

At September 30, 2022 and December 31, 2021, the Board of Directors, executives and employees of the Bank hold loan transactions permitted under the Banking Law, which establishes and regulates certain limits to transactions with members of the Board of Directors, executives and employees of financial institutions in Peru. At September 30, 2022 and December 31, 2021, direct loans granted to employees, directors, executives and key personnel totaled S/ 637 million and S/ 562 million, respectively.

Also, at September 30, 2022 and 2021, remuneration of key personnel and compensation of the board of directors totaled S/ 12 million and S/ 13 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 September 30, 2022, the carrying amount of assets held in trust and trust property in the hands of the Bank totals S/ 11,221 million (S/ 13,012 million at December 31, 2021).

## **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 Peru, 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.

The Risk Function centralizes and concentrates the management of credit and market risks with the assistance of several units. The Risk Function has 5 units (Retail Risk, Wholesale Risk, Market, Structural & Fiduciary Risk, Collection, Mitigation & Work Out, y Portfolio Management, Data & Reporting) and 2 sub-units (Risk Solution Group y Risk Transformation).

This structure adequately supports the creation of synergies among several work teams and drives greater interaction in all major processes, from strategy and planning to model implementation and management tools, where Risk Solution and Risk Transformation provide cross-cut support underlying overall risk management, while Portfolio Management, Data & Reporting performs a close follow-up and monitoring on the Bank's overall portfolio risk indicators, placing greater attention on following up on the most sensitive portfolios.

On a supplemental basis, the Internal Risk Control Unit (part of the Internal Control and Compliance Function) is the party charged with verifying whether the controls on processes and deliverables that are relevant to the Risk Function are in place and operating effectively.

Given the ongoing overly complex junction, mainly involving the effects and conditions derived from COVID-19, risk management continues to fully focus on managing portfolios from all fronts over 2022:

- Portfolio management under the guidelines defined by the SBS and the Government, adaptation of management and monitoring reports to meet the new needs arising from the ongoing junction
- Ongoing follow-up and monitoring of the liquidity risks.
- From wholesale and retail Admission, permanent review and adjustment of the admission policies, rescheduling modalities conducting portfolio diagnosis, segmentation and action plans based on the identified criticality.



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- Follow-up and management of collections continues to be conducted based on a preventive and anticipatory approach, with a focus on special segments and potential impacts of impairment on specific portfolios, oriented to the most vulnerable sectors affected by the crisis. Specialized teams have been set up to manage collections by implementing differentiated strategies based on each portfolio. Therefore, a good level of containment of the rescheduled portfolio has been achieved

Under non-financial risk management, control is carried out of the measures and decisions made to mitigate the operational risks

### **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 is charged with performing ongoing follow-up and monitoring on risk indicators.

The Reporting, Monitoring & Data sub-unit is charged with performing an ongoing follow-up and monitoring of the portfolio based on the Bank's well-defined risk strategy and risk appetite for timely measurement of risks and communication to the relevant hierarchies. Thus, it ensures adequate risk management is carried out and that the risk appetite framework is followed.

The Measurement sub-unit concentrates the process of calculating the several risk metrics, integrating credit risk indicator measurement relating to provisions, regulatory capital, economic capital and risk-adjusted profitability.

Another sub-unit that is part of this team is Risk Advanced Analytics under the Center of Expertise (CoE), charged with developing and maintaining the credit risk models that are used in the Bank's overall risk management and takes part in some stages of the risk model implementation, using the technological tools / platforms that are needed, integrating these tools to the overall risk management and the commercial network, as applicable. For that purpose, it has two dedicated teams in place: Follow-up on Models, and the Parameter Estimation, IFRS 9 and Stress teams.

Then, there is the Data Quality Team, charged with safeguarding the quality of the data used in calculations and reporting as per risk area priorities. The objective is to place more focus on continuing to develop the data governance model at the level of the Bank and ensure that all quality rules are met.

- *Risk Solution:* This unit manages the portfolio of projects in the Risk area. It ensures its definition, prioritization, execution, and kickoff.

Another subunit is called Tool Management, which is charged with making sure all the tools used by the Risk Function are operating effectively, have a good performance and are subject to continuing improvement.

- *Risk Transformation:* This is a team responsible for ensuring the execution and continuing improvement of the dependent processes, meeting the defined and committed efficiency, quality and control standards. Also, it drives the key levers for transformation (agile practices, process management, management of demand and productivity, organizational re-design, among others) seeking to evolve into an operational center of excellence. It manages those operational risks that related to infrastructure with a focus on the third party's typologies, technology, legal, people, among others.
- *Retail Credit:* 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:

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Defining the retail client admission requirements.

Studying the behavior of products/segments, and seasonal results, assessing their respective evolutions and developments

Assessing the level of borrowing, promoting, and disseminating the Bank's risk culture.

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 by the interaction of the several commercial areas and serving the requirements of the internal and external overseeing entities

Proposing and promoting continuing improvements in processes, tools, and standards for a higher efficiency in Credit Risk management

Overseeing adherence to the policies in the process of assessing and accepting the credit risk on transactions derived from the commercial areas.

There are 5 sub-units supporting risk management: Individual Admission (placing priority on the territoriality principle of distribution); Campaña Persona Natural (a campaign with a focus on individuals), Campaña Pymes (a number of campaigns with a focus on small and medium-sized entities – Pymes in Peru), Retail Credit Risk Governance (responsible for the policies and standards intended to ensure compliance with corporate rules and local laws and regulations); and Retail Credit Risk Strategies (charged with conducting analysis and diagnosis of portfolio).

- *Wholesale Credit:* 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 profile and risk appetite for the Group, and in full compliance with the relevant corporate standards and the applicable laws and regulations currently in force.

In the framework of the Group's strategy and considering the challenging local environment derived from the Covid-19 spread and the measures taken by the Government for containment, the Bank manages risk with a focus on the limits of Asset Allocation and suggested industry-specific profiles, taking into account the new thresholds set for 2022, which are defined in consistency with the risk appetite and hand in hand with the evolution of the pandemic and economic reopening activities

Within its structure, there is a sub-unit called Wholesale Credit Strategies, charged with management of the Wholesale portfolio, control of the Asset Allocation limits as well as definition of the growth and disinvestment policies and strategies

On the other hand, there is the sub-unit called Wholesale Credit Governance, charged with updating and implementing the overall policies, standards and procedures as well as the following up on observations raised by Internal Audit, External Audit, Internal Control and the SBS. It also leads the technical office of the credit technical committee (Secretaría Técnica del Comité Técnico de Créditos – CTO).

In addition, as a way to keep an agile structure, there are two sub-units in Admission:

Wholesale Admission Stage 1: This is a primary axis of analysis under industry groupings and keeping expertise by segment.

Admission & Monitoring Stage 2: Operating under a preventive management approach, it involves strategies to hold and/or reduce the risk of portfolio, and stop impairment by structuring pertinent financial solutions, as well as monitoring the evolution of the living risks in the segments comprising Wholesale, setting plans and taking containment actions against delinquency at the customer and segment levels.

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Real Estate Risk: this a team with expertise in the real-estate industry and has two subunits:

Wholesale Admission Real Estate: Responsible for conducting a financial and economic assessment of real-estate (Residential and Commercial) industry's borrowing proposals.

Wholesale Monitoring Real Estate: Responsible for conducting a follow-up on the real-estate development projects being implemented (monthly valuation of work progress. Sales dashboard update, matching cash flows, etc.) up until construction completion satisfaction is obtained and settlement of Project sponsor's debt is made.

It should be noted that the tools for Rating, Risk Analyst and Early Warnings (Alertas Tempranas) are critical for decision-making. Further, the automated financial program, and the digital Financial Program (Programa Financiero Automatizado and Programa Financiero Digital), used with the BEC and CIB (Corporate Investment Banking), segments, respectively, continued to operate as digital platforms in preparing and conducting analysis of the credit proposals.

- *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 commercial and corporate banking as well as CIB, obtaining cross-cut efficiencies in the underlying processes, as well as in the external (collection agencies, and law firms) and internal (office networks, Oficina Solución and Oficina Anticipa) management channels. Among the major sub-units comprising this function are as follows:

Retail Credit Early Default, a team charged with recovery of the defaulted portfolio on a preventive basis in the retail segment.

Wholesale Credit Early Default, a team charged with managing the wholesale portfolio with payment problems as well as charged with the subunit of Individual Classification, which assesses the Bank's Non-Retail Customer portfolio, to determine its classification and the required level of provision, under the rules and regulations set by the SBS and Grupo BBVA.

Strategy, Governance & Management, a team charged with articulating collections and recovery management by setting initiatives based on the use of data analytics and management.

Retail Credit Late Default, a team charged with court-ordered, secured, off-court recovery of the retail portfolio and their respective write-offs.

Wholesale Credit Late Default, a team charged with obtaining the largest recovery of loans under court action in the wholesale portfolio.

IRBSA & Guarantees, a team charged with managing the commercialization of the goods and real-estate properties and defining the policies for the overall management of guarantees.

Financial risk management in the context of COVID-19:

- *Plan Oficina Anticipa:* Comprising 4 executives selected from the Banca Empresa network and led by Risk head office; over 2022, customer portfolio continues to be managed to offer them rescheduling or refinancing solutions and general facilities to enable them to get back to normal activities and meet their credit obligations. This is how the direct and indirect credit risk is reduced for high warning customers. This major support continues to be provided to our customers and the commercial wholesale network for an optimal management of the risk quality.
- *Plan Oficina Solución:* The executives of the Oficina Solución manage this plan solely involving the recovery activity and collection agency teams. Oficina Solución is led by 13 monitoring heads whose objective is the location of the main customers, conducting a diagnosis and reactivating transactions via debt settlement, rescheduling, or refinancing.

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Regarding the segmentation of the retail portfolio, it was conducted based on the materiality and affectation matrices (debt ranges) per particular portfolio, Pyme and retail entity at the preventive and delinquent stages of a given customer. In addition, collection management is differentiated if the portfolio is rescheduled, refinanced or is under government funding. The level of affectation is determined using a Score devised by Collections, which differentiates the levels of our customers' default risk.

- Plan Cobranza (agencias externas): The implant model is in place (supervision model based on the virtual presence of a BBVA supervisor at the collection agency's day-to-day activities). This model is intended to ensure ongoing monitoring of the KPI's (Key Performance Indicator) of management to secure adherence to the strategies set by the Bank. In addition, motivation of the human resources is kept alive by acknowledging the best telephone agents. Recently, a change was made to the model of allocating portfolio in the preventive and delinquent stages to acknowledge the leadership of suppliers but also the dispersion of the results of effectiveness over two-month period assessments.

So far in 2022 it is worth underlining the effectiveness of Fábrica de Cobranzas, the Implant Model and the handling of the Reactiva portfolio. At February 2022 we have reported the lowest ratio of delinquent Reactiva portfolio in the overall financial system in Peru.

Furthermore, agile execution of payments, containment of the delinquent portfolio and savings in provisions are expected to provide better support in the current adverse juncture. For the portfolio under court action, management continues to be intended to improve follow-up and negotiation with customers and suppliers as well as a robust flow for write-offs higher than 3 Peruvian tax units (UIT in Spanish) for those cases that are not recoverable. Finally, new ways of management are being developed for our customers to add to those already existing (refinancing by phone, specific products such as a loan-commitment ("préstamo compromiso"), "refinanced with a grace period" and special condonations).

### **Market risk**

Market risk arises from the activities 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 financial 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 risk factors are the 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 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 September 30, 2022 and December 31, 2021 was as follows:

<i>In thousands of Peruvian soles</i>	<b>2022</b>	<b>2021</b>
<b>VaR by risk factors</b>		
VaR without smoothing	6,916	10,144
Interest rate VaR	6,896	10,458
Currency VaR	276	319
Average VaR	8,959	8,479
Maximum VaR	12,498	13,348
Minimum VaR	5435	5,245

**Structural interest rate risk**

The structural interest rate risk is defined as the potential alteration that may occur in the margin on interest and/or the equity value that is expected by an entity due to changes in the interest rates.

Considering the impact variable, the following are the major types of risks to which the Group and the Bank are exposed to:

- Interest margin risk: potential adverse change in the interest margin expected and projected over a given time horizon
- Balance sheet risk: potential impact on the financial position stated in the balance sheet of an entity.
- Risk of changes in the value of the instruments carried at fair value of the banking book: potential impact on equity derived from changes in value of the fixed-income portfolios and derivatives carried as “Held to Collect and Sell” (HtC&S).

Management of the structural interest rate risk is intended to keep stability of the interest margin in the event of changes in interest rates to contribute with generating recurrent results and controlling the potential impact on equity, as derived from changes in the mark-to-market instruments classified as held to collect and sale (in local accounting as available-for-sale instruments) as well as meeting the capital needs arising from the structural interest rate risk.

The Financial Management unit, supported by the Committee of Assets and Liabilities (COAP in Spanish) conducts an active management of the banking book by taking actions that are intended to optimize the risk taken, in respect of the outcome expected and enable adherence to the maximum limits of tolerable risks.

The activity carried out by Financial Management is supported by the interest rate risk measurements performed by the Risk Area, acting as a stand -alone unit; it quantifies, on a periodic basis, the impact of the changes in interest rates on the interest margin and economic value of the Bank.

Further to the sensibility measurements in the event of changes in the market rates, the Bank performs probability calculations to determine the “economic capital” (maximum losses in the economic value) and “margin exposed to risk” (maximum losses in the interest margin), the structural interest rate risk of the Bank’s banking business, excluding the treasury activity, by means of simulation models of interest rate change curves. Periodically, stress tests are performed to complete an assessment of the Bank’s interest rate risk.

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All these measurements are subject to subsequent analysis and follow-up, communicating the levels of risks assumed and degree of adherence to the authorized limits to the different bodies of management and governance.

### ***Liquidity risk***

The liquidity and financing risk is defined as the inability of a financial institution to honor its payment obligations due to lack of liquidity; or otherwise, financing would need to be obtained under severe conditions.

As part of this risk and considering the time horizon over which the commitment of payment is made, we are dealing with:

- **Liquidity risk:** the risk of incurring short-term losses from events affecting the ability to obtain cash to meet the most immediate payment obligations, whether because of the incapacity to sell assets, the unexpected reduction of commercial liabilities or the usual sources of financing are closed in both stressful and regular situations, including the potential outflow of additional resources due to contingent reasons.
- **Intraday liquidity risk:** The risk that an entity may not be able to meet its daily settlement obligations; for example, because of timing mismatches in settlements or in the relevant settlement systems.
- **Financing risk:** This risk reflects the potential increase in the vulnerability of the balance sheet of an entity, medium-term and short-term from deviation from the objective of maintaining a stable proportion of resources consistent with the activity and complemented with other sources of stable wholesale financing that enable the diversification of sources, and avoiding counterparty concentration that may sharpen the vulnerability of the entity to stressful situations. As a result of the higher exposure to this risk, the likelihood of larger short-term financing needs is increased, as well as the need to use collateral, and overall, the likelihood of a sharpened short-term liquidity risk.

Grupo BBVA Peru is intended to promote a sound financing structure that contributes to the sustainability of its business model. For this purpose, the risk model encourages that an adequate volume of stable resources is kept together with a diversified wholesale financing structure to limit the weight of short-term financing, ensure access to several markets, optimize financing costs and preserve a buffer of liquid assets for the bank to be able to overcome a survival period in stress scenarios.

Management and monitoring of the liquidity risk is carried out comprehensively based on a two-pronged 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 the Financial Management Unit, which 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.

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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. Both 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 actions to address liquidity and financing aspects. At the local level, the SBS has also implemented a monitoring of the liquidity coverage ratio, following the general guidelines of the Basel Committee, 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.

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The distribution by terms of assets and liabilities at September 30, 2022 and December 31, 2021 is shown 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	No contractual maturity	TOTAL
<b>2022</b>									
<b>Assets</b>									
Cash and due from banks	12,691,612	939,214	241,472	342,822	4,767,571	6	-	-	18,982,697
Interbank funds	627,814	-	-	-	-	-	-	-	627,814
Investments at fair value through profit or loss	3,815,953	-	-	-	-	-	-	-	3,815,953
Available-for-sale investments	5,905,157	18,855	68,229	25,054	1,013,733	331,164	-	-	7,362,192
Loan portfolio	7,103,723	9,258,342	7,310,640	8,888,054	27,758,751	10,785,512	3,101,441	-	74,206,463
Derivatives held for trading	81,219	120,952	159,292	214,120	180,885	1,028,643	-	-	1,785,111
Hedging derivatives	-	-	1,094	1,838	-	-	-	-	2,932
	<b>30,225,478</b>	<b>10,337,363</b>	<b>7,780,727</b>	<b>9,471,888</b>	<b>33,720,940</b>	<b>12,145,325</b>	<b>3,101,441</b>	-	<b>106,783,162</b>
<b>Liabilities</b>									
Obligations with the public	10,166,898	8,703,509	3,074,737	2,867,965	45,798,717	110,000	-	-	70,721,826
Demand deposits	3,346,785	2,450,875	-	-	19,277,514	-	-	-	25,075,174
Savings	1,970,085	1,416,959	-	-	23,349,488	-	-	-	26,736,532
Term	4,604,878	4,835,675	3,074,737	2,867,965	3,171,715	110,000	-	-	18,664,970
Other	245,150	-	-	-	-	-	-	-	245,150
Interbank deposits	-	-	-	-	-	-	-	-	-
Deposits from financial system entities	675,928	116,580	136,107	32,473	259,561	50,000	-	-	1,270,649
Borrowings and financial obligations	265,375	713,540	15,817	345,021	624,118	3,061,020	-	-	5,024,891
Trading derivatives	752,774	151,936	196,508	197,625	184,730	166,209	-	-	1,649,782
Hedging derivatives	-	-	1,457	2,635	89,524	964	-	-	94,580
Accounts payable	2,363,124	849,046	1,301,097	1,920,192	7,275,088	514	-	-	13,709,061
Other liabilities	2,077,866	-	-	-	-	-	-	-	2,077,866
	<b>16,301,965</b>	<b>10,534,611</b>	<b>4,725,723</b>	<b>5,365,911</b>	<b>54,231,738</b>	<b>3,388,707</b>	-	-	<b>94,548,655</b>



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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	No contractual maturity	TOTAL
<b>2021</b>									
<b>Assets</b>									
Cash and due from banks	14,549,520	164,513	46,374	67,296	1,467,323	-	-	-	16,295,026
Investments at fair value through profit or loss	4,129,581	-	-	-	-	-	-	-	4,129,581
Available-for-sale investments	4,131,160	43,335	2,607	847,007	307,755	299,166	-	-	5,631,030
Loan portfolio	6,546,559	8,206,497	7,745,944	8,290,753	26,861,395	14,119,761	2,778,677	-	74,549,586
Derivatives held for trading	41,085	192,642	262,774	238,881	356,740	675,610	-	-	1,767,732
Hedging derivatives	-	-	235	53,319	22,251	-	-	-	75,805
	<b>29,397,905</b>	<b>8,606,987</b>	<b>8,057,934</b>	<b>9,497,256</b>	<b>29,015,464</b>	<b>15,094,537</b>	<b>2,778,677</b>	-	<b>102,448,760</b>
<b>Liabilities</b>									
Obligations with the public	7,213,661	5,487,526	1,272,887	2,055,379	47,075,335	-	-	-	63,104,788
Demand deposits	2,476,778	1,812,755	-	-	20,597,504	-	-	-	24,887,037
Savings	2,508,338	1,759,651	-	-	24,225,054	-	-	-	28,493,043
Term	2,137,060	1,915,120	1,272,887	2,055,379	2,252,777	-	-	-	9,633,223
Other	91,485	-	-	-	-	-	-	-	91,485
Deposits from financial system entities	400,186	125,564	69,208	125,057	114,226	-	-	-	834,241
Borrowings and financial obligations	54,708	77,108	428,670	2,507,707	1,766,927	2,154,554	-	-	6,989,674
Trading derivatives	127,439	123,859	231,400	107,251	475,044	507,027	-	-	1,572,020
Hedging derivatives	-	-	1,565	3,391	30,103	-	-	-	35,059
Accounts payable	1,860,721	648,460	969,896	2,451,469	10,608,108	617,881	-	-	17,156,535
Other liabilities	607,087	-	-	-	-	-	-	-	607,087
	<b>10,263,802</b>	<b>6,462,517</b>	<b>2,973,626</b>	<b>7,250,254</b>	<b>60,069,743</b>	<b>3,279,462</b>	-	-	<b>90,299,404</b>

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### ***Operational risk***

The Bank 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 the methodologies and 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 tool called Integral Framework for Operational Risk Management (“Marco Integral para la Gestión del Riesgo Operacional” MIGRO) enables the teams to record the operational risks identified by associating them with a taxonomy of processes and their quantification, as well as recording the periodic assessment of the controls associated with critical risks. Given that risks and controls were continually updated, the operational risk management model continued to operate effectively over 2021.

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

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 September 30, 2022 was S/ 645 million (S/ 602 million at December 31, 2021) and under the basic indicator method, the requirement for EDPYME at December 31, 2021 was S/ 2 million.

## **26. Fair Value**

The methodology applied in determining the fair value has not changed in relation with that disclosed in the 2021 annual audited consolidated financial statements.

### **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 constitutes the carrying amount for loans and deposits; at September 30, 2022 and December 31, 2021, the carrying amounts and fair values of the financial assets and liabilities of the Bank are as follows:

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<i>In thousands of Peruvian soles</i>	<b>Carrying amount</b>		<b>Fair value</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Assets</b>				
Cash and due from banks	18,982,697	16,295,026	18,982,697	16,295,026
Interbank funds	627,814	-	627,814	-
Investments at fair value through profit or loss and available-for-sale investments	11,178,145	9,760,611	11,178,145	9,760,611
Loan portfolio	70,027,668	70,433,581	70,027,668	70,433,581
Trading derivatives	1,785,111	1,767,732	1,785,111	1,767,732
Hedging derivatives	2,932	75,805	2,932	75,805
Accounts receivable	13,414	29,401	13,414	29,401
Other assets	1,324,083	690,886	1,324,083	690,886
<b>Total</b>	<b>103,941,864</b>	<b>99,053,042</b>	<b>103,941,864</b>	<b>99,053,042</b>
<b>Liabilities</b>				
Obligations with the public and deposits of financial system entities	71,992,475	63,939,029	71,992,475	63,939,029
Interbank funds	-	-	-	-
Borrowings and financial obligations	5,024,891	6,989,674	4,952,430	7,034,614
Trading derivatives	1,649,782	1,572,020	1,649,782	1,572,020
Hedging derivatives	94,580	35,059	94,580	35,059
Accounts payable	13,709,061	17,156,535	13,709,061	17,156,535
<b>Total</b>	<b>92,470,789</b>	<b>89,692,317</b>	<b>92,398,328</b>	<b>89,737,257</b>

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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**

	2022				2021			
	Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
<i>In thousands of Peruvian soles</i>								
<b>Assets</b>								
<b>Investments at fair value through profit or loss</b>								
Equity instruments	-	-	-	-	-	-	-	-
Debt instruments	3,815,953	214,358	3,601,595	-	4,129,581	204,934	3,924,647	-
<b>Available-for-sale investments</b>								
Equity instruments	28,872	28,872	-	-	62,735	62,735	-	-
Debt instruments	7,336,462	2,780,510	4,555,952	-	5,567,172	1,389,913	4,177,259	-
Trading derivatives	1,785,111	-	1,785,111	-	1,767,732	-	1,767,732	-
Hedging derivatives	2,932	-	2,932	-	75,805	-	75,805	-
	<b>12,969,330</b>	<b>3,023,740</b>	<b>9,945,590</b>	-	<b>11,603,025</b>	<b>1,657,582</b>	<b>9,945,443</b>	-
<b>Liabilities</b>								
Borrowings and financial obligations	1,123,220	-	1,123,220	-	3,251,564	-	3,251,564	-
Derivatives held for trading	1,649,782	-	1,649,782	-	1,572,020	-	1,572,020	-
Hedging derivatives	94,580	-	94,580	-	35,059	-	35,059	-
	<b>2,867,582</b>	-	<b>2,867,582</b>	-	<b>4,858,643</b>	-	<b>4,858,643</b>	-

**BANCO BBVA PERU AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements

At September 30, 2022 and December, 31 2021

**27. Subsequent events**

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