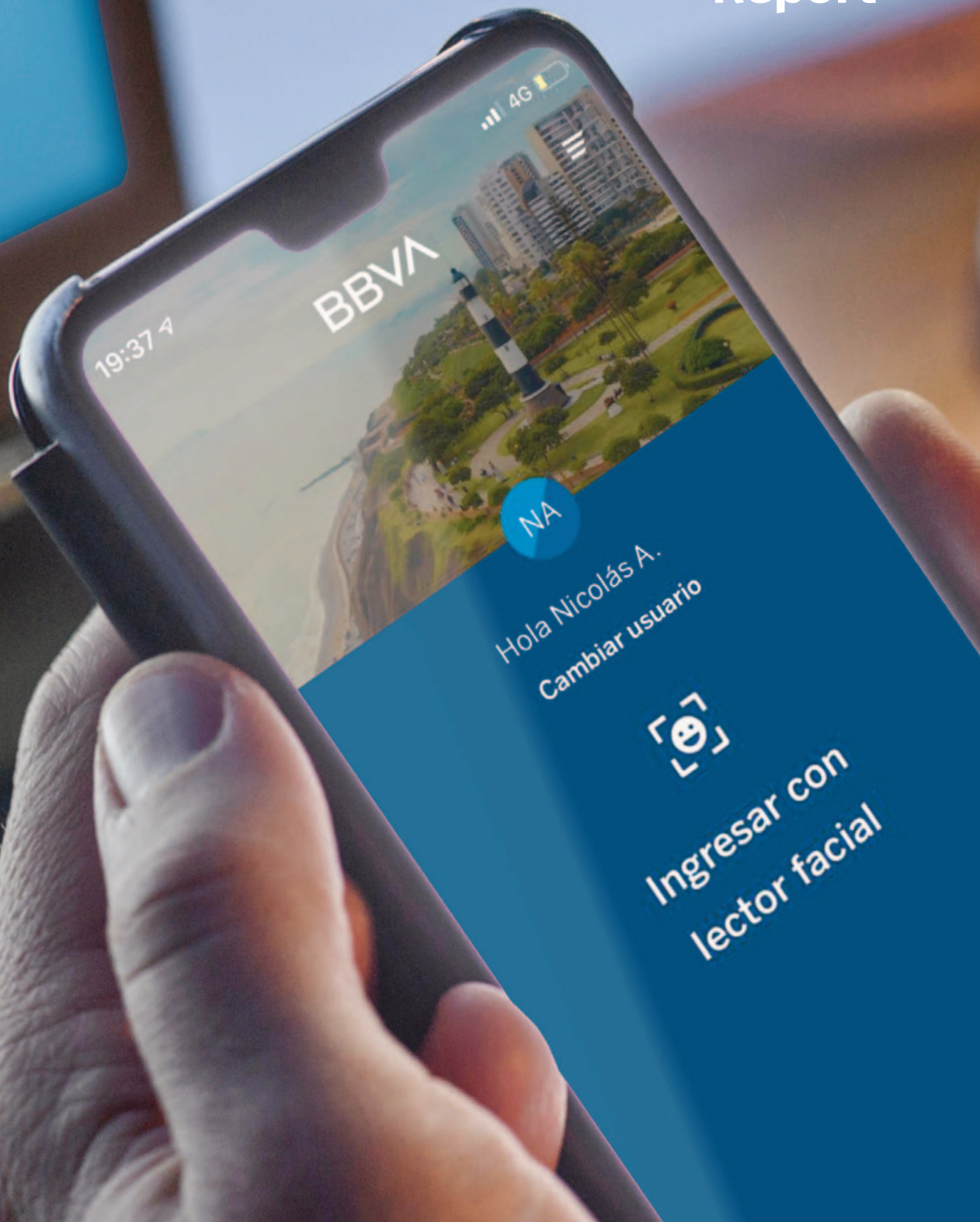


**BBVA**

Creating Opportunities

# Annual Report **2020**

Integrated  
Report



# Annual Report 2020

## Integrated Report

### Declaration of responsibility

This document contains truthful and sufficient information regarding BBVA's business during 2020. Without prejudice to the responsibility of the issuer, the signatories are responsible for its content, per the applicable legal provisions.

Lima, March 24th, 2021

### People responsible for its preparation



**Ignacio Fernández Palomero**  
Deputy General Manager – Finance



**Carlos Loo Pun**  
General Accountant



**Raúl Roca Kohler**  
Legal Services Manager-Corporate Commercial - Stock Market Representative

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# 1. BBVA in brief

---

**53%/47%**

women/men on payroll

---

**7,734**

private shareholders  
received  
S/ 534,050,894.30 for  
cash remuneration

---

**73,714**

private clients with  
rescheduled loans without  
interest due to covid-19  
for a total of S/ 1,649 MM

---

**1,245**

million soles in taxes  
accrued and collected by  
BBVA's activity

---

**11,483**

million soles of financing  
granted to SMEs

---

**1,891**

people who have  
participated in financial  
education programs

---

**137,000**

affiliates accumulated in  
BIM with BBVA as issuer

---

**55,595**

SMEs supported or  
financed by BBVA

---

**735,615**

new people banked in  
2020

---

**3,438,728.92**

of soles allocated to BBVA  
Foundation programs

---

**6,365**

beneficiaries of the  
integration scholarship  
program

## 2. Letter from the President

GRI 102-14

Dear shareholders:

Peru and the world faced in 2020 a health, economic and social crisis that cost the lives of more than 1.8 million people, modified the habits of social behavior, and put the resistance of entire societies to the test.

Faced with an unforeseen event of such magnitude, the role of the companies was decisive in helping to contain the crisis. BBVA Peru took a step forward and became one of the first financial institutions to propose a support plan for its clients, which resulted in the rescheduling of more than 287 thousand loans for an amount of 19,311 million soles and a special credit line of 2,500 million soles aimed at the SME sector.

Likewise, the Bank actively participated in public financing programs and granted, within Reactiva Peru, more than 39,121 credits for an amount greater than 14,931 million soles, which allowed thousands of companies to maintain their payment chains and preserve the employment of its employees.

In very challenging circumstances, we put all our human, technological and physical infrastructure at the disposal of the country, without neglecting the health of clients, employees, and all Peruvians at any time.

Our quick and effective response evidenced the success of the digital transformation strategy, to the point that not only more than 80% of the over 5 thousand Bank employees were able to work from home without losing closeness to the customer, but also the digital customer service channels companies achieved, without incident, an operations growth of more than 70% compared to 2019.

These digital capabilities were crucial in the most difficult moments of the pandemic, as demonstrated by the launch of a 100% digital account and a new app, GloMo (Global Mobile), which enhances the user experience by incorporating facial biometrics and new functionalities, and the development of financial products such as Zero and Fixed Fee cards, focused on meeting the new demands of the local market.

In the area of social responsibility and sustainability, the BBVA Group, as a member of the United Nations Global Compact for more than a decade, once again promoted the Sustainable Development Goals (SDGs) with an emphasis on financial inclusion, the promotion of equitable education, diversity, gender equality and the preservation of the environment.

In summary, I am pleased to highlight that, despite the complexity of 2020, we are in a stable position of financial strength to face the future and continue to generate value for our shareholders, whom I thank for their trust and permanent support under all circumstances.



**Alex Fort Brescia**

Chairman  
BBVA Peru

**I am pleased to highlight that, despite the complexity of 2020, we are in a stable position of financial strength to face the future and continue to generate value for our shareholders, whom I thank for their trust and permanent support under all circumstances.**



### 3. Letter from the CEO

GRI 102-14

Dear shareholders:

As we all experienced, 2020 was marked by the global covid-19 pandemic, and BBVA Peru's efforts were aimed at protecting the health of not only of its clients and employees but of society as a whole. During the health emergency, our teams provided an essential service throughout the country and, from the beginning, we implemented a series of measures to alleviate the financial burden of the client through rescheduling and deferral of obligations.

Along these lines of action, we facilitated access to financing for thousands of companies and SMEs through our credit lines and public guarantee programs, to maintain the payment chain and safeguard as many jobs as possible.

However, amid the uncertainty and volatility of an unprecedented situation - which compressed the GDP by more than two digits and has affected banks' balance sheets - BBVA attributes, such as its strategy, purpose, and values were consolidated and strengthened, to the point of placing ourselves in a position of digital, financial and organizational strength for the future.

The Bank's advances in digital transformation played a fundamental role in the crisis and allowed it to be closer to customers, by offering them innovative solutions such as a 100% digital account or the new GloMo app, which incorporates facial recognition to authorize operations. Hence, the use of digital channels, both the mobile application and internet banking, will increase by more than 70% in 2020, an acceleration that is a trend and is estimated to continue in the short term.

Another digital strength of BBVA Peru was the ability of its teams to, since the beginning of the crisis, implement remote work and provide financial advice to clients through virtual platforms and tools, at the same time that we were able to increase our market share in consumer loans and credit cards, two key retail banking products.

Likewise, BBVA directed its efforts to promote the internal cultural transformation to strengthen simpler and faster structures, which in turn allow it to adapt to the new environment and face not only present challenges but future ones because social change and technological development do not stop.

Lastly, I want to recognize that the achievements of BBVA Peru in 2020 would not have been possible without the commitment and effort of the over 5 thousand employees that constitute the organization, as well as the decisive support of you, its shareholders, who commit us to continue offering the best of our personal and professional capacities for the benefit of clients and the most sustainable and inclusive growth of the country.



**Fernando Eguiluz Lozano**  
Gerente General  
BBVA Peru

**BBVA directed its efforts to promote the internal cultural transformation to strengthen simpler and faster structures, which in turn allow it to adapt to the new environment and face not only present challenges but future ones because social change and technological development do not stop.**

# Board of Directors



**Alex Fort Brescia**

Chairman



**Pedro Brescia Moreyra**

Deputy Chair



**Ignacio Lacasta Casado**

Second Deputy Chair



**Fernando Eguiluz Lozano**

Chief Executive Officer



**Mario Brescia Moreyra**

Director



**Fortunato Brescia Moreyra**

Director



**Rafael Varela Martínez**

Director



**José Ignacio Merino Martín**

Director



**José Carlos López Álvarez**

Director



**Ismael Benavides Ferreyros**

Independent Director



**José Manuel Rodríguez-Novás Sánchez-Diezma**

Independent Director



# Managing Committee



**Fernando Eguiluz Lozano**  
Chief Executive Officer



**Frank Erick Babarczy Rodríguez**  
Deputy General Manager  
Corporate & Investment Banking



**Sandra Bianco Roa**  
Deputy General Manager  
Talent & Culture



**Luis Morales Espinoza**  
Deputy General Manager  
Client Solutions



**Gustavo Delgado-Aparicio Labarthe**  
Deputy General Manager  
Commercial and Corporate Banking



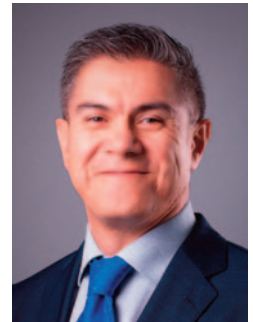
**Ignacio Fernández-Palomero Morales**  
Deputy General Manager  
Finance



**Marco Antonio Galdo Marín**  
Deputy General Manager  
Retail Banking



**Ruth Anabelí González Velapatiño**  
Deputy General Manager  
Legal



**Enrique Medina García**  
Deputy General Manager  
Transformation and Data



**Guadalupe Pérez Suárez**  
Deputy General Manager  
Engineering



**Vicente Puig Payá**  
Deputy General Manager  
Risks



**Walter Borra Núñez\***  
Chief Audit

\*Attends the Managing Committee as a guest.

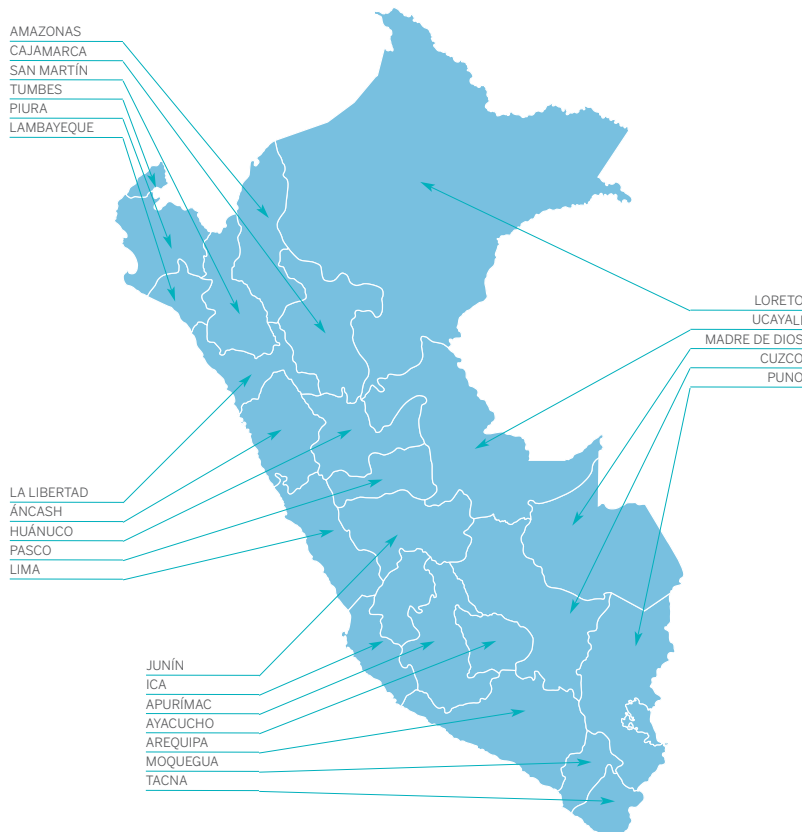
# 4. About BBVA

Banco BBVA Peru is a solid financial institution of great national and international prestige belonging to the BBVA Group, whose main shareholders are BBVA Peru Holding S. A. C. and Holding Continental S. A., each of which owns 46.12% of the Bank's shares. It is authorized to operate by the Superintendency of Banking, Insurance and AFP (pensions) (SBS by its Spanish acronym), under Law N° 26702, General Law of the Financial System and the Insurance and Organic System of the SBS, which establishes the regulatory and supervisory framework for the companies that operate in the financial and insurance system submit. It carries out its activities through a network distributed throughout the country and its headquarters are located at Av. Republica de Panama 3055, district of San Isidro, city of Lima, capital of Peru. The Bank is a public limited company incorporated in 1951, with RUC number 20100130204.

GRI 102-1, 102-2, 102-3, 102-4, 102-5, 102-7, 207-4

## 4.1. Impact data

GRI 102-6



**S/107,384**

million in assets

**6,869,787**

clients

**23**

regions

**321**

offices

**1,933**

ATMs

**5,974**

employees

## Key indicators of Responsible Business

GRI 102-7, 102-8, 201-1, 202-2, 401-1, 405-1	2020	2019	2018	2017
<b>Economic</b>				
Economic value generated (millions of S/)	4,644	4,904	4,496	4,168
Economic value distributed (millions of S/)	1,902	2,262	2,070	1,964
Retained economic value (millions of S/)	2,742	2,642	2,426	2,204
<b>Social</b>				
<b>Community</b>				
Investment in social programs (S/)	4,068,711.47	4,320,757.75	4,219,870.52	4,447,233.66
Profit attributed to the Group dedicated to social programs (%)	0.62	0.27	0.29	0.32
Number of people benefited by the financial education program	1,891	1,219	1,479	498
Number of people benefited by the Leer es estar adelante program	6,365	6,642	5,715	14,474
Indirect beneficiaries	25,900	27,084	31,704	57,896
<b>Human capital</b>				
Employees <sup>(*)</sup>	5,974	6,180	6,008	5,666
Employees' gender diversity (women/total payroll,%)	53	52	52	52
Management team	92	87	87	87
Management team's gender diversity(women/total payroll,%)	33	30	30	31
Average age (years)	35	35	34	35
Job stability (% permanent employment)	84.00	81.83	81.10	80.00
Turnover	12	18.30	21.00	18.20
Net jobs created	696	880	891	870
Labor seniority (years)	9.10	9	9.10	9.20
Training hours per employee	52.81	50.9	44.00	53.96
Participants in volunteer initiatives who are BBVA employees	73	270	341	100
<b>Environmental</b>				
CO <sub>2</sub> emissions per person (T)	1.0	1.52	1.66	1.88
Paper consumption per person (Kg)	35.71	45.27	43.94	50.52
Water consumption per person (m3)	26.06	24.24	24.25	25.18
Electricity consumption per person (MWh)	4.68	4.71	5.00	6.25
People working in certified buildings (%)	41.08	42.26	39.66	35.00
<b>Corporate governance</b>				
<b>Data (number)</b>				
Directors	9	9	9	8
Independent directors	2	2	2	1
Managing Committee	11	11	10	10
Committee meetings	14	12	12	12
Gender diversity in the Committee (women/total directors,%) <sup>1</sup>	14	30	20	22

(\*) The data corresponds to BBVA payroll.

<sup>1</sup> For the calculation of Gender Diversity in the Committee, the Board of Directors and Managing Committee are considered.

**BBVA's relevant data** In millions of soles and percentage

GRI 102-7	2020	2019	2018	2017	Var.	Var. %
<b>Financial statements</b>						
Total assets	107,384	81,722	74,979	76,591	25,662	31.4%
Loan portfolio <sup>1</sup>	66,447	56,209	51,866	49,892	10,238	18.2%
Obligations to the public	70,813	54,660	48,946	47,402	16,153	29.6%
Net worth	9,376	9,188	8,359	7,660	188	2.0%
<b>Income statements</b>						
Gross financial margin	3,204	3,373	3,119	2,870	-169	-5.0%
Net financial margin	1,481	2,623	2,386	2,331	-1,142	-43.6%
Net financial services income	777	787	782	765	-10	-1.3%
Results from financial operations	687	727	613	587	-40	-5.5%
Operating margin	2,945	4,137	3,780	3,683	-1,192	-28.8%
Administration expenses	1,677	1,650	1,520	1,468	27	1.7%
Profit before income tax	879	2,222	2,026	1,883	-1,343	-60.4%
Net profit	655	1,610	1,476	1,387	-955	-59.3%
<b>Portfolio quality</b>						
NPL ratio <sup>2</sup>	3.22%	3.02%	2.94%	2.68%	20 pbs	—
Non-performing portfolio coverage ratio <sup>3</sup>	192.88%	161.84%	153.58%	168.49%	3,104 pbs	—
<b>Liquidity</b>						
Available funds/ Total deposits <sup>4</sup>	34.48%	26.32%	25.11%	31.01%	816 pbs	—
Net loan portfolio/Total deposits <sup>4</sup>	91.90%	99.98%	100.81%	101.05%	-808 pbs	—
<b>Productivity</b>						
Total assets/ N° of personnel (millions of S/)	16.39	12.89	12.16	13.18	—	27.2%
<b>Capital ratios</b>						
Overall capital ratio <sup>5</sup>	13.68%	14.05%	14.95%	14.20%	-37 pbs	—
<b>Profitability and efficiency indices</b>						
ROE <sup>6</sup>	7.04%	18.78%	18.98%	19.52%	-1174 pbs	—
ROA <sup>7</sup>	0.68%	2.00%	1.97%	1.83%	-132 pbs	—
Efficiency ratio <sup>8</sup>	40.42%	37.71%	37.46%	37.89%	271 pbs	—
<b>Market share</b>						
Current placements	21.53%	20.40%	19.98%	21.11%	113 pbs	—
Total deposits	21.62%	21.04%	20.81%	21.21%	58 pbs	—
<b>Other data</b>						
Structural payroll	6,551	6,342	6,164	5,811	209	3.3%
<b>Total Commercial Network</b>						
Commercial Banking Offices	321	329	329	329	-8	-2.4%
Business Banking Offices	23	20	20	20	3	15.0%
Corporate Banking Offices	1	1	1	1	0	0.0%
Institutional Banking Office	1	1	1	1	0	0.0%
Premium Banking Offices	3	3	3	3	0	0.0%
ATMs	1,933	1,969	1,970	1,968	-36	-1.8%

1 Net of Provisions.

2 Overdue portfolio/gross loans.

3 Provisions/overdue portfolio.

4 Obligations with the public and deposits of the financial system.

5 Cash equity/risk-weighted assets

6 Annualized net income/average equity.

7 Annualized net profit/average asset.

8 Operating expenses/total financial margin.

Includes branches abroad

Source: Superintendency of the Securities Market/Superintendency of Banking, Insurance, and AFP (pensions).

**Business volumes** In millions of soles

	2020	2019	2018	2017	Var.
Loan portfolio	66,447	56,209	51,866	49,892	18.2%
Obligations to the public	70,813	54,660	48,946	47,403	29.6%

Source: Superintendency of the Securities Market

**Economic Value Added (EVA): Detail by stakeholders** In millions of soles

	Value indicator	Dec-20	Dec-19	Dec-18
Shareholders	Dividends	563	812	763
	Price	2.17	3.43	3.90
Employees	Personnel and directory expenses <sup>1</sup>	734	718	642
	Employee participation <sup>2</sup>	114	134	113
Customers	Loan portfolio	66,447	56,209	51,866
	Obligations to the public	70,813	54,660	48,946
Suppliers	Expenses for services and others <sup>3</sup>	830	798	765
Society	Income tax	224	612	550

<sup>1</sup> Does not include employee participation.

According to the latest SBS regulations effective as of 01.01.211, the participation of employees is included in administrative expenses (personnel expenses item).

<sup>2</sup> Dividends, participations, and remunerations payable. Source: Notes to the FS - SMV  
Calculated following the GRI SPI model. [www.spfinance.com](http://www.spfinance.com)

<sup>3</sup> Includes expenses for services received from third parties and taxes and contributions. Source: Notes to the FS - SMV  
Calculated following the GRI SPI model. [www.spfinance.com](http://www.spfinance.com)

Source: Superintendency of the Securities Market - SMV

**Economic value generated and distributed** In millions of soles

	Dec-20	Dec-19	Dec-18
<b>Economic value generated (EVG)</b>			
1 Gross financial margin	3,204	3,373	3,119
2 Net commissions	777	787	782
3 Result from financial operations (ROF)	687	727	612
4 Other income and expenses	-25	16	-18
<b>Total (1 + 2 + 3 + 4)</b>	<b>4,644</b>	<b>4,904</b>	<b>4,496</b>
<b>Distributed Economic Value (DEV)</b>			
1 Employee participation <sup>1</sup>	114	134	113
2 Income Tax	224	612	550
3 Personnel and directory expenses <sup>2</sup>	734	718	642
4 Expenses for services and others <sup>3</sup>	830	798	765
<b>Total (1 + 2 + 3 + 4)</b>	<b>1,902</b>	<b>2,262</b>	<b>2,070</b>
<b>Retained economic value (REV = EVG - DEV)</b>			
1 Net profit	655	1,610	1,476
2 Provisions and amortizations	2,087	1,032	950
<b>Total (1 + 2)</b>	<b>2,742</b>	<b>2,642</b>	<b>2,426</b>

<sup>1</sup> Dividends, participations, and remunerations payable. Source: Notes to the FS - SMV

<sup>2</sup> Does not include employee participation. According to the latest SBS regulations effective as of 01.01.2011, the participation of employees is included in administrative expenses (personnel expenses item).

<sup>3</sup> Includes expenses for services received from third parties and taxes and contributions. Source: Notes to the FS - SMV

Calculated following the GRI SPI model. [www.spfinance.com](http://www.spfinance.com)

Source: Superintendency of the Securities Market - SMV



## 4.2. BBVA's measures against covid-19

BBVA prioritized clients, employees, and society in its response to covid-19, especially since the containment measures to prevent the spread of the pandemic caused many people to see their economic income reduced. Thus, the Bank prepared various support measures that allowed more than 200,000 people to access the rescheduling of their financial obligations, without affecting their credit rating. At the end of December 2020, the Bank reprogrammed S/ 13,252MM in loans.

Throughout the state of emergency, BBVA made various measures available to the client that provided grace periods, such as payment deferral plans (from 30 to 90 days) and a three-month installment freeze. In parallel, a special credit line for SMEs was created, amounting to 2,500 million soles.

Also, the Bank made its network of offices available to the Government for the delivery of the social bonds that it provided in support of the population during the emergency, while actively participating in the Reactiva Peru programs, placing S/ 14,930MM and FAE-Mype, for which it granted more than 15,000 credits at the end of 2020.

**Throughout the state of emergency, BBVA made various measures available to the client that provided grace periods, such as payment deferral plans (from 30 to 90 days) and a three-month installment freeze.**

### New protocols for admission and credit rescheduling

- Reprogramming with and without interest in consumption, credit cards, cars, small and medium-sized companies.
- Reduction of fees for a maximum of 48 months and grace periods for SMEs, after evaluation.
- Request for rescheduling through Mobile Banking and Internet Banking.

Granting financial relief to our clients

### Other facilities

- Payment of social bonus through BBVA branches.
- Exemption of ATM fees from other banks.
- Withdrawal of CTS and up to 25% of the funds from the AFPs.
- BBVA offers loans from the Reactiva program with rates of around 1%.
- Convenience to perform any operation without leaving home.

In its commitment to the community, BBVA made donations and implemented the following social action programs:

### Biosafety plan

- Decrease of capacity in offices.
- Health kits for employees.
- Protection for the group considered vulnerable to covid-19.
- Home office for employees.

Assuring the well-being of employees

### Team recognition and reinforcement

- Full-time occupational physicians, psychologists, and coaching for team leaders.
- Recognition bonus for those who work in person (not remotely).
- Financial support (reprogramming and withdrawal of CTS).
- Special transportation for employees.

**Commercial Bank**  
Network commitment for more than 210 days of state of emergency

**Business Banking**  
Closeness with our clients advising and guiding them with government programs

**Remote staff**  
Over 2,300 employees working remotely

**Critical staff**  
Endeavor to keep critical services available at all times

En su compromiso con la comunidad, BBVA realizó donaciones e implementó los siguientes programas de acción social:

#### Donations

- Donation of personal protective equipment (PPE) for Minsa and Essalud.
- Food donation to vulnerable populations through the SEP.

#### Actions for the community

#### Social programs

- Alliance with Minedu for the inclusion of our methodology and educational tools in the Aprendo en casa portal.
- Use of virtual tools for the adaptation of our Leer es estar Adelante program (reading comprehension) and Your money, your friend (financial education).
- Continuity with cultural programs in new formats (Lima International Book Fair, PUCP Cultural Center, Hay Festival).

## 4.3. Environment

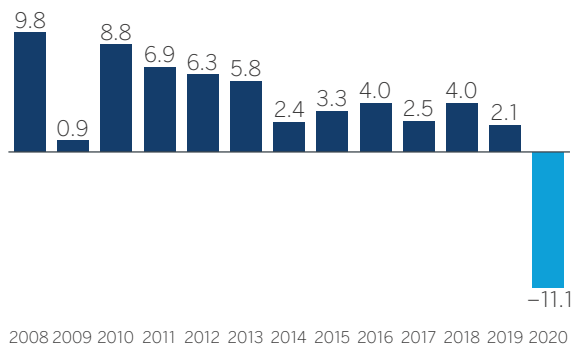
GRI 102-6

### Economic situation

The quarantine measures ordered by the Government to contain the spread of the coronavirus impacted economic activity with a drop of -11.1% in GDP (Gross Domestic Product). The decline was generalized by sector during the year. In the primary GDP, which groups together extractive and natural resource processing activities, the decline in Mining and Hydrocarbons stood out; while in non-primary GDP, more linked to domestic demand, the decline was even more pronounced, with sectors such as Commerce and Services with the most pronounced declines, in a context of slowdown in domestic demand.

**The quarantine measures ordered by the Government to contain the spread of the coronavirus impacted economic activity with a drop of -11.1% in GDP (Gross Domestic Product).**

#### Real GDP Interannual variation (%)



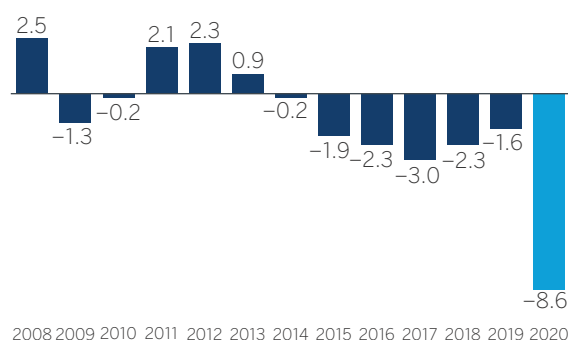
Source: Central Reserve Bank of Peru (BCRP)

Regarding spending, the moderation in the growth of domestic demand in 2020 is mainly explained by the decline in private consumption –in an environment of job destruction due to the confinement measures– and a gradual resumption of activities. For the same reason, a significant drop in private investment was observed. Regarding external factors, the decline in exports should be taken into account as a reflection of lower mining production and the reduction in global demand for other products, as well as because imports were affected by lower domestic consumption.

Concerning the public sector accounts, in 2020 the fiscal deficit increased to a level equivalent to 8.9% of GDP<sup>1</sup>. As a result, gross public debt was 35.0% of GDP<sup>2</sup>.

**The moderation in the growth of domestic demand in 2020 is mainly explained by the decline in private consumption –in an environment of job destruction due to the confinement measures– and a gradual resumption of activities.**

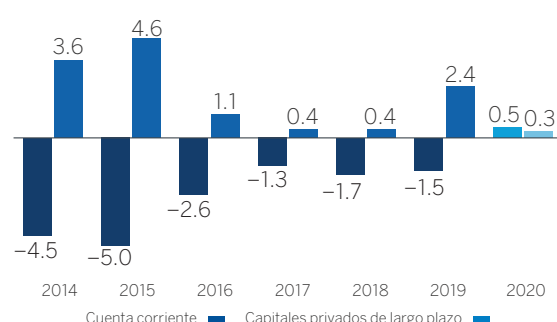
#### Economic result of the non-financial public sector Percentage of nominal GDP (%)



Source: Central Reserve Bank of Peru (BCRP)

On the external accounts side, there was a trade surplus that reached US\$ 7,750 million, which was nevertheless offset by the deficit in the balance of services (US\$ 4,091 million) and the net payment of profits, dividends and interest abroad (US\$ 6,688 million). Even so, the current account of the balance of payments closed 2020 with a surplus of 0.5% of GDP. On the other hand, the inflow of long-term capital directed to the private sector reached 0.3%<sup>3</sup> of the GDP.

#### Current account of the balance of payments and long-term external financing Percentage of nominal GDP (%)



Source: Central Reserve Bank of Peru (BCRP)

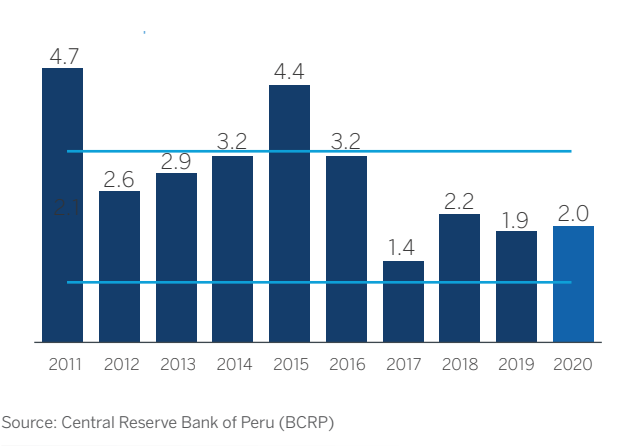
<sup>1</sup> BCRP, Weekly Note, table 122

<sup>2</sup> BCRP, Weekly Note, table 124

<sup>3</sup> BCRP, Weekly Note, table 107

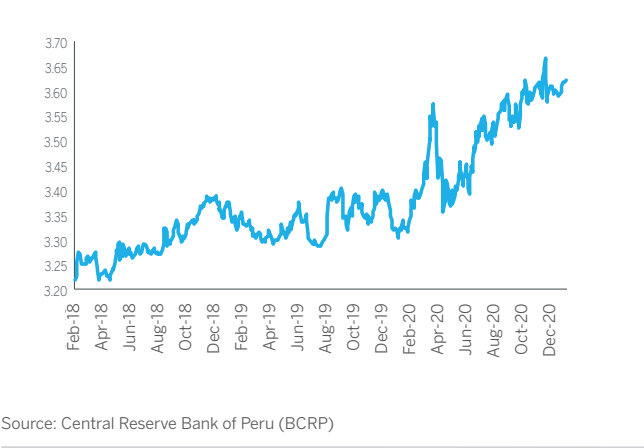
In 2020, inflation closed at 2.0%, in the center of the target range of the Central Reserve Bank of Peru (BCRP) (2%, +/- one percentage point). This occurred in the context of weak economic activity and low fuel prices, offset by the increase in the exchange rate and restrictions on the local supply of some foods.

**Consumer Price Index of Metropolitan Lima**  
Year-on-year percentage change



The Peruvian sol devalued and presented episodes of volatility fueled by external and internal factors. Among the former, the outflow of capital from emerging economies registered amid the uncertainty experienced at the beginning of the covid-19 pandemic stands out, while, among the latter, the tensions in the local political context that have occurred throughout the year. It is worth noting that the weakening of the local currency registered at the end of 2020, compared to the end of the previous year, occurred despite the strength of the country's macroeconomic indicators and the high trade surplus.

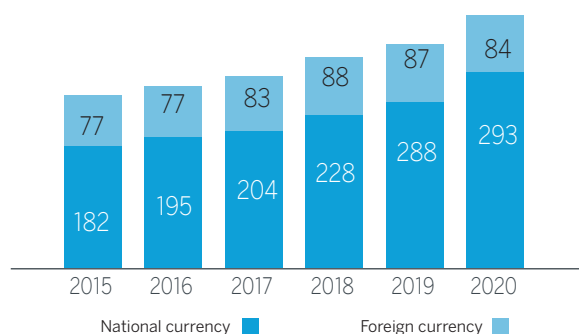
**Exchange rate**  
Interbank sale, end of period, soles per dollar



## Peruvian financial system

In 2020, loans from the financial system to the private sector grew by 17.2%<sup>4</sup> (6.2% the previous year), which is mainly explained by loans to companies, particularly to SMEs, in the context of the Reactiva Peru program, which auctioned resources for approximately S/ 55 billion. It is worth mentioning that the dollarization of loans was 21.4%<sup>5</sup> (26.0% at the end of 2019).

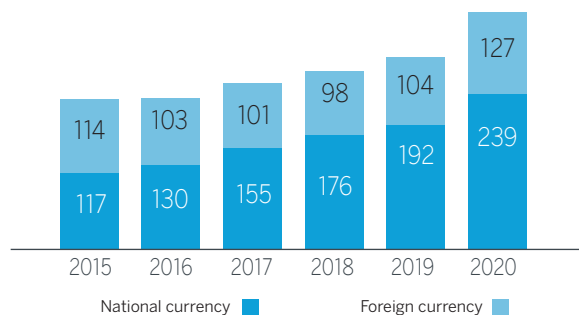
**Financial system credits** Balance valued in millions of soles, end of period



Source: Superintendency of Banking, Insurance, and AFP

The growth of deposits in the financial system improved during 2020, reaching 23.4% compared to 8.1% in 2019<sup>6</sup>. The dollarization of deposits fell, from 35.2% in 2019 to 34.6% at the end of 2020<sup>7</sup>. The considerable expansion of deposits is explained by the implementation of the Reactiva Peru program and the withdrawals of funds from the AFP (pensions).

**Financial system deposits** Balance valued in billions of soles, end of period



Source: Superintendency of Banking, Insurance, and AFP

On the other hand, the quality of the banking system's portfolio showed a decline, whereby the delinquency rate went from 3.02% in 2019 to 3.8%<sup>8</sup> in 2020.

Finally, the average profitability of banks, which is calculated by dividing the annualized net profit by the average equity (ROE), was located at 3.96%<sup>9</sup>, a level lower than that registered in 2019 (18.34%).

<sup>4</sup> Superintendency of Banking, Insurance and AFP (pensions).

<sup>5</sup> Superintendency of Banking, Insurance and AFP (pensions).

<sup>6</sup> Superintendency of Banking, Insurance and AFP (pensions).

<sup>7</sup> Superintendency of Banking, Insurance and AFP (pensions).

<sup>8</sup> Superintendency of Banking, Insurance and AFP (pensions).

<sup>9</sup> Superintendency of Banking, Insurance and AFP (pensions).



## Financial indicators of banking companies

Institution	Delinquency		Cost effectiveness	
	2019	2020	2019	2020
<b>BBVA Perú</b>	<b>3.02%</b>	<b>3.22%</b>	<b>18.78%</b>	<b>7.04%</b>
Banco de Comercio	2.54%	2.56%	10.79%	6.60%
Banco de Crédito	2.71%	3.20%	20.41%	4.47%
Banco Pichincha	4.03%	5.55%	6.47%	-1.94%
BIF	2.87%	3.18%	13.77%	5.03%
Scotiabank	3.50%	5.37%	15.83%	2.61%
Citibank	0.00%	0.00%	22.66%	14.84%
Interbank	2.62%	3.40%	21.84%	4.35%
Mibanco	5.42%	7.08%	20.63%	-1.71%
GNB	4.29%	3.89%	5.86%	0.64%
Falabella Bank	2.85%	4.69%	12.14%	-11.68%
Santander Bank	0.55%	8.93%	14.27%	14.32%
Ripley Bank	3.04%	11.65%	13.16%	-25.78%
Azteca Bank	8.99%	15.46%	-6.72%	-46.11%
Cencosud Bank	0.00%	0.00%	0.00%	0.00%
ICBC Bank	0.00%	0.00%	4.45%	8.53%
Bank of China	-	-	-	-2.04%
<b>Average of the banking system</b>	<b>3.02%</b>	<b>3.80%</b>	<b>18.34%</b>	<b>3.96%</b>

Source: Superintendency of Banking, Insurance, and AFP (pensions).

## 4.4. BBVA's purpose

BBVA's global purpose is to bring the age of opportunities to everyone. This means that the Bank bases its existence on its ability to generate opportunities that allow people to make their projects a reality in any personal or social sphere. In Peru, BBVA follows this conviction by providing its clients with access to opportunities aimed at achieving a full life.

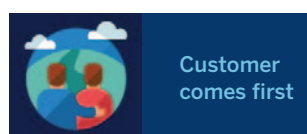
"Customer comes first", indicates the institution's first value, which is why it is the center of all the Bank's efforts, basing its actions on two additional principles: we are one team and we think big.

With these values as a platform, BBVA guides its actions towards customer satisfaction and works tirelessly to provide them with physical and digital service channels that seek excellence in service quality.

Certainly, BBVA understands that, beyond the business sphere, its actions have a social impact, which is why it extends its citizen commitment under strict criteria of sustainability and inclusive development.

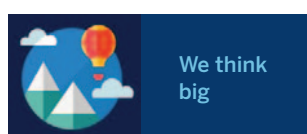
**BBVA guides its actions towards customer satisfaction and works tirelessly to provide them with physical and digital service channels that seek excellence in service quality.**

### Our purpose To bring the age of opportunity to everyone



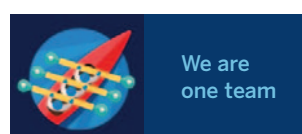
Improving client's financial health

Helping our clients transition towards a sustainable future



Reaching more clients

Driving operational Excellence



The best and most engaged team

Data and Technology

## 4.5. Organization chart and governance structure

The many achievements obtained by betting on innovation and the use of new agile ways of working to deliver innovative solutions to the client in record time have allowed the Bank to be a leader in digital transformation. The central areas of the Bank have migrated to the new agile organizational model, with multidisciplinary and empowered teams, integrating it into the next stage of the agile transformation, within a synchronized effort of the BBVA Group worldwide.

As a result of the change, the new organizational structure of the Bank is made up of the following areas:

**Internal Audit:** Performs an independent and objective evaluation of the risks related to business processes, the controls to mitigate them, and the related regulatory aspects.

**Corporate & Investment Banking:** Concentrates on the activities of investment banking, global markets, global loans, and transactional services for corporate clients and institutional investors. Provides its clients with a wide catalog of products and services with high added value.

**Client Solutions:** Creates opportunities that take the business to the time and place where the customer needs it, with differential solutions to revolutionize their experience; To ensure this, it designs, develops, innovates, and maintains products, services, and distribution channels.

**Commercial Bank:** Defines the relevant strategy in Retail Banking, Private Banking, and Business Centers, to ensure maximum performance in the evolution of the business and the balance of results.

**Business and Corporate Banking:** In charge of determining the strategy that safeguards the best solution in the progress of the business, as well as the balance of results in Business and Corporate Banking.

**Engineering:** Accompanies the different areas of Headquarters and Branch Network in the achievement of their objectives with solutions and technological supports, data processing and security measures.

**Talent & Culture:** With the focus on the employee, it leads the transformation of organizational change by ensuring the deployment of governance and relationship models, seeking the most appropriate spaces, and actively participating in the monitoring of new dynamics in work teams.

**Finance:** Its main objective is to achieve the efficiency and effectiveness of the organization's economic-financial resources, for which it makes use of management information systems, analysis tools, and investor relations.

**Risks:** Seeks to guarantee the solvency and sustainable development of operations through a single, independent and global corporate risk management model, which assesses risks and minimizes their impact on the expected results of the business.

**Juridical services:** Advises the supporting units on legal aspects and designs strategies focused on the defense of the BBVA Peru Group, to ensure compliance with regulations in aspects such as money laundering, customer protection, personal data, and the securities market.

**Transformation & Data:** With a client-centered vision, it designs processes that promote an increase in productivity and focus on the key activities of the banking business. It is also in charge of implementing the corporate data development roadmap in the country.

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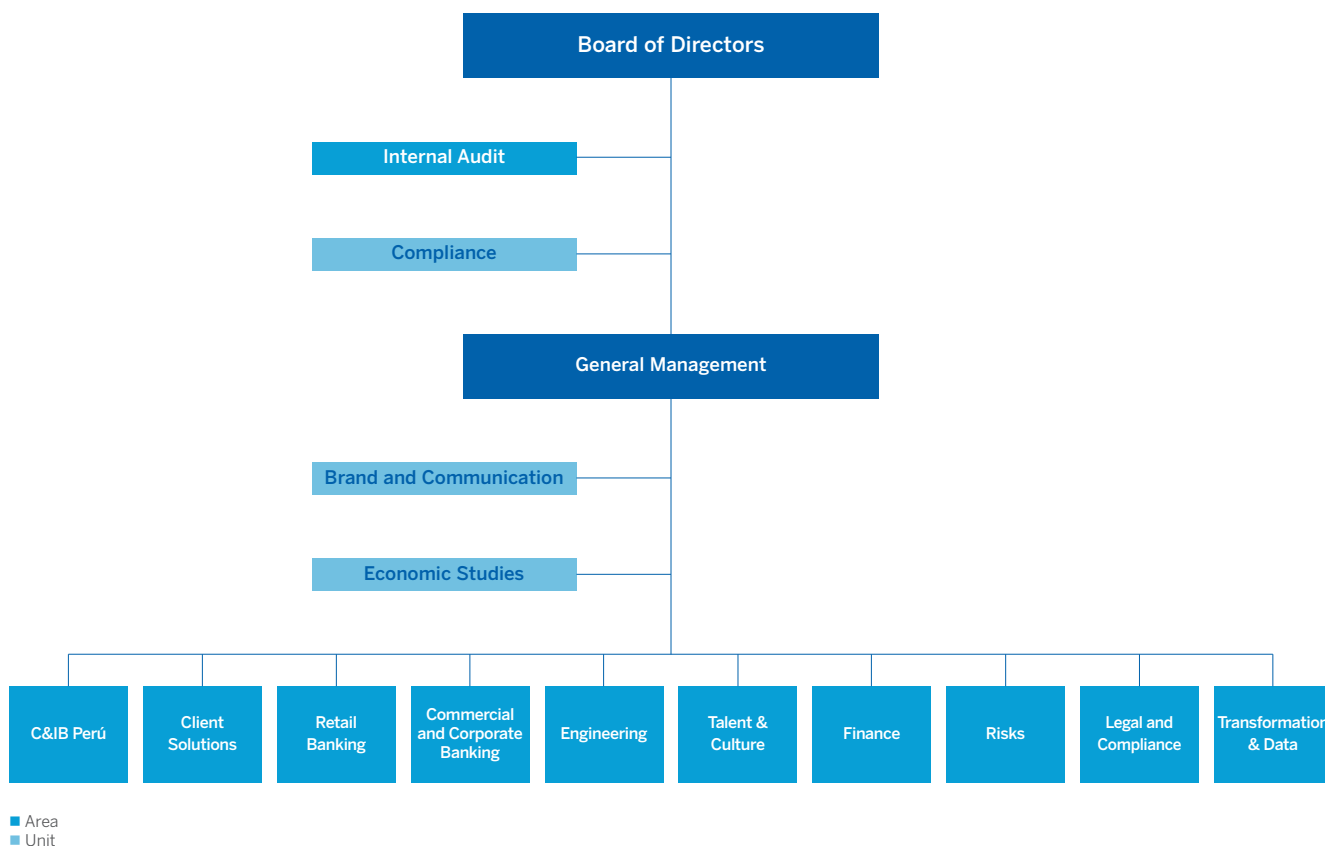
**The central areas of the Bank have migrated to the new agile organizational model, with multidisciplinary and empowered teams, integrating it into the next stage of the agile transformation, within a synchronized effort of the BBVA Group worldwide.**

On the other hand, the Bank has the following supporting units:

**Business Strategy:** Performs the general services management for the CEO's office. Supports the alignment of global and local strategies for projects and initiatives that have an impact on the bank.

**Brand and Communication:** Manages and promotes BBVA Peru Group's brand in different media and public spaces.

**BBVA Research:** Responsible for making projections, presentations, and reports that show the evolution of economic variables, which facilitates decision-making by management levels and business areas.



## 4.6. Engagement with initiatives

### International

GRI 102-12, 201-2

Compliance with the main international standards on corporate social responsibility (CSR), which the Responsible Business Committee has seen as appropriate and relevant, is specified in BBVA's adherence and engagement with the following commitments:

- Principles of Responsible Banking, promoted by the Financial Initiative of the United Nations Environment Program (UNEP FI) (Since 2019).
- Sustainable Development Goals (<https://www.undp.org/content/undp/es/home/sustainable-development-goals.html>). (Since 2018).
- United Nations Global Compact ([www.globalcompact.org](http://www.globalcompact.org)). (Since 2014).
- Finance Initiative of the United Nations Environment Program, UNEP-FI ([www.unepfi.org](http://www.unepfi.org)). (Since 1999).
- Equator Principles ([www.equator-principles.com](http://www.equator-principles.com)).
- United Nations Declaration of Human Rights ([www.un.org](http://www.un.org)).
- Labor regulations of the International Labor Organization ([www.ilo.org](http://www.ilo.org)).
- Carbon Disclosure Project ([www.cdproject.net](http://www.cdproject.net)). (Since 2004).

- Principles for Responsible Investment. ([www.unpri.org](http://www.unpri.org)). (Since 2004).
- Task Force on Climate-related Financial Disclosures (TCFD). <https://www.fsb-tcfd.org/>). (Since 2017).
- Principles for Responsible Investment. (Since 2008)
- Paris Agreement. (Since 2008).

## **Nationals**

### **GRI 102-13**

BBVA is subscribed to several national institutions and associations with which it implements a series of actions. In only one of them, the Chamber of Commerce of Spain in Peru, one of BBVA's directors is a member of its board of directors.

# 5. Non-financial information

## 5.1. Strategy and business model

### 5.1.1. BBVA's transformation

GRI 102-1, 102-14, 102-15, 103-1

In 2020, the foundations were set to execute the Strategic Plan that includes changes in the organizational structure, the beginning of the cultural transformation, and the continuous improvement of the agile organization model. Thus, the Transformation and Data Division was created, which brings together the offices of Transformation, Organization, Processes and Agile, and the management team was transformed with the incorporation of new talent in strategic positions, both at the level of the Management Committee and its direct reports. Likewise, in line with strategic priorities, changes were made to organizational structures in different Bank units.

Regarding cultural transformation, the CREO Movement was created throughout the Bank, to promote BBVA values and be a high-performance organization.

BBVA's strategy is made up of six strategic priorities:

#### 1. Improving client's financial health

As a priority, BBVA aspires to be the trusted financial partner for its clients in the management and control of their finances on a day-to-day basis and thus help them improve their financial health and achieve their goals. Undoubtedly, digitization plays a key role in today's world, which is why the Bank seeks to acquire the best digital platforms to help the client in this regard.

On the other hand, BBVA culture is customer-centric, so providing personalized advice based on the use of data and state-of-the-art artificial intelligence is the logical task. In that sense, in 2020 a new mobile application for people was launched, with functionalities that allow the client to better manage their finances.

#### 2. Helping our clients transition towards a sustainable future

Another of BBVA's main objectives is to promote and support its clients in the transition towards a sustainable future, which entails taking into account the implications that clients' projects and the Bank's strategy and commercial processes may have on climate change.

In 2020, BBVA Peru promoted green mortgage loans and strengthened its sustainable commitment to education and the State, signing an agreement with the Ministry of Education to promote the Leer es estar adelante program, which has served more than 6,000 children and trained more than 250 teachers in dozens of public schools.

**Regarding cultural transformation, the CREO Movement was created throughout the Bank, to promote BBVA values and be a high-performance organization.**



Also, the Bank registered in the Ministry of Environment's official Carbon Footprint tool, committing to the State's sustainable development agenda.

Likewise, BBVA has remodeled the dining at Headquarters with the criteria of the EDGE sustainable certification, which guarantees a substantial reduction in its impact on the use of energy and water, as well as on the energy accumulated in materials.

### 3. Reaching more clients

BBVA seeks to accelerate its growth to serve more customers in the different segments and with its various physical and digital channels. To achieve this, it builds a value offer of means of payments and increases the customer's relationship with a better value offer of its products.

Along those lines, the Bank simplified and improved the value offer of the credit card portfolio, launching two new products in 2020: the Zero Card and the Fixed Fee Card. Together with other financial service companies, it implemented PLIN, which provides the client with a new digital payment solution. Also, to provide a better offer with more personalized service, the segmentation of SMEs was redefined.

### 4. Driving operational excellence

The Bank is committed to a relationship model leveraged on digitization, with digitally available products and services to focus face-to-face attention on advice and higher-value operations. BBVA relies on an efficient and productive operating model, with automated and increasingly simple processes thanks to the use of new technologies.

In 2020, BBVA launched the new Digital GloMo application for 100% of digital clients and deployed new risk tools that improve the admission processes of retail clients. Likewise, it optimized processes in the branch network and at its Headquarters, which freed up its capacity in operational processes, which allowed it to invest more time with the client.

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**In 2020, BBVA launched the new Digital GloMo application for 100% of digital clients and deployed new risk tools that improve the admission processes of retail clients.**

### 5. The best and most engaged team

The team has always been, is, and will be a strategic priority for BBVA, which aspires to have its purpose and values at the center of the strategy and the day-to-day life of its employees. Thus, it seeks to attract and retain the best talent, for which it constantly improves the experience of employees on their journey and repositions the BBVA employer brand. Boosting employee engagement and performance, while ensuring that they live out the company's values is a distinct goal.

In line with these priorities, in 2020 the Bank deployed the CREO cultural movement as the main axis of its Cultural Transformation, renewed internal talent, and promoted the training and experience of employees through various business schools and internal training.

### 6. Data and technology

To accelerate transformation across the board, BBVA has Data and Technology enablers as catalysts for innovation, which drive transformation based on data and deliver high-quality solutions.

One purpose of the Bank is to accelerate the transformation of the business with the constant contribution of new technological capabilities that generate stability, robustness, and security in the systems. In compliance with this, in 2020 it enabled the secure Home Office and strengthened the Contact Center to ensure post-covid continuity. It also launched various Data Use Cases to improve productivity and free up employee time.

## 5.1.2. BBVA's values

GRI 102-16, 102-17

To identify the values, the BBVA Group developed an open process, in which the opinion of employees from all countries and units of the Group was considered. These values define BBVA's identity and are the pillars for making its purpose come true:

### Customer comes first

BBVA has always focused on the customer, but now it comes first, putting it before everything else. There is a holistic and not only financial view of the client, which means, among other things, working with empathy, agility, and integrity.

- **We are empathetic:** The Bank incorporates the customer's viewpoint from the outset, putting itself in their shoes to better understand their needs.
- **We have integrity:** Everything that the Bank does is legal, publishable, and morally acceptable to society.
- **We meet their needs:** The Bank is swift, agile, and responsive in resolving the problems and needs of the customers, overcoming any difficulties that are encountered.

### We think big

It is not just about innovating but about causing a significant impact on people's lives and that this leads them to improve their opportunities. The BBVA Group works with ambition in pursuit of this objective, it is open to questioning everything and is not satisfied with doing things reasonably well, but rather seeks excellence as a standard.

- **We are ambitious:** BBVA sets itself ambitious and motivational challenges to have a real impact on people's lives.
- **We break the mold:** The Bank questions everything it does to consider new ways of doing things, innovating, and testing new ideas which enable it to learn.
- **We amaze the customer:** The Group seeks excellence in everything it does to amaze its customers, creating unique experiences and solutions which exceed their expectations.

### We are one team

People are the most important thing in the Group. All employees are owners and co-managers of this project. They break the mold and trust others as well as themselves.

- **I am committed:** "I am committed to my role and my objectives and I feel empowered and fully responsible for achieving them, working with passion and enthusiasm."
- **I trust others:** "I trust others from the outset and I work generous, collaborating and breaking down silos between areas and hierarchical barriers."
- **I am BBVA:** "I feel ownership of BBVA, I take its objectives as my own and do everything in my power to achieve them and make our purpose a reality."

The Group, including its senior management, promotes global and local initiatives for the continuous implementation and homogeneous activation of BBVA values in all countries. In 2020, the new leadership traits - entrepreneurship, empowerment, and accountability - were deployed, which were presented through a global communication and training plan (leadership express) and integrated into the processes of the professional development model, for their promotion among employees.

During 2020, BBVA advanced in the positioning of its values and leadership traits through the CREO cultural movement, and under its umbrella, the third edition of the Global Values Day was held, this time it was implemented with online gamified activities on the BBVA Values platform, with the participation of 89,451 employees worldwide.

In Peru, workshops on values were organized that fostered the exchange of opinions and experiences on how values and behaviors aligned with strategic priorities are lived. Led by

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**People are the most important thing in the Group. All employees are owners and co-managers of this project. They break the mold and trust others as well as themselves.**

the agents of change of the CREO cultural movement, 2,162 virtual workshops were developed for 3,064 employees.

Likewise, Challenge 1 of the movement was deployed: I Create Ideas, an initiative that seeks to generate ideas for continuous improvement at all levels of the organization and invites employees to take them into action. At the end of the year, 1,272 generated ideas had been identified, several of which - such as the Bravo recognition platform or #LaHoraCampusBBVA - will become a reality in 2021.

### 5.1.3. Materiality analysis

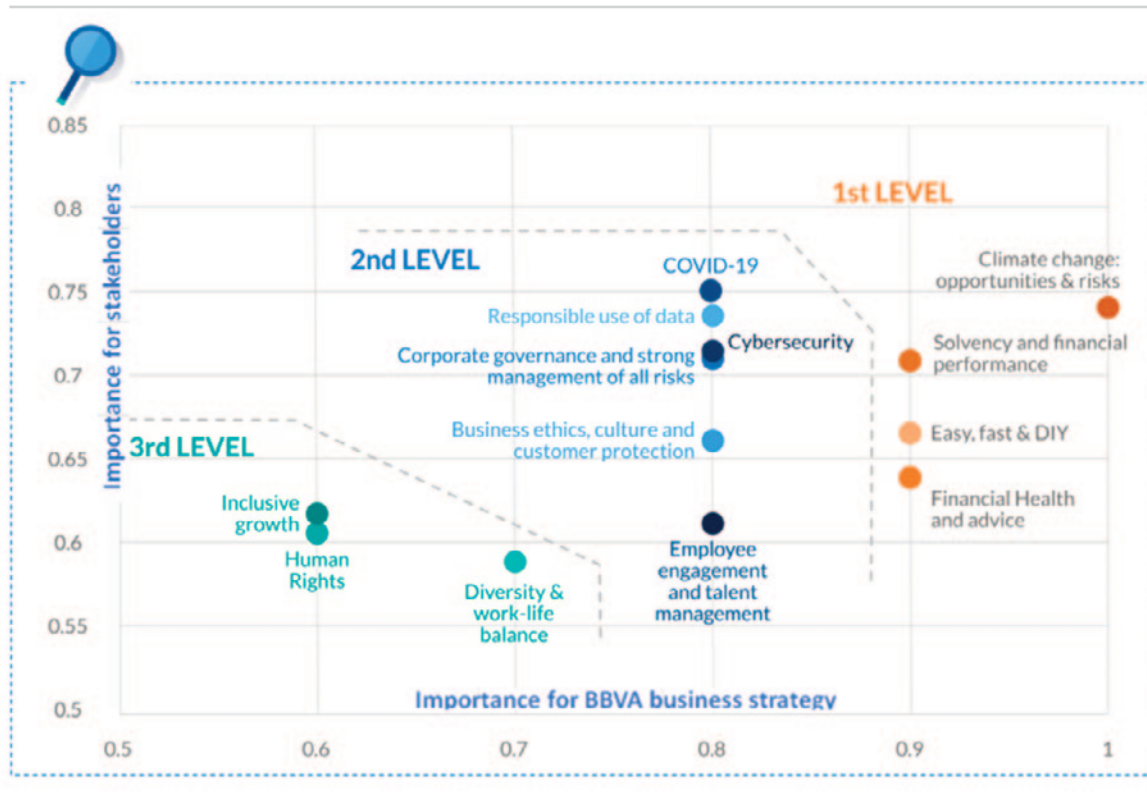
GRI 102-15, 102-21, 102-42, 102-43, 102-44, 102-46, 102-47, 103-1

The BBVA Group updated its materiality analysis in 2020 with which it intends to prioritize the most relevant issues for both its key stakeholders and the business. The materiality matrix is one of the sources that feed the Group's strategic planning and determines the priority aspects on which it must report. Such analysis integrates the perspective of Peru's stakeholders.

The phases of the materiality analysis were as follows:

1. **Identification of the material issues in 2020.** Based on the material issues of 2019 and the different tools of listening to the stakeholders managed by the Bank were reviewed, as well as the most recent trend studies. The process allowed updating the list, which counts as the main and inevitable novelty in the management of covid-19.
2. **Prioritization of issues based on their importance for stakeholders.** To know the priorities of some stakeholders (clients, employees, investors), interviews and ad-hoc surveys were implemented. For other stakeholders, Datamaran was used as a data analysis tool.
3. **Prioritization of issues based on their impact on BBVA's business strategy.** Since the most relevant issues for BBVA are those that help it optimize its strategy, an assessment was made of how each of them impacts the six Strategic Priorities.

The result of this analysis was the materiality matrix of Peru in 2020:



After the analysis, the four most relevant issues for BBVA in 2020 were:

**Climate change; opportunities and risks:** Stakeholders have climate change among their main concerns and they hope that BBVA will contribute to an ordered transition towards a low-emission economy, which will make it possible to stop it. This requires adequate management of risks and opportunities.

**Solvency and financial results:** The stakeholders expect BBVA to be a robust and solvent bank, thus contributing to the stability of the system. They also expect BBVA to be a bank with good results over time. That is, they demand a sustainable business model in the current context characterized by the continuous development of disruptive technologies and the consolidation of Big Tech as competitors. A more competitive environment, with more opportunities and also with more risks.

**Easy, fast and do it yourself (DIY):** The stakeholders expect BBVA to continue putting technology and digitalization at the service of customers and the business. Thus, it will be more agile and more simple for customers to operate with the Bank any time and from anywhere (mobile banking, fully digital contracting processes, etc.). Also, new technologies will allow BBVA for greater operational efficiency, generating value for shareholders.

**Financial health and personalized advice to customers:** The stakeholders expect the Bank to get to know its customers and, where appropriate, propose personalized solutions and recommendations to better manage their financial health and achieve their vital objectives, all this proactively.

## 5.1.4. Responsible Banking Model

GRI 102-16, 102-19, 102-20, 102-32, 102-33, 102-34, 103-1, 103-2

In 2019, the BBVA Group implemented a process of strategic reflection that allowed it to continue deepening its transformation and adapt to the major trends that are changing the world and the financial industry. Two of the main trends identified were the fight against climate change and the growing relevance of social inclusion.

In this context, the strategic plan approved by its Board of Directors in 2019 sought to accelerate this transformation and the achievement of its purpose "To bring the age of opportunity to everyone." This plan is made up of six strategic priorities, one of which is "helping our clients transition towards a sustainable future".

The BBVA Group's main action focuses on sustainability are: (i) climate change, and (ii) inclusive and sustainable social development; for which it has set priorities in both areas, inspired by the 2030 Agenda for Sustainable Development of the United Nations, with particular emphasis on the SDGs with the greatest impact.

### Sustainability priority axes

- Regarding climate change:
  - Energy efficiency.
  - Circular economy.
  - Reduction of carbon emissions.
- Regarding inclusive and sustainable social development:
  - Facilitate access to financial services for unbanked groups through basic digital solutions.
  - Promote inclusive infrastructures, including basic services and transport systems.
  - Support for entrepreneurs and promotion of economic growth and full and productive employment.

The Group will follow the following general principles of action in matters of sustainability:

- Support clients in their transition towards sustainable business models, acting as a lever that enhances said behaviors or actions.

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**The BBVA Group's main action focuses on sustainability are: (i) climate change, and (ii) inclusive and sustainable social development.**

- Progressively incorporate sustainability into the day-to-day of their businesses and activities.
- Progressively integrate the opportunities and risks related to climate change into its strategy, processes, and risk management, adding to its Risk Appetite Framework the commitments that the Group's strategy implies.
- Ensure the direct and indirect environmental and social impact generated by its activity and, specifically, in the climate field, progressively align its credit activity with the objectives of the Paris Agreement.
- Leading its environment by example, setting renewable energy consumption targets and reducing carbon emissions in the development of their activities.
- Encourage the involvement of all stakeholders to meet their expectations and collectively promote a greater contribution of the financial industry to sustainable development.

In 2020, BBVA launched its sustainability policy in which it presented its objectives (hereinafter, the "Group sustainability targets").

### Group sustainability targets

GRI 102-19, 102-20

1. To promote the development of sustainable solutions: Identifying opportunities, developing sustainable products and offering advice to individual customers and companies.
2. To integrate sustainability risk into its processes: Making climate change risks, whether physical or transitory, part of the Group's management processes.
3. To build a single agenda with stakeholders: Fostering transparency in commitments and performance, reducing the direct impact and promoting active involvement with all stakeholders to drive sustainability within the financial sector.
4. To develop new competencies in the sphere of sustainability: Leveraging the Group's capabilities in the field of data and technology to drive the development of the strategy, which includes sustainability and climate change as one of its priorities, across the Organization, and promoting as well the training on this subject among all employees.

These goals are materialized in different lines of work entrusted to various areas, and a supervisor has been appointed for each area.

Likewise, the Global Sustainability Office (GSO) was created, the unit responsible for promoting and coordinating sustainability initiatives in the BBVA Group, which has the support of the top executive officers of the different areas of the Bank at the global and local level. In Peru, the responsible area is Brand and Communication management.

Finally, sustainability experts have been identified in different areas of the BBVA Group (Client Solutions, Corporate & Investment Banking, Global Risk Management, Communications & Responsible Business), whom the GSO has coordinated as a network. This network is responsible for generating knowledge in the field of sustainability pertinent to advising clients, as well as supporting the areas in the development of new value proposals in this area, integrating climate risks into risk management, and define a public agenda of sustainability standards.

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**Likewise, the Global Sustainability Office (GSO) was created, the unit responsible for promoting and coordinating sustainability initiatives in the BBVA Group, which has the support of the top executive officers of the different areas of the Bank at the global and local level.**



## 5.1.5. Stakeholders

GRI 102-33, 102-37, 102-38, 102-39, 102-40, 102-42, 102-43

To comply with the general principles of action regarding sustainability and the objectives of the sustainability policy, BBVA puts into practice the following specific commitments:

### a) Clients

- To place the client as the center of the Bank's activity, to establish lasting relationships, based on mutual trust and the contribution of value.
- Promote transparent, clear, and responsible communication, as well as financial education that facilitates informed decision-making.
- Encourage the development of products and services with high social impact, adapted to the context in which the client lives.
- Promote financial inclusion and universal responsible access to financial services.

### b) Employees

- Respect diversity, promote equal opportunities, and not discriminate based on gender, age, disability, or any other circumstance.
- Promote practices for reconciling work and family life.
- Implement practices to guarantee the security of the payroll and ensure the health of all employees.
- Promote a culture of social commitment and shared values among employees, facilitating the conditions for volunteering activities to be implemented.

### c) Shareholders and investors

- Provide transparency, veracity, immediacy, and homogeneity in the dissemination of information.
- Provide the information that may be necessary to allow the proper exercise of the shareholders' rights.
- Publish the information continuously, periodically, timely and available in time.
- Treat all shareholders and investors in the same position equally.
- Use a variety of instruments and communication channels that allow shareholders to access the Bank in an extremely easy and convenient way.

### d) Society and environment

- In the societies where the Bank is present, support their development both through financial activity and social programs focused on education, knowledge, financial training, and entrepreneurship.
- Promote own or collective initiatives to achieve the United Nations Sustainable Development Goals.
- Participate in initiatives and collaborate with regulators and other organizations for the promotion and dissemination of responsible practices.
- Define and apply an environmental policy that includes, among other objectives, the management of risks in this area, the progressive integration of environmental variables in product development, and the promotion of eco-efficiency as well as the management of direct impacts.
- Promote actions against climate change, such as promoting low-carbon financial solutions and transparency in emissions.

### e) Suppliers

- Define and apply a responsible purchasing policy (RPP) that includes, among other points, providing complete and transparent information in the procurement processes, respect for human and labor rights in the supply chain, and stimulating demand only responsible products and services.

#### **f) Fiscal responsibility**

- Implement the Bank's activity in such a way that it adequately complies with tax obligations and avoids any practice that involves the illicit avoidance of paying taxes or damaging the public treasury. To this end, the Group has a tax strategy following the principles of integrity, transparency, and prudence.

#### **g) Prevention of illegal behavior**

- Encourage compliance with legal obligations and avoid conduct that is contrary to internal rules and policies or that may harm BBVA's assets, image, or reputation.

#### **h) Respect for human rights**

- Apply the Commitment on Human Rights, which includes respect for these by the International Charter of Human Rights, the United Nations Global Compact, and the principles of action and recommendations for the development of business activity published by the United Nations, the Organization for Economic Cooperation and Development, and the International Labor Organization.

#### **i) Other international commitments signed**

- BBVA is committed to the main international standards on CSR.

It is worth noting that this policy is practiced, in their operating models, by the different business and support areas of the Group. Its implementation is coordinated by the Responsible Business department, which defines the standards and provides the corresponding support, working primarily as a second line.

The Board of Directors and its various committees, as well as the Bank's senior management, are in charge of supervising the responsible banking model.

#### **Listening and dialogue tools**

[GRI 102-21](#), [102-33](#), [102-42](#), [102-43](#)

In 2020, BBVA developed its report under the GRI Standards methodology. To comply with each of these indicators, the Bank implemented a series of actions with its stakeholders that allowed it to determine and update the material aspects most relevant to the development of its actions.

For their part, the Bank's internal teams reported their performance and main actions, which were reviewed and aligned with the objectives on social responsibility and with the strategy that should accompany their impact on the business.

The listening and dialogue tools that the different Bank units use to generate communication with their stakeholders guaranteed adequate and timely attention to their queries and needs, which in turn, being reliable and close sources of information, improved responsiveness.

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**The Bank's internal teams reported their performance and main actions, which were reviewed and aligned with the objectives on social responsibility and with the strategy that should accompany their impact on the business.**

## Listening and dialogue tools

### 1. Society and customers

Customer satisfaction survey and recommendation and other quantitative and qualitative quality/satisfaction research managed by the Customer Experience areas

Customer service and complaints and claims analysis committees

Customer advocate

Reputation survey to customers and society (Reptrak)

Continuous tracking or tracking of Millward Brown advertising and branding

Focus groups and work sessions with clients to get their opinion on specific topics (also to the quality of service)

Analysis of presence in social networks: Quantico

Analysis of presence in the media: Access 360

Participation in corporate reputation and responsibility events and forums

BBVA Research study services

The Image and Communication Unit uses most of these tools/sources and fulfills the function of “radar”

### 2. Employees

Employee Attention Service (EAS)

Annual Internal Reputation Survey among Employees (Reptrak)

Oracle or similar tools for regular listening to employees of the branch network

Focus groups and work sessions with employees to get their opinion on specific topics

Regular personal interviews between each manager and their team members, as well as goal setting, competency, and feedback interviews

Employee Portal: You&BBVA and websites for dialogue on specific topics

Report Channel (free and anonymous)

Meetings and massive conferences (executive meetings, area conferences, and others)

HR Department (Talent & Culture) and in particular the managers, who periodically interview people, virtually during 2020

Google+ Communities

Mobility

Results presentation meeting

### 3. Shareholders and investors

General meeting of shareholders

Shareholders and investors website

Annual report, quarterly reports, and relevant events

Constant contact with shareholders and investors (electronic mailbox, telephone numbers, events in bank branches, others)

Meetings with investors and shareholders

Remote attendance at conferences for investors and shareholders

Relationship with analysts and rating agencies

Alert services and sending relevant information

### 4. Regulators

Bank participation in different formal and informal groupings to improve understanding of regulators’ concerns

Departments that manage the relationship with regulators: Legal Services, Internal Control, Risks, Presidency

Regulatory trend reports

### 5. Suppliers

Homologation questionnaires

Satisfaction surveys

Regular meetings with suppliers

Online trading and provisioning tool (Adquira)

Suppliers mailbox

#### GRI 102-40, 102-42

Communicating with its stakeholders, to whom it informs its actions in multiple ways –in internal and external channels, social networks, and the main media– is a constant concern at BBVA.

## 5.2. Relationship with the client

### 5.2.1. Customer experience

GRI 416-1

BBVA works as an organization that places its client as a fundamental pillar of its work, to ensure the best experience.

The objective is that after each interaction that the client has with the Bank, predisposed to recommend it to his family and friends. To do this, BBVA must meet certain premises, such as being reliable and innovative and offering clients access to opportunities that were previously unavailable to them; that is, to be the client's preferred financial ally in the achievement of their plans.

To do this, it is necessary to listen to the voice of the client (external/internal) in their interaction with the Bank's multiple products and channels, detect their pain points and aspirations and contribute to designing solutions that generate value, having as main objective to provide the best experience.

Placing the customer at the center of the value proposition is the challenge. And do it in a way that clearly and timely perceives the benefits of the BBVA strategy.

#### IReNe and feedback

The methodology of the Net Promoter Score (NPS or Net Recommendation Index - IReNe-), known and recognized internationally, allows to notice the degree of recommendation and, therefore, the degree of customer satisfaction with the different products, channels and services from the bank. This index is based on a survey that measures, on a scale from 0 to 10, if a bank's customer is a promoter (score of 9 or 10), neutral (7 or 8) or detractor (0 to 6), when asked If you would recommend your bank, the use of a certain channel or a specific customer journey to a family member or friend. This information is of vital importance to: a) validate the alignment between the client's needs and expectations with the implemented initiatives, b) establish plans that eliminate the gaps detected and c) provide the best experiences.

In 2020, four were the key points of this strategy:

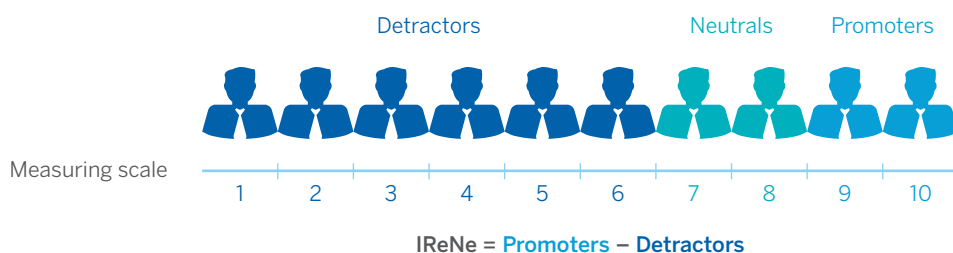
1. **Listen to the voice of the customer.** A priority throughout 2020 was to consolidate feedback collection mechanisms; For this, a monitoring system implemented in various channels allowed evaluating the transactional and relational experience developed by customers.
2. **Quality Committee.** Its primary objective was to promote the voice of the customer and implement the actions identified as opportunities to improve the customer experience.
3. **Participation of the Management Committee.** As far as the summary of what is presented in the Quality Committee goes, for the prioritization and monitoring of opportunities for improvement.
4. **Proactive attitude.** BBVA employees help to formulate and execute action plans to achieve a higher customer recommendation.

Throughout 2020 the following actions were implemented:

- 43 measurements in branch network, business banking, segments, SMEs, etc.
- Installation of quality committees, in which not only results were presented, but also action plans and the impact obtained.
- Continuous measurements of the Network employees, with the aim of transmitting to the internal areas the perception of the service provided by them to the offices. Thanks to this, improvements were implemented in the service and in the processes in the internal areas, which optimized the experience of the network employees.
- The continuous improvement approach was consolidated in all channels and products.

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## Quality Initiatives

- Work Tables were installed that, with the participation of different areas, focused on solving the clients' pain points.
- A new work front was opened with internal clients and the IReNe Internal Headquarters, which evaluated the teams as service suppliers.
- Talent and Culture became a strategic partner, helping to promote a culture of service throughout the organization.

### GRI 416-1

To determine the degree of recommendation from customers, the Group uses the Net Promoter Score (NPS) methodology, which recognizes BBVA as one of the most recommended banking entities in the countries where it operates.

As of December 2020, BBVA ranked first in the NPS retail indicator with 36% and NPS commercial with 65%.

**As of December 2020, BBVA ranked first in the NPS retail indicator with 36% and NPS commercial with 65%.**

### Ranking Net Promoter Score by countries 2020 Rank (2019)

Retail	2° (2°)	1° (1°)	1° (1°)	2° (2°)	1° (1°)	3° (1°) ↓	1° (2°) ↑
SMEs	3° (3°)	1° (2°)	3° (3°)	1° (4°)	1° (1°)	2° (1°)	1° (1°)
Commercial	2° (4°)	1° (1°)	1° (1°)		1° (1°)	2° (1°)	1° (1°)

## 5.2.2. TCR Communication

### GRI 417-1, 417-2, 417-3

BBVA's Transparent, Clear and Responsible Communication (TCR) project seeks to help clients make informed decisions throughout their relationship with the Bank, so as to ensure that they are in control. The objective is to increase your confidence, level of recommendation and loyalty, for which you are offered, in an easy-to-understand language, the relevant information that allows you to always take care of your short, medium and long-term interests and promote financially responsible behavior.

Among the actions implemented during 2020 regarding the TCR Communication principles are:

### Training of office employees

The information that the Bank provides to the client from the first contact must always be given in a TCR manner. For this, the Commercial School, whose objective is to train all the positions of the network, has the Onboarding to the position program, which offers all the information necessary for the employee to fulfill their role. The Unique Experience category has recently been incorporated into the curriculum, which reinforces the knowledge of the principles of TCR Communication and ensures that advisors, executives and bankers keep them in mind and use them from the moment they start customer service in the office.

## TCR product sheets

The TCR product sheets are graphic documents designed for the client, which explain the main advantages, requirements and costs associated with the Bank's products in clear language and an easy-to-understand structure. They are found in the commercial information portal (collaborative environment/the commercial portal), which office executives can access at any time to share with the client.

The TCR files have a design that uses visual elements that facilitate the understanding of the most relevant information and there are them for both natural and legal persons.

## TCR Digital

During 2020, compliance with the TCR principles was monitored in the digital initiatives delivered by the customer (EMC). This was implemented through sessions with each project team, from its design, to validate that each initiative complies with the TCR checklist.

Likewise, the following applied actions were specified, both in the process of creating digital products and services and in the training part:

- Application of the TCR checklist with the 15 TCR principles for 20 projects designed in 2020, mainly in channels such as Internet Banking, Mobile Banking, ATM and the new public website. It should be noted that some of these projects continued for more than a quarter.
- Active participation from the role of TCR in team meetings and in sessions with other project stakeholders.
- Inclusion of a second TCR compliance check in the general quality control process for the design of digital products and services, understood as priorities by SDA.
- Integration of content production with a user experience approach (UX writing) in all meetings, as well as internal reviews to monitor the TCR application.
- In 2020, four Design Thinking training workshops were held with TCR inputs for various profiles of the Bank, such as program managers, product owners and other members of the scrum teams who work both on solutions and content for the client. Given the context of remote work, the sessions –two aimed at employees in general and the other two at leaders– were adapted to take place virtually. Regarding ad hoc TCR, training was given on the application of TCR guidelines in advertising for the agency that, since 2020, provides digital sales support.
- Throughout the year, several members of the design team participated as students in two editions of training in Clear Language and in two training sessions in Accessibility, organized by Holding. On the other hand, learning and knowledge about Inclusive and Accessible Design were shared in one of the Design CoP sessions (Communities of Practice).

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## Customer Wellness

### Contact Center

The situation experienced in 2020 caused a great change in the Contact Center management model, which started to have an operation as a supplier for two service fronts in one for seven. This meant that the traffic was distributed among two suppliers, so as to ensure operational continuity with 42% in teleworking, 40% in Atento Peru, 7% in Atento Colombia and 11% with a new GSS supplier, providing the advisors with teleworking the necessary tools for safe care.

Hand in hand with the change in the management model and putting the customer at the center of the decisions, the Bank sought to maintain the 98% target level of service, without the Prime and Private segment being impacted throughout the year.

Likewise, the transformation process was accelerated, so that the Bank adapted to the new behavior of the client, who seeks faster solutions, tripling the available self-management services, offering them adapted options according to their relationship with the Bank, as well as a process of more secure authentication. This generated greater

efficiency in the consultant's attention time (less than 150 seconds) and ensured the safe continuity of the telework model. Also, a new online support chat was launched, adjusted to the increase in customer digitization, which managed to solve their queries and problems by 55%.

In mid-2020, sales were reactivated through cross selling, surpassing the results obtained in 2019 with an additional 20% of sales: S/ 66 MM of sales between portfolio products and PLD. Thanks to the work implemented, at the end of November, BBVA once again positioned itself as the leading telephone bank in the country, with an IRENE of 60%, the best in the industry.

**In mid-2020, sales were reactivated through cross selling, surpassing the results obtained in 2019 with an additional 20% of sales: S/ 66 MM of sales between portfolio products and PLD.**

### 5.2.3. Management of complaints and claims

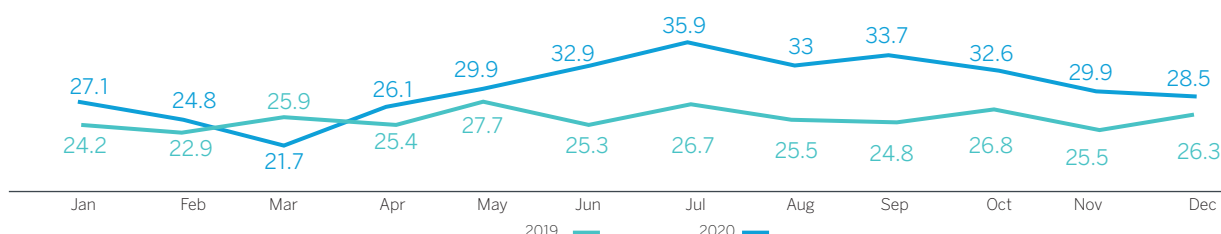
GRI 103-2, 416-1, 416-2, 417-3, 418-1

A general conclusion is that 2020 was a very tough year for everyone, with the special challenge of transforming and adapting to new ways of managing and understanding customer needs, and doing so while maintaining BBVA's main value: "the customer comes first".

As a result of the new provisions decreed by the Peruvian Government, BBVA had to quickly adapt to the changes in the National State of Emergency to manage care through its digital channels, which went from 13% to 99% of registration of the claims. The strategy included focusing on implementing new face-to-face and remote work methodologies, with the pertinent security measures to avoid contagion and ensure the continuity of the service.

The Bank experienced a considerable increase in the number of claims and requirements during the pandemic due to cases associated with covid-19, to a figure that came to represent 43% of monthly income. At the same time, the number of available advisers dropped precipitously, forcing the hiring of additional staff, in this case hiring a second backup supplier, who supported with 24% of the handling of the total claims.

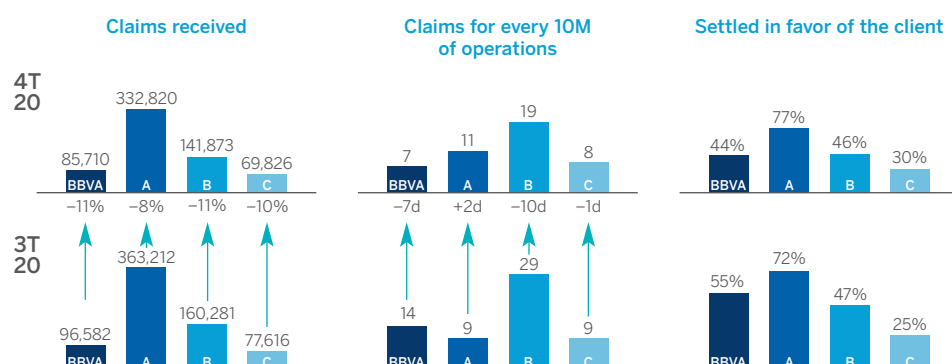
Monthly claims 2020



Despite the increase in claims due to the current situation and the recovery of the Bank's transactional volume in recent months, BBVA maintained the best operating efficiency indicator compared to the main banks in the financial system. The Bank ended 2020 as the financial institution with the best pre and post pandemic efficiency indicator, with 6 and 9 claims for every 10M operations, respectively (ASBANC advance to IIIT).



## Claims 2020



The constant work to increase productivity and the levels of attention to which the client is accustomed has been reflected in the latest statistics provided by ASBANC, which indicates that the financial system suffered a 45% rise in claims, while BBVA it only got 14%. This is explained in the restart of quick solutions in the first contact with the client, which reached an FCR indicator of 36%, and the implementation of chat on the Bank's digital channels (Web and BxI).

### GRI 406-1

In 2020, BBVA was sanctioned by Indecopi, which considered that it had committed an act of discrimination by not allowing a foreign citizen to contract a financial product. He tried to carry out his transaction through internet banking, which was not allowed due to an operational problem, as he did not have a Peruvian identity document.

### GRI 417-3

In the 2020 period, BBVA presented 84 cases of non-compliance with ASBANC's Advertising Guidelines. Adherence to these guidelines seeks to make it easier to understand information related to interest rates, fees or other characteristics and conditions of financial products.

### GRI 418-1

In 2020, BBVA did not receive substantiated complaints<sup>10</sup> regarding violations of customer privacy or identified cases of leaks, theft or loss of customer data.

### GRI 408-1

## Basic claims data

	2020	2019	2018
Number of claims before the suprabanking authority	893	535	445
Average claim time (calendar days)	14.34	8.47	9.20
Claims resolved with First Contact Resolution (FCR)	4,392	13,699	28,766

## Client protection

### GRI 416-1, 416-2

BBVA Peru has been executing its security strategy that seeks to prevent Cybersecurity events, Fraud and physical violations, without affecting or impacting the customer experience. Timely detection and action plans will avoid any type of impact (Monetary or Reputational) to the Bank.

In 2020, we have faced an unprecedented situation and before this we have strengthened the measures for remote work, so that we can connect from our home network without any risk of violation, this measure was implemented for 3,500 users. We also enhance our technology that prevent cyberattacks with 40 use cases in Qradar, implementation of Data Loss Prevention web, FireEye HXD, AV Agent Handler and CrowdStrike for Linux.

**In 2020, we have faced an unprecedented situation and before this we have strengthened the measures for remote work, so that we can connect from our home network without any risk of violation.**

<sup>10</sup> A substantiated complaint is understood as the statement written by an official regulatory body or similar and addressed to the organization, in which violations of the clients' privacy or complaints presented to the organization and that the organization has recognized as legitimate.

In the face of fraud attacks, we have implemented a behavioral biometrics component in all digital channels (natural and legal persons) so that we can have better precision in detecting unusual accesses in customer accounts, reducing 20% of the impact on these channels. This will mitigate fraud at its roots. Behavioral biometrics collects information on the customer's performance in their benches, building a pattern through mouse movement, typing, and key device data.

The security policies and procedures are available to all employees through the collaborative tools that BBVA has. Along these lines, employee training is implemented through virtual activities (BBVA CAMPUS) and is part of the mandatory training (Regulatory Packs). The channel established for employees to transfer suspicious events through the CERT global mailbox. In some areas that handle critical information, security indicators have been established that influence performance evaluation, for example, in the Branch Network.

Finally, we have maintained the ISO 27001 and ISO 22301 certification, which accredits BBVA Peru as a mature organization and a benchmark in the financial sector to adequately manage Information Security and the continuity of business line operations in the event of any crisis event or interruption of services.

#### Customer privacy indicators

	2020	2019	2018	2017
Total number of information security breaches or other cybersecurity incidents	0	0	0	0
Total number of information security breaches that include personally identifiable customer information	0	0	0	0
Total number of clients affected by the Company's data breach	0	0	0	0
Total amount of fine S/ penalties paid in relation to information security breaches or other cybersecurity incidents	0	0	0	0

## 5.3. Responsible practices

### 5.3.1. The team

GRI 102-8, 202-2, 401-1, 405-1

#### Crisis and opportunities for creating a new beginning

The pandemic generated by covid-19 placed the biosanitary security of BBVA employees at the top of the annual agenda of the Talent & Culture (T&C) area. However, while the initiatives and projects planned for 2019 by 2020 suffered a temporary hiatus, they began to be implemented at high speed in the middle of the second quarter of the year.

Despite being a near unprecedented event, BBVA reacted from the first day of the crisis, using all its resources to ensure a labor ecosystem that would reduce the risk of contagion among employees both at the offices and at Headquarters. To this end, the Bank covered all the fronts affected by the pandemic, from the constitution of a first-rate medical team dedicated to exclusively attending to the employee and their family to the development of a virtual prevention program, including the digital adaptation of the workspace for increased safety.

The Bank established, in the first hours of the health emergency, a biosanitary emergency protocol that included a remote work plan for the 2,500 employees at Headquarters. Likewise, it implemented an intense coordinated effort at the national level to strengthen biosanitary measures in its 310 offices, safeguarding the biosecurity of its more than 3,000 employees and hundreds of thousands of clients throughout the country. At the end of the second quarter, BBVA created a task force dedicated exclusively to crisis management in the biosanitary, process and service fields. His work notably reduced the number of infections within the organization and kept it operational with a reduced report of incidents.

Among the main actions implemented by BBVA in its strategy to face covid-19 were:

- Creation of the Business Execution Covid (BEX Covid) team, in charge of managing, coordinating and monitoring the containment strategy and ensuring business continuity in the pandemic scenario.
- Creation of various national and international crisis and war room committees, especially dedicated to the monitoring and follow-up of crisis management.
- Preparation of biosanitary protocols, even stricter than those established by law, with special care towards vulnerable employees. The process, which had the advice of Dr. Eduardo Gotuzzo, one of the main epidemiological authorities in the country, concluded with the 2020 Surveillance Plan for the prevention and control of covid-19, approved by the Ministry of Health.
- Implementation of a pool of doctors dedicated exclusively to providing medical attention by telephone to ensure adequate daily monitoring of possible positive employees.
- Taking preventive disposal tests at the national level, through agreements with certified laboratories.
- Assumption by BBVA of 100% EPS Rímac coverage for hospital care caused by covid-19. Likewise, in alliance with the International Clinic, the "Virtual Doctor" service was enabled.
- Migration of more than 2,500 employees from Headquarters and 1,500 from Commercial Banking to the work-at-home mode through the "Virtual Desk" software, equipped with a rigorous control system that preserves the same technological capabilities to be able to develop the functions with normal.
- Deployment of the bus service in Lima and the provinces that facilitated the transportation of employees during the most critical period of the pandemic.
- Dictation of the cycle of preventive talks and publication of the KO newsletter to the covid.
- The talks had 95% participation from the network of offices and 70% from the Headquarters.
- Development and deployment of the BBVA Tracing app, a mobile application that detects and notifies the breach of the minimum distance allowed between two or more employees who are physically working at Headquarters or in the branch network.
- Installation of cameras with facial recognition and temperature taking at the Headquarters.
- Conditioning and adaptation to the highest biosafety standards of the various spaces in which employees of the Headquarters and network of offices work in person.

Also, aware of the economic impact of the pandemic on the families of employees, the Bank launched a financial benefits program that grants exceptional rates on products such as Mortgage Loans, Free Availability and Credit Card. Under the same program, the most competitive exchange rate in the Peruvian market was made available to employees through the digital tool T-Cambio.

Additionally, complementary measures to support employees were implemented, including the following:

- Health loan for covid-19 cases, with 0% interest rates.
- Covid-19 discard tests for family members of the employee, through the payroll discount modality.
- Free psychological line for employees and their families, to provide emotional support.
- Recognition bonus for Commercial Banking employees, during the first two months of quarantine.
- Ergonomic chairs for employees at Headquarters working remotely.
- Financial facilities for the acquisition of products and articles to carry out remote work.
- Administrative loan at a rate of 0% for social cases, with a payroll discount.
- Remote Coexistence Plan to promote the reconciliation of work and family life, among BBVA leaders and teams.
- Coaching workshops to develop, among leaders who manage remote teams, habits and behaviors that promote empathy and closeness in teams and employees.

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**Aware of the economic impact of the pandemic on the families of employees, the Bank launched a financial benefits program that grants exceptional rates on products such as Mortgage Loans, Free Availability and Credit Card.**

## Basic data of the BBVA team

	2020	2019	2018	2017
Number of employees	5,974.00	6,180.00	6,008.00	5,666.00
Average age (years)	9.10	9.00	9.10	9.20
Average age (years)	35.00	35.00	34.00	35.00
Diversity (% women)	53.00	52.00	52.00	52.00
Rotation (%)	12.00	18.30	21.00	18.20

## Average age of employees (years) and distribution by age group (%)

2020				2019				2018				2017			
Middle Ages	<25 %	25-45 %	>45 %	Middle Ages	<25 %	25-45 %	>45 %	Middle Ages	<25 %	25-45 %	>45 %	Middle Ages	<25 %	25-45 %	>45 %
35	10.6	76.8	12.6	35	14	71.5	14.5	34	15.33	69.49	15.18	35	15.8	67	17.2

## Average seniority of employees, by gender (%)

	2020	2019	2018	2017
Average age	9.1	9.0	9.2	9.2
Men	9.7	9.7	10.2	10.2
Women	8.6	8.3	8.3	8.3

## Employees by professional categories and geographic areas

	2020		2019		2018		2017	
	Number of employees	% spreadsheet of geographic area	Number of employees	% spreadsheet of geographic area	Number of employees	% spreadsheet of geographic area	Number of employees	% spreadsheet of geographic area
Management team <sup>(*)</sup>	92.0	1.5	87	1.4	87	1.5	87	1.5
Middle managers	1,153.0	19.3	1,188	19.2	1,224	20.4	1,194	21.1
Specialists	1,646.0	27.6	1,627	26.4	1,565	26.1	1,441	25.4
Sales Force	1,425.0	23.9	1,549	25.1	1,411	23.5	1,304	23.0
Base Posts	1,658.0	27.8	1,729	27.9	1,721	28.7	1,640	28.9

(\*) Managing Committee and unit managers.

## CREO, culture in motion

Once the first impacts of the crisis were assimilated and after a serene process of reflection on the consequences that the pandemic will generate in future work and social coexistence scenarios, T&C envisioned an opportunity to design and promote a new corporate culture that contributes to renewing and enlivening the reciprocal commitment between employees and the institution in a context of great uncertainty.

It was understood that the basis of the new culture should be in the renewal of a leadership that is characterized by a greater closeness with the teams and is manifested through the deployment of concrete actions, aimed at reinforcing the well-being and growth of the employees in all the areas of life. Thus, and with the firm conviction that “happy employees create happy customers”, T&C took on the challenge of transforming the organization with the biosanitary crisis as a backdrop.

This was the genesis of the CREO cultural movement, an initiative that bases its principles on the purpose (We create opportunities) and the three global values of the BBVA Group (The Customer comes first, We are one team and We think big). Also, its architecture is based on the BBVA leadership traits: Entrepreneurship, Empowerment and Accountability.

At CREO Culture in Motion, driven by the Managing Committee, leaders are the main protagonists in promoting and promoting change, with the aim that all employees assume their ability to create and believe; that is, to generate actions to live daily behaviors aligned with the values and global leadership traits of the BBVA Group and to actively participate in them.

Thus, CREO's goal is to generate a common culture within the Bank that enables actions and behaviors necessary to achieve the corporate strategy. Six levers define this cultural manifesto:

- **I think** for the client, because the client comes first: I make decisions and actions focused on the client, both internally and externally, and constantly work to build a culture of excellence in service.
- **I think** synergies, because we are a single team: I break the ground to collaborate as a team in a coordinated way between areas, units and roles.
- **I think** big, because we think big: I constantly seek to break the mold, be ambitious and aspirational to achieve excellence in all my actions.
- **I think** actions, because we are accountable: As an employee, I am responsible from start to finish to make things happen.
- **I think** ideas, because we undertake: I generate and listen to new ideas to make the necessary changes, without fear of making mistakes and seeing mistakes as an opportunity to improve.
- **I think** decisions, because we empower: I am empowered in making decisions to work in a more agile and effective way.

The CREO change strategy began with a diagnosis of the current culture and the subsequent construction of the desired culture as a result of the feedback among employees at all levels of the organization. In 2020, its evolution took place on five fronts:

- **CREO communication:** Through a comprehensive high-impact plan, all employees were informed of the importance and reason behind the cultural transformation, their link to the business, and the behaviors expected in each of them. The dissemination was implemented through different communication channels and media to guarantee its maximum arrival among the BBVA community.
- **Awareness and training:** To make cultural change a reality, more than 130 Bank leaders were trained in topics related to cultural transformation, their role as a leader and generator of culture, and the three traits of leadership.
- **Agents of change CREO:** 45 CREO transformation champions and 200 Energizers were identified, who completed a training plan on the movement and reached all the corners where the organization operates to spread the messages, provide feedback on the scope of CREO and change the culture that is lived in, day to day, with actions such as Insights Cafés, Values Workshops and hacks implemented to hack old habits.
- **Stakeholders Plan:** To strengthen the role of leader, an action plan was developed to accompany their transformation as a benchmark for the six behaviors of the BBVA culture.
- **Operationalization of the CREO Culture:** Having identified the need to change the way of working, the Management Committee and BBVA leaders began to develop and adapt internal processes, so that they align with the new desired culture.

## Values, from word to action

For three years, the Bank has dedicated a day to reflecting on the importance of corporate purpose and values as guides on the path that employees should follow in their daily work. In 2020, Values Day took on a different meaning, of a transcendent present time. To the question of whether BBVA values remain in force in times of crisis, a clear answer emerged: Yes, and not only do they remain in force, but they become more effective in the daily life of the employee.

Based on this premise, it was decided that Values Day, which traditionally takes place at Headquarters through a series of community activities, would be implemented virtually, through the different digital platforms. Thus, despite the distance and the impossibility of

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**CREO's goal is to generate a common culture within the Bank that enables actions and behaviors necessary to achieve the corporate strategy.**

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**To the question of whether BBVA values remain in force in times of crisis, a clear answer emerged: Yes, and not only do they remain in force, but they become more effective in the daily life of the employee.**

face-to-face integration, it became one of the most significant corporate events in recent years in the Bank's history.

Added to the emergency environment due to the health crisis was the presentation in society of the CREO cultural movement which, precisely, proposes a leadership based on the proximity of the teams and a management focused on the well-being of the employee, on the basis of the values that define BBVA's path: The Customer comes first, We are a single team and We think big.

Values Day became a forum for reflection and assumption of commitments with a long-term vision of the future. The full Managing Committee embraced CREO's postulates, with special emphasis on strengthening a leadership that promotes closeness. The big conclusion: You don't have to be physically together to be a great team; The essential thing is to share a goal and the firm conviction that together the members of the organization can overcome any limit.

### **First results. The Gallup Measurement**

What is not measured does not exist. Although CREO's presentation during Values Day had generated a series of spontaneous adhesions and support from employees from all over the country, it was necessary to objectively measure the work implemented.

The Group calibrates the level of commitment of the teams in each country where it operates, through a rigorous survey conducted by the prestigious Gallup firm. In 2020, the test sought to define, in a range of 0 to 5 points, the real degree of impact registered by the cultural transformation in BBVA Peru.

The Bank set the ambitious goal of 4.20 as its objective in the country and the result was pleasantly satisfactory: 4.21; that is, a growth of more than 20% compared to 2019.

The score, although it generates enthusiasm and security about the path taken, does not imply conformity or full satisfaction. T&C is fully convinced that, as CREO is adopted, the levels of commitment will continue to rise, which will contribute decisively to the great objective of achieving a score of 4.60 by 2024 and becoming the bank of choice for all Peruvians.

### **Agile in full growth stage**

BBVA began the transformation towards the Agile model three years ago. This methodological renewal was anticipatory and timely in the face of the scenarios generated by the pandemic, allowing a better adaptation to the forced process of accelerated change that the world experienced in 2020.

At the end of the year, the organization had 228 teams registered to assess their maturity in agile in the global tool MAT (Maturity Agile Model for Teams), distributed as follows: 67% Business Execution, 30% in Solutions Development and 3% in Discipline, Internal Control and Front.

To catalyze agility in the teams and appreciate the progress in their adaptation to the model, comprehensive indicators were identified focused on compliance, quality and achievement of objectives, to which frequent challenges were added, both for teams and for coaches responsible for their guidance. The evaluation showed that 68% of the teams had passed agile adoption, seeking sustainability, maturity and continuous improvement.

Synergies were substantially promoted in different teams, such as Project Review (Talent Management), Continuous Improvement (Business Process), Project Management (SDA) and Continuous Improvement Model, with the aim of leveraging their behaviors in the CREO cultural movement. Likewise, the necessary support was provided to the different territories to find opportunities for development, growth and synergies.

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### 5.3.1.1. Selection, training and development

GRI 404-1, 404-2, 404-3

#### Talent Acquisition

In 2020, Talent & Culture started the CREO cultural movement, which encourages all employees to create actions to experience the behaviors aligned with the values and global leadership traits of the BBVA Group on a daily basis, described in the section "CREO, culture in motion".

#### Professional development model

BBVA Peru has a Professional Development Model whose main objective is to put people at the center of the organization's actions, providing them with the tools they need to make the best decisions about their professional life.

The three main elements of the model are: Know Yourself, Improve and Explore.

##### 1. Get to know yourself

Aware that the basis for making good decisions is knowing yourself, the employee must be clearly aware of their main objectives, strengths and abilities, for which they have the following tools:

- **Roles:** Employees have a portal where they can easily identify what BBVA expects from each person according to their role.
- **Project Review:** It is a quarterly evaluation process that evaluates the deliverables of the teams that work on projects. With it, teams can make visible their contribution and their level of alignment with the objectives and allows them to provide mutual feedback to continue moving forward.
- **Annual evaluation:** In this 360° process, each employee knows their performance results, the development of BBVA's intrinsic skills and their potential to continue growing. At the end of the process, you get a detailed report with the results and a summary of the feedback obtained by your leader, peers and employees. In 2020, 100% of employees with more than three months in the company went through this enriching process.

##### 2. Improvement

At this stage of the Professional Development Model, and after receiving the results report, the employee manages actions that allow them to overcome the improvement points identified in Know yourself. To manage your progress, you have the following tools:

- **Growth plan:** It is a roadmap that allows employees to draw up training and development actions focused on promoting their professional progress, either in the role they currently play or in others within BBVA.
- **Open Mentoring:** It is a program that stimulates the development of employee skills by enabling them to acquire and share new knowledge and expand their network of contacts within the organization. The platform connects, through the use of algorithms, mentors with whom they want to learn and grow professionally to experience a mutual development process, in which the former shares their knowledge and experience. Mentoring relationships can be transversal, with participants from different roles, areas or even countries, where employees can volunteer. During 2020 there were 168 mentors, 291 mentees and 54 active mentoring relationships.
- **BBVA Campus:** This digital learning ecosystem allows any member of the BBVA Group to access immediately and from various devices to a universe of virtual and remote training resources (videos, pills, materials, courses, MOOCs, etc.).



Campus BBVA promotes a culture of continuous learning, through a gamified experience with B-Tokens, virtual currencies that, through a reward system, give value to face-to-face or online training resources. Thus, the employee's self-learning is promoted, who earns B-Tokens by taking virtual courses that they can then invest in courses of their interest, mostly associated with their role.

The digital ecosystem also has training schools that enhance technical and intrinsic skills aligned with BBVA's strategic priorities and that accompany the employee in the development of their career. These schools are of three types: a) business, b) reskilling and upskilling and c) intrinsic skills.

### 3. Explore

In this phase of the model, the employee has tools that allow them to identify new paths and internal job opportunities in possible areas, or new disciplines that they might want to develop. To do this, you have at your disposal elements that let you know the different roles within the BBVA Group, apply for job offers, see career paths and even create a personal roadmap through the following tools:

- **Role Finder:** It allows to know the requirements of other roles of interest. With this information, the employee can establish actions to cover the improvement opportunities required by the role they wish to access.
- **Mobility:** It enables any BBVA employee to apply to another role within the organization at the national level, and even find one in any of the countries where BBVA has a presence.
- **Opportunity:** It is the first tool that makes use of machine learning, since through advanced analytics it allows predicting the professional path that each employee wants to follow within the organization. Through the use of data, it offers you personalized advice so that you can make the best decisions about your professional development. Opportunity allows the employee to reflect on their current situation, receive personalized recommendations based on their concerns, discover new paths and establish professional goals according to their objectives. At the end of 2020, 70% of employees had navigated and interacted with this tool, launched only in October of that year.

### Re-creation of programs and initiatives

The programs and initiatives that had to be stopped due to the emergence of the pandemic, regained vigor and fresh air in the middle of the second quarter. Resuming what was planned and under the objective of "improving the employee experience" –one of the levers that sustain the vision of T & C– programs such as BBVA ModeOn, which promotes work-life balance among employees, ended up being recognized in the ANDA Awards as the Best Internal Employer Brand Campaign.

Likewise, and with the aim of continuing to provide the best work environment, the process of adapting spaces to the new reality was consolidated, complying with the highest sustainability standards in the development of construction works. This vision of commitment to caring for the environment made it possible to obtain EDGE certification for the remodeling project of the new dining room at Headquarters.

Also, driven by the renewed commitment to be a strategic partner of the business, Talent & Culture deployed actions to attract and retain the best professionals in the market. The various initiatives allowed BBVA Peru to be recognized by the prestigious Merco Reputation Monitor as the Best Bank in Attracting and Retaining Talent. In this context, training schools were implemented to promote and strengthen the development of skills and capacities in employees that will allow them to continue transforming the Bank's business model.

Despite the biosanitary crisis, the following schools were created in 2020:

## A. Business Schools

### Business School

The objective is to make available to Commercial Banking employees a comprehensive training offer that includes onboarding, updating and rescue programs, as well as trainees aimed at different management positions.

Its learning methodology follows 70-20-10 –with virtual, face-to-face/remote experiences and on the job training– and has as internal allies various facilitators, Bank experts and leaders of commercial banking. The certifications have alliances with prestigious universities and international consulting firms with high academic support.

At the end of 2020, new Risk and Product Certifications had been implemented, trainee programs that prepare for the next position, also to the Reinvent yourself Program, which seeks to accompany low-performing employees to increase their productivity. During 2020, commercial banking employees were provided with a total of 152,930 training hours, which represents 118% more than in 2019.

In summary, 2,153 network employees were trained throughout the year, in a total of 152,930 hours of training.

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**During 2020, commercial banking employees were provided with a total of 152,930 training hours, which represents 118% more than in 2019.**

### BEC Academy

Another training improvement focused on providing essential support to the employee is the BEC Academy, which provides the roles of Business and Corporate Banking with comprehensive learning in all strategic business issues. The school grants three certifications that accompany the development of the participant: BEC Fundamentals, BEC Advanced and BEC Expert.

The learning methodology obeys the 70-20-10 –with virtual, face-to-face/remote experiences and support of real cases– and its internal allies are various facilitators, expert referents of the organization and business banking leaders. Alliances with the most prestigious universities in the country and international consultants with high academic support support the certifications.

At the end of 2020, BEC Academy provided a total of 18,750 training hours to employees in the Business Banking segment, 29% more than in 2019.

### CIB Academy

As part of the deployment of business schools within BBVA, the CIB Academy was launched, a global workshop that instructs Corporate & Investment Banking employees in various investment banking products, global markets, global loans and transactional services for international corporate clients. and institutional investors. During 2020, CIB Academy provided 1,405 hours of training

### Risks

Risk management being a highly relevant factor for the financial business, in 2020 a Learning Map of technical certifications on the subject was implemented for Retail Credit & Wholesale Credit teams. Through virtual and face-to-face/remote training with strategic partners such as ESAN and Pacífico Business School, a total of 9,927 hours of training were provided, resulting in 353 trained Risk employees.

## B. Reskilling & Upskilling of Strategic Capabilities

BBVA promotes the development of strategic capacities that accompany digital transformation through learning maps in the following disciplines: Agile, Data, Behavioral Economics, Design Thinking, Engineering, Sustainability and Processes.

### Data University

During 2020 the digital transformation continued through two core training proposals that allow improving the skills of professionals in the use and management of data: Data Scientist Fundamentals and Data Specialist Fundamentals. Three promotions were organized which, with a total of 50 participants and after 7,060 hours of training, 22 Data Scientist experts and 28 Data Specialists certified.

### Tech University and Ninja Academy

Tech University and Ninja Academy integrated the specialized offer for strategic roles in the Engineering area during 2020.

Tech U aims to prepare software designers in the implementation of the New Ether Corporate Platform. The program, which comprises three levels of training according to expertise, prepared 259 employees, for which 4,720 hours were invested at the startup level (virtual), 5,512 in the practitioner (face-to-face) and 5,148 in the specialized (blended).

For its part, Ninja is a virtual platform with gamification that makes a specialized and diverse offer available to the employee. In 2020, the program obtained 626 registered Ninjas, of which 163 were blue belts, 41 were brown belts and two reached the highest level of expertise (black belt) on the platform.

It should be noted that throughout the year the Engineering area produced 84 talks, 41 workshops, 49 certifications, 316 moocs and a hackathon.

### Process Academy

The 2020 biosanitary crisis forced Process Academy to be reinvented as a remote methodology. Adapted to the situation of the pandemic, the program - whose objective is to train in processes based on the concepts of Learn, Agile and Design Thinking - was deployed in six editions: three at the sponsor level, for 50 employees, and three at the level practitioner, for 65. Total training hours amounted to 1,625, with an NPS of 73%.

### Agile University

Agile University is a program made up of training resources at basic, intermediate and advanced levels. Its objective is to accompany the agile transformation in all teams in the central areas, especially those that manage projects. During 2020, seven new training resources were created that were deployed in 16,214 training hours that impacted on the development of 2,083 employees, with an NPS of 79%.

### Behavioral Economics

Composed of training resources of basic and intermediate levels, Behavioral Economics develops in the employee skills so that their actions, processes and initiatives are more effective and multiply their impact, in a way that helps the client to make better decisions. During 2020, two editions were deployed that added 918 training hours with 42 employees and an NPS of 91%.

### Design Thinking

During 2020, a program was deployed that, through Design Thinking and made up of training resources of basic and intermediate levels, developed the skills to promote the creative and collaborative resolution of problems and the creation of opportunities. Under this premise, the Bank deployed four editions, for a total of 1,152 training hours, which impacted on the development of 50 employees, with an NPS of 92%.

**BBVA promotes the development of strategic capacities that accompany digital transformation through learning maps in the following disciplines: Agile, Data, Behavioral Economics, Design Thinking, Engineering, Sustainability and Processes.**

## C. Intrinsic Skills School

As part of its cultural transformation, BBVA Peru deployed a series of training programs throughout 2020 to enhance the intrinsic skills (cultural, leadership and transversal) of employees.

### CREO Program, Culture in Motion

To promote the behaviors associated with the Bank's target culture, a training network was developed focused on the three BBVA values and the Leadership traits; Entrepreneurship, Accountability and Empowerment, which finally value the CREO Culture. The training contents in 2020 were:

- CREO: culture in motion
- My role as a change leader
- We lead together
- Purpose Driven Leadership
- Positive leadership

Throughout the year, the program trained 55 leaders and 23 change agents, with an NPS of 82.5%.

### CREO Program, Culture of Service

Aligned with the service culture strategy that promotes the integral transformation of the Bank, in 2020 the CREO Service Culture program was implemented, aimed at enhancing the internal customer service skills that all employees in central areas must put into practice in their day a day. In this way, the aim was to promote a behavior that allows generating memorable experiences among internal users and, above all, in the branch network. To achieve this, three types of training were implemented: Express Service Culture, Fundamentals Service Culture and effective Communication towards the Network.

- Leadership Express:** To promote leadership, a virtual course was designed that provides the foundations to develop the three traits that every BBVA leader must have: Entrepreneurship, Accountability and Empowerment. The program, launched at the end of 2020, offered 594 hours of training to 594 employees.
- Close Leadership Certification:** It is a program focused on commercial leadership skills that every Manager of the Commercial Banking Office and Business and Corporate Banking must deploy for a correct accompaniment and development of their employees that promotes more motivated and better-performing commercial teams. 108 office network leaders were trained, with an NPS of 91%.
- Management 3.0 Certification:** It is a globally recognized certification that provides leadership skills in agile environments. With it, in 2020 147 leaders from various central areas were trained, who rated the program with an NPS of 96%.

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**BBVA Peru deployed a series of training programs throughout 2020 to enhance the intrinsic skills (cultural, leadership and transversal) of employees.**

#### Basic information on training at BBVA

GRI 404-1, 404-2, 404-3

	2020	2019	2018	2017
Investment in training (in thousands of soles)	7,108,000	7,979,141	7,875,993	5,715,000
Investment in training per employee (in thousands of soles)	1,190	1,291	1,311	990
Employees with training (%)	99.50	98	98	95.7

#### Average hours of training per employee

GRI 404-1

Rank	Training hours		Number of employees		Average hours/ employee	
	Men	Women	Men	Women	Men	Women
Managers	14,437	10,895	340	250	42.46	43.58
Bosses and specialists	24,111	19,958	643	553	37.50	36.09
Technicians	62,160	61,911	1,237	1,320	50.25	46.90
Base positions	47,041	87,460	613	1,018	76.74	85.70

An important aspect for professional development is the completion of the annual Individual Performance Evaluation process, which assesses the level of compliance with the objectives established in the year and the experience of BBVA values, as well as the employee's skills regarding their role..

GRI 404-3

Each boss must transparently communicate the result obtained, which fosters the confidence of their teams and contributes to the commitment of the person in charge of working on the continuous improvement of the performance of the employees under their charge, under the premise of offering an appropriate career path.

The instrument for evaluating and promoting the evolution of the career line was People Assessment, which compares the employee's skills with those of their role, based on the competencies defined at the BBVA Group level. This allows identifying strengths and opportunities for improvement through a growth plan

#### Evaluation annual Employees receiving periodic professional development reviews and performance reviews (%)

GRI 404-3

	2020		
	Men	Women	Total
Management team <sup>(*)</sup>	100%	97%	99%
Middle managers	98%	99%	99%
Specialists	98%	97%	97%
Sales force	99%	99%	99%
Base positions	88%	86%	87%
<b>Grand total</b>	<b>96%</b>	<b>94%</b>	<b>95%</b>

(\*) Managing Committee and unit managers.

### 5.3.1.2. Diversity and work-life balance

GRI 405-1

Diversity is a determining factor for the creation and implementation of value proposals in Bank projects, which is why in each selection process to incorporate personnel, criteria of gender equality and equity are taken into account. The presence of women has become an inherent attribute of the BBVA culture, which is demonstrated in that they make up 53% of the payroll and 14% of the Managing Committee and unit managers.

Likewise, BBVA offers, as part of the promotion of its diversity and conciliation policy, employment opportunities for people with disabilities, through permanent communication with organizations that promote equal opportunities, such as the National Council for the Integration of People with Disabilities (Conadis) and the Ministry of Labor and Employment Promotion. Internally, it coordinates the work furniture requirements for them through the occupational doctor and the team of social employees.

## Distribution of employees by gender and professional category (%)

GRI 405-1

	2020		2019		2018		2017	
	Men	Women	Men	Women	Men	Women	Men	Women
Management team <sup>(*)</sup>	67%	33%	70%	30%	70%	30%	69%	31%
Middle managers	53%	47%	53%	47%	55%	45%	55%	34%
Specialists	55%	45%	57%	43%	56%	44%	55%	34%
Sales Force	40%	60%	43%	57%	44%	56%	42%	58%
Base Posts	37%	63%	41%	59%	39%	61%	42%	58%

(\*) Managing Committee and unit managers.

## Employees by type of contract and gender (%)

GRI 405-1

	2020			2019			2018			2017		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Permanent or permanent full time	41.71	42.38	84.09	41.31	40.5	81.81	41.0	40.0	81.1	40.4	39.6	80.0
Fixed or permanent part-time	0.03	0.02	0.05	n.a.	0.02	0.02	n.a.	0.03	0.03	n.a.	0.02	0.02
Temporary	5.67	10.18	15.85	6.99	11.18	18.17	7.1	11.8	18.9	8.0	12	20

n.a.: Not applicable.

## Voluntary resignations of the workforce (turn-over)<sup>(\*)</sup> and distribution by gender (%)

GRI 401-1

Turnover rate over the total payroll	2020		Turnover rate over the total payroll	2019		Turnover rate over the total payroll	2018		Turnover rate over the total payroll	2017	
	Men	Women		Men	Women		Men	Women		Men	Women
14.8%	14.6%	14.9%	18.3%	17.8%	18.7%	21.1%	22.5%	19.7%	18.2%	17.7%	18.6%

(\*) Turn-over = [Voluntary retirements (excluding early retirement)/Number of employees at the beginning of the period] x 100.

## Employee registration<sup>(\*)</sup>

GRI 401-1

	Men	Women	Total
Employee registration	316.0	389.0	705.0

(\*) Additions due to consolidations are included.

## Dismissal of employees

GRI 401-1

	Men	Women	Total
Discharges incentivized	155	98	253
Voluntary withdrawals (resignations)	216	236	452
Other	186	229	415
<b>Total</b>	<b>557</b>	<b>563</b>	<b>1,120</b>

## Diversity in the Management Committee and among unit managers

GRI 202-2

Nation	Women	Men	Grand total	Percentage
Italy	0	1	1	1.09%
Spain	0	2	2	2.17%
Mexico	1	2	3	3.26%
Peru	28	58	86	93.48%
<b>Grand total</b>	<b>29</b>	<b>63</b>	<b>92</b>	<b>100.00%</b>

•1.5% of the workforce corresponds to senior managers (Management Committee and unit managers).

•Senior managers are understood to be first and second line managers.

### 5.3.1.3. Compensation and remuneration

GRI 102-35, 102-37, 102-38, 102-39, 202-1, 405-2

The BBVA Group bases its remuneration model aligned with the priorities defined by the shareholders and takes into account management following the organization's objectives.

This model meets the following principles:

- Create long-term value.
- Reward the achievement of results based on responsible risk taking.
- Attract and retain the best professionals.
- Reward the level of responsibility and career path.
- Ensure internal equity and external competitiveness.
- Have market references, such as analyzes implemented by companies of recognized prestige and leaders in the compensation consulting sector.
- Ensure transparency.
- Guarantee that there are no gender pay differences.

In summary, BBVA's remuneration policy promotes equal treatment between men and women and rejects salary differentiation by gender, as well as rewards the level of responsibility and professional trajectory, ensuring internal equity and external competitiveness.

GRI 102-36, 102-39

The remuneration is made up of two clearly differentiated parts:

- Fixed compensation:** It is established by considering the level of responsibility and the professional trajectory of the employee, thus establishing a salary reference for each function.
- Variable compensation:** It rewards the generation of value in each of the units that make up the BBVA Group, remunerating the individual contributions measured by the individual performance evaluation composed of objectives and values, the evaluations of the teams and the integration of these contributions. It is aimed at rewarding the achievement of individual, group and organizational results, measured with various indicators.

All Bank employees, whether full-time or part-time, have access to the same benefits, among which are the payment of school fees, insurance, bonuses and uniforms, as well as vouchers for snacks, mobility and rest due to grief, among others. Likewise, BBVA ensures that no employee earns below the current minimum living wage.

GRI 401-2, 202-1

The Talent & Culture area is responsible for disseminating the "Corporate Compensation and Valuation Schemes", as well as detailing the management of these processes and their impact on the employee's professional development. The implementation of these schemes allows promoting the importance of the role of the direct manager in the differentiation and recognition of his team.



BBVA's remuneration policy promotes equal treatment between men and women and rejects salary differentiation by gender. The compensation model rewards the level of responsibility and professional trajectory, while ensuring internal fairness and external competitiveness. In the case of the latter, salary studies are implemented through the Korn Ferry company, which compare salaries based on the measure of the position and the comparison of similarities between positions.

GRI 405-2

BBVA determined that, during 2020, the ratio of the base salary of women to men was -0.14%. The calculation was made for all new employees during 2020, with the exception of the Management Committee and service advisers.

**BBVA's remuneration policy promotes equal treatment between men and women and rejects salary differentiation by gender.**

### **Social prevention system**

GRI 201-3

BBVA has a social security system (AFP (pensions)/ONP) ordered according to Peruvian laws, which it offers to different groups of employees. The social security system is a defined contribution system (paid by the employee) for the retirement contingency. Contributions to employee welfare systems are made within the framework of Peruvian labor regulations.

### **Employee benefits:**

- Launch of new rates on freely available loans and mortgages, and credit cards.
- Full coverage of the EPS Health Plan, EPS Health Plan 2020-2021 and Oncológico Plus Oncoplus Benefits.
- Snack voucher per day worked.

### **Wellness programs for employees and family members**

Within the permanent interest in innovating activities, and in the firm conviction that the integral growth of the employee must be based on giving them the opportunity to develop, in April 2020 the Oportunidad de Avanzar Juntos portal was launched, with proposals and information aimed at their care and your safety, as well as entertainment alternatives without leaving home. With this criterion, the portal offers various options through its sections:

- Opportunity to Take Care of Us
- Opportunity to Develop
- Opportunity to Share

Also, during 2020 initiatives focused on providing emotional and physical support in these difficult times were implemented, such as a psychological line, a nutritional platform, and a series of webinars on topics that contribute to improving the quality of life, among others.

## **5.3.1.4. Labor conditions**

GRI 102-41, 401-2

During 2020, BBVA persisted in developing adequate working conditions, for which it promoted the training, integration and quality of life of the employee and their family. In this sense, in a pandemic scenario, the Bank drew up strategies and adopted concrete measures to safeguard the integral health of its employees and families.

The Culture, Welfare & Communication team worked in a committed way to carry out the programs and activities in favor of the employee, based on the following premises:

- Achieve the maximum well-being of employees and their families
- Protect health and contribute to your quality of life
- Enhance the benefits and facilities available to him
- Disseminate the important portfolio of benefits that the Bank offers

Employees have Enjoy, a digital space located on the web portal, and the BBVA Benefits app, two tools that inform them of the discount programs and exclusive corporate promotions of different businesses nationwide and allow them to easily access them. The benefits granted by the Bank are equitably given to all employees, without differentiating their type of contract, working day, gender, age, etc.

#### GRI 401-2

Under the protection of laws 26644 and 30807, which govern parental leave and which assign 10 days of leave for men, as a complement to the right to maternity leave and whose paid leave is for 98 days, BBVA registered, during 2020, a total of 80 employees who enjoyed this benefit.

#### GRI 401-3

Likewise, the Bank maintains a constant dialogue with the representatives of the BBVA Federated Center to reach agreements, following the provisions of the law. The employees affiliated with the union are covered by the collective agreements and every two years the board of directors of the union representation is elected by its associates.

#### GRI 102-1

As of December 31, 2020, BBVA Peru had 394 employees registered under the collective bargaining agreement entered into for the 2021 period, representing 6.6% of the total number of employees.

#### GRI 102-41

### Health and Safety at Work

#### GRI 403-2

BBVA is concerned that its employees acquire the knowledge and tools that allow them to develop prevention habits and early detection of any situation that could put their safety or health at risk, as well as encourages them to actively participate in the process of improving work environments.

In this sense, the Bank's objective is to generate an impact on the employee's working life and extend it to family life in terms of risk prevention and health care. Within the 2020 pandemic scenario, a series of surveillance and control measures for covid-19 were established at work:

- Surveillance of confirmed, suspected and positive cases of covid-19.
- Covid-19 preventive talks. Between the months of August to December, ten virtual meetings were held, with the participation of some 4,000 employees.
- Discard of covid-19 with laboratory tests. Rapid tests were performed as part of the medical intervention protocol.
- Registration and evaluation of vulnerable employees through an online form.
- Following the provisions of the Ministry of Health (Minsa), medical evaluations were taken to update the vulnerability status of each employee. At the end of the year, there were 973 vulnerable employees.
- Development of protocols and recommendations to avoid covid-19 on issues such as access to different areas, capacity and preventive measures in customer service, office visits, travel, Managing Committee meetings and use of spaces for work meetings in a face-to-face return.
- Continuation of prevention activities at BBVA in terms of gas lines, fumigation, LPG filling, substation maintenance and work accidents.
- Start of activities, in September 2020, of the centralized medical Call Center service for employees dedicated to the discarding and/or monitoring of covid-19 cases.
- Start, in December 2020, of the preventive testing program in the network of offices, the pilot phase of which included the districts with the highest prevalence. It is planned to monitor 1,500 employees in the first quarter of 2021.

During 2020 there were no cases of death due to work accidents or occupational diseases.

#### GRI 403-2

**As of December 31, 2020, BBVA Peru had 394 employees registered under the collective bargaining agreement entered into for the 2021 period, representing 6.6% of the total number of employees.**

## Basic occupational health data

GRI 403-1, 403-2

	2020	2019	2018	2017
Number of technical-preventive procedures	n.a.	52	116	33
Preventive actions to improve working conditions	n.a.	150	622	132
Appointments to health exams	n.a.	1,588	1,719	1,404
Employees represented in health and safety committees (percentage)	100%	100%	100%	100%
Absenteeism rate	2.90%	0.86%	1.15%	1.10%

Due to the atypical nature of the pandemic, during 2020 the technical-preventive monitoring procedures and preventive actions to improve working conditions migrated from the aforementioned medical actions.

### 5.3.1.5. Volunteering and social engagement

GRI 413-1

In its global strategy, the BBVA Group has a corporate volunteering program that encourages it to develop sustainability projects in all the countries where it is present. Employees are an active part of these initiatives.

The volunteer program allows to reinforce self-esteem and pride of belonging to the company, helping to build an identity based on values of solidarity, empathy and collective thinking within the organization.

During 2020, and due to the pandemic, a series of virtual volunteering actions were implemented that allowed employees to join them without exposing themselves to the virus. The activities had the participation of several dozen employees and benefited approximately 4,500 people.

The most outstanding activities in 2020 were:

- Non-perishable food donation campaign “Together for Villa el Salvador”
- Job interview simulation – Forge Foundation
- Volunteer “Había una vez” program
- Bicycle donation campaign – Baika Organization
- Donation of gifts for Christmas Michiquillay in Cajamarca

The constant shortage of personal protection elements for medical teams in the framework of the state of emergency led BBVA to organize among its employees the campaign ‘Your help is worth double’, which managed to gather more than 50,000 personal protection equipment (safety glasses, face shields, KN95 masks, suits, aprons, and surgical gloves), which were delivered to the Ministry of Health (Minsa). Likewise, a part of the proceeds was used for the purchase of ethyl alcohol, antibacterial gel, shoe covers, surgery bars, masks, and clinical infrared thermometers, which were allocated to EsSalud.

## 5.3.2. Governance systems and ethical behavior

### 5.3.2.1. Corporate governance

GRI 102-13, 102-19, 102-20, 102-21, 102-24, 102-26, 102-29, 102-30, 102-32, 103-2, 417-3

BBVA includes in this 2020 Integrated Report its report on compliance with the principles of good corporate governance during the period concluded, which explains in detail, following legal provisions, the degree of implementation of the recommendations in this regard. Likewise, all the current information required is included in the corresponding section of the Bank’s website.

For the Bank, the good corporate governance system is a fundamental element of the corporate social responsibility (CSR) model and one of the pillars that sustain its development. According to the internal regulations of the entity, the approval of its CSR

**During 2020, and due to the pandemic, a series of virtual volunteering actions were implemented that allowed employees to join them without exposing themselves to the virus.**

policy corresponds to the Board of Directors, which annually receives a detailed report on the implementation and realization of said policy.

This practice allows transparent and adequate management of the social organs of the organization and the actions of its shareholders, per the objectives of the stakeholders.

BBVA has been an uninterrupted member of the Good Corporate Governance Index (IBGC) of the Lima Stock Exchange (BVL) since 2008. This statistical stock market indicator reflects the behavior of the prices of the most representative shares of the issuing companies that comply with the principles of good governance and have a minimum level of liquidity established by the BVL.

The corporate governance system has essential characteristics such as:

- An adequate composition of its corporate bodies.
- A clear distribution of functions between the Board of Directors and its committees, and between them and senior management.
- An orderly decision-making process.
- A solid monitoring, supervision, and control system for the Company's management.

## 1. Regulatory framework

The regulatory system of corporate governance in Peru is structured by the principles contained in the Code of Good Corporate Governance for Peruvian Companies (CBGC), approved by the Superintendency of the Securities Market (SMV), as well as by the Corporate Governance Regulations and the Comprehensive Risk Management, tested by the Superintendency of Banking, Insurance and AFP (pensions) (SBS). Its objective is to generate a culture of corporate governance, improve the perception of investors of public limited companies, promote business development and contribute to the generation of value in the national economy.

The CBGC applies to all public limited companies in the country, but especially to those that have securities registered in the Public Stock Market Registry (the "Registry"), which are obliged to disseminate their good governance practices to the market. corporate. It is made up of five pillars:

- a. Shareholders' rights.
- b. General meeting of shareholders.
- c. Board of Directors and Senior Management.
- d. Risks and compliance.
- e. Information transparency

The CBGC also includes complementary principles that apply to state-owned companies and family businesses, considering that some of them have securities registered in the registry.

Adherence to the principles contained in the CBGC by companies not only fosters a climate of respect for the rights of shareholders and investors in general but also contributes to creating value, strength, and efficiency in companies. In the same way, it encourages better risk management to which companies could be exposed and facilitates access to the capital market. As such, it reduces capital costs and favors greater and better access to sources of financing and long-term investment.

## 2. The Bank's corporate governance regime

GRI 102-20, 102-24, 102-26, 102-29, 102-30

This regime is made up of a set of internal rules and regulations that determine various rights and duties of the Company's governing bodies, drawn up under the guidelines set forth by the principles outlined in the CBGC and the Corporate Governance Regulations and the Comprehensive risk management. These standards are permanently revised so that they are kept up-to-date and their application is adapted to the activities implemented by the Bank as a company.

**For the Bank, the good corporate governance system is a fundamental element of the corporate social responsibility (CSR) model and one of the pillars that sustain its development.**

Within this regulatory regime, BBVA has a Regulation for the General Shareholders' Meeting, which dictates the principles of organization and operation of that governing body and establishes its regime for calling, information, attendance, and the development of the meeting itself. The guiding principle is to provide shareholders with the exercise of their corresponding rights, protected not only by the bylaws but also by regulatory standards, the General Law of Companies, and the principles of corporate governance.

Likewise, it empowers the Board of Directors to establish, to better perform its functions, the committees it deems necessary to assist it in matters of its competence. These committees are the following: Audit; Compliance; Appointments, Remuneration, and Talent Management; of Risks; and Corporate Governance.

The Corporate Governance Committee is in charge of supervising the Bank's compliance with such practices, as well as implementing the necessary improvements to maintain social responsibility standards. The committee was constituted by a board meeting agreement dated November 17, 2011, and its regulations contain the provisions related to its operation, structure, and composition.

### **3. Composition of the Board of Directors**

[GRI 102-18](#), [102-22](#), [102-23](#)

The Board of Directors is made up of people with different specialties and competencies, all of them recognized for their prestige, ethics, economic independence, sufficient availability, and a series of relevant qualities for the Company so that a plurality of approaches and opinions coexist. Likewise, under the provisions of the Corporate Governance and Comprehensive Risk Management Regulations, it has two (02) independent directors, who meet the applicable requirements according to current regulations.

The current members of the BBVA Board of Directors are the following:

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**BBVA has a Regulation for the General Shareholders' Meeting, which dictates the principles of organization and operation of that governing body and establishes its regime for calling, information, attendance, and the development of the meeting itself.**

		Date		Shareholding	
Names	Vocational training	Start	End	N° shares	Part. %
Directors, not including independent directors					
Alex Fort Brescia Chairman of the Board	Master in Business Administration. He participates on the boards of Holding Continental and Fundación BBVA Peru.	May 1995		Does not apply	Does not apply
Pedro Brescia Moreyra First Vice President	Business Administrator, participates in the boards of Holding Continental and Fundación BBVA Perú.	May 1995		Does not apply	Does not apply
Ignacio Javier Lacasta Casado Second Vice President	Economist. Participates in the board of the BBVA Peru Foundation. He participated in the board of the Holding Continental.	January 2013		Does not apply	Does not apply
Mario Brescia Moreyra Principal Director	Administrator. He participates on the boards of Holding Continental and Fundación BBVA Peru.	March 2013		Does not apply	Does not apply
Fortunato Brescia Moreyra Principal Director	Engineer. He participates on the boards of Holding Continental and Fundación BBVA Peru.	June 2013		Does not apply	Does not apply
Fernando Eguiluz Lozano General Managing Director	Industrial and Systems Engineer. MBA. He participates on the boards of BBVA Consumer Finance Edpyme, Forum Comercializadora del Perú SA, Forum Distribuidora del Perú SA and Fundación BBVA Perú.	July 2019		Does not apply	Does not apply
José Ignacio Merino Martín Principal Director	Degree in Business Sciences. He participates in the board of directors of Fundación BBVA Peru.	March 2016		Does not apply	Does not apply
Rafael Varela Martínez Principal Director	Graduated in Law, he participates in the board of the BBVA Peru Foundation.	May 2020		Does not apply	Does not apply
José Carlos López Álvarez Head Director	Degree in Business Sciences. He participates in the board of directors of Fundación BBVA Peru.	June 2018		Does not apply	Does not apply
Independent directors					
José Manuel Rodríguez-Novás Sánchez-Diezma Independent Director	Master in Engineering in Agricultural Industry. He participates in the board of directors of Fundación BBVA Peru.	May 2020		Does not apply	Does not apply
Ismael Alberto Benavides Ferreyros Independent Director	An agronomist, he participates in the board of the BBVA Peru Foundation.	March 2018		Does not apply	Does not apply





In line with the corporate organizational structure, and to properly manage compliance risks in BBVA Group entities in Peru, the Compliance area reports directly to the Board of Directors, in a clear reaffirmation of the autonomy, importance, and independence with which the Group has endowed it.

Under an agile organizational structure, the area consists of five disciplines, supported by a process execution block (Compliance Execution) and a project development block (Compliance Solutions):

- **Anti Money Laundering (AML) Compliance**, in charge of the risks of money laundering and financing of terrorism (PLMTF).
- **Customer Compliance**, in charge of managing market conduct risks, customer protection, product governance, and conflicts of interest, among other related parties.
- **Corporate Compliance**, Responsible for managing mainly the risks related to ethical conduct, corruption, criminal liability of the Group's companies, and competition risks (antitrust).
- **Securities & Derivatives (S&D) Compliance**, which manages the risks of conduct in the securities markets, prevention of the improper use of privileged information, and abuse of the market, among others.
- **Model & Assurance**, a discipline that develops and implements the Compliance model with a global scope, which includes Compliance Testing, an independent function for the assurance of controls and compliance mitigators.

During 2020, as a consequence of the global health emergency, the Compliance function had two main drivers of action:

- i) Due compliance with the emerging regulation, which required the implementation of adequate procedures and protocols for action, in the shortest time.
- ii) Need to ensure that the offer of products and services does not present deficiencies in the management of compliance risks.

In this sense, the corporate compliance risk management model was subjected to a period of intense testing, for which it had to reinforce the elements and pillars on which it is based. To do this, the Compliance function at BBVA Peru put into practice the fundamental elements of the model:

- a. Provision of an adequate organizational structure that allowed it to maintain its authority and independence of judgment.
- b. Maintenance or updating, as appropriate, of internal regulations, policies, and procedures, to guarantee business continuity;
- c. Support in the technological infrastructure, a crucial element for the effective development of Compliance supervision and control activities remotely.
- d. Permanent activity in risk assessment, both in the scenarios affected by the changes, to define the mitigation actions that ensure the proper management of the risks involved, as well as in those that were not hit.
- e. Dissemination and communication of the relevant changes and actions, also understood as a "re-education" in the new ways of developing activities, if applicable.
- f. Continuity in the supervision and control of the established processes that did not suffer the impact of the pandemic, while monitoring schemes were developed for the changes implemented.

This management scheme made it possible to respond in a timely and effective manner to activities with a high component of risk factors linked to the Compliance activity, even in the context of the health emergency. Thus, it was promoted and streamlined, with the support of biometric technology, the onboarding of clients in a non-face-to-face way, as well as the attention of operations through non-face-to-face channels and credit requirements, and debt rescheduling.

The regulatory and environmental changes in the special situation of 2020 impacted to a greater or lesser extent the prevention of money laundering and financing of terrorism, the risks of corruption, those of market conduct, the prevention of conflicts of interest and competition. and corporate integrity, to list the most significant.

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**It was promoted and streamlined, with the support of biometric technology, the onboarding of clients in a non-face-to-face way, as well as the attention of operations through non-face-to-face channels and credit requirements, and debt rescheduling.**

On the other hand, the Bank's macro vision that any action is undertaken also requires ensuring traceability for subsequent evaluation led to the implementation, in 2020, of independent evaluations of both the regulators and the internal and external audit bodies. This tool becomes increasingly relevant as the new normal becomes viable.

Regarding communication and training for the entire organization, the Bank has, also to face-to-face and e-learning instruction from Campus BBVA –a portal to teach courses and corporate training tools–, with a Compliance Portal (intranet) It uses internally for the following functions:

- Disseminate news or changes in the legal framework, internal regulations, national and international documents, red flags, and suspicious behavior patterns, as well as answers to frequently asked questions.
- Provide differential notoriety to a specific standard or informative or educational content related to activities to prevent money laundering and financing of terrorism and other compliance risks.
- Maintain an appropriate level of awareness, which is achieved when compliance with the rules and proper ethical behavior is part of the institutional messages.
- Have a continuous and easily accessible information medium for the staff.

During 2020, the Internal Regulation Framework (self-regulation) was reinforced, through the issuance and application of the Internal Regulation Standard to all bank units, having defined that the update of the existing regulations will be implemented within a period of two years.

Also to the Policy on Conduct in Securities Markets, the Anti-Corruption Policy, the Prevention Policy in Matters of Conflicts of Interest, the Product Governance Policy, and the Competition Policy, in 2020 the application of the General Policy on Conflicts of interest. This is an integrating element of the other documents, which both in the Compliance area and in the other units are used to manage conflicts of interest and which applies to all local business units of the BBVA Group.

### **Advice on ethical and legal behavior**

GRI 102-17, 102-25, 102-26, 102-27

The Code of Conduct of the BBVA Group in Peru includes the latest regulatory requirements and recommendations from international organizations such as BIS, EBA, ISO, among others, as well as the best practices and requirements of supervisory bodies. It also contains current societal expectations about what a strict ethics-based business culture should be.

The Code stipulates very clearly that the behavior of BBVA employees must be legal, morally acceptable and publishable, and provides guidelines for behavior per the Group's principles of prudence, integrity, and transparency. It includes procedures to help employees resolve doubts and clarify the fulfillment of their obligations.

During 2020, the Compliance area once again reinforced the BBVA Group's permanent commitment to business integrity, promoting communication, training, and adherence to its Code, as well as the foundations that inspire it: transparency, integrity, and prudence.

The Code applies to all entities linked to the BBVA Group in Peru. Each employee has a copy of the Code, which is also published on the Bank's website and the Compliance portal (intranet). Training and formal adherence are done by electronic signature, which contributes to the greater efficiency and simplicity of the process and is in line with the Group's technological innovation strategy.

In 2020, the Compliance area continued to provide support and advice to BBVA employees and senior management regarding the application of the Code and current corporate policies. The advice was given on matters related to, among others, the acceptance of gifts or personal benefits, the development of professional activities, the treatment and management of potential conflicts of interest, and the management of personal assets.

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**During 2020, the Compliance area once again reinforced the BBVA Group's permanent commitment to business integrity, promoting communication, training, and adherence to its Code, as well as the foundations that inspire it: transparency, integrity, and prudence.**

The Bank has created the Corporate Integrity Management Committee as the highest level body to oversee the proper application of the policies and guidelines included in the Code. The Compliance area presents the evolution of all areas related to the Code at the Committee sessions.

As indicated in the preceding section, in 2020 the General Conflict of Interest Policy came into force, which reaffirms the commitment to manage the interests of the Bank's shareholders with absolute integrity, transparency, and objectivity, seeking to prevent the occurrence of potential conflicts of interest, or managing existing ones in the best way.

As in the case of other policies, this provides general mitigation actions, as well as specific actions to avoid incurring conflicts of interest. In this regard, the use, on a corporate basis, of the Whistleblower Channel is also established, which includes all communication about any possible breach of the policy, also to the governance model and sanctions framework that apply to this policy.

## Anti-corruption policy

### GRI 412-2

The update of the BBVA anti-corruption policy implemented in 2020 emphasizes its introduction that is aligned with the FCPA (USA), the UK Bribery Act, the Spanish Penal Code, and the best practices in the sector, and takes as reference ISO 37001. Likewise, it establishes the guidelines to be able to make donations to public entities and collaborate during the covid-19 pandemic.

With the participation of the General Manager through video, the Responsible Attitude Program (PARE) was relaunched, to reinforce the desired actions within the framework of the Code of Conduct. During the campaign, new videos developed topics such as "Conduct with customers", which emphasized the provisions of the Market Conduct Regulation issued by the Superintendency of Banking, Insurance and AFP (pensions), and "Conduct with colleagues", regarding the issues of work climate and sexual harassment.

Likewise, the BBVA Code of Conduct course was included in the pack of regulatory courses, to reinforce its validity and application through didactic examples, including a reference to the Whistleblower Channel.

**The update of the BBVA anti-corruption policy implemented in 2020 emphasizes its introduction that is aligned with the FCPA (USA), the UK Bribery Act, the Spanish Penal Code, and the best practices in the sector, and takes as reference ISO 37001.**

	Total number <sup>(*)</sup>	Percentage
Employees to whom the anti-corruption policies and procedures have been communicated	6,182	100%
Employees who have received anti-corruption training	6,001	99%

(\*) The total number of employees is higher due to job rotation.

The Anti-Corruption Policy course is compulsory for all new employees of all Group entities in Peru, through the virtual training platform. The same happens with the Code of Conduct.

During the second half of 2020, a project was started to reinforce the ABC (Anti Bribery and Corruption) Model, the main objective of which is the proper application of the anti-corruption policy and the applicable regulations in this regard. It is scheduled to conclude in 2021.

## Prevention of money laundering and terrorist financing (PLMTF)

GRI 205-2

Among the objectives that the BBVA Group associates with its commitment to improve the social environments in which it carries out its activities is the permanent prevention of money laundering and terrorist financing (PLMTF).

The Bank considers that preventing its products and services from being used for criminal purposes is an essential requirement to preserve corporate integrity and, thereby, maintain the trust of the stakeholders with whom it is directly related (customers, employees, shareholders, suppliers, etc.) and with society in general.

To this end, BBVA supports its actions on a corporate risk management model, which includes the best practices of the financial industry worldwide in the prevention of PLMTF, among them the recommendations of organizations such as the Financial Action Task Force (FATF).

PLMTF's risk management model is constantly evolving and is subject to continuous independent reviews. These analyzes make it possible, in particular, to strengthen controls and establish additional mitigating measures to strengthen them.

During 2020, the Bank strengthened the PLMTF risk management model with improvements in the mitigation and control processes; for example, in the timely adaptation of the granting of economic reactivation credits, or in the processes of opening non-face-to-face accounts. Likewise, the monitoring of cash operations with foreign currencies and of new types of money laundering continued, having issued the corresponding risk reports. Likewise, the project to replace the operations monitoring tool began, as well as the adaptation of regulatory reporting to the new legal provisions.

It should be noted that, within the permanent training of employees, subsidiaries and related parties in PLMTF, training activities were implemented, both face-to-face for new entrants and remotely (online) for personnel dedicated to commercial work. In total, 99% of employees engaged in commercial activities, and 98% of the general payroll were trained.

GRI 205-2

## Market conduct (Transparency and user protection)

Market conduct issues (Customer Compliance), in charge of the market conduct officer (OCM), whose objective is to ensure the development of the following activities established within the framework of the market conduct regulation issued by the Superintendency of Banking, Insurance and AFP (pensions) (SBS):

- Assessment of risks for clients associated with BBVA products, services, and activities, as well as promotion or implementation of measures to mitigate them. During 2020, the application of the compliance model was consolidated in the new product committees and the quality assurance program (PAC), ensuring the intervention of the OCM from its conception and subsequent development, marketing, and post-contracting.
- Coordination of action plans to adapt to the new requirements and criteria issued in terms of user protection, mainly by the SBS. During 2020, and due to the health emergency, a series of regulatory changes took place with a special focus on consumer protection, which demanded the proactive action of the OCM to prevent the materialization of non-compliances.
- Close and continuous collaboration with product and business development units, with an emphasis on digital banking initiatives, to incorporate the vision of user protection into their projects.
- Permanent updating of the internal regulatory framework for the correct marketing of the Bank's products and services, especially in the proper application of the regulatory changes provided in the field of market conduct.
- Participation in projects to improve and update the Bank's business processes and computer systems, to ensure their alignment with the best practices for the protection of customer interests. The emergency determined the need for ongoing accompaniment by the OCM.

**BBVA supports its actions on a corporate risk management model, which includes the best practices of the financial industry worldwide in the prevention of PLMTF, among them the recommendations of organizations such as the Financial Action Task Force (FATF).**

- Communication and training actions aimed at commercial networks in matters of transparency and consumer protection. As each employee who attends a client/user must be duly informed and permanently updated, the annual training program was developed, extensive to all employees who provide support to internal processes, and a periodic update of the reference material was implemented. offices through a centralized application.
- Specific reviews of the information available to the public and the sales force, which includes control of the application of commissions and expenses and their publication in the branch network. All the communications issued were validated and the commission governance framework was reviewed.
- Review of the contents of promotional campaigns and commercial actions of products/ services, in compliance with the principle of transparent, clear, and responsible advertising (TCR) and the Advertising Self-Regulation Code signed by the Association of Banks of Peru (ASBANC). For this, quarterly reports were made to monitor advertising activity.
- Strengthening of compliance risk monitoring metrics and indicators, to promote a preventive approach.
- Evaluation of customer complaints, internal and external audit reviews, and examinations and requirements of regulators, which verified that these were addressed within the current legal term.

In 2020, BBVA presented an average of 93% compliance with ASBANC's advertising guidelines. This self-regulation of the system seeks to facilitate the understanding by the client of the information related to interest rates, fees, or other characteristics and conditions of financial products.

GRI 417-1

During the completed period, the Product Governance Policy was put into practice, and the OCM participated in the prior evaluation and subsequent monitoring of all commercial initiatives developed by the Bank within the framework of the PAC and the New Modalities and Products Committee (CNMP).

### 5.3.2.3. Standards of conduct

GRI 102-16, 102-17, 205-2, 307-1, 406-1, 412-2, 419-1

The Code of Conduct applies to all personnel and companies of the BBVA Group in Peru and, if applicable, applies to third parties linked to the Bank if they represent exposure to reputational risk. The Code develops guidelines in four areas: i) Conduct with the client, ii) Conduct with colleagues, iii) Conduct with the company and, iv) Conduct with society. It also develops the governance and application framework of the Code.

The Code of Ethics in the Securities Markets defines in BBVA the actions of the personnel who carry out their activities in the field of investments on behalf of third parties or of Group entities in Peru. To prevent the improper use of privileged information and/or market abuse, the Bank applies measures to control the flow of information to its related parties (natural and/or legal persons), the prior authorization of operations, the construction of Physical or intangible "Chinese walls" and the monitoring of operations on its account or of its related parties in the securities markets.

To achieve synergies and simplify the communication of actions or situations that may be contrary to the Code, the policies that develop it, or its values and guidelines, it was established that the Whistleblower Channel is the means of communication of such actions, regardless of the Group self-regulatory provisions.

During 2020, the analysis of the written and digital media did not identify any report regarding controversial issues related to sustainability that affected BBVA.

GRI 307-1

#### Whistleblower channel

GRI 102-17, 102-33, 102-34

To avoid any behavior or action that is morally questionable or is outside the law, the Group and all the companies that comprise it abide by the BBVA Code of Conduct.

**The Code of Ethics in the Securities Markets defines in BBVA the actions of the personnel who carry out their activities in the field of investments on behalf of third parties or of Group entities in Peru.**

The Whistleblower Channel is a means by which any stakeholder can report any non-compliance that he or she observes or is transmitted to him by other employees, clients, or suppliers, which includes, but is not limited to, illegal or unethical conduct. To do this, you must comply with the following procedure:

- Discuss the case with your immediate superior or your Talent & Culture Manager.
- Notify the case through the local Whistleblower Channel.
- Use the corporate Whistleblower Channel when you want the case to be notified to Compliance Holding.

Those people who in good faith report inappropriate facts or actions to the Whistleblower Channel (emails and/or telephones) may not be subject to retaliation or suffer any adverse consequences for such reason.

It is the task of the Compliance Unit to process the complaints received promptly and diligently, promote their investigation and verify and promote the necessary measures for their resolution following the complaints channel management procedures. The information will be analyzed objectively, impartially, and confidentially, keeping the identity of the complainant confidential.

It is worth noting that for some years now, special attention has been paid to complaints that appear on social networks, several of which have been dealt with in the field of conduct with the client, as indicated in the Code of Conduct.

Of the total number of complaints received about misconduct by employees during 2020, 36% of them were related to customers, 45% to colleagues, 17% to the company, and 2% to society.

In 2020, very possibly due to the emergency, the number of complaints decreased by 22% compared to the previous year. However, it should be noted that 18% of the complaints were made by email, with the identification of the complainant, and the rest by the anonymous and free telephone mailbox, the other means used for the management of communications through the Whistleblower Channel.

The timely and effective resolution of the complaints raised guaranteed due compliance with the Code and consolidated confidence in the use of the Complaint Channel.

During the 2020 period, no complaint was received about any case of corruption at BBVA.

GRI 205-3

#### **Legal compliance**

GRI 419-1

During 2020, no non-monetary fine or sanction in socio-economic matters was given against BBVA that had materiality.

GRI 416-2, 417-2

70 cases were registered with financial penalties from Indecopi for infractions of the Consumer Protection Code, with fines amounting to 199.87 UIT.

### **5.3.2.4. Internal control model**

GRI 102-11, 103-3, 205-1

The internal control model is based on the recommendations of the Basel Committee and industry best practices. It has an internal control scheme structured in three lines of defense, to guarantee that operations are implemented respecting both the applicable regulations and the internal policies and procedures established by the institution.

- **First line:** Made up of the owners of the processes, responsible for managing current and emerging risks and executing the control procedures inherent to them. Likewise, it has a Risk Control Assurer, whose purpose is to promote the adequate management of operational risk in their respective management areas, by extending the risk identification methodology and establishment of controls to the process owners.

**The timely and effective resolution of the complaints raised guaranteed due compliance with the Code and consolidated confidence in the use of the Complaint Channel.**



- **Second line:** Integrated by a Risk Control Specialist team (Compliance, Processes, Third Party, Finance, Legal, People, Riesgos, Physical Security, Information & Data Security and Technology Security). He is in charge of defining the mitigation and control frameworks in his field of specialty (across the entire organization) and contrasting them with what was implemented by the first line.
- **Third line:** Assumed by the Internal Audit Area, it independently, impartially, and objectively evaluates the organization's internal control and risk management systems. Its purpose is to add value, improve operations and support the Group in achieving its objectives within an adequate control environment.

This model allows the Bank to comply with the highest standards in terms of internal control, issued and updated in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Regarding the relevant initiatives implemented in 2020, the strengthening of the Bank's internal control scheme with the provision of a greater structure and work methodologies stands out.

## Corporate Assurance

### GRI 102-30

The Bank maintains the Corporate Assurance model launched in 2013, the purpose of which is to strengthen internal control to allow senior management to have a comprehensive view of the organization. A governance scheme was established that involves senior management and is supported by the work implemented by the control teams, which makes the model viable.

This scheme promotes the coordinated action of the three lines of defense, to increase the effectiveness and efficiency of the internal control model. Also, it provides the necessary management tools for the prioritization and escalation of matters related to internal control.

For proper compliance with the mechanism, quarterly meetings are held in which the members of the management committees of the Group and its subsidiaries participate. The purpose of these meetings is to know and make decisions on control matters that may have a significant impact on the objectives of the different units.

## Internal Audit

The Internal Audit Department (IA) is a global unit that at a corporate level depends on the Presidency of the BBVA Group and locally, on the Bank's Board of Directors, in charge of overseeing the annual plan approved by it.

In this way, AI accompanies the digital transformation process in which the Bank is immersed, so it has transformed its work methodology and adapted its internal processes to be in tune with changes in the organization, obtain efficiencies and enhance the work done.

The preparation of the Bank's annual plan is based on a Risk Assessment process that is applied to all its areas and processes. The idea is that through continuous evaluation the levels of inherent risk and control of each process are valued and the sources of risk are identified, with which, if necessary, a specifically oriented revision proposal is made. Also to this evaluation, the plan includes regulatory reviews established in current Peruvian regulations and others requested by Management.

In the preparation of the annual plan, the coverage of a type of risk is taken into account that allows maintaining adequate control in the organization. As established in the regulations, any change in the plan must be approved by the Audit Committee and reported to the local regulator.

As part of the constant improvements in the methodology, in 2020 the Risk Assessment was kept updated and the work proposal was reviewed quarterly, so that, if it is necessary to make any changes to the plan due to the appearance of a relevant issue, it is possible to do it quickly and efficiently.

**Regarding the relevant initiatives implemented in 2020, the strengthening of the Bank's internal control scheme with the provision of a greater structure and work methodologies stands out.**



Since 2008, BBVA Peru has been authorized by the SBS to carry out its annual risk-based audit plan (ABR). This authorization allows specific regulatory reviews not to be included in the plan, insofar as IA has control information on the process that the standard establishes to review. Since December 31, 2014, this ABR authorization is permanent.

2020 was an atypical year due to the health emergency generated as a result of the covid-19 pandemic worldwide, so IA had to adapt to the teleworking modality. This was possible thanks to the operational support provided by the Bank and the internal coordination of the team, which allowed the execution of the plan to continue. However, precisely due to the situation, the plan did undergo changes, which included revisions to the aid programs that the Government launched to reactivate the economy and avoid a break in the payment chain (FAE, Crecer, Reactiva I and Reactiva II).

Due to the changes as a result of the 2020 health emergency, the audit plan included the following distribution of jobs by type of risk:

Main internal audit activities by type of risk			
Type of job	Plan 2020 <sup>(1)</sup>	Plan 2019 <sup>(2)</sup>	Plan 2018 <sup>(3)</sup>
Operational risk	5	2	8
Compliance risk	4	5	4
Credit risk	6	4	5
Technological risk	4	2	3
Legal risk	2	5	2
Structural risk	1	1	0
Capital risk	0	0	1
Business model risk	2	0	1
Market risk	0	0	1
Extended enterprise risk	0	1	1
Internal governance risk	0	1	1
<b>Total</b>	<b>24</b>	<b>21</b>	<b>27</b>

(1) Plan executed during the fiscal year 2020.

(2) Plan executed during the fiscal year 2019.

(3) Plan executed during the fiscal year 2018.

The main risk sources on which Internal Audit focused its work plan during 2020 were:

- **Operational risk:** Digital transformation, banking processes, and Operational Risk model.
- **Compliance risk:** Consumer Protection, Corporate Compliance, and PLD & FT.
- **Credit risk:** Proactive Admission, Rescheduling, and Credit Quality.
- **Technological risk:** Business Continuity and Information Security.
- **Legal risk:** Regulatory Risk and Financial Reporting.
- **Structural risk:** Liquidity risk.
- **Business model risk:** Strategic Plans and Business Viability.

**2020 was an atypical year due to the health emergency generated as a result of the covid-19 pandemic worldwide, so IA had to adapt to the teleworking modality.**

### 5.3.3. Fiscal transparency

GRI 207-1, 207-2, 207-3

#### Tax strategy

BBVA is committed to providing the best solutions to its clients, offering profitable and sustained growth to its shareholders, and collaborating in the progress of the companies in which it is present. These values are reflected in tax policies and are aligned with corporate principles: integrity of tax matters, prudence in the tax context, and transparency in the entity's information on its activity.

Thus, in 2015, the Board of Directors approved the "Corporate Principles on Tax Matters and Tax Strategy", which are framed within BBVA's corporate governance system and establish the policies, scope, principles, and values that should guide the behavior of the Group in tax matters. As they have a global scope, the principles, which are published on the Group's website, affect all the people who are part of the Bank and their compliance is of the utmost importance, given the relevance and impact that the taxation of a large multinational such as BBVA has a presence in the jurisdictions where it is present. This guideline is in force and governed for action during 2020.

The policies and values that makeup BBVA's tax strategy are supported and aligned with the following corporate principles:

- I. **Integrity**, as a manifestation of ethics in everything the Group does and in all its relationships with stakeholders. In tax matters, this means respecting the rules and cooperating with the different tax authorities within a relationship founded on good faith.
- II. **Prudence**, basically understood as a principle of due caution when taking risks. BBVA always analyzes the tax implications as part of its decision-making process.
- III. **Transparency**, as a maxim that governs all activity. We must always give clear and truthful information, within the limits of legality. In tax matters, this implies being transparent in the information that we provide to our clients and in the information that we give to the rest of the stakeholders about BBVA's activity.

Effective compliance with the provisions of the tax strategy is duly monitored and supervised by BBVA's governing bodies. Accordingly, the Bank's fiscal strategy is based on the following basic points:

- BBVA's decisions in tax matters are linked to the payment of taxes, as this is an important part of its contribution to the economies of the different jurisdictions in which it operates, aligning taxation with both the effective performance of economic activity as with the generation of value in the different geographies in which it is present.
- Active work to adapt to the new digital environment, also in tax matters, by incorporating virtual presence to the generation of value and its subsequent valuation. Similarly, seeking to adapt to the requirements in this matter by the tax administration regarding the new channels of formal and substantial tax compliance, as well as with participation in digital transformation pilots proposed by the tax administration.
- The establishment of a reciprocally cooperative relationship with the different tax administrations, based on the principles of transparency, mutual trust, good faith, and loyalty between the parties.
- The promotion of clear, transparent, and responsible communication with its different stakeholders, on their main magnitudes and tax matters.

For this, the Tax Department has the support of qualified human resources and the material and functional resources that it may need to achieve the objectives pursued by the Principles. Thus, the different areas and businesses act following their internal regulations and, in particular, with the Standard Framework for Fiscal Control, the compliance of which is periodically reported to the governing bodies of BBVA.

**Effective compliance with the provisions of the tax strategy is duly monitored and supervised by BBVA's governing bodies.**

## Tax contribution

BBVA is committed to transparency in the payment of taxes and, driven by this effort, voluntarily discloses its total tax contribution.

The total tax contribution of the BBVA Group (Total Tax Contribution Report, ITTC), which follows a methodology created by PricewaterhouseCoopers (PwC), includes payments, both own and third parties, for income tax, general tax on sales, local taxes, and fees, withholdings for the Tax on Natural Persons and Companies, as well as contributions to the social security system, as well as those that are made during the year due to tax litigation related to the aforementioned taxes. In other words, both related taxes (those that represent a cost to companies and impact their results) and those that are paid on behalf of third parties are included.

The ITTC provides all interested parties with the opportunity to understand the Bank's tax payment and represents a forward-thinking approach, as well as a clear correspondence with corporate social responsibility, assuming a leadership position in tax transparency.

### Total tax contribution Interannual variation (in millions of soles)

	2020	2019	2018	2017
Own taxes	853	923	698	723
Third party taxes	392	321	353	342
<b>Total contribution</b>	<b>1,245</b>	<b>1,244</b>	<b>1,051</b>	<b>1,065</b>

## 5.3.4. Responsible purchasing

GRI 102-9, 102-10, 103-2, 204-1, 308-1, 308-2, 414-1, 414-2

### Supply chain

BBVA has a Global Procurement System (GPS), a global technology platform that supports all phases of the procurement process in the BBVA Group, from the approval of the budget to the registration and accounting of invoices (budgeting, purchasing, and finance).

The Group carries out the different negotiation processes with its suppliers (RFIs, RFQs, RFPs, electronic auctions, and final award rounds) through Adquira Podium, an electronic platform that offers them the following advantages:

- Greater control, traceability, and visibility of the status of the different negotiation processes in which it has participated.
- Agility, standardization, and automation of negotiation processes.
- Transparency and simplicity of the process.
- Comprehensive telephone advice on the operation on the portal for doubts, queries, incidents, and training.

In 2020, BBVA evolved towards the global model with a progressive implementation approach. The greater globalization in the purchasing activity through the framework of new purchases and the creation of the Global HUB brings important opportunities:

- Advance in purchasing centralization by promoting the new category framework defined to take advantage of the Group's scale.
- Generate operational efficiencies in the Procurement area by consolidating its activities.
- Strengthen internal control and supplier risk management within acquisitions (aligned with the Kaizen project).
- Promote the comprehensive supply management model to improve customer service.
- Improve the global management of suppliers.

The Procurement Action Plan, launched in May 2019, continued its development during 2020, for which it had the active participation of the different units/countries involved in the process. Such deployment was a challenge in terms of coordination, given the multiple stakeholders involved.

The Plan was structured around four main objectives:

- Reduce non-standard hiring.
- Strengthen the control mechanisms over the negotiable financial invoice processes and the receipt of goods and acceptance of services, as well as the Delegated Purchasing Units (UDA).
- Improve the Supplier Approval process.
- Extend the Supplier Homologation process.

In April 2020, BBVA launched the digital signing of contracts with suppliers. With the support of a global technology platform for signatures, the document thus initiated is safely and automated custody in a trusted third party. The digital signature of contracts provides advantages in terms of efficiency and agility of the process, ease of use, and greater security and control.

### Suppliers portal

The Supplier Portal allows the Group to interact electronically with suppliers that do not yet work with it, by providing their data within a collaborative environment. This tool has been a valuable aid for transparency when contacting those who wish to provide their services to the Bank.

#### Average term of payment to suppliers

	2020	2019	2018	2017
Number of days	11	8	11	25

### Supplier satisfaction survey

BBVA conducts a biannual survey to measure the degree of supplier satisfaction. Given that the last version was implemented in 2019, with a result of 79 points, the next survey will be implemented in 2021.

### Suppliers

For BBVA, its suppliers are a fundamental part of its business model. Their relationship with them is governed by the Group's Code of Conduct, the Supplier Code of Ethics, the Responsible Purchasing Policy, and the Standard for the acquisition of goods and contracting of services.

BBVA contributes positively to the development of the societies in which it operates, which is why it understands that integrating ethical, social, and environmental factors into the supply chain is part of its responsibility. Its Supplier Code of Ethics defines the minimum standards of behavior in terms of ethical, social, and environmental conduct that it expects all of its suppliers of products and services to follow. Similarly, the Code includes BBVA's aspiration to promote human rights in its relationships with suppliers, which is reflected in its Commitment to Human Rights.

#### Basic supplier data

	2020	2019	2018	2017
Number of suppliers <sup>(1)</sup>	5,846	2,147	3,752	3,230
Volume billed by supplier (in millions of soles)	942	1,030	1,054	967
Number of approved suppliers <sup>(2)</sup>	508	366	486	429

(1) Suppliers who have billed the Bank are considered. Consider the amount without taxes.

(2) Suppliers with current approval as of 2020.

**In April 2020, BBVA launched the digital signing of contracts with suppliers. With the support of a global technology platform for signatures, the document thus initiated is safely and automated custody in a trusted third party.**

The Bank signs contracts mainly with suppliers of labor intermediation, work contractors, outsourcing services, and the purchase of goods, among others. Depending on the category, purchases are made with local or non-domiciled suppliers.

## Supplier management

### Homologation process

GRI 412-3

The homologation process that BBVA carries out with its suppliers consists of assessing their financial, legal, and employment situation, as well as their reputation, knowing their basic technical capabilities, and validating that they share the same values as the Group in terms of social responsibility. This applies to recurring suppliers with higher purchase volumes.

This process also allows to know if the supplier complies with its legal responsibilities (labor or environmental regulations, among others) and to promote its civic responsibilities through the following actions:

- Compliance with the UN social and environmental principles.
- Adoption of internal measures to guarantee diversity and equal opportunities in human resource management.
- Adoption of measures to promote occupational health and safety and the prevention of incidents and accidents at work.
- Support for the freedom of association and collective bargaining of its employees in all the countries in which they operate.
- Possession of a code of conduct or policy to avoid forced labor, child labor, and other human rights violations in the company itself or those of its subcontractors.
- Possession of a code of conduct or policy to prevent corruption and bribery.
- Participation or collaboration in activities related to culture, scientific knowledge, sports, the environment, or disadvantaged sectors, with direct measures or donations, in collaboration with other organizations or institutions.
- The hiring of disabled people.
- Existence of a corporate responsibility policy in the company.

Since 2017, the supplier approval process for South American countries includes the Reputational Risk analysis. In this way, the purchasing hub assesses, in a centralized manner, all suppliers according to the criteria of reputational risk and susceptible to homologation to determine the level of risk they may represent for the region.

The benefits of including operational risk are:

- Establish governance over the assessment of reputational risk from the hub to the South American countries for the faithful compliance of this variable within the homologation process.
- Reduce reputational risk so that it does not negatively impact BBVA's stakeholders.
- Establish alerts and continuous monitoring of suppliers with potential impact on reputational risk.
- Standardize the assessment of reputational risk at the South American level.

During the last quarter of 2020, a new BBVA Group Supplier Assessment model was developed. The objective of the change was to assess the level of risk of the suppliers with whom there are current activity and those with whom a relationship could be established in the fairly near future.

The single and homogeneous evaluation, process, and result model for the BBVA Group includes nine different types of risks (anti-corruption, legal, tax, labor, reputational, country and concentration, technological, financial, and, finally, protection of the clientele) and their defined weights, which allows you to identify the appropriate strategy and decision-making with suppliers and the market. It has been designed and approved by the Supplier Risk Management governance model, in consensus with the risk specialists involved in the supplier evaluation process.

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**The homologation process that BBVA carries out with its suppliers consists of assessing their financial, legal, and employment situation, as well as their reputation, knowing their basic technical capabilities, and validating that they share the same values as the Group in terms of social responsibility.**

Every supplier must go through the evaluation process, to identify the level of associated risk and verify that it conforms to the required quality standards.

#### Basic data of suppliers in the homologation process

	2020	2019	2018	2017
Number of suppliers that went through the homologation process <sup>(1)</sup>	304.00	391.00	505.00	202.00
Purchases from suppliers that participated in the homologation process (in percentage) <sup>(2)</sup>	5.20	18.21	13.47	6.25
Number of suppliers that did not pass the homologation process	26.00	25.00	19.00	24.00

(1) Suppliers evaluated by the certifier.

(2) The percentage of suppliers that have passed the homologation process is considered for the total of suppliers that have billed during 2020 (Preferred suppliers are not included).

The percentage of approved suppliers in 2020 was 4.76%, which accounted for 60.14% of the total awarded. BBVA remains firmly committed to contributing to the economic and social growth of the countries in which it is present. Thus, 98.31% of its suppliers were local and represented 84.36% of the total billing. A local supplier is understood to be one whose tax identification coincides with the country of the company receiving the good or service.

GRI 204-1

#### Impact management

The Bank has a purchasing policy, a standardization process, and a corporate standard for the acquisition of goods and contracting of services, to achieve optimal management of the impacts that may be caused to the entity.

The impacts that are considered feasible can be:

- Environmental
- Produced by poor labor practices implemented in the suppliers' companies
- Derived from the absence of freedom of association
- That affects human rights
- Positive or negative to society

## 5.4. Sustainable finance

Banks play a crucial role in the fight against climate change and in achieving the United Nations Sustainable Development Goals (SDGs), thanks to their unique position to mobilize capital through investments, loans, issuances, and advisory functions. Two are the most relevant ways to contribute to this challenge: on the one hand, by providing innovative solutions to its clients that help them in the transition towards a low-carbon economy and that promote sustainable financing and, on the other, by integrating risks environmental and social systems systematically in decision-making.

### 5.4.1. Pledge 2025

In line with the above, the BBVA Group has established a commitment, called "Pledge 2025" regarding climate change and sustainable development to contribute to the fulfillment of the Sustainable Development Goals (SDGs) and the challenges derived from the Paris Agreement on Climate. To allow everyone to achieve the opportunities of this new era, it has committed to mobilizing 100 billion euros in green financing, sustainable infrastructure, social entrepreneurship, and financial inclusion.

**The BBVA Group has established a commitment, called "Pledge 2025" regarding climate change and sustainable development to contribute to the fulfillment of the Sustainable Development Goals (SDGs) and the challenges derived from the Paris Agreement on Climate.**

## PLEDGE 2025

### To finance

Help create the mobilization of capital to curb climate change and achieve the Sustainable Development Goals.

- Green financing.
- Sustainable infrastructures and agrobusinesses.
- Financial inclusion and entrepreneurship.

### To manage

Manage environmental and social risks to minimize potential direct and indirect negative impacts.

- Transparency in the exposure of fossil fuels.
- Alignment with the 2°C scenario for 2050.
- Sectoral regulations in mining, energy, agrobusiness and infrastructure.

### To engage

Engage stakeholders to collectively promote the contribution of the financial sector to sustainable development.

- Implementation of TCFD recommendations for 2020.
- Education and financial education.
- Promotion of the Responsible Banking model in the industry.

## 5.4.2. Sustainable financing

Clients' climatic performance and their ability to adapt to environmental challenges can affect a bank's business and, ultimately, its ability to pay and solvency.

BBVA wants to make a significant contribution in the fight against climate change, helping its clients in the transition towards a low-carbon economy. Also, it is committed to supporting inclusive economic development, both through its business and the various social programs that the Group promotes. To do this, it initially focuses on those SDGs in which the Group can have a greater positive impact by taking advantage of the multiplier effect of banking.

**BBVA wants to make a significant contribution in the fight against climate change, helping its clients in the transition towards a low-carbon economy.**

### CLIMATE CHANGE

Mobilizing the investments needed to manage the challenge of climate change, in alignment with:



Three categories of business initiatives:

- **ENERGY EFFICIENCY**  
(technologies that reduce energy use per product unit)
- **CIRCULAR ECONOMY**  
(recycling, new materials, responsible use of natural resources, etc.)
- **CO<sub>2</sub> REDUCTION**  
(renewables and other clean energy sources, electric mobility)

### INCLUSIVE DEVELOPMENT

Mobilizing the investments needed to build inclusive infrastructures and support inclusive economic development, in alignment with:



Three categories of business initiatives:

- **DIGITAL SOLUTIONS**  
Providing financial services to the population without banking services, primarily with digital solutions suited to their needs
- **INCLUSIVE INFRASTRUCTURES**  
with a focus on basic services and safe, affordable and sustainable transport systems
- Support for **ENTREPRENEURS**, and promotion of economic growth and full and productive employment



Taking into account the previous focuses of action, and to deepen this strategic priority, four main objectives are established:

Objectives	Workstreams
01 To encourage sustainable business growth	Currently, this objective consist of <b>5 workstreams</b> : <ul style="list-style-type: none"> <li>• Sustainable solutions for retail customers</li> <li>• Sustainable solutions for SME customers</li> <li>• Sustainable solutions for corporate and institutional customers</li> <li>• Communications and marketing</li> <li>• Social</li> </ul>
02 To integrate sustainability risk in the processes	Currently, this objective consist of <b>2 workstreams</b> : <ul style="list-style-type: none"> <li>• Risk management</li> <li>• Sustainability indicators</li> </ul>
03 To establish an unique sustainability agenda with stakeholders	Currently, this objective consist of <b>3 workstreams</b> : <ul style="list-style-type: none"> <li>• Reporting and transparency</li> <li>• Direct impact</li> <li>• Public engagement</li> </ul>
04 To develop the necessary sustainability capabilities	Currently, this objective consist of <b>2 workstreams</b> : <ul style="list-style-type: none"> <li>• Data and technology</li> <li>• Talent</li> </ul>

### Corporate Investment Banking (CIB)

CIB has developed a global strategic plan in which each geography participates in a very coordinated manner in its launch and development. The Plan involves six global lines of action, each with its local lines of work for its development:

- **Customer mapping:** Recognition of the ESG (environmental, social, and governance) strategy of clients and preparation of a list of target clients by product and geography.
- **Development of sustainable products and services:** Preparation for each division GTB (Global Transactional Banking), IB&F (Investment, Banking & Finance), and GM (Global Market) of portfolios of sustainable products to offer to clients based on: a) their interest or market situation in each geography and b) ability to offer the products in each geography.
- **Increased demand for ESG products in less developed markets:** a) Active leadership with local institutional investors, b) generation of ESG awareness in local corporate clients, c) internalization of some of the expenses associated with ESG operations (such as the cost of certification) and d) promotion of BBVA's institutional role within of the financial sector in each country.
- **Organization:** Appointment of champions at the level of each geography for CIB and each product: CIB Sustainable Network. Establishment of an ad-hoc committee with the Head of Sustainability Office, as well as local committees, to monitor the business.
- **Knowledge and community:** ESG technical training focused on priority sectors.
- **KPI:** Agreement of certain KPIs between the client and the Bank to monitor each operation or project and thus maintain the rating.

At BBVA Peru, the CIB team has a champion who represents geography and different champions by product. The main actions of initiatives developed by the CIB team at the local level are detailed below:

- **DCM (Debt Capital Markets):** With the commitment to promote the issuance of ESG bonds, the DCM team advises and accompanies clients who want to make their commitment to sustainability known. Locally, it contacts the Lima Stock Exchange (BVL), which is the entity that "labels" the ESG instruments (bonds or papers) that are issued in Peru. On occasions, he approaches potential issuers together and with the support of the Global team, he manages action plans (visits, calls, pitches, etc.), objectives, and monthly follow-ups to them. All activities related to potential issuance of ESG bonds are placed in a template that can be accessed by those who lead DCM initiatives in the parent company, from which, in turn, comes a Bulletin with the issuance of ESG Bonds that are given in the different geographies, whether BBVA participates in them or not.

**En BBVA Perú, el equipo de CIB cuenta con un champion que representa a la geografía y distintos champions por producto.**

- **GTB (Global Transactional Banking):** Its main action plan was the signing and development of the Transactional Framework of the Sustainable Transactional Product at a global level, which allows credit lines that are linked to sustainability to be classified as such (green, social, and sustainable). All the geographies in which GTB is present have adhered to said Framework, under which GTB Peru closed the first operation in 2020, together with Compartamos Financiera, for US\$ 35 million.
- **Global Markets:** Although the market for financial products linked to sustainability is relatively new, one of Global Markets' main objectives for the coming years is to increase the offer of structured products (investment and hedging) that incorporate ESG criteria. For GM it is important to offer the client the possibility of investing in products that are backed by sustainable financing, as well as alternative underlying in the market that seeks to promote a sustainable future. Likewise, it is proposed to generate coverage products for clients associated with sustainability KPIs that promote a culture of greater sustainable responsibility in companies.

### Sustainable Vehicle Credit

Launched in November 2020, the Sustainable Vehicle Credit is aimed at facilitating the acquisition of hybrid and electric cars, with the first specific product for the Peruvian financial market that allows access to a renewable energy vehicle.

The loan can finance up to 100% of the value of the vehicle (subject to credit evaluation), with the possibility of including an additional 10% that covers prepaid maintenance. The repayment term is up to 72 months, with vehicle insurance that includes additional coverage for trips by bike/motorbike/scooter at no additional cost. Also, it has a very special rate of 7.99% EAR.

## 5.4.3. Management of social, environmental and reputational risks

GRI 102-11, 102-15, 102-29, 102-30

The impact of BBVA's activities on the environment and society occurs, directly, through the use of natural resources and the relationship with its stakeholders, and indirectly, through credit activity and financing projects. These impacts lead to three types of risks: direct, indirect, and reputational.

Thus, extra financial risks can affect the credit profile of the borrowers or the projects being financed, which in turn would damage the quality of the risk assumed and, consequently, affect the repayment of the credits.

To manage these risks, BBVA takes into consideration, along with the usual financial variables in risk management, environmental, social, and reputational aspects. The integration of these aspects is consistent with the principle of prudence that governs the Bank's activity and is specified in different lines of action.

### 5.4.3.1. Management of social and environmental risks

#### Equator Principles

GRI 102-12, 201-2, 412-3

The BBVA Group has adhered to the Equator Principles (EPs) since 2004, which is why it applies its standards to determine, evaluate and manage environmental and social risks in project financing. Also, it is based on the policy and performance standards on the social, and environmental sustainability of the International Finance Corporation (IFC) and the general guidelines on environment, health, and safety of the World Bank Group (WBG).

Thus, BBVA assumes the EPs as the starting point for applying the best responsible financing practices and the framework for dialogue with clients and groups interested in the projects it finances. Thus, they have become the reference standard for responsible financing, and their development and dissemination are a commitment assumed by the Management Committee and the working groups in which it participates.

The energy, transportation, and social service infrastructures that drive economic development and create jobs in a country can impact the environment and society. BBVA's commitment is to manage the financing of these projects in such a way that it is possible to reduce and even avoid negative impacts and thus enhance their economic, social and environmental value.

In line with this commitment, all project financing decisions are based on the criterion of profitability adjusted to principles. Placing people at the center of the business implies both meetings the expectations of the groups interested in the projects and the social demand for the fight against climate change and respecting human rights. Financing contracts must incorporate the client's obligations regarding the environment and social impact, as well as its submission to the monitoring of a specialized team.

During 2020, the project analysis methodology was maintained, which consists of submitting each transaction that is presented to a due diligence process in two fundamental aspects: environmental and social. This begins with the assignment of a category (A, B, C), as established by the IFC classification process. The review of the documentation provided by the client and by the independent advisers makes it possible to assess compliance with the requirements indicated in the EPs based on the two aspects mentioned.

### **Social and environmental risk assessment and responsible credit granting**

GRI 102-31, 102-34

The Bank has implemented a social and environmental risk management system aligned with Regulation 1928-2015 issued by the SBS, which takes as a reference the EPs and IFC performance standards, requirements that, to a large extent, the Bank already had. considered since 2004 on their initiative. The minimum requirements for the management of social and environmental risk established in this regulation promote the implementation of good practices and prudent risk-taking by banks.

Based on this scheme, project financing is categorized according to its levels of social and environmental risk. This contributes to the assessment of the probability and severity of the impacts of the economic activities exposed to them and favors early action to prevent or reduce their undesirable consequences.

The Investment Banking & Finance team assumes the responsibilities of analyzing the Project Finance, representing the Bank before stakeholders, rendering accounts before senior management, and the design and implementation of the management system. The review of risks and opportunities of an economic, environmental, and social nature is implemented monthly by the Board of Directors and the committees involved.

In 2020, BBVA evaluated the Salaverry Multipurpose Port Terminal Project under the Equator Principles, consisting of the design, financing, construction, and operation, which will allow the modernization and improvement of the current infrastructure. The main services contemplated are access and use of the docking fronts for vessels, cargo, and storage services. The project has a value of USD 132 Mm and, according to the Equator Principles, its categorization is B.

### **Reputational risk management**

Since 2006, BBVA has developed a methodology to identify, assess and manage reputational risk. This work proposal has defined a map that reflects the risks to which the entity is exposed, which periodically reviews them together with a set of action plans aimed at mitigating them. Thus, you have identified two types of key instances:

- Responsible Business & Communications teams, responsible for identifying risks and assessing their impact.
- The Assurance Suppliers, whose mission is to assess and mitigate the identified risks.

The Reputational Risk Management (RRM) unit is made up of specialists from various areas since the subject that brings them together has very varied origins. The RRM report is prepared with the report of each of these representatives in their field of action and

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**During 2020, the project analysis methodology was maintained, which consists of submitting each transaction that is presented to a due diligence process in two fundamental aspects: environmental and social.**

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**In 2020, BBVA evaluated the Salaverry Multipurpose Port Terminal Project under the Equator Principles, consisting of the design, financing, construction, and operation, which will allow the modernization and improvement of the current infrastructure.**

includes the aggregate view of risks, for which it considers local regulatory requirements. The governance implemented is consolidated with the strengthening of the methodology and the development of a computer tool for its management.

This work prioritizes two variables: the impact on stakeholder perceptions and BBVA's strength in the face of this risk. This is an exercise focused on the reputation that is implemented in all the geographies where the BBVA Group operates, the integration of which allows a consolidated view to be obtained.

Since 2015, a computer tool has been used to facilitate risk assessment by the competent areas. It was in 2018 that the figure of the reputational risk specialist was established, which was an important milestone in the development of the Bank's three lines of defense model.

Thus, BBVA has a Reputation Risk Operating Committee, made up of the areas of Operational Risk and Internal Control, Regulatory Compliance, Corporate Communication, and Corporate Responsibility and Reputation (which performs secretarial duties). The Committee is responsible for designing the reputation risk management model, as well as promoting its proper implementation within the Group. Its conformation at a global level is replicated in the different geographies.

The Bank considers that the socioeconomic and environmental environment directly influences the development of its activity. For this reason, its highest governing bodies – the Board of Directors and the Assets and Liabilities Committee (COAP), made up of members of the Management Committee – have permanent access to the reports on the economic and social situation of the country that BBVA Research prepares monthly. These documents include the analysis of facts, conflicts, or environmental measures that have occurred in the country or in the world, which may cause an impact in the regions where the Bank operates, such as what happened with the health emergency generated by covid-19. This information is key for decision-making.

On the other hand, the Bank's Purchasing, Real Estate, and General Services Unit is responsible for verifying that suppliers have undergone the PE evaluation, an essential requirement for them to be considered suitable to carry out transactions during the term of the contract. This process makes it possible to determine the reliability of its suppliers and the correct support of its transactions, which is a key aspect of BBVA's ethical framework.

### 5.4.3.2. Eco-efficiency

URI 103-2, 103-3, 201-2, 301-1, 302-1, 302-3, 302-4, 302-5, 303-1, 305-1, 305-2, 305-3, 305-4, 305-5, 306-2

The Global Eco-Efficiency Plan (GEP) aims to reduce the BBVA Group's environmental footprint, which was adopted in 2014 and includes various initiatives such as efficient energy consumption, the implementation of renewable energies, the use of new technologies to energy saving, environmental and energy audits in buildings and rationalization of resources to make infrastructure more efficient, among other measures within a new concept of "green office".

In this sense, the GEP established the following objectives for the 2016-2020 period, whose results for 2020 were atypical due to the conditions of the pandemic:

- 7% reduction in CO<sub>2</sub> emissions (t CO<sub>2</sub>e/occupant).  
Goal achieved (2020 vs. 2015): -48.
- 13% reduction in water consumption (m<sup>3</sup>/occupant).  
Goal not reached (2020 vs. 2015): result of 15%.
- 8% reduction in electricity consumption (kWh/occupant).  
Goal not reached (2020 vs. 2015): result of -2%.
- Energy of renewable origin (%). There was no expected goal.  
Result (2020 vs. 2015): result exceeded 24%.
- Reduction in paper consumption (kg/occupant). There was no expected goal.  
Result (2020 vs. 2015): result exceeded -34%.
- That 35% of the staff work in buildings and offices with environmental certification.  
Goal achieved (2020 vs 2015): 41%.

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**The GEP establishes controls and the collection of waste resulting from inputs such as paper, electrical appliances, and other remnants throughout the Group's sphere of influence.**

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#### Main indicators of the GEP<sup>(1)</sup>

GRI 305-4

	2020	2019	2018	2017
Personnel working in certified buildings (%) <sup>(2)</sup>	41%	42%	40%	40%
CO <sub>2</sub> emissions per employee (t/employee-year)	0.78	1.30	1.65	1.63
Paper consumption per employee (kg)	30.92	38.68	37.58	42.63
Electricity consumed per employee (MW-h/employee-year)	4.68	4.71	5.00	5.26
Water consumption per person (m <sup>3</sup> /employee-year)	26.06	24.24	24.25	24.40

(1) Includes BBVA employees including personnel from subsidiaries and external employees (working in Bank facilities) nationwide, except for any other express indication in this document.

(2) Based on ISO 14001 (headquarters) and EDGE Certifications (Dining room of the Headquarters).

## Initiatives 2020

During 2020, BBVA Peru, continuing with the sustainability guidelines, implemented the following initiatives and projects to achieve lower consumption and more efficient use of our resources, as well as maintaining (and in some cases incorporating) the certifications related to the subject:

### 1. Carbon Footprint Peru

Through the Peru Carbon Footprint platform, the Bank measured its Greenhouse Gas emissions, for which it received recognition by the Ministry of the Environment as a pioneer and leader in the use of the tool. In 2020 we achieved the first star by measuring the Carbon Footprint, during 2021 we aim to receive the second star through the verification of our emissions.

### 2. Transformation of the Corporate Building: Headquarters

The first project, called Open Space, includes the renovation of all the electromechanical installations of the main building with solutions that allow optimizing the use of:

- **Energy:** The spaces have LED lighting, which by their nature is equipment with low electricity consumption, and presence detectors in areas such as meeting rooms and SSHH, which allows correct use of the resource only when necessary.
- **Water:** Enabling energy-saving taps and low-consumption sanitary devices.

Likewise, there is a Building Management System or Building Management System, which allows to manage operations in the environments with the monitoring of the operation and efficient use of the equipment and facilities of the Headquarters.

Regarding Work Place (jobs), the Headquarters Transformation Project includes collaboration areas with the permanent infrastructure necessary for the development of audio and/or videoconferences, to reduce the displacement of employees (and, therefore, lower fuel consumption), as well as centralized document printing areas, if required. Also, the provision of areas for the selective disposal of waste.

### 3. New Employee Dining at Headquarters

This second applied project, the design of the new dining has the EDGE certification and, to access it, savings of 20% in energy, 40% less water consumption, and 57% reduction in project materials were achieved. Also, plastic recycling and proper waste management have been implemented.

#### 4. Corporate Taxi Service

This service has the following environmental commitments:

- Maintain the Sustainable Development Goals of the UN 2030 Agenda.
- Participate in the United Nations Global Compact, supporting its principles related to human rights, labor, the environment (principles 7, 8, and 9), and anti-corruption.
- Achieve to be “Carbon Neutral”; the ultimate goal is not to affect the natural concentration of greenhouse gases that exist in the atmosphere.

#### 5. Certified premises

**ISO 14001:** Headquarters

**EDGE:** Headquarters dining room

The Headquarters maintains its ISO 14001 Environmental Management Certification.

The purpose of this International Standard is to provide organizations with a frame of reference to protect the environment and respond to changing environmental conditions, in balance with socio-economic needs.

The standard specifies the requirements that allow an organization to achieve the expected results (in the case of BBVA, selective waste collection, and sustainable final disposal, among other points) established as objectives in its Environmental Management System.

Likewise, we can mention that from the year 2020 the electricity supply of the Headquarters comes from sources of renewable origin, accredited annually through a certificate from the corresponding supplier.

## Environmental management

GRI 103-2, 301-1, 302-1, 302-4, 302-5, 303-1, 306-2

	2020	2019	2018	2017
<b>1. Water consumption</b>				
Annual total water consumed (m <sup>3</sup> )	192,829.26	176,934.00	175,286.00	166,301.41
Water consumed per employee (m <sup>3</sup> /employee-year)*	26.06	24.24	24.25	24.40
<b>2. Electrical consumption</b>				
Annual total direct energy consumed (GJ) (diesel) (and LPG since 2016)	1,264.99	1,188.33	1,130.12	1,258.93
Direct energy (diesel) (and LPG since 2016) per employee (GJ/employee-year)	0.17	0.16	0.16	0.22
Total annual electricity consumed (GJ)	124,783.93	123,801.00	130,034.00	128,564.32
During 2020, annual energy consumption was classified as: energy from BBVA Peru Headquarters, from certified sources of renewable origin, 24%; Energy from the BBVA Peru Network from offices in Lima and provinces, non-renewable, 76%.				
<b>3. Paper consumption</b>				
Total annual paper consumed (t)	229	282	272	287
Total paper consumed per occupant (kg/occupant-year)	30.92	38.68	37.58	42.03
Ecological paper consumed (t)	229	282	272	287
<b>4. Waste management</b>				
Annual recycled paper (first stage: chopped) (kg)	5,693.00	17,525.00	15,705.00	46,397.00
Electrical and electronic equipment (kg)**	0.00	61,031.00	216,434.00	8,140.00

\* Occupant includes BBVA employees including subsidiaries and external employees.

\*\* Devices sold.

During 2020, 1,103 tons of non-hazardous waste were generated, consisting of 8 tons of recycling (paper and plastic) and 1,095 tons of landfill (ordinary solid waste). A ton of hazardous waste was also generated, corresponding to a security landfill.

## CO<sub>2</sub> emissions

	2020	2019	2018
Scope 1: CO <sub>2</sub> emissions (t) <sup>(1)</sup>	92.73	88.27	83.46
Scope 2: CO <sub>2</sub> emissions (t) <sup>(2)</sup>	5,321.68	7,703.16	9,610.21
Scope 3: CO <sub>2</sub> emissions (t) <sup>(3)</sup>	336.23	1,666.82	2,179.31

(1) Scope 1: Emissions derived from the consumption of fuels (diesel and LPG) in tons CO<sub>2</sub>e.

(2) Scope 2: Emissions derived from electricity consumption (under the Market Based methodology), in tons CO<sub>2</sub>e.

(3) Scope 3: Emissions derived from business (air) travel by Bank professionals, in tons CO<sub>2</sub>e.

## Involvement in global initiatives

Among the main international sustainable development initiatives in which BBVA participates are the United Nations Global Compact, the Equator Principles, the Principles for Responsible Investment, and the Financial Initiative of the United Nations Environment Program (UNEP FI).

Likewise, it expresses its commitment to the United Nations Sustainable Development Goals (SDGs), accession confirmed in December 2018.

The Bank actively participates in forums and events in which it presents its main actions in the area of social responsibility.



## 5.4.4. Sustainable Development Goals

To protect the planet, eradicate poverty, and achieve a prosperous world for future generations, world leaders adopted 17 Sustainable Development Goals (SDGs) in 2015. The purpose of this commitment is framed in the 2030 Agenda on Development sustainable and seeks to involve everyone: governments, companies, civil society, and individuals.

The stated objectives have a specific purpose and in turn, include different goals for their fulfillment, and each goal has its indicators, which serve to determine the degree of achievement of each objective.

BBVA contributes to the SDGs with the Group's wide range of businesses and its global presence. In this sense, it seeks to respond to the commitments of the 2030 Agenda and, at the same time, take advantage of the business opportunities derived from its fulfillment.

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Contribution to the SDGs		Bank Actions 2020	Local goals/ Commitments 2021
 <p><b>1 NO POVERTY</b></p>	<p>End poverty in all its forms everywhere</p>	<p><b>MORTGAGE PRODUCTS</b></p> <ul style="list-style-type: none"> <li>• Financing of social housing in conjunction with the MiVivienda, MiVivienda Verde, and Techo Propio funds. During 2020, the Bank granted 636 loans –51% more than in 2019– for this type of modality, 483 of which, for S/ 58.3 million, corresponding to MiVivienda and MiVivienda Verde, and the remaining 153, for S/ 5.7 million, to own roof.</li> </ul> <p><b>EXPRESS AGENTS</b></p> <ul style="list-style-type: none"> <li>• Also known as correspondent tellers or bank agents, they are service channels enabled in small businesses, such as pharmacies, taps, hardware stores, warehouses, among others, which allow a series of financial operations to be implemented with total ease. They are located in different parts of the national territory, often in places where there are no bank offices.</li> </ul>	<ul style="list-style-type: none"> <li>• Place 1,000 mortgage loans for social housing.</li> <li>• Strengthen the network of 5,200 agents nationwide and ensure accessibility and quality service to customers and users.</li> </ul>
 <p><b>2 ZERO HUNGER</b></p>	<p>End hunger, achieve food security and improved nutrition, and promote sustainable agriculture</p>	<p><b>OTHER SPONSORSHIPS AND DONATIONS</b></p> <ul style="list-style-type: none"> <li>• Support, through the NGO Soluciones Empresariales Contra la Pobreza, the vulnerable population affected by the pandemic caused by covid-19.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to strengthen alliances with institutions that allow supporting disadvantaged groups.</li> </ul>
 <p><b>3 GOOD HEALTH AND WELL-BEING</b></p>	<p>Ensure healthy lives and promote well-being for all at all ages</p>	<p><b>COVID-19 BIOSECURITY PLAN</b></p> <ul style="list-style-type: none"> <li>• Reduction of capacity in offices.</li> <li>• Health kits for employees.</li> <li>• Protection for a group considered vulnerable to covid-19.</li> <li>• Teleworking for employees.</li> <li>• Full-time occupational physicians.</li> </ul> <p><b>COVID-19 INVESTIGATION</b></p> <ul style="list-style-type: none"> <li>• Financing, for S/ 350,000, of scientific research projects developed, within the health emergency, by the Faculty of Biomedical Engineering of the PUCP, in conjunction with the Universidad Peruana Cayetano Heredia.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen the covid-19 Biosafety Plan, with emphasis on home office and the Screening Program.</li> <li>• Communicate the impact and main results of the funded scientific research projects.</li> <li>• Summon new universities for research projects with an allocation of 4.76% of the BBVA Foundation's annual budget.</li> </ul>
 <p><b>4 QUALITY EDUCATION</b></p>	<p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p><b>LEER ES ESTAR ADELANTE</b></p> <ul style="list-style-type: none"> <li>• Program that aims to increase the reading comprehension levels of students from 3<sup>rd</sup> to 6<sup>th</sup> grade of primary school. From 2007 to 2020 it has been implemented in 10 regions of the country, managing to serve 122,902 students, training 3,991 teachers, in 1,208 schools.</li> <li>• Use of digital tools due to covid-19.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen the program strategy through digital tools.</li> <li>• Increase the budget of the BBVA Foundation in education by 26.30%.</li> </ul>

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Contribution to the SDGs		Bank Actions 2020	Local goals/ Commitments 2021
		<p><b>UNDERGRADUATE SCHOLARSHIPS</b></p> <ul style="list-style-type: none"> <li>• Agreement with the PUCP. Sixteen students from the specialties of Management, Senior Management, Industrial Engineering, Communication for Development, Telecommunications Engineering, Arts and Economics are part of this benefit that includes the full payment of their academic studies including health insurance, studies second language, and licensure fees. To date, the Foundation has benefited a total of 85 students.</li> </ul> <p><b>HABÍA UNA VEZ</b></p> <ul style="list-style-type: none"> <li>• Program that promotes shared reading between parents and children. It is implemented by the Luminario Association and works based on the actions of the BBVA Volunteering.</li> </ul> <p><b>FIND YOUR POEM</b></p> <ul style="list-style-type: none"> <li>• Website that promotes Peruvian poetry through the voices of renowned personalities from the cultural, television and sports fields of the country. In this last year it has been included in the strategy Aprendo en casa of the Minedu that has incorporated it as reference material for teachers and students at the national level.</li> </ul> <p><b>PARTNERSHIPS IN THE CONTEXT OF COVID-19</b></p> <ul style="list-style-type: none"> <li>• Alliance with Minedu (framework agreement in force until 2022) to include the Foundation's educational methodology and tools in the Aprendo en casa portal.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase the budget of the BBVA Foundation in education by 26.30%.</li> </ul> <ul style="list-style-type: none"> <li>• Raise awareness of new BBVA employees about the importance of shared reading through internal training sessions, as well as recruiting and training new BBVA volunteers.</li> <li>• Reach a minimum of 200 families through reading sessions.</li> </ul> <ul style="list-style-type: none"> <li>• Develop the educational line with greater emphasis, also to continuing to update the content of the platform.</li> <li>• Reach 500,000 unique users on the web <a href="http://www.encuentratupoema.pe">www.encuentratupoema.pe</a>.</li> </ul> <ul style="list-style-type: none"> <li>• Increase 50% in access to the BBVA Foundation's Reading at home website. <a href="https://fundacionbbva.pe/educacion/leer-es-estar-adelante/">https://fundacionbbva.pe/educacion/leer-es-estar-adelante/</a></li> <li>• Incorporate educational resources on the BBVA Foundation website to facilitate access to more users.</li> </ul>
<p><b>5 GENDER EQUALITY</b></p> 	<p>Achieve gender equality and empower all women and girls</p>	<p><b>DIVERSITY AND CONCILIATION</b></p> <ul style="list-style-type: none"> <li>• Promote the incorporation of personnel in each selection process, under the criteria of gender equality and equity.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to promote the policy of equal treatment between men and women (wage gap, reward in level of responsibilities, and professional career).</li> </ul>


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Contribution to the SDGs		Bank Actions 2020	Local goals/ Commitments 2021
<p><b>6</b> CLEAN WATER AND SANITATION</p> 	<p>Ensure availability and sustainable management of water and sanitation for all</p>	<p><b>GLOBAL ECO-EFFICIENCY PLAN</b></p> <ul style="list-style-type: none"> <li>The BBVA Group has adopted various environmental initiatives since 2008. The Global Eco-efficiency Plan (GEP) is rethought every 4-5 years, renewing the goals by country. The initiatives it includes are efficient energy consumption, such as the implementation of renewable energy, the use of new technologies for energy saving, the performance of environmental and energy audits in buildings, and the rationalization of resources such as water and waste management to do more efficient infrastructure, within a new concept of "green office".</li> </ul>	<ul style="list-style-type: none"> <li>Continue sustainable environmental management by making employees aware of the efficient use of resources, aiming to operate under the concept of "green office".</li> </ul> <p><b>Note:</b> The quantitative goals of the GEP will be updated in Q1 2021.</p>
<p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p> 	<p>Ensure access to affordable, reliable, sustainable, and modern energy for all</p>	<p><b>GLOBAL ECO-EFFICIENCY PLAN</b></p> <ul style="list-style-type: none"> <li>The BBVA Group has adopted various environmental initiatives since 2008. The Global Eco-efficiency Plan (GEP) is rethought every 4-5 years, renewing the goals by country. The initiatives it includes are efficient energy consumption, such as the implementation of renewable energy, the use of new technologies for energy saving, the performance of environmental and energy audits in buildings, and the rationalization of resources such as water and waste management to do more efficient infrastructure, within a new concept of "green office".</li> </ul>	<ul style="list-style-type: none"> <li>Continue sustainable environmental management by making employees aware of the efficient use of resources, aiming to operate under the concept of "green office".</li> </ul> <p><b>Note:</b> The quantitative goals of the GEP will be updated in Q1 2021.</p>
<p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p> 	<p>Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all</p>	<p><b>COMMUNICATION TCR</b></p> <ul style="list-style-type: none"> <li>Transparent, Clear and Responsible Communication Project (TCR) seeks to help clients make informed decisions throughout their relationship with the Bank, offering them relevant information and in an easy-to-understand language, always focused on their short and medium interests. and long term and in promoting financially responsible behavior.</li> </ul> <p><b>EDUCATION FINANCIAL</b></p> <ul style="list-style-type: none"> <li>The Tu Dinero, Tu Amigo program was developed with workshops that promote the financial health of banked people, aimed at employees of companies and institutions who are reached from the offer of the Mundo Sueldo area (clients and non-clients of the Bank), who receive information about savings, credit cards, and mortgage credit.</li> <li>Use of digital tools due to covid-19.</li> </ul>	<ul style="list-style-type: none"> <li>100% of the projects with design support will apply TCR principles.</li> <li>Increase the number of participants in the workshops by 25%.</li> <li>Develop strategies that allow reaching other segments of the population, such as high school students from public educational institutions and SME entrepreneurs.</li> </ul>


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Contribution to the SDGs	Bank Actions 2020	Local goals/ Commitments 2021
	<p><b>EXPRESS AGENTS</b></p> <ul style="list-style-type: none"> <li>• Also known as correspondent tellers or bank agents, they are service channels enabled in small businesses, such as pharmacies, taps, hardware stores, warehouses, among others, which allow a series of financial operations to be implemented with total ease. They are located in different parts of the national territory, often in places where there are no bank offices.</li> </ul> <p><b>SME PRODUCTS</b></p> <ul style="list-style-type: none"> <li>• Deployment of a support plan through the creation of a special credit line amounting to S/ 2,500 million.</li> <li>• Banking specialized in advising this sector to accelerate its scale.</li> </ul> <p><b>MORTGAGE PRODUCTS</b></p> <ul style="list-style-type: none"> <li>• Financing of social housing in conjunction with the MiVivienda, MiVivienda Verde, and Techo Propio funds. During 2020, the Bank granted 636 loans –51% more than in 2019– for this type of modality, 483 of which, for S/ 58.3 million, corresponding to MiVivienda and MiVivienda Verde, and the remaining 153, for S/ 5.7 million, to own roof.</li> </ul> <p><b>BENEFITS TO EMPLOYEES</b></p> <ul style="list-style-type: none"> <li>• BBVA is concerned that its employees have the knowledge and tools that allow them to improve the conditions that favor their professional, personal, and family development; strengthening commitment and improving the working environment at the Bank.</li> </ul> <p><b>SUSTAINABLE FINANCING</b></p> <ul style="list-style-type: none"> <li>• The Sustainable Transactional Product was developed in conjunction with Compartamos Financiera for USD 35 million.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen the network of 5,200 agents nationwide and ensure accessibility and quality service to customers and users.</li> </ul> <ul style="list-style-type: none"> <li>• Grant financing to SMEs for S/ 24 million through campaigns with effectiveness of around 5%.</li> </ul> <ul style="list-style-type: none"> <li>• Place 1,000 mortgage loans for social housing.</li> </ul> <ul style="list-style-type: none"> <li>• Generate a positive impact on the work and family life of employees through initiatives and benefits that contribute to the care of physical and mental health.</li> <li>• Increase the indicator of Commitment, by measuring the Gallup Poll.</li> </ul> <ul style="list-style-type: none"> <li>• Continue to offer innovative financing solutions of a sustainable nature so that clients can take advantage of opportunities at all stages of their value chain.</li> <li>• The Corporate and Investment Banking area within BBVA has business objectives set for 2021, which are reviewed monthly, to promote sustainable business with clients.</li> </ul>





Contribution to the SDGs		Bank Actions 2020	Local goals/ Commitments 2021
<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation	<b>PROMOTING INNOVATION</b> <ul style="list-style-type: none"> <li>• BBVA is in a process of digital transformation, with which it seeks to improve the experience of its customers by promoting the use of digital channels.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase digital retail customers by more than 20% through improvements in the mobile application and digital contracting processes.</li> <li>• Grow the Financial Health NPS for Open Market &amp; Customers above the average for peer banks.</li> </ul>
<b>10</b> REDUCED INEQUALITIES 	Reduce inequality within and among countries	<b>FINANCIAL INCLUSION</b> <ul style="list-style-type: none"> <li>• Express Agents, also known as correspondent tellers or bank agents, are service channels enabled in small businesses nationwide, such as pharmacies, taps, hardware stores, warehouses, among others, which allow a series of financial operations to be implemented with total ease and many times in places where there is no bank branch.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen the network of 5,200 agents nationwide, ensuring accessibility and quality service to customers and users.</li> </ul>
<b>11</b> SUSTAINABLE CITIES AND COMMUNITIES 	Make cities and human settlements inclusive, safe, resilient, and sustainable	<b>MORTGAGE PRODUCTS</b> <ul style="list-style-type: none"> <li>• Financing of social housing in conjunction with the MiVivienda, MiVivienda Verde, and Techo Propio funds. During 2020, the Bank granted 636 loans –51% more than in 2019– for this type of modality, 483 of which, for S/ 58.3 million, corresponding to MiVivienda and MiVivienda Verde, and the remaining 153, for S/ 5.7 million, to own roof.</li> </ul> <b>GLOBAL ECO-EFFICIENCY PLAN</b> <ul style="list-style-type: none"> <li>• The BBVA Group has adopted various environmental initiatives since 2008. The Global Eco-efficiency Plan (GEP) is rethought every 4-5 years, renewing the goals by country. The initiatives it includes are efficient energy consumption, such as the implementation of renewable energy, the use of new technologies for energy saving, the performance of environmental and energy audits in buildings, and the rationalization of resources such as water and waste management to do more efficient infrastructure, within a new concept of “green office”.</li> </ul> <b>CONSERVATION OF HERITAGE HISTORICAL AND ARCHITECTURAL</b> <ul style="list-style-type: none"> <li>• Within the framework of the celebrations for the Bicentennial of Independence, restoration and enhancement actions were implemented on properties that are considered historical and architectural heritage (Casa de la Emancipación in Trujillo and Casa Tristán del Pozo in Arequipa). Both centers maintain constant activities and are mainly promoters of regional art.</li> </ul>	<ul style="list-style-type: none"> <li>• Place 1,000 mortgage loans for social housing.</li> </ul> <ul style="list-style-type: none"> <li>• Continue sustainable environmental management by making employees aware of the efficient use of resources, aiming to operate under the concept of “green office”. <b>Note:</b> The quantitative goals of the GEP will be updated in Q1 2021.</li> </ul> <ul style="list-style-type: none"> <li>• Disseminate heritage with digital tools through 360° virtual tours.</li> </ul>



Contribution to the SDGs	Bank Actions 2020	Local goals/ Commitments 2021
	<p><b>MUSEUM OF PRE-COLUMBIAN ART</b></p> <ul style="list-style-type: none"> <li>• The MAP Cusco is a cultural space that houses a collection of 388 pieces from the collection of the Rafael Larco Museum in Lima. It has a museum concept based on the artistic criteria of the collection under a 3,500 year-old historical line of ancient Peru. It is a self-sustaining model and curated by the painter Fernando de Szyszlo, the historian Cecilia Bákula, the archaeologist Ulla Holmquist and the architects Hugo Fiestas, Gisella Montes, and Juan Carlos Burga.</li> </ul> <p><b>SPONSORSHIPS TO CULTURAL INSTITUTIONS</b></p> <ul style="list-style-type: none"> <li>• Agreements with the MALI, the MAC, the CCPUCP, the Lima International Book Fair, the Hay Festival, among others.</li> </ul>	<ul style="list-style-type: none"> <li>• Preserve the historic Casa Cabrera, home of the museum, as well as contribute to the dissemination of pre-Columbian history and art.</li> <li>• Receive 18,000 national and/or foreign visitors, virtually and/or in person.</li> </ul> <ul style="list-style-type: none"> <li>• Form alliances with State entities (Mincul, Mincetur) and with other institutions, such as the Association of Museums of Peru, that allows to stimulate and that are in line with the principles that govern BBVA and the BBVA Foundation.</li> </ul>
<p><b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b></p> 	<p>Ensure sustainable consumption and production patterns</p>	<p><b>GLOBAL ECO-EFFICIENCY PLAN</b></p> <ul style="list-style-type: none"> <li>• The BBVA Group has adopted various environmental initiatives since 2008. The Global Eco-efficiency Plan (GEP) is rethought every 4-5 years, renewing the goals by country. The initiatives it includes are efficient energy consumption, such as the implementation of renewable energy, the use of new technologies for energy saving, the performance of environmental and energy audits in buildings, and the rationalization of resources such as water and waste management to do more efficient infrastructure, within a new concept of "green office".</li> </ul> <p><b>DISCLOSURE OF NON-FINANCIAL INFORMATION</b></p> <ul style="list-style-type: none"> <li>• BBVA presents its 2020 Annual Report – Integrated Report for the first time, after reporting non-financial information through the Responsible Banking Report since 2005, aligned with the Communication on Progress (COP) of Pledge 2025.</li> </ul> <ul style="list-style-type: none"> <li>• Continue sustainable environmental management by making employees aware of the efficient use of resources, aiming to operate under the concept of "green office". <b>Note:</b> The quantitative goals of the GEP will be updated in Q1 2021.</li> <li>• Continue to report financial and non-financial information publicly for the Bank's stakeholders.</li> </ul>





Contribution to the SDGs		Bank Actions 2020	Local goals/ Commitments 2021
<div data-bbox="135 208 247 324">  </div>	<p>Take urgent action to combat climate change and its impacts</p>	<p><b>GLOBAL ECO-EFFICIENCY PLAN</b></p> <ul style="list-style-type: none"> <li>The BBVA Group has adopted various environmental initiatives since 2008. The Global Eco-efficiency Plan (GEP) is rethought every 4-5 years, renewing the goals by country. The initiatives it includes are efficient energy consumption, such as the implementation of renewable energy, the use of new technologies for energy saving, the performance of environmental and energy audits in buildings, and the rationalization of resources such as water and waste management to do more efficient infrastructure, within a new concept of "green office".</li> </ul> <p><b>CARBON FOOTPRINT PERU</b></p> <ul style="list-style-type: none"> <li>The Ministry of the Environment has recognized BBVA as a pioneer and leader in the use of the Peru Carbon Footprint tool, which allows the identification of public and private organizations that have managed to manage their greenhouse gas emissions. In this way, the financial institution reaffirms its sustainable commitment and care for the environment.</li> </ul> <p><b>SUSTAINABLE FINANCING</b></p> <ul style="list-style-type: none"> <li>The Sustainable Transactional Product was developed in conjunction with Compartamos Financiera for USD 35 million.</li> </ul>	<ul style="list-style-type: none"> <li>Continue sustainable environmental management by making employees aware of the efficient use of resources, aiming to operate under the concept of "green office". <b>Note:</b> The quantitative goals of the GEP will be updated in Q1 2021.</li> <li>Achieve the escalation of the commitment to the second star of the Carbon Footprint Peru.</li> <li>Continue to offer innovative financing solutions of a sustainable nature so that clients can take advantage of opportunities at all stages of their value chain.</li> <li>The Corporate and Investment Banking area within BBVA has business objectives set for 2021, which are reviewed monthly, to promote sustainable business with clients.</li> </ul>
<div data-bbox="135 1485 247 1601">  </div>	<p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels</p>	<p><b>CODE OF CONDUCT</b></p> <ul style="list-style-type: none"> <li>The Code stipulates that the behavior of BBVA employees must be legal, morally acceptable and publishable, and provides guidelines for behavior following the Group's principles of prudence, integrity, and transparency. It includes procedures to help employees resolve doubts and clarify the fulfillment of their obligations.</li> </ul>	<ul style="list-style-type: none"> <li>Communicate and reinforce knowledge of the Code of Conduct in employees.</li> </ul>

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Contribution to the SDGs		Bank Actions 2020	Local goals/ Commitments 2021
		<p><b>ANTI-CORRUPTION POLICY</b></p> <ul style="list-style-type: none"> <li>• BBVA has a firm and irrevocable commitment to legality and ethical principles, especially in anti-corruption matters.</li> <li>• BBVA not only rejects any corrupt practice but also demands from third parties, and assumes as its own, the responsibility of actively participating in the eradication and prevention of corruption, both in the public and private sectors.</li> <li>• For this, it has internal rules, procedures, and controls that complete, develop and specify its principles.</li> </ul> <p><b>HUMAN RIGHTS</b></p> <ul style="list-style-type: none"> <li>• BBVA applies the Commitment to Human Rights, which includes respect for these following the International Bill of Human Rights, the United Nations Global Compact, and the principles of action and recommendations for the development of the business activity published by the United Nations, the Organization for Economic Cooperation and Development and the International Labor Organization.</li> </ul>	<ul style="list-style-type: none"> <li>• Communicate and reinforce knowledge of the policy anti-corruption in employees.</li> <li>• In line with the Principles of the United Nations Global Compact, to which it has adhered, the Bank will continue to disseminate its Communication on Progress (COP) report.</li> </ul>
<p><b>17</b> PARTNERSHIPS FOR THE GOALS</p> 	<p>Strengthen the means of implementation and revitalize the global partnership for sustainable development</p>	<p><b>ALLIANCE WITH PUBLIC INSTITUTIONS FOR EDUCATION</b></p> <ul style="list-style-type: none"> <li>• Educational programs that promote greater access to the population, in alliances with public institutions such as the National Library of Peru (BNP) and the Ministry of Education (Minedu).</li> </ul> <p><b>SPONSORSHIPS TO CULTURAL INSTITUTIONS</b></p> <ul style="list-style-type: none"> <li>• Agreements with the MALI, the MAC, the CCPUCP, the Lima International Book Fair, the Hay Festival, among others.</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain and strengthen alliances and agreements with the National Library of Peru (BNP) and the Ministry of Education (Minedu).</li> <li>• Forming alliances with State entities (Mincul, Mincetur) and with other institutions, such as the Association of Museums of Peru, that allow dynamism and that are in line with the principles that govern BBVA and the BBVA Foundation.</li> </ul>

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Contribution to the SDGs	Bank Actions 2020	Local goals/ Commitments 2021
	<p><b>SIGNED COMMITMENTS</b></p> <ul style="list-style-type: none"> <li>• Principles of Responsible Banking, promoted by the Financial Initiative of the United Nations Environment Program (UNEP FI) (Since 2019).</li> <li>• Sustainable Development Goals (<a href="https://www.undp.org/content/undp/es/home/sustainable-development-goals.html">https://www.undp.org/content/undp/es/home/sustainable-development-goals.html</a>). (Since 2018).</li> <li>• United Nations Global Compact (<a href="http://www.globalcompact.org">www.globalcompact.org</a>). (Since 2014).</li> <li>• Finance Initiative of the United Nations Environment Program, UNEP-FI (<a href="http://www.unepfi.org">www.unepfi.org</a>). (Since 1999).</li> <li>• Equator Principles (<a href="http://www.equator-principles.com">www.equator-principles.com</a>).</li> <li>• United Nations Declaration of Human Rights (<a href="http://www.un.org">www.un.org</a>).</li> <li>• Labor regulations of the International Labor Organization (<a href="http://www.ilo.org">www.ilo.org</a>).</li> <li>• Carbon Disclosure Project (<a href="http://www.cdproject.net">www.cdproject.net</a>). (Since 2004).</li> <li>• Principles for Responsible Investment. (<a href="http://www.unpri.org">www.unpri.org</a>). (Since 2004).</li> <li>• Task Force on Climate-related Financial Disclosures (TCFD). <a href="https://www.fsb-tcfd.org/">https://www.fsb-tcfd.org/</a>. (Since 2017).</li> <li>• Principles for Responsible Investment. (Since 2008).</li> <li>• Paris Agreements. (Since 2008).</li> </ul>	<ul style="list-style-type: none"> <li>• Generate new alliances with other actors that allow dynamism and that are in line with the principles that govern the institution.</li> <li>• Form alliances with State entities (Mincul, Mincetur) and with other institutions (Association of Museums of Peru).</li> <li>• Renewal of agreements with Minedu, the United Nations Global Compact, the Equator Principles, the Principles of Responsible Banking of UNEPFI, and regulatory entities such as ASBANC and SBS.</li> </ul>

## 5.4.5. Products with high social impact

### People-centered solutions

GRI 102-2, 103-2

One of BBVA's constant objectives is to integrate social attributes that make a difference into the products and initiatives of its daily activity. To do this, it designs its products and services with an impact greater than that already generated with its ordinary activity, by having a focus on:

- Financial inclusion
- Small and medium-sized enterprises (SMEs)
- Individuals with special needs
- Socially responsible investment

### Financial inclusion

In alliance with ASBANC and PDP (Peruvian Digital Payments), BBVA launched in February 2016 BIM (mobile wallet), a proposal for mobile payments interoperable between all the banks in the system.

An easy-access, low-cost, and time-saving channel, BIM is based on an electronic money platform that allows access to the financial system from a cell phone, transferring funds, and paying for various services. A smartphone is the best ally to join: you only need a cell phone activated in Claro, Movistar, Entel, or Bitel, indicate the number of your National Identity Document (DNI) and the financial entity that will take care of your BIM.

At the end of 2020, BIM had 26 participating financial entities, more than 1.1 million users (of which 137 thousand chose BBVA as issuer), and more than 12.2 million transactions implemented in the channel; that is, +57% and +11%, respectively, compared to the previous year.

#### Customer data from the financial inclusion segment

	2020	2019	2018	2017
Number of clients	1,904,382	1,457,678	1,197,205	909,251

### Access to savings with greater benefits

The context of the covid-19 pandemic was a real challenge and implied a synergy between the state and private spheres to implement social support projects such as the Universal Bond. BBVA managed to open 836 thousand intangible accounts; that is to say, without affection of charges, paying S/ 636 million in this management. On the other hand, it participated in the AFP (pensions) Release process allowed in two different decrees (DU No. 034-2020 and DU No. 038-2020), managing to collect S/ 6.5 billion concentrated in more than 1MM of contributors who chose the Bank for the payment of your contributions. In that sense, we achieved a 24% participation in the financial system.

In 2020, the GloMo rollout began, for which the My Goals and My Day-to-Day (PFM) tools were migrated and My Budgets were added to the BBVA App, which promotes the financial organization by creating savings objectives and review of expenses by categories. To generate a simple and clear value offer for the client, work was done on simplifying the portfolio of savings products with two of the most valued drivers: cost-free operations (transactionality) and access to prizes for maintaining savings with BBVA.

The transactional account Cuenta Independencia was promoted with a clear message: zero cost in commissions at the national level, also to the Mundo Independencia benefits program, which offers discounts at associated establishments, which contributes to the customer being able to save on their consumption. For its part, Cuenta Ganadora increased the opportunity to win its prizes by adding the weekly version to the classic semi-annual raffles.

**In 2020, the GloMo rollout began, for which the My Goals and My Day-to-Day (PFM) tools were migrated and My Budgets were added to the BBVA App, which promotes the financial organization by creating savings objectives and review of expenses by categories.**

Additionally, for customers who receive their payroll at BBVA, the Mundo Sueldo loyalty program was reinforced and the offer of discount value continued to be improved for both Lima and the provinces. Likewise, in the context of the health emergency that occurred in 2020, discounts were included in the most used establishments, such as restaurants with delivery and health centers.

### Co-responsible cashiers

In 2020, the correspondent channel Agentes BBVA grew by more than 5,200 points of its own, which consolidated the Bank's presence at the national level. At the end of the year, it had 5,206 agents, 43% of them located in the provinces.

As the greater capillarity of the channel allows serving more customers, the number of those who used it per month increased by 30%, compared to 2019. It should be noted that even being in a situation of pandemic and national emergency, the number of clients for December 2020 exceeded one million.

	Number of premises	Number of transactions
2020	5,206	55,307,432
2019	5,366	46,006,997
2018	6,617	39,304,994
2017	6,831	28,830,000

### Business support

In 2020, due to the impact of covid-19, BBVA promoted the government's largest business aid program: Reactiva. With this program, more than 38 million disbursements were made for almost S/ 15,000 million, which made the Bank one of the main participating financial entities.

### Support for individuals with special needs

In 2020, BBVA has about 62 agreements with public companies, to which consumer loans are offered with special conditions, and payment is made through payroll discounts.

### Market share in mortgage loan financing

BBVA was an important player in the development of the real estate market in 2020, registering a net increase in mortgage loan balances of S/ 21 MM, which reached S/ 12,868 MM, that is, a market share of 26.47% (to November 2020) for the end of the year.

### Housing and access to mortgage credit at the end of 2020

Mortgage loans:

**S/ 12,868 MM**

Market Share:

**26.47%**

The Bank's commitment is to generate the largest portfolio of real estate projects –today there are more than 3,300 units for sale in the different socioeconomic segments– and to meet the demand of customers, who expect to receive a quality product that meets their needs and expectations. Thanks to the efforts made, BBVA was positioned at the end of the year as one of the leading banks in generating available real estate projects.

In June 2019, the Bank created the Social Interest Housing and Residential Housing sub-managements, a new work structure to meet real estate needs. At the end of 2020, both showed a great performance not only due to their respective developments but also because they boosted the sector and generated organic growth in the real estate business, breaking disbursement records in the last quarter.

**In June 2019, the Bank created the Social Interest Housing and Residential Housing sub-managements, a new work structure to meet real estate needs.**

To distinguish and make the mortgage offers visible by type of home and to be competitive in each of them, the Bank launched a promotional campaign under the concept of “Welcome Promoter”, with a differentiated offer.

By 2021, the Bank expects to grow above 9% in mortgage balances and thus meet the challenge of doubling its presence in placements of social loans, as well as developing residential housing projects that have energy improvements and care for the environment. This is undoubtedly an excellent opportunity for BBVA, as Peru is the youngest country in the region in this area.

## Omnichannel

BBVA has designed an omnichannel strategy to serve customers in the most timely manner, regardless of when, how, or where they want to access the different services that the Bank offers. This strategy is based on three pillars:

- **Full Channel Choice:** In which the client can choose the channel that interests him the most for each operation.
- **Consistent Experience:** In which the customer must perceive a unique and satisfactory experience in all channels.
- **Seamless Journeys:** That offers an agile and categorical service that responds to the client's needs.

At the end of 2020, the Bank had a network of 349 branches (Retail Banking, Wholesale Banking, and Patrimonial Banking) and 1,933 ATMs (dispensing machines and multifunction ATMs).

Its main direct channels are:

### Internet banking

The BBVA website ([www.bbva.pe](http://www.bbva.pe)) received approximately 61 million visits in 2020. The public portal allows access to the private Internet Banking area, which recorded more than 960 million transactions during the completed period.

The Bank has 4.6 million active clients, of which 3.3 million are affiliated with digital channels.

### Mobile banking

Mobile banking is growing continuously and in 2020 it obtained 1,087k mobile clients, which represents a penetration of 45.75% within the target clients. The permanent evolution of the Mobile Banking app (85% on Android devices and 15% on iPhone) made it possible to carry out 3.656 million transactions (monetary and non-monetary) from this type of device.

### Digital Sale

During 2020, the pandemic harmed the growth of the sale of active products in digital channels, so at the end of the period, it showed an increase of only + 3% of units sold compared to 2019.

2020 turned out to be a paradox for the business. On the one hand, sales of consumer loans and credit cards were highly affected, registering a drop, compared to 2019, of -49% units sold in both categories. On the other hand, the confinement and social measures provided by the Government boosted savings, leading to + 43% growth in digital savings account sales, and + 14% in mutual fund subscriptions. Also, more than 1.1 million operations were implemented and more than 739 million soles were exchanged for “BBVA T-Cambio”.

### Correspondent Agent

At the end of 2020, there were 5,172 Express Agents and 34 Express Plus Agents, which together generated a total of 55 million transactions.

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**At the end of 2020, the Bank had a network of 349 branches (Retail Banking, Wholesale Banking, and Patrimonial Banking) and 1,933 ATMs (dispensing machines and multifunction ATMs).**

## Dispenser Cashier

With its own network of 1,606 ATMs, the channel registered 102 million transactions.

## Cashier Deposit

The Bank has 327 deposit (multifunction) ATMs, in which 13 million transactions were implemented at the end of 2020.

### Omnichannel

	2020	2019	2018	2017
Digital customers (in thousands)	2,452	974	714	470
Mobile clients (in thousands)	1,087	840	550	311

### Transactions per channel

Channel	2020	2019	2018	2017
Offices	0.36%	0.68%	0.75%	1.35%
ATM machines	1.64%	2.80%	2.89%	4.38%
Internet banking	14.95%	17.17%	18.25%	15.36%
Mobile Banking – SMS	51.99%	40.82%	37.25%	30.18%
Continental Net Cash	28.74%	35.36%	37.36%	44.31%
Banking by phone	0.01%	0.10%	0.41%	0.67%
Express Agent	0.79%	0.86%	0.95%	0.92%
Automatic debit	0.16%	0.21%	0.23%	0.31%
Balances and operations module	0.00%	0.00%	0.00%	0.22%
POS (debit)	1.36%	2.00%	1.98%	2.30%
	100.00%	100.00%	100.00%	100.00%

### Care channels

Offices nationwide	2020	2019	2018	2017
Retail Network	321.00	329.00	329.00	329.00
Patrimonial Banking	3.00	3.00	3.00	3.00
Wholesale Banking Network	25.00	22.00	22.00	22.00
<b>Total</b>	<b>349.00</b>	<b>354.00</b>	<b>354.00</b>	<b>354.00</b>

ATMs and deposit tellers	2020	2019	2018	2017
Lima	1,321.00	1,351.00	1,360.00	1,343.00
Provinces	612.00	618.00	610.00	604.00
<b>Total</b>	<b>1,933.00</b>	<b>1,969.00</b>	<b>1,970.00</b>	<b>1,947.00</b>

Express Agents + Express Plus Agents + Kasnet Agents + Western Union Agents + FullCarga	2020	2019	2018	2017
Lima	2,971.00	3,087.00	3,469.00	3,407.00
Provinces	2,235.00	2,257.00	3,148.00	3,885.00
<b>Total</b>	<b>5,206.00</b>	<b>5,344.00</b>	<b>6,617.00</b>	<b>7,292.00</b>
Variation	–3%	–19%	–9%	–30%

## Customer solutions

BBVA is leading the digital transformation of Peruvian banking with numerous launches of technological products and services that make customer life easier.

Along these lines, in February 2020, BBVA launched its new BBVA (Mobile Banking) App, which replaced the previous version and came with several benefits:



- **Improved presentation:** A much more modern and visually cleaner interface, homologated at the BBVA Group level.
- **Ease of processes:** More intuitive flows that reduce operational times and errors for customers.
- **Greater security:** Facial and finger biometrics as additional mechanisms to the Digital Token.

On the other hand, the Bank announced the launch of Plin, which allows transfers between BBVA and also Interbank, Scotiabank, and BanBif with the following benefits:

- Without any commission charge.
- No account numbers or CCI (interbank account code).
- Immediate and available 24 hours a day, 365 days a year.

It should be noted that, given the complicated situation of 2020, the use of digital channels became essential, by encouraging less use of cash, which led, for example, that in the period concluded 2.7 million transfers were generated by Plin from BBVA, and 9.5 million transfers between all the banks in the consortium.

## Mortgage Products

GRI 203-1

Supporting projects with high social impact will always be in the Bank's plans since they are in line with its purpose: to bring the age of opportunity to everyone, and 2020 was another year in which we worked for hand in hand with different non-profit institutions.

The policy implemented by the Bank in the real estate business seeks to generate mortgage loans in projects that have sustainability certificates in Mivivienda Verde projects nationwide, and support as an articulator of access to credit, especially to low-income families, through the financing of the Techo Propio program. The goal for 2021 is to place 1,000 loans in both programs –led by the Mivivienda Fund and managed by commercial banks– for which the realization of this type of project at the national level has been consistently supported.

Thus, it is committed to real estate projects that have the Edge sustainability certification granted by the IFC, an organization of the World Bank, which the Bank publishes in its real estate catalog so that the client can appreciate their different stamps of sustainability and social character.

In 2020 there was special satisfaction with what was done with the Mivivienda Fund since closing the housing gap for the emerging population is undoubtedly a pending issue in the country. The achievements of programs of this type allow one to see with optimism what can be done to help more Peruvians obtain a suitable home at an affordable price.

Regarding the results, a total of 636 loans were disbursed, 153 of which, for PEN 5.7MM, were under the Techo Propio modality. On the other hand, 483 corresponded to the My House and My Green House program, for PEN 58.3MM, which was 51% more than in 2019 in terms of the number of disbursements.

Finally, it is important to indicate that in 2020 BBVA organized the award for “Best place to live”, a seal that promotes excellence in housing in its different stages. The process, led by Inteligencia y Data, a company that belongs to Capeco, seeks to highlight the real estate companies that best perform in product quality, to facilitate families to find the best place to live or invest and to worry about obtaining the best experience during the process.

**In 2020 there was special satisfaction with what was done with the Mivivienda Fund since closing the housing gap for the emerging population is undoubtedly a pending issue in the country.**

Mortgage Product Categories	Monetary value (S/)
Mi vivienda Mortgage Credit	58,335,891
Home Loans Techo Propio	5,744,565

## 5.5. Contribution to society

### 5.5.1. Investment in social programs

GRI 103-2, 203-1, 203-2, 413-1

#### Resources allocated by BBVA and its Foundation in thousands of soles

Por entidad	2020	2019	2018	2017
BBVA	629,982.55	155,996.00	238,242.00	447,490.07
BBVA Foundation	3,438,728.92	4,164,761.75	3,981,628.52	3,999,743.59
<b>Total</b>	<b>4,068,711.47</b>	<b>4,320,757.75</b>	<b>4,219,870.52</b>	<b>4,447,233.66</b>

In 2020, the BBVA Foundation made an economic contribution of S/ 3,438,728.92, as part of its constant contribution to the country's education and culture.

#### Investment in social programs by strategic priorities

	%
Culture	25%
Communication	11%
Financial education	5%
Education for society	45%
Others	14%

### 5.5.2. Financial education

One of BBVA's strategic priorities in the Responsible Business Plan is to promote financial education through workshops aimed at an adult audience that is already banked. The "Your money, your friend" program promotes knowledge of the main products of the financial system (savings, credit cards, and mortgage loans) so that users of the system know the benefits of maintaining adequate financial health.

Given the conditions created by the pandemic in 2020, the workshops, which were face-to-face until the beginning of March, began to take place in digital format. In total, 32 program workshops were held for 1,001 participants and a presentation addressed to the SME segment, in which 890 attendees participated.

It is important to highlight the realization of a study of the SME segment, in conjunction with the company Arellano Consultoría, whose results will allow establishing guidelines to improve the financial education of small entrepreneurs, based on the identification of insights of the value of their financial situation and their perception of the banking system.

#### Main indicators of financial education

	2020	2019	2018	2017
Number of beneficiaries for the global financial education program	1,891	1,219	1,459	498
Adults	1,891	1,219	1,459	498
Number of financial education workshops	33	40	37	14

## 5.5.3. Knowledge, science, and culture

### Education for society

In its 47 years of tireless work, the BBVA Foundation has not ceased in its efforts to develop activities in the field of education and culture, with the firm intention of creating opportunities for society as a whole and always in a decentralized and inclusive manner.

In the educational field alone, the Foundation managed to serve 8,852 people in 2020, including adults and minors.

	2020		2019		2018		2017	
	Direct beneficiaries	Indirect beneficiaries	Direct beneficiaries	Indirect beneficiaries	Direct beneficiaries	Indirect beneficiaries	Direct beneficiaries	Indirect beneficiaries
Infant and primary education <sup>(1)</sup>	6,475	25,900	6,771	27,084	7,926	31,704	14,474	57,896
Training for adults <sup>(2)</sup>	2,377	n.a.	2,069	n.a.	1,754	n.a.	591	n.a.
<b>Total</b>	<b>8,852</b>	<b>25,900</b>	<b>8,840</b>	<b>27,084</b>	<b>9,680</b>	<b>31,704</b>	<b>15,065</b>	<b>57,896</b>

(1) In 2020, this item was made up of students participating in the Leer es estar adelante program (6,365) and children participating in the reading promotion Había una vez program (110).

(2) In 2020, this category was made up of PUCP undergraduate scholarship holders (16), those attending financial education workshops (1,891), participants in the Marcelino Champagnat University program (360), and parents from the Había una vez program (110).

In the area of education, the following actions stand out:

### Read program is to be ahead and its adaptation to covid-19

The health situation and the measures ordered by the Government made it necessary to rethink the activities of the program for the 2020 school year, traditionally structured for face-to-face development, which considerably affected rural areas of the country. Distance education designed by the Ministry of Education (Minedu) had as its main pillar the initiative Aprendo en casa, to which the Foundation managed to incorporate content from its Leer es estar adelante program.

The few possibilities for rural families to access the TV, internet or cell phone signal complicated the scenario. Faced with this situation, access to the internet, the telephone, and the radio were the means of communication with the greatest coverage in the areas where the LEEA project is implemented, which led to focusing activities through the effective use of these means of communication.

The pedagogical and logistical challenges that had to be faced to guarantee that children in the areas where the program is applied could have the educational service in the situation led to the following objectives in the face of the emergency:

- Facilitate connectivity between teachers and students.
- Provide pedagogical support to teachers to strengthen their work in the distance mode.

### Activities

After a diagnosis of the situation in which both teachers and students of the educational institutions participating in the program found themselves, the following activities were planned:

## 1. Provision of educational materials:

**a. Adelante Collection.** Given the limited possibility for students to access the Aprendo en casa initiative, an operation was designed to distribute the program materials – workbooks and Adelante books – in the towns where the program takes place. As the Government was enabling access facilities, the distribution of the books was finalized, the use of which was indicated by radio programs and monitored by WhatsApp messages.

**b. Preparation and distribution of pedagogical folders.** Five pedagogical folders were prepared that were sent by email, specially designed to help the teacher's work, with activities for the learning of literacy, science, and the environment. Likewise, gender and intercultural issues are addressed, corresponding to the approaches of the current curriculum.

The pedagogical folders include a catalog of other open-access platforms, as well as a selection of texts prepared by the students of the program themselves, to encourage reading for pleasure. The PDF version of the Adelante books for teachers and students was shared with each of the teachers.

## 2. Teacher training and accompaniment:

For the 2020 school year, a pedagogical support strategy was designed, the purpose of which was to assist the program's teacher in the distance education exercise. This was achieved through: 1) training for the effective use of five pedagogical folders and 2) training meetings and talks on teaching and learning topics, as well as emotional support through the zoom platform.

**a. Zoom forums.** The teachers were summoned to collective meetings through the Zoom platform, hired by the program for the 2020 school year to provide pedagogical support to teachers, propose strategies and activities that they could replicate with their students, also to providing support. emotional and caring.

**b. Follow-up to teachers.** The support to the teacher was constant, by telephone and through the WhatsApp application, in charge of the pedagogical team of the program.

## 3. Preparation of content for radio spaces (rural area):

To disseminate educational information, facilitate the teacher's contact with his students, monitor the use of the Adelante collection, and broadcast the contents of Aprendo en casa by radio, special half-hour programs were developed and spaces were hired in stations. locals for their weekly broadcast. This was achieved through coordination with the Ministry of Education to access the contents of I learn at home by radio.

In the radio programs (30 minutes), information was broadcast in both Quechua and Spanish on:

- The health emergency and preventive measures.
- The importance of complying with the regulations of the authorities.
- The need to stay in the community and for family and communal care.
- The use of Adelante books and literacy activities.

Finally, to facilitate the access by teachers, students, and their families to all the tools of the program, the Read at home space was enabled on the website [www.fundacionbbva.pe](http://www.fundacionbbva.pe). Also, throughout the year four webinars were held for the pedagogical community with relevant topics, referring especially to the teaching of history, which achieved 74,000 views.

The successful adaptation strategy of the program in the rural area of the country, in a joint effort with PERU LNG, received the 2020 Sustainable Development Award from the National Society of Mining, Oil and Energy in the category "Together against covid-Adding efforts".

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The regions served in 2020 were Ayacucho, Huancavelica, Ica, Lima and Piura. To date the program has served 122,902 students and 3,901 teachers in 1,028 schools in 10 regions of the country.

Regarding the institutionalization component, in 2020 the following actions were developed:

- Signing of the agreement with the Ministry of Education.
- Meetings with specialists from the Aprendo en casa platform to use the program materials.

#### Main indicators of the program Leer es estar adelante

	Investment 2020	Number of scholarship recipients	Number of volunteers <sup>(1)</sup>	Number of allies <sup>(2)</sup>
Peru	S/385,233.78	6,365.00	73.00	7.00

(1) Corresponds to BBVA volunteers.

(2) Includes: IEP, BBVA Asset Management, Ministry of Education, Educational Management Units of Huaytara, La Mar and Huamanga; and the private partner PERU LNG.

### Había una vez

Given the impossibility of carrying out face-to-face activities, the start of the shared reading program “Había una vez” was postponed. During the month of May, together with Luminario, the methodology was adapted to the virtual format to be able to share readings with families through the Zoom platform, after registering on our social networks. During the months of June and July, an internal awareness campaign was implemented on the importance of shared reading at home, which managed to attract 120 BBVA employees, train 70 more on different reading techniques, and train 12 new “Había una vez” volunteers.

Over the following months, the volunteers implemented 14 shared reading sessions of an hour and a half each, aimed at parents and children, on Saturday mornings. The program helped 220 adults and children improve their reading skills and enjoy it as a family.

On the communication side, the program had greater scope. Also to the constant publications on the Bank's internal and external networks, a communication campaign was implemented on social networks together with RPP Noticias, a virtual discussion was organized within the framework of the International Book Fair (3.8 thousand people reached) and another on the International Children's and Youth Book Day (17,2 thousand people reached). Finally, the last reading session aimed at parents and their children, implemented live from the Foundation's Facebook page, obtained 4,200 views.

### Other education programs

Despite the restrictions and confinement of the pandemic, our scholarship program with the Pontifical Catholic University of Peru (PUCP) was developed for the same number of scholars (16) from the specialties of Management, Senior Management, Industrial Engineering, Communication for Development, Performing Arts, Graphic Design and Economics, who benefited from full payment for their studies, including health insurance, second language studies, and undergraduate fees.

Similarly, the Foundation and the Marcelino Champagnat University continued with the development of the licensing program for teachers in the communities of the Datem del Marañon province, in the Loreto region, in eastern Peru, which graduated 360 professionals.

As a result of the pandemic, the Foundation received a series of scientific research projects by groups of specialists from the Faculty of Biomedical Engineering formed by the PUCP and the Cayetano Heredia Private University. The financing will cover the following lines of work, which are in advanced stages of development:

**During the months of June and July, an internal awareness campaign was implemented on the importance of shared reading at home, which managed to attract 120 BBVA employees, train 70 more on different reading techniques, and train 12 new “Había una vez” volunteers.**

- Biomedical engineering (biomedicine).
- Mechanical engineering (hospital technology).
- Economic and social sciences (big data).

## Conservation of Heritage and Culture

The cultural sector was one of the most affected by the pandemic, forced into inactivity for seven months. However, in many cases, the Foundation, together with partner institutions, worked to rethink the programmed formats and develop activities on new platforms, mainly virtual ones.

### BBVA equity

#### House Tristán del Pozo-Arequipa

The Pedro Brescia Cafferata exhibition hall was open to the public from January to March 15, when it had received 15,656 visitors. In December, a registration project was started that will allow it to offer a virtual tour in 2021.

#### House of Emancipation-Trujillo

2020 was a very significant year for this space due to the commemoration of the Bicentennial of the Declaration of Independence of Trujillo by Torre Tagle. On December 29, the central date of this event, a commemorative video was presented that highlights the historical, architectural, and cultural importance of the property, which in just the remaining two days of 2020 reached 16,800 views on social networks. The house reopened its doors on November 12 and at the end of the year had received a total of 21,168 visitors.

#### The Museum of Pre-Columbian Art of Cusco (MAP)

Due to the health crisis, the Museum of Pre-Columbian Art of Cusco (MAP Cusco) closed its doors to its tenants and visitors from March 15 to November 12, when it was able to reopen them after implementing a strict biosafety protocol approved by both the Peruvian State, through the Ministries of Culture (Mincul) and Health (Minsa), as well as BBVA's Health and Safety at Work area. For this reason, the museum received a total of 5,843 visitors in 2020.

In this context, MAP Cusco developed strategic alliances that will allow it to have greater visibility at the national level. Thus, thanks to an agreement with Promperú, the museum participated as a speaker in a virtual fair aimed at 650 travel agents from the United States and, at the initiative of the Mincul, it was integrated into the "Online Museums" network created by the General Directorate of Museums (DGM). Finally, since 2020 it is part of the Association of Museums of Peru, together with the Osma Museum, MALI, MUCEN, MAC, Icpna, Larco Museum, Archbishopric Museum of Cusco, among other institutions in the field at the national level.

On the other hand, MAP has developed new innovative lines of communication. In the first place, the 360-degree Virtual Reality video about the pre-Columbian world was adapted in Spanish and English, in free access YouTube format. Then, the first virtual 360 online visits to the museum were implemented, in a free and open access format. Finally, 4,000 MAP catalogs have been printed in Spanish, English, and French, for sale during 2021.

The MAP Cusco received two important recognitions in 2020: the IPAE 2019 Award to the company in the Culture category, in recognition of its contribution to the development of education of excellence and the progress and dissemination of Peruvian culture, and the Traveller's Choice certification, TripAdvisor ranked the museum among the 10% of the most important attractions to visit in the world.

The alliance with the PUCP Cultural Center allowed the launch of the PUCP at Casa Cultural Center space, a platform enabled to transfer theatrical activities, exhibitions, and conferences to the virtual format, including the Lima Film Festival, which under this format allowed a greater reach to the public of Lima as of other regions of the country.

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In November, together with the Lima Art Museum, the exhibition “Khipus: Our History in Knots” was inaugurated, which brought together an important variety of these precious objects of our antiquity from private collections and archaeological projects and included recent revelations and sources documentaries that allow you to expand your study.

Based on the agreement with the Barranco Museum of Contemporary Art, the Foundation participated in the podcast series #ConexionArtista, a set of sessions in which the main artists of the medium shared their experiences and insights about their work and that of other creators.

The 25th version of the Lima International Book Fair took place virtually and brought together more than 900,000 users who gathered at the 319 events that took place over 17 days. Along the same lines and under the same virtual format, the sixth edition of the Hay Festival Arequipa was held, whose activities reached 293,000 views.

In the publishing field, the Foundation participated in the publication of “Cantarureando Cantererías”, a book in homage to the centenary of the birth of Chabuca Granda, a project developed by the publishing house Cosas, and of the book “History of the Contemporary Art Institute collection” in alliance with the Museum of Contemporary Art.

### Find your poem

The BBVA Foundation initiative that seeks to bring the poetry of national and Latin American authors closer to more Peruvians through a website has completed four years of work. Adding more and more authors and poems, but above all, cultivating more and more readers. By the end of 2020, the platform had collected 110 poems, of which 70 had video, and 13 podcasts on secret stories of the main Peruvian poets. These podcasts, which propose a new way of approaching and enjoying national poetry through interesting biographies of its most representative vates, totaled 17,175 downloads, which placed them in position six of the 17 podcasts developed by the BBVA group.

Due to the situation, the traditional poetic reading contest could not be implemented. However, its content was available to more than four million children in Peru through a strategic alliance made with Minedu, to integrate the poems into the program “I learn at home” with broadcast on the web, radio, and television. To this was added a digital communication campaign at the national level implemented together with RPP Noticias.

In 2020, the platform recorded the highest numbers in its history. Between 2019 and 2020, the number of visits grew by 57% and the number of unique users by 58%.

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#### Portal statistics Find your poem

	2020	2019	2018	2017
Number of annual visits	1,173,496	839,297	551,862	195,569
The only users	540,149	408,774	270,307	65,040

### Other sponsorships and donations

In 2020, the Foundation and the Bank collaborated with the following non-profit entities:

- Fundación Peruana de Cáncer (collection “Ponle corazón”).
- Public Charity of Lima (Casa de Todos project).
- New Future Peru Household Association.
- Ayacucho Emergency Association.
- Peruvian Hearing and Language Center (CPAL).
- Huascarán Mission.
- Contributes (Advanced program in data science and global skills).
- Symphony for Peru.
- Business Solutions Against Poverty, “Shoulder to shoulder” campaign.



## Institutional activities

The health emergency generated by covid-19 motivated BBVA to adapt various activities to the virtual format to strengthen relations with its different stakeholders.

One of the activities that generated the most interest was the conversation that Fernando Eguiluz, CEO of BBVA in Peru, had with Randi Zuckerberg, former marketing director of Facebook and CEO of Zuckerberg Media. At the meeting, they discussed various aspects related to the future of the digital transformation of companies in the context of the global health crisis, among which they highlighted the importance of adapting and training teams for the new work habits generated by the pandemic.

On the other hand, the relationship with clients was marked by the development of a series of webinars aimed at the public of Corporate Banking and CIB, which provided a political analysis by a specialized journalist, as well as the economic perspective prepared by BBVA Research.

The Private Banking Unit and Prime also maintained frequent contact with its clients, for which it implemented virtual activities on various topics, mainly financial and economic markets, both local and international. For this, it had the participation of BBVA exhibitors and external guests.

Finally, BBVA in Peru held December, also virtually, the first SME Opportunity Creators Summit, which included a series of advisory, training and education activities to help entrepreneurs answer their questions about how to ensure operability and continuity of their ventures in times of pandemic.

## BBVA Research

Regarding the exchange of knowledge, the BBVA Research Peru unit produced 42 economic publications during 2020, which it hosted on its website and which generated great repercussions in different media.

Throughout the year, the team had 457 public interventions on topics of macroeconomic, financial, and sector analysis. The documents published covered issues related to the Peruvian economy and the global economic environment that impacts it, and although they were written in Spanish, some of them, considering the global focus of BBVA Research, were also presented in English.

The magazine Situación Perú, which deals with the analysis of the national economy quarterly, continued to take the pulse of the country's development. The reports prepared by the local team are offered free of charge on the website [www.bbvaresearch.com](http://www.bbvaresearch.com), thus taking advantage of a new publication platform to fulfill its social commitment and address the digital transformation.

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## 5.6. Awards and honors

### BBVA in Peru as the best supplier of "Trade Finance"

The prestigious international magazine Global Finance chose BBVA in Peru as the best financial institution in the country to provide "Trade Finance" services. The evaluation not only considered the information shared by the participating financial institutions, but also the contributions of various industry analysts, corporate executives, and prominent technology experts.

### BBVA, number one bank to attract and retain talent in Peru

According to the Merco Talento 2020 'ranking', a classification that is a benchmark for employer brand, BBVA was the number one bank in Peru as an employer brand in the national banking sector, and the fourth company in the global 'ranking'.

### **BBVA, recognized for its good corporate governance in Peru**

The Lima Stock Exchange highlighted BBVA as one of the nine companies that make up the Good Corporate Governance Index 2020-2021 in the country, for its responsible practices in the financial system. This index is developed through a validation implemented by third parties, with the objective that companies comply with five main pillars: a) the right of shareholders, b) general meeting of shareholders, c) board of directors and senior management, d) risk and compliance and e) transparency of information.

### **BBVA, a pioneer in the use of the Peru Carbon Footprint tool**

The Ministry of the Environment recognized BBVA as a pioneer and leader in the use of the Peru Carbon Footprint tool, which allows the identification of public and private organizations that have managed to manage their greenhouse gas emissions. BBVA complied with the requirements corresponding to the financial sector for the benefit of the environment, which consolidated its sustainable strategy and guaranteed its environmental and social commitment to government entities.

### **BBVA, recognized in the ranking “Merco Companies and Leaders 2020” of Peru**

BBVA was placed in the ‘Top 5’ of the ranking “Merco Empresas y Líderes 2020”, which recognizes the organizations with the best corporate reputation in Peru. In an environment marked by the pandemic, the measurement identified that institutional strengths were oriented to values such as innovation, institutional pride, social responsibility, and the new products and services offered during the national health emergency.

### **BBVA, recognized as one of “The Most Admired Companies” in Peru**

For the sixth consecutive year, BBVA was awarded as one of the ten most admired companies in Peru. The recognition, delivered by PwC and G de Gestión magazine, highlighted the Bank’s work in the categories of business reputation and capacity for innovation and transformation.

### **BBVA Foundation, IPAE Award to the company in the Culture category**

The IPAE Award is a recognition granted annually to companies that contribute to the development of education of excellence and the progress and dissemination of Peruvian culture. In 2020, it was awarded to the Museum of Pre-Columbian Art, which is located on the premises of Casa Cabrera, a property owned by BBVA that is managed by its Foundation and is the architectural and cultural heritage of the nation.

### **BBVA Foundation, Travelers' Choice certification – Tripadvisor**

The recognition given to the Museum of Pre-Columbian Art of Cusco by Traveller’s Choice – Tripadvisor gives it an outstanding rating and places it among the 10% of the most important attractions to visit in the world

# 6. Financial information

## 6.1. Business and activities

GRI 102-6

### Segment management

#### I. Natural persons

##### a. Individuals

In 2020, BBVA increased its customer acquisition by strengthening its digital channels. Likewise, by reinforcing the benefits of its products through communication onboarding, it not only maintained its objective of early engagement but also improved digitization ratios, at the same time that it raised the engagement ratio of target customers and reduced its level of engagement. leakage and inactivity.

One of the great novelties of BBVA Peru during the year was the launch of the first account with a 100% digital opening, without the client having to go to an office, thanks to facial recognition technology. During the situation generated by the pandemic, it was very useful to promote the use of digital channels and contribute to people's health care.

As part of this work, in 2020 the following products were delivered for the benefit of customers:

**Zero Card:** Launched at the end of July, it does not charge a fee for membership or withdrawal from ATMs nationwide, can be used to make purchases in physical and virtual stores, and includes contactless payment technology. It provides all the security measures to give the client the necessary peace of mind both when reviewing their consumption through mobile banking and when operating in BBVA Wallet.

**Fixed Fee Card:** Its name refers to the fact that it allows the user to pay the same amount every month, regardless of what they have consumed during the billed period. Launched in December, it offers the facility of contactless payment, and consumptions are always charged in soles, regardless of the currency in which they were made. The fixed fee that the client must pay reaches 10% of his line, which includes the revolving capital, interest, expenses, and commissions; If the total consumption is less than the established quota, the payment is too. This card, which also does not charge for membership, acquires greater importance since it will promote financial inclusion.

**Plin:** On the digital level, BBVA actively participated in the launch of this feature that allows money transfers between accounts at different banks with only the contact's cell phone number. It is an effort by the financial system to reduce the use of cash in the country, thus helping to improve the security of operations. At the end of 2020, Plin added more than two million registrants and BBVA intervened in more than 38% of the

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transactions implemented. Likewise, the functionality allowed the Bank to reach new customers and increase its acquisition by 67%, strengthening its acquisition through digital channels.

**GloMo:** BBVA was the first bank in the Peruvian market to use this application, which includes a series of innovations, such as biometric technology, which uses facial or finger recognition as a security mechanism to enter and confirm operations. GloMo seeks to become a standardized version at the Group level and before it arrives in Peru it was launched in Spain and Mexico. Its main competitive advantage is its “global aspect”, which allows the adaptation of progress in each country where BBVA operates, which facilitates the development of new functionalities in the shortest possible time.

As a result of the health situation, BBVA provided a series of measures to help its clients and actively supported the Government in the delivery of social assistance vouchers, aimed at the neediest sectors, for which it made its offices available at the national.

On the other hand, BBVA Peru granted important facilities for clients, which allowed the rescheduling of more than 225 thousand loans, for approximately S/ 20 MM, which represents 31% of the Bank's total portfolio; Of these, 73,714 were individuals, who were able to reschedule their loans without interest for S/ 1,649MM. Programs were also designed to postpone and freeze debts, as well as to consolidate consumer loans and credit cards, by extending the payment term and reducing installments of up to 40%.

Finally, with the idea of facilitating customer operations during the health emergency, BBVA temporarily eliminated commissions for cash withdrawals from the ATMs of any bank nationwide.

## **b. BBVA Prime**

2020 marked the second anniversary of the launch of the Prime Segment, which response to a relationship model that provides personalized attention to high-value customers (customers with surpluses or high monthly income).

Despite the social and economic context faced by the country due to health and political factors, it was possible to consolidate the value offer of the segment and obtain significant growth, both in terms of assets and resources managed. For this, agile and lasting action plans were executed, such as increasing contact with the client to forge better relationships.

The approach to the client through technological means allowed to continue and even increase the frequency of contact, providing security. Thanks to this link, it was possible to attend to queries, needs, and requirements, which finally resulted in the generation of new business opportunities.

**Consumer loans:** The balance of consumption increased by 16% thanks to the recovery of productivity per banker (29%), which allowed, despite the situation, to exceed the new production by 4% compared to 2019. These figures are a consequence of the An impulse given from the second half of 2020, in which the restrictions to combat the pandemic were eased, which reduced uncertainty and allowed the number and amount of loans to grow.

**Credit card:** The growth of credit card balances was encouraged, through a 29% increase in the purchase of debt and cash versus 2019 and the maintenance of consumption levels. The digital linkage and communication strategy allowed, on the one hand, to make improvements in the conditions of the product to a group of customers of the stock, which favored a significant re-stacking and, on the other hand, to execute a communication plan, based on the knowledge of the client, by providing benefits in establishments where they usually consume or in other related establishments, for which behavioral economics tools were applied.

**Mutual funds and structured products:** Mutual fund balances increased by 36% and structured products by 18%, as a result of the implementation of a fund-raising strategy based on the correct investment advice, leveraged in a medium and long-term horizon

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**2020 marked the second anniversary of the launch of the Prime Segment, which response to a relationship model that provides personalized attention to high-value customers (customers with surpluses or high monthly income).**

and a differentiated offer according to the Client's profile. Additionally, and aligned with the new constructability model, virtual events were generated by strategic partners such as E&Y, PIMCO, and JP Morgan, which not only allowed the contracting of products but also provided security to the client for decision making.

### c. Private banking

In 2020, the consolidation of BBVA Private Banking continued, aimed at high net worth clients, who receive highly personalized attention through a banker and an associate executive –as well as an investment advisor if advice is required on specialized investments– in any of the three exclusive offices located in top areas of Lima.

As part of the initiatives, the bank's management model was improved to allow, through a series of cascading ceremonies towards all hierarchical levels, to focus on business priorities and to monitor activity in all offices in a synchronized and homogeneous manner.

The order provided by the new management model, together with the refinement of the incentive model, allowed us to be closer to the client and achieve record levels of satisfaction (relational NPS: 90%).

**Mutual funds and structured products:** Both products had important balance growth of 30% and 50%, respectively. Regarding the former, in 2020 the launching of Strategic Funds, a core product of the bank that achieved annual fundraising of USD 59MM, and the placement of the new BBVA Renta Global Fund, which managed to capture USD 50MM; As for the latter, the launching of structures with or without loss of capital continued.

**Consumer loans:** The loan balance increased by 37%, led by BBVA Collateral, financing with a guarantee on client investments. Finally, throughout the year, and in line with always being close to the client, providing first-hand information on issues relevant to wealth management, webinars and live broadcasts were held on different topics, such as the economic situation, financial markets, alternatives. investment and tax issues, with guests, specialized in each subject, such as EY, BBVA Research, BBVA Asset Management, JP Morgan, PIMCO, among others.

## II. Legal persons

### a. Business Banking

In 2020, BBVA continued to promote Business Banking as a platform for business customer service, with a range of products and services designed to meet their high demands. Along these lines, multiproduct sales were promoted, to offer a portfolio that comprehensively meets the customer's need.

The value offer was improved with the launch of the unnamed Working Capital Card, which decentralized the issuance of plastic by providing a more agile process in the delivery of the product and, consequently, an improvement in the customer experience.

As part of the Government's guarantee program to offer a quick and effective response to the liquidity needs faced by companies in the face of the impact of covid-19, BBVA actively participated through the Reactiva, Crecer, and FAE funds, which granted financing and benefited more than 30,000 clients in the segment.

During 2020, different improvements were developed in BBVA Net Cash, to consolidate it as a support platform for the operations that the client needs.

At the end of the first quarter, Fast Cash with insurance was implemented, which allows the client to pay their loans associated with some type of insurance (credit life, property or guarantees). The year closed with the activation of BBVA Net Cash from the application and the possibility of interbank transfers 24 hours a day. These improvements were key to continue encouraging the use of digital channels.

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**The bank's management model was improved to allow, through a series of cascading ceremonies towards all hierarchical levels, to focus on business priorities and to monitor activity in all offices in a synchronized and homogeneous manner.**

The Bank strengthened strategic alliances with POS suppliers, making new collection solutions available to customers, such as collection links and virtual stores, which allowed companies to have more collection channels for their customers.

Finally, to strengthen the insurance portfolio for the segment, the Salud a tu Alcance insurance was promoted, which allows obtaining compensation for cancer diagnosis and a benefit of outpatient medical care for the client and their family group.

## **b. Business and Local Corporate Banking**

In 2020, the consolidation of the management model began, with a segmentation of clients by profile that allows offering specialized attention.

At the beginning of the second quarter, as a consequence of the State of National Emergency, the management model of the Corporate Banking team was redirected, which innovated a commercial plan to approach customers to identify the economic-financial needs that were being generated and, likewise, offer the benefits of financing either through programs created by the State or with reprogramming credit facilities.

Under the Reactiva Program, the commitment of 3,235 credits was reaffirmed, for a total of S/ 6,970MM.

In the middle of the year, the Anticipa plan was implemented, which offered the client an extension of the term for the payment of their loans, thus allowing them to mitigate the impact of the situation. At the end of the year, this plan, which will continue in 2021, managed to formalize 380 loans for a total of S/ 2,295MM.

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## **c. Transactionality**

2020 was a challenging year for companies, which due to the state of emergency had to renew their way of operating, reinvent their products and business model, also to adopting the new digital way of collecting and paying. In this sense, the Bank accompanied its adaptation to the new environment with the best Cash Management solutions for all segments, according to the needs of each client.

BBVA Netchash's offer of value was boosted and new agile and digital contracting processes were implemented, which made it possible to reach historical records in new customer affiliations, with a growth of 115% compared to the months before the pandemic. In this way, the Bank contributed to maintaining the chain of payments to suppliers and employees, without the need to go to an office.

The launch of immediate interbank transfers in October 2020 and its 24x7 version in November allowed companies to make their payments instantly 24 hours a day, seven days a week, and increased transactions by 42,160.

Also, work was implemented on simplifying the contracts for all transactional products, in such a way that the documentation required from clients was reduced by 35%. Likewise, to encourage operations through digital channels, which are cheaper and generate savings in companies, the commissions of all products were adjusted to the new market conditions. Collection operations reflected an important growth of 37% compared to 2019, with more than 4.5 million transactions per month. Of these operations, 57% were implemented through digital channels, 11% more than in 2019, due to the recruitment of new companies that had to close their collection centers due to the situation and the growth of the internet and commerce recharging market electronically.

## **d. Multi-channel**

Regarding digital channels for natural persons, the continuous improvement of the customer's user experience was sought. The new BBVA app was launched, a completely re-powered digital channel, with a more intuitive format and with new security mechanisms, such as biometric authentication to enter the application and to confirm operations.

At the end of 2020, the app had more than 2.5 million users and a meticulous follow-up was implemented for its continuous improvement according to what they revealed. For that same date, the channel was valued with 3.2 stars in the Playstore rating and 3.8 in the Appstore; the goal by 2021 is to reach at least 4.0 on both listings.

Additionally, PLIN was included in the BBVA app, the P2P transfer platform for Bank and consortium clients. At the end of 2020, this service had more than 1 million affiliated clients, who executed more than 2.7 million P2P transfers. Its main immediate objective is the inclusion of operations through the QR.

In 2020, the Bank concentrated its efforts on accelerating the maturation of its network of correspondent agents, which at the end of the year reached a record monthly transaction level of 5.5MM and an influx of 1.1MM from unique customers of this channel. Despite the difficulties caused by the pandemic, the number of transactions grew by 14%, and in customers, by + 51%, compared to 2019.

#### e. Unique experience

As part of its strategic plan, the Bank decided during 2020 that, while continuing with the certification process of the BEC and BCOM single experience models, certain parts of them be updated to strengthen them and align them more precisely with the business needs.

**BEC:** In conjunction with the Holding team, a comprehensive diagnosis of the bank was implemented and work was implemented so that the model established the guidelines that allow it to develop its activity based on business priorities and in an attempt to achieve strategic goals.

Along these lines, it was established that the BEC management model would articulate the different protocols to establish homogeneous work schemes among themselves, so that those who lead teams and business units can communicate the strategy clearly to the entire network, motivate and develop accordingly. continuously to their groups and thereby maximize the achievement of results.

The implementation of the new model based on the principles of management by value, customer orientation, commitment and empowerment, achieved the creation of sustainable value and the professional growth of the teams. The success achieved prompted the design of the management model leveraged in the Digital Workplace tool, which will be deployed during 2021.

**BCOM:** An initial diagnosis was made on the functionality of certain protocols and the structure of some of them was updated within the new management model. The idea is to align them more precisely to the current reality of the business, to follow the variables of the total mobilization plan, and to generate a coaching space for the office manager with his team.

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## 6.1.1. Corporate & Investment Banking (CIB)

In the field of global business, during 2020 the Corporate & Investment Banking (CIB) area implemented its activities on two pillars: Global Banking and Global Markets.

Global Banking	Global Markets
<ul style="list-style-type: none"><li>•Managed around US \$ 7.244 million in assets placed in large corporations operating in Peru.</li><li>•The business comprises relationship units (Global Clients and Global Transactional Banking) and product units (Investment Banking and Finance).</li><li>•It also has a Trust Services Unit.</li></ul>	<ul style="list-style-type: none"><li>•During 2020, it managed an average of US \$ 2,936 million in assets.</li><li>•It covers the areas of Trading, Sales and Structuring of Derivative Products.</li><li>•Manages and distributes treasury products related to Foreign Exchange, Interest Rates &amp; Credit.</li><li>• It also offers debt origination service (DCM), as well as stock brokerage through its subsidiary BBVA Bolsa SAB.</li></ul>

Within CIB there is a Chief Operating Officer, a support unit in charge of bringing results and management reports, leading the execution of strategies and developing key indicators, as well as providing operational support to the entire business.

### Investment Banking and Finance

BBVA has teams specialized in offering products, services, and comprehensive solutions that generate global reach opportunities for its clients: large national and foreign corporations.

In 2020, IB & F's commercial activity presented a good performance in direct loans, mainly aimed at corporate clients in the energy, infrastructure, mining, and industrial sectors, among which the loans to Buenaventura, Belcorp, and Supermercados Peruanos stand out. In Project Finance, the most outstanding operations were those implemented for Salaverry Terminal Internacional, Lima Airport Partners, and Lima Expresa.

Likewise, in the capital market (ECM), BBVA structured and placed a new issue of Fibra Prime, a securitization trust for investment in real estate income. On this occasion, US\$ 20 million were placed to continue developing its portfolio and generate greater diversification in the assets under management. The transaction is part of a total program of US\$ 500 million, which will continue to be implemented in the coming years.

### Global Transactional Banking

In 2020, Global Transactional Banking (GTB) Peru consolidated its offer of direct channels for multinational companies, which at the end of the year managed to get 107 economic groups to use the solution. Thus, the increase in the number of clients that migrated to digital channels not only led to a 45% reduction in the number of manual operations received but also improved the customer experience and streamlined operations in user treasuries.

On the other hand, more than 130 new companies were linked to the Net Cash app mobile solution, which allows the client, also to viewing their balances, to authorize their operations in an agile and above all secure manner. This solution is complemented by the benefit of having a digital token, one of the benefits offered by the Net Cash app.

## Global Markets

Global presence and experience are differentiating elements for the BBVA Group, as they allow it to offer its clients personalized and innovative products such as Interest Rates Swaps, Cross Currency Swaps, FX Options, Structured Notes, and Credit Link Notes, among others.

During 2020, BBVA Global Markets again ranked first in all the products it offers, both in the Sovereign Bonds sector of Peru –where it led the ranking of market makers published by the Ministry of Economy and Finance (MEF), for the highest volume traded in all digital channels and platforms (datatec)– such as Coins and Government Bonds. This effort earned BBVA being considered the Best FX Bank in Latam by Global Finance Magazine.

Likewise, with financial solutions tailored to each client, in 2020 BBVA maintained its leadership position in all market segments in the field of financial derivatives, by capturing a record 38% share of the Peruvian derivatives market for corporate clients and institutional. It should be noted that Global Markets Peru was nominated for the third consecutive year at the SRP America Awards as the leader of structured products in the Peruvian market in the Best Distributor and Best Performance categories.

For its part, BBVA SAB also consolidated its position in the intermediation of variable income and fixed income operations. In 2020, it ranked second in the equity trading ranking, participated in the second most important operation in the history of the Lima Stock Exchange, and, not least, ranked first in a number of primary issues.

The Debt Capital Markets team led the local capital market with the structuring and placement of seven public issues (30% of the market), for a total of S/ 504 million (31% of the market). One of the main transactions of the year was the issuance of the MiVivienda Fund for S/ 240 million, with a term of 7 years. It was the second consecutive year that the fund issued debt in the stock market accompanied by BBVA as structuring and underwriter.

### 6.1.2. Financial management

2020 was a year of constant challenges for Balance Sheet Management. From a liquidity perspective, management was initially focused on ensuring the availability of funds during the onset of the health crisis in Peru. To do this, a series of lines were negotiated with foreign banks –such as Mizuho Bank, for \$ 50 million over 3 years– and a series of products launched by the BCRP was implemented in an attempt to provide liquidity to the financial system and ensure the payment chain.

By anticipating rate reductions in the market, the balance sheet positioning focused on lengthening the duration of the Fixed Income portfolio. In this way, it was sought to compensate for the reduction in the expected financial income through a Fixed Income portfolio with higher profitability. On the liability side, the focus was on continuing to reduce its duration and work intensively and in coordination with the business teams to reduce rates. In this way, it was possible to have a reduction in financial expenses of 25.6% in all of 2020 vs 2019, the second-largest savings among our peers.

Finally, another important role during 2020 was the implementation, on the liability side, of government programs such as Reactiva, Fae, and the Reprogramming Repos launched by Cofide, the MEF and the BCRP. This allowed rapid deployment of these programs within the Bank and thus ensure a leading role for BBVA among the peers.

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**During 2020, BBVA Global Markets again ranked first in all the products it offers, both in the Sovereign Bonds sector of Peru –where it led the ranking of market makers published by the Ministry of Economy and Finance (MEF), for the highest volume traded in all digital channels and platforms (datatec)– such as Coins and Government Bonds. This effort earned BBVA being considered the Best FX Bank in Latam by Global Finance Magazine.**

### 6.1.3. Risk management

Risk management plays a fundamental role in BBVA Peru’s strategy, as it guarantees the solvency and sustainable development of the entity.

For effective management with a comprehensive vision, the BBVA Peru Risk Area is organized according to the type of risk. To seek synergies and achieve greater integration of the processes ranging from strategy and planning to implementation in management –and within an adequate control environment verified by the Risk Internal Control Unit–, the Portfolio unit, Management, Data & Reporting consolidates transversal and support functions for risk management.



#### Portfolio, Management, Data & Reporting Unit

As part of integrated management, the Portfolio, Management, Data & Reporting Unit designs, develops, and implements models and tools that provide support to credit processes for the development of the risk function.

The monitoring of the BBVA Peru portfolio is implemented through analysis, reports and, constant monitoring, to guide an adequate execution of the strategy of constant compliance with the pillars of risk quality and sustained profitability following capital consumption. Only permanent coordination with the other BBVA Peru support areas allows risks to be efficiently integrated into the commercial process.

The following table describes the composition of the unit:

## Portfolio Management, Data & Reporting

CoE: Risk Model Factory		Reporting, Monitoring & Data	Measurement
Model tracking	Estimation of parameters, IFRS9 and stress	Responsible for the Reporting and Monitoring of risk metrics at the Bank level (internal and Holding).	In charge of ensuring the correct calculation of provisions for credit risk.
In charge of defining and executing the estimation plan of the credit and regulatory risk models for natural and legal persons.	Responsible for the calibration of credit risk parameters for IFRS9 capital, estimation of expected losses and economic capital; in addition to capital optimization, deterioration monitoring and scenario analysis.		

## Credit risk management

### Retail risks

The following fundamentals describe credit risk management in the retail environment:

- Define the guidelines for the admission of clients.
- Study the results of the behavior of products, segments and, campaigns, analyzing their respective evolutions and developments.
- Disseminate and strengthen BBVA's risk culture, improving, through constant training programs, the capacities of the commercial areas and risk specialists.
- Maintain, through interrelation with the different business areas and attention to internal and external supervisory bodies, a comprehensive credit risk policy that allows preserving the quality of the loan portfolio.
- Propose and promote continuous improvements in processes, tools and, regulations for management.

The detection of warning signs and high-risk groups is implemented based on statistical information and monitoring management of the Risk Portfolios of Natural Persons and Business Banking.

### Wholesale risks

He is in charge of credit risk management in the business segments of the Retail Network, Business Banking, Institutions, Global Clients, IFIS, and the Real Estate Sector by integrating –based on the lines of action defined in the credit risk policy wholesaler– origination, admission, and follow-up phases.

As part of the Group's strategy and considering the challenging environment of the local market as a result of the spread of covid-19 and the measures taken by the Government to contain it, BBVA strengthened control of asset allocation limits and suggested sector profiles, in such a way consistent with the risk appetite and hand in hand with the evolution of the pandemic and the reactivation of economic activities.

Thus, through portfolio containment, selection of the best profiles, and monitoring of concentration thresholds by sectors, portfolio diversification was promoted by prioritizing risk-adjusted returns. For this, different strategies were deployed in the Branch Network, such as preventive action focused on collections and the identification and redirection of business opportunities.

Keeping the agile structure, the admissions team segmentation was divided into two groups:

- **Stage 1:** It operates with a primary axis of analysis under sectoral groupings, while maintaining specialization by segment.
- **Stage 2 and Business Monitoring:** It operates under a preventive management approach, with strategies to maintain and/or reduce portfolio risk, and contains impairment by structuring suitable financial solutions.

The Portfolio Management team focused on the segmentation of the portfolio by vulnerability and sensitivity axes, for which it incorporated quantitative and qualitative variables and sectorial vision. Likewise, it paid special attention to the development of dashboards with useful information for credit risk management and protocols for the attention of the different aid programs arranged by the Government. To have more focused management in 2021, the team has been divided into Strategies and Governance.

It should be noted that the Rating, Risk Analyst, and Early Alerts tools are an important support in decision-making. Likewise, the Automated Financial Program and the Digital Financial Program, used in the BEC and CIB segments, respectively, continued as digital platforms for the preparation and analysis of loan proposals.

### **Management of follow-up, collection, and recovery**

It brings together the functions and processes necessary for the monitoring, containment of non-payment, collection, recoveries, and divestment of the portfolio in problems, both from Commercial Banking and Business Banking throughout the credit life cycle. Its objective is to achieve efficiencies in the processes in a transversal manner, both in external management channels (collection agencies and law firms) and internal (Office Network).

The management of the troubled portfolio is articulated from a centralized strategy that defines the differentiated actions for each of the segments and each stage of the life cycle of the leveraged credit in policies of refinancing, awarding, and payment agreements with clients, in the search to minimize the expense of provisions and the level of delinquency.

In 2020, the execution of the Comprehensive Collection Plan continued. This transformation project, which began in 2018 and which involves improvements in processes and information management, remediable products, customer experience, and the technological platform, is scheduled to continue its development throughout 2021.

The plan allowed to implement the strengthening of the Collection Factory. Through the KPI dashboard for collections and recoveries and the development of solution products, new tenders were executed in the external channels of collections and legal studies, which promoted the strengthening of ANS and incentive schemes and the supervision of the performance of suppliers according to good market practices. Additionally, as part of the new management impulses and to support the client to go through the crisis resulting from the pandemic, the Solution Office (Commercial Banking) and the Anticipa Office (Business Banking) were launched, which allowed better management of the troubled portfolio and an increase in the level of containment.

### **Market risk management**

The determination of market risk limits is based on the risk appetite approved by the highest levels of corporate governance and the assumption of maximum consumption of economic capital to face unexpected losses. Based on this, economic capital charges were incorporated to adapt BBVA to the provisions of Basel 2.5, for which a CEMO limit (average objective economic capital) was introduced that takes into account risk levels in terms of VaR, both under normal and stress conditions.

Subsequently, other indicators were used that allow prudent business management, such as a daily VaR limit and alerts and limits to VaR Stress under a stress scenario. The defined control scheme was complemented with limits to losses and a system of warning signals to anticipate unwanted situations in terms of risk levels or results.

**In 2020, the execution of the Comprehensive Collection Plan continued. This transformation project, which began in 2018 and which involves improvements in processes and information management, remediable products, customer experience, and the technological platform, is scheduled to continue its development throughout 2021.**

Following this model, periodic back testing of the risk measurement models was implemented, used to verify whether the model is adequate, as well as calculations of the impact of extreme market movements on the risk positions held (stress testing).

### Structural risk management

The structural interest risk and the liquidity and financing risk make up the structural risk in the Bank's management. The first arises from the potential alteration in the net interest income or the economic value of the entity's equity due to the variation in market interest rates. Exposure to adverse movements in these rates constitutes a risk inherent to the development of BBVA's activity which, at the same time, becomes an opportunity for the creation of economic value.

Thus, the management and monitoring of liquidity and financing risk are implemented comprehensively with a double approach (short and long term), interrelated and concatenated, so that the tension in one triggers pressures in the other if not a timely response occurs, both under normal and low-stress conditions.

The Bank has a contingency plan whose sole objective is to keep it prepared to face possible liquidity problems.

### Operational risk management

The operational risk management model that BBVA has implemented throughout the organization is based on methodologies and procedures for the identification, evaluation, and monitoring of operational risk, supported by tools that allow its qualitative and quantitative management.

This model is based on decentralized management of operational risk implemented by operational risk management teams in the two lines of defense. In the first, there is the Risk Control Assurer, to promote the adequate management of operational risk in their respective management areas, extending the methodology for identifying risks and establishing controls to the owners of the processes. In the second line, there is a Risk Control Specialist team, which defines mitigation and control frameworks in their field of specialty (across the entire organization) and performs the contrast with what is implemented by the first line.

Both control teams are in permanent coordination of a methodological unit and constantly report to the corresponding risk committees. From the Risk area, the Non-Financial Risk Unit is in charge of coordinating the operational risk committees, the implementation of corporate management tools, and the training of both control teams (Risk Control Assurer and Risk Control Specialist), the coordination for updating the risk map according to the established methodology and the monitoring of mitigation plans.

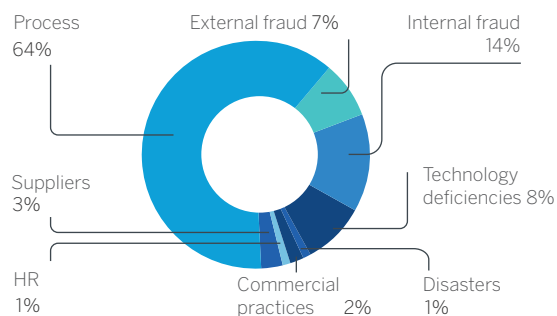
Regarding qualitative management, the STORM tool (Support Tool for Operational Risk Management) enables the recording and quantification of the operational risks identified, associated with a taxonomy of processes, as well as the recording of the periodic evaluation of the controls associated with the critical risks.

Thanks to the permanent updating of risks and controls, the operational risk management model remained in force throughout 2020.

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**Thanks to the permanent updating of risks and controls, the operational risk management model remained in force throughout 2020.**

### STORM distribution by operational risk class

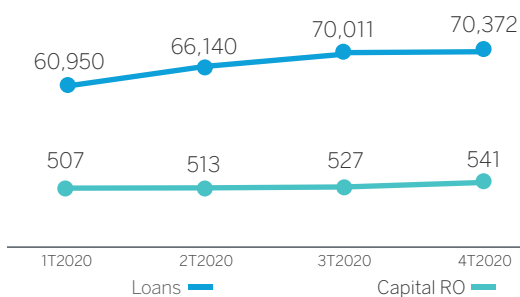


Source: Central Reserve Bank of Peru (BCRP). Own elaboration.

On the other hand, there is the fundamental quantitative tool for operational risk management: SIRO (Integrated Operational Risk System), a database that collects all operational risk events that represent a loss for the Bank and its subsidiaries.

BBVA is authorized to use the Alternative Standard Method (ASA) to calculate the effective equity requirement for operational risk, which allows it to optimize the regulatory capital requirement.

### Requirement of effective equity for operational risk In millions of soles



Source: Central Reserve Bank of Peru (BCRP). Own elaboration.

In 2020, the strengthening of the Bank's internal control scheme was highlighted as a relevant initiative, thanks to the fact that it was given a greater structure and provided improvements in work methodologies.

## 6.1.4. Subsidiary BBVA Bolsa SAB SA

BBVA Bolsa SAB had a 29.4% participation in the Equity market. At the end of 2020, it ranked second in the Trading Ranking, having implemented most of the most important operations of the year, such as Telefónica del Perú, the second-largest stock exchange operation in the history of the Lima Stock Exchange.

Likewise, BBVA Bolsa SAB remained the leader in the fiber market in Peru by carrying out the fourth placement of PRIME fiber, for about 20 million dollars.



## Second place in equities (PEN)

Nº	Stockbroker society	Amount (millions)
1º	Credicorp Capital	8,548
2º	<b>BBVA Bolsa</b>	<b>7,739</b>
3º	Seminario y Cía. SAB	2,728
4º	Scotiabolsa SAB	2,259
5º	BTG Pactual Perú SAB	1,002
6º	Larraín Vial SAB	860

Source: Lima Stock Exchange. Own elaboration.

In fixed income, BBVA Bolsa SAB ranked second in the primary issuance market.

## Second place in placements of primary issues (PEN)

Nº	Stockbroker society	Amount (millions)
1º	Credicorp Capital	634
2º	<b>BBVA Bolsa</b>	<b>502</b>
3º	Inteligo SAB	371
4º	Cofide	57
5º	Scotiabolsa	50
6º	Kallpa Securities	32

Source: Lima Stock Exchange. Own elaboration.

## 6.1.5. Subsidiary BBVA Sociedad Titulizadora SA

In 2020, BBVA Sociedad Titulizadora SA maintained the administration of fourteen securitization assets established in previous years:

- Trust assets – DS 093-2002 – EF, Title XI, Concesionaria La Chira SA.
- Trust assets – DL 861, Title XI, Odebrecht Inversiones Inmobiliarias SAC – Las Palmeras Building.
- Trust assets – Pardo y Aliaga Building – DL 861, Title XI.
- Trust assets – DL 861, Title XI, Los Portales SA – Real Estate Business – Second Program – First issue.
- Trust assets – DL 861, Title XI, Los Portales SA – Real Estate Business – Second Program – Second issue.
- Trust Equity – DS 093-2002 – EF, Title XI, La Chira Issue.
- Trust assets – DL 861, Title XI, Centro Empresarial San Isidro.
- Trust assets – DS 093-2002 – EF, Title XI, Concesionaria Desaladora del Sur SA.
- Trust Equity – Structured Bonds Issuance of Notes Equity Linked Notes.
- Trust Equity – DL N° 861, Title XI – Best Structured Bonds – CLN Investment Grade.
- Trust Equity – DL N° 861, Title XI – Securitization Trust for Investment in Real Estate Rental – Fibra – Prime.
- Trust Equity – Structured Bonds – Equity Autocall IIQ19.
- Trust Equity – DL N° 861, Title XI – Best – CLN Investment Grade Global.
- Trust Estate – DL N° 861, Title XI – Arte Express.

Additionally, in 2020 three new patrimonies were constituted:

- Trust Estate DL 861, Title XI – Advance CXC Utilities
- Trust assets DL 861, Title XI – EST bonds macro-trust.
- Trust assets DL 861, Title XI – CXC 001.

## 6.1.6. Subsidiary BBVA Asset Management SA SAF

2020 was a year of volatility for the international and local financial markets, both in equity and fixed income markets, as they suffered in March one of the strongest falls in history due to the global health crisis caused by the appearance of the covid-19. After the market correction, the economic and stock market recovery took place in an accelerated way thanks to the international monetary and fiscal policies implemented to strengthen macroeconomic fundamentals and promote recovery. Economic data showed even better results than expected in leading indicators in areas of expansion, mainly in developed economies. It is expected that both the reduction of confirmed cases in these countries as a result of the confinements, as well as the development of potential vaccines.

In Peru, GDP contracted 13% in 2020, mainly due to the weakness of internal and external demand in general, but it is projected to recover by 10% in 2021, in line with the international economic reactivation and industrial revitalization and of local consumption, with economic stimuli that will be maintained at least until the recovery is consolidated. Thus, economic activity will continue to normalize in the coming quarters, supported by spending on infrastructure maintenance and construction and, on the supply side, the gradual deployment of phase 4 of economic reactivation. In this context, the activity of the mutual fund industry was characterized during 2020 by the greater placement of low-risk products, liquidity, or short-term funds.

Thus, BBVA Asset Management implemented a new investment advisory model with great success, based on the launch of three Foes (strategic funds) that raised approximately S/ 220 million. Likewise, in the search to improve the value offer, in July BBVA Renta Global was launched, the first fund of the manager with the objective of income distribution and free availability of capital, which achieved a raising of S/ 180 million.

Finally, the total equity managed by the mutual fund industry registered an increase of 29% in year-on-year terms, for a total of S/ 45,596 million at the end of 2020. It is worth noting that BBVA Asset Management is the second mutual fund manager, with a patrimony under the management of S/ 9,477 million and a share of 20.8%, also leading the sector in the number of participants, with more than 152,000 investor clients.

## 6.1.7. Engineering

2020 will always be remembered as the year in which it was necessary to transcend and consolidate. Not only did they have to adapt to a new reality, each one from their most personal and intimate position, but the digital age was not alien to that context.

Engineering had to accelerate the transformation for both its internal and external customers. In other words, it not only enabled SSCC colleagues to continue with their functions from home (Home Office) but also made available to the public new functions in digital channels that allowed them to operate without having to go to an office, as in the case of the 100% digital account opening.

Also, innovation continued by finalizing the app for the commercial banking client. GloMo is a transformative application with high levels of security, such as facial biometrics to access and perform monetary operations, a new look & feel, and optimal processes, that is, in a single click, which at the end of the year had 90% of migrated clients.

Apart from efficiency in everything it manages, Engineering achieved multiple savings for the Bank: 10.5% in general expenses, 22% in fraud, and 40% less than in 2019 than assumed by the client.

Finally, the focus was on operational excellence, both internally and externally. Thus, Centralized Operations sought, under the slogan "Operation at your service", to be an extended arm of the offices; while the objective at Customer Wellness was to maintain the level of service to external customers at 98%, without affecting the Prime and Private Banking segments. At the end of the period, the level of service in all channels was 99.4%.

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**in July BBVA Renta Global was launched, the first fund of the manager with the objective of income distribution and free availability of capital, which achieved a raising of S/ 180 million.**

## Strategy & Control

The Strategy & Control area led the digital transformation by accompanying the Strategic Route and providing development resource capacity both internally and externally. His greatest contribution was to enable more than 700 employees to work in virtual mode. In a year with spending constraints, it achieved the required efficiencies and even exceeded expectations:

### Financial

- Compliance Target Opex 2020: Achieve efficiency over the Opex Target of S/ 30 million, after strong work with suppliers, support areas, account management, and GRF.
- Ensure that the “Accounting Data Improvement Project”, which involved a review of GPS accounts and concepts defined in the White Paper, is implemented by the GRF so that the accounting of expenses is homogeneous at the group level. Reaching this goal was necessary to start the IT Metrics Automation 2021 project.

### Organization

- Launch of the New Agile Organization: Launch the new Engineering organization aligned to a holding company and consolidated after the experience in Peru, the first geography to establish it.

### Internal control

- Zero overdue recommendations (management of 29 internal, external and regulatory audit recommendations and closing of two overdue recommendations).

### Bex Transformation

- Work on improving the E2E processes of projects and consolidate the entire refinement, execution, and support process in a single tool: JIRA 2.0.
- Laying the foundations for the digital factory, which seeks to build multidisciplinary teams that share the objectives of the same portfolio, as well as work with autonomy and execution capacity, through work models (physical or remote) that ensure their cohesion and coordination.

## Banking Platform

- 2020 was a challenging year for Natural Persons, which from the second quarter focused on addressing the Government's initiatives to support the population hit by the emergency, for which it had to implement loan rescheduling, payment of CTS, universal bond, AFP (pensions) fertilizer, perfect suspension.
- In Legal Entities, the Crecer Fund, FAE and Reactiva, State initiatives to inject working capital into small and large companies, financing with State coverage, minimum rates, and grace periods were worked on.
- The 24x7 CCE project was successfully implemented, which grants availability at all hours and any day of the week for interbank transfers.
- It was a year in which special attention was devoted to the creation of PN Cards for the mass segment, which produced the Zero cards (without charging fees or membership), Fixed Fee (established by the client), and Deferred Payment (purchases for up to three months). Furthermore, BBVA was the first bank in Peru to implement dynamic CVV2, which favors safe shopping through E-commerce.
- The first flow was implemented from a single highway, for a 100% Ether Public Zone credit card, and more than 50 reusable Multichannel/Multiproduct services were made available.
- The challenge of the Agile organization was assumed as an opportunity for change, by generating initiatives to focus on teams, giving them the tools so that empowerment is done with criteria, knowledge, and attitude. Bootcamps was started, a Core applications training project that allowed expanding capacity on the topics of greatest demand, and work was implemented on initiatives that seek efficiencies and improve the quality of the deliverable.

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**The Strategy & Control area led the digital transformation by accompanying the Strategic Route and providing development resource capacity both internally and externally. His greatest contribution was to enable more than 700 employees to work in virtual mode.**

- The Reliability Restructuring Project was started, which incorporates leadership and transversal vision at the level of the entire system, with approved flows and incorporation of new services, to establish a criterion of order and priority in the care of minor evolutionary, management of Agreements of Level of Service, all with the support of Management Solutions.

## Banking Systems

### Enterprise & CIB Systems

In 2020, the exchange rate fixing event (TC) was implemented for rate derivatives (IR Swap), which allows the automatic calculation of the settlement amount after setting the TC, thereby eliminating operational risk and reducing the operating process.

The Royal Project was launched, which proposes a new vision of bancassurance by changing the way of working, and discoveries were implemented as a single Bank and Insurer team to redefine insurance marketing processes.

In Digital WorkPlace three functionalities were implemented so that office managers or regional managers could carry out daily, weekly or monthly follow-ups with their executives (individual meetings), review customer financial profitability ratios (RORC calculator), and have the account plan of the client, which allows generating opportunities according to their needs (Account plan). Thus, the number of users increased by 32% (from 257 in 2019 to 340 in 2020) and the number of managed clients by 27% (from 11,000 to 14,038 in the same period).

Akamai was implemented in Net Cash, which provides a perimeter layer of security to the client and reduces the response time (TdR) during their navigation on the platform. The web platform evolved to consume global services with the reuse of technological pieces that facilitated the implementation of immediate interbank transfers, which since July multiplied the number of operations by six and since November made them available 24x7.

Also, as part of the transformation plans of the digital platform for Companies, the pilot of GEMA (Global Enterprise Mobile App) was launched, a mobile application aimed exclusively at Natural Persons with Business (PNN) customers, with a unique value offer in the market for this segment.

In the context of the health emergency, the measures dictated by the SBS that authorized the debt rescheduling and the freezing of the days of arrears for the Portfolio, Confirming, Leasing, and Comex applications were taken into account, which benefited customers by allowing them to comply with obligations.

### Corporate Functions

In compliance with the BCBS 239 regulation, the Data Quality controls of the FIN/GRM processes were implemented, for the generation of the information reported to Holding and the European regulator JST. This strategic project is aligned with Cross-Domain DataBase Reporting for the improvement of Data Quality of the main processes of the group, which manages to have a robust environment with global data, processes, and tools for the presentation of FIN/GRM reports.

The provisioning and construction of the Operations Registry (RO) were concluded according to SBS resolution No. 1743-2020, which involved the participatory work of more than 15 crossed teams and the mapping of all monetary operations handled by the bank to comply with the requirement. regulator. It is important to note that although BBVA has arrived on a date with the implementation of the new instructions, the entry into force has been postponed by the SBS at the request of the ASBANC.

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**The Royal Project was launched, which proposes a new vision of bancassurance by changing the way of working, and discoveries were implemented as a single Bank and Insurer team to redefine insurance marketing processes.**

## Retail Customer Systems

In the context of the pandemic, the Web and Mobile digital channels gained prevailing relevance. In Retail Customer Systems and was up to the task to adapt to the situation and launch services and products in record time such as Debt rescheduling, Deferred payment, Grace period, Fixed Fee Card, Zero Card, Unnamed Cards, as well as innovative solutions, such as the 100% digital activation flow to create an account and withdraw funds from the AFP (pensions) through facial recognition.

In the Advisory line, PFM: My Goals and Financial Health was launched, surpassing the commercial KPIs defined for the year.

The deployment of GloMo, which incorporated PLIN for interbank transfers with the bank consortium, was completed.

With the integration of Salesforce Marketing Cloud (SFMC) to the Bank's digital channels, campaign management was completed.

Within the development of the DCC project for ATM, since 2020 foreign Visa card customers can choose the most convenient exchange rate to carry out their operation.

Always seeking to provide greater customer security, state-of-the-art detection tools such as Biocatch were implemented.

The customer service experience that uses Telephone Banking as the main contact channel was radically changed, by implementing Smart IVR with intelligent and personalized service and launching the cloud service chat in Pure Cloud.

Regarding Correspondent Agents, the optimization of the channel made it possible to maintain it for the second consecutive year in first place in terms of income, to the point of exceeding the projection of income from commissions of S/ 55 million with 76 million transactions.

## Data Engineering

Site Data Engineering was the first CREO case in Engineering (#creoSinergias). Collaborative work was implemented between Data Engineering, Data Architecture, and Data Security to develop a single site that centralizes the information of these units on their guidelines, indicators, flows, project status, and post-production report, among others, within the reach of the entire Bank.

**Data Engineering Academy:** The academy on provisioning and exploitation was inaugurated in Datio, whose objective is to promote the development of liquid profiles and train ambassadors for Data in Engineering. The first training workshop culminated successfully with the first promotion of Systems teams.

**Engineering's first analytical model:** The restructuring of the area brought with it the creation of the advanced analytics discipline, which is a short term managed to complete the first analytical model of the area, which allows calculating the probability of preventive maintenance of an ATM in 15 days, visualized through a map heat by the criticality of maintenance, type of machine and location. It is projected that the weekly execution of the model will allow the largest number of ATMs to be kept operational, optimize costs and reduce the influx to the windows.

**End2End flow optimization of Datio projects:** Since Datio was deployed, the constant challenge of designing an optimal process flow for the development of Datio projects have been taken on. 2020 was a year of learning and continuous improvement of End2End, which had its relevant point in September, when a great collaborative work between the different participants of the flow led to various workshops in which, among other interactions, knowledge was shared, roles and roles were shared. responsibilities and identified gaps.

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**The academy on provisioning and exploitation was inaugurated in Datio, whose objective is to promote the development of liquid profiles and train ambassadors for Data in Engineering. The first training workshop culminated successfully with the first promotion of Systems teams.**

New factory intake scheme in Datio 2021 projects: Data Engineering was prepared in 2020 to take on the challenge of establishing an industrialization process on data intakes, working under a factory scheme, and completely outsourcing its developments. These changes will allow it to reinvent itself in 2021 and become a digital factory that can meet greater demand and meet the Bank's needs.

## Operations

Due to the pandemic, 2020 was a particularly atypical year for the Bank's work and for the way employees work. The use of new digital tools made it possible to serve customers efficiently and maintain the stability of services.

Among the main activities of Operations were:

- In March, amid the pandemic, a share sale operation was implemented for an amount of S/ 6,987 million, the second-largest in the history of Peru, which implied collaboration between the Foreign Transfers and Custody teams. Values with other areas of the Bank. In parallel, the Government launched the Reactiva program, which implemented a process to manage the guarantees with Cofide and resulted in the placement of S/ 14,968 MM to 29,759 clients, among individuals, SMEs and companies, in 39,359 operations, as well as the correct physical and digital custody of the documents, which meant monitoring 39,206 contracts of the Reactiva en File Único program.
- Active support to the AFP (pensions) for the special processes for the release of funds, authorized by the Government for the contributors who so requested during the quarantine.
- In the logistics chain of cash, it was managed that there is no lack of cash in any region of the country for clients in offices and ATMs, in the midst of a situation that limited interprovincial transfers by land and air. There was no stock break in any province and logistics productivity was even improved by 13.29%. In turn, the Document Management, Distribution and Logistics processes had to be rethought to cover the demand generated by the covid-19 effect, enabling 184 additional bags to send customer files from offices in remote locations and with access restrictions, and thus not break the service.
- There was no overdue audit throughout 2020.

**In March, amid the pandemic, a share sale operation was implemented for an amount of S/ 6,987 million, the second-largest in the history of Peru, which implied collaboration between the Foreign Transfers and Custody teams. Values with other areas of the Bank.**

## Remarkable milestones and awards

- Recognition of the VISA and MasterCard card brands for having the best approval ratios in the market for transactions with credit and debit cards (Card Present + Card Not Present), maintaining the category of Best in Class in Peru and Latam.
- Obtaining recognition for the first Being Agile team of Engineering Peru and the second most valued team in the Internal Irene.
- The first catalog was made with 531 Operations-Peru services, as well as the identification of transformational projects to be implemented in TMP 2021.

## Corporate Security

### Business continuity

Once the emergency was declared due to the pandemic, the crisis committees in the organization were activated and a coordinated plan of action was established. The security teams actively collaborated and generated solutions so that the BBVA Peru organization could continue its operations safely in the remote work mode.

### Cybersecurity

In this context, BBVA Peru did not suffer any incidents during 2020, it consolidated itself as the safest bank in the country –according to Bitsight reports– and reduced vulnerabilities by 60%.

To support and continue with the work of being the number 1 bank in cybersecurity, the ISO 27001 Cybersecurity certification and ISO 22301 on business continuity were

renewed, making it once again the only Peruvian bank to obtain them and makes a difference to the time of the banking choice of international corporate clients.

On the sidelines, Awareness campaigns occur in the media to continue helping our clients make good security decisions.

### Physical security

The Physical Security team got the Bank's offices to lead the opening, concerning the competition, during the context of the mobilizations for the vacancy. By implementing an observation-based risk methodology, there were no human incidents to regret, just a minor incident at crystals.

During the course, intelligence and active monitoring area were implemented to quickly identify critical points in the country and keep the direction of events and the general context updated.

### Anti-fraud

It is important to note the transformation in the understanding of fraud in BBVA Peru, going from being a number that impacts the income statement to be an element to monitor, whose prevention is key for the digital adoption of the client and an improvement in the index of net recommendation.

Thanks to investments in the prevention of this crime, it was possible to reduce fraud assumed by clients by 40% (from S/ 22 million to S/ 13 million) and fraud per active client from 11 to 9.5 soles/client.

The key to the success of these figures was to reduce fraud in digital channels by 20% and internal fraud by 98%. Also, the prevention of external fraud was reinforced with the deployment in all offices of advanced fingerprint biometric systems.

**It was possible to reduce fraud assumed by clients by 40% (from S/ 22 million to S/ 13 million) and fraud per active client from 11 to 9.5 soles/client.**

### Infrastructure & IT Ops

2020 was an atypical year due to the pandemic, with a cut budget ("war economy") and delays in the distribution of infrastructure by suppliers, limited by the mobility conditions of the State. However, what was proposed in the IT 2020 route was achieved and the unforeseen needs that arose as a result of the contingency were responded to.

In the Hygienic Projects line of work, which consists of improving the user experience and their work environment, the following were implemented:

- 1) Technological renovation in Offices and Headquarters.
- 2) Vegetative growth in Offices and Headquarters.
- 3) Technical optimization of processing in CPD MX.
- 4) COVID Infrastructure.

In the stable critical services line of work, which consists of keeping the capacities available to operate in data centers, the following were implemented:

- 1) Technological Renovation in Local CPD.
- 2) Stabilization of critical services.

Main achievements in 2020:

**Stable critical services:** Availability of critical services greater than 99.4% average and Implementation of availability measurement in the ACS model for three local applications: Single File (FU), Instant Multi-offers (MOI) and Simple Contracting.

**Technological renovation:** Annual infrastructure renewal to meet the Hw and Sw obsolescence KPI, with a reduction from 54.9% to 18.5%.



**Vegetative growth:** Enabling the infrastructure for a second Call Center supplier to cope with the new volume, technical optimization of the GloMo mobile application, improvement in the infrastructure for response time in Monitor Plus and migration of Telefónica's Alternate Center to GTD.

**Work at home (covid infrastructure):** Implementation of the necessary infrastructure for remote work in local CPD (Pulse Secure and System Center in DMZ); allocation of 413 teams for Headquarters and offices (approximately 100 teams for Solution Plan) and technical support and monitoring of teams of employees in work-at-home mode, with an average of connections per day, for December 2020, of 1,400 in Home Office, 250 in Gateway Teleworking (Local VDI) and 260 in Remote Desktop (AppStream).

**Nucleos global project – Global centralized inventory with local information:**

According to the globally defined design of the services, it relates in the local infrastructure the infrastructure configuration elements (CI) and the application units (UUA), to strengthen the administration of the Infrastructure & IT Operation services for, for example, having the ability to measure and manage the obsolescence of Hw and Sw.

**Implementation of the event process:** Life cycle management of all identified IT events (incidents, problems, requests, queries and optimizations), intending to provide: a) a standard work process to all Engineering teams, b) a support process that allows the user to register and timely follow-up of the reported incidents (E2E of the process), c) a control base for monitoring and continuous improvement of the process and d) a standard flow of communication and follow-up that allows all those involved to know, of timely manner, the status of reported incidents.

**Security:** Compliance with the local KPI of vulnerabilities; application of corrections on the infrastructure; KPI reduction from 238 to 75 vulnerabilities per asset, with the application of the Windows 10 operating system upgrade and installation of the security agent (Qualys) in ATMs. Likewise, the entire ATM network was upgraded to Checker 6.0 (1,949) and the BRS Local plan technical test (11 services at 100%).

## Architecture

In 2020, BBVA Peru's technological transformation process was consolidated and deepened. Through the interception of the flow of projects by the solution architects, 55% of them were executed on the Ether platform.

Given the health emergency caused by covid-19, the Virtual Desktop solution was provided in Amazon-AppStream, which managed to cover 1,400 executives in simultaneous work on the platform, with access to critical tools necessary for remote customer service.

About 10% of host transactions were migrated to low-cost Ether transactions and, in terms of data transformation, the Unica campaign solution was shut down and migrated to Datio.

Facial biometrics was implemented –in record time– for the affiliation of clients in Mobile Banking, as part of the onboarding process for the return of funds from the AFP (pensions), to ensure the health of clients during a pandemic.

Likewise, self-service was implemented in the IVR of the Contact Center, which allows the customer to carry out operations directly such as, among others, blocking and activating cards and checking balances, movements or debts without requiring an agent. Likewise, recurrent tasks, which do not add value, were automated through advanced robotics.

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**Given the health emergency caused by covid-19, the Virtual Desktop solution was provided in Amazon-AppStream, which managed to cover 1,400 executives in simultaneous work on the platform, with access to critical tools necessary for remote customer service.**

## RCS Engineering

In 2020, the two-layer model for risk management was consolidated, when the Engineering Risks unit was created as a second line of defense, with a transversal scope in charge of the risks of Technology, Information and Data and Physical Security.

The focus was on the deployment of control frameworks that aim to mitigate priority risks within Engineering processes, such as Change Management, Incident Management, Protection of Sensitive Data and Vulnerability Management, among others.

Along these lines, three stages were followed: a) Engineering risk analysis of all new initiatives and projects from their conception, b) challenge the mitigation actions proposed by the front-line units, and c) follow-up until their implementation. Lastly, the Engineering Risk indicators (Management Limits) were monitored to ensure that they were within the risk appetite thresholds defined by the Group.

**In 2020, the two-layer model for risk management was consolidated, when the Engineering Risks unit was created as a second line of defense, with a transversal scope in charge of the risks of Technology, Information and Data and Physical Security.**

## 6.2. Management report

### Evolution of the Peruvian banking system

Main figures In millions of soles

	Dec-19	Dec-20	Δ Yearly (Dec-20/Dec-19)	
			Absolute	%
Statement of financial position				
Total assets	414,175	515,698	101,523	24.5%
Net loans	272,685	303,527	30,842	11.3%
Provision for direct loans	(13,140)	(22,009)	(8,869)	67.5%
Total liabilities	361,535	461,883	100,348	27.8%
Obligations to the public	261,204	327,985	66,780	25.6%
Net worth	52,641	53,815	1,175	2.2%
Income statement				
Gross financial margin	20,944	20,227	(718)	−3.4%
Provision for direct loans	(5,418)	(11,996)	(6,578)	121.4%
Administrative expenses	(11,291)	(10,810)	481	−4.3%
Profit before income tax	12,039	2,620	(9,420)	−78.2%
Net profit	9,082	2,116	(6,966)	−76.7%

### Main ratios

	Dec-19	Dec-20	Δ Yearly (Dec-20/Dec-19)	
Asset quality				
NPL ratio	3.02%	3.80%	78	pbs
Coverage ratio	152.14%	177.68%	2,554	pbs
Profitability and efficiency indices				
ROE	18.34%	3.96%	(1,438)	pbs
ROA	2.25%	0.44%	(181)	pbs
Efficiency ratio	41.11%	43.40%	229	pbs
Solvency				
Global capital ratio	14.57%	15.44%	87	pbs

Source: SBS/ASBANC.

At the end of November, the total assets of the banking system reached S/ 515,698 million, with a growth of 24.5% compared to 2019. This as a consequence of the strong increase in investments, net loans and available loans of S/ 34,646 million (45.6%), S/ 33,765 million (74.2%) and S/ 30,842 million (11.3%), respectively.

The favorable evolution of investments and cash flow was the result of the various monetary stimuli given by the BCRP, which generated excess liquidity. On the other hand, loans grew due to the higher placements granted under the Reactiva program in the financial system, for S/ 51 billion, at an average rate of 1.4%. According to the BCRP, the program benefited more than 502 thousand companies, 98% of them micro and small companies. Thus, credit to the private sector grew 22.3% year-on-year in November, one of the highest rates internationally.

Following the above, loans to companies in the banking system increased due to the segments of medium-sized companies, large companies, small companies and micro-companies; On the other hand, credit cards and consumer loans from individuals decreased due to lower commercial activity, which exceeded the increase in mortgages.

Regarding the quality of the portfolio, there was an increase of 78 bps in the NPL ratio, attributed to the higher growth of the delinquent portfolio (43.4%) compared to that of the gross portfolio (14.0%). Meanwhile, the coverage ratio increased by 26 pp due to the higher level of provisions (67.5%), related to the higher voluntary and specific provisions concentrated in the second and third quarters of the year, as prudential measures against possible deterioration.

Total liabilities reached S/ 461,883 million, an increase of 27.8% over the previous year, due to higher deposits with the public of S/ 66,780 million (25.6%) and accounts payable of S/ 40,959 million. In the case of deposits, growth is explained by the greater capture of transactional resources from companies due to the permanence of Reactiva's flows, which remained in customer or supplier accounts.

Likewise, more demand deposits + savings in individuals were obtained, favored by the release of 25% of the deposits of the AFP (pensions), in April, and the following, by up to 4 UIT, starting in November, to which was added the delivery of bonds by the State. Consequently, demand resources increased by S/ 36,616 million and savings by S/ 36,471 million. On the other hand, accounts payable increased, mainly due to the BCRP's Reactiva disbursements.

Regarding the results, the gross financial margin reached S/ 20,227 million, a reduction of S/ 718 million (-3.4%) generated by lower income from loans of S/ 1,836 million (-6.9%) and the S/ 635 million lower yield than available (-76.8%) due to the context of rates close to zero. On the other hand, provisions for direct loans grew by S/ 6,578 million, thanks to the greater constitution of specific and voluntary provisions to face portfolio impairments due to economic uncertainty and rescheduling provided to clients.

Regarding administrative expenses, a decrease of S/ 481 million (-4.3%) was observed due to savings in personnel expenses of S/ 386 million (-6.5%) and services received from third parties for S/ 74 million (-1.5%), which generated a net profit of S/ 2,116 million, with a reduction of S/ 6,966 million (-76.7%). Due to this, profitability indicators were negatively affected: ROE stood at 3.96%, with a reduction of 14 pp, while ROA stood at 0.44%, with a decrease of 181 bps.

**Regarding administrative expenses, a decrease of S/ 481 million (-4.3%) was observed due to savings in personnel expenses of S/ 386 million (-6.5%) and services received from third parties for S/ 74 million (-1.5%), which generated a net profit of S/ 2,116 million, with a reduction of S/ 6,966 million (-76.7%).**

## Highlights

## Main figures In millions of soles

	Dec-19	Dec-20	Δ Yearly (Dec-20/Dec-19)	
			Absolute	%
Statement of financial position				
Total assets	81,722	107,384	25,662	31.4%
Net loans	56,209	66,447	10,238	18.2%
Provision for direct loans	(2,873)	(4,364)	(1,491)	51.9%
Total liabilities	72,534	98,008	25,474	35.1%
Obligations to the public	54,660	70,813	16,153	29.6%
Net worth	9,188	9,376	188	2.0%

## Main ratios

	Dec-19	Dec-20	Δ Yearly (Dec-20/Dec-19)	
Asset quality				
NPL ratio	3.02%	3.22%	20	pbs
Coverage ratio	161.84%	192.88%	3,104	pbs
Profitability and efficiency indices				
ROE	18.78%	7.04%	(1,174)	pbs
ROA	2.00%	0.68%	(132)	pbs
Efficiency ratio	37.71%	40.42%	271	pbs
Solvency				
Global capital ratio	14.05%	13.68%	(36)	pbs
Tier 1 ratio	10.96%	10.77%	(19)	pbs

## Main figures In millions of soles

	Dec-19	Dec-20	Δ Yearly (Dec-20/Dec-19)
<b>Income statement</b>			
Gross financial margin	3,373	3,204	-5.00%
Provision for direct loans	(750)	(1,724)	129.79%
Net income from financial services	787	777	-1.31%
Result from financial operations (ROF)	727	687	-5.48%
Operational expenses	(1,817)	(1,871)	2.98%
Profit before income tax	2,222	879	-60.42%
Net profit	1,610	655	-59.31%

BBVA Peru's gross financial margin decreased 5.0% in 2020, despite the 11.5% contraction of GDP and the context of rates close to zero. Net income, however, showed a greater contraction due to the high level of voluntary and specific provisions to anticipate the possible deterioration of the portfolio caused by the crisis.

Net loans reached S/ 66,447 million, with a year-on-year growth of 18.2%. In companies, the increase was associated with loans granted under Reactiva Perú, which at the end of the year amounted to S/ 15 billion. In particular, an increase generated by consumer loans and mortgages was observed, in an environment of normalization of commercial activity.

Obligations with the public and BCRP funds remained the main source of liquidity. Deposits grew by 29.6%, due to the higher resources Vista (61.8%) and Ahorro (43.3%), given the permanence of Reactiva flows in the accounts, the approval of the withdrawal of 25% from the AFP (pensions) in April and the withdrawal of up to 4 IUTs in November, the distribution of government bonds and flows from corporate clients.

Regarding digital developments for companies, in 2020 BBVA strengthened the value offered to accompany its clients in the process of adapting to new forms of payment, collection and operation. For this purpose, it developed an agile hiring process at BBVA Net Cash that tripled the affiliations of new clients without having to go to an office, thereby helping the Bank to maintain the chain of payments to suppliers and employees. In the last quarter, the new modality of immediate interbank transfers and interbank transfers (24x7) was launched.

In Individuals, the acquisition of products continued to be promoted through the use of digital channels, since 42% of savings accounts and mutual funds are opened via the app or the web. On the other hand, it should be noted that in 2020 66.7% of exchange rate operations were implemented by BBVA T-Cambio, 19pp higher than the previous year.

## Asset Management

### Assets In millions of soles

	Dec-19	Dec-20	Δ Yearly (Dec-20/Dec-19)	
			Absolute	%
Available	14,797	24,930	10,132	68.5%
Interbank funds	150	138	(13)	-8.4%
Investments at fair value through profit or loss	2,669	4,679	2,010	75.3%
Investments available for sale	3,913	6,692	2,779	71.0%
Investments hold to maturity	—	—	—	—
Net loan portfolio	56,209	66,447	10,238	18.2%
Property, plant and equipment (PPE)	988	1,013	25	2.5%
Others assets	2,995	3,486	491	16.4%
<b>Total assets</b>	<b>81,722</b>	<b>107,384</b>	<b>25,662</b>	<b>31.4%</b>

## Variation

In the year-on-year comparison, total assets showed a significant increase of 31.4%, due to the evolution of loans (18.2%), available (68.5%) and investments.

The variation in favor of loans was mainly driven by the Companies segment (29.0%), where Reactiva helped to offset the lower turnover of foreign trade products and loans. To this was added the favorable evolution of Individuals (1.5%), which despite the contraction of private consumption during the second quarter, showed a marked recovery in the last part of the year.

Regarding cash, the higher balances are explained as a consequence of excess liquidity from Reactiva flows, the release of the AFP (pensions), the delivery of bonds by the Government and flows from corporate clients; In this sense, part of these surpluses was left in the BCRP's Vista accounts in national currency and foreign financial institutions.

On the other hand, the increase in investments was the result of higher DPV investments due to the purchase of foreign papers, sovereign bonds and CDs, while the positive evolution of investments at fair value is explained by the increase in the portfolio fixed income. Both actions were taken to capitalize on the strong increase in liquidity surpluses.

## Placements

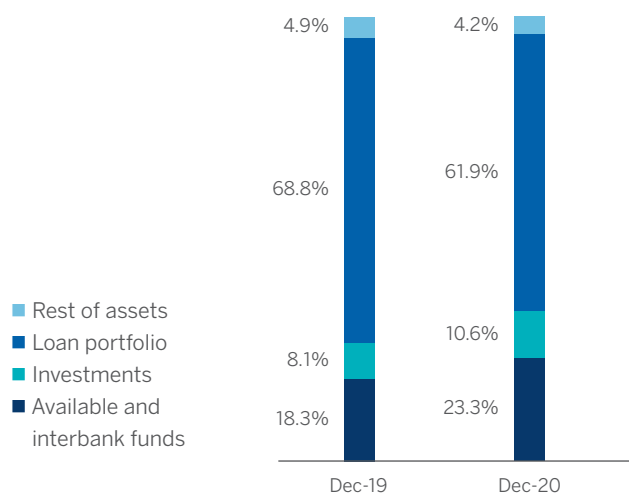
### Detail of loans In millions of soles

	Dec-19	Dec-20	Δ Yearly (Dec-20/Dec-19)	
			Absolute	%
Current loans	56,119	66,843	10,724	19.1%
Overdue loans	1,744	2,225	481	27.6%
Refinanced and restructured loans	1,219	1,743	523	42.9%
Gross loan portfolio	59,082	70,811	11,729	19.9%
Provision	(2,873)	(4,364)	(1,491)	51.9%
<b>Net loan portfolio</b>	<b>56,209</b>	<b>66,447</b>	<b>10,238</b>	<b>18.2%</b>

Regarding the interannual variation, net loans grew 18.2%, thanks to the collations in Companies (29.0%), where the higher loans in the segments of medium-sized companies stand out in S/ 8.424 million, large companies in S/ 2,752 million, small companies in S/ 1,670 million and micro companies in S/ 65 million, undoubtedly due to the loans granted by Reactiva during 2020.

In Individuals, an increase was obtained (1.5%), explained by higher consumer loans and mortgages. The first, generated by the growth that occurred before the social restrictions caused by the pandemic and the various commercial actions to retain and attract customers; the second, due to the impact of the balances obtained before the pandemic, added to the increase in credits due to the reopening of notaries and the construction sector after the release of social restrictions.

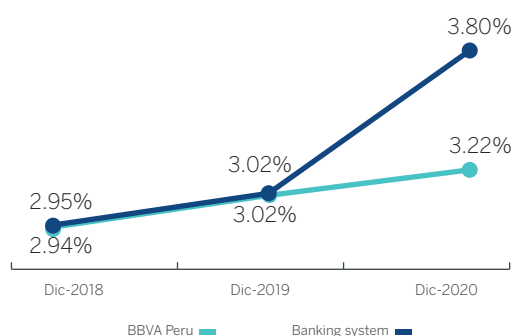
### Asset structure evolution



Regarding the mix of assets, a change is observed in 2020, explained by the increase in the weight of available funds caused by excess liquidity, in line with what is observed in the banking system. The excess was caused by the permanence of the balances of Reactiva's disbursements, the withdrawal of the AFP (pensions), the delivery of government bonds and greater funds from corporate clients, which in turn drove the increase in the peso of Investments, to make profitable said surpluses. Conversely, there was a decrease in the weight of loans in the asset composition that impacted ROA.

## Asset quality

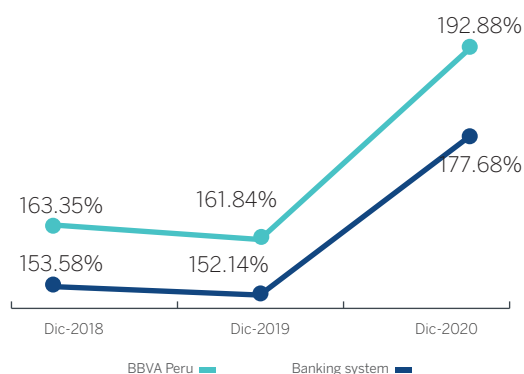
### Default ratio



Source: Superintendency of Banking, Insurance, and AFP

At the end of the year, BBVA recorded a stable NPL ratio of 3.22%, with an increase of 20 bps year-on-year that, however, was below the system. The variation was originated from the growth of overdue loans, mainly caused by Business Banking, Cards and Consumer Affairs, behavior that was also appreciated in the system.

### Coverage ratio



Source: Superintendency of Banking, Insurance, and AFP

Regarding the coverage ratio, an increase of 31pp was observed compared to the previous year, closing at 193.00% and thus being above the system. The growth is based on the higher provisions on the arrears portfolio, due to the strong growth of the stock of volunteers and specific during 2020 to face possible deterioration of the portfolio due to the downturn of the economy in the second quarter and the rescheduling granted.

## Liability management

### Liabilities and equity In millions of soles

	Dec-19	Dec-20	Δ Yearly (Dec-20/Dec-19)	
			Absolute	%
Obligations to the public	54,660	70,813	16,153	29.6%
Financial system deposits	1,560	1,493	(67)	-4.3%
Interbank funds	150	72	(78)	-51.7%
Debts and financial obligations	9,590	7,030	(2,560)	-26.7%
Other liabilities	6,574	18,600	12,025	182.9%
Total liabilities	72,534	98,008	25,474	35.1%
Equity	9,188	9,376	188	2.0%
<b>Total liabilities and equity</b>	<b>81,722</b>	<b>107,384</b>	<b>25,662</b>	<b>31.4%</b>



## Variation

In 2020, total liabilities also showed significant growth –S/ 25,474 million, which represents 35.1% compared to 2019–, mainly associated with the strong increase in deposits in Companies and Individuals. Similarly, an increase was observed in the Other Liabilities item due to higher balances in accounts payable, with a variation in favor of S/ 11,817 million, mostly in local currency due to the Reactiva fund and the net of maturities of operations of currency and securities.

This counteracts the reduction in debt and financial obligations (–26.7%), concentrated in the last quarter due to the execution of the call option of the Subordinated Tier 1 Loans of \$ 200 million. Also, an international loan for \$ 350 million, local bonds for S/ 508 million, and a CDN for S/ 150 million were allowed to mature.

## Deposits

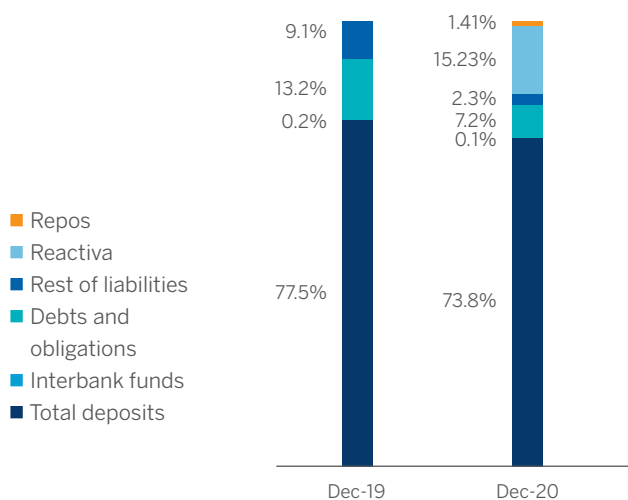
### Detalle de depósitos En millones de soles

	Dec-19	Dec-20	Δ Yearly (Dec-20/Dec-19)	
			Absolute	%
Demand deposits	18,404	29,779	11,374	61.8%
Savings deposits	17,239	24,712	7,473	43.3%
Time deposits	18,913	16,247	(2,666)	–14.1%
Other obligations	104	75	(29)	–27.7%
Obligations to the public	54,660	70,813	16,153	29.6%
Financial system deposits	1,560	1,493	(67)	–4.3%
<b>Total deposits</b>	<b>56,220</b>	<b>72,306</b>	<b>16,086</b>	<b>28.6%</b>

In 2020, total deposits presented a variation in favor of S/ 16,086 million generated by the higher transactional resources of Companies and Individuals, contrary to the decrease in terms in both segments.

Regarding the growth of Vista y Ahorro, this was favored by the release of the AFP (pensions), the permanence of Reactiva balances, corporate deposits, the delivery of government subsidies and the payment of bonuses, as well as by the campaigns implemented to encourage the capture and retention of balances in each segment. On the contrary, deposits in the financial system decreased by 4.3%, due to lower term resources (–22.8%), given the excess liquidity of the system and the unattractive rates in the context of interest rates close to zero.

### Evolution of liability structure



In the expired period, the composition of liabilities changed due to the increase in the weight of accounts payable, in turn as a result of the taking of balances in the BCRP auction for Reactiva. Thus, the weight of deposits and debt decreased, the latter affected by the various wholesale maturities in the last quarter.

## Income statement

### Income statement In millions of soles

	Dec-19	Dec-20	Δ Yearly (Dec-20/Dec-19)	
			Absolute	%
Interest income	4,746	4,254	(492)	−10.4%
Interest financial expenses	(1,373)	(1,049)	323	−23.6%
<b>Gross financial margin</b>	<b>3,373</b>	<b>3,204</b>	<b>(169)</b>	<b>−5.0%</b>
Provision for direct loans	(750)	(1,724)	(974)	129.8%
<b>Net financial margin</b>	<b>2,623</b>	<b>1,481</b>	<b>(1,142)</b>	<b>−43.6%</b>
Income from financial services	1,176	1,111	(66)	−5.6%
Financial services expenses	(389)	(334)	55	−14.2%
<b>Net financial margin of income and expense for financial services</b>	<b>3,410</b>	<b>2,257</b>	<b>(1,153)</b>	<b>−33.8%</b>
Result from financial operations (ROF)	727	687	(40)	−5.5%
<b>Operating margin</b>	<b>4,137</b>	<b>2,945</b>	<b>(1,192)</b>	<b>−28.8%</b>
Administrative expenses	(1,650)	(1,677)	(27)	1.7%
Depreciation and amortization	(167)	(194)	(27)	16.1%
<b>Net operating margin</b>	<b>2,320</b>	<b>1,074</b>	<b>(1,247)</b>	<b>−53.7%</b>
Valuation of assets and provision	(115)	(169)	(55)	47.6%
<b>Operating result</b>	<b>2,206</b>	<b>904</b>	<b>(1,301)</b>	<b>−59.0%</b>
Other income and expenses	16	(25)	(41)	−251.1%
<b>Profits before taxes</b>	<b>2,222</b>	<b>879</b>	<b>(1,343)</b>	<b>−60.4%</b>
Income tax	(612)	(224)	388	−63.4%
<b>Net profit</b>	<b>1,610</b>	<b>655</b>	<b>(955)</b>	<b>−59.3%</b>

In 2020, interest income decreased by 10.4% due to lower earnings from loans (S/ −346 million), available loans (S/ −110 million) and investments (S/ −64 million). The lower generation of income from loans is associated with the low market rates that impacted the new production, the rescheduling without interest between April and June and the lower collection of refinanced and overdue loans; The profitability of cash, for its part, was impacted by the fall in rates of the FED, while the lower interest on investments is explained in the repricing of the portfolio of securities concentrated in the short term at rates close to zero.

On the other hand, there was a significant reduction in financial expenses (−23.6%) as a result of lower rates paid on deposits from the public (S/ −246 million) and the financial system (S/ −33 million), savings in operations coverage (S/ −37 million) in foreign currency due to debt with IRS and lower expenses in debt (S/ −24 million) due to the call execution of Tier 1 subordinated loan; also, local bonds, a senior loan and CDN were allowed to mature. As a result, the gross margin decreased by S/ 169 million (−5.0%). Provisions for direct loans increased by S/ 974 million compared to the previous year, mainly due to the constitution of voluntary provisions that amounted to S/ 529 million and whose purpose was to anticipate the possible deterioration of the portfolio.

Income from financial services decreased by S/ 66 million in the miscellaneous income item (S/ −69 million), due to the lower use of credit and debit cards as a result of low dynamism due to mandatory social quarantine and operational restrictions of shops, arranged by the Government in the second quarter of 2020. Also, a decrease in Comex was obtained due to the fall in operations with China and the US as well as the lower number of transfers abroad.

The aforementioned counteracts the increase in insurance and other associated commissions for real estate, leasing and vehicle operations. Regarding spending, a

reduction of S/ 55 million was observed for payments to Visa and Mastercard and the Points and Miles program, as a consequence of the lower activity in cards.

Regarding the results from financial operations (ROF), these decreased by S/ 40 million, mainly due to investments at fair value (S/ -17 million) and DPV (S/ -10 million). The variation in the former was due to the lower valuation of the sovereign bond portfolio, while the low results in the latter were due to lower portfolio sales compared to 2019 when there were operations of the Government of Liability Management. Both factors offset the increase in exchange rate operations (S/ 19 million), in which the growth of digital channels stood out.

On the other hand, the results for non-ordinary income decreased by S/ 1 million due to the reduction of earnings in Niubiz, BBVA Consumer Finance-Edpyme and IRCSA.

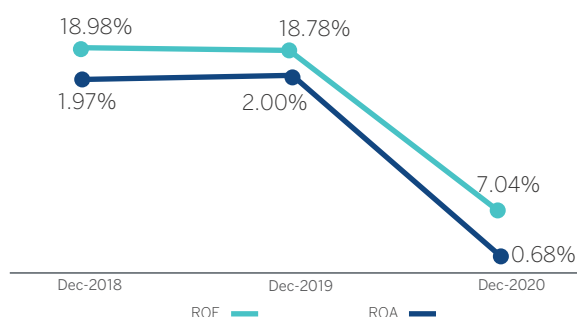
Administration expenses increased by S/ 27 million due to a series of expenses originated by the pandemic, such as purchases of protection elements against covid-19 for employees and clients, adjustments for remote work and higher cleaning expenses in Offices. This was partially offset by the saving measures in personnel –associated fundamentally with the lower variable remuneration– and in third-party expenses due to contract renegotiations.

The reduction in indirect provisions of S/ 3 million in 2020 was because in 2019 voluntary provisions were made for letters of guarantee for an amount of S/ 18.6 million.

Finally, profit before tax was reduced by 60.4%, impacted by the increase in provisions, lower financial income and commissions. The implicit tax rate went from 27.6% to 25.5%, which gives a net profit of S/ 955 million, a reduction of 59.3%.

**Provisions for direct loans increased by S/ 974 million compared to the previous year, mainly due to the constitution of voluntary provisions that amounted to S/ 529 million and whose purpose was to anticipate the possible deterioration of the portfolio.**

#### Return on equity – ROE Return on Assets – ROA



Source: Superintendency of Banking, Insurance, and AFP

At the end of 2020, BBVA presented a ROA of 0.68% and an ROE of 7.04%, with reductions of 132bps and 12pp year-on-year, respectively. The contraction is explained by the reduction in results due to the higher level of provisions and the lower generation of income, impacted by the context of interest rates close to zero and interest-free rescheduling.

## Solvency and regulatory capital

### Solvency and regulatory capital In millions of soles

	Dec-19	Dec-20	Dec-20 vs. Dec-19	
			Absolute	%
<b>Regulatory capital</b>	<b>10,776</b>	<b>10,649</b>	<b>(127)</b>	<b>-1.2%</b>
(i) Basic capital (Level 1)	8,409	8,383	(26)	-0.3%
(ii) Complementary capital (Level 2)	2,367	2,266	(101)	-4.3%
Capital	5,885	6,529	644	10.9%
Bookings	1,831	1,897	66	3.6%
Results with capitalization agreement	408	142	(266)	-65.2%
Provision	881	892	11	1.3%
Tier 1 subordinated debt	464	—	(464)	-100.0%
Tier 2 subordinated debt	1,660	1,559	(100)	-6.0%
Detractions and Goodwill	-353	-370	(18)	5.0%
<b>Risk-weighted assets</b>	<b>76,706</b>	<b>77,820</b>	<b>1,114</b>	<b>1.5%</b>
(i) Assets weighted by loan risk	70,382	71,155	773.1	1.1%
(ii) Assets weighted by market risk	1,305	1,249	(56)	-4.3%
(iii) Assets weighted by operational risk	5,019	5,416	397	7.9%
<b>Common Equity Ratio</b>	<b>10.36%</b>	<b>10.77%</b>		
<b>Tier 1 Ratio</b>	<b>10.96%</b>	<b>10.77%</b>		
<b>Minimum legal ratio adjusted to risk profile</b>	<b>12.09%</b>	<b>11.65%</b>		
<b>Global capital ratio</b>	<b>14.05%</b>	<b>13.68%</b>		

Regulatory capital amounted to S/ 10,649 million, a decrease of 1.2% compared to 2019, due to the lower complementary capital (-4.3%), due to the lower subordinated debt. Also, in 2020 the basic capital reached S/ 8,383 million, a variation of -0.3% compared to the previous year, explained by the lower subordinated debt that was computed as part of Tier 1 after the call of a bond for \$ 200 million in the last trimester. The latter exceeded the capitalization of 40% of 2019 profits, the increase in legal reserves and the commitment made for 2020 profits of S/ 142 million.

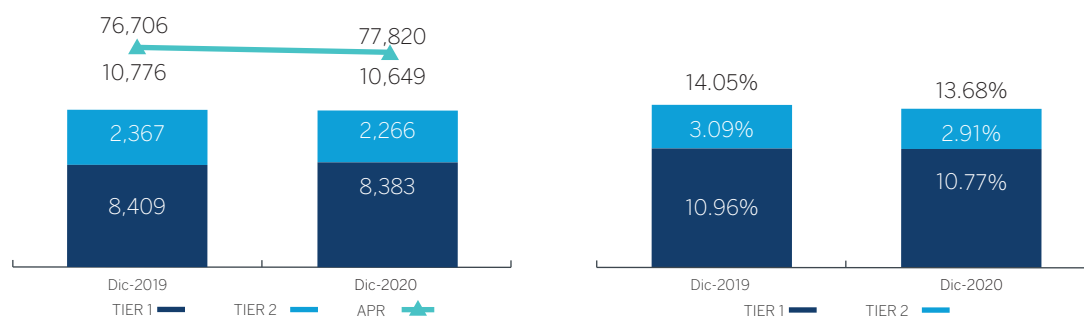
On the other hand, risk-weighted assets (APR) increased by 1.5% compared to 2019, its main component being the growth of credit APRs, which represented 91.4% of total APRs. The growth in credit APRs is due to the greater exposure and the change in the regulation of intangible assets (S/ 779 million), higher deferred income tax assets (S/ 348 million) and the acquisition of portfolio (S/ 192 million). Added to this was the increase in available assets, which caused an increase of S/ 512 million within other assets.

Meanwhile, market APRs decreased by 4.3% compared to 2019, mainly due to a reduction in foreign exchange risk in scenarios with increased risk and greater volatility, such as that observed during 2020, while operational APRs grew 7.9% in 2020 to the natural growth of the business, as reflected in the financial statements, mainly in the Commercial Banking and Retail Banking lines.

In this way, the Bank registered a Global Capital Ratio of 13.68%, above the global limit adjusted to the risk profile of the institution, established at 11.65%. Likewise, CET1 stood at 10.77%, even above the level recommended by the regulator in the expansionary phase of the cycle (9.5%), like Tier 1. It is important to note that BBVA Peru maintains the objective of continuing to strengthen the solvency level, in such a way that it allows it to comfortably cover the capital requirements that are being implemented as part of the adaptation of local regulations to international standards.

**BBVA Peru maintains the objective of continuing to strengthen the solvency level, in such a way that it allows it to comfortably cover the capital requirements that are being implemented as part of the adaptation of local regulations to international standards.**

## Effective equity, risk-weighted assets and capital ratios In millions of soles and percentage



Source: Superintendency of Banking, Insurance, and AFP

## Annexes

### Risk classification

By December 2020, BBVA Peru held the investment-grade granted by prestigious international agencies.

#### International risk classification

Instrument	Fitch Ratings	Standard & Poor's
Long-term issuance in M. E.	BBB+	BBB+
Short-term issuance in M. E.	F2	A-2
Long-term issuance in M. N.	BBB+	BBB+
Short-term issuance in M. N.	F2	A-2
Perspective	Negative	Stable <sup>2</sup>

Ratings valid as of December 2020. Source: [www.fitchratings.com](http://www.fitchratings.com) / [www.standardandpoors.com](http://www.standardandpoors.com)

#### International risk classification

Instrument	Moody's
Long-term deposits	Baa1
Short-term deposits	Prime 2
Perspective	Stable

It should be noted that on July 16, 2020, Standard & Poor's ratified BBVA Peru's rating at BBB + and changed the outlook from stable to negative, as credit losses in Peru are expected to be higher than expected, which could adversely affect the profitability and capitalization of banks. Additionally, BBVA Peru is subject to a credit rating by the local rating agencies: Apoyo & Asociados Internacionales, Moody's Local and Pacific Credit Rating.

#### Local risk classification

Instrument	Apoyo & Asociados	Moody's	Pacific Credit Rating
Deposits for <1 year	CP - 1 + (pe)	ML 1 + pe	PE Categoría I
Deposits for > 1 year	AAA (pe)	AAA.pe	PE AAA
Corporate bonds	AAA (pe)	AAA.pe	PE AAA
Subordinated bonds	AA+ (pe)	AA+.pe	PE AA+
Finance lease bonds	AAA (pe)	AAA.pe	PE AAA
Common asset	1a (pe)	1ª Clase.pe	PE N1
Entity's rating	A+	A+	PE A+
Negotiable certificates of deposit	CP - 1 + (pe)	ML 1+.pe	PE 1+

Ratings valid as of December 2020. Source: [www.aai.com.pe](http://www.aai.com.pe) / [www.equilibrium.com.pe](http://www.equilibrium.com.pe) / [www.ratingspcr.com](http://www.ratingspcr.com)

## **6.3. Separate audited financial statements**



# Banco BBVA Perú

## Separate Financial Statements

**As of December 31, 2020 and 2019**

**(including Independent Auditors' Report)**

**(TRANSLATION OF FINANCIAL STATEMENTS**

**ORIGINALLY ISSUED IN SPANISH)**





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*(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN SPANISH)*

## INDEPENDENT AUDITORS' REPORT

### **To the Shareholders and Directors of Banco BBVA Perú**

We have audited the accompanying separate financial statements of Banco BBVA Perú (a subsidiary of BBVA Perú Holdings S.A.C., incorporated in Peru), which comprise the separate statement of financial position as of December 31, 2020 and 2019, and the separate statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Separate Financial Statements**

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the accounting standards established for financial institutions in Peru by the Banking, Insurance and Pension Plan Agency (Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones — SBS) for financial institutions in Peru, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing approved for their application in Peru by the Dean's Council of the Peruvian Professional Associations of Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Bank's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### Opinion

In our opinion, the separate financial statements referred to above, present fairly, in all material respects, the non-consolidated financial position of Banco BBVA Perú as of December 31, 2020 and 2019, and their non-consolidated financial performance and their non-consolidated cash flows for the years then ended, in accordance with accounting standards established for financial institutions in Peru by the SBS.

### Other Matters

The consolidated financial statements as of December 31, 2020 and 2019 of Banco BBVA Perú and its subsidiaries have been prepared and presented separately; and in our report, dated February 23, 2021, we expressed an unqualified opinion on those financial statements. The separate financial statements have been prepared in compliance with existing Peruvian requirements for financial statement presentation, and reflect the carrying amount of an investment in a subsidiary using the equity method.

Lima, Peru

February 23, 2021

Countersigned by:

Eduardo Alejos (Partner)  
Peruvian CPA Registration 01-29180

**Banco BBVA Perú**

# Separate Financial Statements

**As of December 31, 2020 and 2019**

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(Translation of Financial Statements originally issued in Spanish)

**Banco BBVA Perú**

Separate Statement of Financial Position

As of December 31, 2020 and 2019

<i>In thousands of soles</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>	<i>In thousands of soles</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>
<b>Assets</b>				<b>Liabilities</b>			
Cash and due from banks	5	24,929,883	14,797,386	Obligations to the public and deposits from financial system entities	12	72,305,600	56,219,883
Interbank funds		137,599	150,137	Interbank funds		72,421	150,015
Investments at fair value through profit or loss and available-for-sale	6	11,371,092	6,582,487	Borrowings and financial obligations	13	7,030,231	9,590,022
Loan portfolio, net	7	66,446,955	56,209,207	Trading derivatives	8	876,395	490,934
Trading derivatives	8	898,595	567,686	Hedging derivatives	8	14,633	19,777
Hedging derivatives	8	103,354	4,611	Accounts payable, provisions and other liabilities	14	17,708,760	6,063,630
Realizable assets and assets seized and recovered through legal actions		34,296	68,609	<b>Total liabilities</b>		<b>98,008,040</b>	<b>72,534,261</b>
Subsidiaries and associates	9	372,137	365,299	<b>Equity</b>			
Property, furniture and equipment, net	10	1,012,968	987,810	Share capital	15	6,529,169	5,885,209
Deferred income tax	24	673,980	434,322	Reserves		1,831,131	1,669,835
Other assets, net	11	1,403,250	1,554,467	Adjustments to equity		119,148	22,816
				Retained earnings		896,621	1,609,900
<b>Total assets</b>		<b>107,384,109</b>	<b>81,722,021</b>	<b>Total equity</b>		<b>9,376,069</b>	<b>9,187,760</b>
Risks and contingent commitments	16	34,118,738	30,035,042	<b>Total liabilities and equity</b>		<b>107,384,109</b>	<b>81,722,021</b>
				Risks and contingent commitments	16	34,118,738	30,035,042

The accompanying notes on pages 6 to 95 are an integral part of these separate financial statements.

(Translation of Financial Statements originally issued in Spanish)

**Banco BBVA Perú**

Separate Statement of Income

For the years ended December 31, 2020 and 2019

<i>In thousands of soles</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>
Interest income	17	4,253,579	4,745,777
Interest expense	18	(1,049,264)	(1,372,663)
<b>Gross financial income</b>		<b>3,204,315</b>	<b>3,373,114</b>
Provision for direct loans, net of recovery	7	(1,723,646)	(750,090)
<b>Net financial income</b>		<b>1,480,669</b>	<b>2,623,024</b>
Income from financial services, net	19	776,808	787,112
<b>Financial income net of income and expenses for financial services</b>		<b>2,257,477</b>	<b>3,410,136</b>
Profit or loss from financial operations	20	687,338	727,163
<b>Operating margin</b>		<b>2,944,815</b>	<b>4,137,299</b>
Administrative expenses	21	(1,677,491)	(1,650,069)
Depreciation and amortization		(193,654)	(166,843)
<b>Net operating margin</b>		<b>1,073,670</b>	<b>2,320,387</b>
Valuation of assets and provisions		(169,297)	(114,710)
<b>Net operating profit or loss</b>		<b>904,373</b>	<b>2,205,677</b>
Other expenses and income, net	22	(24,881)	16,469
<b>Profit or loss before tax</b>		<b>879,492</b>	<b>2,222,146</b>
Income tax	23	(224,356)	(612,246)
<b>Net profit or loss</b>		<b>655,136</b>	<b>1,609,900</b>
<b>Basic and diluted earnings per share in soles</b>	25	<b>0.1003</b>	<b>0.2466</b>
<b>Weighted average number of outstanding shares (in thousands of shares)</b>	25	<b>6,529,169</b>	<b>6,529,169</b>

The accompanying notes on pages 6 to 95 are an integral part of these separate financial statements.

(Translation of Financial Statements originally issued in Spanish)

**Banco BBVA Perú**

Separate Statement of Income and Other Comprehensive Income  
For the years ended December 31, 2020 and 2019

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Net profit or loss	655,136	1,609,900
<b>Other comprehensive income:</b>		
Unrealized gain for investments available-for-sale	79,405	36,211
Unrealized gain on cash flow hedges	14,754	915
Interests in other comprehensive income from subsidiaries and associates	410	(1,497)
Unrealized gain (loss) on actuarial liabilities	16,493	(8,894)
Income tax related to components of other comprehensive income	(14,730)	4,077
<b>Other comprehensive income for the year, net of income tax</b>	<b>96,332</b>	<b>30,812</b>
<b>Total comprehensive income for the year</b>	<b>751,468</b>	<b>1,640,712</b>

The accompanying notes on pages 6 to 95 are an integral part of these separate financial statements.

(Translation of Financial Statements originally issued in Spanish)

**Banco BBVA Perú**

Separate Statement of Changes in Equity

For the years ended December 31, 2020 and 2019

<i>In thousands of soles</i>	<b>Number of shares in thousands (note 15.B)</b>	<b>Share capital (note 15.B)</b>	<b>Legal reserve (note 15.C)</b>	<b>Adjustments to equity (note 15.D)</b>	<b>Retained earnings (note 15.E)</b>	<b>Total equity</b>
Balance as of January 1, 2019	5,368,602	5,368,602	1,522,035	(7,996)	1,476,022	8,358,663
Net profit or loss	-	-	-	-	1,609,900	1,609,900
<b>Other comprehensive income</b>						-
Unrealized gain for investments available-for-sale	-	-	-	37,934	-	37,934
Unrealized gain from cash flow hedges	-	-	-	645	-	645
Unrealized loss on interests in other comprehensive income from subsidiaries and associates	-	-	-	(1,497)	-	(1,497)
Unrealized losses for actuarial liabilities	-	-	-	(6,270)	-	(6,270)
<b>Total comprehensive income</b>	-	-	-	<b>30,812</b>	<b>1,609,900</b>	<b>1,640,712</b>
<b>Changes in equity (not included in other comprehensive income)</b>						
Dividends	-	-	-	-	(811,812)	(811,812)
Capitalization of retained earnings	516,607	516,607	-	-	(516,607)	-
Additions to reserves and other movements	-	-	147,800	-	(147,603)	197
<b>Balance as of December 31, 2019</b>	<b>5,885,209</b>	<b>5,885,209</b>	<b>1,669,835</b>	<b>22,816</b>	<b>1,609,900</b>	<b>9,187,760</b>
Balance as of January 1, 2020	5,885,209	5,885,209	1,669,835	22,816	1,609,900	9,187,760
Net profit or loss	-	-	-	-	655,136	655,136
<b>Other comprehensive income</b>						-
Unrealized gain for investments available-for-sale	-	-	-	73,893	-	73,893
Unrealized gain from cash flow hedges	-	-	-	10,401	-	10,401
Unrealized gain on interests in other comprehensive income from associates	-	-	-	410	-	410
Unrealized gain for actuarial liabilities	-	-	-	11,628	-	11,628
<b>Total comprehensive income</b>	-	-	-	<b>96,332</b>	<b>655,136</b>	<b>751,468</b>
<b>Changes in equity (not included in comprehensive income)</b>						
Dividends	-	-	-	-	(563,465)	(563,465)
Capitalization of retained earnings	643,960	643,960	-	-	(643,960)	-
Additions to reserves and other movements	-	-	161,296	-	(160,990)	306
<b>Balance as of December 31, 2020</b>	<b>6,529,169</b>	<b>6,529,169</b>	<b>1,831,131</b>	<b>119,148</b>	<b>896,621</b>	<b>9,376,069</b>

The accompanying notes on pages 6 to 95 are an integral part of these separate financial statements.



(Translation of Financial Statements originally issued in Spanish)

**Banco BBVA Perú**

Separate Statement of Cash Flows

For the years ended December 31, 2020 and 2019

<i>In thousands of soles</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>
Reconciliation of net profit with cash and cash equivalents from operating activities			
Net profit or loss		655,136	1,609,900
<b>Adjustments</b>			
Depreciation and amortization		193,654	166,843
Impairment of property, furniture, and equipment and intangible assets		20,113	26,300
Impairment of investments in subsidiaries and investments available-for-sale		23,972	3,972
Provisions		1,848,858	834,529
Other adjustments		119,605	560,926
<b>Net changes in assets and liabilities</b>			
Loan portfolio		(10,405,427)	(5,445,837)
Investments available-for-sale		434,543	(598,357)
Accounts receivable and others		309,011	(1,144,677)
Non-subordinated financial liabilities		13,272,864	3,964,508
Accounts payable and others		11,866,290	2,280,356
<b>Profit or loss for the period after net changes in assets, liabilities and adjustments</b>		<b>18,338,619</b>	<b>2,258,463</b>
Income tax paid		(635,438)	(622,502)
<b>Net cash and cash equivalents from operating activities</b>		<b>17,703,181</b>	<b>1,635,961</b>
<b>Cash flows from investing activities</b>			
Acquisition of securities		-	(40)
Acquisition of intangible assets and property, furniture, and equipment		(236,999)	(236,394)
Other cash inflows from investing activities		53,407	63,455
<b>Net cash and cash equivalents used in investing activities</b>		<b>(183,592)</b>	<b>(172,979)</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(562,761)	(810,470)
Cash outflows for redemption of subordinated financial liabilities		(719,400)	-
Issuance of debt securities and bonds		308,048	577,427
Payment of debt securities and bonds		(2,303,090)	(655,100)
<b>Net cash and cash equivalents used in financing activities</b>		<b>(3,277,203)</b>	<b>(888,143)</b>
<b>Net increase in cash and cash equivalents before effects of exchange rate fluctuations</b>		<b>14,242,386</b>	<b>574,839</b>
Effects of changes in exchange rates on cash and cash equivalents		1,238,806	(127,102)
<b>Net increase in cash and cash equivalents</b>		<b>15,481,192</b>	<b>447,737</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>15,716,904</b>	<b>15,269,167</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>31,198,096</b>	<b>15,716,904</b>
Funds pledges as guarantee		1,896,324	2,256,757
Interbank funds		(137,599)	(150,137)
Investments with maturities of less than 90 days		(8,026,938)	(3,026,138)
<b>Cash and due from banks as per the separate statement of financial position</b>	5	<b>24,929,883</b>	<b>14,797,386</b>

The accompanying notes on pages 6 to 95 are an integral part of these separate financial statements.

**Banco BBVA Perú**

Notes to the Separate Financial Statements  
December 31, 2020 and 2019

## **1. Reporting Entity and Business Activity**

### **A. Reporting entity**

Banco BBVA Perú (hereinafter the Bank) is a subsidiary of BBVA Perú Holding S.A.C., which holds 46.12% of its shares as of December 31, 2020 and 2019. Banco Bilbao Vizcaya Argentaria S.A. (BBVA) holds 100% of the shares of BBVA Perú Holding S.A.C.

### **B. Business activity**

The Bank is a public limited company incorporated in 1951 and authorized to operate as a bank by the SBS.

The Bank's activities mainly comprise financial intermediation by commercial banks. Such activities are governed by the SBS according to Law 26702 "General Law of the Financial and Insurance Systems and SBS Organic Law" (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 is subject.

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

As of December 31, 2020 and 2019, the Bank operates through a national network of 332 agencies. As of December 31, 2020, and 2019, the Bank has 5,974 and 6,180 employees, respectively.

As of December 31, 2020 and 2019, the Bank's subsidiaries are the following: BBVA Bolsa Sociedad Agente de Bolsa S.A., BBVA Asset Management Continental S.A. SAF, BBVA Sociedad Titulizadora S.A., Inmuebles y Recuperaciones BBVA S.A., BBVA Consumer Finance EDPYME, Forum Comercializadora del Perú S.A., Forum Distribuidora del Perú S.A. and Continental DPR Finance Company, a special purpose entity.

The Bank prepares and presents separate financial statements in addition to consolidated financial statements in accordance with SBS regulations and Peruvian Generally Accepted Accounting Principles (Peruvian GAAP) applicable to financial institutions.

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Loan portfolio	66,593,761	56,398,279
Total assets	107,337,268	81,778,899
Total liabilities	97,975,412	72,598,433
Equity	9,361,856	9,180,466
Net profit or loss	648,216	1,609,056

### **National State of Emergency**

On March 11, 2020, the World Health Organization (WHO) declared a pandemic due to the coronavirus disease (COVID-19), and recommended contention and mitigation measurements worldwide. On March 15, 2020, the Peruvian government declared, through Supreme Decree, a national state of emergency due to the serious circumstances affecting people's life as a result of the COVID-19 outbreak. As of reporting date, the state of emergency has been extended until September 2, 2021, inclusive. In this context, the government enforced a series of exceptional and preventive measurements.

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The Bank did not suspend its business activities to help finance government's financial-support schemes and distribute community support initiatives - e.g., bonds for households in poverty or extreme poverty.

Since the beginning of the pandemic, the Bank carried out a number of contingency actions, which led to the creation of a multidisciplinary team in charge of designing and implementing the strategy for the biosanitary crisis, whose main objective is to protect the health of employees and customers throughout Peru.

For this purpose, this multidisciplinary team designed a health strategy, comprehensive infrastructure implementation and management of the demand of the offices, based on the new reality due to the pandemic. Likewise, teleworking for the employees of the core areas was implemented, as well as for the employees considered vulnerable population due to preexisting health conditions.

**C. Peruvian government programs for economic reactivation**

The Ministry of Economy and Finance (MEF) implemented the following economic aid programs to debtors affected by the state of emergency:

<b>Program / Validity</b>	<b>Legal basis</b>	<b>Brief description of the program</b>	<b>Amount of the program</b>
Reactiva Perú Until November 30, 2020	Legislative Decree 1455 (April 6, 2020)  Ministerial Resolution 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> <p>Through this program, the Government grants guarantees to companies so that they can access working capital loans, and can meet short-term obligations with their workers, and suppliers of goods and services. The government guarantees ranges are between 80% and 98% of the loan, whose maximum amount per customer is S/ 10 million, which is terminated based on the volume of sales.</p> <p>Additionally, the Bank obtains the resources to grant these loans through repurchase agreement with the Central Reserve Bank of Peru (BCRP, for its Spanish acronym), for the guaranteed portion.</p>	S/ 60,000 million

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<b>Scheme and term</b>	<b>Legal basis</b>	<b>Brief overview</b>	<b>Amount</b>
FAE for SME Until December 31, 2020	Emergency Decree 029-2020 (March 20, 2020)  Ministerial Resolution 124-2020-EF (March 25, 2020)	Business Support Fund (FAE) for Small and Micro Enterprise (SME).  Initially, it applied for new working capital loans, rescheduling and refinancing and the maximum amount of the loan per customer was up to S/ 90 thousand with coverage percentages of 30%, 50% and 70%.  Currently, it applies for new working capital loans and the maximum amount of the loan per customer is up to S/ 30 thousand with coverage percentages of 95% and 98%.	S/ 4,000 million
FAE for Tourism Until June 30, 2021	Emergency Decree 076-2020 (June 30, 2020)  Ministerial Resolution 228-2020-EF (August 11, 2020)	It was intended for SME that carry out 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. Currently, it applies for new working capital loans and the maximum amount of the loan per customer is up to S/ 750 thousand with coverage percentages of 95% and 98%.	S/ 1,500 million
FAE for Farmers Until June 30, 2021	Emergency Decree 082-2020 (July 9, 2020)  Ministerial Resolution 226-2020-EF (August 9, 2020)	It was intended for farmers. It is a loan guaranteed to the Bank so that it in turn grants loans to customers for working capital. The maximum amount of the loan per customer is up to S/ 30 thousand with coverage percentages of 95% and 98%.	S/ 2,000 million
CRECER Fund Until year 2049	Legislative Decree 1399 (September 7, 2018)  Supreme Decree 007-2019-EF (January 11, 2019)	It is a program that grants guarantees to loans for working capital, fixed assets and export credits to promote the productive and business development of SME. The maximum amount of the loan per customer is up to S/ 10 million. Coverage percentages are up to 75% for SME, up to 70% for Medium-business and up to 60% for exporting company.	Not specified

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<b>Scheme and term</b>	<b>Legal basis</b>	<b>Brief overview</b>	<b>Amount</b>
Government guarantee program, to the credit portfolio of financial institutions.	Legislative Decree 1508-2020 (May 11, 2020)	It is intended to provide liquidity to banks, financial entities and credit agencies.	S/ 7,000 million
Until December 31, 2022	Ministerial Resolution 178-2020-EF (June 24, 2020)		
Repurchase agreement with rescheduling of credit portfolio	BCRP Official Letter 0021-2020 (June 7, 2020)	BCRP order the possibility that financial entities obtain an economic fund at a rate of 0.5% through repurchase agreement. Therefore, financial entities are committed to reschedule their customer's credit portfolio or the portfolio acquired to other financial entities, temporally reducing the interest rate for the duration of the operation with the BCRP.	Not specified
Guarantee programs - COVID-19	Law 31050 (October 8, 2020)	It is intended to consumer credit portfolios, personal loans, mortgages loans, vehicles and SME. The program guarantees credits rescheduled by financial entities. Such reschedule contemplates the decrease of the interest rate.	S/ 5,500 million
Until March 31, 2021	Ministerial Resolution 296-2020-EF (October 18, 2020)		

**D. Approval of the separate financial statements**

The separate financial statements as of December 31, 2020 were approved by the Bank's Management and will be presented for approval to Board of Directors and General Shareholder's Meeting within the terms established by Law. In management's opinion, the Board of Directors and the General Shareholder's Meeting will approve the accompanying separate financial statements without amendments. The General Shareholders' Meeting, held May 11, 2020, approved the separate financial statements as of December 31, 2019.

**2. Basis of Preparation of the Separate Financial Statements**

**A. Statement of compliance**

The separate financial statements are prepared and presented in accordance with current regulations and Peruvian GAAP applicable to financial institutions, which comprise the accounting standards and practices authorized by the SBS, in use of its powers, delegated in accordance with the provisions of the Banking Law. The aforementioned standards are contained in the Accounting Manual for Financial Institutions (hereinafter the "Accounting Manual") approved by SBS Resolution 895-98, dated September 1, 1998, effective as of January 1, 2001, and complementary norms and amendments.

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In the absence of such applicable SBS regulations, the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), made official in Peru by the Peruvian Accounting Board (CNC, for its Spanish acronym), are applied.

Peruvian GAAP comprise the standards and interpretations issued or adopted by the IASB, which include IFRSs, International Accounting Standards (IAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), or the former Standing Interpretations Committee (SIC), adopted by the IASB and made official by the CNC for their application in Peru.

The separate financial statements have been prepared in accordance with existing regulations in Peru and do not include the consolidation effects of the Bank's financial statements with those of its subsidiaries (note 9). As of December 31, 2020 and 2019, the Bank recognizes its investments using the equity method.

In accordance with the Peruvian GAAP applicable to financial entities, the Bank prepares and presents its separate financial statements excluding the consolidation effects of the Bank's financial statements with those of its subsidiaries.

**B. Basis of measurement**

The separate financial statements have been prepared on a historical cost basis, except for the following:

- Derivative financial instruments are measured at fair value;
- Financial instruments at fair value through profit or loss are measured at fair value; and
- Available-for-sale financial assets are measured at fair value.

**C. Functional and presentation currency**

The Bank prepares and presents its separate financial statements in soles (S/ or PEN), which is the currency related to the main economic environment in which the Bank operates, such currency influences the Bank's transactions and services it provides, among other factors. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

**D. Use of judgments and estimates**

In preparing these separate financial statements, management has made judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The accounting estimates and judgments used are reviewed on an ongoing basis. Any effects are recognized in the separate statement of profit or loss from the year of the assessment.

The most relevant estimates and judgments to prepare the Bank's separate financial statements are the following:

- Determination of the fair value of investments (note 30).
- Accounted investments using the equity method (note 9).
- Provisions for loan losses (note 7).
- Provision for realizable assets and assets seized and recovered through legal actions (note 3.G).
- Provision for employee benefits (note 3.M).
- Useful life of property, furniture and equipment (note 3.F) and intangible assets (note 3.I).

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- Provision for income tax (note 23).
- Deferred tax (note 24).
- Determination of the fair value of derivative instruments (note 30).
- Impairment of non-monetary assets (note 3.H).

**E. New accounting pronouncements**

**i. New accounting pronouncements issued but not yet adopted**

A number of new standards, amendments and interpretations have been issued or amended by the IASB and are effective for annual periods beginning on or after January 1, 2021.

<b>IFRSs, amendments and interpretations</b>	<b>Effective date</b>
<i>Interest Rate Benchmark Reform State 2</i> (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16).	Annual periods beginning on or after January 1, 2021.
<i>Onerous Contracts – Cost of Fulfilling a Contract</i> (Amendments to IAS 37)	Annual periods beginning on or after January 1, 2022.
<i>Annual Improvements to IFRS Standards 2018-2020</i>	Annual periods beginning on or after January 1, 2022.
Property, Plant and Equipment Proceeds before Intended Use (Amendments to IAS16).	Annual periods beginning on or after January 1, 2022.
<i>Reference to the Conceptual Framework</i> (Amendments to IFRS 3)	Annual periods beginning on or after January 1, 2022.
<i>Classification of Liabilities as Current or Non-current</i> (Amendments to IAS 1)	Annual periods beginning on or after January 1, 2023.
Amendments to IFRS 17 <i>Insurance Contracts</i>	Annual periods beginning on or after January 1, 2023.
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> )	Early adoption is permitted. Effective date deferred indefinitely.

If such standards and amendments were adopted by the SBS, management has not yet assessed their impact on the Bank's separate financial statements.

**ii. Resolutions and standards issued by the CNC and the Superintendence of Securities Market (SMV) concerning the approval and adoption of IFRSs in Peru**

As of the date of the separate financial statements, the CNC through:

- Resolution 001-2020-EF/30, issued July 16, 2020, formalized amendments to IAS 1 Presentation of Financial Statements, and the complete set of IFRS version 2020 (IAS, IFRS, IFRIC and SIC), which includes the Conceptual Framework in IFRS Standards, as well as the amendments to IFRS 16 Leases (COVID-19-Related Rent Concessions). The validity of the indicated standards is established in each one of them.

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- Resolution 002-2020 EF/30, dated September 8, 2020, formalized the amendments to IAS 16 Property, Plant and Equipment, IFRS 3 Business Combinations, IFRS 4 Insurance Contracts, IAS 37 Provisions, Contingent Liabilities, IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments y IAS 41 Agriculture.

As indicated in note 2.A, the standards and amendments detailed in i., ii. and iii. shall only be applicable to the Bank in the absence of applicable SBS regulations for situations not covered in the Accounting Manual. Management has not determined the effects on the preparation of its separate financial statements since those standards were not adopted by the SBS.

**iii. Main pronouncements issued by the SBS**

In 2020, SBS published, among others, the following significant pronouncements:

**SBS regulations in the COVID-19 context**

**(a) Reschedule loans**

Regulation	Date	Brief overview
Official Letter 10997-2020-SBS	March 13, 2020	Official Letter 5345-2010-SBS, dated February 5, 2010, is effective and grants financial institutions power to modify loan agreements, that do not consider the borrower's ability to meet its debt obligation, so that they are considered as refinancing. Its application will require that the debtors have not presented defaults at the time of the state of emergency declaration. Such Official Letter is effective 1 day after its publication.
Conditions to reschedule:		
Official Letter 11150-SBS	March 16, 2020	<ul style="list-style-type: none"><li>▪ The total term of the before mentioned loans does not extend for more than 6 months of the original term, subsequently modified to 12 months.</li></ul>
Official Letter 11170-2020-SBS	March 20, 2020	<ul style="list-style-type: none"><li>▪ As of the date of the national state of emergency, the debtors do not have any default.</li></ul> <p>For amendments made as of May 29, 2020, and only during the national state of emergency, it will be considered that borrower's loans are not longer than 30 days past due in order to comply with the requirement to be up to date with their payments and have no defaults.</p>
Official Letter 12679-2020-SBS	May 5, 2020	<ul style="list-style-type: none"><li>▪ For retail portfolio, such modification may be conducted without prior notice.</li></ul>
Official Letter 13805-2020-SBS	May 29, 2020	<ul style="list-style-type: none"><li>▪ From June 1, 2020, in the case of new contractual amendments of revolving loans for credit cards, those that only consider an extension or grace period for the minimum payment are not applicable, and the entire debt must be considered in a new schedule to be able to be</li></ul>



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Regulation	Date	Brief overview
		framed in the provisions of the Official Letter 13805-2020-SBS.
		Accounting treatment of interest:
		<ul style="list-style-type: none"><li>▪ The accounting treatment of interest on such loans shall be conducted through the assumption method beginning on the rescheduling date. Therefore, interest that have not been charged as of rescheduling date have to be reversed.</li><li>▪ Interest associated to retail loans shall be recorded on an accrual basis.</li><li>▪ If such retail loans change to the accounting situation of past due after the payment obligation according with the new schedule is resumed, the entity shall reverse the accrued and unpaid interest, having 6 months to carry out such reversal proportionally.</li></ul>
		Such reverse will be applicable only for those loans that change their accounting treatment to past due for the first time since the payment obligation is resumed and may be applied for loans that pass to a past due accounting situation until March 31, 2021.
		<ul style="list-style-type: none"><li>▪ In accordance with Official Letter 11150-2020-SBS, the accounting treatment of interest of wholesale debtors with rescheduled loans shall be subject to the cash-basis method.</li></ul>

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**(b) Risk regulations of market, provisions and capital requirement**

Regulation	Date	Brief overview
Official Letter 11148-2020-SBS	March 16, 2020	<ul style="list-style-type: none"><li>It establishes that limits for liquidity coverage ratio in local and foreign currency will not be temporarily applied. Such Official Letter is effective 1 day after its publication.</li></ul>
SBS Resolution 1264-2020	March 26, 2020	<ul style="list-style-type: none"><li>It establishes that the deadline extension due to the rescheduling does not increase the risk-weight factor for non-revolving loans and mortgage loans according with the Regulation on Regulatory Capital Requirements for Credit Risks.</li><li>The Regulations for Additional Regulatory Capital Requirement established the faculty of the financial entities to use the additional regulatory capital accumulated as of the validity period of this Resolution for the components of the economic cycle.</li></ul>
Official Letter 14454-2020-SBS  Official Letter 13195-2020-SBS	June 10, 2020  May 19, 2020	<ul style="list-style-type: none"><li>It approves that, while the national state of emergency is in force and up to 120 days after it is no longer effective, preferred guarantees, that as of February 2020, were updated could maintain their reported value as of such date.</li><li>Likewise, in a preventive and responsible manner, financial entities must establish the necessary voluntary reserves that allow them to face increases in risk, when they materialize. In case, it is considered that a release of provisions applies, these must be reassigned as voluntary reserves or for the constitution of other mandatory provisions, and in no case may results of the year or any equity account be affected by the reversal of said provisions.</li></ul>
Official Letter 1882-2020	July 31, 2020	The legal limits to the foreign currency global position (long position and short position) are modified.
Official Letter 2628-2020-SBS	October 26, 2020	The legal limits to derivatives instruments (accounting net position: short and long position) are modified.
Official Letter 2793-2020-SBS	November 10, 2020	It establishes that a credit risk provision rate of 0% is applicable to the part of the credits that are covered by the guarantee of the COVID-19 Guarantee Program when borrower substitution is applied, as of the activation of the guarantee.
SBS Resolution 3155-2020	December 17, 2020	It establishes that the rescheduled loans of debtors with Standard classification are considered debtors with credit risk higher than Standard, corresponding to the level of credit risk With Potential Problems. The specific provisions for credit risk With Potential Problems are applied to these credits.

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**(c) Stop of the counting of days of past due**

Regulation	Date	Brief overview
Official Letter 11170-2020-SBS	March 20, 2020	<ul style="list-style-type: none"><li>It establishes that, only during the national state of emergency, a borrower may be 15 days past due as maximum as of February 29, 2020, provided that the borrower is up to date with their payments and has no past due loans.</li></ul>
Official Letter 13195-2020-SBS	May 19, 2020	<ul style="list-style-type: none"><li>Loans granted by financial institutions may have the same accounting situation provided the national state of emergency is still effective. The counting of days in arrears recorded as of February 29, 2020, shall be suspended provided the national state of emergency is still effective.</li></ul>
Official Letter 13805-2020-SBS	May 29, 2020	Extensions were approved until May 31, July 21 and, finally, until August 31, 2020 for the suspension of days in arrears.
Official Letter 15944-2020-SBS	July 2, 2020	<ul style="list-style-type: none"><li>For loans with 15-60 days past due as of February 29, 2020, such suspension shall be effective for 1 more month from the date in which the national state of emergency is no longer effective.</li><li>Additionally, it establishes that the Bank shall report the lower number of days in arrears resulting from the comparison between: i) the actual days in arrears at the end of the monthly report of the loan, and ii) the suspended days in arrears as of February 29, 2020, plus the days from August 1, 2020, to the end of the monthly report. If due to the calculation, the debtor improves his classification and, therefore, reduces his requirement for provisions, the released provisions must be reassigned to the constitution of other mandatory provisions or, failing that, as voluntary reserves. However, under no circumstance, profit or loss for the year or any equity account shall be affected due to the reversal of said provisions.</li></ul> <p>Actual days in arrears are the number of days past due of the oldest unpaid installment according to the current credit schedule, which must consider the payments made by the customer, if applicable.</p>

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**(d) Regulations associated to Government Programs**

<b>Regulation</b>	<b>Date</b>	<b>Brief overview</b>
Official Letter 11214-2020	March 23, 2020	It establishes that the repurchase agreement of credit portfolio represented in securities are considered sources of financing available to be included in the contingency funding plan. Such Official Letter is effective 1 day after its publication.
Official Letter 11518-2020-SBS	April 7, 2020	Accounting treatment of regulatory capital requirement and legal limits of the credit portfolio reporting operations represented in securities held with the BCRP, which came into effect the day after its publication, is approved.
Official Letter 11999-SBS	April 22, 2020	<b>Reactiva Peru Program</b>
SBS Resolution 1314-2020	April 27, 2020	Dispositions over the Reactiva Peru program are established to ensure the continuity of the payment chain before the impact of COVID-19. Such dispositions are the following: <ul style="list-style-type: none"><li>▪ Accounting record as a loan and control through memoranda accounts.</li><li>▪ Credit risk provision rate of the Standard borrower whose rate is 0.7% for the guaranteed amount. Subsequently, modified to a rate of 0%.</li><li>▪ Risk weighted factor corresponding to the Government for regulatory capital requirement of 0% for the hedged amount.</li><li>▪ Not subject to legal limit due to exposure to the Government for the hedged amount.</li></ul>
SBS Resolution 1315-2020	April 27, 2020	<b>FAE for SME Program</b>
Official Letter 13206-2020-SBS	May 19, 2020	The following dispositions are established: <ul style="list-style-type: none"><li>▪ Accounting record as a loan and control through memoranda accounts.</li></ul> For the portion of the exposition covered with guarantees of FAE for SME: <ul style="list-style-type: none"><li>▪ Credit risk provision rate of 0%.</li><li>▪ Apply a risk weighted factor of 0% to calculate the regulatory capital requirement for credit under the standard method.</li><li>▪ Legal limit up to 50% for the total of exposure not guaranteed by the FAE for SME.</li></ul>

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<b>Regulation</b>	<b>Date</b>	<b>Brief overview</b>
SBS Resolution 1546-2020	June 8, 2020	<p>The following dispositions are established:</p> <ul style="list-style-type: none"><li>▪ Approval of the amendment to the Accounting Manual (memorandum accounts related to guarantees received).</li></ul> <p>For the portion of the exposition covered with guarantees of REACTIVA PERÚ Program and the FAE for SME program, when borrower substitution is applied, it is established the following:</p> <ul style="list-style-type: none"><li>▪ That the calculation of the provisions associated with the risk of debt distress for retail debtors shall be excluded.</li><li>▪ That it does not apply to record additional provisions for exchange rate risk.</li></ul>
Official Letter 17769-2020-SBS	July 24, 2020	<p>Clarifications over the repurchase agreement with rescheduling of credit portfolio within the framework of Official Letter 0021-2020-BCRP, in terms of accounting record as a loan and control through memoranda accounts and reporting through the Credit Report of Debtors.</p>
Official Letter 37400-2020-SBS	November 25, 2020	<p>It establishes, among other aspects, the following dispositions on the Guarantee programs - COVID-19:</p> <ul style="list-style-type: none"><li>▪ Accounting record as a loan and control through memoranda accounts.</li></ul> <p>For the portion of the exposition covered with guarantees of Guarantee programs - COVID-19:</p> <ul style="list-style-type: none"><li>▪ Credit risk provision rate of 0%.</li><li>▪ Apply a risk-weighted factor of 0% to calculate the regulatory capital requirement for credit under the standard method.</li><li>▪ Not subject to legal limit due to exposure to the Government for the hedged covered.</li></ul>

### **3. Accounting Principles and Practices**

The significant accounting principles and practices used in the preparation of the Bank's separate financial statements, have been applied uniformly with those of the previous period, except for the set of exceptional and preventive measures taken by the Peruvian Government to face the economic crisis generated due to the national state of emergency and the mandatory social isolation due to the COVID-19 outbreak, mentioned in the note 2.E.iii.

#### **A. Financial instruments**

##### ***Recognition of financial instruments***

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability, or equity instrument in another.

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Financial instruments are recognized on the date when they are originated (trade date) and classified as assets, liabilities, or equity according to the contract that gave rise to the financial instrument. Interest, dividends, gains and losses generated by a financial instrument classified as an asset or liability are recorded as income or expenses in the separate statement of income. Payments to holders of financial instruments are directly recorded in equity.

Gains arising from the transfer of the loan portfolio are recognized as income; however, for financed transfers or transfers through swaps, these gains are recognized as deferred income, which is accrued based on the monetary income obtained from the realization of the assets received through swaps, or in proportion to the perception of the payment made by the acquirer of the transferred loan portfolio. Losses arising from the transfer are recognized at the moment of the transfer.

***Classification of financial instruments***

The Bank classifies its financial instruments on initial recognition and on an instrument-by-instrument basis, in the following categories, according with the Accounting Manual: at fair value through profit or loss, loans and accounts receivable, available-for-sale, held-to-maturity, at amortized cost, and other liabilities.

The classification of financial instruments on initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. At initial recognition, a financial instrument is measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument, except for financial assets or financial liabilities measured at fair value through profit or loss.

***Derecognition of financial assets and financial liabilities***

The Bank recognizes derecognition of a financial asset when: (i) the contractual rights to receive the cash flows from the financial asset expire; or (ii) transfers the contractual rights to receive the cash flows from the financial asset, or assumes a contractual obligation to pay the cash flows to a third party in a pass through arrangement; and (iii) transfers substantially all risks and rewards of ownership of the financial asset to other entity.

The Bank recognizes derecognition of a financial liability when its contractual obligations are discharged or canceled or expire. An exchange between an existing borrower and lender of financial liabilities with substantially different terms is recognized as a derecognition of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is recognized as a derecognition of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability derecognized and the consideration paid is recognized in the separate statement of financial position.

***Impairment of financial assets***

Impairment of financial assets and the corresponding provisions for impairment are assessed and recorded by the Bank in accordance with SBS standards. A financial asset or group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred subsequent to the initial recognition of the asset (loss event), and if such loss event had an impact on the expected future cash flows of the financial asset or group of financial assets that can be estimated reliably. Any impairment loss is recognized in the separate statement of income.

***Offsetting financial instruments***

Financial instruments are offset when the Bank has a legally enforceable right to set them off, and management intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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**B. Derivative financial instruments**

Derivative financial instruments are recorded at trade date according with SBS Resolution 1737-2006 "Regulation on Trading and Accounting of Derivative Products in Financial Institutions" and amendments.

**Trading derivative financial instruments**

Trading derivative financial instruments are initially recognized in the separate statement of financial position at cost, subsequently are measured at fair value.

Forward contracts, interest rate swaps and option contracts are measured at market price. Also, assets or liabilities are recognized in the separate statement of financial position, as applicable, and gains and losses on measurement or settlement are recognized in profit or loss. The face value of derivative instruments is recognized in the agreed-upon currency in memorandum accounts.

Forward operations, swaps operations and options are recorded at their estimated market price, recognizing an asset or liability in the separate statement of financial position, and gains and losses due to valuation or settlement are recognized in profit or loss. The face value of derivative instruments is recorded in the agreed-upon currency in suspense accounts.

**Hedging derivative financial instruments**

A hedging derivative instrument is recorded as such if, on trade date, it is foreseen that changes in fair value or cash flows will be highly effective in offsetting changes in hedge, which shall be documented on the trade date of the derivative instrument and during the term of the hedging relationship. A hedge is considered highly effective if changes in the fair value or cash flows of the hedged item and hedging instrument are within a range of 80-125%, according with SBS Resolution 1737-2006 and its amendments.

If the SBS determines the documentation to be insufficient or identifies some weaknesses in the methods used by the Bank, it can require the Bank to eliminate the hedge accounting and recognize derivative instruments as trading instruments.

**(i) Fair value hedges**

The changes in the fair value of the hedging instrument and the hedged item are recognized in the separate statement of profit or loss when the hedging instrument is designated as a hedge and if the effectiveness of the hedge can be demonstrated.

The changes in the fair value of the hedged item (gain or loss from remeasuring the hedging instrument) are recognized as 'accounts receivable' or 'accounts payable,' as appropriate, in the separate statement of financial position.

**(ii) Cash flow hedges**

Cash flow hedges are measured at fair value and may affect 'equity' and 'profit or loss.' The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income. The ineffective portion of the gain or loss on the hedging instrument is recognized in profit or loss.

The Bank discontinues prospectively the hedge accounting if the hedging instrument expires or is sold, terminated or exercised; or the hedge no longer meets the criteria for hedge accounting. Also, the balances recorded in the separate statements of financial position and profit or loss and other comprehensive income, as appropriate, are transferred to the separate statement of profit or loss within the effective term of the hedged item.

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**C. Investments**

The Bank applies the recognition and measurement criteria to investments in instruments, in accordance with SBS Resolution 7033-2012 "Regulation on Classification and Measurement of Investments of Financial Institutions" and amendments, as follows:

**(i) Investments at fair value through profit or loss**

Equity and debt instruments are classified as investments at fair value through profit or loss if they are acquired principally for the purpose of selling them in the near term, or they are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking or they are designated as such since initial recognition.

At initial recognition, these investments are measured at fair value less transaction costs, which are included as expenses in profit or loss. Subsequently, they are measured at fair value. Gains or losses on the measurement or sale of these financial instruments are recognized in profit or loss.

Interest income is recognized using the effective interest method. Dividends are recognized in the separate statement of profit or loss when the right to receive the payment has been established.

Investments at fair value through profit or loss that are pledged as guarantees shall be reclassified as investments available-for-sale. At the end of these transactions, investments shall be reclassified at their initial category, transferring the unrealized gains and losses from equity to profit or loss.

**(ii) Held to maturity investments**

Held-to-maturity investments are debt instruments with fixed or determinable payments and fixed maturity, which meet the following requirements: i) the entity has the positive intention to hold investments to maturity; ii) the entity has the ability to hold investments to maturity; and iii) they are instruments other than those that, at initial recognition, the entity has designated as either at fair value through profit or loss or available-for-sale financial assets.

Likewise, they shall have received credit ratings by at least 2 local or international credit rating agencies and such credit ratings shall be within the parameters established by the SBS, excluding central bank's instruments of countries whose sovereign debt receives at least the rating that corresponds to the sovereign debt of Peru.

Investments are initially recognized at fair value plus transactions costs that are directly attributable to the instrument's acquisition.

The subsequent measurement of these investments is carried out at amortized cost, using the effective interest rate method. Any impairment loss is recognized in the separate statement of income.

**(iii) Investments available-for-sale**

Investments available-for-sale are all instruments that are not classified as investments measured at fair value through profit or loss, held-to-maturity investments or investments in subsidiaries, associates and joint ventures. Likewise, all instruments shall be included in this category as required by the SBS.



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Investments are initially recognized at fair value plus transactions costs that are directly attributable to the instrument's acquisition. Subsequent measurement of these investments is carried out at fair value; in the case of equity instruments that do not have prices quoted in active markets and whose fair value cannot be reliably estimated, they must be measured at cost. Likewise, in the case of debt instruments, prior to the measurement at fair value, shall be remeasured using the effective interest method, and gains or losses from the changes in fair value shall be recognized.

Gains and losses on changes in the fair value of investments available-for-sale are recognized directly in equity until the financial instrument is either sold or realized, which is when gains and losses are recognized in profit or loss, except for impairment losses that are recognized in profit or loss when they occur.

If an investment available-for-sale is impaired, the cumulative loss—i.e., difference between the acquisition cost, net of any repayment and amortization, and the current fair value, less any impairment previously recognized in the separate statement of profit or loss—is removed from equity and recognized in the separate statement of profit or loss. For unquoted shares, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at current market rates for similar assets.

Exchange gains or losses from equity instruments are recognized in 'unrealized gains and losses' in equity, and those related to debt instruments are recognized in profit or loss.

Interest income from investments available-for-sale is recognized using the effective interest method, considering the useful life of the instrument. Premiums and discounts originated on the acquisition date are included in the calculation of effective interest rate.

Dividends are recognized in the separate statement of profit or loss when the right to receive the payment has been established.

**D. Investments in subsidiaries and associates**

This caption comprises equity instruments acquired to have interests in and joint control or significant influence over other subsidiaries or associates.

At initial recognition, these investments are recognized at their fair value, including transactions costs that are directly attributable to the acquisition, and subsequently are measured at investments using the equity method.

The Bank recognizes goodwill as of the acquisition date measured as the excess of the aggregate of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. The Bank includes goodwill in the carrying amount of the investment and tests goodwill for impairment. If the fair value of the investment exceeds the consideration transferred, the resulting gain is recognized in profit or loss.

The Bank determined that the fair value of investments is equivalent to the carrying amount of the invested at acquisition date, since they do not have significant non-monetary assets, or they have non-monetary assets recorded at their fair value.

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If the carrying amount exceeds the recoverable amount, the investment is described as impaired, in accordance with IAS 36 *Impairment of Assets*. If the recoverable amount of an investment is less than its carrying amount, the carrying amount of the investment shall be reduced to its recoverable amount. That reduction is an impairment loss recognized in profit or loss.

**E. Loans and provisions for loan losses**

Direct loans are recorded when funds are disbursed in favor of customers. Indirect loans are recorded when the documents supporting such credit facilities are issued.

Finance leases are recognized using the effective interest method, and the lease payments receivable are recognized as loans. Finance income is recognized on an accrual basis according to the lease terms. Initial direct costs are immediately recognized as expenses.

**i. Type of loans**

In accordance with SBS Resolution 11356-2008, loans are classified as: corporate loans, large-business loans, medium-business loans, small-business loans, micro-business loans, revolving loans, non-revolving loans, and mortgage loans. This classification considers nature of customer, purpose of loan, business size measured per revenue, debt, among others.

**ii. Accounting treatment of loans**

According to the Accounting Manual, direct loans are classified as follows:

**Current loans**

They are loans granted in its different modalities, whose payments are up to date, in accordance with the agreement.

**Restructured loans**

They are loans or direct funding, regardless of its modalities, subject to the rescheduling of payments approved in the restructuring process, ordinary or preventive bankruptcy, as the case may be, in accordance with the Banking Law of the Bankruptcy System approved by Law 27809.

**Refinanced loans**

They are loans, in their different modalities, in which there are variations in the term and/or amount of the original agreement that are due to difficulties of the debtor's ability to meet its obligations.

**Past due loans**

They are loans that have not been settled or amortized by the borrowers on the due date. They include loans originated by the amounts disbursed by the Bank in the event of the customer's default, for operations whose payment has been guaranteed by the Bank and/or by letters of credits issued and confirmed assumed by the Bank.

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The terms for a loan to change from current status to past due are presented below:

Type of loans / Product	Days in arrears
Sovereign loans, to multilateral development banks, public entities, securities intermediaries, financial entities, corporations, large companies and medium-sized companies.	After 15 calendar days of the expiration of any of the agreed installments.
Small-business and micro-business loans	After 15 calendar days of the expiration of any of the agreed installments.
Consumer (revolving and non-revolving) loans and mortgage loans. Finance lease and real state capitalization agreement, regardless of the type of the loan.	Graduated tax After 30 calendar days of not having paid on the agreed date, only the unpaid portion will be considered past due; while after 90 calendar days of default in any of the agreed installments, the entire debt will be considered past due.
Overdrafts in checking accounts, regardless of the amount and type of the loan.	As of the 31-calendar day the overdraft was granted.

**Lawsuit loans**

They are loans for which the Bank has initiated legal collection actions. The demand for legal collection, unless there are technical and legal reasons, begins within a period of 90 calendar days of having recorded the loan as past due.

**iii. Measurements in the COVID-19 context**

As a result of COVID-19 and the national state of emergency and mandatory social isolation (note 1.B), the SBS adopted a series of exception measures with accounting impact, which, in terms of credit, are detailed below:

**Rescheduled loans**

Rescheduled loans are loans subject to loan modifications subsequent to an assessment, but not considered as a refinance, provided that the loan term is not extend for more than 6 or 12 months of the original term, depending on the type of loan, and that the borrower has made all of its payments at the date the state of emergency was declared. The payment of principal and interest on rescheduled loans is controlled through memorandum accounts.

The types of rescheduling are the following:

- (a) Large-scale rescheduling of loans  
This type of rescheduling of loans, with or without customer's approval and without a credit risk assessment, shall meet the following requirements:
  - (i) The customer shall have loans that are up to 15 days past due as of February 29, 2020 or March 15, 2020.

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- (ii) The deadline for requesting the rescheduling of loans is May 30, 2020 for large-business loans and corporate loans and June 30, 2020 for retail loans and medium-business loans.
  - (iii) The maximum rescheduling term is 6 months for large-business loans and corporate loans, and 12 months for retail loans and medium-business loans.
- (b) Individual rescheduling of loans  
This type of rescheduling of loans is subject to a credit risk assessment and shall have the customer's approval. It is not subject to the maximum rescheduling term of 6 and 12 months. It may be extended. Likewise, the customer shall not have loans that are more than 30 days past due at the rescheduling date.
- (c) From July 1, 2021, the rescheduling of revolving loans for credit cards shall be applicable only for the entire debt according to the payment schedule.
- (d) A financial institution may recognize on an accrual basis interest on retail loans that are subject to rescheduling of loans. If such retail loans are past due after the payment obligation is effective according to the new payment schedule, the financial institution shall repay the unearned accrued interest within a 6-month period on a pro-rata basis.
- (e) Interest on rescheduled wholesale loans is recognized when earned. The individual rescheduling of loans may use the accrual accounting.
- (f) SBS Resolution 3155 -2020, dated December 17, 2020, established that, from its effective date, borrowers classified as Standard with rescheduled loans are borrowers classified higher than Standard—i.e., With Potential Problems. It also required the recognition of specific provisions for loans of borrowers classified as With Potential Problems—i.e., consumer loans, micro-business loans and small-business loans.

Likewise, it required the recognition of provisions for accrued interest on consumer loans, micro-business loans and small-business loans of borrowers that not include the payment of capital installments during the last 6 months, as if borrowers were classified as Substandard.

SBS Official Letter 02105-2021-SBS, dated January 14, 2021, accepted the Bank's request to not recognize reserve requirements and determined that provisions for accrued interest on rescheduled loans can be covered by voluntary reserves recognized by the Bank.

The regulatory requirements indicated above do not affect the classification of the debtor in the Credit Report.

Accrued interest not collected as of the rescheduling date, recognized as income, that is capitalized as a result of the rescheduling, must be repaid and recorded as deferred income, being recorded as revenue based on the new term of the loan and as installments are settled.

***Suspension of days in arrears***

If there are debtors with more than 15 days past due as of February 29, 2020, financial entities shall be able to suspend the counting of days in arrears and maintain the same financial situation until August 31, 2020. In addition, the days in arrears suspended shall be considered for the credit classification process and calculation of the provision for loans while they remain suspended.

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**iv. Credit risk categories**

The credit risk rating categories established by the SBS is the following: Standard, With Potential Problems, Substandard, Doubtful and Loss, which are designated according to the credit history of the borrower.

Credit risk rating of non-retail loan portfolio (corporate loans, large-business loans and medium-business loans), mainly takes into account the debtor's payment capacity cash flows, level of compliance with obligations, credit rating designated by other financial institutions, financial position, and management quality. For retail loan portfolio (small-business loans, micro-business loans, revolving and non-revolving loans, and mortgage loans), the credit rating is based on the debtor's level of compliance with loan payments which is reflected in the defaults and delays, and in their credit rating designated by other financial institutions. In addition, the Bank assesses the exposure to exchange rate risk of the loan portfolio in foreign currency, according to the SBS Resolution 041-2005 and amendments.

**v. Provision for loan losses**

The provision for loan losses is measured in accordance with the criteria established in SBS Resolution 11356-2008 "Regulation on Borrower Risk Assessment and Credit Rating, and Reserve Requirements."

According to current regulations, the Bank considers 2 types of provisions for loan portfolio: general and specific. The general provision is recognized in a preventive manner for direct and indirect loans rated as Standard and additionally for the procyclical component when the SBS orders its application. The general provision also includes voluntary reserves.

The voluntary reserve is measured by the Bank considering the financial position of borrowers that are part of the high-risk loan portfolio (loans past due, loans under legal collection, rescheduled loans, refinanced loans and restructured loans), prior experience and other factors that, according to management, require to recognize potential loan losses. The amount of voluntary reserves is reported periodically to the SBS.

The specific provision is measured for direct loans and exposure to credit risk of the borrower's indirect loans rated in a credit rating higher than Standard.

The credit risk of indirect loans is determined by multiplying the indirect loans by the different types of Credit Conversion Factor (CCF) described as follows:

Description	CCF (%)
(a) Confirmations of irrevocable letters of credit up to one year, when the issuing bank is a tier 1 foreign financial institution.	20
(b) Guarantees issued, import letters of credit, and letters of guarantee that support the fulfillment of payment obligations associated with credit risk events, and confirmations of letters of credit not included in a), as well as bank acceptances.	50
(c) Letters of guarantee not included in b).	100
(d) Undisbursed loans granted and unused credit lines.	0
(e) Other indirect loans not included in the prior paragraphs.	100

Provision requirements are determined considering the borrower's credit classification, whether the loan is secured by guarantee, and type of guarantee.

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The percentages applied to measure the provision for loan losses are the following:

<b>Credit risk ratings</b>	<b>No guarantees</b>	<b>Preferred guarantees</b>	<b>Readily liquidating preferred guarantees</b>	<b>Self-liquidating preferred guarantees</b>
Standard				
Corporate loans	0.70%	0.70%	0.70%	0.70%
Large-business loans	0.70%	0.70%	0.70%	0.70%
Medium-business loans	1.00%	1.00%	1.00%	1.00%
Small-business loans	1.00%	1.00%	1.00%	1.00%
Micro-business loans	1.00%	1.00%	1.00%	1.00%
Revolving loans	1.00%	1.00%	1.00%	1.00%
Non-revolving loans	1.00%	1.00%	1.00%	1.00%
Mortgage loans	0.70%	0.70%	0.70%	0.70%
With potential problems	5.00%	2.50%	1.25%	1.00%
Substandard	25.00%	12.50%	6.25%	1.00%
Doubtful	60.00%	30.00%	15.00%	1.00%
Loss	100.00%	60.00%	30.00%	1.00%

As of December 31, 2020 and 2019, the procyclical component was deactivated, according to Official Letter B-2224-2014.

A provision for direct loan losses is recognized deducting the balance of the relevant asset (note 7).  
A provision for indirect loan losses is recorded in 'liabilities' (note 14).

The SBS exceptionally established a zero percent provision rate for credit risk to the part of the loans covered by the guarantee of the Reactiva Peru and FAE for SME program (note 1.C).

SBS Resolution 3155-2020 establishes that the rescheduled loans of debtors with Standard classification are considered debtors with credit risk higher than Standard, corresponding to the level of credit risk WPP. The specific provisions for credit risk WPP are applied to these credits.

**F. Property, furniture and equipment**

Property, furniture and equipment is recorded at historical cost, which includes disbursements attributable to acquisition, and is presented net of accumulated depreciation and accumulated impairment losses. Annual depreciation is recognized as expense and is determined using the standard cost, under the straight-line method based on the estimated useful life of property, furniture and equipment, using depreciation rates.

	<b>Years</b>
Buildings and premises	33 & 10
Installations and improvements to rental property	10
Furniture, fixtures, and equipment	10 & 4
Vehicles	5

Disbursements incurred after a component of property, furniture and equipment has been put into use are capitalized only when they can be measured reliably and it is probable that such disbursements will result in future economic benefits in excess of the normal performance originally assessed for said asset.

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Disbursements for maintenance and repairs are recognized as expenses in the period in which they are incurred. When an item of property, furniture and equipment is sold or disposed, its cost and accumulated depreciation are deleted, and profit or loss resulting from its sale is recognized in the separate statement of income.

The Bank is not permitted to apply the revaluation model. It is only permitted to apply the cost model. Likewise, the Banks are prohibited from giving as guarantee their property, furniture and equipment, except those acquired in finance leases.

**G. Realizable assets and assets seized and recovered through legal actions**

Assets received as payment and repossessed by the Bank as payment of debts are recorded at judicial or extrajudicial value or at value agreed upon in the payment. At initial recognition, recovered assets as a result of the agreement termination, if any, are measured at the lower of the outstanding debt value and the net realizable value. If the outstanding debt value is higher than the value of the recovered asset, the difference is recognized as a loss, provided that its recovery is remote.

Likewise, in accordance with Resolution 1535-2005 "Regulation on the Accounting Treatment of Repossessed and Recovered Assets and Provisions" and amendments, the Bank records provisions as follows:

- For assets received, a provision of 20% of the value on the repossession or recovery date.
- For fixed assets, a monthly provision, within a maximum term of 42 months, of the net value obtained in the twelfth or eighteenth month of the asset's repossession or recovery for up to 100% of the asset's carrying amount, depending on whether an extension is granted by the SBS. A loss allowance if the carrying amount (determined by an independent appraiser) of a fixed asset exceeds its recoverable amount.
- For assets other than fixed assets, a provision of the remaining amount, within a maximum term of 18 or 12 months, depending on whether an extension is granted by the SBS.

An impairment loss is recognized when the net realizable value is lower than net carrying amount; accordingly, the carrying amount shall be reduced and the loss shall be recognized in the separate statement of income. If net realizable value exceeds the carrying amount, the higher amount shall not be recognized.

**H. Impairment of non-financial assets**

When events or circumstances indicate that the carrying amount of a long-lived asset may not be recoverable, management reviews the carrying amount of the asset. If after the impairment test, the carrying amount exceeds its recoverable amount, an impairment loss is recognized in the separate statement of profit or loss. The recoverable amount is measured for each asset.

**I. Intangible assets**

An intangible asset with a finite useful life is measured at its cost less any accumulated amortization and accumulated impairment losses. Amortization is recognized as expense. It is determined using the straight-line method over the asset's useful life (i.e., 1 and 5 years).

Costs associated with maintenance of software are recognized as expenses when incurred. The development costs and software, from which future economic benefits are expected to flow to the entity, are recognized as intangible assets.

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**J. Goodwill**

Goodwill resulting from the acquisition of a subsidiary or associate corresponds to the excess of the consideration paid over the net fair value of the identifiable assets, liabilities and contingent liabilities of the investee, on the acquisition date. At the beginning, goodwill is recognized as an asset at cost, and, subsequently, presented at cost less any accumulated impairment loss, if any.

For impairment test, assets are grouped into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGU). Goodwill is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the business combination from which it arose. A CGU, to which the acquired goodwill has been allocated, is tested for impairment on an annual basis, or more frequently when there are indications that the CGU may have impaired. An impairment loss is recognized for a CGU (the smallest group of CGUs to which goodwill has been allocated) if the recoverable amount of the CGU is less than the carrying amount of the CGU. The impairment loss is allocated to reduce the carrying amount of the assets of the unit, first, to reduce the carrying amount of any goodwill allocated to the CGU, and then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss on goodwill is recognized in profit or loss when it is generated. An impairment loss for goodwill is never reversed.

**K. Non-current assets held for sale**

A non-current held for sale asset is measured at the lower of its carrying amount and fair value less costs to sell and is recognized in 'other assets' in the separate statement of financial position. Non-current assets are classified as held for sale when the asset is available for immediate sale and its sale is highly probable. For the sale to be highly probable, the appropriate level of management shall be committed to a plan to sell the asset. In addition, the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

**L. Borrowings and financial obligations**

Outstanding instruments and liabilities are financial liabilities recorded at amortized cost using the effective interest method. Amortized cost is calculated taking into consideration any discounts or premiums on issuance. Costs are an integral part of the effective interest rate and are amortized during the validity term of the liabilities. Accrued interest is recognized in the separate statement of income.

Outstanding loans and borrowings are classifying as financial liabilities at fair value through profit or loss when they are held for trading or when, at initial recognition, have been designated as at fair value through profit or loss.

A financial liability classifies as held for trading if:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- it is part of a portfolio of identified financial instruments, which are managed together, and for which there is evidence of a recent pattern of obtaining short-term profits; or
- it is a derivative that is not a financial guarantee contract nor has it been designated as a hedging instrument, and it meets the conditions to be effective.



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A financial liability other than those held for trading may be classified as financial liability at fair value through profit or loss if:

- this eliminates or significantly reduces any inconsistency in valuation or recognition;
- it is part of a group of financial assets, financial liabilities or both, which are managed and evaluated according to the fair value criteria, in accordance with a documented investment or risk management strategy of the Bank, and whose information is provided by internal way on that basis; or
- it is part of an agreement containing one or more embedded derivatives, and IAS 39 allows the entire hybrid (combined) agreement to be designated as a financial asset or a financial liability at fair value through profit or loss.

The financial liabilities at fair value through profit or loss are recorded at fair value. Gains and losses from changes in the fair value of these liabilities are recognized in 'profit or loss from financial operations' in the separate statement of income.

**M. Employee benefits**

**i. Short-term employee benefits**

***Vacations and other benefits***

Personnel's annual vacations, paid absences, and other employee benefits are recognized on an accrual basis, considering their probability of disbursement. The provision for estimated liability resulting from services rendered by employees, is recorded on the date of the consolidated statement of financial position.

***Severance payment (CTS for its Spanish acronym)***

The provision for severance payment of staff is made considering all the indemnities according to the law in force. Payments made, that are considered definitive, are mainly deposited in the Bank as the financial entity selected by the employees.

**ii. Long-term benefits**

This caption comprises post-employment benefits granted to serving or retired employees. These benefits include jubilee or other long-service benefits and post-employment medical benefits. They are recognized applying an actuarial valuation method. Estimates of future salary increases take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Assumptions about medical costs shall take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs. Future cash flows are discounted, considering a market interest rate that corresponds to the issuance of bonds with a good credit rating.

***Employees' profit sharing***

The Bank recognizes a liability and an expense for employees' profit sharing equivalent to 5% of tax base determined in accordance with current tax laws.

**N. Share-based payment transactions**

A group of the Bank's employees is subject to the Directive 2013/36/UE of the European Parliament, setting ratios between the fixed and variable components of the remuneration payable to employees. This Directive aims to implement international principles and standards by introducing an express obligation for credit institutions and investment firms to establish and maintain, for categories of employees whose professional activities have a material impact on the risk profile of credit institutions and investment firms, remuneration policies and practices.

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- The 60% of the annual variable remuneration is paid the year following the year corresponding to the remuneration, during the first quarter of the year. The 50% is paid in cash and the remaining 50% is paid in shares of the Parent Company at the market price of the payment date.
- The outstanding balance of variable remuneration is deferred over a period of 3 years, and the 50% is paid in cash and the remaining 50% is paid in shares.
- Assumptions that may limit or prevent the payment of the deferred portion of the variable remuneration.

The delivered shares will not be available for at least 1 year, except for the portion needed to be used for paying applicable taxes.

The variable remuneration is paid within the first months of the following year. As of December 31, 2020 and 2019, the Bank's variable remuneration amounts to S/ 14 million and S/ 8 million, respectively.

**O. Provisions, contingent liabilities and contingent assets**

**i. Provisions**

A provision is only recognized when the Bank has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenses expected to be required to settle the obligation.

**ii. Contingent assets and contingent liabilities**

Contingent assets are not recognized in the separate financial statements, but are only disclosed when an inflow of economic resources is probable.

Contingent liabilities are not recognized in the separate financial statements, they are disclosed in the notes to the separate financial statements, unless the possibility of an outflow of economic resources is remote.

**P. Income tax**

Income tax, either current and deferred, is recognized as 'income and expense', and is included in the separate statement of income, except if such amounts are related to items recognized in 'equity,' in which case, current or deferred income tax is also recognized in 'equity'.

According to current tax legislation, current income tax is determined by applying the tax rate for the year and is recognized as an expense.

The deferred tax liabilities are recognized for all taxable temporary differences that arise when comparing the carrying amount of assets and liabilities and their tax base, without considering that the temporary differences estimated at the beginning will be reversed. The deferred tax asset is recognized for all taxable temporary differences that arise when comparing the carrying amount of assets and liabilities and their tax base, to the extent that it is probable that, in the future, the Bank will have sufficient income tax against which it can apply the temporary differences that revert. Deferred tax liability and asset are measured at the income tax rate, which is expected to be apply to tax of the year in which this liability is settled or the asset is realized, using the income tax rate enacted or substantially effective as of the separate statement of financial position.

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**Q. Income and expense recognition**

Interest income and expense and service commissions are recognized in profit or loss for the year on an accrual basis, depending on the term of the generating transactions.

Accrued interest from past due, refinanced, restructured and under legal collection loans, as well as loans rated as "doubtful" or "loss", which is recognized in the separate statement of income when are collected effectively. If it is determined that the borrower's financial position has improved so that uncertainty on payment of principal does no longer exists, interest is recorded on an accrual basis again.

Other income and expenses are recorded in the period in which they are accrued.

**R. Basic and diluted earnings per share**

Basic earnings per ordinary share are calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted-average number of outstanding ordinary shares during the year. Since the Bank does not have dilutive financial instruments, earnings per ordinary and diluted share are the same.

**S. Repurchase agreements**

The Bank applies SBS Resolution 5790-2014, which establishes that securities sold under repurchase agreements on a specific future date, are not derecognized from the separate statement of financial position since the Bank retains substantially all risks and rewards of ownership of the asset.

The Bank recognizes the cash received and a liability recorded in 'accounts payable' to refund such cash at maturity. Also, it will make the reclassification of securities subject to the transaction in accordance with SBS regulations. Accounting records of returns will depend on the agreements between the parties. The difference between the final amount and the initial amount shall be recognized as expense against a liability within the transaction term using the effective interest method.

***Credit portfolio reporting operations guaranteed by the Government represented in securities***

These operations are agreed within the framework of the Reactiva Peru Program. BCRP conducts operations through auctions or direct operations. Market participants sell to the BCRP the securities representative of credits guaranteed by the Government. They receive local currency (amount of the sale) and are obliged to repurchase said securities subsequently, against the payment of local currency (amount of the repurchase). Securities could be:

- Portfolio of securities representative of credits (regular form)
- Certificates of participation in real estate trusts (special form)

The market participant shall monthly pay interest. The operation includes a grace period of 12 months without paying interest, which are prorated over the life of the operation. The market participant is forced to repurchase loans guaranteed by the Government guarantee program each time there is a reduction in their value, or on the resulting date in case of early maturity. In the event of breaches, BCRP shall maintain definitively loans with the Government guarantee program.

As of December 31, 2020 and 2019, the Bank carry out credit portfolio reporting operations guaranteed by the Government represented in securities, loan portfolio and currencies (notes 5, 7 and 14).

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**T. Separate statements of profit or loss, other comprehensive income, and changes in equity**

Unrealized gains and losses on measurement of investments available-for-sale, changes in assumptions related to actuarial liabilities and measurement of cash flow hedges are recognized in the separate statement of profit or loss and other comprehensive income. Deferred tax determination is detailed in note 3.P.

The separate statement of changes in equity includes profit or loss, other comprehensive income, cumulative effects of changes in accounting policies or correction of errors, if any, changes in the stockholder transactions, such as cash paid for dividends and contributed capital, and reconciliation of the opening balances to the closing balances.

**U. Cash and cash equivalents**

This caption, recorded in the separate statement of cash flows, comprises cash and cash equivalents (excluding funds pledged as guarantees), interbank funds, and cash equivalents that correspond to short-term and highly liquid instruments easily convertible into cash and subject to an insignificant risk of changes in the fair value, whose maturity does not exceed 90 days from the acquisition date. According to the SBS, the Bank prepares and presents this statement by applying the indirect method.

The Bank's overdrafts are reclassified as liabilities in the separate statement of financial position.

**V. Trust fund activities**

Assets from fiduciary activities in which there is a commitment to return such assets to customers and in which the Bank acts as the holder, trustee or agent, have been excluded from the separate financial statements. Such assets are controlled separately in the separate financial statements and are presented in memorandum accounts.

**W. Foreign currency transactions**

Foreign currency transactions are recorded, at initial recognition, using the local currency. For this purpose, the amounts in foreign currency are translated to the functional currency by applying the exchange rate on the transaction date, which is the date on which the conditions for their recognition are met.

At the end of each reporting period, the following guidelines are followed:

- Monetary assets and liabilities are translated at exchange rate as the end of each reporting period.
- Non-monetary items, not measured at fair value, are translated at the exchange rate on the date of the transaction.
- Non-monetary items, measured at fair value, are translated at the exchange rate on the date their fair value was established.

The recognition of the exchange difference is subject to the following guidelines:

- The exchange difference that arises when settling monetary assets and liabilities, or when converting said items at exchange rates different from those used for their initial recognition, which have occurred during the year or in previous periods, are recognized in the profit or loss of the year in which they occur.
- When the loss or gain generated by a non-monetary item is recognized in other comprehensive income, any exchange difference included is also recognized in other comprehensive income.
- In the case of non-monetary items, the loss or gain of which is recognized in profit or loss for

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the year, any exchange difference included in that loss or gain is also recognized in income for the year.

#### 4. Foreign Currency Balances

The separate statement of financial position includes foreign currency balances mainly in U.S. dollars (US\$), which are recorded in soles (S/) at the exchange rate established by the SBS. As of December 31, 2020 and 2019, the exchange rate was US\$ 1 = S/ 3.621 and US\$ 1 = S/ 3.314, respectively.

Foreign currency transactions within the country and international trading transactions referred to the concepts authorized by the BCRP are channeled through a free banking system. As of December 31, 2020, buy and sell exchange rates used were US\$ 1 = S/ 3.618 and US\$ 1 = S/ 3.624, respectively (2019: US\$ 1 = S/ 3.311 and US\$ 1 = S/ 3.311, respectively).

Foreign currency balances stated in thousands of U.S. dollars are as follows:

<i>In thousands of U.S. dollars</i>	2020			2019		
	U.S. Dollars	Other currencies	Total	U.S. Dollars	Other currencies	Total
<b>Assets</b>						
Cash and due from banks	3,239,581	69,646	3,309,227	3,363,177	51,194	3,414,371
Interbank funds	38,000	-	38,000	45,002	-	45,002
Investments at fair value through profit or loss and available-for-sale	941,932	-	941,932	242,063	-	242,063
Loan portfolio, net	4,556,995	1,443	4,558,438	5,365,265	1,686	5,366,951
Other assets	247,587	1,715	249,302	300,458	17,513	317,971
	<b>9,024,095</b>	<b>72,804</b>	<b>9,096,899</b>	<b>9,315,965</b>	<b>70,393</b>	<b>9,386,358</b>
<b>Liabilities</b>						
Obligations to the public and deposits from financial system entities	7,509,554	55,222	7,564,776	7,121,691	60,805	7,182,496
Interbank funds	20,000	-	20,000	-	-	-
Borrowings and financial obligations	1,323,129	-	1,323,129	1,946,060	-	1,946,060
Provisions and other liabilities	193,021	10,824	203,845	111,639	18,354	129,993
	<b>9,045,704</b>	<b>66,046</b>	<b>9,111,750</b>	<b>9,179,390</b>	<b>79,159</b>	<b>9,258,549</b>
<b>Net asset (liability) position</b>	<b>(21,609)</b>	<b>6,758</b>	<b>(14,851)</b>	<b>136,575</b>	<b>(8,766)</b>	<b>127,809</b>
Derivative instruments, assets	4,301,983	267,285	4,569,268	3,934,152	286,569	4,220,721
Derivative instruments, liabilities	4,255,335	277,984	4,533,319	3,970,620	286,354	4,256,974
<b>Net position</b>	<b>25,039</b>	<b>(3,941)</b>	<b>21,098</b>	<b>100,107</b>	<b>(8,551)</b>	<b>91,556</b>

In 2020 and 2019, the Bank recorded net exchange gains for S/ 589 million and S/ 570 million, respectively, in 'profit or loss from financial transactions' of the separate statement of profit or loss. They correspond to the measurement of exchange rates and foreign currency transactions(note 20).

In 2020 and 2019, the changes in the exchange rates of the sol in relation to the U.S. dollar were 9.26% and -1,75%, respectively.

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**5. Cash and Due from Banks**

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Cash (a)	2,360,065	2,625,449
Central Reserve Bank of Peru (a)	15,404,584	6,256,301
Banks and other local financial entities (b)	112,993	1,314,811
Banks and other foreign financial entities (b)	5,223,908	2,298,564
Clearing	28,023	45,005
BCRP funds pledges as guarantee (c)	1,505,604	2,223,584
Other funds pledges as guarantee (d)	294,346	33,173
Other cash and due from banks	360	499
	<b>24,929,883</b>	<b>14,797,386</b>

- (a) As of December 31, 2020, available funds in cash and deposits at the BCRP amount to US\$ 1,366 million and S/ 1,890 million (2019: US\$ 2,026 million and S/ 1,707 million) to cover the legal reserve corresponding to deposits and obligations, according to current laws. These funds are held in the Bank's vault or deposited at the BCRP.

In 2020 and 2019, reserve funds are subject to a rate of 4% and 5% in local currency, respectively, and a rate of 35% in foreign currency in both years, on the total liabilities subject to reserve requirements, as required by the BCRP.

Reserve funds of legal reserves (4%) do not accrue interest. Reserve funds of additional reserve requirements in local and foreign currency are paid at a nominal interest rate established by the BCRP.

As of December 31, 2020, balances at the BCRP correspond to time deposits for S/ 10,600 million (2019: overnight deposits of the BCRP for S/ 219 million). As of December 31, 2020, it includes S/ 80 million and US\$ 5 million to ensure the transfers, as required by the BCRP since December 2020.

- (b) As of December 31, 2020 and 2019, deposits at local and foreign banks correspond to balances in soles and U.S. dollars, as well as other currencies. They have free withdrawal option and accrue interest at market rates.
- (c) As of December 31, 2020, it corresponds to guarantee funds that support repurchase agreements in foreign currency entered into with the BCRP for US\$ 400 million (2019: US\$ 671 million) and repurchase agreements for loans for S/ 40 million.
- (d) As of December 31, 2020 and 2019, includes funds pledges as guarantee for operations with derivative financial instruments amounting to S/ 288 million and S/ 27 million, respectively.

In 2020 and 2019, interest income from cash and due from banks amounts to S/ 38 million and 148 million, respectively. It is included in 'interest income' in the separate statement of income (note 17).

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

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Investments at fair value through profit or loss		
BCRP certificates of deposit (a)	4,015,271	2,371,433
Peruvian treasury bonds (b)	663,785	297,690
	<b>4,679,056</b>	<b>2,669,123</b>
Investments available-for-sale		
BCRP certificates of deposit (a)	2,557,657	1,806,729
U.S. treasury bills (c)	1,912,583	496,661
Peruvian treasury bonds (b)	1,903,892	1,470,316
Multilateral development banks bonds (d)	147,062	-
Corporate bonds (e)	102,955	117,312
U.S. treasury bonds	44,564	-
Shares in local entities (f)	22,313	21,336
Shares in foreign entities	1,010	1,010
	<b>6,692,036</b>	<b>3,913,364</b>
	<b>11,371,092</b>	<b>6,582,487</b>

- (a) BCRP certificates of deposit are freely tradable securities, repossessed through BCRP public auctions or traded in the Peruvian secondary market. As of December 31, 2019, S/ 983 million of the balance of these instruments are committed to repurchase agreement (note 14 (a)).

As of December 31, 2020, these instruments mature on April 2021 (as of December 31, 2019, mature on February 2021) and annual interest in local currency fluctuates between 0.25% and 5% (between 2.04% and 2.47% in local currency as of December 31, 2019) and 0.17% and 5% in foreign currency.

- (b) Peruvian Treasury Bonds include to sovereign bonds issued in local currency by the Ministry of Economy and Finance (MEF) of Peru and represent internal public debt securities of the Republic of Peru. As of December 31, 2019, S/ 457 million of the balance of these instruments which were as guarantee for repurchase agreement.

As of December 31, 2020, these bonds accrue interest at annual rates ranging from 0.73% and 5.25% (1.08% and 5.42%, as of December 31, 2019) in local currency and from 0.96% to 1.76% in foreign currency (2.91% as of December 31, 2019). As of December 31, 2020 and 2019, such bonds in local currency mature in February 2055, in both periods, and in foreign currency mature in December 2032 and Julio 2025, respectively.

As of December 31, 2020 and 2019, part of Peru's global bonds, in foreign currency, have a cash flow hedge (note 8 (ii)).

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- (c) As of December 31, 2020, U.S. treasury bills accrue interest at annual rates ranging from 0.03% and 0.76% (between 1.49% and 2.50% as of December 31, 2019) in foreign currency and have current maturity in March 2021 (March 2020 as of December 31, 2019).

The balance of the exposure in U.S. Treasury Bills includes S/ 6 million of provisions for country risk.

As of December 31, 2020 and 2019, part of U.S. Treasury Bills has a cash flow hedge. (note 8 (ii)).

- (d) It corresponds to international corporate bonds in foreign currency issued by the Asian Development Bank (ADB) and the European Investment Bank (EIB). As of December 31, 2020, these bonds accrue interest at effective annual interest rates ranging from 0.16% to 7.28% in foreign currency and mature in June 2021.

As of December 31, 2020, the ADB bonds and part of EIB bonds are in foreign currency and have a cash flow hedge. (note 8 (ii))

- (e) As of December 31, 2020 and 2019, it corresponds to corporate bonds issued by Peruvian entities in foreign and local currency.

As of December 31, 2020, these bonds accrue interest at effective annual interest rates ranging from 0.65% to 1.04% (2019: from 2.16% to 2.67%) in foreign currency and 3.65% in local currency as of December 31, 2019. As of December 31, 2020 and 2019, these bonds in foreign currency mature in April 2023, for both years. The bonds in local currency matured in October 2020.

- (f) As of December 31, 2020, the Bank recorded an impairment loss for S/14 million and S/ 4 million on investments held at Lima Stock Exchange (Bolsa de Valores de Lima - BVL) and Pagos Digitales Peruanos S.A., respectively.

As of December 31, 2020, unrealized gains on measurement of investments available-for-sale (note 15.D) amount to S/ 113 million (2019: S/ 39 million).

As of December 31, 2020, accrued interest on loans (note 17) amounts to S/ 148 million (2019: S/ 211 million).



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**7. Loan Portfolio, Net**

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>		<b>2019</b>	
Direct loans				
Loans	34,001,435	51%	20,552,231	37%
Mortgage loans	12,850,101	19%	12,847,424	23%
Consumer loans	6,165,726	9%	6,199,156	11%
Foreign trade	3,647,036	6%	5,535,077	10%
Finance lease	3,478,196	5%	3,986,476	7%
Project finance	1,853,442	3%	1,716,350	3%
Factoring	1,295,540	2%	1,492,391	3%
Discounts	874,658	1%	1,186,831	2%
Others	2,141,713	4%	2,247,845	4%
	<b>66,307,847</b>	<b>100%</b>	<b>55,763,781</b>	<b>100%</b>
Loans past due and loans under legal collection	2,262,590	3%	1,775,347	2%
Refinanced loans	1,801,996	3%	1,246,958	2%
	<b>70,372,433</b>	<b>106%</b>	<b>58,786,086</b>	<b>104%</b>
More (less):				
Accrued returns on current loans	536,916	1%	359,296	1%
Deferred interest	(98,348)	-	(62,984)	-
Provisions for direct loan losses	(4,364,046)	(7%)	(2,873,191)	(5%)
	<b>66,446,955</b>	<b>100%</b>	<b>56,209,207</b>	<b>100%</b>
<b>Indirect loans</b>	<b>20,388,829</b>		<b>16,664,232</b>	

As of December 31, 2020 and 2019, the 51% of the direct loans is concentrated in 3,705 and 2,158 customers, respectively, amounting to S/ 36,257 million and S/ 30,273 million, respectively.

Direct loan portfolio with guarantees received from customers, which comprise mortgages, deposits, letters of guarantees, guarantees and warrants, amounts to S/ 54,458 million as of December 31, 2020 (S/ 40,894 million as of December 31, 2019).

As of December 31, 2020, part of the mortgage loan portfolio guarantees a loan with Fondo Mi Vivienda S.A. for up to S/ 452 million (S/ 453 million as of December 31, 2019) (note 13(b)).

As of December 31, 2020, part of the loan portfolio belongs to the Reactiva Peru, Crecer and FAE program (note 1.C) with balances of S/ 14,931 million, S/ 15 million and S/ 94 million, respectively. Loans of the Reactiva Peru Program are part of the repurchase agreement of credit portfolio with BCRP (note 14(a)). The detail of such loans is detailed as follows:

<i>In thousands of soles</i>	<b>2020</b>
<b>Type of loans</b>	
Corporate loans	38,000
Large-business loans	3,835,084
Medium-business loans	8,636,617
Others	2,421,675
<b>Total loans from Reactiva Peru program</b>	<b>14,931,376</b>

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As of December 31, 2020, an amount of S/ 199 million of the loan portfolio comprise repurchase agreements for loans with the BCRP (note 14(a)).

The effective interest rates of loans are the following:

	2020		2019	
	Local currency	Foreign currency	Local currency	Foreign currency
<b>Loans</b>				
Loans and discounts	3.39	4.57	7.21	5.19
Mortgage loans	6.99	6.14	7.52	6.49
Consumer loans	21.68	22.64	23.57	28.07

The loan portfolio (direct loans) is segmented based on the type of customer, in accordance with SBS Resolution 11356-2008.

<i>In thousands of soles</i>	2020		2019	
Medium-business loans	19,909,336	29%	11,485,649	19%
Mortgage loans	13,560,999	19%	13,384,264	23%
Large-business loans	12,662,580	18%	9,910,587	17%
Corporate loans	11,941,981	17%	13,231,810	22%
Consumer loans	6,571,475	9%	6,441,099	11%
Small-business loans	3,414,100	5%	1,743,687	3%
Public entities	1,195,003	2%	926,515	2%
Financial institutions	608,661	1%	1,165,894	2%
Broker-dealers	322,952	-	331,300	1%
Micro-business loans	172,346	-	107,280	-
Multilateral development banks	13,000	-	58,001	-
	<b>70,372,433</b>	<b>100%</b>	<b>58,786,086</b>	<b>100%</b>

(Translation of Financial Statements originally issued in Spanish)

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Separate Statement of Cash Flows

For the years ended December 31, 2020 and 2019

As of December 31, according to current SBS regulations, the credit risk rating of loan portfolio of the bank is as follows:

	2020						2019					
	Direct loans	%	Indirect loans	%	Total	%	Direct loans	%	Indirect loans	%	Total	%
<i>In thousands of soles</i>												
Credit risk ratings												
Standard	64,007,214	91	19,392,569	96	83,399,783	91	54,277,885	92	15,866,165	96	70,144,050	93
With potential problems	2,144,229	3	466,670	2	2,610,899	3	1,155,004	2	318,155	2	1,473,159	2
Substandard	1,070,113	2	416,776	2	1,486,889	2	927,115	2	392,589	2	1,319,704	2
Doubtful	857,199	1	36,260	-	893,459	1	857,778	1	38,165	-	895,943	1
Loss	2,195,330	3	76,554	-	2,271,884	3	1,505,320	3	49,158	-	1,554,478	2
	<b>70,274,085</b>	<b>100</b>	<b>20,388,829</b>	<b>100</b>	<b>90,662,914</b>	<b>100</b>	<b>58,723,102</b>	<b>100</b>	<b>16,664,232</b>	<b>100</b>	<b>75,387,334</b>	<b>100</b>
Deferred interest	98,348				98,348		62,984				62,984	
	<b>70,372,433</b>		<b>20,388,829</b>		<b>90,761,262</b>		<b>58,786,086</b>		<b>16,664,232</b>		<b>75,450,318</b>	

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As of December 31, 2020, the Bank applied debt-relief measures for S/ 80 million, which correspond to the principal, interest and fees (2019: S/ 64 million).

As of December 31, 2020, the Bank written-off impaired loans for S/ 64 million (2019: S/ 94 million).

The movement in the provision for direct loan losses is as follows:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Balance at the beginning of the year	(2,873,191)	(2,601,748)
Additions debited to profit or loss	(2,717,200)	(1,672,145)
Recovery of provisions	987,864	918,525
Sale of loan portfolio	225,546	378,638
Write-off	64,013	93,587
Waiver	18,334	10,163
Exchange difference and other adjustments	(69,412)	(211)
<b>Closing balance</b>	<b>(4,364,046)</b>	<b>(2,873,191)</b>

The provision for direct loan losses, as shown in the separate statement of income, is as follows:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Provisions for loan losses	(2,717,200)	(1,672,145)
Recovery of provisions	987,864	918,525
Income from recovery of loan portfolio	5,690	3,530
<b>Provision for loan losses, net of reversals</b>	<b>(1,723,646)</b>	<b>(750,090)</b>

Management considers that the level of provision for loans losses covers eventual losses in the direct loan portfolio as of the date of the separate statement of financial position and has been made in compliance with all the requirements of current regulations.

The balance of the provision for loan losses (direct loans) is as follows:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Specific	(2,753,185)	(1,871,191)
Specific COVID-19	(123,453)	-
Generic	(576,899)	(622,223)
Voluntary	(908,963)	(377,925)
Provision for country risk	(1,546)	(1,852)
<b>Closing balance</b>	<b>(4,364,046)</b>	<b>(2,873,191)</b>

The Bank, according to current laws, identified customers exposed to exchange rate risk. However, the Bank does not consider it necessary to recognize a provision.

In 2020, the Bank sold loan portfolio for S/ 226 million (S/ 378 million in 2019), S/ 46 million were sold to Inmuebles y Recuperaciones BBVA S.A. The sale amounted to S/ 11 million (S/ 22 million in 2019) and is presented in 'profit or loss from financial operations' of the separate statement of income.

In 2020, the Bank purchased a loan portfolio to its subsidiary BBVA Consumer Finance EDPYME for S/ 214 million (2019: S/ 119 million). The purchase price amounted to S/ 247 million (2019: S/ 133 million).

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As of December 31, 2020, rescheduled loans mainly related to the COVID-19 context (note 3.E.iii) amounts to S/ 13,088 million and is detailed as follows:

<i>In thousands of soles</i>	<b>Total</b>
<b>Type of loans</b>	
Mortgage loans	4,676,367
Medium-business	3,960,602
Non-revolving loans	1,716,647
Large-business	1,214,955
Revolving loans	844,938
Small-business	511,646
Corporate	157,953
Micro-business	4,429
<b>Total reschedule direct loans</b>	<b>13,087,537</b>

Likewise, from the total of rescheduled loans, approximately S/ 2,872 million correspond to interest-free rescheduling (consumer, small-business and micro-business loan), whose impact is approximately of S/ 97 million of less finance income.

## 8. Trading and Hedging Derivatives

As of December 31, 2020 and 2019, the Bank holds foreign-exchange forward contracts, cross-currency swaps, interest rate swaps and options. As of December 31, changes in the fair value of held for trading derivative financial instruments are presented as account receivable (assets) or accounts payable (liabilities), as appropriate:

<i>In thousands of soles</i>	<b>Note</b>	<b>Underlying</b>	<b>Nominal</b>	<b>Assets</b>	<b>Liabilities</b>
<b>2020</b>					
<b>Trading Derivatives</b>					
Currency forward contracts			20,640,060	153,918	205,947
Interest rate swaps			12,326,261	280,024	375,716
Currency swap			10,138,403	469,980	291,822
Options of shares, changes and others			720,484	2,910	2,910
Provision for country risk			-	(8,237)	-
			<b>43,825,208</b>	<b>898,595</b>	<b>876,395</b>
<b>Hedging derivatives</b>	<i>6 and 13</i>				
<b>At fair value (i)</b>					
Interest rate swaps		Bonds issue	2,896,800	102,960	-
Interest rate swaps		Loans	54,315	394	-
<b>Contractual cash flows (ii)</b>					
Currency forward contracts		U.S. treasury bills	217,260	-	2,674
Currency forward contracts		Multilateral development banks bonds	111,161	-	5,466
Currency swap		Peru's global bonds	108,630	-	6,196
Interest rate swaps		Loans	31,037	-	297
			<b>3,419,203</b>	<b>103,354</b>	<b>14,633</b>
			<b>47,244,412</b>	<b>1,001,948</b>	<b>891,028</b>

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<i>In thousands of soles</i>	<i>Note</i>	<i>Underlying</i>	<i>Nominal</i>	<i>Assets</i>	<i>Liabilities</i>
<b>2019</b>					
<b>Trading derivatives</b>					
Currency forward contracts			18,997,442	145,334	148,048
Interest rate swaps			8,279,557	111,093	102,770
Currency swap			6,287,069	302,746	224,063
Options of shares, changes and others			1,167,909	16,053	16,053
Provision for country risk			-	(7,540)	-
			<b>34,731,977</b>	<b>567,686</b>	<b>490,934</b>
<b>Hedging derivatives</b>					
	<i>6 and 13</i>				
<b>At fair value (i)</b>					
Interest rate swaps		Bonds issue	2,651,200	-	7,986
Interest rate swaps		Loans	1,242,750	-	5,888
<b>Contractual cash flows (ii)</b>					
Interest rate swaps		Loans	47,343	134	-
Currency swap		Loans	331,400	-	1,784
Currency swap		Global bonds 25	99,420	-	4,119
Currency forward contracts		Time deposits	351,313	67	-
Currency forward contracts		U.S. treasury bills	198,840	4,410	-
			<b>4,922,266</b>	<b>4,611</b>	<b>19,777</b>
			<b>39,654,243</b>	<b>572,297</b>	<b>510,711</b>

**(i) Fair value – hedging derivatives**

**Interest rate swaps**

As of December 31, 2020, the Bank holds cross-currency swaps contract at face value for S/ 2,951 million for loans and issuance (S/ 3,894 million as of December 31, 2019). Through IRS, the Bank receives a fixed interest rate in U.S. dollars and pays a variable interest rate in the same currency. In 2020, changes in fair value of IRS amounts to S/ 86 million and is recorded in 'operating profit' of the separate statement of income (profit of S/ 120 million in 2019).

The table below shows the detail of hedged elements and their hedging instruments as of December 31:

		Face value of the hedging instrument stated in thousands of S/		Face value of the hedging instrument stated in thousands of S/	
Hedge element	Hedging instrument	2020	2019	2020	2019
Fair value hedges		2,951,115	3,893,950	103,354	(13,874)
First international issuance of corporate bonds for US\$ 500 million (note 13(e))	<b>Interest rate swap (IRS)</b> The Bank receives a fixed interest rate and pays a variable interest rate.	1,810,500	1,657,000	48,067	(3,459)
First international issuance of subordinated bonds for US\$ 300 million (note 13(e))	<b>Interest rate swap (IRS)</b> The Bank receives a fixed interest rate and pays a variable interest rate.	1,086,300	994,200	54,894	(4,527)
Wells Fargo loan for US\$ 15 million (note 13 (a))	<b>Interest rate swap (IRS)</b> The Bank receives a fixed interest rate and pays a variable interest rate.	54,315	82,850	393	(608)
Deutsche Bank loan for US\$ 350 million (note 13 (a))	<b>Interest rate swap (IRS)</b> The Bank receives a fixed interest rate and pays a variable interest rate.	-	1,159,900	-	(5,280)

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**(ii) Cash flow - hedging derivatives**

**Interest rate swap**

As of December 31, 2020, the Bank holds cross-currency swaps contract at face value for S/ 31 million for loans and issuance (S/ 47 million as of December 31, 2019). Through IRS, the Bank receives a variable interest rate in U.S. dollars and pays a variable interest rate in the same currency.

In 2020, fair value of IRS amounts to S/ 0.1 million of loss, which is recorded in 'equity net of deferred tax' (profit of S/ 0.1 million in 2019).

**Currency swap**

As of December 31, 2020, the Bank holds currency swaps for a face value amounting to S/ 109 million for the bonds hedge accounted as investments available-for-sale (US\$ 30 million of a global bond). Through currency swap of global bonds, the Bank receives a fixed interest rate in soles and pays a variable interest rate in U.S. dollars.

As of December 31, 2019, the Bank holds currency swaps for a face value amounting to S/ 431 million for the bonds hedge accounted as investments available-for-sale and loans (US\$ 30 million of a global bond and US\$ 100 million off a loan). Through currency swap of global bonds, the Bank receives a fixed interest rate in soles and pays fixed interest rate in U.S. dollars; and though the currency swaps for loans, Bank receives fixed interest rate in U.S. dollars and fixed interest rate in soles.

In 2020, fair value of currency swaps amounts to S/ 3.3 million of gain, which is recorded in 'equity net of deferred tax' (loss of S/ 3.5 million in 2019).

**Currency forward**

As of December 31, 2020, the Bank has currency forward contracts at face value equivalent to S/ 328 million for hedging instrument at fixed tax accounted as investment available-for-sale (US\$ 60 million of U.S. treasury bills, US\$ 20 million of Asian Development Bank (ASD) bonds and US\$ 10 million of European Investment Bank (EUI) bonds). Through currency forward of the U.S. treasury bills, the Bank receives a future cash flow in soles and pays a future cash flow in U.S. dollars; for ASD and EUI receives a future cash flow in soles and pays a future cash flow in U.S. dollars.

As of December 31, 2019, the Bank has currency forward contracts at face value equivalent to S/ 550 million for hedging instrument at fixed tax accounted as investment available-for-sale, and at time deposit (US\$ 60 million of U.S. treasury bills and US\$ 106 million-time deposit). Through currency forward of the U.S. treasury bills, the Bank receives a future cash flow in soles and pays a future cash flow in U.S. dollars; and through currency forward at time deposit, the Bank receives a future cash flows in U.S. dollars and pays a future cash flows in soles.

In 2020, fair value of currency forwards amounts to S/ 2.8 million of gains recorded in 'equity, net of deferred tax' (loss of S/ 1 million of gains 2019).

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The following table shows the hedged items and hedging instruments.

Hedged item	Hedging instruments	Face value of the hedging instrument (in thousand of soles)		Fair value of the hedging instrument (in thousand of soles)	
		2020	2019	2020	2019
<b>Cash flow hedges</b>		<b>468,088</b>	<b>1,028,316</b>	<b>(14,634)</b>	<b>(1,292)</b>
Loans of Standard Chartered Bank for US\$ 9 million (note 13 (a))	<b>Interest rate swaps</b> The Bank receives interest at a variable rate and pays a fixed rate	31,037	47,343	(297)	134
Global bonds for US\$ 30 million (note 6 (d))	<b>Interest rate swaps</b> The Bank receives interest at a fixed rate and pays a fixed rate in U.S. dollars.	108,630	99,420	(6,196)	(4,119)
U.S. treasury bills for US\$ 60 million (note 6 (c))	<b>Interest rate swaps</b> The Bank receives cash flows in soles and pays cash flows in U.S. dollars.	217,260	198,840	(2,674)	4,410
Bonds of the ADB for US\$ 20 million (note 6 (e))	<b>Interest rate swaps</b> The Bank receives cash flows in soles and pays cash flows in U.S. dollars.	74,067	-	(4,085)	-
Bonds of the EUI for US\$ 10 million (note 6 (e))	<b>Interest rate swaps</b> The Bank receives cash flows in soles and pays cash flows in U.S. dollars.	37,094	-	(1,382)	-
Loans of Wells Fargo Bank for US\$ 100 million (note 13 (a))	<b>Currency swaps</b> The Bank receives interest at a fixed rate in U.S. dollars and pays a fixed rate in soles	-	331,400		(1,784)
Time deposits for US\$ 106 million (note 12)	<b>Forward contracts</b> The Bank receives cash flows in U.S. dollars and pays cash flows in soles	-	351,313		67

**9. Investments in Subsidiaries and Associates**

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
<b>Investments in subsidiaries (a):</b>		
Inmuebles y Recuperaciones BBVA S.A.	172,057	164,448
BBVA Consumer Finance EDPYME	104,557	97,765
BBVA Asset Management S.A. S.A.F.	40,381	38,700
Forum Distribuidora del Perú S.A.	24,506	22,518
BBVA Bolsa Sociedad Agente de Bolsa S.A.	18,655	18,507
BBVA Sociedad Titulizadora S.A.	5,212	4,716
Forum Comercializadora del Perú S.A.	2,187	3,043
	<b>367,555</b>	<b>349,697</b>
<b>Investments in associates (b):</b>		
TFP S.A.C.	4,582	4,532
Compañía Peruana de Medios de Pago S.A.C. (c)	-	11,070
	<b>4,582</b>	<b>15,602</b>
	<b>372,137</b>	<b>365,299</b>



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- (a) As of December 31, 2020 and 2019, the Bank holds 100% of the shares of its subsidiaries.

As of December 31, 2020 and 2019, the goodwill related to the acquisition of the entities BBVA Consumer Finance EDPYME, Forum Comercializadora del Perú S.A. and Forum Distribuidora del Perú S.A. amounts to S/ 10 million. The Bank recognized a loss allowance for S/ 10 million and S/ 4 million, respectively.

Also, BBVA Consumer Finance EDPYME started the business combination with the Bank in the first quarter of 2021. The dissolution of such entity begins on such period.

- (b) As of December 31, 2020 and 2019, the Bank holds 24.30% and 21.03% of shares of TFP S.A.C. and Compañía Peruana de Medios de Pagos S.A.C. (hereinafter the Company).
- (c) As of December 31, 2020, the COVID-19 pandemic and the national state of emergency had an effect on the Company's business activities and profit or loss. Therefore, the Bank recognized losses in such associate for S/ 2 million.

The Company's profit or loss had an effect resulting from the national state of emergency declared due to the COVID-19 pandemic. On the other hand, the Company's financial statements include the profit or loss of its subsidiary Soluciones y Servicios Integrados S.A.C., incorporated 3 years ago focusing on the consumer goods sector. Therefore, new product development and brand positioning resulted in costs and expenses.

In 2020 and 2019, the Bank recognized gains on investments in subsidiaries and associates for S/ 43 million and S/ 60 million, respectively (note 20).

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### 10. Property, Furniture and Equipment, Net

Movement in property, furniture and equipment and accumulated depreciation for the years 2020 and 2019 was as follows:

<i>In thousands of 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>Costs</b>								
Balance as of January 1, 2019	118,224	852,941	670,242	8,564	263,908	118,157	292	2,032,328
Additions	-	8,267	55,039	-	-	93,652	-	156,958
Derecognition of assets and others	-	(236)	(11,186)	(477)	-	-	(36)	(11,935)
Transfers	-	109,809	17,422	-	(509)	(126,722)	-	-
<b>As of December 31, 2019</b>	<b>118,224</b>	<b>970,781</b>	<b>731,517</b>	<b>8,087</b>	<b>263,399</b>	<b>85,087</b>	<b>256</b>	<b>2,177,351</b>
Additions	-	8,725	52,385	-	4,560	66,604	-	132,274
Derecognition of assets and others	-	(217)	(3,214)	-	24	-	-	(3,407)
Transfers	-	(79,557)	-	-	79,770	(213)	-	-
<b>As of December 31, 2020</b>	<b>118,224</b>	<b>899,732</b>	<b>780,688</b>	<b>8,087</b>	<b>347,753</b>	<b>151,478</b>	<b>256</b>	<b>2,306,218</b>
<b>Depreciation</b>								
Balance as of January 1, 2019	-	527,471	398,061	6,356	160,578	-	-	1,092,466
Additions	-	34,600	68,199	760	5,701	-	-	109,260
Impairment	-	-	-	-	854	-	-	854
Derecognition of assets	-	(4)	(12,558)	(477)	-	-	-	(13,039)
Transfers	-	1,493	-	-	(1,493)	-	-	-
<b>As of December 31, 2019</b>	<b>-</b>	<b>563,560</b>	<b>453,702</b>	<b>6,639</b>	<b>165,640</b>	<b>-</b>	<b>-</b>	<b>1,189,541</b>
Additions	-	24,645	71,350	643	10,606	-	-	107,244
Impairment	-	118	-	-	-	-	-	118
Derecognition of assets and others	-	(217)	(3,456)	-	20	-	-	(3,653)
Transfers	-	(16,582)	-	-	16,582	-	-	-
<b>As of December 31, 2020</b>	<b>-</b>	<b>571,524</b>	<b>521,596</b>	<b>7,282</b>	<b>192,848</b>	<b>-</b>	<b>-</b>	<b>1,293,250</b>
<b>Net costs</b>								
<b>As of December 31, 2020</b>	<b>118,224</b>	<b>328,208</b>	<b>259,092</b>	<b>805</b>	<b>154,905</b>	<b>151,478</b>	<b>256</b>	<b>1,012,968</b>
<b>As of December 31, 2019</b>	<b>118,224</b>	<b>407,221</b>	<b>277,815</b>	<b>1,448</b>	<b>97,759</b>	<b>85,087</b>	<b>256</b>	<b>987,810</b>

According to current regulations, the Bank in Peru cannot pledge as guarantee the assets that are part of their property, furniture and equipment, except for those acquired through the issuance of lease bonds to carry out finance leases.

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**11. Other Assets, Net**

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Transactions in progress (a)	765,064	1,045,499
Intangible assets (b)	285,018	286,698
Tax credit (c)	172,714	26,352
Deferred charges (d)	133,340	150,170
Other accounts receivable	23,155	22,264
Accounts receivable from the sale of goods, services and trust funds	22,299	21,823
Others	1,660	1,661
	<b>1,403,250</b>	<b>1,554,467</b>

- (a) Transactions in progress are mainly those carried out during the last days of the month and are reclassified in the following month to their final accounts in the separate statement of financial position, these transactions do not have an impact on the Bank's profit or loss. As of December 31, 2020, it mainly corresponds to treasury transactions: i) acquisition and sale of currency for S/ 480 million (S/ 873 million as of December 31, 2019), and ii) sale of securities for S/ 231 million (S/ 136 million as of December 31, 2019).
- (b) As of December 31, 2020, intangible assets are recorded net of S/ 246 million of accumulated amortization and impairment (S/ 140 million as of December 31, 2019).
- (c) As of December 31, 2020, it corresponds to sales tax credit amounting to S/ 27 million (S/ 35 million as of December 31, 2019), and income tax credit amounting to S/ 145 million (S/ 9 million as of December 31, 2019).
- (d) As of December 31, 2020 and 2019, advance payment mainly includes prepaid insurance contracts, deferred loan origination costs related to fees paid to the external sales force and the premium paid for the acquisition of the loan portfolio.

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

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Obligations to the public		
Demand deposits	29,778,628	18,404,285
Savings deposits	24,711,799	17,239,084
Time deposits	16,247,276	18,913,066
Other obligations	74,831	103,543
	<b>70,812,534</b>	<b>54,659,978</b>
Deposits from financial system entities		
Time deposits	846,698	1,096,289
Demand deposits	541,344	390,081
Savings deposits	105,024	73,535
	<b>1,493,066</b>	<b>1,559,905</b>
	<b>72,305,600</b>	<b>56,219,883</b>

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As of December 31, 2020 and 2019, obligations to the public include deposits received as guarantees of direct and indirect loan for S/ 963 million and S/ 776 million, respectively.

The Bank determines deposit interest rates based on the interest rates prevailing in the market. For the main products, the annual interest rates prevailing as of December 31, 2020 and 2019 fluctuated as follows:

	2020		2019	
	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 - 0.50	0.00 - 0.125
Time deposits and bank certificates	0.80 - 1.35	0.10 - 0.80	0.80 - 1.35	0.10 - 0.50
Super depósito bank account	0.80 - 1.35	0.10 - 0.80	0.80 - 1.35	0.10 - 0.50
Severance payment deposits	1.00 - 2.50	0.60 - 1.75	1.50 - 2.50	0.60 - 1.75

As of December 31, 2020, from the total deposits and obligations from individuals and non-profit entities and legal entities, S/ 22,813 million are hedge by the Deposit Insurance Fund (S/ 17,685 million as of December 31, 2019) and are obtained from the average daily balances of the month, according to SBS Resolution 0657-99. The maximum amount subject to hedge by person amounts to S/ 101,522 at the end of December 2020 (S/ 100,661 as of December 31, 2019).

### 13. Borrowings and Financial Obligations

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	2020	2019
Borrowings and financial obligations:		
Foreign financial entities (a)	1,443,573	3,109,659
MIVIVIENDA Program - MIHOGAR loan - Local financial system entities (b)	452,435	452,889
Corporación Financiera de Desarrollo - COFIDE (c)	134,236	8,070
Accrued interest payable	7,056	25,962
Foreign financial agencies (d)	-	331,400
	<b>2,037,300</b>	<b>3,927,980</b>
Securities and bonds (e)		
Corporate bonds	3,026,713	3,306,077
Subordinated debts	1,763,493	1,589,292
Negotiable certificates of deposit	131,903	332,359
Accrued interest payable	70,822	76,314
Finance leases bonds	-	358,000
	<b>4,992,931</b>	<b>5,662,042</b>
	<b>7,030,231</b>	<b>9,590,022</b>

Certain loans agreements include standard clauses regarding compliance with financial ratios, use of funds and other administrative matters. As of December 31, 2020 and 2019, in management's opinion, these clauses are fulfilled and do not impose any restrictions on the Bank's activities.

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- (a) As of December 31, 2020, the Bank maintain the following debt agreements with foreign financial institutions, which accrue interest at annual LIBOR rates ranging from +0.52% to 5% (from LIBOR rate +0.35% to 7.4% as of December 31, 2019).

<i>In thousands</i>	2020		2019		Maturity date
	US\$	S/	US\$	S/	
Wells Fargo Bank (i) & (ii)	115,096	416,761	124,832	413,692	May and June 2022
Toronto Dominion Bank	80,000	289,680	-	-	March and April 2021
Sumitomo Bank, NY	60,000	217,260	-	-	May 2021
Citibank NY	50,000	181,050	150,000	497,100	November 2021
Mizuho Corporate Bank	50,000	181,050	-	-	November 2023
ICO - Instituto de crédito	35,000	126,735	100,895	334,367	August 2022
Standard Chartered (i) & (ii)	8,571	31,037	14,286	47,343	June 2022
Deutsche Bank (iv)	-	-	348,328	1,154,357	
Credit Suisse (v)	-	-	200,000	662,800	
	<b>398,667</b>	<b>1,443,573</b>	<b>938,341</b>	<b>3,109,659</b>	
Accrued interest payable	1,696	6,141	7,470	24,756	
	<b>400,363</b>	<b>1,449,714</b>	<b>945,811</b>	<b>3,134,415</b>	

- (i) It corresponds to a loan for a nominal amount of US\$ 15 million (US\$ 25 million as of December 31, 2019), agreed at annual fixed interest rate of 5%, with maturity on June 2022, which have a fair value hedge through interest rate swaps. As of December 31, 2020, such loan has generated accumulated losses for S/ 0.3 million (S/ 0.5 million accumulated gains as of December 31, 2019). (note 8(ii)).
- (ii) As of December 31, 2020 and 2019, it corresponds to loans for US\$ 24 million and US\$ 39 million, respectively, which are guaranteed by cash flows from electronic payment orders of customers (Diversified Payment Rights - DPR). Such payment orders are sent to the Bank using SWIFT (Society for Worldwide Interbank Financial Telecommunications Network) codes and accrue interest at LIBOR plus spread.
- The Bank entered into loan agreements with specific terms, including compliance clauses regarding financial ratios and other specific terms related to cash flows transferred by the Bank. In management's opinion, the Bank met such terms.
- (iii) It corresponds to a loan for US\$ 9 million (2019: US\$ 14 million) that matures in June 2022 and has a cash flow hedge through interest rate swaps (note 8 (ii)).
- (iv) Loan for US\$ 350 million, agreed at annual fixed interest rate of 5.5% and whose maturity was on November 2020. This loan had an accounting hedge through an interest rate swap, which as of December 31, 2019 generated accumulated gains for S/ 4 million.

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- (v) On October 7, 2020, the Bank executed early redemption of the subordinated loan for US\$ 200 million contracted with Credit Suisse, Cayman Islands Branch in accordance with the agreed between the parts.

As of December 31, 2020 and 2019, accounts payable for S/ 0.4 million and S/ 10 million, respectively, correspond to deferred debt issuance costs.

- (b) As of December 31, 2020, it corresponds to resources for the financing of the acquisition of houses under the MI VIVIENDA program (MI HOGAR credit) which amounts to S/ 449 million and US\$ 1 million (S/ 448 million and US\$ 1 million as of December 31, 2019). As of December 31, 2020 and 2019, this loan accrue interest at an annual effective rate in U.S. dollars of 7.75 % and in soles of 6.25 % on principal plus constant update value in both periods, and have maturity on December 2040 and December 2039, respectively.

As of December 31, 2020 and 2019, debts with Fondo Mi Vivienda S.A. are guaranteed with mortgage loans for up to S/ 452 million and S/ 453 million, respectively (note 7). These loans have include specific agreements on how the funds should be used, the financial conditions that the final borrower must maintain, as well as other administrative matters.

- (c) As of December 31, 2020, it includes balances corresponding to FAE, which is managed by COFIDE, that in local currency amounts to S/ 127 million, and in foreign currency amounts to US\$ 0.2 million. As of December 31, 2020, these balances accrue interest at annual rates ranging from 4.61% to 7.51% in local currency and 5.29% and 7.36% in foreign currency, and have maturity in April 2023.
- (d) As of December 31, 2019, it corresponds to loans with Corporación Andina de Fomento (CAF) for US\$ 100 million, which accrue interest at rates ranging from 2.01% to 2.56% and do not have specific guarantees.

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(e) As of December 31, securities and bonds are as follows:

Program	Authorized amount	Currency	Original amount in place	2020	2019	Maturity date
<b>Corporate bonds</b>						
1st issuance, single series — Fourth program	US\$ 100 million	PEN	40,000	-	40,000	August 2020
2nd issuance, series A — Fourth program		PEN	80,000	-	80,000	August 2020
2nd issuance, series A — Fifth program	US\$ 250 million	PEN	150,000	150,000	150,000	December 2026
2nd issuance, series A — Sixth program	US\$ 250 million	PEN	150,000	150,000	150,000	June 2021
3rd issuance, series A — Sixth program		PEN	350,000	-	350,000	November 2020
1st issuance, series A — Seventh program	US\$ 1,000 million	PEN	132,425	132,425	132,425	June 2021
1st issuance, series B — Seventh program		PEN	69,435	69,435	69,435	June 2021
2nd issuance, series A — Seventh program		PEN	100,000	100,000	100,000	July 2023
2nd issuance, series B — Seventh program		PEN	73,465	73,465	73,293	August 2023
1st issuance, series C — Seventh program		PEN	70,000	70,000	70,000	September 2021
1st issuance, series D — Seventh program		PEN	120,000	120,000	120,000	July 2022
1st issuance, series E — Seventh program		PEN	65,520	65,520	65,520	August 2022
1st issuance, series F — Seventh program		PEN	150,000	150,000	150,000	October 2022
2nd issuance, series C — Seventh program		PEN	96,550	96,550	96,550	December 2024
First program of international issuance (i)	US\$ 500 million	US\$	500,000	1,849,318	1,658,854	August 2022
				<b>3,026,713</b>	<b>3,306,077</b>	
<b>Subordinated debts</b>						
2nd issuance, series A — First Program	US\$ 50 million or S/ 158.30 million	US\$	20,000	72,177	66,030	May 2027
3rd issuance, series A — First Program		PEN	55,000	81,672	79,959	June 2032
2nd issuance, series A — Second Program	US\$ 100 million	PEN	50,000	72,715	71,190	November 2032
3rd issuance, series A — Second Program		US\$	20,000	72,420	66,280	February 2028
4th issuance, single series — Second Program		PEN	45,000	63,155	61,831	July 2023
5th issuance, single series — Second Program		PEN	50,000	69,266	67,814	September 2023
6th issuance, series A — Second Program		PEN	30,000	40,844	39,987	December 2033
1st issuance, single series — Third program	US\$ 55 million	US\$	45,000	162,945	149,130	October 2028
First program of international issuance - Single issuance (ii)	US\$ 300 million	US\$	300,000	1,128,299	987,071	September 2029
				<b>1,763,493</b>	<b>1,589,292</b>	
<b>Finance leases bonds</b>						
1st issuance, series A — Second program	US\$ 250 million	PEN	158,000	-	158,000	December 2020
1st issuance, series C — Second program		PEN	200,000	-	200,000	January 2020
				-	<b>358,000</b>	
<b>Negotiable certificates of deposit</b>				<b>131,903</b>	<b>332,359</b>	
<b>Accrued interest payable</b>				<b>70,822</b>	<b>76,314</b>	
				<b>4,992,931</b>	<b>5,662,042</b>	

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- (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 rate of 5%, and with maturity in August 2022. The main payment shall be carried out in full on its maturity date. Fair value of this issuance has an accounting hedge through cross-currency swaps contracts, which accrued accumulated losses for S/ 39 million as of December 31, 2020 (accumulated losses for S/ 2 million as of December 31, 2019).
- (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 main payment shall be carried out in full on its maturity date. Fair value of this issuance has an accounting hedge through cross-currency swaps contracts, which accrued accumulated losses for S/ 47 million as of December 31, 2020 (accumulated gains for S/ 2 million as of December 31, 2019).

As of December 31, 2020, corporate bonds do not have specific guarantees and accrue interest at annual rates ranging from 3.9% and 7.5% in local currency and 5% in foreign currency (between 4.1% and 7.5% in local currency and 5% in foreign currency as of December 31, 2019).

Subordinated bonds have been issued in accordance with the Banking Law and accrue interest at a rate ranging from constant update value plus a spread and 5.6% for local currency, and from 5.3% and 6.5% in foreign currency, as of December 31, 2020 and 2019.

As of December 31, 2019, financing lease bonds accrue interest at annual interest rate from 4.63% to 6.03% for local currency, that are supported by loan transactions in the form of financial leasing that have been financed with resources obtained through such bonds.

As of December 31, 2020 and 2019, the Bank has in accounts payable a balance of S/ 7 million and S/ 9 million, respectively, which correspond to deferred issuance expenses.



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

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
<b>Accounts payable</b>		
Repurchase agreements (a)	15,183,940	3,545,845
Accounts payable to suppliers	361,868	276,410
Premium to deposit insurance fund, contributions and obligations with tax collecting institutions	128,063	128,329
Dividends, interest and remunerations payable	114,026	134,086
Other accounts payable (b)	157,686	35,802
Interest payable	61,136	68,766
	<b>16,006,719</b>	<b>4,189,238</b>
<b>Other liabilities</b>		
Transactions in progress (c)	741,570	1,093,742
Deferred income and others	73,976	24,431
	<b>815,546</b>	<b>1,118,173</b>
<b>Provisions</b>		
Provision for contingent loans (d)	247,366	226,399
Provision for litigations, claims and other contingencies (e)	225,220	218,680
Labor provisions and others	413,909	311,140
	<b>886,495</b>	<b>756,219</b>
	<b>17,708,760</b>	<b>6,063,630</b>

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- (a) As of December 31, 2020, it corresponds to the balance of liabilities for purchase agreements in foreign currency for S/ 1,383 million, repurchase agreement of credit portfolio of the Reactiva Peru Program for S/ 13,602 million and repurchase agreement for rescheduled credit portfolio for S/ 199 million, with the BCRP. As of December 31, 2019, it corresponds to S/ 2,224 million for repurchase agreements in foreign currency, S/ 373 million for repurchase agreement of certificates of deposit, S/ 348 million for repurchase agreements for sovereign bonds, with the BCRP and S/ 600 million for repurchase agreement with financial entities.

As of December 31, 2020, repurchase agreement of foreign currency have maturity on April 2021 (October 2020 as of December 31, 2019) and accrue interest at annual interest rate of 1.80% and 3.61% (between 3.47% and 5.01% as of December 31, 2019); repurchase agreement of credit portfolio of the Reactiva Peru Program have maturity up to December 2023 and accrue interest at annual rate of 0.50%. Repurchase agreements of rescheduled credit portfolio have maturity on August 2024 and accrue annual interest rate of 0.50%.

- (b) As of December 31, 2020, it includes S/ 110 million for short-term sale transactions.
- (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 separate statement of financial position. These transactions do not affect the Bank's profit or loss. As of December 31, 2020, liability transactions in progress mainly include treasury transactions for S/ 612 million (S/ 1,028 million as of December 31, 2019).
- (d) Movement in the loss allowance for indirect loans is as follows:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Balance as of January 1	226,399	214,836
Provisions	84,193	93,088
Recovery and reversals	(72,064)	(77,889)
Exchange difference and other adjustments	8,838	(3,636)
<b>Balance as of December 31</b>	<b>247,366</b>	<b>226,399</b>

The provision for indirect loan losses is as follows:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Specific	111,295	95,520
Generic	121,031	118,175
Provision for country risk	15,040	12,704
<b>Balance as of December 31</b>	<b>247,366</b>	<b>226,399</b>

- (e) The Bank has several pending court claims, litigations and other processes that are related to the activities it develops, and in the opinion of management and its legal advisors, they will not result in additional liabilities to those registered.

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## 15. Equity

### A. Regulatory capital and legal limits

In accordance with the Banking Law, the Bank is required to have a capital ratio of at least 10% of risk-weighted (market and operational risks) assets and indirect loans, calculated by the Bank based on the standard approach. Likewise, it is used to calculate certain limits and restrictions applicable to the Bank. In management's opinion, the Bank met such limits and restrictions.

As of December 31, 2020, the Bank's regulatory capital, determined in accordance with current regulations, amounts to S/ 10,649 million (2019: S/ 10,776 million).

As of December 31, 2020, the Bank's risk-weighted (market and operational risk) assets and indirect loans amount to S/ 77,820 million (2019: S/ 76,706 million). As of December 31, 2020, the aggregate capital ratio for market, operational and credit risks is 13.68% (2019: 14.05%).

SBS Resolution 8425-2011, dated July 20, 2011, approved the "Regulation on Additional Reserve Requirements." It also established that the additional reserve requirements shall be equal to the sum of the legal reserve requirements calculated per factor: credit risk (individual and sector), market risk, interest rate risk and other risks. As of December 31, 2020 and 2019, the Bank's additional reserve requirements amount to S/ 1,285 million and S/ 1,604 million, respectively.

The regulatory capital surplus is as follows:

<i>In thousands of soles</i>	2020	2019
<b>Minimum regulatory capital requirement</b>		
For credit, market and operational risks	7,782,024	7,670,617
Additional regulatory capital	1,284,540	1,604,289
<b>Total minimum requirement</b>	<b>9,066,564</b>	<b>9,274,906</b>
<b>Total regulatory capital</b>	<b>10,648,941</b>	<b>10,775,507</b>
<b>Regulatory capital surplus</b>	<b>1,582,377</b>	<b>1,500,601</b>

### B. Share Capital

As of December 31, 2020 and 2019, the subscribed and paid-in capital is represented by 6,529,169 and 5,885,209 ordinary shares (in thousands) with a face value of S/ 1.00 each.

The General Shareholders' Meeting, held May 11, 2020 and March 27, 2019, approved the increase in share capital for S/ 644 million and S/ 517 million, respectively, through the capitalization of retained earnings.

Shareholding on the Bank's share capital as of December 31, is as follows:

	2020		2019	
	Number of stockholders	Interests (%)	Number of stockholders	Interests (%)
<b>Interests</b>				
Up to 1	8,045	3.01	7,664	3.04
From 1.01 to 5	4	4.75	3	4.72
From 45.01 to 100	2	92.24	2	92.24
	<b>8,051</b>	<b>100.00</b>	<b>7,669</b>	<b>100.00</b>

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**C. Reserves**

In accordance with the Banking Law, the Bank is required to have a legal reserve of more than 35% of the paid-in-capital. This legal reserve shall be recognized by an annual transfer of more than 10% of profit after tax. It shall replace the reserve referred to in the Companies Act. In accordance with the Banking Law, the amount of this reserve may also be increased with contributions made by the shareholders for this purpose.

General Shareholders' Meeting held May 11, 2020 and March 27, 2019, approved to record the legal reserve for the amount equivalent to 10% of 2019 profits (161 million) and 2018 profit (S/ 148 profit), respectively.

**D. Adjustments to equity**

As of December 31, 2020 and 2019, unrealized profit or loss, net of deferred tax, was as detailed below:

<i>In thousands of soles</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>
Investments available-for-sale	6	113,205	39,312
Cash flows hedges	8	5,953	(4,448)
Investments in subsidiaries and associates		(2,518)	(2,928)
Actuarial liabilities		2,508	(9,120)
		<b>119,148</b>	<b>22,816</b>

**E. Retained earnings**

The General Stockholders' Meeting, held May 11, 2020 and March 27, 2019, approved the capitalization of profits for S/ 644 million and S/ 517 million, respectively, and dividend distribution for S/ 563 million y S/ 812 million, respectively. The General Stockholders' Meeting, held May 11, 2020, approved to maintain an amount of S/ 241 million in 'retained earnings'.

On October 28, 2020, the Board of Directors, in exercise of powers conferred by the General Shareholders' Meeting held May 11, 2020, and in accordance with the provisions of the article 184 literal A), subsection 2 of the Banking Law, approved unanimously to capitalize the profits for the year 2020 for S/ 142 million. Such commitment shall be effective in the next General Shareholder's Meeting.

On October 30, 2019 the Board of Directors, dated, in exercise of powers conferred by the General Shareholders' Meeting held March 27, 2019, and in accordance with the provisions of article 184 literal A), subsection 2 of the Banking Law, approved unanimously to capitalize the profits for the year 2019 for S/ 408 million. January 29, 2020, Board of Directors, held on October 30, 2019, approved to increase the capitalization of profits from S/ 408 million to S/ 569 million, debited to the 2019 profits. Both commitments were effective on General Shareholder's Meeting, held on May 11, 2020.

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**16. Risks and Contingent Commitments**

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Indirect loans:		
Guarantees and letters of guarantee	18,938,716	15,567,090
Letters of credit and banker's acceptances	1,450,113	1,097,142
	<b>20,388,829</b>	<b>16,664,232</b>
Unused credit lines and non-disbursed loans granted	13,724,115	13,365,508
Various responsibilities	5,794	5,302
	<b>34,118,738</b>	<b>30,035,042</b>

In the normal course of its business, the Bank participates in transactions whose risk is recorded in contingent accounts. These transactions expose the Bank to credit risk, in addition to the amounts presented in the separate statement of financial position.

Credit risk for contingent transactions is related to the probability that a counterparty will fail to meet its obligations in accordance with agreed terms.

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

Management estimates that no significant losses will arise, for contingent transactions effective as of December 31, 2020 and 2019.

**17. Interest Income**

This caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Direct loan portfolio	4,033,809	4,379,389
Investments available-for-sale	91,689	111,688
Investments at fair value through profit or loss	56,088	99,591
Cash and due from banks	38,099	148,174
Hedging operations	28,297	-
Interbank funds	263	2,190
Other financial income	5,334	4,745
	<b>4,253,579</b>	<b>4,745,777</b>

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**18. Interest Expenses**

This caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Borrowings and financial obligations	(467,963)	(492,383)
Obligations to the public	(442,524)	(688,545)
Accounts payable	(87,573)	(69,121)
Deposits from financial system entities	(28,806)	(61,767)
Interbank funds	(3,231)	(8,737)
Other financial expenses	(19,167)	(15,551)
Hedging operations	-	(36,559)
	<b>(1,049,264)</b>	<b>(1,372,663)</b>

**19. Income from Financial Services, Net**

This caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
<b>Income</b>		
Income from indirect loans	210,330	206,605
Income from credit card commissions	202,955	269,405
Income from commissions on transfers	175,959	167,651
Income from commissions on collection services	142,761	133,497
Income from services and maintenance of checking accounts	53,245	49,653
Income from online corporate banking services	49,896	45,930
Income from advisory services	17,948	20,682
Income from technical and legal studies	14,887	12,701
Income from cash services	6,850	15,778
Income from trust and commission of trustee	1,480	1,286
Other income for services	234,350	253,046
	<b>1,110,661</b>	<b>1,176,234</b>
<b>Expenses</b>		
Expenses from Visa and Mastercard operations	(106,841)	(141,368)
Deposit insurance fund premiums	(91,753)	(74,402)
Customer loyalty programs	(57,114)	(93,094)
Transfers	(18,062)	(11,768)
Foreign exchange spot transaction	(7,891)	(7,388)
Checking account maintenance expenses	(4,222)	(4,353)
Other expenses of services	(47,970)	(56,749)
	<b>(333,853)</b>	<b>(389,122)</b>
	<b>776,808</b>	<b>787,112</b>

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**20. Profit or Loss from Financial Operations**

This caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Gain on exchange difference (note 4)	589,147	570,027
Gain on investments in subsidiaries and associates (note 9)	43,023	59,636
Investments at fair value through profit or loss	26,261	42,797
Investments available-for-sale	21,478	31,114
Trading derivatives	105	4,270
Others	7,324	19,319
	<b>687,338</b>	<b>727,163</b>

**21. Administrative Expenses**

This caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Personnel expenses and Directory	(847,752)	(851,684)
Expenses for services provided by third parties	(783,930)	(753,726)
Taxes and contributions	(45,809)	(44,659)
	<b>(1,677,491)</b>	<b>(1,650,069)</b>

**22. Other Expenses and Income, Net**

As of December 31, 2020 and 2019, it mainly comprises losses on sale of repossessed assets and non-current assets held for sale, expenses on assets seized and recovered through legal actions, losses not covered by insurance, donations granted, revenue from leases, among income and expenses.

**23. Tax Matters**

***Tax rates***

- A. The Bank is subject to the Peruvian tax regime. As of December 31, 2020 and 2019, the corporate income tax is calculated on the basis of the net taxable profit determined by the Bank at a rate of 29.5%, excluding the employee's profit sharing and the withholding tax rate of 5% applicable to outbound dividend distribution.

Through Legislative Decree 1261, published December 10, 2016 and effective January 1, 2017, the corporate income rate was amended to 29.5%.

The rates applicable to the corporate income tax for the last taxable years are as follows:

Until year 2014	30.0%
For years 2015 and 2016	28.0%
For year 2017 onwards	29.5%

The aforementioned Decree also established the amendment to the income tax rate applicable to dividend distribution and any other form of profit distribution to 5% for profits generated and distributed from January 1, 2017.

For the years 2019 and 2018, the income tax rate for dividend distribution and any other form of profit distribution applicable to legal persons not domiciled in Peru and natural persons is 5.0%.

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The rates applicable to the income tax on dividends for the last taxable years are as follows:

Until year 2014	4.1%
For years 2015 and 2016	6.8%
For year 2017 onwards	5.0%

It shall be presumed, without otherwise evidence, that the dividend distribution or any other form of profit distribution corresponds to retained earnings or other items that may generate older taxable dividends.

- B. In accordance with current Peruvian tax law, non-domiciled individuals only pay taxes for their Peruvian source income. Thus, in general terms, income obtained by non-domiciled individuals from the services rendered in Peru shall be subject to a 30% income tax rate on gross income, provided that no double tax treaties are applicable. On this concern, Peru has currently entered into double tax treaties with the Andean Community, Chile, Canada, Brazil, Portugal, Switzerland, Mexico, South Korea and Japan.

Concerning the technical support or digital services rendered by non-domiciled individuals to domiciled individuals, regardless of the place where the service is rendered, they shall be subject to a 15% and 30% income tax rate on gross income, respectively. Technical support shall be subject to a 15% applicable rate, provided that Income Tax Law requirements are met. As noted above, the retention ratio in these situations may vary or retention may not be applicable if provisions of current double tax treaties are applied.

**Income tax determination**

- C. The Bank computed its tax base for the years ended December 31, 2020 and 2019 and determined current tax for S/ 494 million and S/ 653 million, respectively.

Tax expense comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Current tax	493,565	653,176
Deferred tax		
Profit or loss of deferred income tax for the year	(254,388)	(67,852)
Income tax (adjustment/provision recovery)	(14,821)	26,922
	<b>224,356</b>	<b>612,246</b>

Reconciliation of the effective tax rate to the tax rate is as follows:

<i>In thousands of soles</i>	<b>2020</b>		<b>2019</b>	
<b>Profit before tax</b>	<b>879,492</b>	<b>100.00%</b>	<b>2,222,146</b>	<b>100.00%</b>
Income tax as per tax rate	(259,450)	(29.50%)	(655,533)	(29.50%)
Tax effects on additions and deductions				
Permanent differences	20,273	2.31%	70,209	3.16%
Others (adjustments and/or reversal of provisions)	14,821	1.69%	(26,922)	(1.21%)
<b>Current and deferred tax as per effective rate</b>	<b>(224,356)</b>	<b>(25.50%)</b>	<b>(612,246)</b>	<b>(27.55%)</b>



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**Temporary tax on net assets**

- D. The Bank is subject to the temporary tax on net assets, whose tax base is composed of the prior period adjusted net asset value less depreciations, amortizations, legal reserve requirements and specific loss allowance. The tax rate is 0.4% for the years 2020 and 2019 and is applied to the amount of net assets exceeding S/ 1 million. It may be paid in cash or nine consecutive monthly installments. The paid amount may be used as a credit against income tax paid for tax periods from March to November of the taxable year in which the tax was paid until maturity date of each down payment, and against the payment for regularization of income tax of the relevant taxable year. In the event a remaining balance is not applied, its refund could be requested. The Bank determined that the temporary tax on net assets for the year 2020 amounts to S/ 281 million (2019: S/ 258 million).

**Tax on financial transactions**

- E. Financial transaction tax for the years 2020 and 2019 was fixed at the rate of 0.005%. This tax is applicable to debits and credits in bank accounts or movements in funds made through the financial system, unless the account is tax-exempt.

**Transfer pricing**

- F. In determining income tax, transfer pricing with related parties and entities domiciled in territories with low or zero taxation shall be supported with documents and information on the valuation techniques and the criteria used for the pricing.

Legislative Decree 1312, published December 31, 2016 and effective January 1, 2017, established the following formal obligations to replace the former ones: (i) presentation of a Local File (if accrued revenue of the taxpayer exceeds 2,300 tax units [UIT, for its Spanish acronym]); (ii) presentation of a Master File (if accrued revenue of the taxpayer in a group exceeds 20,000 tax units); and (iii) presentation of a Country-by-Country Reporting (if accrued, consolidated revenue from the prior year of the taxpayer in a multinational group exceeds S/ 2,700,000,000 or € 750,000,000). The presentation of the Master File and the Country-by-Country Reporting are mandatory for transactions corresponding to the year 2017 onwards.

Legislative Decree 1312 also established that intragroup services with low added value shall not have a margin greater than 5% of their costs. Concerning the services rendered between related parties, taxpayers shall comply with the benefit test and provide the documents and information under specific conditions for the deduction of costs or expenses.

Tax Authorities' Resolution 014-2018-SUNAT, published January 18, 2019, approved the Electronic Form 3560 for presentation of the Local File, establishing the deadlines for its presentation and the content and format that shall be included therein.

Thus, the deadline for the presentation of the Local File for the taxable year 2020 shall be June 2021, in accordance with the maturity schedule agreed upon for May and published by the Tax Authorities.

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The content and format of the Local File are stated in the Appendixes I, II, III and IV of Tax Authorities' Resolution 014-2018-SUNAT.

Legislative Decree 1116 established that transfer pricing regulations are not applicable to sales tax.

***Tax assessment***

- G. The Tax Authorities are entitled to audit and, if applicable, to correct the income tax calculated by the Bank within the 4 years following the year of the tax return filing. The Bank's income tax returns for the years 2018 and 2019 are open for review by the Tax Authorities. At the reporting date, the Tax Authorities are reviewing the income tax return for the year 2013 and will initiate the income tax audit for the years 2014 and 2015. The Tax Authorities completed the income tax audit for the year 2016 in April 2019 and for the year 2013, in December 2020.

In management's opinion, such tax audits and tax returns that are open for review will not result in significant liabilities that may have an effect the Bank's profit or loss, under IFRIC 23.

Due to the possible interpretations of the current laws by the Tax Authorities, it is not possible to determine, to date, whether a future tax assessment will result in liabilities for the Bank. Therefore, any major tax or surcharge that might arise from eventual tax assessments would be applied to profit or loss when they are determined. However, it is the opinion of management and its legal advisors that any possible additional settlement of taxes would not be significant for the separate financial statements as of December 31, 2020 and 2019.

***Tax regime applicable to sales tax (IGV)***

- H. Legislative Decree 1347, published January 7, 2017 and effective July 1, 2017, established the possible reduction of 1% in the sales tax, provided that the goal of annual sales tax collection as of May 31, 2017 is reached, net of internal refunds of 7.2% of Gross Domestic Product. Accordingly, if the aforementioned goal is met, the sales tax rate (including the municipal tax) shall be reduced from 18% to 17%.

However, the estimated collection goal was not met at the end of the term, so the sales tax rate shall be held at 18%.

***Major amendments to tax laws effective for periods beginning on January 1, 2020***

- I. ***New accrual accounting concept:*** Legislative Decree 1425 introduced the definition of "legal accrual" for income tax purposes, stating that: a) revenue from transfer of goods occurs when i) control has been transferred (under IFRS 15); or ii) risk has been transferred to the acquirer (Risk Theory set out in the Civil Code), whichever occurs first; and b) revenue from rendering the service occurs when realization level of the rendered service has been established.

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The new legal accrual concept is applicable to lessees when determining the tax treatment of the expense associated with lease arrangements regulated by IFRS 16.

Also, the new concept requires the entities to reconcile the tax expense (income) and accounting profit since such concept is different from the accrual financial concept.

This concept shall not be applicable for those entities accruing income or expenses for income tax purposes in accordance with tax laws establishing a special (sector) accrual system.

- J. **Thin capitalization:** Beginning 2019 and until December 31, 2020, finance costs generated by debts of independent and related parties are subject to the thin capitalization limit of 3:1 debt-to-equity ratio, which is calculated at the end of the prior period. From January 1, 2021, borrowing costs shall be deductible up to 30% of the tax-EBITDA (Net Income – Loss Compensation + Net Interest + Depreciation + Amortization) of the prior period. If there is any balance of financial expense that cannot be absorbed as an expense in a given year by application of the new thin capitalization rule applicable as of January 1 of 2021, it may be offset against the net income generated in the 4 subsequent fiscal years—i.e., 4-year carryforward—after resulting in permanent differences. There are some exemptions regarding this 30% limit for banks, taxpayers whose income is lower than 2,500 tax units, infrastructure, public utilities, among others.
- K. **Deduction of expenses or costs incurred in transactions with non-domiciled individuals:** Legislative Decree 1369 states that costs and/or expenses (including outbound interest) incurred with non-domiciled individuals shall be paid effectively to be deducted in the period in which they are incurred. Otherwise, their effect on the determination of net income shall be deducted in the period they are actually paid and the relevant withholding shall be applied.
- Such regulation abolished the obligation to pay the amount equivalent to the withholding on the amount recorded as cost and/or expense.
- L. **Indirect loans:** From January 1, 2019, under certain requirements, domiciled entities receiving foreign inbound dividends may deduct as direct loan the income tax that taxed the foreign dividends and the corporate income tax (indirect loan) paid by the tier 1 and tier 2 non-domiciled entity (provided that they are in the same jurisdiction) that distributed the dividends from abroad.
- M. **Measures to implement the General Anti-avoidance Rule provided in the Regulation XVI of Tax Code:** Legislative Decree 1422 sets up the procedure to implement the General Anti-avoidance Rule, mainly stating that: (i) it is applicable only in final audit procedures in which acts, events or situations that occurred since July 19, 2012 are reviewed; (ii) it is applicable only if there is a favorable opinion (unappealable) from a review committee composed of Tax Authorities' officers; and (iii) final audit procedures, in which the General Anti-avoidance Rule is applicable, are not subject to a 1-year term to request information from the audited parties.

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As of the date of preparation of this report, the General Anti-avoidance Rule is fully effective and is applicable to Regulation XVI of Tax Code.

Supreme Decree 145-2019-EF, dated May 6, 2019 and published on the official daily newspaper of Peru "El Peruano", approved all the formal and substantial parameters for the application of the General Anti-avoidance Rule provided in the Regulation XVI of Tax Code. Consequently, the requirement to end the suspension of the application for such rule, established by Law 30230, is deemed as complied with. Likewise, the Regulation on Tax Assessment has been modified for such purposes.

- N. **Information related to ultimate beneficiaries:** In line with the regulations to strengthen the fight against tax evasion and avoidance, as well as against money laundering and terrorism financing, from August 3, 2018, provisions introduced by Legislative Decree 1372 are currently in force. The aforementioned Decree requires the presentation of information related to ultimate beneficiaries to the competent authorities through a sworn statement of the ultimate beneficiaries. Such statement shall disclose the names of the natural persons that effectively retain ownership or control. Thus, it is mandatory to report the following: (i) identification of the ultimate beneficiaries; (ii) chain of title with its respective supporting documents; and (iii) identification of third parties that have such information, if applicable. Also, it states that the information related to the identification of the ultimate beneficiaries of legal persons and legal entities provided to the competent authorities under these regulations neither violates professional secrecy nor is subject to restrictions on the disclosure of information arising from secrecy requirements under contracts or any regulatory provision.

Lastly, if the informative sworn statement with the information related to the ultimate beneficiaries is not presented, the legal representatives of the entity that failed to comply with the presentation of such statement shall assume the joint and several liability.

On December 16, 2019, the Bank submitted the informative sworn statement on the date established in the monthly maturity schedule.

- O. **Indirect transfer of shares:** From January 1, 2019, an anti-avoidance measure is included to prevent the split of transactions, which allows indirect transfer of shares of entities domiciled in Peru.

In order to determine if a Peruvian entity has made a transfer within a 12-month period of 10% or more of capital, transfers of the analyzed entity and transfers to related parties shall be considered, whether transfers are made through one or several (simultaneous or successive) transactions. The relationship shall be set up in accordance with the provisions of section b) of Article 32-A of Income Tax Law.

Likewise, regardless of compliance with the provisions of the Income Tax Law, an indirect taxable transfer shall always be made when, over any 12-month period, the total amount of transferred shares of the Peruvian legal person is equal to or greater than 40,000 tax units.

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Lastly, from January 1, 2019, when the transferor is a non-domiciled legal person that has a branch office or any permanent establishment in Peru with allocated equity, the latter is considered a jointly liable party. Thus, it is required to provide information, among others, regarding the transferred shares or interests of the non-domiciled legal person.

- P. **Joint and several liability of legal representatives and directors:** From September 14, 2018, through Legislative Decree 1422, when an audited individual is subject to the General Anti-Avoidance Rule, there is joint and several liability of legal representatives due to fraud, gross negligence or misuse of powers, unless proven otherwise. The aforementioned joint and several liability shall be attributed to such representatives provided that they collaborated with the design or approval or execution of acts, situations or economic relationships with an avoidance purpose.

Such regulation also involves the members of the Board of Directors, since it is stated that these individuals are responsible for setting the tax strategy of the entities where they are directors. Thus, the latter are responsible for determining whether to approve the acts, situations or economic relationships carried out within the tax planning framework, and finally they shall not delegate such liability.

Lastly, members of the domiciled entities' Board of Directors were granted a term (until March 29, 2019) to verify or modify the acts, situations or economic relationships carried out within the tax planning framework and implemented from September 14, 2018 that are effective to date. For the years 2019 and 2020 onwards, we consider the Board of Directors is responsible for determining annually whether the Bank's activities have avoidance effects which may be regulated by the General Anti-Avoidance Rule and, consequently, be subject to tax regularization.

Considering the aforementioned joint and several liability attributable to legal representatives and directors, and the absence of a definition of "tax planning", it will be crucial to review any act, situation or economic relationship that has: (i) increased tax attributes; and/or (ii) generated a lower payment of taxes of such periods, in order to avoid the attribution of joint and several liability, both administratively and punitively, depending on the supervisory agent criterion. The latter, in case the entity to be audited by the Tax Authorities is subject to the General Anti-Avoidance Rule.

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**24. Deferred Income Tax**

Deferred tax has been calculated applying the liability method, and is attributed to the following items:

<i>In thousands of soles</i>	Balance as of January 1, 2019	Equity additions (recoveries)	Profit or loss additions (recoveries) for the year	Balance as of December 31, 2019	Additions to (deductions from) equity	Additions (recoveries) to profit or loss	Balance as of December 31, 2020
<b>Assets</b>							
Generic provision for direct loan losses	289,841	-	7,314	297,155	-	163,225	460,380
Generic provision for indirect loan losses	34,339	-	7,337	41,676	-	1,650	43,326
Provision for realizable assets and assets seized and recovered through legal actions	41,593	-	7,224	48,817	-	(2,633)	46,184
Specific provision for indirect loan losses	30,592	-	(1,957)	28,635	-	2,362	30,997
Other generic provisions	65,031	-	(2,461)	62,570	-	39,553	102,123
Labor provisions	69,466	2,624	8,732	80,822	(4,866)	16,565	92,521
Interest of non-performing loans	278	-	-	278	-	-	278
Investments available-for-sale	3,468	1,723	-	5,191	-	-	5,191
Cash flow hedges	2,131	-	-	2,131	-	-	2,131
Valuation of hedge borrowings	-	-	2,579	2,579	-	24,006	26,585
	<b>536,739</b>	<b>4,347</b>	<b>28,768</b>	<b>569,854</b>	<b>(4,866)</b>	<b>244,728</b>	<b>809,716</b>
<b>Liabilities</b>							
Valuation of hedge borrowings	(37,282)	-	37,282	-	-	-	-
Cash flow hedges	-	(270)	-	(270)	(4,352)	-	(4,622)
Intangible assets / deferred charges	(104,134)	-	(8,836)	(112,970)	-	12,515	(100,455)
Investments available-for-sale	-	-	-	-	(5,512)	-	(5,512)
Tax deduction of property, furniture and equipment	(7,843)	-	(844)	(8,687)	-	2,642	(6,045)
Balancing of assets and liabilities due to exchange difference	(25,087)	-	11,482	(13,605)	-	(5,497)	(19,102)
	<b>(174,346)</b>	<b>(270)</b>	<b>39,084</b>	<b>(135,532)</b>	<b>(9,864)</b>	<b>9,660</b>	<b>(135,736)</b>
<b>Deferred tax, net</b>	<b>362,393</b>	<b>4,077</b>	<b>67,852</b>	<b>434,322</b>	<b>(14,730)</b>	<b>254,388</b>	<b>673,980</b>

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**25. Earnings per Share**

The calculation of weighted average amount of shares and earnings per share as of December 31 is as follows:

<i>In thousands of</i>	<b>Outstanding shares</b>	<b>Weighted average number of basic shares</b>	<b>Effective days to year-end</b>	<b>Weighted average number of ordinary shares</b>
<b>2020</b>				
Balance as of January 1, 2020	5,885,209	5,885,209	365	5,885,209
Capitalization of 2019 profit or loss	643,960	643,960	365	643,960
<b>Balance as of December 31, 2020</b>	<b>6,529,169</b>	<b>6,529,169</b>		<b>6,529,169</b>
<b>2019</b>				
Balance as of January 1, 2019	5,368,602	5,368,602	365	5,368,602
Capitalization of 2018 profit or loss	516,607	516,607	365	516,607
Capitalization of 2019 profit or loss	643,960	643,960	365	643,960
<b>Balance as of December 31, 2019</b>	<b>6,529,169</b>	<b>6,529,169</b>		<b>6,529,169</b>

As of December 31, 2020 and 2019, earnings per share, calculated using the weighted average number of shares amounted to S/ 0.1003 and S/ 0.2466, respectively.

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## 26. Related Party Transactions

As of December 31, 2020 and 2019, the separate financial statements include related party transactions, which, under IAS 24 and SBS regulations, comprise the Parent Company, subsidiaries, related parties, associates, other related parties, and the Bank's directors and key management. All transactions with related parties are carry out under the available market conditions for unbound third parties.

(a) The balances of the Bank's separate statement of financial position arising from related parties as of December 31, were as follows:

	2020						2019					
	Controlling party	Subsidiaries	Related parties (*)	Associates	Key staff and directors	Total	Controlling party	Subsidiaries	Related parties (*)	Associates	Key staff and directors	Total
<i>In thousands of soles</i>												
<b>Assets</b>												
Cash and due from banks	207,721	-	-	-	-	207,721	126,460	-	-	-	-	126,460
Loan portfolio, net	-	276,057	358,129	32,824	24,571	691,581	-	504,112	527,072	11	22,459	1,053,654
Trading derivatives	322,397	-	80,325	-	-	402,722	282,154	-	793	-	-	282,947
Other assets, net	195,313	26,409	33,235	4,207	-	259,164	30,227	13,013	36,154	-	-	79,394
<b>Total assets</b>	<b>725,431</b>	<b>302,466</b>	<b>471,689</b>	<b>37,031</b>	<b>24,571</b>	<b>1,561,188</b>	<b>438,841</b>	<b>517,125</b>	<b>564,019</b>	<b>11</b>	<b>22,459</b>	<b>1,542,455</b>
<b>Liabilities</b>												
Obligations to the public and deposits from financial system entities	91,266	99,189	807,398	331	94,682	1,092,866	223,118	61,234	463,313	875	152,294	900,834
Borrowings and financial obligations	-	-	-	-	-	-	-	-	6,000	-	-	6,000
Trading derivatives	511,778	-	380	-	-	512,158	246,544	-	581	-	-	247,125
Provisions and other liabilities	25,981	210	15,825	35	8	42,059	44,902	767	9,626	-	8	55,303
<b>Total liabilities</b>	<b>629,025</b>	<b>99,399</b>	<b>823,603</b>	<b>366</b>	<b>94,690</b>	<b>1,647,083</b>	<b>514,564</b>	<b>62,001</b>	<b>479,520</b>	<b>875</b>	<b>152,302</b>	<b>1,209,262</b>
<b>Off-balance sheet accounts</b>												
Indirect loans	-	317,506	353,276	317	1,539	672,638	-	147,643	250,655	292	1,326	399,916
Derivative financial instruments	17,759,685	-	23,252	-	-	17,782,937	16,245,167	-	144,097	-	-	16,389,264

(\*) It includes related party balances and transactions under IAS 24 and SBS regulations.



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(b) The effects of related party transactions in the Bank's separate statement of income are detailed below for the year ended December 31:

	2020						2019					
	Controlling party	Subsidiaries	Related parties (*)	Associates	Key staff and directors	Total	Controlling party	Subsidiaries	Related parties (*)	Associates	Key staff and directors	Total
<i>In thousands of soles</i>												
Interest income	-	9,268	1,231	-	106	10,605	-	8,785	1,673	-	99	10,557
Interest expense	-	(15,299)	(8,471)	-	(62)	(23,832)	-	(2,285)	(10,281)	-	(231)	(12,797)
	-	<b>(6,031)</b>	<b>(7,240)</b>	-	<b>44</b>	<b>(13,227)</b>	-	<b>6,500</b>	<b>(8,608)</b>	-	<b>(132)</b>	<b>(2,240)</b>
Income from financial services	1,937	35,256	1,991	-	41	39,225	-	30,830	412	-	6	31,248
Expenses from financial services	-	-	-	-	-	-	-	-	-	-	-	-
	<b>1,937</b>	<b>35,256</b>	<b>1,991</b>	-	<b>41</b>	<b>39,225</b>	-	<b>30,830</b>	<b>412</b>	-	<b>6</b>	<b>31,248</b>
Net profit or loss from financial operations	(8,003)	-	(1,984)	-	4	(9,983)	(3,257)	-	(6,543)	-	-	(9,800)
Administrative expenses	(28,048)	(77)	(75,436)	-	-	(103,561)	(18,217)	(136)	(80,155)	-	-	(98,508)
Other income, net	-	(1,334)	277	-	-	(1,057)	-	(29)	288	-	11	270
	<b>(36,051)</b>	<b>(1,411)</b>	<b>(77,143)</b>	-	<b>4</b>	<b>(114,601)</b>	<b>(21,474)</b>	<b>(165)</b>	<b>(86,410)</b>	-	<b>11</b>	<b>(108,038)</b>

(i) It includes related party balances and transactions under IAS 24.

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(c) Loans to personnel and key management personnel compensation

As of December 31, 2020 and 2019, Board of Directors, executives and employees of the Bank hold allowed loan transactions pursuant to the Banking Law, which regulates and establishes certain limits to transactions with members of the Board of Directors, executives and employees of financial entities in Peru. As of December 31, 2020 and 2019, direct loans granted to employees, directors, executives and key personnel amount to S/ 496 million and S/ 472 million, respectively.

Likewise, as of December 31, 2020 and 2019, remuneration to key personnel and expenses allowance for the board of Director amounts to S/ 11 million, for both periods.

**27. Trust Fund Activities**

The Bank offers structuring and management services of trust operations and trust fees and oversees the preparation of agreements related to these operations. Assets held in trust are not included in the financial statements. The Bank is responsible for the appropriate management of these trusts based on the limits established by applicable laws and the respective agreement. As of December 31, 2020, the allocated value of assets in trusts and trust fees amounts to S/ 4,689 thousand (S/ 5,001 million as of December 31, 2019).

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## 28. Classification of Financial Instruments

The Bank classifies its financial assets and financial liabilities into categories as described in note 3. As of December 31, financial assets and financial liabilities are classified as follows:

	2020					
	At fair value through profit or loss		Loans and accounts receivable	Available-for-sale		Hedging instruments
	Held for trading	Designated at inception		At amortized cost (*)	At fair value	
<i>In thousands of soles</i>						
<b>Assets</b>						
Cash and due from banks	-	-	24,929,883	-	-	-
Interbank funds	-	-	137,599	-	-	-
Investments						
Equity instruments	-	-	-	1,122	22,200	-
Debt instruments	4,679,056	-	-	-	6,668,714	-
Loan portfolio	-	-	66,446,955	-	-	-
Trading derivatives	898,595	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	103,354
Accounts receivable	-	-	45,454	-	-	-
Other assets	-	-	900,064	-	-	-
	<b>5,577,651</b>	<b>-</b>	<b>92,459,955</b>	<b>1,122</b>	<b>6,690,914</b>	<b>103,354</b>

(\*) It includes investments measured at cost.

	2020				
	At fair value through profit or loss		At amortized cost	Other liabilities	Hedging instruments
	Held for trading	Designated at inception			
<i>In thousands of soles</i>					
<b>Liabilities</b>					
Obligations to the public	-	-	70,812,534	-	-
Interbank funds	-	-	72,421	-	-
Deposits from financial system entities	-	-	1,493,066	-	-
Borrowings and financial obligations	-	-	7,030,231	-	-
Trading derivatives	876,395	-	-	-	-
Hedging derivatives	-	-	-	-	14,633
Accounts payable	-	-	16,006,719	-	-
	<b>876,395</b>	<b>-</b>	<b>95,414,971</b>	<b>-</b>	<b>14,633</b>

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	2019					
	At fair value through profit or loss		Loans and accounts receivable	Available-for-sale		Hedging instruments
	Held for trading	Designated at inception		At amortized cost (*)	At fair value	
<i>In thousands of soles</i>						
<b>Assets</b>						
Cash and due from banks	-	-	14,797,386	-	-	-
Interbank funds	-	-	150,137	-	-	-
Investments						
Equity instruments	-	-	-	1,881	20,465	-
Debt instruments	2,669,123	-	-	-	3,891,018	-
Loan portfolio	-	-	56,209,207	-	-	-
Trading derivatives	567,686	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	4,611
Accounts receivable	-	-	44,087	-	-	-
Other assets	-	-	1,197,329	-	-	-
	<b>3,236,809</b>	<b>-</b>	<b>72,398,146</b>	<b>1,881</b>	<b>3,911,483</b>	<b>4,611</b>

(\*) It includes investments measured at cost.

	2019				
	At fair value through profit or loss				
	Held for trading	Designated at inception	At amortized cost	Other liabilities	Hedging instruments
<i>In thousands of soles</i>					
<b>Liabilities</b>					
Obligations to the public	-	-	54,659,978	-	-
Interbank funds	-	-	150,015	-	-
Deposits from financial system entities	-	-	1,559,905	-	-
Borrowings and financial obligations	-	-	9,590,022	-	-
Trading derivatives	490,934	-	-	-	-
Hedging derivatives	-	-	-	-	19,777
Accounts payable	-	-	4,189,238	-	-
	<b>490,934</b>	<b>-</b>	<b>70,149,158</b>	<b>-</b>	<b>19,777</b>

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## **29. Financial Risk Management**

Financial risk management is fundamental on the Bank's strategy, since it guarantees its creditworthiness and sustainable development. The Bank's risk profile has been established in accordance with the strategy and policies of the BBVA Group, and considers a unique, independent and global risk management model.

- Unique: Focused on a sole objective. Risk appetite supported in fundamental metrics, limits for portfolios and economic sectors, and indicators for the management and monitoring of portfolios, is determined.
- Independent: It is independent and complementary to the business. The process of adapting the risk area allows to closely monitor the business and thus detect opportunities.
- Global: The BBVA Group has a flexible risk model that can be used for all risk, in all countries and for all business.

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

This year, due to the country's situation for the COVID-19 outbreak, risk management has been focused on the crisis management from all fronts:

- Portfolio management under the guidelines defined by the SBS and the Government, adaptation of management and monitoring reports according to the new needs of the situation.
- Permanent follow up and monitoring of the liquidity risks.
- From the wholesale and retail Admission, permanent review and adjustment of the admission policies, rescheduling modalities carrying out the portfolio diagnosis, segmentation and action plans according to the criticality identified.
- The follow up and management of collection has had a preventive and anticipatory approach, which is oriented to the most vulnerable and affected sectors. Specialized teams have been implemented to manage the collections by implementing differentiated strategies according to the portfolio. Therefore, a good containment level of the rescheduled portfolio has been achieved.

Under the non-financial risk management, control of the measures and decisions are taken in order to mitigate operational risks.

### **Credit risk**

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

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

- *Portfolio Management, Data & Reporting:* Manages credit risk by monitoring the defined risk appetite, preparing metrics and reports to evaluate the policy setting throughout the business cycle, from admission, follow-up to recovery, with the objective of monitoring the credit quality of the portfolio and ensure sustained profitability in line with capital consumption. In addition, it is responsible for the development and monitoring of the credit risk models that are used in risk management by the Bank.
- *Risk Internal Control:* It is the control unit for risk activities. Specifically, and independently, it performs the contrast and control of the regulations and the governance structure in matters of financial risks and their application and operation in risks, as well as the contrast of the development and execution of the management and control processes of financial risks. Likewise, it is responsible for the validity of the risk models.
- *Risk Solution:* It manages the portfolio of projects in the Risk area. It ensures its definition, prioritization, execution and startup.
- *Risk Transformation:* It is the team responsible for ensuring the execution and continuous improvement of the dependent processes, complying with the defined and committed quality and productivity standards. As part of the process organization, it must seek efficiency and synergy between the services involved.
- *Retail Loan:* It manages the credit risk in the admission stage for natural persons and banking business (small and medium business). For natural persons, the admission is carried out through tools that assess the customer profile, its ability to meet its debt obligation and its credit history in the Bank and the financial system. For banking business, the admission main analysis is the financial-economic information obtained from field-visits that allow dimensioning the business and the borrower's payment capacity, through the use of specific methodologies by economic activity, as well as tools that assess the behavioral profile of the businesses.

For the loan origination of both people and businesses, massive evaluation is carried out through campaigns and specific tactical actions in accordance with the growth strategy of the Bank, as well as the management of portfolios.

- *Wholesale Loan:* It manages credit risk in the business segments of the Retail Network, Business Banking, Institutions, Global Customers, Intermediary Financial Institutions and the Real Estate Sector, integrating the phases of origination, admission and follow-up, in accordance with the guidelines defined in the Wholesale Credit Risk Policy.

In 2020, management by controlling asset allocation limits, threshold concentration and suggested sector profiles have been essential to monitor risk appetite on a permanent basis.

On the other hand, the Portfolio Management team focused their work on the diagnosis and assessment of the crisis impacts on the different portfolios and the implementation of measures in management policies acting in advance.

Rating, risk analyst and credit-reporting are important support tools for the decision making. Likewise, the Authorized Financing Program and the Digital Financing Program, used in Business and Corporate Banking segments, respectively, continued as digital platforms for the preparation and analysis of credit proposals.

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- **Collection, Mitigation & Workout:** It groups together the functions and processes necessary for the monitoring, non-payment containment, collection, recoveries and the divestment of the portfolio with problems, both from retail and wholesale banking, achieving crossway efficiencies in the processes, as well as in the external management channels (collection agencies, calls, and law firms) and internal (network of offices).

The portfolio with problems is managed through a centralized strategy that defines the refinancing policy, payment agreements with customers and repossessed assets, which aim to reduce the provision expense and default levels. The previously by differentiating each of the segments and stages of the credit life cycle.

Since 2018, the Bank has been executing the Collection Integral Plan, which is a transformation project that involves process improvement, data management, remediable products, customer's experience and IT platform, among the most important, which execution continues in 2020.

Considering the health crisis scenario, management focus on sensitive and vulnerable sectors, as well as management on the highest value reprogrammed and refinanced groups, was key to controlling deterioration during 2020.

As part of this plan, in 2020, the write-offs operation was implemented in the portfolios; the Key Performance Indicator and Key Risk Indicator collection and recovery dashboards were strengthened, new tenders were executed in external collection channels and legal studies, the Level Services Agreements and the performance supervision of the providers. As part of the new management impulses, the BEC and Retail Solution Office was launched, which allowed a scheme closer to the portfolio with problems, and an improvement in the levels of containment.

Financing risk management in the COVID-19 context:

- **Anticipate Plan:** 4 executives and a risk leader were selected for the exclusive attention of 255 customers who, in coordination with the branch network, were the ones that presented the greatest warnings in 2020. The objective of the team was to carry out the diagnosis and coordination with the admission team for readjust through rescheduling or with the Stage 3 team for timely refinancing.
- **Solution plan:** The executives of the commercial network (more than 180 executives) carried out the plan, with a role exclusively to the recovery activity. This team is led by 13 monitoring heads whose objective is the location of the main customers, diagnosis and redirection of operations through rescheduling or refinancing.

The retail portfolio segmentation was carried out considering the impact and materiality matrices (Debt ranges) for the private and SME portfolio. In addition, collection management differs whether the portfolio was rescheduled or not.

The impact level on the SME portfolio took as the main axis economic activity according to the company's business line, which were classified as Winning, Sensitive, Critical and Very critical, with Winning activities being those that were benefited by this COVID-19 pandemic.

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- **Collection plan:** The implant model was developed, which is a supervision model based on the physical presence of a Bank supervisor at the provider's physical facilities in order to maximize the performance of the collection processes and guarantee the execution of the strategies and tactical actions and even those of human resources. Currently, due to the situation, the physical presence was replaced with the virtual scheme; however, 100% of the supervisor's dedication was maintained exclusively to the assigned provider.

A competition was held between the six external collection companies that manage the Bank's retail portfolio to choose only three strategic allies for the year 2021 and, therefore, the collection team was restructured into 6 implant supervisors to monitor the three external companies for both portfolio segments (individuals and small and medium-sized enterprises). In addition, two professionals from other areas were incorporated to support the disbursements of the loans (coordination and registration), preventive management tastings, support in the supervision of external companies while the implant model was being developed and monitoring of the collection pilots.

**Maximum exposure to credit risk**

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Cash and due from banks	24,929,883	14,797,386
Interbank funds	137,599	150,137
Investments at fair value through profit or loss	4,679,056	2,669,123
Investments available-for-sale	6,692,036	3,913,364
Loan portfolio, net	66,446,955	56,209,207
Trading derivatives	898,595	567,686
Hedging derivatives	103,354	4,611
Accounts receivable	45,454	44,087
Other assets	900,064	1,197,329
	<b>104,832,996</b>	<b>79,552,930</b>

**Received guarantees**

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

The procedures for the management and valuation of guarantees received for loans granted to customers as indicated in the Guarantees Policies, cover the guarantee acceptance policies and the basic principles for setting, maintenance and release. All guarantees assigned are to be properly instrumented and recorded in the corresponding register, monitoring they are currently updated and have the corresponding insurance policies, in strict compliance with the rules laid down by the regulatory body.



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The valuation of guarantees is governed by prudence principles, involving appraisals for mortgages, market price for listed securities, value of interest in an investment fund, among others. These principles establish internal milestones that may be stricter than those contained in local regulations, and under which the value of guarantees is updated.

<i>In thousands of soles</i>	<b>2020</b>		<b>2019</b>	
Mortgages	22,639,889	32%	22,288,636	38%
Guarantees and letters of guarantee received	11,925,213	17%	613,827	1%
Finance lease	3,772,204	5%	4,212,785	7%
Self liquidating guarantees	512,970	1%	373,483	1%
Vehicle, industrial, agricultural pledges and others	26,486	-	45,528	-
Rest of guarantees	15,581,259	22%	13,359,981	23%
<b>Guaranteed loans</b>	<b>54,458,021</b>	<b>77%</b>	<b>40,894,240</b>	<b>70%</b>
<b>Non guaranteed loans</b>	<b>15,914,412</b>	<b>23%</b>	<b>17,447,867</b>	<b>30%</b>
	<b>70,372,433</b>	<b>100%</b>	<b>58,342,107</b>	<b>100%</b>

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## **Credit rating of loan portfolio**

The segmentation of the loan portfolio into "Not past due or impaired", "Past due but not impaired" and "Impaired" is presented as follows:

	2020						2019					
	Wholesale loans	Small and micro- business loans	Consumer loans	Mortgage loans	Total	%	Wholesale loans	Small and micro- business loans	Consumer loans	Mortgage loans	Total	%
<i>In thousands of soles</i>												
<b>Neither past due nor impaired loans</b>	<b>43,696,767</b>	<b>3,356,781</b>	<b>5,913,024</b>	<b>12,669,372</b>	<b>65,635,944</b>	<b>99</b>	<b>34,738,043</b>	<b>1,687,488</b>	<b>6,044,849</b>	<b>12,626,590</b>	<b>55,096,970</b>	<b>99</b>
Standard	42,357,370	3,327,084	5,807,279	12,499,191	63,990,924	97	34,192,848	1,654,400	5,944,143	12,449,842	54,241,233	97
With potential problems	1,339,397	29,697	105,745	170,181	1,645,020	2	545,195	33,088	100,706	176,748	855,737	2
Substandard	-	-	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-	-	-
<b>Non past-due nor impaired loans</b>	<b>25,892</b>	<b>948</b>	<b>1</b>	<b>841</b>	<b>27,682</b>	<b>-</b>	<b>39,038</b>	<b>1</b>	<b>15</b>	<b>444</b>	<b>39,498</b>	<b>-</b>
Standard	11,908	865	1	3	12,777	-	11,454	1	15	3	11,473	-
With potential problems	13,984	83	-	838	14,905	-	27,584	-	-	441	28,025	-
Substandard	-	-	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-	-	-
<b>Impaired loans</b>	<b>2,930,855</b>	<b>228,715</b>	<b>658,451</b>	<b>890,786</b>	<b>4,708,807</b>	<b>7</b>	<b>2,332,676</b>	<b>163,477</b>	<b>396,235</b>	<b>757,230</b>	<b>3,649,618</b>	<b>7</b>
Standard	7,275	-	-	-	7,275	-	29,138	28	1	-	29,167	-
With potential problems	494,254	91	8	-	494,353	1	274,266	101	8	-	274,375	-
Substandard	729,586	32,250	96,392	230,788	1,089,016	2	587,467	22,053	84,725	242,039	936,284	2
Doubtful	306,636	54,424	251,300	262,335	874,695	1	465,145	39,198	167,027	199,352	870,722	2
Loss	1,393,104	141,950	310,751	397,663	2,243,468	3	976,660	102,097	144,474	315,839	1,539,070	3
<b>Gross loan portfolio</b>	<b>46,653,514</b>	<b>3,586,444</b>	<b>6,571,476</b>	<b>13,560,999</b>	<b>70,372,433</b>	<b>106</b>	<b>37,109,757</b>	<b>1,850,966</b>	<b>6,441,099</b>	<b>13,384,264</b>	<b>58,786,086</b>	<b>106</b>
Less: Provisions	(2,608,517)	(203,418)	(861,210)	(690,901)	(4,364,046)	(6)	(1,854,552)	(139,454)	(377,633)	(501,552)	(2,873,191)	(6)
<b>Net portfolio</b>	<b>44,044,997</b>	<b>3,383,026</b>	<b>5,710,266</b>	<b>12,870,098</b>	<b>66,008,387</b>	<b>100</b>	<b>35,255,205</b>	<b>1,711,512</b>	<b>6,063,466</b>	<b>12,882,712</b>	<b>55,912,895</b>	<b>100</b>

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Criteria used to determine if a credit is impaired is the following:

Type of debtor	Impairment criteria
Retail	Loans past due over 90 days. Debtor is rated as deficient, doubtful or loss.
Wholesale	Debtor is rated as deficient, doubtful or loss. Refinanced or restructured loans.

The specific provisions related to the transactions that, as of December 31, 2020, have been classified as 'past due but not impaired' loans and 'impaired' loans amount to S/ 2,699 million (S/ 1,844 million as of December 31, 2019).

In 2020 and 2019, the transactions with clients that, during these periods, were classified as 'past due but not impaired' loans and 'impaired' loans resulted in finance income of S/ 121 million and S/ 146 million, respectively.

As of December 31, 2020 and 2019, the guarantees of past due and non-impaired loans and impaired loans amount to S/ 2,085 million and S/ 2,255 million, respectively, of which S/ 1,963 million and S/ 2,119 million correspond to mortgages.

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The 'past due but not impaired' loans as of December 31, 2020 and 2019 amount to S/ 28 million and S/ 40 million, respectively. Find below a breakdown of those credits listed per past-due date:

	2020				2019			
<i>In thousands of soles</i>	16-30	31-60	61-90	Total	16-30	31-60	61-90	Total
<b>Days in arrears</b>								
<b>Types of credit</b>								
Corporate loans	-	-	-	-	-	-	-	-
Large-business loans	1,244	-	24	1,268	2,447	2,558	4,392	9,397
Medium-business loans	8,728	9,849	6,047	24,624	16,184	11,008	2,449	29,641
	<b>9,972</b>	<b>9,849</b>	<b>6,071</b>	<b>25,892</b>	<b>18,631</b>	<b>13,566</b>	<b>6,841</b>	<b>39,038</b>
Small-business loans	-	948	-	948	-	-	1	1
Micro-business loans	-	-	-	-	-	-	-	-
Consumer loans	-	1	-	1	-	10	5	15
Mortgage loans	-	841	-	841	-	444	-	444
	-	<b>1,790</b>	-	<b>1,790</b>	-	<b>454</b>	<b>6</b>	<b>460</b>
	<b>9,972</b>	<b>11,639</b>	<b>6,071</b>	<b>27,682</b>	<b>18,631</b>	<b>14,020</b>	<b>6,847</b>	<b>39,498</b>

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**Risk concentration**

The loan portfolio is distributed among the following economic sectors:

<i>In thousands of soles</i>	<b>2020</b>		<b>2019</b>	
Mortgage and consumer loans	20,132,475	29%	19,825,362	34%
Commerce	14,327,736	21%	9,822,886	17%
Manufacturing	10,042,002	14%	8,834,447	15%
Real estate, business and leasing	5,959,733	8%	4,707,499	8%
Transport, storage and communications	5,706,033	8%	3,697,600	6%
Agriculture and livestock	2,307,799	3%	1,815,365	3%
Mining	2,007,471	3%	1,604,080	3%
Financial intermediation	1,432,764	2%	2,160,397	4%
Construction	1,416,643	2%	896,982	1%
Utilities	1,392,350	2%	1,020,719	2%
Others	5,647,427	8%	4,400,749	7%
	<b>70,372,433</b>	<b>100%</b>	<b>58,786,086</b>	<b>100%</b>

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As of December 31, financial assets are distributed among the following geographic areas:

	2020					
	At fair value through profit or loss		Loans and accounts receivable	Available-for-sale	Hedging instruments	Total
	Held for trading	Designated at inception				
<i>In thousands of soles</i>						
<b>Financial instruments</b>						
Peru	5,108,017	-	70,373,209	4,586,817	-	80,068,043
Rest of South America	-	-	157,325	980	-	158,305
Rest of the world	322,533	-	16,566	74,117	-	413,216
Mexico	-	-	2,212	-	-	2,212
United States	-	-	19,952	1,963,500	-	1,983,452
Europe	155,338	-	10,468	72,975	103,354	342,135
	<b>5,585,888</b>	<b>-</b>	<b>70,579,732</b>	<b>6,698,389</b>	<b>103,354</b>	<b>82,967,363</b>
Provisions	(8,237)	-	(4,525,891)	(6,353)	-	(4,540,481)
Accrued income	-	-	536,916	-	-	536,916
Deferred	-	-	(98,348)	-	-	(98,348)
	<b>5,577,651</b>	<b>-</b>	<b>66,492,409</b>	<b>6,692,036</b>	<b>103,354</b>	<b>78,865,450</b>
	2019					
	At fair value through profit or loss		Loans and accounts receivable	Available-for-sale	Hedging instruments	Total
	Held for trading	Designated at inception				
<i>In thousands of soles</i>						
<b>Financial instruments</b>						
Peru	2,889,536	-	58,886,426	3,415,693	1,448	65,193,103
Rest of South America	-	-	28,135	980	-	29,115
Rest of the world	348,722	-	14,502	-	-	363,224
Mexico	793	-	1,996	-	-	2,789
United States	-	-	18,485	496,661	-	515,146
Europe	5,298	-	10,557	30	3,163	19,048
	<b>3,244,349</b>	<b>-</b>	<b>58,960,101</b>	<b>3,913,364</b>	<b>4,611</b>	<b>66,122,425</b>
Provisions	(7,540)	-	(3,003,119)	-	-	(3,010,659)
Accrued income	-	-	359,296	-	-	359,296
Deferred	-	-	(62,984)	-	-	(62,984)
	<b>3,236,809</b>	<b>-</b>	<b>56,253,294</b>	<b>3,913,364</b>	<b>4,611</b>	<b>63,408,078</b>

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**Market risk**

Market risk arises as a consequence of the activity maintained in the markets, through financial instruments whose value may be affected by variations in market conditions, reflected in changes in the different assets and financial risk factors. The risk can be mitigated and even eliminated through hedging instruments (assets/liabilities or derivatives), or by undoing the open operation or position.

The main risks factors affecting market price are: interest rate, currency and price risks.

- Interest rate risk It arises as a consequence of variations in the provisional structure of market interest rates, for the different currency.
- Currency risk: It arises due to fluctuations in the exchange rates for the different currencies.
- Price risk: It arises as a consequence of changes in the market price, either for the specific instruments' factors, nor for factors affecting all the instruments trades in the market.

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

Value at risk (VaR) is the basic variable to measure and control the Bank's market risk. This risk measure estimates the maximum loss, with a given level of confidence, that can occur in the market positions of a portfolio for a certain time horizon. The Bank calculates the VaR using the historical method with 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 scheme of VaR and economic capital limits for market risk, as well as alerts and specific ad-hoc sub-limits for types of risk, among others.

Likewise, validity tests are carried out on the risk measurement models used, which estimate the maximum loss that can occur in the positions considered, with a certain level of probability ("back testing"), as well as measurements of the impact of extreme movements market in the risk positions maintained ("stress testing"). Currently, the stress analysis on historical scenarios of the Lehman Brothers crisis (2008) is being carried out.

The detail of the VaR for risk factors was as follows:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
<b>VaR per risk factors</b>		
VaR without smoothing	7,957	6,607
VaR interest rate	8,068	6,381
VaR currency	481	1,912
Average VaR	8,411	7,215
Maximum VaR	12,387	13,669
Minimum VaR	5,803	3,799

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***Structural interest rate risk***

The objective of managing the banking book interest risk is to maintain the Bank's exposure to variations in market interest rates at levels consistent with its strategy and risk profile. To this end, the Assets and Liabilities Committee (hereinafter COAP) conducts active management of the banking book through operations to optimize the level of risk assumed, in relation to the expected results, and allow compliance with the maximum levels of tolerable risk.

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

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

All these risk measures are subject to subsequent analysis and monitoring, and the levels of risk assumed and the degree of compliance with the authorized limits are transferred to the different management and administration departments of the Bank.



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The consumption of the structural interest risk levels of the Bank during the years 2020 and 2019 are presented as follows:

		December 2020	November 2020	October 2020	September 2020	August 2020	July 2020	June 2020	May 2020	April 2020	March 2020	February 2020	January 2020
<b>2020</b>													
<b>Limit consumption</b>													
Sensitivity in profit margin	7%	4.3%	4.5%	4.8%	5.1%	3.7%	3.2%	2.9%	3.5%	3.8%	3.9%	4.6%	4.6%
<b>Alert consumption</b>													
Economic value sensitivity	1,200	452	483	480	454	535	498	572	597	565	565	625	635
Economic capital	1,200	533	569	579	589	680	626	608	620	621	667	709	729
Margin-at-risk	7%	1.9%	1.9%	2.0%	2.1%	1.8%	1.7%	1.3%	1.4%	1.3%	1.4%	1.8%	1.8%
		December 2019	November 2019	October 2019	September 2019	August 2019	July 2019	June 2019	May 2019	April 2019	March 2019	February 2019	January 2019
<b>2019</b>													
<b>Limit consumption</b>													
Sensitivity in profit margin	7%	4.8%	5.0%	5.3%	4.8%	4.4%	4.8%	4.6%	4.5%	4.5%	4.7%	4.7%	4.6%
<b>Alert consumption</b>													
Economic value sensitivity	1,000	630	645	651	645	657	624	597	595	851	898	847	381
Economic capital	1,100	733	751	759	757	767	751	923	868	873	947	887	903
Margin-at-risk	7%	1.8%	1.9%	1.9%	1.9%	1.8%	1.8%	1.8%	1.7%	1.9%	2.0%	1.9%	2.0%

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

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***Liquidity risk***

The control, monitoring and management of liquidity risk aims, in the short term, to ensure compliance with the Bank's payment commitments in a timely manner, without resorting to obtaining funds under unfavorable conditions, or deteriorating the image and reputation of the Bank. In the medium term, its objective is to ensure the suitability of the financial structure and its evolution, in the context of the economic situation, the markets and regulatory changes.

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

The management and monitoring of liquidity risk is carried out comprehensively with a dual approach: short-term and long-term. The short-term liquidity approach, with a time horizon of up to one year, is focused on managing payments and collections 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 having a time horizon equal to or greater than the annual one.

The integral management of liquidity is carried out by COAP, where the Financial Management Unit of the Finance area analyzes the implications, in terms of financing and liquidity of the various Bank projects and their compatibility with the structure of target financing and the situation of financial markets. In this sense, the Financial Management Unit, in accordance with the approved budgets, executes the agreed proposals by the COAP and manages liquidity risk in accordance with 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 decision-making.

The periodic measurements of the risk incurred and the monitoring of the consumption of limits are carried out by the Structural, Markets and Fiduciary Risks Unit, which monthly reports the liquidity risks level to the COAP; as well as more frequently to the management units. It should be noted that during the beginning of the state of emergency due to the COVID-19 pandemic, the structural risks unit increased the measurement frequency of the main liquidity indicators in order to carry out a daily monitoring that allows anticipating any contingency and supporting the management areas.

Moreover, the Basel Committee on Banking Supervision (BCBS) has proposed a new liquidity regulation scheme based on two ratios: Liquidity coverage ratio (LCR) which is effective from 2015 and net stable funding ratio (NSFR) which has been implemented since 2018. The Bank and the BBVA Group participated in the quantitative impact study (QIS), which has included the new regulatory challenges in its new general framework of action in the liquidity and financing area. At local level, the SBS has also implemented the monitoring of the liquidity coverage ratio, following the general guidelines of the BCBS, although adapting it to the Peruvian reality. The measurement of liquidity coverage ratio has started on December 2013 and its measurement have a daily frequency. The limit established for liquidity coverage ratio is 80% for the period from 2014 to 2017, 90% for 2018 and 100% for 2019 henceforth, which is being complied.

Since March 2020, the SBS has established the temporary inapplicability of the liquidity coverage ratios in local and foreign currency. However, the structural risks unit has continued with the daily measurement of the liquidity coverage ratios on a timely basis.

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Repurchase agreement established by the Official Letter 022-2015-BCRP, and repurchase agreement with BCRP of Legislative Decree 1508, which created the Government's guarantee program, are considered sources of financing available to be included in the Bank's contingency liquidity plan. To this effect, the SBS requires that the framework agreement be signed with COFIDE and the portfolio that could be used for these operations be identified.

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In accordance with SBS regulations, the maturities of assets and liabilities, including accrued interest on loans and deposits, are as follows:

<i>In thousands of soles</i>	<b>Up to 1 month</b>	<b>From 1-3 months</b>	<b>From 3-6 months</b>	<b>From 6-12 months</b>	<b>From 1-5 years</b>	<b>More than 5 years</b>	<b>Past-due and judicial collection loans</b>	<b>Total</b>
<b>2020</b>								
<b>Assets</b>								
Cash and due from banks	19,137,640	1,263,307	793,377	243,696	3,491,863	-	-	24,929,883
Interbank funds	137,599	-	-	-	-	-	-	137,599
Investments at fair value through profit or loss	4,679,056	-	-	-	-	-	-	4,679,056
Investments available-for-sale	5,746,998	187,460	75,352	44,564	335,071	302,591	-	6,692,036
Loan portfolio, net	5,970,613	6,351,096	4,507,113	6,584,206	34,529,062	10,704,669	2,262,590	70,909,349
Trading derivatives	93,939	62,911	47,726	22,369	288,069	383,581	-	898,595
Hedging derivatives	-	-	-	-	103,354	-	-	103,354
	<b>35,765,845</b>	<b>7,864,774</b>	<b>5,423,568</b>	<b>6,894,835</b>	<b>38,747,419</b>	<b>11,390,841</b>	<b>2,262,590</b>	<b>108,349,872</b>
<b>Liabilities</b>								
Obligations to the public	10,503,851	8,000,059	2,186,005	3,078,306	47,044,313	-	-	70,812,534
Demand deposits	4,613,896	3,378,292	-	-	21,786,440	-	-	29,778,628
Savings	2,172,598	1,495,035	-	-	21,044,166	-	-	24,711,799
Term	3,642,526	3,126,732	2,186,005	3,078,306	4,213,707	-	-	16,247,276
Others	74,831	-	-	-	-	-	-	74,831
Interbank funds	72,421	-	-	-	-	-	-	72,421
Deposits from financial system entities	530,432	454,819	34,206	327,182	146,427	-	-	1,493,066
Borrowings and financial obligations	26,675	180,431	778,489	301,105	3,604,598	2,138,933	-	7,030,231
Trading derivatives	108,096	107,034	69,850	34,589	247,926	308,900	-	876,395
Hedging derivatives	-	-	6,758	1,382	6,493	-	-	14,633
Accounts payable	804,211	830,000	553,100	-	13,819,408	-	-	16,006,719
Other liabilities	815,546	-	-	-	-	-	-	815,546
	<b>12,861,232</b>	<b>9,572,343</b>	<b>3,628,408</b>	<b>3,742,564</b>	<b>64,869,165</b>	<b>2,447,833</b>	<b>-</b>	<b>97,121,545</b>

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<i>In thousands of soles</i>								
<b>2019</b>								
<b>Assets</b>								
Cash and due from banks	7,522,139	1,527,000	1,363,901	627,710	3,756,636	-	-	14,797,386
Interbank funds	150,137	-	-	-	-	-	-	150,137
Investments at fair value through profit or loss	1,686,055	201,992	376,990	404,086	-	-	-	2,669,123
Investments available-for-sale	3,070,209	200,171	592	24,258	145,221	472,913	-	3,913,364
Loan portfolio, net	8,622,381	8,154,915	5,461,885	6,642,202	18,935,356	9,553,296	1,775,347	59,145,382
Trading derivatives	159,133	49,071	29,343	33,782	135,190	161,167	-	567,686
Hedging derivatives	-	-	4,477	-	134	-	-	4,611
	<b>21,210,054</b>	<b>10,133,149</b>	<b>7,237,188</b>	<b>7,732,038</b>	<b>22,972,537</b>	<b>10,187,376</b>	<b>1,775,347</b>	<b>81,247,689</b>
<b>Liabilities</b>								
Obligations to the public								
Demand deposits	2,354,538	1,724,509	-	-	14,325,238	-	-	18,404,285
Savings	1,296,508	949,552	-	-	14,993,024	-	-	17,239,084
Term	4,723,826	3,164,942	2,143,447	4,997,749	3,883,102	-	-	18,913,066
Others	103,543	-	-	-	-	-	-	103,543
Interbank funds	150,015	-	-	-	-	-	-	150,015
Deposits from financial system entities	395,281	464,044	215,260	398,683	86,637	-	-	1,559,905
Borrowings and financial obligations	915,484	69,629	29,260	2,030,884	3,915,357	2,629,408	-	9,590,022
Trading derivatives	142,991	59,460	46,277	29,113	105,019	108,074	-	490,934
Hedging derivatives	-	-	1,783	-	13,875	4,119	-	19,777
Accounts payable	1,616,639	966,000	1,506,599	100,000	-	-	-	4,189,238
Other liabilities	1,118,173	-	-	-	-	-	-	1,118,173
	<b>12,816,998</b>	<b>7,398,136</b>	<b>3,942,626</b>	<b>7,556,429</b>	<b>37,322,252</b>	<b>2,741,601</b>	<b>-</b>	<b>71,778,042</b>

**Banco BBVA Perú**

Notes to the Separate Financial Statements  
December 31, 2020 and 2019

***Operational risk***

The Bank articulates an operational risk management model implemented throughout the organization, based on methodologies and procedures for the identification, assessing and monitoring of operational risk, and supported by tools that allow 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. In the first line we have the Risk Control Assurer whose objective is to promote the adequate management of operational risk in their respective management areas. The previous by extending the methodology of risk identification and establishment of controls, and working for this with the owners of the processes who are those responsible for implementing mitigation plans and execution of controls. In the second line of defense, there is a Risk Control Specialist team who define mitigation and control frameworks in their area of specialty (across the entire organization) and contrast with the one implemented by the first line.

Both control teams are in constant coordination of a methodological unit and constantly report to the corresponding Internal Control and Operational Risk Committees. From the risk area, the non-financial risk unit is in charge of coordinating the Internal Control and Operational Risk Committees, the implementation of corporate management tools, the training of both control teams (Risk Control Assurer and Risk Control Specialist), coordination for updating the risk map according to the established methodology and monitoring of mitigation plans.

In connection with qualitative management, the Support Tool for Operational Risk Management (STORM tool) makes it possible to record the operational risks identified by associating them with a taxonomy of processes and their quantification, as well as recording the evaluation periodical controls associated with critical risks. In 2020, risks and controls are being updated, maintaining the validity of the model.

In addition, there is a database, Integrated Operational Risk System (SIRO), which includes all operational risk events that represent a loss for the BBVA Peru Group, is the fundamental quantitative tool for risk management operational.

The Bank is authorized to use the alternative standard method for calculating the effective equity requirement for operational risk, which allows it to optimize the regulatory capital requirement for operational risk management.

As of December 31, 2020, the regulatory capital for operational risk based on the alternative standard approach amounts to S/ 542 million (2019: S/ 502 million).

Among the relevant initiatives carried out during 2020, the strengthening of the Bank's internal control scheme stands out through the provision of a greater structure and work methodologies, which has allowed the implementation of the two lines of defense in the internal control through the roles of Risk Control Assurer and Risk Control Specialist mentioned. Likewise, the bank has been working on implementing a new tool, which will support operational risk management.

The business continuity team has conducted actions to assure the business continuity during national state of emergency, including people management and remote working.

**Banco BBVA Perú**

Notes to the Separate Financial Statements  
December 31, 2020 and 2019

### **30. Fair Value**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

In cases where the listed value is not available, the fair value is estimated based on the listed value of a financial instrument with similar characteristics, the present value of the expected cash flows or other valuation; which can be significantly affected by the different assumptions used.

Management used its best judgment in measuring the fair value of financial instruments; however, there are inherent weaknesses in any valuation technique. Thus, the fair value may not be an indicative of the net realizable value or the liquidation value of such financial instruments.

Regarding the methodology and assumptions used in estimating the fair value of the Bank's financial instruments, the following should be considered:

The Bank shall consider the following when using valuation techniques and assumptions for measuring the fair value:

***Financial instruments whose fair value is similar to the carrying amount:***

This assumption applies for those assets and liabilities with current maturity, with variable interest rate and those whose fair value correspond to the carrying amount according to the SBS Official Letter 43078-2014-SBS.

***Financial instruments at fixed rate***

The methodology of future flows projection discounted at market interest rates is used, for instruments with similar characteristics.

***Financial instruments measured at fair value***

The fair value hierarchy categorizes into 3 levels the inputs to valuation techniques used to measure fair value:

- Level 1: For instruments quoted in active markets, the fair value is determined by the price observed in those markets; and for instruments whose market price is not available but that of its components is, the fair value will be determined based on the relevant market prices of such components.
- Level 2: For instruments quoted in non-active markets, fair value is determined by using a valuation technique or model that mostly uses market data and minimizes the use of data provided by the Bank.
- Level 3: For unquoted instruments, fair value is determined using valuation techniques or models.

The fair value of held for trading and investments available-for-sale has been determined based on their market prices or the quotations of the underlying assets (sovereign risk rates) on the date of the separate financial statements.

The fair value of derivative instruments is determined using valuation techniques.

**Banco BBVA Perú**

Notes to the Separate Financial Statements  
December 31, 2020 and 2019

**Carrying amount and fair value of financial assets and financial liabilities**

Taking into account the fair value considerations and the Official Letter 43078-2014- SBS, in which the SBS determined that the fair value corresponds to the carrying amount of loans and deposits, as of December 31, the carrying amount and fair value of financial assets and financial liabilities are presented as follows:

<i>In thousands of soles</i>	<b>Carrying amount</b>		<b>Fair value</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Assets</b>				
Cash and due from banks	24,929,883	14,797,386	24,929,883	14,797,386
Interbank funds	137,599	150,137	137,599	150,137
Investments at fair value through profit or loss				
Debt instruments	4,679,056	2,669,123	4,679,056	2,669,123
Investments available-for-sale				
Equity instruments	23,322	22,346	23,322	22,346
Debt instruments	6,668,714	3,891,018	6,668,714	3,891,018
Loan portfolio	66,446,955	56,209,207	66,446,955	56,209,207
Trading derivatives	898,595	567,686	898,595	567,686
Hedging derivatives	103,354	4,611	103,354	4,611
Accounts receivable	45,454	44,087	45,454	44,087
Other assets	900,064	1,197,329	900,064	1,197,329
	<b>104,832,996</b>	<b>79,552,930</b>	<b>104,832,996</b>	<b>79,552,930</b>
<b>Liabilities</b>				
Obligations to the public	70,812,534	54,659,978	70,812,534	54,659,978
Interbank funds	72,421	150,015	72,421	150,015
Deposits from financial system entities	1,493,066	1,559,905	1,493,066	1,559,905
Borrowings and financial obligations	7,030,231	9,590,022	7,035,674	9,607,497
Trading derivatives	876,395	490,934	876,395	490,934
Hedging derivatives	14,633	19,777	14,633	19,777
Accounts payable	16,006,719	4,189,238	16,006,719	4,189,238
	<b>96,305,999</b>	<b>70,659,869</b>	<b>96,311,442</b>	<b>70,677,344</b>



(Translation of Financial Statements originally issued in Spanish)

**Banco BBVA Perú**

Notes to the Separate Financial Statements

December 31, 2020 and 2019

Assets and liabilities recorded at fair value based on the fair value hierarchy level are recorded as follows:

**Financial instruments recorded at fair value and value hierarchy**

	2020				2019			
<i>In thousands of soles</i>	Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
<b>Assets</b>								
<b>Investments at fair value through profit or loss</b>								
Debt instruments	4,679,056	296,595	4,382,461	-	2,669,123	182,149	2,486,974	-
<b>Investments available-for-sale</b>								
Equity instruments	22,201	22,201	-	-	20,465	20,465	-	-
Debt instruments	6,675,067	2,570,885	4,104,182	-	3,891,018	1,076,078	2,814,940	-
Trading derivatives	898,595	-	898,595	-	567,686	-	567,686	-
Hedging derivatives	103,354	-	103,354	-	4,611	-	4,611	-
	<b>12,378,273</b>	<b>2,889,681</b>	<b>9,488,592</b>	<b>-</b>	<b>7,152,903</b>	<b>1,278,692</b>	<b>5,874,211</b>	<b>-</b>
<b>Liabilities</b>								
Borrowings and financial obligations	3,032,280	-	3,032,280	-	3,882,575	-	3,882,575	-
Trading derivatives	876,395	-	876,395	-	490,934	-	490,934	-
Hedging derivatives	14,633	-	14,633	-	19,777	-	19,777	-
	<b>3,923,308</b>	<b>-</b>	<b>3,923,308</b>	<b>-</b>	<b>4,393,286</b>	<b>-</b>	<b>4,393,286</b>	<b>-</b>

**Banco BBVA Perú**

Notes to the Separate Financial Statements  
December 31, 2020 and 2019

**Description of the valuation techniques for instruments recorded at fair value**

Level 2		Valuation techniques/ Hypothesis	Main inputs used
Fixed and variable rate		<p><b>Fixed rate:</b> Present value of cash flows from bonds (coupons and face value):</p> $Price_{bond} = \sum_{n=1}^N \frac{Coupon}{(1+YTM)^n} + \frac{Face\ value}{(1+YTM)^N}$ <p>These cash flows are discounted at yield to maturity (YTM)</p> <p><b>Variable rate:</b> The closing price taken is the one consigned in a public source of information (Price Vendors). The Bank does not have trading portfolio of variable rate.</p>	<p><b>Fixed rate:</b> Bonds details (coupon rate, coupons payment frequency, face value) <i>Yield to Maturity (YTM):</i> Obtained from operations traded in Datatec in such a way that the transaction is greater than or equal to S/2 million (internally defined condition).</p> <p><b>Variable rate:</b> closing price of Bloomberg, Reuter or the website of the BVL.</p>
Derivatives	(a) Forwards, cross-currency swaps contracts and cross currency swaps	<p>Calculation of the present value of each of the components of the derivative (fixed / variable) considering market interest rates and converting it to soles with the exchange rate of the day, if necessary. The following are taken into account: variable flows (if any), the projection of flows, the discount curves for each underlying and the current market interest rates.</p>	<ul style="list-style-type: none"> <li>Forward points</li> <li>Fixed vs variable price</li> <li>Exchange rate at closure</li> <li>Market interest rate curves</li> </ul>
	(b) Options	<p><b>For options on shares, currency and raw materials:</b></p> <p>The hypothesis derived from the use of the Black-Scholes model takes into account the possible adjustments to convexity.</p> <p><b>For derivatives on interest rates:</b></p> <p>The hypothesis derived from the use of the Black-Scholes assumes a lognormal process of forward rates and model takes into account the possible adjustments to convexity.</p>	<p><b>Derivatives on shares, currency and raw materials:</b></p> <ul style="list-style-type: none"> <li>Forward structure of the underlying</li> <li>Changes in options</li> <li>Observable correlations between underlying</li> </ul> <p><b>Derivatives on interest rates:</b></p> <ul style="list-style-type: none"> <li>Maturity structure of interest type curve</li> <li>Underlying volatility</li> </ul>

**Banco BBVA Perú**

Notes to the Separate Financial Statements  
December 31, 2020 and 2019

**31. Subsequent Events**

The Bank is not aware of any subsequent event occurring between the closing date and the issuing date of these separate financial statements that may affect it significantly.

As described in note 1.B, the Peruvian government issued various COVID-19 supreme and emergency decrees in the year 2020. Likewise, on January 13, 2021, the Peruvian government implemented various restrictive measures to prevent the spread of COVID-19, including extending confinement in “extreme risk” regions until the end of February 2021 and State of Emergency until September 2, 2021. In this sense, management conducts a continuous monitoring of the Peruvian Government measures.

On January 13, 2021, the Bank was authorized through SBS Resolution 120-2021 to the contracting of a redeemable subordinated loan for up to US\$ 200 million computable in the Level 2 Cash Equity, in accordance with the provisions of the aforementioned resolution.

## **6.4. Consolidated audited financial statements**



# Banco BBVA Perú and Subsidiaries

## Consolidated Financial Statements

**As of December 31, 2020 and 2019**

**(including Independent Auditors' Report)**

**(TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN SPANISH)**



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*(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN SPANISH)*

## INDEPENDENT AUDITORS' REPORT

### **To the Shareholders and Directors of Banco BBVA Perú**

We have audited the accompanying consolidated financial statements of Banco BBVA Perú (a subsidiary of BBVA Perú Holdings S.A.C., incorporated in Peru) and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2020 and 2019, and the consolidated statements of income, income and other comprehensive income, changes in equity and cash flows for the years then ended, as well as the corresponding notes, including the summary of significant accounting policies.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting standards established for financial institutions in Peru by the Banking, Insurance and Pension Plan Agency (Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones – SBS) for financial institutions in Peru, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing approved for its application in Peru by the Dean's Council of the Peruvian Professional Associations of Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the BBVA Perú Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Banco BBVA Perú Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### Opinion

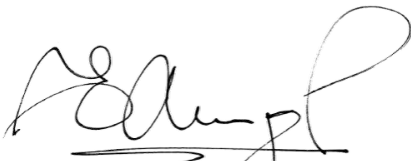
In our opinion, the consolidated financial statements referred to above, present fairly, in all material respects, the consolidated financial position of Banco BBVA Perú and Subsidiaries as of December 31, 2020 and 2019, and their consolidated financial performance and their consolidated cash flows for the years then ended, in accordance with accounting standards established by SBS for financial entities in Peru.

Lima, Peru

February 23, 2021

*Caipo y Asociados*

Countersigned by:

  
Eduardo Alejos.(Partner)  
Peruvian CPA Registration 01-29180

**Banco BBVA Perú and Subsidiaries**

# Consolidated Financial Statements

**As of December 31, 2020 and 2019**

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(Translation of Financial Statements originally issued in Spanish)

**Banco BBVA Perú and Subsidiaries**

Consolidated Statement of Financial Position

As of December 31, 2020 and 2019

<i>In thousands of soles</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>	<i>In thousands of soles</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>
<b>Assets</b>				<b>Liabilities and equity</b>			
Cash and due from banks	5	24,954,267	14,816,709	Obligations to the public and deposits from financial system entities	12	72,212,597	56,159,283
Interbank funds		137,599	150,137	Interbank funds		72,421	150,016
Investments at fair value through profit or loss and available for sale	6	11,421,340	6,639,844	Borrowings and financial obligations	13	7,053,718	9,678,796
Loan portfolio, net	7	66,593,761	56,398,279	Trading derivatives	8	876,395	490,934
Trading derivatives	8	898,595	567,686	Hedging derivatives	8	14,633	19,777
Hedging derivatives	8	103,354	4,611	Accounts payable, provisions and other liabilities	14	17,745,648	6,099,627
Realizable assets and assets seized and recovered through legal actions		129,126	187,561	<b>Total liabilities</b>		<b>97,975,412</b>	<b>72,598,433</b>
Associates	9	4,582	15,602	<b>Equity</b>	15		
Property, furniture and equipment, net	10	1,013,105	988,104	Share capital		6,529,169	5,885,209
Deferred income tax		685,326	439,139	Reserves		1,831,131	1,669,835
Other assets, net	11	1,396,213	1,569,911	Adjustments to equity		119,148	22,816
Goodwill		-	1,316	Retained earnings		882,408	1,602,606
<b>Total assets</b>		<b>107,337,268</b>	<b>81,778,899</b>	<b>Total equity</b>		<b>9,361,856</b>	<b>9,180,466</b>
Risks and contingent commitments	16	<b>34,034,065</b>	<b>29,978,308</b>	<b>Total equity and liabilities</b>		<b>107,337,268</b>	<b>81,778,899</b>
				Risks and contingent commitments	16	<b>34,034,065</b>	<b>29,978,308</b>

The accompanying notes on pages 6 to 96 are an integral part of these consolidated financial statements.

(Translation of Financial Statements originally issued in Spanish)

**Banco BBVA Perú and Subsidiaries**

Consolidated Statement of Income

For the years ended December 31, 2020 and 2019

<i>In thousands of soles</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>
Interest income	17	4,298,555	4,796,546
Interest expense	18	(1,054,376)	(1,374,912)
<b>Gross financial income</b>		<b>3,244,179</b>	<b>3,421,634</b>
Provision for direct loans, net of recovery		(1,751,212)	(757,874)
<b>Net financial income</b>		<b>1,492,967</b>	<b>2,663,760</b>
Income from financial services, net	19	811,479	812,837
<b>Financial income net of income and expenses for financial services</b>		<b>2,304,446</b>	<b>3,476,597</b>
Profit or loss from financial operations	20	659,712	692,868
<b>Operating margin</b>		<b>2,964,158</b>	<b>4,169,465</b>
Administrative expenses	21	(1,707,448)	(1,680,871)
Depreciation and amortization		(194,265)	(167,826)
<b>Net operating margin</b>		<b>1,062,445</b>	<b>2,320,769</b>
Valuation of assets and provisions		(154,220)	(103,548)
<b>Net operating profit or loss</b>		<b>908,225</b>	<b>2,217,221</b>
Other expenses and income, net	22	(20,842)	22,042
<b>Profit or loss before tax</b>		<b>887,383</b>	<b>2,239,263</b>
Income tax	23	(239,167)	(630,207)
<b>Net profit or loss</b>		<b>648,216</b>	<b>1,609,056</b>
<b>Basic and diluted earnings per share in soles</b>	25	<b>0.0993</b>	<b>0.2464</b>
<b>Weighted average number of outstanding shares (in thousands of shares)</b>	25	<b>6,529,169</b>	<b>6,529,169</b>

The accompanying notes on pages 6 to 96 are an integral part of these consolidated financial statements.

(Translation of Financial Statements originally issued in Spanish)

**Banco BBVA Perú and Subsidiaries**

Consolidated Statement of Income and Other Comprehensive Income  
For the years ended December 31, 2020 and 2019

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Net profit or loss	648,216	1,609,056
<b>Other comprehensive income:</b>		
Unrealized gain for investments available-for-sale	79,899	34,124
Unrealized gain on cash flow hedges	14,753	916
Interests in other comprehensive income from associates	78	(43)
Unrealized gain (loss) on actuarial liabilities	16,494	(8,894)
Income tax related to components of other comprehensive income	(14,892)	4,709
<b>Other comprehensive income for the year, net of income tax</b>	<b>96,332</b>	<b>30,812</b>
<b>Total comprehensive income for the year</b>	<b>744,548</b>	<b>1,639,868</b>

The accompanying notes on pages 6 to 96 are an integral part of these consolidated financial statements.

(Translation of Financial Statements originally issued in Spanish)

**Banco BBVA Perú and Subsidiaries**

Consolidated Statement of Changes in Equity

For the years ended December 31, 2020 and 2019

	Number of shares in thousands (note 15.B)	Share capital (note 15.B)	Legal reserve (note 15.C)	Adjustments to equity (note 15.D)	Retained earnings (note 15.E)	Total equity
<i>In thousands of soles</i>						
Balance as of January 1, 2019	5,368,602	5,368,602	1,522,035	(7,996)	1,469,572	8,352,213
Net profit or loss	-	-	-	-	1,609,056	1,609,056
<b>Other comprehensive income</b>						
Unrealized gain for investments available-for-sale	-	-	-	36,480	-	36,480
Unrealized gain from cash flow hedges	-	-	-	645	-	645
Unrealized loss on interests in other comprehensive income from associates	-	-	-	(43)	-	(43)
Unrealized loss for actuarial liabilities	-	-	-	(6,270)	-	(6,270)
<b>Total comprehensive income</b>	-	-	-	<b>30,812</b>	<b>1,609,056</b>	<b>1,639,868</b>
Changes in equity (not included in comprehensive income)						
Dividends	-	-	-	-	(811,812)	(811,812)
Capitalization of retained earnings	516,607	516,607	-	-	(516,607)	-
Additions to reserves and other movements	-	-	147,800	-	(147,603)	197
<b>Balance as of December 31, 2019</b>	<b>5,885,209</b>	<b>5,885,209</b>	<b>1,669,835</b>	<b>22,816</b>	<b>1,602,606</b>	<b>9,180,466</b>
Balance as of January 1, 2020	5,885,209	5,885,209	1,669,835	22,816	1,602,606	9,180,466
Net profit or loss	-	-	-	-	648,216	648,216
<b>Other comprehensive income</b>						
Unrealized gain for investments available-for-sale	-	-	-	74,225	-	74,225
Unrealized gain from cash flow hedges	-	-	-	10,401	-	10,401
Unrealized gain on interests in other comprehensive income from associates	-	-	-	78	-	78
Unrealized gain for actuarial liabilities	-	-	-	11,628	-	11,628
<b>Total comprehensive income</b>	-	-	-	<b>96,332</b>	<b>648,216</b>	<b>744,548</b>
Changes in equity (not included in comprehensive income)						
Dividends	-	-	-	-	(563,465)	(563,465)
Capitalization of retained earnings	643,960	643,960	-	-	(643,960)	-
Additions to reserves and other movements	-	-	161,296	-	(160,989)	307
<b>Balance as of December 31, 2020</b>	<b>6,529,169</b>	<b>6,529,169</b>	<b>1,831,131</b>	<b>119,148</b>	<b>882,408</b>	<b>9,361,856</b>

The accompanying notes on pages 6 to 96 are an integral part of these consolidated financial statements.

(Translation of Financial Statements originally issued in Spanish)

**Banco BBVA Perú and Subsidiaries**

Consolidated Statement of Cash Flows

For the years ended December 31, 2020 and 2019

<i>In thousands of soles</i>	<i>Note</i>	<b>2020</b>	<b>2019</b>
Reconciliation of net profit with cash and cash equivalents from operating activities			
Net profit or loss		648,216	1,609,056
<b>Adjustments</b>		<b>1,964,551</b>	<b>1,542,927</b>
Depreciation and amortization		194,266	167,826
Impairment of property, furniture, and equipment and intangible assets		20,113	26,300
Impairment of investments available-for-sale and goodwill		19,070	3,972
Provisions		1,866,249	834,928
Other adjustments		(135,147)	509,901
<b>Net changes in assets and liabilities</b>		<b>15,724,535</b>	<b>(907,056)</b>
Loan portfolio		(10,367,765)	(5,450,916)
Investments available-for-sale		459,032	(622,846)
Accounts receivable and others		590,813	(1,287,209)
Non-subordinated financial liabilities		13,175,174	4,377,190
Accounts payable and others		11,867,281	2,076,725
<b>Profit or loss for the period after net changes in assets, liabilities and adjustments</b>		<b>18,337,302</b>	<b>2,244,927</b>
Income tax paid		(647,402)	(636,951)
<b>Net cash and cash equivalents from operating activities</b>		<b>17,689,900</b>	<b>1,607,976</b>
<b>Cash flows from investing activities</b>			
Acquisition of securities		-	(40)
Acquisition of intangible assets and property, furniture, and equipment		(237,007)	(236,552)
Other cash inflows from investing activities		88,642	80,953
<b>Net cash and cash equivalents used in investing activities</b>		<b>(148,365)</b>	<b>(155,639)</b>
<b>Cash flows from financing activities</b>			
Cash outflows for redemption of subordinated financial liabilities		(719,400)	-
Dividends paid		(562,761)	(810,470)
Issuance of debt securities and bonds		308,048	577,427
Payment of debt securities and bonds		(2,303,090)	(655,100)
<b>Net cash and cash equivalents used in financing activities</b>		<b>(3,277,203)</b>	<b>(888,143)</b>
<b>Net increase in cash and cash equivalents before effects of exchange rate fluctuations</b>		<b>14,264,332</b>	<b>564,194</b>
Effects of changes in exchange rates on cash and cash equivalents		1,238,806	(127,102)
<b>Net increase in cash and cash equivalents</b>		<b>15,503,138</b>	<b>437,092</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>15,762,558</b>	<b>15,325,466</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>31,265,696</b>	<b>15,762,558</b>
Funds pledges as guarantee		1,896,323	2,256,757
Interbank funds		(137,599)	(150,137)
Investment with maturities of less than 90 days		(8,070,153)	(3,052,469)
<b>Cash and due from banks as per the consolidated statement of financial position</b>	<b>5</b>	<b>24,954,267</b>	<b>14,816,709</b>

The accompanying notes on pages 6 to 96 are an integral part of these consolidated financial statements.

## **Banco BBVA Perú and Subsidiaries**

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### **1. Reporting Entity and Business Activity**

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

Banco BBVA Perú (hereinafter the Bank) is a subsidiary of BBVA Perú Holding S.A.C., which holds 46.12% of its share capital as of December 31, 2020 and 2019. The Bank Bilbao Vizcaya Argentaria S.A. (hereinafter BBVA S.A.) holds 100% of the shares of BBVA Perú Holding S.A.C.

#### **B. Business activity**

The Bank is a closely held corporation incorporated in 1951 and is authorized to operate as a banking institution by the SBS.

The Bank's activities mainly comprise financial intermediation by commercial banks. Such activities are governed by the SBS according to Law 26702 "General Law of the Financial and Insurance Systems and SBS Organic Law" and its amendments (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 is subject.

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

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

#### **National State of Emergency**

On March 11, 2020, the World Health Organization (WHO) declared a pandemic due to the coronavirus disease (COVID-19), and recommended contention and mitigation measurements worldwide. On March 15, 2020, the Peruvian government declared, through Supreme Decree, a national state of emergency due to the serious circumstances affecting people's life as a result of the COVID-19 outbreak. As of reporting date, the state of emergency has been extended until September 2, 2021, inclusive. In this context, the government enforced a series of exceptional and preventive measurements.

The Bank did not stop its activities, even during the quarantine, to attend and support the government's financing programs and distribute social assistance initiatives, such as bonds (economic subsidies) for households vulnerable to poverty or extreme poverty.

Since the beginning of the pandemic, the Bank carried out a number of contingency actions, which led to the creation of a multidisciplinary team in charge of designing and implementing the strategy for the biosanitary crisis, whose main objective is to protect the health of employees and customers throughout Peru.

**Banco BBVA Perú and Subsidiaries**

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For this purpose, this multidisciplinary team designed a health strategy, comprehensive infrastructure implementation and management of the demand of the offices, based on the new reality due to the pandemic. Likewise, teleworking for the employees of the core areas was implemented, as well as for the employees considered vulnerable population due to preexisting health conditions.

**C. Peruvian government programs for economic reactivation**

The Ministry of Economy and Finance (MEF) implemented the following economic aid programs to debtors affected by the state of emergency:

<b>Program / Validity</b>	<b>Legal basis</b>	<b>Brief description of the program</b>	<b>Amount of the program</b>
Reactiva Perú Until November 30, 2020	Legislative Decree 1455 (April 6, 2020)  Ministerial Resolution 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> <p>Through this program, the Government grants guarantees to companies so that they can access working capital loans, and can meet short-term obligations with their workers, and suppliers of goods and services. The government guarantees ranges are between 80% and 98% of the loan, whose maximum amount per customer is S/ 10 million, which is terminated based on the volume of sales.</p> <p>Additionally, the Bank obtains the resources to grant these loans through repurchase agreement with the Central Reserve Bank of Peru (BCRP, for its Spanish acronym), for the guaranteed portion.</p>	S/ 60,000 million
FAE for SME Until December 31, 2020	Emergency Decree 029-2020 (March 20, 2020)  Ministerial Resolution 124-2020-EF (March 25, 2020)	Business Support Fund (FAE) for Small and Micro Enterprise (SME).  Initially, it applied for new working capital loans, rescheduling and refinancing and the maximum amount of the loan per customer was up to S/ 90 thousand with coverage percentages of 30%, 50% and 70%.  Currently, it applies for new working capital loans and the maximum amount of the loan per customer is up to S/ 30 thousand with coverage percentages of 95% and 98%.	S/ 4,000 million

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<b>Program / Validity</b>	<b>Legal basis</b>	<b>Brief description of the program</b>	<b>Amount of the program</b>
FAE for Tourism Until June 30, 2021	Emergency Decree 076-2020 (June 30, 2020)  Ministerial Resolution 228-2020-EF (August 11, 2020)	It was intended for SME that carry out 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. Currently, it applies for new working capital loans and the maximum amount of the loan per customer is up to S/ 750 thousand with coverage percentages of 95% and 98%.	S/ 1,500 million
FAE for Farmers Until June 30, 2021	Emergency Decree 082-2020 (July 9, 2020)  Ministerial Resolution 226-2020-EF (August 9, 2020)	It was intended for farmers. It is a loan guaranteed to the Bank so that it in turn grants loans to customers for working capital. The maximum amount of the loan per customer is up to S/ 30 thousand with coverage percentages of 95% and 98%.	S/ 2,000 million
CRECER Fund Until year 2049	Legislative Decree 1399 (September 7, 2018)  Supreme Decree 007-2019-EF (January 11, 2019)	It is a program that grants guarantees to loans for working capital, fixed assets and export credits to promote the productive and business development of SME. The maximum amount of the loan per customer is up to S/ 10 million. Coverage percentages are up to 75% for SME, up to 70% for Medium-business and up to 60% for exporting company.	Not specified
Government guarantee program, to the credit portfolio of financial institutions.  Until December 31, 2022	Legislative Decree 1508-2020 (May 11, 2020)  Ministerial Resolution 178-2020-EF (June 24, 2020)	It is intended to provide liquidity to banks, financial entities and credit agencies.	S/ 7,000 million



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<b>Program / Validity</b>	<b>Legal basis</b>	<b>Brief description of the program</b>	<b>Amount of the program</b>
Repurchase agreement with rescheduling of credit portfolio	BCRP Official Letter 0021-2020 (June 7, 2020)	BCRP order the possibility that financial entities obtain an economic fund at a rate of 0.5% through repurchase agreement. Therefore, financial entities are committed to reschedule their customer's credit portfolio or the portfolio acquired to other financial entities, temporally reducing the interest rate for the duration of the operation with the BCRP.	Not specified
Guarantee programs - COVID-19	Law 31050 (October 8, 2020)	It is intended to consumer credit portfolios, personal loans, mortgages loans, vehicles and SME. The program guarantees credits rescheduled by financial entities. Such reschedule contemplates the decrease of the interest rate.	S/ 5,500 million
Until March 31, 2021	Ministerial Resolution 296-2020-EF (October 18, 2020)		

**D. Approval of the consolidated financial statements**

The consolidated financial statements as of December 31, 2020 were approved by the Bank's Management and will be presented for approval to Board of Directors and General Shareholder's Meeting within the terms established by Law. In management's opinion, the Board of Directors and the General Shareholder's Meeting will approve the accompanying consolidated financial statements without amendments. The General Shareholders' Meeting, held May 11, 2020, approved the consolidated financial statements as of December 31, 2019.

**2. Basis of Preparation of the Consolidated Financial Statements**

**A. Statement of compliance**

The consolidated financial statements are prepared and presented in accordance with current regulations and Peruvian GAAP applicable to financial institutions, which comprise the accounting standards and practices authorized by the SBS, in use of its powers, delegated in accordance with the provisions of the Banking Law. The aforementioned standards are contained in the Accounting Manual for Financial Institutions (hereinafter the "Accounting Manual") approved by SBS Resolution 895-98, dated September 1, 1998, effective as of January 1, 2001, and complementary norms and amendments.

In the absence of such applicable SBS regulations, the International Financial Reporting Standards (IFRS), issued by the *International Accounting Standards Board* (IASB), made official in Peru by the Peruvian Accounting Board (CNC, for its Spanish acronym), are applied.

Peruvian GAAP comprise the standards and interpretations issued or adopted by the IASB, which include IFRSs, International Accounting Standards (IAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), or the former Standing Interpretations Committee (SIC), adopted by the IASB and made official by the CNC for their application in Peru.

## Banco BBVA Perú and Subsidiaries

Notes to the Consolidated Financial Statements  
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### B. Basis of consolidation

The consolidated financial statements include the financial statements of entities that are part of the BBVA Peru Group, described in note 1, after eliminating significant balances and transactions among the consolidated entities, and the gains and losses resulting from those transactions. All subsidiaries have been consolidated since their constitution or acquisition.

Subsidiaries are all the entities over which the Bank has the power to govern its operating and financial policies. The consolidation ends as of the date in which the Bank loses the control over them.

As of December 31, the main balances of the BBVA Peru Group are the following:

<i>In million of soles</i>	Assets		Liabilities		Equity	
	2020	2019	2020	2019	2020	2019
<b>Entity</b>						
Banco BBVA Perú	107,384	81,722	98,008	72,534	9,376	9,188
BBVA Bolsa Sociedad Agente de Bolsa S.A.(i)	34	41	15	22	19	19
BBVA Asset Management S.A. SAF (ii)	42	43	2	4	40	39
BBVA Sociedad Titulizadora S.A. (iii)	6	6	1	1	5	5
Inmuebles y Recuperaciones BBVA S.A. (iv)	176	168	4	4	172	164
Continental DPR Finance Company (v)	101	145	101	145	-	-
BBVA Consumer Finance Edpyme (vi)	340	539	235	447	105	92
Forum Comercializadora S.A. (vii)	2	2	-	-	2	2
Forum Comercializadora S.A. (viii)	110	183	85	160	25	23

- (i) BBVA Bolsa Sociedad Agente de Bolsa S.A. (hereinafter Sociedad Agente de Bolsa) is a subsidiary of the Bank, in which it owns 100% of the shares with voting rights representing its share capital. Sociedad Agente de Bolsa is engaged in the intermediation of securities, which mainly comprises the purchase and sale of securities by orders of customers (owners of contract), as well as the provision of advisory and information services to investors. Likewise, Sociedad Agente de Bolsa can carry out operations and services compatible with the brokerage activity in the stock market, authorized by the Superintendence of Securities Market (SMV, for its Spanish acronym).
- (ii) BBVA Asset Management S.A. Sociedad Administradora de Fondos (hereinafter Sociedad Administradora) is a subsidiary of the Bank, in which it owns 100% of the shares with voting rights representing its share capital. Sociedad Administradora is engaged in management of mutual and investment funds authorized to be operated by the SMV, as well as acquisition and sale of securities. As of December 31, 2020, Sociedad Administradora manages 19 mutual funds of investments in securities, 2 private investment funds and 1 public investment fund.
- (iii) BBVA Sociedad Titulizadora S.A. (hereinafter Sociedad Titulizadora) is a subsidiary of the Bank, in which it owns 100% of the shares with voting rights representing its share capital. Sociedad Titulizadora is dedicated to the function of trustee in securitization processes, as well as to acquire assets in order to establish trust funds that support the issuance of credit-bearing securities. As of December 31, 2020, Sociedad Titulizadora manages the assets in 14 trust funds.

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- (iv) Inmuebles y Recuperaciones BBVA S.A. (hereinafter IRBSA) is a subsidiary of the Bank, in which it owns 100% of the shares with voting rights representing its share capital. IRBSA is engaged to the trade of personal and real state property for its own use or for third parties, through the acquisition, sale, lease, import and export of such properties; as well as any other related activity, without any limitation. Likewise, IRBSA provides management services for the Bank's health care program.
- (v) Continental DPR Finance Company is a special purpose corporation. Its objective is fully described in note 13(d)(iii) (securitization of foreign remittances).
- (vi) BBVA Consumer Finance Edpyme (hereinafter Edpyme) is a subsidiary of the Bank, in which it owns 100% of the shares with voting rights representing its share capital. Edpyme is engaged to granting financing to natural and legal persons that develop activities classified as small and micro businesses.

Edpyme has a plan to integrate the vehicle business with the Bank in the first half of 2021, and from that period on, the dissolution process of such company would begin.

- (vii) Forum Comercializadora del Perú S.A. is a subsidiary of the Bank, in which it owns 100% of the shares with voting rights representing its share capital. Forum Comercializadora del Perú S.A. is engaged to financing motor vehicles, wholesale or retail, to take them or give them in financial lease.
- (viii) Forum Distribuidora del Perú S.A. is a subsidiary of the Bank, in which it owns 100% of the shares with voting rights representing its share capital. Forum Distribuidora del Perú S.A. is engaged to direct and indirect financing for motor vehicle dealerships; also to trade, acquire and sell motor vehicles, on credit or cash, wholesale or retail, and take or give them in lease, assignment in use or any other modality allowed by Peruvian laws.

### **C. Basis of measurement**

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- Derivative financial instruments are measured at fair value;
- Financial instruments at fair value through profit or loss are measured at fair value; and
- Available-for-sale financial assets are measured at fair value.

### **D. Functional and presentation currency**

The Bank prepares and present its consolidated financial statements in soles (S/ or PEN), which is the currency related to the main economic environment in which the Bank operates, such currency influences the Bank's transactions and services it provides, among other factors. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

### **E. Use of judgments and estimates**

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the BBVA Perú Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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The accounting estimates and underlying judgments used are reviewed on an ongoing basis. Adjustments resulting from the review of accounting estimates are recognized prospectively, recording the effect in the consolidated statement of profit or loss, as of the year in which the revision is made.

The most relevant estimates and judgments to prepare the consolidated financial statements are the following:

- Determination of the fair value of investments (note 30).
- Accounted investments using the equity method (note 9).
- Provisions for loan losses (note 7).
- Provision for realizable assets and assets seized and recovered through legal actions (note 3.G).
- Provision for employee benefits (note 3.M).
- Useful life of property, furniture and equipment and intangible assets (note 3.F and 3.I).
- Provision for income tax (note 23).
- Deferred tax (note 24).
- Determination of the fair value of derivative instruments (note 30).
- Impairment of non-financial assets (note 3.H).
- Goodwill (note 3.J).

**F. New accounting pronouncements**

**i. New accounting pronouncements not yet adopted**

A number of new standards, amendments and interpretations have been issued or amended by the IASB and are effective for annual periods beginning on or after January 1, 2021.

<b>IFRSs, amendments and interpretations</b>	<b>Effective date</b>
<i>Interest Rate Benchmark Reform State 2</i> (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16).	Annual periods beginning on or after January 1, 2021.
<i>Onerous Contracts – Cost of Fulfilling a Contract</i> (Amendments to IAS 37)	Annual periods beginning on or after January 1, 2022.
<i>Annual Improvements to IFRS Standards 2018-2020</i>	Annual periods beginning on or after January 1, 2022.
Property, Plant and Equipment Proceeds before Intended Use (Amendments to IAS16).	Annual periods beginning on or after January 1, 2022.
<i>Reference to the Conceptual Framework</i> (Amendments to IFRS 3)	Annual periods beginning on or after January 1, 2022.
<i>Classification of Liabilities as Current or Non-current</i> (Amendments to IAS 1)	Annual periods beginning on or after January 1, 2023.
Amendments to IFRS 17 <i>Insurance Contracts</i>	Annual periods beginning on or after January 1, 2023.
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> )	Early adoption is permitted. Effective date deferred indefinitely.

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If such standards and amendments were adopted by the SBS, management has not yet assessed their impact on BBVA Peru Group's consolidated financial statements.

**ii. Resolutions and standards issued by the CNC and the Superintendence of Securities Market (SMV) concerning the approval and adoption of IFRSs in Peru**

As of the date of the consolidated financial statements, the CNC through:

- Resolution 001-2020-EF/30, issued July 16, 2020, formalized amendments to IAS 1 *Presentation of Financial Statements*, and the complete set of IFRS version 2020 (IAS, IFRS, IFRIC and SIC), which includes the *Conceptual Framework in IFRS Standards*, as well as the amendments to IFRS 16 *Leases* (COVID-19-Related Rent Concessions). The validity of the indicated standards is established in each one of them.
- Resolution 002-2020 EF/30, dated September 8, 2020, formalized the amendments to IAS 16 *Property, Plant and Equipment*, IFRS 3 *Business Combinations*, IFRS 4 *Insurance Contracts*, IAS 37 *Provisions, Contingent Liabilities*, IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments* y IAS 41 *Agriculture*.

As indicated in note 2.A, the standards and amendments detailed in *i.*, *ii.* and *iii.* shall only be applicable to the Bank in the absence of applicable SBS regulations for situations not covered in the Accounting Manual. Management has not determined the effects on the preparation of its consolidated financial statements since those standards were not adopted by the SBS.

**iii. Main pronouncements issued by the SBS**

In 2020, SBS published, among others, the following significant pronouncements:

**SBS regulations in the COVID-19 context**

**a) Reschedule loans**

Regulation	Date	Brief description
Official Letter 10997-2020-SBS	March 13, 2020	Official Letter 5345-2010-SBS, dated February 5, 2010, is effective and grants financial institutions power to modify loan agreements, that do not consider the borrower's ability to meet its debt obligation, so that they are considered as refinancing. Its application will require that the debtors have not presented defaults at the time of the state of emergency declaration. Such Official Letter is effective 1 day after its publication.
Official Letter 11150-SBS	March 16, 2020	Conditions to reschedule:
Official Letter 11170-2020-SBS	March 20, 2020	<ul style="list-style-type: none"><li>• The total term of the before mentioned loans does not extend for more than 6 months of the original term, subsequently modified to 12 months.</li><li>• As of the date of the national state of emergency, the debtors do not have any default.</li></ul>

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Regulation	Date	Brief description
Official Letter 12679-2020-SBS	May 5, 2020	For amendments made as of May 29, 2020, and only during the national state of emergency, it will be considered that borrower's loans are not longer than 30 days past due in order to comply with the requirement to be up to date with their payments and have no defaults.
Official Letter 13805-2020-SBS	May 29, 2020	<ul style="list-style-type: none"><li>For retail portfolio, such modification may be conducted without prior notice.</li><li>From June 1, 2020, in the case of new contractual amendments of revolving loans for credit cards, those that only consider an extension or grace period for the minimum payment are not applicable, and the entire debt must be considered in a new schedule to be able to be framed in the provisions of the Official Letter 13805-2020-SBS.</li></ul>

Accounting treatment of interest:

- The accounting treatment of interest on such loans shall be conducted through the assumption method beginning on the rescheduling date. Therefore, interest that have not been charged as of rescheduling date have to be reversed.
- Interest associated to retail loans shall be recorded on an accrual basis.
- If such retail loans change to the accounting situation of past due after the payment obligation according with the new schedule is resumed, the entity shall reverse the accrued and unpaid interest, having 6 months to carry out such reversal proportionally.  
Such reverse will be applicable only for those loans that change their accounting treatment to past due for the first time since the payment obligation is resumed and may be applied for loans that pass to a past due accounting situation until March 31, 2021.
- In accordance with Official Letter 11150-2020-SBS, the accounting treatment of interest of wholesale debtors with rescheduled loans shall be subject to the cash-basis method.

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**b) Risk regulations of market, provisions and capital requirement**

Regulation	Date	Brief description
Official Letter 11148-2020-SBS	March 16, 2020	<ul style="list-style-type: none"><li>It establishes that limits for liquidity coverage ratio in local and foreign currency will not be temporarily applied. Such Official Letter is effective 1 day after its publication.</li></ul>
SBS Resolution 1264-2020	March 26, 2020	<ul style="list-style-type: none"><li>It establishes that the deadline extension due to the rescheduling does not increase the risk-weight factor for non-revolving loans and mortgage loans according with the Regulation on Regulatory Capital Requirements for Credit Risks.</li><li>The Regulations for Additional Regulatory Capital Requirement established the faculty of the financial entities to use the additional regulatory capital accumulated as of the validity period of this Resolution for the components of the economic cycle.</li></ul>
Official Letter 14454-2020-SBS	June 10, 2020	<ul style="list-style-type: none"><li>It approves that, while the national state of emergency is in force and up to 120 days after it is no longer effective, preferred guarantees, that as of February 2020, were updated could maintain their reported value as of such date.</li><li>Likewise, in a preventive and responsible manner, financial entities must establish the necessary voluntary reserves that allow them to face increases in risk, when they materialize. In case, it is considered that a release of provisions applies, these must be reassigned as voluntary reserves or for the constitution of other mandatory provisions, and in no case may results of the year or any equity account be affected by the reversal of said provisions.</li></ul>
Official Letter 13195-2020-SBS	May 19, 2020	
Official Letter 1882-2020	July 31, 2020	The legal limits to the foreign currency global position (long position and short position) are modified.
Official Letter 2628-2020-SBS	October 26, 2020	The legal limits to derivatives instruments (accounting net position: short and long position) are modified.
Official Letter 2793-2020-SBS	November 10, 2020	It establishes that a credit risk provision rate of 0% is applicable to the part of the credits that are covered by the guarantee of the COVID-19 Guarantee Program when borrower substitution is applied, as of the activation of the guarantee.
SBS Resolution 3155-2020	December 17, 2020	It establishes that the rescheduled loans of debtors with Standard classification are considered debtors with credit risk higher than Standard, corresponding to the level of credit risk With Potential Problems. The specific provisions for credit risk With Potential Problems are applied to these credits.

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**c) Suspension of days in arrears**

Regulation	Date	Brief description
Official Letter 11170-2020-SBS	March 20, 2020	<ul style="list-style-type: none"><li>It establishes that, only during the national state of emergency, a borrower may be 15 days past due as maximum as of February 29, 2020, provided that the borrower is up to date with their payments and has no past due loans.</li></ul>
Official Letter 13195-2020-SBS	May 19, 2020	<ul style="list-style-type: none"><li>Loans granted by financial institutions may have the same accounting situation provided the national state of emergency is still effective. The counting of days in arrears recorded as of February 29, 2020, shall be suspended provided the national state of emergency is still effective.</li></ul>
Official Letter 13805-2020-SBS	May 29, 2020	Extensions were approved until May 31, July 21 and, finally, until August 31, 2020 for the suspension of days in arrears.
Official Letter 15944-2020-SBS	July 2, 2020	<ul style="list-style-type: none"><li>For loans with 15-60 days past due as of February 29, 2020, such suspension shall be effective for 1 more month from the date in which the national state of emergency is no longer effective.</li><li>Additionally, it establishes that the Bank shall report the lower number of days in arrears resulting from the comparison between: i) the actual days in arrears at the end of the monthly report of the loan, and ii) the suspended days in arrears as of February 29, 2020, plus the days from August 1, 2020, to the end of the monthly report. If due to the calculation, the debtor improves his classification and, therefore, reduces his requirement for provisions, the released provisions must be reassigned to the constitution of other mandatory provisions or, failing that, as voluntary reserves. However, under no circumstance, profit or loss for the year or any equity account shall be affected due to the reversal of said provisions.</li></ul> <p>Actual days in arrears are the number of days past due of the oldest unpaid installment according to the current credit schedule, which must consider the payments made by the customer, if applicable.</p>



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**d) Regulations associated to Government Programs**

<b>Regulation</b>	<b>Date</b>	<b>Brief description</b>
Official Letter 11214-2020	March 23, 2020	It establishes that the repurchase agreement of credit portfolio represented in securities are considered sources of financing available to be included in the contingency funding plan. Such Official Letter is effective one day after its publication.
Official Letter 11518-2020-SBS	April 7, 2020	Accounting treatment of regulatory capital requirement and legal limits of the credit portfolio reporting operations represented in securities held with the BCRP, which came into effect the day after its publication, is approved.
Official Letter 11999-SBS	April 22, 2020	<b>Reactiva Peru Program</b>  Dispositions over the Reactiva Peru program are established to ensure the continuity of the payment chain before the impact of COVID-19. Such dispositions are the following:
SBS Resolution 1314-2020	April 27, 2020	<ul style="list-style-type: none"><li>• Accounting record as a loan and control through memoranda accounts.</li><li>• Credit risk provision rate of the Standard borrower whose rate is 0.7% for the guaranteed amount. Subsequently, modified to a rate of 0%.</li><li>• Risk weighted factor corresponding to the Government for regulatory capital requirement of 0% for the hedged amount.</li><li>• Not subject to legal limit due to exposure to the Government for the hedged amount.</li></ul>
SBS Resolution 1315-2020	April 27, 2020	<b>FAE for SME Program</b>  The following dispositions are established:
Official Letter 13206-2020-SBS	May 19, 2020	<ul style="list-style-type: none"><li>• Accounting record as a loan and control through memoranda accounts.</li></ul> For the portion of the exposition covered with guarantees of FAE for SME:  <ul style="list-style-type: none"><li>• Credit risk provision rate of 0%.</li><li>• Apply a risk weighted factor of 0% to calculate the regulatory capital requirement for credit under the standard method.</li><li>• Legal limit up to 50% for the total of exposure not guaranteed by the FAE for SME.</li></ul>

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<b>Regulation</b>	<b>Date</b>	<b>Brief description</b>
SBS Resolution 1546-2020	June 8, 2020	<p>The following dispositions are established:</p> <ul style="list-style-type: none"><li>• Approval of the amendment to the Accounting Manual (memorandum accounts related to guarantees received).</li></ul> <p>For the portion of the exposition covered with guarantees of REACTIVA PERÚ Program and the FAE for SME program, when borrower substitution is applied, it is established the following:</p> <ul style="list-style-type: none"><li>• That the calculation of the provisions associated with the risk of debt distress for retail debtors shall be excluded.</li><li>• That it does not apply to record additional provisions for exchange rate risk.</li></ul>
Official Letter 17769-2020-SBS	July 24, 2020	<p>Clarifications over the repurchase agreement with rescheduling of credit portfolio within the framework of Official Letter 0021-2020-BCRP, in terms of accounting record as a loan and control through memoranda accounts and reporting through the Credit Report of Debtors.</p>
Official Letter 37400-2020-SBS	November 25, 2020	<p>It establishes, among other aspects, the following dispositions on the Guarantee programs - COVID-19:</p> <ul style="list-style-type: none"><li>• Accounting record as a loan and control through memoranda accounts.</li></ul> <p>For the portion of the exposition covered with guarantees of Guarantee programs - COVID-19:</p> <ul style="list-style-type: none"><li>• Credit risk provision rate of 0%.</li><li>• Apply a risk-weighted factor of 0% to calculate the regulatory capital requirement for credit under the standard method.</li><li>• Not subject to legal limit due to exposure to the Government for the hedged covered.</li></ul>

### **3. Accounting Principles and Practices**

The significant accounting principles and practices used in the preparation of the BBVA Peru Group's consolidated financial statements, have been applied uniformly with those of the previous period, except for the set of exceptional and preventive measures taken by the Peruvian Government to face the economic crisis generated due to the national state of emergency and the mandatory social isolation due to the COVID-19 outbreak, mentioned in the note 2.F.iii.

#### **A. Financial instruments**

##### **Recognition of financial instruments**

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability, or equity instrument in another.

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Financial instruments are recognized on the date when they are originated (trade date) and classified as assets, liabilities, or equity according to the contract that gave rise to the financial instrument. Interest, dividends, gains and losses generated by a financial instrument classified as an asset or liability are recorded as income or expenses in the consolidated statement of income. Payments to holders of financial instruments are directly recorded in equity.

Gains arising from the transfer of the loan portfolio are recognized as income; however, for financed transfers or transfers through swaps, these gains are recognized as deferred income, which is accrued based on the monetary income obtained from the realization of the assets received through swaps, or in proportion to the perception of the payment made by the acquirer of the transferred loan portfolio. Losses arising from the transfer are recognized at the moment of the transfer.

### ***Classification financial instruments***

BBVA Peru Group classifies its financial instruments on initial recognition and on an instrument-by-instrument basis, in the following categories, according with the Accounting Manual: at fair value through profit or loss, loans and accounts receivable, available-for-sale, held-to-maturity, at amortized cost, and other liabilities.

The classification of financial instruments on initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. At initial recognition, a financial instrument is measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument, except for financial assets or financial liabilities measured at fair value through profit or loss.

### ***Derecognition of financial assets and liabilities***

BBVA Peru Group recognizes derecognition of a financial asset when: (i) the contractual rights to receive the cash flows from the financial asset expire; or (ii) transfers the contractual rights to receive the cash flows from the financial asset, or assumes a contractual obligation to pay the cash flows to a third party in a pass through arrangement; and (iii) transfers substantially all risks and rewards of ownership of the financial asset to other entity.

BBVA Peru Group recognizes derecognition of a financial liability when its contractual obligations are discharged or canceled or expire. An exchange between an existing borrower and lender of financial liabilities with substantially different terms is recognized as a derecognition of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is recognized as a derecognition of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability derecognized and the consideration paid is recognized in the consolidated statement of financial position.

### ***Impairment of financial assets***

Impairment of financial assets and the corresponding provisions for impairment are assessed and recorded by BBVA Peru Group in accordance with SBS standards. A financial asset or group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred subsequent to the initial recognition of the asset (loss event), and if such loss event had an impact on the expected future cash flows of the financial asset or group of financial assets that can be estimated reliably. Any impairment loss is recognized in the consolidated statement of income.

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***Offsetting financial instruments***

Financial instruments are offset when the BBVA Peru Group has a legally enforceable right to set them off, and management intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

**B. Derivative financial instruments**

Derivative financial instruments are recorded at trade date according with SBS Resolution 1737-2006 "Regulation on Trading and Accounting of Derivative Products in Financial Institutions" and amendments.

***Trading derivative financial instruments***

Trading derivative financial instruments are initially recognized in the consolidated statement of financial position at cost, subsequently are measured at fair value.

Forward operations, swaps operations and options are recorded at their estimated market price, recognizing an asset or liability in the consolidated statement of financial position, and gains and losses due to valuation or settlement in the consolidated statement of the year. The face value of derivative instruments is recorded in the agreed-upon currency in suspense accounts.

***Hedging derivative financial instruments***

A hedging derivative instrument is recorded as such if, on trade date, it is foreseen that changes in fair value or cash flows will be highly effective in offsetting changes in hedge, which shall be documented on the trade date of the derivative instrument and during the term of the hedging relationship. A hedge is considered highly effective if changes in the fair value or cash flows of the hedged item and hedging instrument are within a range of 80-125%, according with SBS Resolution 1737-2006 and its amendments.

If the SBS determines the documentation to be insufficient or identifies some weaknesses in the methods used by the Bank, it can require the Bank to eliminate the hedge accounting and recognize derivative instruments as trading instruments.

***(i) Fair value hedge***

Changes in the fair value of the hedge derivative instrument and hedge is recognized in the consolidated statement of income, from the moment the hedge is designated and, provided it is effective.

Changes in fair value of hedge (gain and losses due to valuation) are recorded as 'accounts receivable' or 'accounts payable,' as appropriate, in the consolidated statement of financial position.

***(ii) Cash flows hedges***

In a cash flow hedge, the derivative instrument is measured at fair value and may affect 'equity' and 'income.' The portion of the adjustment to its fair value is recognized in 'equity' of the consolidated statement of income and other comprehensive income, while the ineffective portion is recognized in the consolidated statement of income.

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For both types of hedging, if the derivative expires, is sold, terminates or is executed, or no longer meets the criteria for hedge accounting, the hedging relationship ends prospectively and the balances recorded in the consolidated statement of financial position and in the consolidated statement of income and other comprehensive income, as appropriate, are transferred to the consolidated statement of income within the effective term of the hedged item.

**C. Investments**

The Bank applies the recognition and measurement criteria to investments in instruments, in accordance with SBS Resolution 7033-2012 "Regulation on Classification and Measurement of Investments of Financial Institutions" and amendments, as follows:

**i. Investments at fair value through profit or loss**

Equity and debt securities are classified as investments at fair value through profit or loss if they have been mainly acquired for trading purposes in the near future, or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking or have been designated in this category since their initial recognition.

On initial recognition, these investments are measured at fair value less transaction costs, which are included as expenses in profit or loss for the period. Subsequently, they are measured at their fair value and the gain or loss from the recovery or sale of these financial assets is recorded in the profit or loss of the year.

Interest income is recognized using the effective interest method. Dividends are recognized in the consolidated statement of income when the right to receive the payment has been established.

Investments at fair value through profit or loss that are pledged as guarantees shall be reclassified as investments available-for-sale. Once these transactions are concluded, investments shall be reclassified at their initial category, transferring the unrealized gains and losses from equity to the consolidated statement of income.

**ii. Held to maturity investments**

This caption comprises debt instruments with fixed or determinable payments and fixed maturity, which are: they have been acquired or reclassified with the intention of keeping them until their maturity date; companies must have the financial capacity to hold them until maturity; and are instruments different from, at the time of initial recognition, the company has designated to be accounted at fair value through profit or loss, or as assets available for sale.

Likewise, they shall be classified by at least two local or international credit rating agencies and the classifications shall be within the parameters established by the SBS, being excluded from this requirement the instruments of Central Banks of countries whose sovereign debt receives at least the classification that corresponds to the sovereign debt of Peru.

Investments are initially recognized at fair value plus transactions costs that are directly attributable to the instrument's acquisition.

The subsequent measurement of these investments is carried out at amortized cost, using the effective interest rate method. Any impairment loss is recognized in the consolidated statement of income.

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**iii. Investments available-for-sale**

Investments available-for-sale are all investment instruments that are not classified as investments at fair value through profit or loss, held-to-maturity investments, or investments in subsidiaries, associates and joint ventures. Likewise, all instruments shall be included in this category as required by the SBS.

Investments are initially recognized at fair value plus transactions costs that are directly attributable to the instrument's acquisition. Subsequent measurement of these investments is carried out at fair value; in the case of equity instruments that do not have prices quoted in active markets and whose fair value cannot be reliably estimated, they must be measured at cost. Likewise, in the case of debt instruments, prior to the measurement at fair value, shall be remeasured using the effective interest method, and gains or losses from the changes in fair value shall be recognized.

Gains and losses from the changes in fair value of investments available-for-sale are recognized directly in equity until the instrument is either sold or realized, which is when gains and losses are recognized in profit and loss, except for impairment losses that are recorded in profit and loss.

If an investment available-for-sale is impaired, the accumulated loss (difference between the acquisition cost, net of any repayment and amortization, and the current fair value, less any impairment previously recognized in the consolidated statement of income) is removed from equity and recognized in the consolidated statement of income. Impairment of unquoted shares is the difference between the carrying amount and the present value of future net cash flows discounted using the prevailing market rates for a similar instrument.

Gains or losses from exchange differences related to equity instruments are recognized in equity as 'unrealized profit or loss', while those related to debt instruments are recognized in the consolidated income for the period.

Interest income from investments available-for-sale is recognized using the effective interest method, considering the useful life of the instrument. Premiums and discounts originated on the acquisition date are included in the calculation of effective interest rate.

Dividends are recognized in the consolidated statement of income when the right to receive the payment has been established.

**D. Interests in associates**

This caption comprises equity instruments acquired to have interests in and joint control or significant influence over other entities.

At initial recognition, these investments are recognized at their fair value, including transactions costs that are directly attributable to the acquisition, and subsequently are measured at investments using the equity method.

The excess between the consideration paid and the fair value of the identifiable assets acquired, and the liabilities assumed on the acquisition date is recognized as goodwill. This goodwill is included in the carrying amount of the investment and is evaluated for impairment as part of the investment. In case the fair value of investment exceeds the consideration paid, this amount is recognized as profit in the consolidated income of the year.

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The Bank determined that the fair value of investments is equivalent to the carrying amount of the invested at acquisition date, since they do not have significant non-monetary assets, or they have non-monetary assets recorded at their fair value.

When management identifies that one or more investments in associates are impaired, said impairment shall correspond to the difference between the carrying amount and the recoverable amount of the investment, in accordance with IAS 36 *Impairment of Assets*. The carrying amount of the investment shall be reduced to its recoverable amount. Impairment loss shall be recognized in the consolidated income for the year.

**E. Loans and provisions for loan losses**

Direct loans are recorded when fund expenditures are made in favor of customers. Indirect loans (contingent) are recorded when the documents supporting such credit facilities are issued.

Finance leases are recognized using the effective interest method, and the amount of the installments receivable is recognized as a loan. Related financial income is recorded on an accrual basis in accordance with the lease arrangement terms. Initial direct costs are immediately recognized as expenses.

**i. Types of loans**

In accordance with SBS Resolution 11356-2008, loans are classified as: i) corporate loans; ii) large-business loans; iii) medium-business loans; iv) small-business loans; v) micro-business loans; vi) revolving loans; vii) non-revolving loans; and viii) mortgage loans. This classification considers nature of customer, purpose of loan, business size measured per revenue, debt, among others.

**ii. Accounting situation of loans**

According with the Accounting Manual, direct loans present the following classification according to their situation:

**Current loans**

They are loans granted in its different modalities, whose payments are up to date, in accordance with the agreement.

**Restructured loans**

They are loans or direct funding, regardless of its modalities, subject to the rescheduling of payments approved in the restructuring process, ordinary or preventive bankruptcy, as the case may be, in accordance with the Banking Law of the Bankruptcy System approved by Law 27809.

**Refinanced loans**

They are loans, in their different modalities, in which there are variations in the term and/or amount of the original agreement that are due to difficulties of the debtor's ability to meet its obligations.

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**Past due loans**

They are loans that have not been settled or amortized by the borrowers on the due date. They include loans originated by the amounts disbursed by the Bank in the event of the customer's default, for operations whose payment has been guaranteed by the Bank and/or by letters of credits issued and confirmed assumed by the Bank. The terms for a loan to change from current status to past due are presented below:

Type of loans / Product	Days in arrears
Sovereign loans, to multilateral development banks, public entities, securities intermediaries, financial entities, corporations, large companies and medium-sized companies.	After 15 calendar days of the expiration of any of the agreed installments.
Small-business and micro-business loans	After 15 calendar days of the expiration of any of the agreed installments.
Consumer (revolving and non-revolving) loans and mortgage loans. Finance lease and real state capitalization agreement, regardless of the type of the loan.	Graduated tax After 30 calendar days of not having paid on the agreed date, only the unpaid portion will be considered past due; while after 90 calendar days of default in any of the agreed installments, the entire debt will be considered past due.
Overdrafts in checking accounts, regardless of the amount and type of the loan.	As of the 31-calendar day the overdraft was granted.

**Lawsuit loans**

They are loans for which the Bank has initiated legal collection actions. The demand for legal collection, unless there are technical and legal reasons, begins within a period of 90 calendar days of having recorded the loan as past due.

**iii. Measurements in the COVID-19 context**

As a result of COVID-19 and the national state of emergency and mandatory social isolation (note 1.B), the SBS adopted a series of exception measures with accounting impact, which, in terms of credit, are detailed below:

**Reschedule loans**

They are those credits in which, after evaluation, their contractual conditions have been modified, without going through a refinance, to the extent that the total term of the aforementioned loans does not extend for more than 6 or 12 months of the original term, depending on the type of loan, and that the debtors are up to date with their payments as of the date of the state of emergency. The balance of equity and interests of the rescheduling are controlled in memorandum accounts.



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The types of rescheduling are:

- a. Massive rescheduling  
Massive rescheduling of loans, with or without the approval of the customer and without credit risk assessment, have the following requirements:
  - i. The customer shall record 15 days past due as maximum as of February 29, 2020 or as of March 15, 2020.
  - ii. The maximum date to request the first rescheduling is until May 30, 2020 (loans to large companies and corporate loans) and until June 30, 2020 (retail loans to medium-sized companies).
  - iii. The maximum date for rescheduling is 6 months for loans to large companies and corporate loans, and 12 months for retail loans and medium-sized companies.
- b. Individual rescheduling  
In individual rescheduling, there must be a credit risk assessment and have the customer's approval. The maximum rescheduling period of 6 and 12 months of mass rescheduling does not apply, and it may be extended to longer periods. Likewise, the customer shall not be more than 30 days past due to the rescheduling date.
- c. For both rescheduling types, as of July 1, revolving loans for credit cards shall be rescheduled only for the entire debt in a new payment schedule.
- d. Financial entities may apply the accrual criterion for the accounting treatment of the interests associated with the retail loans that are subject to rescheduling. If such retail loans change the accounting treatment to default after the payment obligation according with the new schedule is resumed, the entity shall reverse the accrued and unpaid interest, having 6 months to carry out such reverse proportionally.
- e. For wholesale debtors with massive rescheduling loan, the accounting treatment of interest shall be subject to the assumption method. For rescheduling process carried out as an individual credit risk assessment, accrual basis may be applied.
- f. SBS Resolution 3155 -2020, dated December 17, 2020, establishes that as of effective date of this resolution, rescheduled loans of the debtors classified as Standard are considered debtors with credit risk above normal level, therefore are classified in WPP. Specific provisions are applied to loans in WPP level, which are applicable to consumer, micro-business and small-business loans.

For the accrued interests of the rescheduled loans, in the current accounting treatment, corresponding to the loan portfolio of consumer, micro-business and small-business loans, for which the customer has not pay of at least a full installment that includes capital in the last six months to the end of the accounting information, a provision requirement corresponding to the Deficient risk category will be applied. SBS Official Letter 02105-2021-SBS, dated January 14, 2021, accepts the Bank request to not record the provision requirement and indicates that it considers it reasonable that the provisions required for accrued interest on rescheduled loans should be considered covered by the voluntary provisions established by the Bank.

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The regulatory requirements indicated above do not affect the classification of the debtor in the Credit Report.

Accrued interest not collected as of the rescheduling date, recognized as income, that is capitalized as a result of the rescheduling, must be repaid and recorded as deferred income, being recorded as revenue based on the new term of the loan and as installments are settled.

***Suspension of days in arrears***

If there are debtors with more than 15 days past due as of February 29, 2020, financial entities shall be able to suspend the counting of days in arrears and maintain the same financial situation until August 31, 2020. In addition, the days in arrears suspended shall be considered for the credit classification process and calculation of the provision for loans while they remain suspended.

***iv. Credit risk rating categories***

The credit risk rating categories established by the SBS are the following: Standard, With Potential Problems (WPP), Substandard, Doubtful and Loss, which are designated according to the credit history of the borrower.

Credit risk rating of non-retail loan portfolio (corporate loans, large-business loans and medium-business loans), mainly takes into account the debtor's payment capacity cash flows, level of compliance with obligations, credit rating designated by other financial institutions, financial position, and management quality. For retail loan portfolio (small-business loans, micro-business loans, revolving and non-revolving loans, and mortgage loans), the credit rating is based on the debtor's level of compliance with loan payments which is reflected in the defaults and delays, and in their credit rating designated by other financial institutions. In addition, the Bank assesses the exposure to exchange rate risk of the loan portfolio in foreign currency, according to the SBS Resolution 041-2005 and amendments.

***v. Provision for loan losses***

The provision for loan losses is measured in accordance with the criteria established in SBS Resolution 11356-2008 "Regulation on Borrower Risk Assessment and Credit Rating, and Provision Requirements".

According to current regulations, the Bank considers two types of provisions for loan portfolio: general and specific provisions. The general provision is recorded in a preventive manner for direct and indirect loans rated as "standard" and additionally for the procyclical component when the SBS orders its application. The general provision also includes voluntary provisions.

The voluntary provision is determined by the BBVA Peru Group considering the following: the economic situation of the debtors that make up the high-risk loan portfolio (overdue loans, in judicial collection, rescheduled, refinanced and restructured), previous experience and other factors that, at the management's discretion, require to current recognition of possible losses in the loan portfolio. The amount of voluntary provisions is reported periodically to the SBS.

The specific provision is recorded for direct loans and exposure to credit risk of borrower's indirect loans rated in a credit rating higher than "standard".

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The credit risk equivalent of indirect loans is determined by multiplying the indirect loans by the different types of Credit Conversion Factor (CCF) described as follows:

	<b>Description</b>	<b>CCF (%)</b>
(a)	Confirmations of irrevocable letters of credit up to one year, when the issuing bank is a tier 1 foreign financial institution.	20
(b)	Guarantees issued, import letters of credit, and letters of guarantee that support the fulfillment of payment obligations associated with credit risk events, and confirmations of letters of credit not included in a), as well as bank acceptances.	50
(c)	Letters of guarantee not included in b).	100
(d)	Undisbursed loans granted and unused credit lines.	0
(e)	Other indirect loans not included in the prior paragraphs.	100

Provision requirements are determined considering the borrower's credit classification, whether the loan is secured by guarantee, and type of guarantee.

The percentages applied to determine the provision for the loan portfolio are the following:

<b>Credit risk ratings</b>	<b>No guarantees</b>	<b>Preferred guarantees</b>	<b>Readily liquidating preferred guarantees</b>	<b>Self-liquidating preferred guarantees</b>
Standard				
Corporate loans	0.70%	0.70%	0.70%	0.70%
Large-business loans	0.70%	0.70%	0.70%	0.70%
Medium-business loans	1.00%	1.00%	1.00%	1.00%
Small-business loans	1.00%	1.00%	1.00%	1.00%
Micro-business loans	1.00%	1.00%	1.00%	1.00%
Revolving loans	1.00%	1.00%	1.00%	1.00%
Non-revolving loans	1.00%	1.00%	1.00%	1.00%
Mortgage loans	0.70%	0.70%	0.70%	0.70%
With potential problems	5.00%	2.50%	1.25%	1.00%
Substandard	25.00%	12.50%	6.25%	1.00%
Doubtful	60.00%	30.00%	15.00%	1.00%
Loss	100.00%	60.00%	30.00%	1.00%

As of December 31, 2020 and 2019, the procyclical component for the provision for loan portfolio is deactivated, according to SBS Official Letter B-2224-2014.

A provision for direct loan losses is recorded deducting the balance of the relevant asset (note 7). A provision for indirect loan losses is recorded in 'liabilities' (note 14).

The SBS exceptionally established a zero percent provision rate for credit risk to the part of the loans covered by the guarantee of the Reactiva Peru and FAE for SME program (note 1.C).

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SBS Resolution 3155-2020 establishes that the rescheduled loans of debtors with Standard classification are considered debtors with credit risk higher than Standard, corresponding to the level of credit risk WPP. The specific provisions for credit risk WPP are applied to these credits.

**F. Property, furniture and equipment**

Property, furniture and equipment is recorded at historical cost, which includes disbursements attributable to acquisition, and is presented net of accumulated depreciation and accumulated impairment losses. Annual depreciation is recognized as expense and is determined using the standard cost, under the straight-line method based on the estimated useful life of property, furniture and equipment, using depreciation rates.

	<b>Years</b>
Buildings and premises	33 & 10
Installations and improvements to rental property	10
Furniture and equipment	10 & 4
Vehicles	5

Disbursements incurred after a component of property, furniture and equipment has been put into use are capitalized only when they can be measured reliably and it is probable that such disbursements will result in future economic benefits in excess of the normal performance originally assessed for said asset.

Disbursements for maintenance and repairs are recognized as expenses in the period in which they are incurred. When an item of property, furniture and equipment is sold or disposed, its cost and accumulated depreciation are deleted, and profit or loss resulting from its sale is recognized in the consolidated statement of income.

The Bank is not permitted to apply the revaluation model. It is only permitted to apply the cost model. Likewise, the Banks are prohibited from giving as guarantee their property, furniture and equipment, except those acquired in finance leases.

**G. Realizable assets and assets seized and recovered through legal actions**

Assets received as payment and repossessed by the Bank as payment of debts are recorded at judicial or extrajudicial value or at value agreed upon in the payment. At initial recognition, recovered assets as a result of the agreement termination, if any, are measured at the lower of the outstanding debt value and the net realizable value. If the outstanding debt value is higher than the value of the recovered asset, the difference is recognized as a loss, provided that its recovery is remote.

Likewise, in accordance with Resolution 1535-2005 "Regulation on the Accounting Treatment of Repossessed and Recovered Assets and Provisions" and amendments, the Bank records provisions as follows:

- For assets received, a provision for 20% of the value on the award or recovery date.
- For fixed assets, a monthly provision within a period of not more than 42 months for the net value obtained during the 12th or the 18th month of award or recovery, depending on whether an extension is granted by the SBS and until 100% of the asset's carrying amount is completed. The net carrying amount of fixed assets is compared with the net realizable value determined by an independent appraiser. The Bank recognizes a provision for impairment loss if the carrying amount exceeds the net realizable value.

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- For assets other than fixed assets, a provision for the remaining balance within a period of not more than 12 or 18 months, depending on whether an extension is granted by the SBS.

An impairment loss is recognized when the net realizable value is lower than net carrying amount; accordingly, the carrying amount shall be reduced and the loss shall be recognized in the consolidated statement of income. If net realizable value exceeds the carrying amount, the higher amount shall not be recognized.

### **H. Impairment of non-financial assets**

When there are events or economic changes indicate that the carrying amount of a long-lived asset may not be recoverable, management reviews the carrying amount of the asset at consolidated statement of financial statement. If after the impairment test, the carrying amount exceeds its recoverable amount, an impairment loss is recognized in the consolidated statement of income. The recoverable amount is estimated for each asset.

### **I. Intangible assets**

Intangible assets with finite useful life are recognized at acquisition cost and are presented net of accumulated amortization and any impairment loss. Amortization is recognized as expense. It is determined under the straight-line method based on the estimated useful life of assets. The assets' estimated useful life is between 1 and 5 years.

Costs associated with maintenance of software are recognized as expenses when incurred. The development expenses and unique and identifiable software, which are likely to generate economic benefits, are recognized as intangible assets.

### **J. Goodwill**

Goodwill resulting from the acquisition of a subsidiary or associate corresponds to the excess of the consideration paid over the net fair value of the identifiable assets, liabilities and contingent liabilities of the investee, on the acquisition date. At the beginning, goodwill is recognized as an asset at cost, and, subsequently, presented at cost less any accumulated impairment loss, if any.

For the impairment test, goodwill is assigned to each Cash Generating Unit (CGU) of the Bank that is expected to benefit from the synergies of the combination. A CGU, to which the acquired goodwill has been distributed, is tested for impairment on an annual basis, or more frequently when there are indications that the unit may have deteriorated. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is distributed first by reducing the carrying amount of any goodwill distributed to the CGU, and then to the others assets of the CGU, prorated based on the carrying amount of each of the assets of the unit. Any impairment loss of goodwill is recognized in profit or loss of the period in which it is generated. An impairment loss recognized in goodwill is not reversed in subsequent periods.

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**K. Non-current assets held for sale**

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell and are recorded in 'other assets' of the consolidated financial statement. Non-current assets are classified as held for sale when their disposal is highly probable and are promptly available for sale. Therefore, management must be committed to sale and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

**L. Borrowings and financial obligations**

Outstanding instruments and liabilities are financial liabilities recorded at amortized cost using the effective interest method. Amortized cost is calculated taking into consideration any discounts or premiums on issuance. Costs are an integral part of the effective interest rate and are amortized during the validity term of the liabilities. Accrued interest is recognized in the consolidated statement of income.

Outstanding instruments and liabilities are classifying as financial liabilities at fair value through profit or loss when are held for trading or, when at initial recognition have been to be accounted at fair value through profit or loss.

A financial liability classifies as held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- It is part of a portfolio of identified financial instruments, which are managed together, and for which there is evidence of a recent pattern of obtaining short-term profits; or
- It is a derivative that is not a financial guarantee contract nor has it been designated as a hedging instrument, and it meets the conditions to be effective.

A financial liability other than those held for trading may be classified as financial liability at fair value through profit or loss if:

- This eliminates or significantly reduces any inconsistency in valuation or recognition;
- It is part of a group of financial assets, financial liabilities or both, which are managed and evaluated according to the fair value criteria, in accordance with a documented investment or risk management strategy of the bank, and whose information is provided by internal way on that basis; or
- It is part of an agreement containing one or more embedded derivatives, and ias 39 allows the entire hybrid (combined) agreement to be designated as a financial asset or a financial liability at fair value through profit or loss.

The financial liabilities at fair value through profit or loss are recorded at fair value. Gains and losses from changes in the fair value of these liabilities are recognized in 'profit or loss from financial operations' of the consolidated statement of income.

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### **M. Employee benefits**

#### **i. Short-term employee benefits**

##### ***Vacations and other benefits***

Personnel's annual vacations, paid absences, and other employee benefits are recognized on an accrual basis, considering their probability of disbursement. The provision for estimated liability resulting from services rendered by employees, is recorded on the date of the consolidated statement of financial position.

##### ***Severance payment (CTS for its Spanish acronym)***

The provision for severance payment is measured, according to current regulations, on the total employees' reimbursement rights, according to current regulations. Payments are deposited in the Bank since it is the financial institution chosen by the employee.

#### **ii. Long-term benefits**

It comprises post-employment benefits granted to the Bank's active or retired employee, mainly related to seniority awards and medical benefits. Such benefits are recorded based on an actuarial valuation method determined independently, considering future wages levels in accordance with the market expectations, and the average historical cost of medical expenses and other benefits adjusted for inflation, as well as their probability of occurrence. These future cash flows are discounted considering a market interest rate that corresponds to the issuance of bonds with high credit rating.

##### ***Employees' profit sharing***

The Bank recognizes a liability and an expense for employees' profit sharing equivalent to 5% of tax base determined in accordance with current tax laws.

In the case of subsidiaries, according to legal regulations, it is not their responsibility to determine the employee's profit sharing, since the number of employees is not more than 20, except in Edpyme.

### **N. Share-based payments**

A group of employees of the Bank is subject to the European Parliament Directive 2013/36/UE in which limits are established on variable remuneration in relation to fixed remuneration. This system of settlement and payment of annual variable remuneration (hereinafter the system) corresponds to those employees who have a significant impact on the Bank's risk profile or exercise control functions and are subject to the following rules:

- Regarding the total annual variable remuneration, 60% is paid the year following the one corresponding to remuneration, during the first quarter of the year; being that 50% is paid in cash and the other 50% in shares of the Parent Company at the market price of the settlement day.
- The outstanding balance of variable remuneration is deferred to 3 years, 50% is paid in cash and the other 50% in shares.
- Likewise, assumptions are established that may limit or prevent in certain cases the delivery of deferred variable remuneration.

The delivered shares will not be available for at least one year, except for the necessary portion to be used for the payment of applicable taxes.

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The settlement of the variable remuneration is carried out in the first months of the following year. As of December 31, 2020 and 2019, management's estimation of the deferred variable remuneration amounts to S/ 14 million and S/ 8 million, respectively.

**O. Provision, contingent liabilities and contingent assets**

**(i) Provisions**

A provision is recognized when the Bank has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources to settle the obligation shall be required, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed on an ongoing basis and adjusted to reflect the best estimates as of the date of the consolidated statement of financial position. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenses expected to be required to settle the obligation.

**(ii) Contingent assets and contingent liabilities**

Contingent assets are not recognized in the consolidated financial statements, but are only disclosed when an inflow of economic resources is probable.

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements, unless the possibility of an outflow of economic resources is remote.

**P. Income tax**

Income tax, either current and deferred, is recognized as 'income and expense', and is included in the consolidated statement of income, except if such amounts are related to items recognized in 'equity,' in which case, current or deferred income tax is also recognized in 'equity.'

According to current tax legislation, current income tax is determined by applying the tax rate for the year and is recognized as an expense.

The deferred tax liabilities are recognized for all taxable temporary differences that arise when comparing the carrying amount of assets and liabilities and their tax base, without considering that the temporary differences estimated at the beginning will be reversed. The deferred tax asset is recognized for all taxable temporary differences that arise when comparing the carrying amount of assets and liabilities and their tax base, to the extent that it is probable that, in the future, the Bank will have sufficient income tax against which it can apply the temporary differences that revert. Deferred tax liability and asset are measured at the income tax rate, which is expected to be apply to tax of the year in which this liability is settled or the asset is realized, using the income tax rate enacted or substantially effective as of the consolidated statement of financial position.

**Q. Income and expense recognition**

Interest income and expense and service commissions are recognized in profit or loss for the year on an accrual basis, depending on the term of the generating transactions.



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Accrued interest from past due, refinanced, restructured and under legal collection loans, as well as loans rated as "doubtful" or "loss", which is recognized in the consolidated statement of income when are collected effectively. If it is determined that the borrower's financial position has improved so that uncertainty on payment of principal does no longer exists, interest is recorded on an accrual basis again.

Other income and expenses are recorded in the period in which they are accrued.

**R. Basic and diluted earnings per share**

Basic earnings per ordinary share are calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted-average number of outstanding ordinary shares during the year. Since the Bank does not have dilutive financial instruments, earnings per ordinary and diluted share are the same.

**S. Repurchase agreements**

The Bank applies SBS Resolution 5790-2014, which establishes that securities sold under repurchase agreements on a specific future date, are not derecognized from the consolidated statement of financial position since the Bank retains substantially all risks and rewards of ownership of the asset.

The Bank recognizes the cash received and a liability recorded in 'accounts payable' to refund such cash at maturity. Also, it will make the reclassification of securities subject to the transaction in accordance with SBS regulations. Accounting records of returns will depend on the agreements between the parties. The difference between the final amount and the initial amount shall be recognized as expense against a liability within the transaction term using the effective interest method.

***Credit portfolio reporting operations guaranteed by the Government represented in securities***

These operations are agreed within the framework of the Reactiva Peru Program. BCRP conducts operations through auctions or direct operations. Market participants sell to the BCRP the securities representative of credits guaranteed by the Government. They receive local currency (amount of the sale) and are obliged to repurchase said securities subsequently, against the payment of local currency (amount of the repurchase). Securities could be:

- Portfolio of securities representative of credits (regular form)
- Certificates of participation in real estate trusts (special form)

The market participant shall monthly pay interest. The operation includes a grace period of 12 months without paying interest, which are prorated over the life of the operation. The market participant is forced to repurchase loans guaranteed by the Government guarantee program each time there is a reduction in their value, or on the resulting date in case of early maturity. In the event of breaches, BCRP shall maintain definitively loans with the Government guarantee program.

As of December 31, 2020 and 2019, the Bank carry out credit portfolio reporting operations guaranteed by the Government represented in securities, loan portfolio and currencies (notes 5, 7 and 14).

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**T. Consolidated statement of income and other comprehensive income, and changes in equity**

Unrealized profit or loss of the measurement of investment available-for-sale, modifications of the hypothesis related with actuarial liabilities and measurement of cash flow hedges is recognized in the consolidated statement of income and other comprehensive income. Deferred tax related with these items are detailed in the corresponding note (note 3.P).

The consolidated statement of changes in equity shows profit or loss for the period, other comprehensive income, accumulated effects of changes in accounting policies or correction of errors, if any, changes in the shareholder transactions, as payment of dividends and capital contributions, and the reconciliation of the opening balances to the closing balances, by revealing every move or change.

**U. Cash and cash equivalents**

This caption, recorded in the consolidated statement of cash flows, comprises cash and cash equivalents (excluding funds pledges as guarantee), interbank funds, and cash equivalents that correspond to short-term and highly liquid instruments easily convertible into cash and subject to an insignificant risk of changes in the fair value, whose maturity does not exceed 90 days from the acquisition date. According to the SBS, the Bank prepares and presents this statement by applying the indirect method.

The Bank's overdrafts are reclassified as liabilities in the consolidated statement of financial position.

**V. Trust fund activities**

Assets from fiduciary activities in which there is a commitment to return those assets to customers and in which the Bank acts as the holder, trustee or agent, have been excluded from the consolidated financial statements. Such assets are controlled separately in the consolidated financial statements and are presented in memorandum accounts.

**W. Intermediation transactions**

Intermediation transactions on behalf of third parties correspond to purchase / sale operations carried out in the stock and over-the-counter markets under specific instructions given by customers to Sociedad Agente de Bolsa. In this type of operation, customers transfer funds to Sociedad Agente de Bolsa in order to settle the operations according to customer' instructions. Such funds are recorded as assets and liabilities in the consolidated statement of financial position.

**X. Foreign currency transactions**

Foreign currency transactions are recorded, at initial recognition, using the local currency. For this purpose, the amounts in foreign currency are translated to the functional currency by applying the exchange rate on the transaction date, which is the date on which the conditions for their recognition are met.

At the end of each reporting period, the following guidelines are followed:

- Monetary assets and liabilities are translated at exchange rate as the end of each reporting period.
- Non-monetary items, not measured at fair value, are translated at the exchange rate on the date of the transaction.
- Non-monetary items, measured at fair value, are translated at the exchange rate on the date their fair value was established.

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The recognition of the exchange difference is subject to the following guidelines:

- The exchange difference that arises when settling monetary assets and liabilities, or when converting said items at exchange rates different from those used for their initial recognition, which have occurred during the year or in previous periods, are recognized in the profit or loss of the year in which they occur.
- When the loss or gain generated by a non-monetary item is recognized in other comprehensive income, any exchange difference included is also recognized in other comprehensive income.
- In the case of non-monetary items, the loss or gain of which is recognized in profit or loss for the year, any exchange difference included in that loss or gain is also recognized in income for the year.

## Y. Material errors

Material errors in the preparation of the consolidated financial statements of previous years amended the following year are recognized retrospectively restating balances at the beginning of the year in 'assets', 'liabilities' and 'equity,' as appropriate. As December 31, 2020 and 2019, no material errors that involve the restatement of the consolidated financial statements.

## 4. Foreign Currency Balances

The consolidated statement of financial position includes balances of foreign currency transactions, mainly in U.S. dollars (US\$), which are recorded in soles (S/) at the exchange rate established by the SBS. As of December 31, 2020 and 2019, buy and sell exchange rate was US\$ 1 = S/ 3.621 and US\$ 1 = S/ 3.314, respectively.

Foreign currency transactions in Peru referred to the concepts authorized by the BCRP are channeled through a free banking system. As of December 31, 2020, buy and sell exchange rates used were US\$ 1 = S/ 3.618 and US\$ 1 = S/ 3.624, respectively (US\$ 1 = S/ 3.311 buy and US\$ 1 = S/ 3.317 sell, as of December 31, 2019)

As of December 31, foreign currency balances stated in thousands of U.S. dollars are as follows:

	2020			2019		
	U.S. Dollars	Other currencies	Total	U.S. Dollars	Other currencies	Total
<i>In thousands of U.S. dollars</i>						
<b>Assets</b>						
Cash and due from banks	3,239,581	69,646	3,309,227	3,369,079	51,194	3,420,273
Interbank funds	38,000	-	38,000	45,002	-	45,002
Investments at fair value through profit or loss and available-for-sale	941,932	-	941,932	242,063	-	242,063
Loan portfolio, net	4,556,995	1,443	4,558,438	5,436,511	1,686	5,438,197
Other assets	247,587	1,715	249,302	302,813	17,513	320,326
	<b>9,024,095</b>	<b>72,804</b>	<b>9,096,899</b>	<b>9,395,468</b>	<b>70,393</b>	<b>9,465,861</b>
<b>Liabilities</b>						
Obligations to the public and deposits from financial system entities	7,509,554	55,222	7,564,776	7,123,878	60,805	7,184,683
Interbank funds	20,000	-	20,000	-	-	-
Borrowings and financial obligations	1,323,129	-	1,323,129	2,011,361	-	2,011,361
Provisions and other liabilities	193,021	10,824	203,845	112,123	18,354	130,477
	<b>9,045,704</b>	<b>66,046</b>	<b>9,111,750</b>	<b>9,247,362</b>	<b>79,159</b>	<b>9,326,521</b>
<b>Net asset (liability) position</b>	<b>(21,609)</b>	<b>6,758</b>	<b>(14,851)</b>	<b>148,106</b>	<b>(8,766)</b>	<b>139,340</b>
Derivative instruments, assets	4,301,983	267,285	4,569,268	3,934,152	286,569	4,220,721
Derivative instruments, liabilities	4,255,335	277,984	4,533,319	3,970,620	286,354	4,256,974
<b>Net position</b>	<b>25,039</b>	<b>(3,941)</b>	<b>21,098</b>	<b>111,638</b>	<b>(8,551)</b>	<b>103,087</b>

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In 2020 and 2019, the Bank recorded net exchange gains for S/ 593 million and S/ 569 million, respectively, which corresponds to the valuation of exchange rate, as well as purchase and sales transactions in foreign currency in 'profit or loss from financial transactions' of the consolidated statement of income (note 20).

The percentage change in the exchange rate of the Sol in relation to the US dollar was 9.26% and -1,75% for the years 2020 and 2019, respectively.

**5. Cash and Due from Banks**

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Central Reserve Bank of Peru (a)	15,404,584	6,256,301
Banks and other foreign financial entities (b)	5,223,908	2,313,270
Cash (a)	2,360,065	2,625,449
BCRP funds pledges as guarantee (c)	1,505,604	2,223,584
Other funds pledges as guarantee (d)	294,346	33,173
Banks and other local financial entities (b)	137,377	1,319,428
Clearing	28,023	45,005
Other cash and due from banks	360	499
	<b>24,954,267</b>	<b>14,816,709</b>

- (a) As of December 31, 2020, funds held in cash and deposits with BCRP include US\$ 1,366 million and S/ 1,890 million (US\$ 2,026 million and S/ 1,707 million as of December 31, 2019), which are intended for hedging the reserve requirement that the Bank shall hold for deposits and obligations according to the limits established by current regulation. These funds are held in the Bank's vault or deposited in the BCRP.

In 2020 and 2019, reserve funds are subject to a rate of 4% and 5% in local currency, respectively, and of 35% in foreign currency in both periods, on the total obligations subject to reserve requirements, as required by the BCRP.

Bank reserve funds of the legal reserve requirements, which is 4%, do not accrue interest. Reserve funds corresponding to the additional reserve requirements in local and foreign currency are remunerated at a nominal interest rate established by the BCRP.

As of December 31, 2020, balances at BCRP correspond to time deposits for S/ 10,600 million (overnight deposits for S/ 219 million as of December 31, 2019). Likewise, as of December 31, 2020, it is included S/ 80 million and US\$ 5 million to guarantee the transfer process according with the BCRP requirement since December 2020.

- (b) As of December 31, 2020 and 2019, deposits with local and foreign banks mainly correspond to balances in soles and U.S. dollars, as well as lower amounts in other currencies. They have free withdrawal option and accrue interest at market rates.
- (c) As of December 31, 2020, it comprises to funds pledges as guarantee that support commitments of repurchase of currency with BCRP for US\$ 400 million (US\$ 671 million as of December 31, 2019) (note 14(a)) and repurchase agreement of credit portfolio for S/ 40 million.

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- (d) As of December 31, 2020 and 2019, includes funds pledges as guarantee for operations with derivative financial instruments amounting to S/ 288 million and S/ 27 million, respectively.

In 2020 and 2019, interest income from cash and due from banks amounts to S/ 38 million and 148 million, respectively. It is included in 'interest income' in the consolidated statement of income (note 17).

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

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Investments at fair value through profit or loss		
BCRP certificates of deposit (a)	4,015,271	2,371,433
Peruvian treasury bonds (b)	663,785	297,690
Investment in mutual funds (c)	43,216	26,331
	<b>4,722,272</b>	<b>2,695,454</b>
Investments available-for-sale		
BCRP certificates of deposit (a)	2,557,657	1,831,273
U.S. treasury bills (d)	1,912,583	496,661
Peruvian treasury bonds (b)	1,903,892	1,470,316
Multilateral development banks bonds (e)	147,062	-
Corporate bonds (f)	102,955	117,312
U.S. treasury bonds	44,564	-
Shares in local entities (g)	29,345	27,818
Shares in foreign entities	1,010	1,010
	<b>6,699,068</b>	<b>3,944,390</b>
	<b>11,421,340</b>	<b>6,639,844</b>

- (a) BCRP certificates of deposit are freely tradable securities, repossessed through BCRP public auctions or traded in the Peruvian secondary market. As of December 31, 2019, S/ 983 million of the balance of these instruments are committed to repurchase agreement (note 14 (a)).

As of December 31, 2020, these instruments mature on April 2021 (as of December 31, 2019, mature on February 2021) and annual interest in local currency fluctuates between 0.25% and 5% (between 2.04% and 2.47% in local currency as of December 31, 2019) and 0.17% and 5% in foreign currency.

- (b) Peruvian Treasury Bonds correspond to sovereign bonds issued in local currency by the Ministry of Economy and Finance (MEF) of Peru and represent internal public debt securities of the Republic of Peru. As of December 31, 2019, S/ 457 million of the balance of these instruments which were as guarantee for repurchase agreement.

As of December 31, 2020, these bonds accrue interest at annual rates ranging from 0.73% and 5.25% (1.08% and 5.42%, as of December 31, 2019) in local currency and from 0.96% to 1.76% in foreign currency (2.91% as of December 31, 2019). As of December 31, 2020 and 2019, such bonds in local currency mature in February 2055, in both periods, and in foreign currency mature in December 2032 and Julio 2025, respectively.

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As of December 31, 2020 and 2019, part of Peru's global bonds, in foreign currency, have a cash flow hedge (note 8 (ii)).

- (c) As of December 31, 2020 and 2019, it corresponds to the numbers of shares held by IRBSA in the different funds managed by BBVA Asset Management S.A. SAF.
- (d) As of December 31, 2020, U.S. treasury bills accrue interest at annual rates ranging from 0.03% and 0.76% (between 1.49% and 2.50% as of December 31, 2019) in foreign currency and have current maturity in March 2021 (March 2020 as of December 31, 2019).

The balance of the exposure in U.S. Treasury Bills includes S/ 6 million of provisions for country risk.

As of December 31, 2020 and 2019, part of U.S. Treasury Bills has a cash flow hedge. (note 8 (ii))

- (e) Multilateral development banks bonds include international corporate bonds in foreign currency issued by Asian Development Bank (ADB) and European Investment Bank (EIB). As of December 31, 2020, these bonds accrue interest at annual rates ranging from 0.16% and 7.28% in foreign currency and have maturity in June 2021.

As of December 31, 2020, the ADB bonds and part of EIB bonds are in foreign currency and have a cash flow hedge. (note 8 (iii))

- (f) As of December 31, 2020 and 2019, include corporate bonds issued by Peruvian entities in foreign and local currency.

As of December 31, 2020, these bonds accrue interest at annual rates ranging from 0.65% and 1.04% (between 2.16% and 2.67% as of December 31, 2019) in foreign currency and, as of December 31, 2019, 3.65% in local currency. As of December 31, 2020 and 2019, such bonds in foreign currency have maturity in April 2023, in both periods. Bonds in local currency matured in October 2020.

- (g) As of December 31, 2020 and 2019, mainly includes shares at the Bolsa de Valores de Lima - BVL for S/ 29 million and S/ 27 million, respectively. As of December 31, 2020, it was recorded an impairment of S/ 14 million and S/ 4 million over the investments held in BVL and Pagos Digitales Peruanos S.A. (PDP), respectively.

As of December 31, 2020 and 2019, the Bank recorded net unrealized gains on measurement of investments available-for-sale of S/ 111 million and S/ 36 million, respectively (note 15.D).

As of December 31, 2020 and 2019, accrued interest of loan portfolio managed by the Bank amounts to S/ 148 million and S/ 211 million, respectively (note 17).

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**7. Loan Portfolio, Net**

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>		<b>2019</b>	
Direct loans				
Loans	33,852,056	52%	20,251,280	36%
Mortgage loans	12,850,101	19%	12,847,424	23%
Consumer loans	6,489,115	10%	6,700,410	12%
Foreign trade	3,647,036	5%	5,535,077	10%
Finance lease	3,478,196	5%	3,986,476	7%
Project finance	1,853,442	3%	1,716,350	3%
Factoring	1,295,540	2%	1,492,391	3%
Discounts	874,658	1%	1,186,831	2%
Others	2,141,713	3%	2,247,844	4%
	<b>66,481,857</b>	<b>100%</b>	<b>55,964,083</b>	<b>100%</b>
Loans past due and loans under legal collection	2,285,362	3%	1,793,133	2%
Refinanced loans	1,808,355	3%	1,248,536	2%
	<b>70,575,574</b>	<b>106%</b>	<b>59,005,752</b>	<b>104%</b>
More (less):				
Accrued returns on current loans	539,844	1%	362,568	1%
Deferred interest	(102,554)	-	(63,032)	-
Provisions for direct loan losses	(4,419,103)	(7%)	(2,907,009)	(5%)
	<b>66,593,761</b>	<b>100%</b>	<b>56,398,279</b>	<b>100%</b>
<b>Indirect loans</b>	<b>20,304,156</b>		<b>16,607,497</b>	

As of December 31, 2020 and 2019, 51% of the direct loan portfolio is concentrated in 3,795 and 2,313 customers, which amounts to S/ 36,447 million and S/ 30,648 million, respectively.

Direct loan portfolio with guarantees received from customers, which comprise mortgages, deposits, letters of guarantees, guarantees and warrants, amounts to S/ 54,746 million as of December 31, 2020 (S/ 41,285 million as of December 31, 2019).

As of December 31, 2020, part of the mortgage loan portfolio guarantees a loan with MIVIVIENDA S.A. Fund – MI HOGAR Program, up to S/ 452 million (S/ 453 million as of December 31, 2019) (note 13(b)).

As of December 31, 2020, part of the loan portfolio belongs to the Reactiva Peru, Crecer and FAE program (note 1.C) with balances of S/ 14,931 million, S/ 15 million and S/ 94 million, respectively. Loans of the Reactiva Peru Program are part of the repurchase agreement of credit portfolio with BCRP (note 14(a)). The detail of such loans is detailed as follows:

<i>In thousands of soles</i>	<b>2020</b>
<b>Types of loan</b>	
Corporate loans	38,000
Large business loans	3,835,084
Medium business loans	8,636,617
Others	2,421,675
<b>Total of Reactiva Peru program loans</b>	<b>14,931,376</b>

As of December 31, 2020, S/ 199 million of the loan portfolio comprise repurchase agreement of credit portfolio with BCRP (note 14(a)).

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As of December 31, 2020, the BBVA Peru Group has proceeded with the write-off of impaired loan portfolio for S/ 72 million (S/ 96 million as of December 31, 2019).

As of December 31, 2020, the BBVA Peru Group has made waivers of credit operations for S/ 80 million, which correspond to the capital, interest and fees (S/ 66 million as of December 31, 2019).

As of December 31, effective interest rates of main assets were the following:

	2020		2019	
	Local currency	Foreign currency	Local currency	Foreign currency
Type of transaction (%)				
Loans and discounts	3.39	4.57	7.21	5.19
Mortgage loans	6.99	6.14	7.52	6.49
Consumer loans	21.68	22.64	23.57	28.07

The following are the balances as of December 31, 2020 and 2019, of the direct loan portfolio segmented by type of customer, in accordance with the provisions of SBS Resolution No. 11356-2008:

<i>In thousands of soles</i>	2020		2019	
Medium business loans	19,959,956	28%	11,537,013	20%
Mortgage loans	13,560,999	19%	13,384,264	23%
Large business loans	12,662,580	18%	9,910,587	17%
Corporate loans	11,941,981	17%	13,231,810	22%
Consumer loans	6,921,830	10%	6,959,035	12%
Small-business loans	3,416,998	5%	1,752,997	3%
Public entities loans	1,195,003	2%	926,515	2%
Financial institutions loans	407,929	1%	806,950	1%
Securities brokerage loans	322,952	-	331,300	-
Micro-business loans	172,346	-	107,280	-
Multilateral development banks loans	13,000	-	58,001	-
	<b>70,575,574</b>	<b>100%</b>	<b>59,005,752</b>	<b>100%</b>



(Translation of Financial Statements originally issued in Spanish)

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As of December 31, according to current SBS regulations, the credit risk rating of loan portfolio of the BBVA Peru Group is as follows:

<i>In thousands of soles</i>	<b>2020</b>						<b>2019</b>					
	<b>Direct</b>	<b>%</b>	<b>Indirect</b>	<b>%</b>	<b>Total</b>	<b>%</b>	<b>Direct</b>	<b>%</b>	<b>Indirect</b>	<b>%</b>	<b>Total</b>	<b>%</b>
Credit risk ratings												
Standard	64,142,505	91	19,307,896	96	83,450,401	91	54,440,658	92	15,809,430	95	70,250,088	93
With potential problems	2,154,440	3	466,670	2	2,621,110	3	1,170,438	2	318,155	1	1,488,593	2
Substandard	1,084,194	2	416,776	2	1,500,970	2	938,551	2	392,589	4	1,331,140	2
Doubtful	881,024	1	36,260	-	917,284	1	874,345	1	38,165	-	912,510	1
Loss	2,210,857	3	76,554	-	2,287,411	3	1,518,728	3	49,158	-	1,567,886	2
	<b>70,473,020</b>	<b>100</b>	<b>20,304,156</b>	<b>100</b>	<b>90,777,176</b>	<b>100</b>	<b>58,942,720</b>	<b>100</b>	<b>16,607,497</b>	<b>100</b>	<b>75,550,217</b>	<b>100</b>
Deferred interest	102,554				102,554		63,032				63,032	
	<b>70,575,574</b>		<b>20,304,156</b>		<b>90,879,730</b>		<b>59,005,752</b>		<b>16,607,497</b>		<b>75,613,249</b>	

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The movement in the provision for direct loan losses is as follows:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Balance at the beginning of the year	(2,907,009)	(2,630,194)
Additions debited to profit or loss	(2,749,072)	(1,685,206)
Recovery of provisions	991,859	923,471
Sale of loan portfolio	225,546	378,969
Write-off	71,506	96,166
Waiver	18,334	10,177
Exchange difference, waivers and other adjustments	(70,267)	(392)
<b>Closing balance</b>	<b>(4,419,103)</b>	<b>(2,907,009)</b>

The provision for direct loan losses, as shown in the consolidated statement of income, is as follows:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Provisions for loan losses	(2,749,072)	(1,685,206)
Recovery of provisions	991,859	923,471
Income from recovery of loan portfolio	6,001	3,861
<b>Provision for loan losses, net of recoveries</b>	<b>(1,751,212)</b>	<b>(757,874)</b>

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

The balance of the provision for loan losses (direct and indirect loans) is as follows:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Specific	(2,788,296)	(1,897,940)
Specific COVID-19	(128,446)	-
Generic	(585,172)	(629,292)
Voluntary	(915,643)	(377,925)
Provision for country risk	(1,546)	(1,852)
<b>Closing balance</b>	<b>(4,419,103)</b>	<b>(2,907,009)</b>

BBVA Peru Group, according with current law, has identified customers exposed to exchange rate risk, and considers that the level of such risk is appropriate; therefore, it has not determined an additional provision for this concept.

In 2020, BBVA Peru Group sold loan portfolio for S/ 226 million (S/ 332 million in 2019). The sale amounted to S/ 11 million (S/ 21 million in 2019) and presented in 'profit or loss from financial transactions' of the consolidated statement of income.

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As of December 31, 2020, reschedule loans mainly related to the COVID-19 context (note 3.E.iii) amounts to S/ 13,210 million and is detailed as follows:

<i>In thousands of soles</i>	<b>Total</b>
<b>Types of loans</b>	
Mortgage loans	4,676,367
Medium-business	3,966,509
Non-revolving loans	1,831,799
Large-business	1,214,955
Revolving loans	844,938
Small-business	512,861
Corporate	157,953
Micro-business	4,429
<b>Total reschedule direct loans</b>	<b>13,209,811</b>

Likewise, from the total of rescheduled loans, approximately S/ 2,872 million correspond to interest-free rescheduling from April to June 2020 (consumer, small-business and micro-business loan), whose impact is approximately of S/ 97 million of less finance income.

**8. Trading and Hedging Derivatives**

As of December 31, 2020 and 2019, BBVA Peru Group through the Bank holds foreign-exchange forward contracts, cross-currency swaps and interest rate swaps and options. As of December 31, changes in the fair value of held for trading derivative financial instruments are presented as account receivable (assets) or accounts payable (liabilities), as appropriate:

<i>In thousands of soles</i>	<b>Note</b>	<b>Underlying</b>	<b>Nominal</b>	<b>Assets</b>	<b>Liabilities</b>
<b>2020</b>					
<b>Trading derivatives</b>					
Currency forward contracts			20,640,060	153,918	205,947
Interest rate swaps			12,326,261	280,024	375,716
Currency swap			10,138,403	469,980	291,822
Options of shares, changes and others			720,484	2,910	2,910
Provision for country risk			-	(8,237)	-
			<b>43,825,208</b>	<b>898,595</b>	<b>876,395</b>
<b>Hedging derivatives</b>	<b>6 &amp; 13</b>				
<b>At fair value (i)</b>					
Interest rate swaps		Bonds issue	2,896,800	102,960	-
Interest rate swaps		Loans	54,315	394	-
<b>Contractual cash flows (ii)</b>					
Currency forward contracts		U.S. treasury bills	217,260	-	2,674
Currency forward contracts		Multilateral development banks			
		bonds	111,161	-	5,466
Currency swap		Peru's global bonds	108,630	-	6,196
Interest rate swaps		Loans	31,037	-	297
			<b>3,419,203</b>	<b>103,354</b>	<b>14,633</b>
			<b>47,244,411</b>	<b>1,001,949</b>	<b>891,028</b>

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<i>In thousands of soles</i>	<b>Note</b>	<b>Underlying</b>	<b>Nominal</b>	<b>Assets</b>	<b>Liabilities</b>
<b>2019</b>					
<b>Trading derivatives</b>					
Currency forward contracts			18,997,442	145,334	148,048
Interest rate swaps			8,279,557	111,093	102,770
Currency swap			6,287,069	302,746	224,063
Options of shares, changes and others			1,167,909	16,053	16,053
Provision for country risk			-	(7,540)	-
			<b>34,731,977</b>	<b>567,686</b>	<b>490,934</b>
<b>Hedging derivatives</b>					
	<b>6 &amp; 13</b>				
<b>At fair value (i)</b>					
Interest rate swaps		Bonds issue	2,651,200	-	7,986
Interest rate swaps		Loans	1,242,750	-	5,888
<b>Contractual cash flows (ii)</b>					
Interest rate swaps		Loans	47,343	134	-
Currency swap		Loans	331,400	-	1,784
Currency swap		Global bonds 25	99,420	-	4,119
Currency forward contracts		Time deposits	351,313	67	-
Currency forward contracts		U.S. treasury bills	198,840	4,410	-
			<b>4,922,266</b>	<b>4,611</b>	<b>19,777</b>
			<b>39,654,243</b>	<b>572,297</b>	<b>510,711</b>

### (i) Fair value – hedging derivatives

#### Interest rate swap

As of December 31, 2020, the Bank holds cross-currency swaps contract at face value for S/ 2,951 million for loans and issuance (S/ 3,894 million as of December 31, 2019). Through IRS, the Bank receives a fixed interest rate in U.S. dollars and pays a variable interest rate in the same currency. In 2020, changes in fair value of IRS amounts to S/ 86 million and is recorded in 'operating profit' of the consolidated statement of income (profit of S/ 120 million in 2019).

The table below shows the detail of hedged elements and their hedging derivatives as of December 31:

Hedge element	Hedging instrument	Face value of the hedging instrument stated in thousands of S/		Fair value of the hedging instrument stated in thousands of S/	
		2020	2019	2020	2019
<b>Fair value hedge</b>		<b>2,951,115</b>	<b>3,893,950</b>	<b>103,354</b>	<b>(13,874)</b>
First international issuance of corporate bonds for US\$ 500 million (note 13(e))	<b>Interest rate swap (IRS)</b> The Bank receives a fixed interest rate and pays a variable interest rate.	1,810,500	1,657,000	48,067	(3,459)
First international issuance of subordinated bonds for US\$ 300 million (note 13(e))	<b>Interest rate swap (IRS)</b> The Bank receives a fixed interest rate and pays a variable interest rate.	1,086,300	994,200	54,894	(4,527)
Wells Fargo loan for US\$ 15 million (note 13 (a))	<b>Interest rate swap (IRS)</b> The Bank receives a fixed interest rate and pays a variable interest rate.	54,315	82,850	393	(608)
Deutsche Bank loan for US\$ 350 million (note 13 (a))	<b>Interest rate swap (IRS)</b> The Bank receives a fixed interest rate and pays a variable interest rate.	-	1,159,900	-	(5,280)

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**(ii) Cash flow - hedging derivatives**

**Interest rate swap**

As of December 31, 2020, the Bank holds cross-currency swaps contract at face value for S/ 31 million for loans and issuance (S/ 47 million as of December 31, 2019). Through IRS, the Bank receives a variable interest rate in U.S. dollars and pays a variable interest rate in the same currency.

In 2020, fair value of IRS amounts to S/ 0.1 million of loss, which is recorded in 'equity net of deferred tax' (profit of S/ 0.1 million in 2019).

**Currency swap**

As of December 31, 2020, the Bank holds currency swaps for a face value amounting to S/ 109 million for the bonds hedge accounted as investments available-for-sale (US\$ 30 million of a global bond). Through currency swap of global bonds, the Bank receives a fixed interest rate in soles and pays a variable interest rate in U.S. dollars.

As of December 31, 2019, the Bank holds currency swaps for a face value amounting to S/ 431 million for the bonds hedge accounted as investments available-for-sale and loans (US\$ 30 million of a global bond and US\$ 100 million off a loan).

Through currency swap of global bonds, the Bank receives a fixed interest rate in soles and pays fixed interest rate in U.S. dollars; and through the currency swaps for loans, Bank receives fixed interest rate in U.S. dollars and fixed interest rate in soles.

In 2020, fair value of currency swaps amounts to S/ 3.3 million of gain, which is recorded in 'equity net of deferred tax' (loss of S/ 3.5 million in 2019).

**Currency forward**

As of December 31, 2020, the Bank has currency forward contracts at face value equivalent to S/ 328 million for hedging instrument at fixed tax accounted as investment available-for-sale (US\$ 60 million of U.S. treasury bills, US\$ 20 million of Asian Development Bank (ASD) bonds and US\$ 10 million of European Investment Bank (EUI) bonds). Through currency forward of the U.S. treasury bills, the Bank receives a future cash flow in soles and pays a future cash flow in U.S. dollars; for ASD and EUI receives a future cash flow in soles and pays a future cash flow in U.S. dollars.

As of December 31, 2019, the Bank has currency forward contracts at face value equivalent to S/ 550 million for hedging instrument at fixed tax accounted as investment available-for-sale, and at time deposit (US\$ 60 million of U.S. treasury bills and US\$ 106 million-time deposit). Through currency forward of the U.S. treasury bills, the Bank receives a future cash flow in soles and pays a future cash flow in U.S. dollars; and through currency forward at time deposit, the Bank receives a future cash flows in U.S. dollars and pays a future cash flows in soles.

In 2020, fair value of currency forwards amounts to S/ 2.8 million of gains recorded in 'equity, net of deferred tax' (loss of S/ 1 million of gains 2019).

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The table below shows the detail of hedged elements and their hedge instruments as of December 31:

Hedge element	Hedging instrument	Face value of the hedging instrument stated in thousands of S/		Fair value of the hedging instrument stated in thousands of S/	
		2020	2019	2020	2019
<b>Cash flows hedges</b>		<b>468,088</b>	<b>1,028,316</b>	<b>(14,634)</b>	<b>(1,292)</b>
Standard Chartered loan for US\$ 9 million (note 13 (a))	<b>Interest rate swap (IRS)</b> The Bank receives a floating interest rate and pays a fixed interest rate.	31,037	47,343	(297)	134
Global bonds for US\$ 30 million (note 6 (d))	<b>Interest rate swap (IRS)</b> The Bank receives a fixed interest rate and pays a fixed interest rate in U.S. dollars.	108,630	99,420	(6,196)	(4,119)
U.S. treasury bills for US\$ 60 million (note 6 (c))	<b>Interest rate swap (IRS)</b> The Bank receives a future cash flow in soles and pays a future cash flow in U.S. dollars.	217,260	198,840	(2,674)	4,410
ADB bond for US\$ 20 million (note 6 (e))	<b>Interest rate swap (IRS)</b> The Bank receives a future cash flow in soles and pays a future cash flow in U.S. dollars.	74,067	-	(4,085)	-
EUI bond for US\$ 10 million (note 6 (e))	<b>Interest rate swap (IRS)</b> The Bank receives a future cash flow in soles and pays a future cash flow in U.S. dollars.	37,094	-	(1,382)	-
Wells Fargo loan for US\$ 100 million (note 13 (a))	<b>Cross currency swaps</b> The Bank receives a fixed interest rate in U.S. dollars and pays a fixed interest rate in soles.	-	331,400	-	(1,784)
Time deposit for US\$ 106 million (note 12)	<b>Currency forward</b> The Bank receives a future cash flow in U.S. dollars and pays a future cash flow in soles.	-	351,313	-	67

**9. Associates**

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
TFP S.A.C. (a)	4,582	4,532
Compañía Peruana de Medios de Pagos S.A.C. (b)	-	11,070
	<b>4,582</b>	<b>15,602</b>

- (a) As of December 31, 2020 and 2019, BBVA Peru Group, through the Bank, maintains share of 24.30% in the share capital of TFP S.A.C.
- (b) As of December 31, 2020 and 2019, BBVA Peru Group, through the Bank, maintains share of 21.03% in the share capital. As of December 31, 2020, the current situation and the decree of the national state of emergency had an impact on the operations and profit or loss of Compañía Peruana de Medios de Pagos S.A.C. (hereinafter the Company), hence the BBVA Peru Group through the Bank recognized loss in such subsidiary for S/ 2 million.

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The Company's profit and loss were impacted by the national state of emergency due to COVID-19. On the other hand, the Company's financial statements include the profit or loss of its subsidiary Soluciones y Servicios Integrados SAC, which was created three years ago focusing on the mass sector; therefore, costs and expenses related to generation have been incurred for the new products and brand positioning.

As of December 31, 2020, the Bank has recognized net losses for interests in associates for S/ 0.7 million (S/ 10 million net gains as of December 31, 2019) (note 20).

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### 10. Property, Furniture and Equipment, Net

Movement in property, furniture and equipment and accumulated depreciation for the years 2020 and 2019 was as follows:

<i>In thousands of 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>Costs</b>								
Balance as of January 1, 2019	118,224	852,940	671,059	8,565	263,908	118,157	291	2,033,144
Additions	-	8,267	55,102	-	1	93,690	-	157,060
Disposals and sales	-	-	(8)	-	-	-	-	(8)
Derecognition of assets and others	-	(236)	(11,222)	(477)	-	-	(36)	(11,971)
Transfers	-	109,809	17,422	-	(509)	(126,722)	-	-
<b>As of December 31, 2019</b>	<b>118,224</b>	<b>970,780</b>	<b>732,353</b>	<b>8,088</b>	<b>263,400</b>	<b>85,125</b>	<b>255</b>	<b>2,178,225</b>
Additions	-	8,725	52,390	-	4,560	66,606	-	132,281
Disposals and sales	-	-	(4)	-	-	-	-	(4)
Derecognition of assets and others	-	(217)	(3,214)	-	24	(39)	-	(3,446)
Transfers	-	(79,557)	-	-	79,770	(213)	-	-
<b>As of December 31, 2020</b>	<b>118,224</b>	<b>899,731</b>	<b>781,525</b>	<b>8,088</b>	<b>347,754</b>	<b>151,479</b>	<b>255</b>	<b>2,307,056</b>
<b>Depreciation</b>								
Balance as of January 1, 2019	-	527,471	398,568	6,356	160,573	-	-	1,092,968
Additions	-	34,600	68,285	760	5,701	-	-	109,346
Disposals and sales	-	-	(8)	-	-	-	-	(8)
Impairment	-	-	-	-	854	-	-	854
Derecognition of assets	-	(4)	(12,558)	(477)	-	-	-	(13,039)
Transfers	-	1,493	-	-	(1,493)	-	-	-
<b>As of December 31, 2019</b>	<b>-</b>	<b>563,560</b>	<b>454,287</b>	<b>6,639</b>	<b>165,635</b>	<b>-</b>	<b>-</b>	<b>1,190,121</b>
Additions	-	24,645	71,475	643	10,606	-	-	107,369
Disposals and sales	-	-	(4)	-	-	-	-	(4)
Impairment	-	118	-	-	-	-	-	118
Derecognition of assets and others	-	(216)	(3,457)	-	20	-	-	(3,653)
Transfers	-	(16,582)	-	-	16,582	-	-	-
<b>As of December 31, 2020</b>	<b>-</b>	<b>571,525</b>	<b>522,301</b>	<b>7,282</b>	<b>192,843</b>	<b>-</b>	<b>-</b>	<b>1,293,951</b>
<b>Net cost</b>								
<b>As of December 31, 2020</b>	<b>118,224</b>	<b>328,206</b>	<b>259,224</b>	<b>806</b>	<b>154,911</b>	<b>151,479</b>	<b>255</b>	<b>1,013,105</b>
<b>As of December 31, 2019</b>	<b>118,224</b>	<b>407,220</b>	<b>278,066</b>	<b>1,449</b>	<b>97,765</b>	<b>85,125</b>	<b>255</b>	<b>988,104</b>

According to current regulations, the Bank in Peru cannot pledge as guarantee the assets that are part of their property, furniture and equipment, except for those acquired through the issuance of lease bonds to carry out finance leases.



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**11. Other Assets, Net**

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
<b>Other assets</b>		
Transactions in progress (a)	765,274	1,045,503
Intangible assets (b)	285,337	287,362
Deferred charges (c)	122,256	162,033
Tax credit (d)	176,754	30,699
Other accounts receivable	37,511	34,816
Accounts receivable from the sale of goods, services and trust funds	7,103	7,117
Others	1,978	2,381
	<b>1,396,213</b>	<b>1,569,911</b>

- (a) Transactions in progress are mainly those carried out during the last days of the month and are reclassified in the following month to their final accounts in the consolidated statement of financial position. These transactions do not have an impact on the BBVA Peru Group's profit or loss. As of December 31, 2020, it mainly corresponds to treasury transactions:  
i) acquisition and sale of currency for S/ 480 million (S/ 873 million as of December 31, 2019), and ii) sale of securities for S/ 231 million (S/ 136 million as of December 31, 2019).
- (b) As of December 31, 2020, intangible assets are recorded net of S/ 246 million of accumulated amortization and impairment (S/ 140 million as of December 31, 2019).
- (c) As of December 31, advance payment mainly includes prepaid insurance contracts and deferred loan origination costs related to fees paid to the external sales force.
- (d) As of December 31, 2020, it corresponds to sales tax credit amounting to S/ 27 million (S/ 35 million as of December 31, 2019), and income tax credit amounting to S/ 149 million (S/ 5 million as of December 31, 2019).

**Goodwill**

As of December 31, 2020 and 2019, the BBVA Peru Group through the Bank has evaluated the recoverable amount of CGU it holds, and has recognized loss allowance for S/ 10 million and S/ 4 million of goodwill, which corresponds to the higher value paid over the carrying amount of Edpyme, Forum Comercializadora del Perú S.A. and Forum Distribuidora del Perú S.A.

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

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
<b>Obligations to the public</b>		
Demand deposits	29,778,628	18,404,285
Savings deposits	24,711,799	17,239,084
Time deposits	16,247,276	18,913,066
Other obligations	74,831	103,543
	<b>70,812,534</b>	<b>54,659,978</b>
<b>Deposits from financial system entities</b>		
Time deposits	815,785	1,094,989
Demand deposits	512,338	353,260
Savings deposits	71,940	51,056
	<b>1,400,063</b>	<b>1,499,305</b>
	<b>72,212,597</b>	<b>56,159,283</b>

As of December 31, 2020 and 2019, obligations to the public include deposits received as guarantees of direct and indirect loan for S/ 963 million and S/ 776 million, respectively.

The Bank determines deposit interest rates based on the interest rates prevailing in the market. For the main products, the annual interest rates prevailing as of December 31, 2020 and 2019 fluctuated as follows:

	<b>2020</b>		<b>2019</b>	
	<b>Local currency</b>	<b>Foreign currency</b>	<b>Local currency</b>	<b>Foreign currency</b>
<b>%</b>				
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 – 0.50	0.00 – 0.125
Time deposits and bank certificates	0.80 – 1.35	0.10 – 0.80	0.80 – 1.35	0.10 – 0.50
Super depósito bank account	0.80 – 1.35	0.10 – 0.80	0.80 – 1.35	0.10 – 0.50
Severance payment deposits	1.00 – 2.50	0.60 – 1.75	1.50 – 2.50	0.60 – 1.75

As of December 31, 2020, from the total deposits and obligations from individuals and non-profit entities and legal entities, S/ 22,813 million are hedge by the Deposit Insurance Fund (S/ 17,685 million as of December 31, 2019) and are obtained from the average daily balances of the month according with SBS Resolution 0657-99. The maximum amount subject to hedge by person amounts to S/ 101,522 at the end of December 2020 (S/ 100,661 as of December 31, 2019).

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**13. Borrowings and Financial Obligations**

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
<b>Borrowings and financial obligations</b>		
Foreign financial entities (a)	1,357,873	2,980,024
MIVIVIENDA Program - MIHOGAR loan - Local financial system entities (b)	475,677	539,802
Corporación Financiera de Desarrollo - COFIDE (c)	134,236	8,070
Accrued interest payable	7,125	27,524
Foreign financial agencies (d)	-	331,400
	<b>1,974,911</b>	<b>3,886,820</b>
<b>Securities and bonds (e)</b>		
Corporate bonds	3,026,713	3,306,077
Subordinated bonds	1,763,493	1,589,292
Negotiable certificates of deposit	131,903	332,359
Notes (debt instruments)	85,700	129,635
Accrued interest payable	70,998	76,613
Finance leases bonds	-	358,000
	<b>5,078,807</b>	<b>5,791,976</b>
	<b>7,053,718</b>	<b>9,678,796</b>

Certain loans agreements include standard clauses regarding compliance with financial ratios, use of funds and other administrative matters. As of December 31, 2020 and 2019, in management's opinion, these clauses are being met, in all material respects, and do not represent any restriction to the BBVA Peru Group's activities.

- (a) As of December 31, 2020, the BBVA Peru Group maintain the following debt agreements with foreign financial institutions, which accrue interest at annual LIBOR rates ranging from +0.52% to 5% (from LIBOR rate +0.35% to 7.4% as of December 31, 2019).

<i>In thousands of</i>	<b>2020</b>		<b>2019</b>		<b>Maturity date</b>
	<b>US\$</b>	<b>S/</b>	<b>US\$</b>	<b>S/</b>	
Wells Fargo Bank (i)	100,000	362,100	100,000	331,400	May 2022
Toronto Dominion Bank	80,000	289,680	-	-	March and April 2021
Sumitomo Bank, NY	60,000	217,260	-	-	May 2021
Citibank NY	50,000	181,049	150,000	497,100	November 2021
Mizuho Corporate Bank	50,000	181,049	-	-	November 2023
ICO - Instituto de crédito	35,000	126,735	100,895	334,367	August 2022
Deutsche Bank (ii)	-	-	348,328	1,154,357	November 2020
Credit Suisse (iii)	-	-	200,000	662,800	October 2040
	<b>375,000</b>	<b>1,357,873</b>	<b>899,223</b>	<b>2,980,024</b>	
Accrued interest payable	1,647	5,965	7,380	24,457	
	<b>376,647</b>	<b>1,363,838</b>	<b>906,603</b>	<b>3,004,481</b>	

- (i) It corresponds to a loan for a nominal amount of US\$ 15 million (US\$ 25 million as of December 31, 2019), agreed at annual fixed interest rate of 5%, with maturity on June 2022, which have a fair value hedge through interest rate swaps. As of December 31, 2020, such loan has generated accumulated losses for S/ 0.3 million (S/ 0.5 million accumulated gains as of December 31, 2019). (note 8(ii)).

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- (ii) Loan for US\$ 350 million, agreed at annual fixed interest rate of 5.5% and whose maturity was on November 2020. This loan had an accounting hedge through an interest rate swap, which as of December 31, 2019 generated accumulated gains for S/ 4 million.
  - (iii) On October 7, 2020, the Bank executed early redemption of the subordinated loan for US\$ 200 million contracted with Credit Suisse, Cayman Islands Branch in accordance with the agreed between the parts.
- (b) As of December 31, 2020, it corresponds to resources for the financing of the acquisition of houses under the MI VIVIENDA program (MI HOGAR credit) which amounts to S/ 449 million and US\$ 1 million (S/ 448 million and US\$ 1 million as of December 31, 2019). As of December 31, 2020 and 2019, this loan accrue interest at an annual effective rate in U.S. dollars of 7.75 % and in soles of 6.25 % on principal plus constant update value in both periods, and have maturity on December 2040 and December 2039, respectively.
- As of December 31, 2020 and 2019, debts with MIVIVIENDA fund are guaranteed with mortgage loan portfolio up to S/ 452 million and S/ 453 million, respectively (note 7). These loans include specific agreements on how the funds should be used, the financial conditions that the final borrower must maintain, as well as other administrative matters.
- (c) As of December 31, 2020, it includes balances corresponding to FAE, which is managed by COFIDE, that in local currency amounts to S/ 127 million, and in foreign currency amounts to US\$ 0.2 million. As of December 31, 2020, these balances accrue interest at annual rates ranging from 4.61% and 7.51% in local currency, and 5.29% and 7.36% in foreign currency, and have maturity in April 2023.
- (d) As of December 31, 2019, it corresponds to debts with CAF for US\$ 100 million, which accrue interest at rates ranging from 2.01 % to 2.56%, respectively, and do not have specific guarantees.

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(e) As of December 31, securities and bonds are as follows:

Program	Authorized amount	Currency	Original amount in place	2020	2019	Maturity date
<b>Corporate bonds</b>						
1st issuance, single series - Fourth Program	US\$ 100 million	PEN	40,000	-	40,000	August 2020
2nd issuance, series A - Fourth Program		PEN	80,000	-	80,000	August 2020
2nd issuance, series A - Fifth Program	US\$ 250 million	PEN	150,000	150,000	150,000	December 2026
2nd issuance, series A - Sixth Program		PEN	150,000	150,000	150,000	June 2021
3rd issuance, series A - Sixth Program		PEN	350,000	-	350,000	November 2020
1st issuance, series A - Seventh Program	US\$ 1,000 million	PEN	132,425	132,425	132,425	June 2021
1st issuance, series B - Seventh Program		PEN	69,435	69,435	69,435	June 2021
2nd issuance, series A - Seventh Program		PEN	100,000	100,000	100,000	July 2023
2nd issuance, series B - Seventh Program		PEN	73,465	73,465	73,293	August 2023
1st issuance, series C - Seventh Program		PEN	70,000	70,000	70,000	September 2021
1st issuance, series D - Seventh Program		PEN	120,000	120,000	120,000	July 2022
1st issuance, series E - Seventh Program		PEN	65,520	65,520	65,520	August 2022
1st issuance, series F - Seventh Program		PEN	150,000	150,000	150,000	October 2022
2nd issuance, series C - Seventh Program		PEN	96,550	96,550	96,550	December 2024
First Program of international Issuance (i)	US\$ 500 million	USD	500,000	1,849,318	1,658,854	August 2022
				<b>3,026,713</b>	<b>3,306,077</b>	
<b>Subordinated bonds</b>						
2nd issuance, series A - First Program	US\$ 50 million or S/ 158.30 million	USD	20,000	72,177	66,030	May 2027
3rd issuance, series A - First Program		PEN	55,000	81,672	79,959	June 2032
2nd issuance, series A - Second Program	US\$ 100 million	PEN	50,000	72,715	71,190	November 2032
3rd issuance, series A - Second Program		USD	20,000	72,420	66,280	February 2028
4th issuance, single series - Second Program		PEN	45,000	63,155	61,831	July 2023
5th issuance, single series - Second Program		PEN	50,000	69,266	67,814	September 2023
6th issuance, series A - Second Program		PEN	30,000	40,844	39,987	December 2033
1st issuance, single series - Third Program	US\$ 55 million	USD	45,000	162,945	149,130	October 2028
First Program of international Issuance - Single issuance (ii)	US\$ 300 million	USD	300,000	1,128,299	987,071	September 2029
				<b>1,763,493</b>	<b>1,589,292</b>	
<b>Finance leases bonds</b>						
1st issuance, series A - Second Program	US\$ 250 million	PEN	158,000	-	158,000	December 2020
1st issuance, series C - Second Program		PEN	200,000	-	200,000	January 2020
				-	<b>358,000</b>	
<b>Negotiable certificates of deposit</b>						
				<b>131,903</b>	<b>332,359</b>	
<b>Notes (iii)</b>						
2nd issuance of notes - Series 2012-C and 2012-D	US\$ 235 million	USD	235,000	85,700	129,635	June 2022
				<b>85,700</b>	<b>129,635</b>	
<b>Accrued interest payable</b>						
				<b>70,998</b>	<b>76,613</b>	
				<b>5,078,807</b>	<b>5,791,976</b>	

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In August 2012, the Bank issued corporate bonds in the international market for a face value of US\$ 500 million, at an annual fixed rate of 5%, and with maturity in August 2022. The main payment shall be carried out in full on its maturity date. Fair value of this issuance has an accounting hedge through cross-currency swaps contracts, which accrued accumulated losses for S/ 39 million as of December 31, 2020 (accumulated losses for S/ 2 million as of December 31, 2019).

- (i) 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 main payment shall be carried out in full on its maturity date. Fair value of this issuance has an accounting hedge through cross-currency swaps contracts, which accrued accumulated losses for S/ 47 million as of December 31, 2020 (accumulated gains for S/ 2 million as of December 31, 2019).
- (ii) Notes issued on June 2012, which balance as of December 31, 2020 amounts to US\$ 24 million (US\$ 39 million as of December 31, 2019), contains financing for US\$ 9 million (US\$ 14 million as of December 31, 2019), with maturity in June 2022, and have accounting hedge through cross-currency swaps contracts (note 8(ii)). Likewise, it corresponds to a loan for US\$ 15 million (US\$ 25 million as of December 31, 2019), agreed at annual fixed interest rate of 5%, with maturity on June 2022, which have accounting hedge through cross-currency swaps contracts. As of December 31, 2020, such loan has generated accumulated losses for S/ 0.3 million (accumulated gains for S/ 0.5 million as of December 31, 2019).

These financings are guaranteed by the present and future flows generated by the electronic payment orders of customers (Diversified payments rights - DPR's). Likewise, it has compliance terms related to the Bank's financial ratios, and other specific terms related to transferred cash flows, which the management consider fulfilling as of December 31, 2020 and 2019.

As of December 31, 2020, corporate bonds do not have specific guarantees and accrue interest at annual rates ranging from 3.9% and 7.5% in local currency and 5% in foreign currency (between 4.1% and 7.5% in local currency and 5% in foreign currency as of December 31, 2019).

Subordinated bonds have been issued in accordance with the Banking Law and accrue interest at a rate ranging from constant update value plus a spread and 5.6% for local currency, and from 5.3% and 6.5% in foreign currency, as of December 31, 2020 and 2019.

As of December 31, 2019, financing lease bonds accrue interest at annual interest rate from 4.63% to 6.03% for local currency, that are supported by loan transactions in the form of financial leasing that have been financed with resources obtained through such bonds.

As of December 31, 2020 and 2019, BBVA Peru Group have in accounts payable a balance of S/ 7 million and S/ 10 million, respectively, which corresponds to deferred issuance expenses.

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

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
<b>Accounts payable</b>		
Repurchase agreements (a)	15,183,940	3,545,845
Accounts payable to suppliers	361,868	276,410
Other accounts payable and sales tax (b)	186,878	63,530
Premium to deposit insurance fund, contributions and obligations with tax collecting institutions	128,063	128,329
Dividends, interest and remunerations payable	114,026	134,086
Interest payable	61,136	68,766
	<b>16,035,911</b>	<b>4,216,966</b>
<b>Other liabilities</b>		
Transactions in progress (c)	746,284	1,097,046
Deferred income and others	74,524	24,990
	<b>820,808</b>	<b>1,122,036</b>
<b>Provisions</b>		
Labor provisions and others	416,682	315,770
Provision for contingent loans (d)	247,027	226,175
Provision for litigations, claims and other contingencies	225,220	218,680
	<b>888,929</b>	<b>760,625</b>
	<b>17,745,648</b>	<b>6,099,627</b>

- (a) As of December 31, 2020, it corresponds to the balance of liabilities for purchase agreements of foreign currency for S/ 1,383 million, repurchase agreement of credit portfolio of the Reactiva Peru Program for S/ 13,602 million and repurchase agreement of rescheduled credit portfolio for S/ 199 million, with BCRP. As of December 31, 2019, it corresponds to S/ 2,224 million for repurchase agreement of foreign currency, S/ 373 million for repurchase agreement of certificates of deposit, S/ 348 million for repurchase agreement of sovereign bonds, with BCRP and S/ 600 million for repurchase agreement with financial entities.

As of December 31, 2020, repurchase agreement of foreign currency have maturity on April 2021 (October 2020 as of December 31, 2019) and accrue interest at annual interest rate of 1.80% and 3.61% (between 3.47% and 5.01% as of December 31, 2019); repurchase agreement of credit portfolio of the Reactiva Peru Program have maturity up to December 2023 and accrue interest at annual rate of 0.50%. Repurchase agreement of rescheduled credit portfolio have maturity on August 2024 and accrue annual interest rate of 0.50%.

- (b) As of December 31, 2020, it includes S/ 110 million for short-term sale transactions.
- (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 BBVA Peru Group's profit or loss. As of December 31, 2020, liability transactions in progress mainly include treasury transactions for S/ 612 million (S/ 1,028 million as of December 31, 2019).

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- (d) Movement in the loss allowance for direct (or indirect) loans is as follows:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Balance as of January 1	226,175	214,604
Provisions	84,193	93,089
Recovery and reversals	(72,179)	(77,882)
Exchange difference and other adjustments	8838	(3,636)
<b>Balance as of December 31</b>	<b>247,027</b>	<b>226,175</b>

The balance of the provision for loan losses (indirect loans) is as follows:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Specific	111,295	95,520
Generic	120,692	117,951
Provision for country risk	15,040	12,704
<b>Balance as of December 31</b>	<b>247,027</b>	<b>226,175</b>

- (e) BBVA Peru Group has several pending court claims, litigation and other processes that are related to the activities it develops, and in the opinion of Management and its legal advisors, they will not result in additional liabilities to those registered.

## **15. Equity**

### **A. Regulatory capital and legal limits**

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

On an individual basis, as of December 31, 2020, the effective equity of the Bank and EDPYME, determined according to current legal regulations, is S/ 10,649 million and S/ 87 million, respectively (S/ 10,776 million and S/ 85 million as of December 31, 2019). This figure is used to calculate certain limits and restrictions applicable to all banking entities in Peru, which management considers having fully complied with.

As of December 31, 2020, assets and indirect loans weighted per credit, market and operational risk of the Bank and EDPYME, determined according to current legal regulations, is S/ 77,820 million and S/ 476 million, respectively (S/ 76,706 million and S/ 613 million as of December 31, 2019).

As of December 31, 2020, aggregate capital ratio for market, operational and credit risks of the Bank and Edpyme is 13.68% and 18.25%, respectively (14.05% and 13.82% as of December 31, 2019).

As of December 31, 2020, the Additional Regulatory Capital Requirement of the Bank and EDPYME is S/ 1,285 million and S/ 8 million, respectively (S/ 1,604 million and S/ 9 million as of December 31, 2019).



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**B. Share Capital**

As of December 31, 2020, the authorized, subscribed, and paid-in capital is represented by 6,529,169 thousand ordinary shares with a face value of S/ 1 each (5,885,209 thousand ordinary shares as of December 31, 2019).

The General Shareholders' Meeting, held May 11, 2020 and March 27, 2019, approved the increase in share capital for S/ 644 million and S/ 517 million, respectively, through the capitalization of retained earnings.

Shareholding on the Bank's share capital as of December 31, is as follows:

	2020		2019	
	N° of shareholders	Interests %	N° of shareholders	Interests %
Interests				
Up to 1	8,045	3.01	7,664	3.04
From 1.01 to 5	4	4.75	3	4.72
From 45.01 to 100	2	92.24	2	92.24
	<b>8,051</b>	<b>100.00</b>	<b>7,669</b>	<b>100.00</b>

**C. Reserves**

In accordance with the Banking Law, the Bank is required to have a legal reserve of more than 35% of the paid-in-capital. This legal reserve shall be recognized by an annual transfer of more than 10% of profit after tax. It shall replace the reserve referred to in the Companies Act. In accordance with the Banking Law, the amount of this reserve may also be increased with contributions made by the shareholders for this purpose.

General Shareholders' Meeting held May 11, 2020 and March 27, 2019, approved to record the legal reserve for the amount equivalent to 10% of 2019 profits (161 million) and 2018 profit (S/ 148 profit), respectively.

**D. Adjustments to equity**

As of December 31, 2020 and 2019, unrealized profit or loss, net of deferred tax, was as detailed below:

<i>In thousands of soles</i>	<i>Note</i>	2020	2019
Investments available-for-sale	6	110,556	36,331
Cash flows hedges	8	5,953	(4,448)
Other comprehensive income from associates		131	53
Actuarial liabilities		2,508	(9,120)
		<b>119,148</b>	<b>22,816</b>

**E. Retained earnings**

The General Shareholders' Meeting, held May 11, 2020 and March 27, 2019, approved the capitalization of retained earnings for S/ 644 million and S/ 517 million, respectively. Likewise, in such meetings, it was approved the dividend distribution of S/ 563 million and S/ 812 million, respectively. Additionally, General Shareholders' Meeting, held May 11, 2020, approved to allocate S/ 241 million in 'retained earnings'.

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On October 28, 2020, the Board of Directors, in exercise of powers conferred by the General Shareholders' Meeting held May 11, 2020, and in accordance with the provisions of article 184, literal A), subsection 2 of the Banking Law, approved unanimously to capitalize the profits for the year 2020 for S/ 142 million. Such commitment shall be effective in the next General Shareholder's Meeting.

On October 30, 2019, the Board of Directors, in exercise of powers conferred by the General Shareholders' Meeting held March 27, 2019, and in accordance with the provisions of article 184, literal A), subsection 2 of the Banking Law, approved unanimously to capitalize the profits for the year 2019 for S/ 408 million. On January 29, 2020, Board of Directors, held on October 30, 2019, approved to increase the capitalization of profit from S/ 408 million to S/ 569 million, debited to the 2019 profits. Both commitments were effective on General Shareholder's Meeting, held on May 11, 2020.

## **16. Risks and Contingent Commitments**

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Indirect loans:		
Guarantees and letters of guarantee	18,854,043	15,510,355
Letters of credit and banker's acceptances	1,450,113	1,097,142
	<b>20,304,156</b>	<b>16,607,497</b>
Unused credit lines and non-disbursed loans granted	13,724,115	13,365,509
Various responsibilities	5,794	5,302
	<b>34,034,065</b>	<b>29,978,308</b>

In the normal course of its business, BBVA Peru Group participates in transactions whose risk is recorded in contingent accounts. These transactions expose the BBVA Peru Group to credit risk, in addition to the amounts presented in the consolidated statement of financial position.

Credit risk for contingent transactions is related to the probability that a counterparty will fail to meet its obligations in accordance with agreed terms.

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

Management estimates that no significant losses will arise, for contingent transactions effective as of December 31, 2020 and 2019.

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**17. Interest Income**

This caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Direct loan portfolio	4,078,586	4,429,896
Investments available-for-sale	91,689	111,688
Investments at fair value through profit or loss	56,268	99,802
Cash and due from banks	38,118	148,193
Hedging operations	28,297	-
Interbank funds	263	2,190
Other financial income	5,334	4,777
	<b>4,298,555</b>	<b>4,796,546</b>

**18. Interest Expenses**

This caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Borrowings and financial obligations	(474,005)	(496,913)
Obligations to the public	(442,523)	(688,545)
Accounts payable	(87,573)	(69,122)
Deposits from financial system entities	(27,866)	(59,485)
Interbank funds	(3,231)	(8,737)
Other financial expenses	(19,178)	(15,551)
Hedging operations	-	(36,559)
	<b>(1,054,376)</b>	<b>(1,374,912)</b>

**19. Income from Financial Services, Net**

This caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
<b>Income</b>		
Income from indirect loans	210,330	206,605
Income from credit card commissions	202,955	269,405
Income from commissions on transfers	175,959	167,651
Income from commissions on collection services	142,761	133,497
Income from services and maintenance of checking accounts	53,245	49,653
Income from online corporate banking services	49,896	45,930
Income from advisory services	17,948	20,682
Income from technical and legal studies	14,887	12,701
Income from cash services	6,850	15,778
Income from trust and commission of trustee	1,480	1,286
Other income for services	281,356	296,209
	<b>1,157,667</b>	<b>1,219,397</b>
<b>Expenses</b>		
Expenses from Visa and Mastercard operations	(106,841)	(141,368)
Deposit insurance fund premiums	(91,753)	(74,402)
Customer loyalty programs	(57,114)	(93,093)
Transfers	(18,062)	(11,768)
Foreign exchange spot transaction	(7,891)	(7,388)
Checking account maintenance expenses	(4,222)	(4,353)
Other expenses of services	(60,305)	(74,188)
	<b>(346,188)</b>	<b>(406,560)</b>
	<b>811,479</b>	<b>812,837</b>

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**20. Profit or Loss from Financial Operations**

This caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Gain on exchange difference (note 4)	592,586	568,956
Investments at fair value through profit or loss	27,394	44,407
Investments available-for-sale	21,478	31,114
Trading derivatives	105	4,270
Loss (gain) on securities	(760)	10,382
Others	18,909	33,739
	<b>659,712</b>	<b>692,868</b>

**21. Administrative Expenses**

This caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Personnel expenses and Directory	(862,851)	(866,146)
Expenses for services provided by third parties	(794,818)	(764,917)
Taxes and contributions	(49,779)	(49,808)
	<b>(1,707,448)</b>	<b>(1,680,871)</b>

**22. Other Expenses and Income, Net**

As of December 31, 2020 and 2019, it mainly comprises gain on sale of assets seized and recovered through legal actions (loss in 2019), loss on sale of non-current assets held for sale, expenses on assets seized and recovered through legal actions, loss not covered by insurance, donations granted, revenue from leases, among other income and expenses.

**23. Tax Matters**

**Tax rates**

- A. BBVA Peru Group is subject to the Peruvian tax regime. As of December 31, 2020 and 2019, corporate income tax is calculated based on the net taxable income determined by the Bank at a rate of 29.5%. Employees' profit sharing and retention ratio of 5% applicable to outbound dividend distribution is not considered therein.

Through Legislative Decree 1261, published December 10, 2016 and effective January 1, 2017, the corporate income rate was amended to 29.5%.

The rates applicable to the corporate income tax for the last taxable years are as follows:

Until year 2014	30.0%
For years 2015 and 2016	28.0%
For year 2017 onwards	29.5%

The aforementioned Decree also established the amendment to the income tax rate applicable to outbound dividend distribution and any other form of profit distribution to 5% for profits generated and distributed from January 1, 2017.

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For the years 2019 and 2018, the income tax rate for dividend distribution and any other form of profit distribution applicable to legal persons not domiciled in Peru and natural persons is 5.0%. Thus, the rates applicable to income tax on dividends for the last taxable years are as follows:

Until year 2014	4.1%
For years 2015 and 2016	6.8%
For year 2017 onwards	5.0%

It will be presumed, without proven otherwise, that the dividend distribution or any other form of profit distribution that is made corresponds to retained earnings or other concepts likely to generate older taxed dividends.

- B. In accordance with current Peruvian tax law, non-domiciled individuals only pay taxes for their Peruvian source income. Thus, in general terms, revenues obtained by non-domiciled individuals from the services rendered in Peru shall be subject to a 30% income tax on gross income, provided that no current and entered into double tax treaties are applicable. On this concern, Peru has currently entered double tax treaties with the Andean Community, Chile, Canada, Brazil, Portugal, Switzerland, Mexico, South Korea and Japan.

Concerning the technical assistance or digital services rendered by non-domiciled individuals to domiciled individuals, regardless of the place where the service is rendered, they shall be subject to a 15%- and 30%-income tax rate on gross income, respectively. Technical support shall be subject to a 15% applicable rate, provided that Income Tax Law requirements are met. As noted above, the retention ratio in these situations may vary or retention may not be applicable if provisions of current double tax treaties are applied.

**Income tax determination**

- C. The BBVA Peru Group computed its tax base for the years ended December 31, 2020 and 2019 and determined consolidated current tax for S/ 239 million and S/ 630 million, respectively.

Tax expense per company comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
<b>Entities</b>		
Banco BBVA Perú	224,356	612,246
BBVA Bolsa Sociedad Agente de Bolsa S.A.	1,317	1,355
BBVA Asset Management S.A. SAF	6,976	6,716
BBVA Sociedad Titulizadora S.A.	647	386
Inmuebles y Recuperaciones BBVA S.A.	2,766	1,297
BBVA Consumer Finance Edpyme	1,713	5,674
Forum Comercializadora del Perú S.A.	-	-
Forum Distribuidora del Perú S.A.	1,392	2,533
	<b>239,167</b>	<b>630,207</b>

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Tax expense comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Current tax	514,636	672,261
Deferred tax		
Profit or loss of deferred income tax for the year	(260,525)	(68,985)
Income tax (adjustment/provision recovery)	(14,944)	26,931
	<b>239,167</b>	<b>630,207</b>

**Temporary tax on net assets**

- D. The BBVA Peru Group is subject to the temporary tax on net assets, whose tax base is composed of the prior period adjusted net asset value less depreciations, amortizations, legal reserve requirements and specific provisions for credit risk. The tax rate is 0.4% for the years 2020 and 2019 and is applied to the amount of net assets exceeding S/ 1 million. It may be paid in cash or nine consecutive monthly installments. The paid amount may be used as a credit against income tax paid for tax periods from March to November of the taxable year in which the tax was paid until maturity date of each down payment, and against the payment for regularization of income tax of the relevant taxable year. In the event a remaining balance is not applied, its refund may be requested. Temporary tax on net assets for the year 2020 amounts to S/ 281 million thousand (S/ 258 million in 2019).

**Tax on financial transactions**

- E. Financial transaction tax for the years 2020 and 2019 was fixed at the rate of 0.005%. This tax is applicable to debits and credits in bank accounts or movements in funds made through the financial system, unless the account is tax-exempt.

**Transfer pricing**

- F. In determining income tax, transfer pricing with related parties and entities domiciled in territories with low or zero taxation shall be supported with documents and information on the valuation techniques and the criteria used for the pricing.

Legislative Decree 1312, published December 31, 2016 and effective January 1, 2017, established the following formal obligations to replace the former ones: (i) presentation of a Local File (if accrued revenue of the taxpayer exceeds 2,300 tax units [UIT, for its Spanish acronym]); (ii) presentation of a Master File (if accrued revenue of the taxpayer in a group exceeds 20,000 tax units); and (iii) presentation of a Country-by-Country Reporting (if accrued, consolidated revenue from the prior year of the taxpayer in a multinational group exceeds PEN 2,700 million or EUR 750 million). The presentation of the Master File and the Country-by-Country Reporting is mandatory for transactions from 2017 onwards.

Legislative Decree N° 1312 also established that intragroup services with low added value shall not have a margin greater than 5% of their costs. Concerning the services rendered between related parties, taxpayers shall comply with the benefit test and provide the documents and information under specific conditions for the deduction of costs or expenses.

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Tax Authorities' Resolution N° 014-2018-SUNAT, published January 18, 2019, approved the Electronic Form 3560 for the presentation of the Local File, establishing the deadlines for its presentation and the content and format that shall be included therein.

Thus, the deadline for the presentation of the Local File for the taxable year 2020 shall be June 2021, in accordance with the maturity schedule agreed upon for May published by the Tax Authorities.

The content and format of the Local File are stated in the Appendixes I, II, III and IV of Tax Authorities' Resolution N° 014-2018-SUNAT.

Legislative Decree N° 1116 established that transfer pricing regulations are not applicable to sales tax.

**Tax assessment**

- G. The Tax Authorities are entitled to audit and, if applicable, to correct the income tax calculated by the BBVA Peru Group within the 4 years following the year of the income tax return.

BBVA Peru Group's income tax returns that are open for review by the Tax Authorities are as follows:

Entities	Tax returns subject to audit
BBVA Bolsa Sociedad Agente de Bolsa S.A.	2015-2019
BBVA Asset Management Continental S.A. S.A.F.	2015-2019
BBVA Sociedad Titulizadora S.A.	2015-2019
Inmuebles y Recuperaciones BBVA S.A.	2015-2019
BBVA Consumer Finance Edpyme	2015-2019
Forum Comercializadora del Perú S.A.	2015-2019
Forum Distribuidora del Perú S.A.	2015-2019

The BBVA Peru Group's income tax returns for the years 2019 through 2018 and the one that shall be filed for 2020 are open for review by the Tax Authorities. As of the date of this report, the Tax Authorities are assessing the income tax for the period 2013 and will begin the income tax audit for the periods 2014 and 2015. The 2016 income tax review finished in April 2019 and 2013 income tax review finished in December 2020.

The BBVA Peru Group's income tax returns for the years 2018 through 2017 and the one that shall be filed for 2029 are open for review by the Tax Authorities. As of the date of this report, the Tax Authorities are assessing the income tax return for the period 2013 and will begin the income tax return audit for the periods 2014 and 2015. Income tax return review for the period 2016, ongoing as of December 31, 2018, was finished in April 2019.

In management's opinion, these tax proceedings and periods pending assessment will not generate significant liabilities that may impact the profit or loss of the companies from the BBVA Peru Group, in accordance with the IFRIC 23.

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Due to the possible interpretations of the current laws by the Tax Authorities, it is not possible to determine, to date, whether a future tax assessment will result in liabilities for the BBVA Peru Group. Therefore, any major tax or surcharge that might arise from eventual tax assessments would be applied to profit or loss when they are recognized. However, it is the opinion of management and its legal advisors that any possible additional settlement of taxes would not be significant for the consolidated financial statements as of December 31, 2020 and 2019.

***Tax regime applicable to sales tax (IGV)***

- H. Legislative Decree 1347, published January 7, 2017 and effective July 1, 2017, established the possible reduction of 1% in the sales tax, provided that the goal of annual sales tax collection as of May 31, 2017 is reached, net of internal refunds of 7.2% of Gross Domestic Product. Accordingly, if the aforementioned goal is met, the sales tax rate (including the municipal tax) shall be reduced from 18% to 17%.

However, the estimated collection goal was not met at the end of the term, so the sales tax rate shall be held at 18%.

***Major amendments to tax laws effective for periods beginning on January 1, 2020***

- I. ***New accrual accounting concept:*** Legislative Decree 1425 introduced the definition of "legal accrual" for income tax purposes, stating that: a) revenue from transfer of goods occurs when i) control has been transferred (under IFRS 15); or ii) risk has been transferred to the acquirer (Risk Theory set out in the Civil Code), whichever occurs first; and b) revenue from rendering the service occurs when realization level of the rendered service has been established.

The new legal accrual concept is applicable to lessees when determining the tax treatment of the expense associated with lease arrangements regulated by IFRS 16.

This concept shall not be applicable for those entities accruing income or expenses for income tax purposes in accordance with tax laws establishing a special (sector) accrual system.

- J. ***Thin capitalization:*** Beginning 2019 and until December 31, 2020, finance costs generated by debts of independent and related parties are subject to the thin capitalization limit of 3:1 debt-to-equity ratio, which is calculated at the end of the prior period. From January 1, 2021, borrowing costs shall be deductible up to 30% of the tax-EBITDA (Net Income – Loss Compensation + Net Interest + Depreciation + Amortization) of the prior period. If there is any balance of financial expense that cannot be absorbed as an expense in a given year by application of the new thin capitalization rule applicable as of January 1 of 2021, it may be offset against the net income generated in the 4 subsequent fiscal years—i.e., 4-year carryforward—after which it will mature generating permanent differences. There are some exemptions regarding this 30% limit for banks, taxpayers whose income is lower than 2,500 tax units, infrastructure, public utilities, among others.



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**K. Deduction of expenses or costs incurred in transactions with non-domiciled individuals:**

Legislative Decree 1369 states that costs and/or expenses (including outbound interest) incurred with non-domiciled individuals shall be paid effectively to be deducted in the period they were incurred until before maturity date of the annual income tax return. Otherwise, their effect on the determination of net income shall be deducted in the period they are actually paid, and the relevant withholding shall be applied.

Such regulation abolished the obligation to pay the amount equivalent to the withholding on the amount recorded as cost and/or expense.

**L. Indirect loans:** From 2020, under certain requirements, domiciled entities receiving foreign inbound dividends may deduct as direct loan the income tax that taxed the foreign dividends and the corporate income tax (indirect loan) paid by the tier 1 and tier 2 non-domiciled entity (provided that they are in the same jurisdiction) that distributed the dividends from abroad.

**M. Measures to implement the General Anti-avoidance Rule provided in the Regulation XVI of Tax Code:** Legislative Decree 1422 sets up the procedure to implement the General Anti-avoidance Rule, mainly stating that: (i) it is applicable only in final audit procedures in which acts, events or situations that occurred since July 19, 2012 are reviewed; (ii) it is applicable only if there is a favorable opinion (unappealable) from a review committee composed of Tax Authorities' officers; and (iii) final audit procedures, in which the General Anti-avoidance Rule is applicable, are not subject to a 1-year term to request information from the audited parties.

As of the date of preparation of this report, the General Anti-avoidance Rule is fully effective and is applicable to Regulation XVI of Tax Code.

Supreme Decree 145-2019-EF dated May 6, 2019 and published on the official daily newspaper of Peru "El Peruano", approved all the formal and substantial parameters for the application of the General Anti-avoidance Rule provided in the Regulation XVI of Tax Code. Consequently, the requirement to end the suspension of the application for such rule, established by Law 30230, is deemed as complied with. Likewise, the Regulation on Tax Assessment has been modified for such purposes.

**N. Information related to ultimate beneficiaries:** In line with the regulations to strengthen the fight against tax evasion and avoidance, as well as against money laundering and terrorism financing, from August 3, 2018, provisions introduced by Legislative Decree 1372 are currently in force. The aforementioned Decree requires the presentation of information related to ultimate beneficiaries to the competent authorities through a sworn statement of the ultimate beneficiaries. Such statement shall disclose the names of the natural persons that effectively retain ownership or control. Thus, it is mandatory to report the following: (i) identification of the ultimate beneficiaries; (ii) chain of title with its respective supporting documents; and (iii) identification of third parties that have said information, if applicable. Also, it states that the information related to the identification of the ultimate beneficiaries of legal persons and legal entities provided to the competent authorities under these regulations neither violates professional secrecy nor is subject to restrictions on the disclosure of information arising from secrecy requirements under contracts or any regulatory provision.

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Lastly, if the informative sworn statement with the information related to the ultimate beneficiaries is not presented, the legal representatives of the entity that failed to comply with the presentation of such statement shall assume the joint and several liability.

On December 16, 2019, the Bank submitted the informative sworn statement on the date established in the monthly maturity schedule.

- O. **Indirect transfer of shares:** From January 1, 2019, an anti-avoidance measure is included to prevent the split of transactions, which allows indirect transfer of shares of entities domiciled in Peru.

In order to determine if a Peruvian entity has made a transfer within a 12-month period of 10% or more of capital, transfers of the analyzed entity and transfers to related parties shall be considered, whether transfers are made through one or several (simultaneous or successive) transactions. The relationship shall be set up in accordance with the provisions of section b) of Article 32-A of Income Tax Law.

Likewise, regardless of compliance with the provisions of the Income Tax Law, an indirect taxable transfer shall always be made when, over any 12-month period, the total amount of transferred shares of the Peruvian legal person is equal to or greater than 40,000 tax units.

Lastly, from January 1, 2019, when the transferor is a non-domiciled legal person that has a branch office or any permanent establishment in Peru with allocated equity, the latter is considered a jointly liable party. Thus, it is required to provide information, among others, regarding the transferred shares or interests of the non-domiciled legal person.

- P. **Joint and several liability of legal representatives and directors:** From September 14, 2018, through Legislative Decree 1422, when an audited individual is subject to the General Anti-Avoidance Rule, there is joint and several liability of legal representatives due to fraud, gross negligence or misuse of powers, unless proven otherwise. The aforementioned joint and several liability shall be attributed to such representatives provided that they collaborated with the design or approval or execution of acts, situations or economic relationships with an avoidance purpose.

Such regulation also involves the members of the Board of Directors, since it is stated that these individuals are responsible for setting the tax strategy of the companies where they are directors. Thus, they are responsible for determining whether to approve the acts, situations or economic relationships carried out within the tax planning framework and finally, they shall not delegate such liability.

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Lastly, members of the domiciled entities' Board of Directors were granted a term (until March 29, 2019) to verify or modify the acts, situations or economic relationships carried out within the tax planning framework and implemented from September 14, 2018 that are effective to date. For the years 2019 and 2020 onwards, we consider the Board of Directors is responsible for determining annually whether the BBVA Peru Group's activities have avoidance effects which may be regulated by the General Anti-Avoidance Rule and, consequently, be subject to tax regularization.

Considering the aforementioned joint and several liability attributable to legal representatives and directors, and the absence of a definition of "tax planning," it will be crucial to review any act, situation or economic relationship that has: (i) increased tax attributes; and/or (ii) generated a lower payment of taxes of such periods, in order to avoid the attribution of joint and several liability, both administratively and punitively, depending on the supervisory agent criterion. The latter, in case the entity to be audited by the Tax Authorities is subject to the General Anti-Avoidance Rule.

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### 24. Deferred Income Tax

Deferred tax has been calculated applying the liability method, and is attributed to the following items:

<i>In thousands of soles</i>	Balance as of 01.01.2019	Equity additions (recoveries)	Profit or loss additions (recoveries) for the year	Balance as of 12.31.2019	Additions to (deductions from) equity	Additions (recoveries) to profit or loss	Others	Balance as of 12.31.2020
<b>Assets</b>								
Generic provision for direct loan losses	293,316	-	4,852	298,168	-	163,791	-	461,959
Generic provision for indirect loan losses	34,347	-	7,111	41,458	-	1,650	-	43,108
Provision for realizable assets and assets seized and recovered through legal actions	43,084	-	8,813	51,897	-	(3,447)	554	49,004
Specific provision for indirect loan losses	33,430	-	(2,412)	31,018	-	2,362	-	33,380
Other generic provisions	63,404	-	(1,991)	61,413	-	45,723	-	107,136
Labor provisions	69,872	2,624	14,341	86,837	(4,866)	16,654	-	98,625
Tax loss	-	-	13	13	-	(13)	-	-
Interest of non-performing loans	278	-	-	278	-	-	-	278
Investments available-for-sale	4,107	2,355	-	6,462	(162)	-	-	6,300
Cash flows hedges	2,131	(270)	-	1,861	-	-	-	1,861
Tax deduction of property, furniture and equipment	-	-	-	-	-	2,642	-	2,642
Valuation of hedge borrowings	-	-	1,101	1,101	-	24,006	-	25,107
<b>Total assets</b>	<b>543,969</b>	<b>4,709</b>	<b>31,828</b>	<b>580,506</b>	<b>(5,028)</b>	<b>253,368</b>	<b>554</b>	<b>829,400</b>
<b>Liabilities</b>								
Valuation of hedge borrowings	(37,282)	-	37,282	-	-	-	-	-
Cash flows hedges	-	-	-	-	(4,352)	-	-	(4,352)
Intangible assets / deferred charges	(108,313)	-	(10,644)	(118,957)	-	12,611	-	(106,346)
Valuation of derivative financial instruments	(7,843)	-	-	(7,843)	(5,512)	-	-	(13,355)
Tax deduction of property, furniture and equipment	-	-	(921)	(921)	-	-	-	(921)
Balancing of assets and liabilities due to exchange difference	(25,087)	-	11,441	(13,646)	-	(5,454)	-	(19,100)
<b>Total liabilities</b>	<b>(178,525)</b>	<b>-</b>	<b>37,158</b>	<b>(141,367)</b>	<b>(9,864)</b>	<b>7,157</b>	<b>-</b>	<b>(144,074)</b>
<b>Deferred tax asset, net</b>	<b>365,444</b>	<b>4,709</b>	<b>68,986</b>	<b>439,139</b>	<b>(14,892)</b>	<b>260,525</b>	<b>554</b>	<b>685,326</b>

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**25. Earnings per Share**

The calculation of weighted average amount of shares and earnings per share as of December 31 is as follows:

<i>In thousands of</i>	<b>Outstanding shares</b>	<b>Weighted average number of basic shares</b>	<b>Effective days to year-end</b>	<b>Weighted average number of ordinary shares</b>
<b>2020</b>				
Balance as of January 1, 2020	5,885,209	5,885,209	365	5,885,209
Capitalization of 2019 profit or loss	643,960	643,960	365	643,960
<b>Balance as of December 31, 2020</b>	<b>6,529,169</b>	<b>6,529,169</b>		<b>6,529,169</b>
<b>2019</b>				
Balance as of January 1, 2019	5,368,602	5,368,602	365	5,368,602
Capitalization of 2018 profit or loss	516,607	516,607	365	516,607
Capitalization of 2019 profit or loss	643,960	643,960	365	643,960
<b>Balance as of December 31, 2019</b>	<b>6,529,169</b>	<b>6,529,169</b>		<b>6,529,169</b>

As of December 31, 2020 and 2019, earnings per share calculated on the base of the weighted average number of shares amounted to S/ 0.0993 and S/ 0.2464, respectively.

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## 26. Related Party Transactions

As of December 31, 2020 and 2019, the consolidated financial statements 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 available market conditions for unbound third parties.

(a) The balances of the BBVA Peru Group's consolidated statement of financial position arising from related parties as of December 31, were as follows:

	2020					2019				
	Controlling party	Related parties (*)	Associates	Key staff and directors	Total	Controlling party	Related parties (*)	Associates	Key staff and directors	Total
<i>In thousands of soles</i>										
<b>Assets</b>										
Cash and due from banks	207,721	-	-	-	207,721	126,460	-	-	-	126,460
Loan portfolio, net	-	353,554	32,824	29,146	415,524	-	520,561	11	28,970	549,542
Trading derivatives	322,397	80,325	-	-	402,722	282,154	793	-	-	282,947
Other assets, net	195,313	33,235	4,207	-	232,755	30,227	36,154	-	-	66,381
<b>Total assets</b>	<b>725,431</b>	<b>467,114</b>	<b>37,031</b>	<b>29,146</b>	<b>1,258,722</b>	<b>438,841</b>	<b>557,508</b>	<b>11</b>	<b>28,970</b>	<b>1,025,330</b>
<b>Liabilities</b>										
Obligations to the public and deposits from financial system entities	91,266	803,885	331	98,195	993,677	223,118	458,269	875	157,338	839,600
Borrowings and financial obligations	-	-	-	-	-	-	6,000	-	-	6,000
Trading derivatives	511,778	380	-	-	512,158	246,544	581	-	-	247,125
Provisions and other liabilities	25,981	15,808	35	25	41,849	44,902	9,613	-	21	54,536
<b>Total liabilities</b>	<b>629,025</b>	<b>820,073</b>	<b>366</b>	<b>98,220</b>	<b>1,547,684</b>	<b>514,564</b>	<b>474,463</b>	<b>875</b>	<b>157,359</b>	<b>1,147,261</b>
<b>Off-balance sheet accounts</b>										
Indirect loans	-	353,276	317	1,539	355,132	-	250,655	292	1,326	252,273
Derivative financial instruments	17,759,685	23,252	-	-	17,782,937	16,245,167	144,097	-	-	16,389,264

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

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- (b) The effects of related party transactions in the BBVA Peru Group's consolidated statement of financial position are detailed below for the year ended December 31:

	2020					2019				
	Controlling party	Related parties (*)	Associates	Key staff and directors	Total	Controlling party	Related parties (*)	Associates	Key staff and directors	Total
<i>In thousands of soles</i>										
Interest income	-	1,215	-	122	1,337	-	1,640	-	132	1,772
Interest expense	-	(8,467)	-	(66)	(8,533)	-	(10,275)	-	(237)	(10,512)
	-	<b>(7,252)</b>	-	<b>56</b>	<b>(7,196)</b>	-	<b>(8,635)</b>	-	<b>(105)</b>	<b>(8,740)</b>
Income from financial services	1,937	1,991	-	41	3,969	-	413	-	5	418
Expenses from financial services	-	-	-	-	-	-	-	-	-	-
	<b>1,937</b>	<b>1,991</b>	-	<b>41</b>	<b>3,969</b>	-	<b>413</b>	-	<b>5</b>	<b>418</b>
Net profit or loss from financial operations	(8,003)	(1,984)	-	4	(9,983)	(3,257)	(6,543)	-	-	(9,800)
Administrative expenses	(28,048)	(75,436)	-	-	(103,484)	(18,217)	(80,155)	-	-	(98,372)
Other income and expenses, net	-	277	-	-	277	-	288	-	11	299
	<b>(36,051)</b>	<b>(77,143)</b>	-	<b>4</b>	<b>(113,190)</b>	<b>(21,474)</b>	<b>(86,410)</b>	-	<b>11</b>	<b>(107,873)</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 personnel compensation.

As of December 31, 2020 and 2019, Board of Directors, executives and employees of BBVA Peru Group hold allowed loan transactions pursuant to the Banking Law, which regulates and establishes certain limits to transactions with members of the Board of Directors, executives and employees of financial entities in Peru. As of December 31, 2020 and 2019, direct loans granted to employees, directors, executives and key personnel amount to S/ 496 million and S/ 472 million, respectively.

Likewise, as of December 31, 2020 and 2019, remuneration to key personnel and expenses allowance for the board of Director amounts to S/ 11 million, for both periods.

**27. Trust Fund Activities**

The Bank offers structuring and management services of trust operations and trust fees and oversees the preparation of agreements related to these operations. Assets held in trust are not included in the consolidated financial statements. The Bank is responsible for the appropriate management of these trusts based on the limits established by applicable laws and the respective agreement. As of December 31, 2020, the allocated value of assets in trusts and trust fees amounts to S/ 15,199 thousand (S/ 12,591 million as of December 31, 2019).



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### 28. Classification of Financial Instruments

BBVA Peru Group classifies its financial assets and financial liabilities into categories as described in note 3. As of December 31, financial assets and financial liabilities are classified as follows:

<i>In thousands of soles</i>	At fair value through profit or loss			Available-for-sale		
	Held for trading	Designated at inception	Loans and accounts receivable	At amortized cost	At fair value	Hedging instruments
<b>Assets</b>						
Cash and due from banks	-	-	24,954,267	-	-	-
Interbank funds	-	-	137,599	-	-	-
Investments	4,722,272	-	-	1,122	6,697,946	-
Equity instruments	43,216	-	-	1,122	29,232	-
Debt instruments	4,679,056	-	-	-	6,668,714	-
Loan portfolio, net	-	-	66,593,761	-	-	-
Trading derivatives	898,595	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	103,354
Accounts receivable	-	-	44,614	-	-	-
Other assets	-	-	889,508	-	-	-
	<b>5,620,867</b>	<b>-</b>	<b>92,619,749</b>	<b>1,122</b>	<b>6,697,946</b>	<b>103,354</b>

<i>In thousands of soles</i>	At fair value through profit or loss				
	Held for trading	Designated at inception	At amortized cost	Other liabilities	Hedging instruments
<b>Liabilities</b>					
Obligations to the public	-	-	70,812,534	-	-
Interbank funds	-	-	72,421	-	-
Deposits from financial system entities	-	-	1,400,063	-	-
Borrowings and financial obligations	-	-	7,053,718	-	-
Trading derivatives	876,395	-	-	-	-
Hedging derivatives	-	-	-	-	14,633
Accounts payable	-	-	16,006,719	25,057	-
	<b>876,395</b>	<b>-</b>	<b>95,345,455</b>	<b>25,057</b>	<b>14,633</b>

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	2019				
	At fair value through profit or loss		Loans and accounts receivable	Available-for-sale	
	Held for trading	Designated at inception		At amortized cost	Hedging instruments
<i>In thousands of soles</i>					
<b>Assets</b>					
Cash and due from banks	-	-	14,816,709	-	-
Interbank funds	-	-	150,137	-	-
Investments					
Equity instruments	26,331	-	-	1,881	26,947
Debt instruments	2,669,123	-	-	-	3,915,562
Loan portfolio, net	-	-	56,398,279	-	-
Trading derivatives	567,686	-	-	-	-
Hedging derivatives	-	-	-	-	4,611
Accounts receivable	-	-	41,933	-	-
Other assets	-	-	1,209,497	-	-
	<b>3,263,140</b>	<b>-</b>	<b>72,616,555</b>	<b>1,881</b>	<b>3,942,509</b>
					<b>4,611</b>

	2019				
	At fair value through profit or loss		At amortized cost	Other liabilities	Hedging instruments
	Held for trading	Designated at inception			
<i>In thousands of soles</i>					
<b>Liabilities</b>					
Obligations to the public	-	-	54,659,978	-	-
Interbank funds	-	-	150,016	-	-
Deposits from financial system entities	-	-	1,499,305	-	-
Borrowings and financial obligations	-	-	9,678,796	-	-
Trading derivatives	490,934	-	-	-	-
Hedging derivatives	-	-	-	-	19,777
Accounts payable	-	-	4,189,238	24,582	-
	<b>490,934</b>	<b>-</b>	<b>70,177,333</b>	<b>24,582</b>	<b>19,777</b>

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### **29. Financial Risk Management**

Financial risk management is fundamental on the Bank's strategy, since it guarantees its creditworthiness and sustainable development. The Bank's risk profile has been established in accordance with the strategy and policies of the BBVA Group, and considers a unique, independent and global risk management model.

- Unique: Focused on a sole objective. Risk appetite supported in fundamental metrics, limits for portfolios and economic sectors, and indicators for the management and monitoring of portfolios, is determined.
- Independent: It is independent and complementary to the business. The process of adapting the risk area allows to closely monitor the business and thus detect opportunities.
- Global: BBVA Peru Group has a flexible risk model that can be used for all risk, in all countries and for all business.

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

This year, due to the country's situation for the COVID-19 outbreak, risk management has been focused on the crisis management from all fronts:

- Portfolio management under the guidelines defined by the SBS and the Government, adaptation of management and monitoring reports according to the new needs of the situation.
- Permanent follow up and monitoring of the liquidity risks.
- From the wholesale and retail Admission, permanent review and adjustment of the admission policies, rescheduling modalities carrying out the portfolio diagnosis, segmentation and action plans according to the criticality identified.
- The follow up and management of collection has had a preventive and anticipatory approach, which is oriented to the most vulnerable and affected sectors. Specialized teams have been implemented to manage the collections by implementing differentiated strategies according to the portfolio. Therefore, a good containment level of the rescheduled portfolio has been achieved.

Under the non-financial risk management, control of the measures and decisions are taken in order to mitigate operational risks.

#### **Credit risk**

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

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

- *Portfolio Management, Data & Reporting:* Manages credit risk by monitoring the defined risk appetite, preparing metrics and reports to evaluate the policy setting throughout the business cycle, from admission, follow-up to recovery, with the objective of monitoring the credit quality of the portfolio and ensure sustained profitability in line with capital consumption. In addition, it is responsible for the development and monitoring of the credit risk models that are used in risk management by the BBVA Peru Group.
- *Risk Internal Control:* It is the control unit for risk activities. Specifically, and independently, it performs the contrast and control of the regulations and the governance structure in matters of financial risks and their application and operation in risks, as well as the contrast of the development and execution of the management and control processes of financial risks. Likewise, it is responsible for the validity of the risk models.
- *Risk Solution:* It manages the portfolio of projects in the Risk area. It ensures its definition, prioritization, execution and startup.
- *Risk Transformation:* It is the team responsible for ensuring the execution and continuous improvement of the dependent processes, complying with the defined and committed quality and productivity standards. As part of the process organization, it must seek efficiency and synergy between the services involved.
- *Retail Loan:* It manages the credit risk in the admission stage for natural persons and banking business (small and medium business). For natural persons, the admission is carried out through tools that assess the customer profile, its ability to meet its debt obligation and its credit history in the Bank and the financial system. For banking business, the admission main analysis is the financial-economic information obtained from field-visits that allow dimensioning the business and the debtor's payment capacity, through the use of specific methodologies by economic activity, as well as tools that assess the behavioral profile of the businesses.

For the loan origination of both people and businesses, massive evaluation is carried out through campaigns and specific tactical actions in accordance with the growth strategy of the BBVA Peru Group, as well as the management of portfolios.

- *Wholesale Loan:* It manages credit risk in the business segments of the Retail Network, Business Banking, Institutions, Global Customers, Intermediary Financial Institutions and the Real Estate Sector, integrating the phases of origination, admission and follow-up, in accordance with the guidelines defined in the Wholesale Credit Risk Policy.

In 2020, management by controlling asset allocation limits, threshold concentration and suggested sector profiles have been essential to monitor risk appetite on a permanent basis.

On the other hand, the Portfolio Management team focused their work on the diagnosis and assessment of the crisis impacts on the different portfolios and the implementation of measures in management policies acting in advance.

Rating, risk analyst and credit-reporting are important support tools for the decision making. Likewise, the Authorized Financing Program and the Digital Financing Program, used in Business and Corporate Banking segments, respectively, continued as digital platforms for the preparation and analysis of credit proposals.

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- *Collection, Mitigation & Workout:* It groups together the functions and processes necessary for the monitoring, non-payment containment, collection, recoveries and the divestment of the portfolio with problems, both from retail and wholesale banking, achieving crossway efficiencies in the processes, as well as in the external management channels (collection agencies, calls, and law firms) and internal (network of offices).

The portfolio with problems is managed through a centralized strategy that defines the refinancing policy, payment agreements with customers and repossessed assets, which aim to reduce the provision expense and default levels. The previously by differentiating each of the segments and stages of the credit life cycle.

Since 2018, the Bank has been executing the Collection Integral Plan, which is a transformation project that involves process improvement, data management, remediable products, customer's experience and IT platform, among the most important, which execution continues in 2020.

Considering the health crisis scenario, management focus on sensitive and vulnerable sectors, as well as management on the highest value reprogrammed and refinanced groups, was key to controlling deterioration during 2020.

As part of this plan, in 2020, the write-offs operation was implemented in the portfolios; the Key Performance Indicator and Key Risk Indicator collection and recovery dashboards were strengthened, new tenders were executed in external collection channels and legal studies, the Level Services Agreements and the performance supervision of the providers. As part of the new management impulses, the BEC and Retail Solution Office was launched, which allowed a scheme closer to the portfolio with problems, and an improvement in the levels of containment.

Financing risk management in the COVID-19 context:

- **Anticipate Plan:** 4 executives and a risk leader were selected for the exclusive attention of 255 customers who, in coordination with the branch network, were the ones that presented the greatest warnings in 2020. The objective of the team was to carry out the diagnosis and coordination with the admission team for readjust through rescheduling or with the Stage 3 team for timely refinancing.
- **Solution plan:** The executives of the commercial network (more than 180 executives) carried out the plan, with a role exclusively to the recovery activity. This team is led by 13 monitoring heads whose objective is the location of the main customers, diagnosis and redirection of operations through rescheduling or refinancing.

The retail portfolio segmentation was carried out considering the impact and materiality matrices (Debt ranges) for the private and SME portfolio. In addition, collection management differs whether the portfolio was rescheduled or not.

The impact level on the SME portfolio took as the main axis economic activity according to the company's business line, which were classified as Winning, Sensitive, Critical and Very critical, with Winning activities being those that were benefited by this COVID juncture.

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- **Collection plan:** The implant model was developed, which is a supervision model based on the physical presence of a Bank supervisor at the provider's physical facilities in order to maximize the performance of the collection processes and guarantee the execution of the strategies and tactical actions and even those of human resources. Currently, due to the situation, the physical presence was replaced with the virtual scheme; however, 100% of the supervisor's dedication was maintained exclusively to the assigned provider.

A competition was held between the six external collection companies that manage the Bank's retail portfolio to choose only three strategic allies for the year 2021 and, therefore, the collection team was restructured into 6 implant supervisors to monitor the three external companies for both portfolio segments (Individuals and SMEs). In addition, two professionals from other areas were incorporated to support the disbursements of the Refinances (coordination and registration), preventive management tastings, support in the supervision of external companies while the implant model was being developed and monitoring of the collection pilots.

### Maximum exposure to credit risk

As of December 31, this caption comprises the following:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
Cash and due from banks	24,954,267	14,816,709
Interbank funds	137,599	150,137
Investments at fair value through profit or loss	4,722,272	2,695,454
Investments available-for-sale	6,699,068	3,944,390
Loan portfolio, net	66,593,761	56,398,279
Trading derivatives	898,595	567,686
Hedging derivatives	103,354	4,611
Accounts receivable	44,613	41,933
Other assets	889,508	1,209,497
	<b>105,043,037</b>	<b>79,828,696</b>

### Received guarantees

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

The procedures for the management and valuation of guarantees received for loans granted to customers as indicated in the Guarantees Policies, cover the guarantee acceptance policies and the basic principles for setting, maintenance and release. All guarantees assigned are to be properly instrumented and recorded in the corresponding register, monitoring they are currently updated and have the corresponding insurance policies, in strict compliance with the rules laid down by the regulatory body.

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The valuation of guarantees is governed by prudence principles, involving appraisals for mortgages, market price for listed securities, value of interest in an investment fund, among others. These principles establish internal milestones that may be stricter than those contained in local regulations, and under which the value of guarantees is updated.

<i>In thousands of soles</i>	<b>2020</b>	<b>%</b>	<b>2019</b>	<b>%</b>
Mortgages	22,639,889	32	22,288,636	38
Guarantees and letters of guarantee received	11,925,213	17	613,827	1
Finance lease	3,772,204	5	4,212,785	7
Self liquidating guarantees	512,970	1	373,483	1
Vehicle, industrial, agricultural pledges and others	39,805	-	62,206	-
Rest of guarantees	15,855,613	23	13,734,788	23
<b>Guaranteed loans</b>	<b>54,745,694</b>	<b>78</b>	<b>41,285,725</b>	<b>70</b>
<b>Non guaranteed loans</b>	<b>15,829,880</b>	<b>22</b>	<b>17,720,027</b>	<b>30</b>
<b>Total</b>	<b>70,575,574</b>	<b>100</b>	<b>59,005,752</b>	<b>100</b>

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## **Credit quality of the loan portfolio**

The segmentation of the loan portfolio into "Not past due or impaired", "Past due but not impaired" and "Impaired" is presented as follows:

	As of December 31, 2020						As of December 31, 2019					
	Wholesale loans	Small and micro- business loans	Consumer loans	Mortgage loans	Total		Wholesale loans	Small and micro- business loans	Consumer loans	Mortgage loans	Total	
<i>In thousands of soles</i>												
<b>Neither past due nor impaired loans</b>	<b>43,541,037</b>	<b>3,358,907</b>	<b>6,212,063</b>	<b>12,669,372</b>	<b>65,781,379</b>	<b>100</b>	<b>34,787,681</b>	<b>1,695,694</b>	<b>6,164,737</b>	<b>12,626,590</b>	<b>55,274,702</b>	<b>99</b>
Standard	42,201,346	3,329,026	6,096,584	12,499,191	64,126,147	97	34,242,297	1,662,230	6,049,531	12,449,842	54,403,900	97
With potential problems	1,339,691	29,881	115,479	170,181	1,655,232	3	545,384	33,464	115,206	176,748	870,802	2
Substandard	-	-	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-	-	-
<b>Non past-due nor impaired loans</b>	<b>25,892</b>	<b>948</b>	<b>67</b>	<b>841</b>	<b>27,748</b>	<b>-</b>	<b>39,561</b>	<b>1</b>	<b>15</b>	<b>444</b>	<b>40,021</b>	<b>-</b>
Standard	11,908	865	67	3	12,843	-	11,608	1	15	3	11,627	-
With potential problems	13,984	83	-	838	14,905	-	27,953	-	-	441	28,394	-
Substandard	-	-	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-	-	-
<b>Impaired loans</b>	<b>2,936,472</b>	<b>229,489</b>	<b>709,700</b>	<b>890,786</b>	<b>4,766,447</b>	<b>7</b>	<b>2,333,877</b>	<b>164,583</b>	<b>435,339</b>	<b>757,230</b>	<b>3,691,029</b>	<b>7</b>
Standard	7,275	-	-	-	7,275	-	29,138	28	1	-	29,167	-
With potential problems	494,254	91	8	-	494,353	1	274,266	101	8	-	274,375	-
Substandard	730,439	32,456	109,414	230,788	1,103,097	2	587,792	22,196	95,693	242,039	947,720	2
Doubtful	311,224	54,866	270,095	262,335	898,520	1	465,771	39,416	182,749	199,352	887,288	2
Loss	1,393,280	142,076	330,183	397,663	2,263,202	3	976,910	102,842	156,888	315,839	1,552,479	3
<b>Gross loan portfolio</b>	<b>46,503,401</b>	<b>3,589,344</b>	<b>6,921,830</b>	<b>13,560,999</b>	<b>70,575,574</b>	<b>107</b>	<b>37,161,119</b>	<b>1,860,278</b>	<b>6,600,091</b>	<b>13,384,264</b>	<b>59,005,752</b>	<b>106</b>
Less: Provisions	(2,615,468)	(203,778)	(908,956)	(690,901)	(4,419,103)	(7)	(1,857,527)	(140,362)	(407,568)	(501,552)	(2,907,009)	(6)
<b>Net portfolio</b>	<b>43,887,933</b>	<b>3,385,566</b>	<b>6,012,874</b>	<b>12,870,098</b>	<b>66,156,471</b>	<b>100</b>	<b>35,303,592</b>	<b>1,719,916</b>	<b>6,192,523</b>	<b>12,882,712</b>	<b>56,098,743</b>	<b>100</b>



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Criteria used to determine if a credit is impaired is the following:

Type of debtor	Impairment criteria
Retail	Loans past due over 90 days. Debtor is rated as deficient, doubtful or loss.
Wholesome	Debtor is rated as deficient, doubtful or loss. Refinanced or restructured loans.

The specific provisions related to the transactions that, as of December 31, 2020, have been classified as 'past due but not impaired' loans and 'impaired' loans amount to S/ 2,699 million (S/ 1,844 million as of December 31, 2019).

In 2020 and 2019, the transactions with clients that, during these periods, were classified as 'past due but not impaired' loans and 'impaired' loans resulted in finance income of S/ 121 million and S/ 146 million, respectively.

As of December 31, 2020 and 2019, the guarantees of past due and non-impaired loans and impaired loans amount to S/ 2,085 million and S/ 2,255 million, respectively, of which S/ 1,963 million and S/ 2,119 million correspond to mortgages.

The 'past due but not impaired' loans as of December 31, 2020 and 2019 amount to S/ 28 million and S/ 40 million, respectively. Find below a breakdown of those credits listed per past-due date:

In thousands of soles	2020				2019			
	16- 30	31- 60	61 - 90	Total	16- 30	31- 60	61 - 90	Total
<b>Days in arrears</b>								
<b>Types of credit</b>								
Large-business loans	1,244	-	24	1,268	2,447	2,558	4,392	9,397
Medium-business loans	8,728	9,849	6,047	24,624	16,359	11,356	2,449	30,164
	<b>9,972</b>	<b>9,849</b>	<b>6,071</b>	<b>25,892</b>	<b>18,806</b>	<b>13,914</b>	<b>6,841</b>	<b>39,561</b>
Small-business loans	-	948	-	948	-	-	1	1
Consumer loans	-	1	66	67	-	10	5	15
Mortgage loans	-	841	-	841	-	444	-	444
	-	<b>1,790</b>	<b>66</b>	<b>1,856</b>	-	<b>454</b>	<b>6</b>	<b>460</b>
<b>Total</b>	<b>9,972</b>	<b>11,639</b>	<b>6,137</b>	<b>27,748</b>	<b>18,806</b>	<b>14,368</b>	<b>6,847</b>	<b>40,021</b>

**Risk concentrations**

The loan portfolio is distributed in the following economic sectors:

In thousands of soles	2020		2019	
Mortgage and consumer loans	20,482,829	30%	20,343,298	35%
Commerce	14,370,278	20%	9,866,544	17%
Manufacturing	10,042,657	14%	8,836,261	15%
Real estate, business and leasing	5,962,891	8%	4,713,457	8%
Transport, storage and communications	5,707,309	8%	3,700,744	6%
Agriculture and livestock	2,308,038	3%	1,815,548	3%
Mining	2,007,550	3%	1,604,248	3%
Construction	1,417,140	2%	898,794	2%
Power, gas and water	1,392,419	2%	1,020,874	2%
Financial intermediation	1,232,140	2%	1,801,589	3%
Others	5,652,323	8%	4,404,395	6%
	<b>70,575,574</b>	<b>100%</b>	<b>59,005,752</b>	<b>100%</b>

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As of December 31, financial assets are distributed among the following geographic areas:

	2020					
	<u>At fair value through profit or loss</u>		Loans and accounts receivable	Available for sale	Hedging instruments	Total
	Held for trading	Designated at inception				
<i>In thousands of soles</i>						
<b>Financial instruments</b>						
Peru	5,151,233	-	70,575,511	4,593,849	-	80,320,593
Rest of South America	-	-	157,325	980	-	158,305
Rest of the world	322,533	-	16,566	74,117	-	413,216
Mexico	-	-	2,212	-	-	2,212
United States	-	-	19,952	1,963,500	-	1,983,452
Europe	155,338	-	10,468	72,975	103,354	342,135
	<b>5,629,104</b>	<b>-</b>	<b>70,782,034</b>	<b>6,705,421</b>	<b>103,354</b>	<b>83,219,913</b>
Provisions	(8,237)	-	(4,580,948)	(6,353)	-	(4,595,538)
Accrued returns on current loans (note 7)	-	-	539,844	-	-	539,844
Deferred interest	-	-	(102,554)	-	-	(102,554)
	<b>5,620,867</b>	<b>-</b>	<b>66,638,376</b>	<b>6,699,068</b>	<b>103,354</b>	<b>79,061,665</b>

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	2019					
	At fair value through profit or loss		Loans and	Available	Hedging	Total
<i>In thousands of soles</i>	Held for trading	Designated at inception	accounts receivable	for sale	instruments	
<b>Financial instruments</b>						
Peru	2,915,867	-	59,103,937	3,446,719	1,448	65,467,971
Rest of South America	-	-	28,135	980	-	29,115
Rest of the world	348,722	-	14,502	-	-	363,224
Mexico	793	-	1,996	-	-	2,789
United States	-	-	18,485	496,661	-	515,146
Europe	5,298	-	10,557	30	3,163	19,048
	<b>3,270,680</b>	<b>-</b>	<b>59,177,612</b>	<b>3,944,390</b>	<b>4,611</b>	<b>66,397,293</b>
Provisions	(7,540)	-	(3,036,937)	-	-	(3,044,477)
Accrued returns on current loans (note 7)	-	-	362,568	-	-	362,568
Deferred interest	-	-	(63,032)	-	-	(63,032)
	<b>3,263,140</b>	<b>-</b>	<b>56,440,211</b>	<b>3,944,390</b>	<b>4,611</b>	<b>63,652,352</b>

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### **Market risk**

Market risk arises as a consequence of the activity maintained in the markets, through financial instruments whose value may be affected by variations in market conditions, reflected in changes in the different assets and financial risk factors. The risk can be mitigated and even eliminated through hedging (assets/liabilities or derivatives), or by undoing the open operation or position.

The main risks factors affecting market price are: interest rate, currency and price risks.

- Interest rate risk It arises as a consequence of variations in the provisional structure of market interest rates, for the different currency.
- Currency risk: It arises due to fluctuations in the exchange rates for the different currencies.
- Price risk: It arises as a consequence of changes in the market price, either for the specific instruments' factors, nor for factors affecting all the instruments trades in the market.

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

Value at risk (VaR) is the basic variable to measure and control the Bank's market risk. This risk measure estimates the maximum loss, with a given level of confidence, that can occur in the market positions of a portfolio for a certain time horizon. The Bank calculates the VaR using the historical method with 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 scheme of VaR and economic capital limits for market risk, as well as alerts and specific ad-hoc sub-limits for types of risk, among others.

Likewise, validity tests are carried out on the risk measurement models used, which estimate the maximum loss that can occur in the positions considered, with a certain level of probability ("back testing"), as well as measurements of the impact of extreme movements market in the risk positions maintained ("stress testing"). Currently, the stress analysis on historical scenarios of the Lehman Brothers crisis (2008) is being carried out.

The detail of the VaR for risk factors was as follows:

<i>In thousands of soles</i>	<b>2020</b>	<b>2019</b>
<b>VaR per risk factors</b>		
VaR without smoothing	7,957	6,607
VaR interest rate	8,068	6,381
VaR currency	481	1,912
Average VaR	8,411	7,215
Maximum VaR	12,387	13,669
Minimum VaR	5,803	3,799

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***Structural interest rate risk***

The objective of managing the banking book interest risk is to maintain the Bank's exposure to variations in market interest rates at levels consistent with its strategy and risk profile. To this end, the Assets and Liabilities Committee (hereinafter COAP) conducts active management of the banking book through operations to optimize the level of risk assumed, in relation to the expected results, and allow compliance with the maximum levels of tolerable risk.

The activity performed by the COAP is based on the interest risk measurements conducted by the risks area. Which, acting as an independent unit, periodically quantifies the impact the variation in interest rates has on the interest margin and the economic value of the BBVA Peru Group.

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

All these risk measures are subject to subsequent analysis and monitoring, and the levels of risk assumed and the degree of compliance with the authorized limits are transferred to the different management and administration departments of the BBVA Peru Group.

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The consumption of the structural interest risk levels of the BBVA Peru Group during the years 2020 and 2019 are presented as follows:

		December 2020	November 2020	October 2020	September 2020	August 2020	July 2020	June 2020	May 2020	April 2020	March 2020	February 2020	January 2020
<b>2020</b>													
<b>Limit consumption</b>													
Sensitivity in profit margin	7%	4.3%	4.5%	4.8%	5.1%	3.7%	3.2%	2.9%	3.5%	3.8%	3.9%	4.6%	4.6%
<b>Alert consumption</b>													
Economic value sensitivity	1,200	452	483	480	454	535	498	572	597	565	565	625	635
Economic capital	1,200	533	569	579	589	680	626	608	620	621	667	709	729
Margin at risk	7%	1.9%	1.9%	2.0%	2.1%	1.8%	1.7%	1.3%	1.4%	1.3%	1.4%	1.8%	1.8%
		December 2019	November 2019	October 2019	September 2019	August 2019	July 2019	June 2019	May 2019	April 2019	March 2019	February 2019	January 2019
<b>2019</b>													
<b>Limit consumption</b>													
Sensitivity in profit margin	7%	4.8%	5.0%	5.3%	4.8%	4.4%	4.8%	4.6%	4.5%	4.5%	4.7%	4.7%	4.6%
<b>Alert consumption</b>													
Economic value sensitivity	1,000	630	645	651	645	657	624	597	595	851	898	847	381
Economic capital	1,100	733	751	759	757	767	751	923	868	873	947	887	903
Margin at risk	7%	1.8%	1.9%	1.9%	1.9%	1.8%	1.8%	1.8%	1.7%	1.9%	2.0%	1.9%	2.0%

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

## **Banco BBVA Perú and Subsidiaries**

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### ***Liquidity risk***

The control, monitoring and management of liquidity risk aims, in the short term, to ensure compliance with the Bank's payment commitments in a timely manner, without resorting to obtaining funds under unfavorable conditions, or deteriorating the image and reputation of the BBVA Peru Group. In the medium term, its objective is to ensure the suitability of the financial structure and its evolution, in the context of the economic situation, the markets and regulatory changes.

The management of liquidity and structural financing in the Bank are based on the principle of financial autonomy of the BBVA Peru Group. This management approach contributes to prevent and limit liquidity risk by reducing the Bank's vulnerability in periods of high risk.

The management and monitoring of liquidity risk is carried out comprehensively with a dual approach: short-term and long-term. The short-term liquidity approach, with a time horizon of up to one year, is focused on managing payments and collections 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 having a time horizon equal to or greater than the annual one.

The integral management of liquidity is carried out by COAP, where the Financial Management Unit of the Finance area analyzes the implications, in terms of financing and liquidity of the various Bank projects and their compatibility with the structure of target financing and the situation of financial markets. In this sense, the Financial Management Unit, in accordance with the approved budgets, executes the agreed proposals by the COAP and manages liquidity risk in accordance with 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 decision-making.

The periodic measurements of the risk incurred and the monitoring of the consumption of limits are carried out by the Structural, Markets and Fiduciary Risks Unit, which monthly reports the liquidity risks level to the COAP; as well as more frequently to the management units. It should be noted that during the beginning of the state of emergency due to the COVID19 pandemic, the structural risks unit increased the measurement frequency of the main liquidity indicators in order to carry out a daily monitoring that allows anticipating any contingency and supporting the management areas.

Moreover, the Basel Committee on Banking Supervision (BCBS) has proposed a new liquidity regulation scheme based on two ratios: Liquidity coverage ratio (LCR) which is effective from 2015 and net stable funding ratio (NSFR) which has been implemented since 2018. The Bank and the BBVA Peru Group participated in the quantitative impact study (QIS), which has included the new regulatory challenges in its new general framework of action in the liquidity and financing area. At local level, the SBS has also implemented the monitoring of the liquidity coverage ratio, following the general guidelines of the BCBS, although adapting it to the Peruvian reality. The measurement of liquidity coverage ratio has started on December 2013 and its measurement have a daily frequency. The limit established for liquidity coverage ratio is 80% for the period from 2014 to 2017, 90% for 2018 and 100% for 2019 henceforth, which is being complied.

Since March 2020, the SBS has established the temporary inapplicability of the liquidity coverage ratios in local and foreign currency. However, the structural risks unit has continued with the daily measurement of the liquidity coverage ratios on a timely basis.

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**Banco BBVA Perú and Subsidiaries**

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Repurchase agreement established by the Official Letter 022-2015-BCRP, and repurchase agreement with BCRP of Legislative Decree 1508, which created the Government guarantee program, are considered sources of financing available to be included in the Bank's contingency liquidity plan. To this effect, the SBS requires that the framework agreement be signed with COFIDE and the portfolio that could be used for these operations be identified.



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# **Banco BBVA Perú and Subsidiaries**

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The distribution by terms of assets and liabilities as of December 31, 2020 and 2019, is presented as follows, which, in the case of the loan and deposit portfolio, includes their respective accrued returns:

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

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	Up to 1 month	From 1-3 months	From 3-6 months	From 6-12 months	From 1—5 years	More than 5 years	Past-due and judicial collection loans	Non- contractual maturity	Total
<i>In thousands of soles</i>									
<b>2019</b>									
<b>Assets</b>									
Cash and due from banks	7,541,462	1,527,000	1,363,901	627,710	3,756,636	-	-	-	14,816,709
Interbank funds	150,137	-	-	-	-	-	-	-	150,137
Investments at fair value through profit or loss	1,686,055	201,992	376,990	404,086	-	-	-	26,331	2,695,454
Investments available-for-sale	3,070,209	200,171	592	55,284	145,221	472,913	-	-	3,944,390
Loan portfolio, net	8,622,381	8,154,915	5,461,885	6,642,202	16,188,253	9,553,296	1,775,347	-	56,398,279
Trading derivatives	159,133	49,071	29,343	33,782	135,190	161,167	-	-	567,686
Hedging derivatives	-	-	4,477	-	134	-	-	-	4,611
	<b>21,229,377</b>	<b>10,133,149</b>	<b>7,237,188</b>	<b>7,763,064</b>	<b>20,225,434</b>	<b>10,187,376</b>	<b>1,775,347</b>	<b>26,331</b>	<b>78,577,266</b>
<b>Liabilities</b>									
Obligations to the public									
Demand deposits	2,354,538	1,724,509	-	-	14,325,238	-	-	-	18,404,285
Savings	1,296,508	949,552	-	-	14,993,024	-	-	-	17,239,084
Term	4,723,826	3,164,942	2,143,447	4,997,749	3,883,102	-	-	-	18,913,066
Others	103,543	-	-	-	-	-	-	-	103,543
Interbank funds	150,016	-	-	-	-	-	-	-	150,016
Deposits from financial system entities	395,280	464,044	215,260	338,084	86,637	-	-	-	1,499,305
Borrowings and financial obligations	915,484	69,629	29,260	2,119,658	3,915,357	2,629,408	-	-	9,678,796
Trading derivatives	142,991	59,460	46,277	29,113	105,019	108,074	-	-	490,934
Hedging derivatives	-	-	1,783	-	13,875	4,119	-	-	19,777
Accounts payable	1,641,221	966,000	1,506,599	100,000	-	-	-	-	4,213,820
Other liabilities	1,122,036	-	-	-	-	-	-	-	1,122,036
	<b>12,845,443</b>	<b>7,398,136</b>	<b>3,942,626</b>	<b>7,584,604</b>	<b>37,322,252</b>	<b>2,741,601</b>	<b>-</b>	<b>-</b>	<b>71,834,662</b>

## **Banco BBVA Perú and Subsidiaries**

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### **Operational Risk**

The BBVA Peru Group articulates an operational risk management model implemented throughout the organization, based on methodologies and procedures for the identification, assessing and monitoring of operational risk, and supported by tools that allow 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. In the first line we have the Risk Control Assurer whose objective is to promote the adequate management of operational risk in their respective management areas. The previous by extending the methodology of risk identification and establishment of controls and working for this with the owners of the processes who are those responsible for implementing mitigation plans and execution of controls. In the second line of defense, there is a Risk Control Specialist team who define mitigation and control frameworks in their area of specialty (across the entire organization) and contrast with the one implemented by the first line.

Both control teams are in constant coordination of a methodological unit and constantly report to the corresponding Internal Control and Operational Risk Committees. From the risk area, the non-financial risk unit is in charge of coordinating the Internal Control and Operational Risk Committees, the implementation of corporate management tools, the training of both control teams (Risk Control Assurer and Risk Control Specialist), coordination for updating the risk map according to the established methodology and monitoring of mitigation plans.

In connection with qualitative management, the Support Tool for Operational Risk Management (STORM tool) makes it possible to record the operational risks identified by associating them with a taxonomy of processes and their quantification, as well as recording the evaluation periodical controls associated with critical risks. In 2020, risks and controls are being updated, maintaining the validity of the model.

In addition, there is a database, Integrated Operational Risk System (SIRO), which includes all operational risk events that represent a loss for the BBVA Peru Group, is the fundamental quantitative tool for risk management operational.

The Bank is authorized to use the alternative standard method for calculating the effective equity requirement for operational risk, which allows it to optimize the regulatory capital requirement for operational risk management.

The effective equity requirement for operational risk based on the alternative standard method as of December 31, 2020 amounts to S/ 542 million (S/ 502 million as of December 31, 2019) and for EDPYME based on the basic indicator method as of December 31, 2020 amounts to S/ 7 million (S/ 6 million as of December 31, 2019).

Among the relevant initiatives carried out during 2020, the strengthening of the Bank's internal control scheme stands out through the provision of a greater structure and work methodologies, which has allowed the implementation of the two lines of defense in the internal control through the roles of Risk Control Assurer and Risk Control Specialist mentioned. Likewise, the bank has been working on implementing a new tool, which will support operational risk management.

The business continuity team has conducted actions to assure the business continuity during national state of emergency, including people management and remote working.

**Banco BBVA Perú and Subsidiaries**

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**30. Fair Value**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

In cases where the listed value is not available, the fair value is estimated based on the listed value of a financial instrument with similar characteristics, the present value of the expected cash flows or other valuation techniques; which can be significantly affected by the different assumptions used.

Despite the fact that Management uses its best criteria in estimating the fair value of its financial instruments, there are inherent weaknesses in any valuation technique. As a consequence, the fair value may not be a rough estimate of the net realizable value or the liquidation value.

Regarding the methodology and assumptions used in estimating the fair value of the BBVA Peru Group's financial instruments, the following should be considered:

***Financial instruments whose fair value is similar to the carrying amount:***

This assumption applies for those assets and liabilities with current maturity, with variable interest rate and those whose fair value correspond to the carrying amount according to the SBS Official Letter 43078-2014-SBS.

***Financial instruments at fixed rate***

The methodology of future flows projection discounted at market interest rates is used, for instruments with similar characteristics.

***Financial instruments measured at fair value***

The fair value hierarchy categorizes into 3 levels the inputs to valuation techniques used to measure fair value:

- Level 1: For instruments quoted in active markets, the fair value is determined by the price observed in those markets; and for instruments whose market price is not available but that of its components is, the fair value will be determined based on the relevant market prices of such components.
- Level 2: For instruments quoted in non-active markets, fair value is determined by using a valuation technique or model that mostly uses market data and minimizes the use of data provided by the Bank.
- Level 3: For unquoted instruments, fair value is determined using valuation techniques or models.

The fair value of held for trading and investments available-for-sale has been determined based on their market prices or the quotations of the underlying assets (sovereign risk rates) on the date of the consolidated financial statements.

The fair value of derivative financial instruments is determined using valuation techniques.

**Banco BBVA Perú and Subsidiaries**

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**Carrying amount and fair value of financial assets and financial liabilities**

Taking into account the fair value considerations and the Official Letter 43078-2014- SBS, in which the SBS determined that the fair value corresponds to the carrying amount of loans and deposits, as of December 31, 2020 and 2019, the carrying amount and fair value of financial assets and financial liabilities are presented as follows:

<i>In thousands of soles</i>	Carrying amount		Fair value	
	2020	2019	2020	2019
<b>Assets</b>				
Cash and due from banks	24,954,267	14,816,709	24,954,267	14,816,709
Interbank funds	137,599	150,137	137,599	150,137
Investments at fair value through profit or loss and investments available-for-sale	11,421,340	6,639,844	11,421,340	6,639,844
Loan portfolio, net	66,593,761	56,398,279	66,593,761	56,398,279
Trading derivatives	898,595	567,686	898,595	567,686
Hedging derivatives	103,354	4,611	103,354	4,611
Accounts receivable	44,614	41,933	44,614	41,933
Other assets	889,508	1,209,497	889,508	1,209,497
	<b>105,043,038</b>	<b>79,828,696</b>	<b>105,043,038</b>	<b>79,828,696</b>
<b>Liabilities</b>				
Obligations to the public and deposits from financial system entities	72,212,597	56,159,283	72,212,597	56,159,283
Interbank funds	72,421	150,016	72,421	150,016
Borrowings and financial obligations	7,053,718	9,678,796	7,035,674	9,696,271
Trading derivatives	876,395	490,934	876,395	490,934
Hedging derivatives	14,633	19,777	14,633	19,777
Accounts payable	16,031,775	4,213,820	16,031,775	4,213,820
	<b>96,261,539</b>	<b>70,712,626</b>	<b>96,243,495</b>	<b>70,730,101</b>

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Assets and liabilities recorded at fair value based on the hierarchy level are recorded as follows:

**Financial instruments recorded at fair value and value hierarchy**

	2020				2019			
<i>In thousands of soles</i>	Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
<b>Assets</b>								
<b>Investments at fair value through profit or loss</b>								
Equity instruments	43,216	43,216	-	-	26,331	26,331	-	-
Debt instruments	4,679,056	296,595	4,382,461	-	2,669,123	182,149	2,486,974	-
<b>Investments available-for-sale</b>								
Equity instruments	29,233	29,233	-	-	26,947	26,947	-	-
Debt instruments	6,675,067	2,570,885	4,104,182	-	3,915,562	1,076,078	2,839,484	-
Trading derivatives	898,595	-	898,595	-	567,686	-	567,686	-
Hedging derivatives	103,354	-	103,354	-	4,611	-	4,611	-
	<b>12,428,521</b>	<b>2,939,929</b>	<b>9,488,592</b>	<b>-</b>	<b>7,210,260</b>	<b>1,311,505</b>	<b>5,898,755</b>	<b>-</b>
<b>Liabilities</b>								
Borrowings and financial obligations	3,032,280	-	3,032,280	-	3,882,575	-	3,882,575	-
Trading derivatives	876,395	-	876,395	-	490,934	-	490,934	-
Hedging derivatives	14,633	-	14,633	-	19,777	-	19,777	-
	<b>3,923,308</b>	<b>-</b>	<b>3,923,308</b>	<b>-</b>	<b>4,393,286</b>	<b>-</b>	<b>4,393,286</b>	<b>-</b>

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### Description of the valuation techniques for instruments recorded at fair value

Level 2	Valuation techniques/ Hypothesis	Main inputs used
Fixed and variable rate	<p><b>Fixed rate:</b> Present value of cash flows from bonds (coupons and face value):</p> $Precio_{Bono} = \sum_{n=1}^N \frac{Cupón}{(1+YTM)^n} + \frac{Valor Nominal}{(1+YTM)^N}$ <p>These cash flows are discounted at yield to maturity (YTM)</p> <p><b>Variable rate:</b> The closing price taken is the one consigned in a public source of information (Price Vendors). The Bank does not have trading portfolio of variable rate.</p>	<ul style="list-style-type: none"> <li>▪ <b>Fixed rate:</b> Bonds details (coupon rate, coupons payment frequency, face value) <i>Yield to Maturity (YTM):</i> Obtained from operations traded in Datatec in such a way that the transaction is greater than or equal to S/ 2 million (internally defined condition).</li> <li>▪ <b>Variable rate:</b> closing price of Bloomberg, Reuter or the website of the BVL.</li> </ul>
Derivatives	<p>(a) Forwards, cross-currency swaps contracts and cross currency swaps</p> <p>Calculation of the present value of each of the components of the derivative (fixed / variable) considering market interest rates and converting it to soles with the exchange rate of the day, if necessary. The following are taken into account: variable flows (if any), the projection of flows, the discount curves for each underlying and the current market interest rates.</p>	<ul style="list-style-type: none"> <li>▪ Forward points</li> <li>▪ Fixed vs variable price</li> <li>▪ Exchange rate at closure</li> <li>▪ Market interest rate curves</li> </ul>
	<p>(b) Options</p> <p><b>For options on shares, currency and raw materials</b></p> <p>The hypothesis derived from the use of the Black-Scholes model takes into account the possible adjustments to convexity.</p>	<p><b>Derivatives on shares, currency and raw materials</b></p> <ul style="list-style-type: none"> <li>▪ Forward structure of the underlying</li> <li>▪ Changes in options</li> <li>▪ Observable correlations between underlying</li> </ul>
	<p><b>For derivatives on interest rates:</b></p> <p>The hypothesis derived from the use of the Black-Scholes assumes a lognormal process of forward rates and model takes into account the possible adjustments to convexity.</p>	<p><b>Derivatives on interest rates:</b></p> <ul style="list-style-type: none"> <li>▪ Maturity structure of interest type curve</li> <li>▪ Significant inputs used por main inputs</li> </ul>

**Banco BBVA Perú and Subsidiaries**

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**31. Subsequent Events**

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

As described in note 1.B, the Peruvian government issued various COVID-19 supreme and emergency decrees in the year 2020. Likewise, on January 13, 2021, the Peruvian government implemented various restrictive measures to prevent the spread of COVID-19, including extending confinement in “extreme risk” regions until the end of February 2021 and the State of Emergency until September 2, 2021. In this sense, management conducts a continuous monitoring of the Peruvian Government measures.

On January 13, 2021, the Bank was authorized through SBS Resolution 00120-2021 to the contracting of a redeemable subordinated loan for up to US\$ 200 million computable in the Level 2 Cash Equity, in accordance with the provisions of the aforementioned resolution.



## 6.5. Additional information

### 6.5.1. General data

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Business name	Banco BBVA Perú
RUC	20100130204
Direction	Av. República de Panamá 3055, San Isidro, Lima
Telephone	209-1000

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#### Constitution and corporate purpose

##### GRI 102-5

Banco BBVA Peru, whose abbreviated name is BBVA, was incorporated by public deed of August 20, 1951, granted by the notary of Dr. Ricardo Ortiz de Zevallos, and began operations on October 9 of the same year.

The new corporate name adopted was approved at the mandatory annual shareholders' meeting held on March 27, 2019, for which purpose a partial modification of its bylaws was made, the same that is registered in entry No. B00025 of Item No. 11014915 of the Registry of Legal Persons of Lima.

The Bank is registered in entry 1, page 109, of volume 118 of Companies of the Lima Mercantile Registry, and its continuation in file No. 117639 and heading No. 11014915 of the Lima Registry of Legal Persons. Its duration is indefinite and its corporate purpose is to engage in all banking activities permitted by law.

Its main office is located in the city of Lima, district of San Isidro, to which there are 320 agencies nationwide.

#### List of legal persons that make up the economic group

Banco BBVA Peru is part of the economic group of BBVA (Banco Bilbao Vizcaya Argentaria). At the close of the fiscal year 2020, the bank has the following subsidiaries and investees:

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Company	Inscription RPVM	Activity
Banco BBVA Perú – BBVA	02-921015	Bank
BBVA Bolsa Sociedad Agente de Bolsa S. A. – BBVA SAB	03-970067	Stock broker company
BBVA Asset Management S. A.		Mutual fund management company
Sociedad Administradora de Fondos – BBVA SAF	04-972020	
BBVA Sociedad Titulizadora S. A. – BBVA Titulizadora	T-00004-RPJ	Securitization company
Inmuebles y Recuperaciones BBVA S. A. – IRBSA	—	Real estate company and general services
Comercializadora Corporativa S. A. C. – COMCORP SAC	—	Financial products trading company
BBVA Consumer Finance Edpyme	—	Edpyme
Forum Comercializadora del Perú S. A.	—	Vehicle and insurance marketing company
Forum Distribuidora del Perú S. A. A.	—	Vehicle and insurance marketing company

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It is important to note that BBVA Peru Holding SAC and Holding Continental SA, whose shares are not registered in the Public Registry of the Stock Market (RPMV), are the majority shareholders of Banco BBVA Peru.

#### Subscribed and paid capital as of 12/31/2020

The subscribed and paid capital of Banco BBVA Peru is S/ 6,529,169,237.00 represented in the same number of common capital shares with voting rights, with a nominal value of S/ 1.00 (one sol and 00/100) each.

## Modifications during 2020

On May 11, 2020, the company's annual mandatory shareholders' meeting approved the capitalization of profits, in the amount of S/ 643,959,860.00.

The representative shares of the capital stock are dematerialized and represented by book entries in the name of each holder. During 2020, there have been no changes in Peruvian regulations that affect the capital stock of Banco BBVA Peru.

To date, the Breca Group maintains the entire shareholding in Holding Continental SA, as well as the ownership of 46.12% of the shares representing the Bank's capital stock. Similarly, BBVA Peru Holding SAC, a company fully controlled by the BBVA Group, holds 46.12% of the shares representing Banco BBVA Peru's capital stock.

## Incorporation of subsidiaries

### Main shareholders as of December 31, 2020

Shareholders	Country	Shares	Participation percentage	Range
BBVA Perú Holding S. A. C.	Peru	3,011,352,000	46.12%	More than 10%
Holding Continental S. A.	Peru	3,011,352,000	46.12%	More than 10%
Others	Peru	105,070,876	1.61%	Between 1% and 5%
Others	Several	401,394,361	6.15%	Less than 1%
<b>Total</b>		<b>6,529,169,237</b>	<b>100.00%</b>	

### Holding of shares

Holding of shares	Number of shareholders	Participation percentage
More than 10%	2	92.24%
Between 5% and 10%	—	0.00%
Between 1% and 5%	1	1.61%
Less than 1%	8,048	6.15%
<b>Total</b>	<b>8,051</b>	<b>100.00%</b>

## 6.5.2. Description of operations and development

Banco BBVA Peru is a private law entity, authorized to operate by the SBS, following Law No. 26702, General Law of the Financial System and the Insurance System and Organic Law of the Superintendency of Banking and Insurance, which establishes the framework of regulation and supervision to which companies operating in the financial and insurance system are subject.

CIUU	6519
Term of duration	Undefined

## Evolution of operations

The Bank was created in 1951, under the corporate name of Banco Continental. In 1970 he joined the associated bank (nationalized). During the second quarter of 1995, its privatization was implemented, the winning consortium in the auction being the Spanish group Banco Bilbao Vizcaya (BBVA) and the Brescia Group, of Peruvian origin, through Holding Continental SA. In July of 1998, the State transferred the rest of its shares, equivalent to 19.12%, under the Public Offering of Securities mechanism.

At the shareholders' meeting held on March 31, 2011, it was agreed to modify Article 1 of the bylaws to change the name of the Bank to BBVA Banco Continental, and it may also be identified with the abbreviated name BBVA Continental. Subsequently, at the shareholders' meeting held on March 27, 2019, its corporate name was changed to Banco BBVA Peru, in response to the deployment of a global corporate project aimed at changing the image of the companies that are members of the BBVA Group.

Currently, the Bank's main shareholders are BBVA Peru Holding SAC and Holding Continental SA, companies each holding 46.12% of the Bank's shares.

#### Company personnel as of December 31, 2020

Personnel	BBVA	BBVA and subsidiaries
Executives	92	94
Officials and specialists	4,365	4,311
Administratives	1,509	1,605
<b>Total</b>	<b>5,966</b>	<b>6,010</b>
Variation 2019-2020 (%)	-3.46%	-3.47%
Variation 2018-2019 (%)	2.86%	2.89%

### 6.5.3. Judicial, administrative or arbitration proceedings

Banco BBVA Peru and subsidiaries participate in legal processes of various kinds. In the opinion of management, none of these affect or would affect the normal development of its activities and businesses.

### 6.5.4. Management

#### Brief profile of the board members

GRI 102-23

**Alex Fort Brescia**, Columbia University. Bachelor of Economics from Williams College. He has been a director of Banco BBVA Peru since May 1995 and assumed the position of chairman of the board of directors in June 2013. He has 25 years of experience in banking. Chairman of the board of Rímac Seguros. Vice President of Minsur, Compañía Minera Raura, of the real estate companies of Grupo Breca and the Peruvian Chemical Products Corporation. Director of TASA, Melón, Intursa and Cumbres Andinas. Marcobre's controlling shareholder.

**Pedro Brescia Moreyra**, first vice president of the board of directors. Bachelor of Economics with a specialization in Business Administration from Boston University. He has held the position of director of Banco BBVA Peru since May 1995. He has 25 years of experience in banking. Co-president of Breca. Chairman of the board of the Peruvian Chemical Products Corporation, the real estate companies of Breca and Intursa. Vice Chairman of the board of Rímac and Banco BBVA Perú. Board member of Minsur, TASA, Melón, Raura and Cumbres Andinas. Marcobre's controlling shareholder.

**Ignacio Javier Lacasta Casado**, second vice president. Master in Finance, Banking and Insurance from the Institute of European Finance, University of Wales, United Kingdom. Degree in Economics and Business Administration from the University of Deusto, Spain. He has held the position since January 2013. He has been Director of Emissions and Asset Management, Director of Retail Banking, Country Manager of BBVA Chile and Director of Business for Mexico and South America in the BBVA Group.

**Fernando Eguiluz Lozano**, Managing Director. International Executive Master in Business Administration from the Adolfo Ibáñez University (Miami/Chile) Deusto Business School, Spain. Master in Business Administration from the Pan-American Institute of Senior Business Management. Industrial and Systems Engineer from the Instituto Tecnológico y de Estudios Superiores de Monterrey, Mexico. He has held the position since July 2019. He began his career in the BBVA Group as Deputy Director of

Corporate Banking, Director of Capital Markets and Structured Operations, Businesses Collection, Business Banking, Business Development, among other management positions at BBVA Bancomer SA.

**Fortunato Brescia Moreyra**, director. Bachelor of Engineering from the Colorado School of Mines. He has held the position of director of Banco BBVA Peru since June 2013. Member of the board of directors of Brecia. Chairman of the board of Minsur, Raura and Cumbres Andinas. Vice President of the board of TASA. Member of the board of directors of the real estate companies of Brecia, Rímac, Melón, Intursa and Corporación Peruana de Productos Químicos. Marcobre's controlling shareholder.

**Mario Brescia Moreyra**, director. Business Administrator from Ricardo Palma University. He has held the position of director of Banco BBVA Peru since March 1997. Member of the board of directors of Brecia. Chairman of the board of TASA. Vice President of Intursa y Melón. Member of the board of directors of Rímac Seguros, of the real estate companies of Brecia, Minsur, Raura, Corporación Peruana de Productos Químicos and Cumbres Andinas. Marcobre's controlling shareholder.

**Jose Ignacio Merino Martin**, director. Graduate in Business Sciences, UPV-EHU. He has held the position of director of Banco BBVA Peru since April 2016. He was director of Risks of the South America Business area at BBVA. He was also director of Retail Banking Risks in Spain and director of Credit Risk Monitoring at BBVA, director of Internal Audit of International Retail Banking and Director of Internal Audit at BBVA Bancomer – Mexico, among others. Also, he is a member of the board of directors of BBVA Previsión AFP (pensions) in Bolivia.

**Javier Marín Estévez**, director. Law degree from the University of Deusto, Bilbao. He held the position from April 2016 to May 2020. He was CEO of BBVA Switzerland and CEO of AFP (pensions) Horizonte of the BBVA Group. He was also Deputy General Director of BBVA Banco Continental (today Banco BBVA Peru).

**Rafael Varela Martínez**, director. Degree in Economics and Business Administration from the University of Deusto and an International MBA from IE Business School. He has held the position since May 2020. He has been CFO of the BBVA Group in Chile, CEO of BBVA Puerto Rico, CFO of the Spain and Portugal area, Director of the Institutional Banking Business. Also, he was BBVA Country Manager in France, BBVA America Wholesale Banking Business Development Director, BBVA Financial Management Director, BBVA Strategic Planning Manager and BBVA Capital Markets Manager.

**José Carlos López Álvarez**, director. Studies in Economic Sciences at the University of Barcelona. He has held the position since June 2018. He has been a member of the Spanish Chamber of Commerce in Argentina and a counselor of the Miguel de Cervantes Spanish School in Brazil. He has been corporate director of the BBVA Group, director of BBVA Real Estate (Spain), deputy director to the president at BBVA Francés, Argentina, and vice president of Risks and financial director at BBVA Brazil, among other positions.

### Independent directors

**José Manuel Rodríguez-Novás Sánchez-Diezma**, director. Master's Degree in Agricultural Industry Engineering from the Higher Department of Agricultural Engineers and MBA from IESE, University of Navarra. He has held the position since May 2020. Until 2014, he held management positions for the BBVA Group as director of Global Client Coverage, CIB Latin-America and Corporate Clients Latin-America at BBVA USA; Director of Corporate Development, Corporate Finance and CFO for BBVA Spain. He has been a member of the board of directors of the USA-Spain Chamber of Commerce, among others.

**Ismael Alberto Benavides Ferreyros**, director. Master in Finance and Agricultural Engineer from the University of California, Berkeley. He has held the position since March 2018. He has been general manager of Banco Internacional del Perú – Interbank, director of the Inter-American Finance Bank - BanBif and president of the Association of Banks of Peru – ASBANC. Also, he has been Minister of Economy and Finance, Agriculture and

Fisheries, director of the BCRP and general manager of Corporación Financiera de Desarrollo - Cofide, among other senior positions.

### **Brief profile of the managers who are members of the Managing Committee**

**Fernando Eguiluz Lozano**, General manager. Industrial and Systems Engineer. He was appointed general manager in July 2019.

**Javier Balbín Buckley**, Manager of the Corporate & Investment Banking area. Economist. He held the position from July 2013 to February 2020.

**Frank Erick Babarczy Rodríguez**, Manager of the Corporate & Investment Banking area. Lawyer, MBA. He has held the position since March 2020.

**Gustavo Delgado-Aparicio Labarthe**, Manager of the Corporate and Business Banking area. Economist. He has held the position since July 2013.

**Gonzalo Camargo Cárdenas**, Manager of the Client Solutions area. Economist. He held the position from July 2013 to February 2020.

**Luis Morales Espinosa**, Manager of the Client Solutions area. Industrial Engineer. He has held the position since March 2020.

**Marco Antonio Galdo Marin**, Manager of the Retail Banking area. Economist. He has held the position since January 2019.

**Ignacio Fernández Palomero Morales**, Manager of the Finance area. Economist. He has held the position since March 2017.

**Ruth Anabelí González Velapatiño**, Manager of Legal Services. A lawyer. Master in Law. He has held the position since July 2019.

**Sandra Bianco Roa**, manager of the Talent and Culture area. Economist. He has held the position since August 2018.

**Guadalupe Pérez Suárez**, Manager of the Engineering area. Degree in Systems and Informatics. He has held the position since May 2014.

**Vicente Puig Payá**, Manager of the Risk area. Degree in Law. He was appointed Risk Manager in September 2019.

**Enrique Medina García**, Manager of the Transformation and Data area. Certificate in human resources. He has held the position since December 2019.

**Walter Borra Núñez**, auditor general. Master in Financial Engineering. Certificate in Human Resources. He has held the position since January 2010. He participates in the Management Committee as a guest.

### **Degree of bonding**

#### **GRI 102-23**

The directors Pedro Brescia Moreyra, Mario Brescia Moreyra and Fortunato Brescia Moreyra have collateral blood relationship in the second degree.

The director Alex Fort Brescia has a collateral blood relationship in the fourth degree with the directors Pedro Brescia Moreyra, Fortunato Brescia Moreyra and Mario Brescia Moreyra.

On the other hand, the directors Alex Fort Brescia, Pedro Brescia Moreyra, Mario Brescia Moreyra and Fortunato Brescia Moreyra are, at the same time, directors of Holding Continental SA, a shareholder that owns 46.12% of the shares of Banco BBVA Peru.

## Committees

### GRI 102-24

The board of directors constituted a delegated committee called the Appointments, Remuneration and Talent Management Committee. Its main function is to ensure that the design and implementation of the Bank's remuneration system are aligned with its business strategy, its risk appetite, its policies and its financial soundness. This committee is made up of the general managing director and three directors.

For its part, the Audit Committee is made up of three directors and its main function is to oversee the proper functioning of the internal control system and to keep the board informed of compliance with internal policies and procedures.

The Compliance Committee also made up of three directors, is in charge of supervising the implementation of compliance policies, approving, modifying and ensuring compliance with anti-corruption policies, as well as the annual evaluation of the effectiveness of risk management. compliance.

The Comprehensive Risk Committee, made up of the managing director, two directors and the deputy general manager of the Risk area, is the body in charge of determining the decisions that affect the significant risks to which the company is exposed.

Finally, the Corporate Governance Committee has been set up, made up of four directors and in charge of supervising corporate governance policies and practices, as well as proposing improvements to them.

## 6.5.5. Financial information and financial statements

Details related to the analysis and discussion of management about the results of operations and the economic-financial situation, as well as the financial statements, are shown and discussed in the sections: Management report and audited financial statements 2020.

### Changes in those responsible for preparing and reviewing financial information

During 2020 there have been no changes in the areas responsible for developing and preparing the financial information of Banco BBVA Peru.

## 6.5.6. Information related to the stock market

### Behavior and operations of the company's securities

During the fiscal year 2020, 68,946,504 shares were traded on the Lima Stock Exchange for an amount of S/ 165,157,513.27 in 3,110 operations. Statistics of the price and movement of purchase and sale during the said year are attached.

The registration date of the right to cash dividends of S/ 0.09574253 per share was 06.04.2020. The registration date with the right to the shares released for 10.94200425% was 10.29.2020.

## Evolution of common shares – Equities

ISIN Code	Mnemonic	Year-month	Number of operations	Negotiated amount (S/)	Number of assets	Quotes (Soles)				
						Opening	Closing	Maximum	Minimum	Average
PEP116001004	BBVAC1	2020-01	182	19,546,849	4,992,303	3.39	3.85	3.90	3.68	3.80
PEP116001004	BBVAC1	2020-02	202	24,638,444	6,018,471	3.40	3.88	3.95	3.70	3.79
PEP116001004	BBVAC1	2020-03	286	12,158,011	18,138,013	3.30	3.99	4.04	3.86	3.93
PEP116001004	BBVAC1	2020-04	187	5,263,654	4,065,824	2.35	3.82	4.13	3.80	3.91
PEP116001004	BBVAC1	2020-05	257	17,199,098	21,196,454	2.39	3.64	3.90	3.60	3.72
PEP116001004	BBVAC1	2020-06	225	36,636,723	6,989,669	2.67	3.74	3.80	3.64	3.70
PEP116001004	BBVAC1	2020-07	275	10,360,459	25,681,368	2.68	3.33	3.75	3.31	3.46
PEP116001004	BBVAC1	2020-08	219	5,618,496	3,212,699	2.47	3.25	3.35	3.21	3.25
PEP116001004	BBVAC1	2020-09	219	4,562,312	5,322,134	2.38	3.24	3.38	3.23	3.28
PEP116001004	BBVAC1	2020-10	231	16,665,596	5,238,810	2.42	3.50	3.52	3.20	3.26
PEP116001004	BBVAC1	2020-11	421	6,133,620	44,577,470	2.05	3.36	3.50	3.30	3.41
PEP116001004	BBVAC1	2020-12	406	3,580,203	19,724,298	2.30	3.43	3.55	3.35	3.40
			3,110	162,363,465	165,157,513					

## Direct and indirect shareholding in other companies as of 12/31/2020

Institution	Participation
BBVA SAB	100%
BBVA SAF	100%
BBVA Titulizadora	100%
BBVA Consumer Finance EDPYME	100%
Forum Comercializadora del Perú S. A.	100%
Forum Distribuidora del Perú S. A.	100%
Inmuebles y Recuperaciones BBVA S. A.	100%

## Values in circulation registered in the Public Registry of the Stock Market

### a) Certificates of deposits

#### Third program of deposit certificates

Characteristic	First issuance	Third issuance
<b>Serie</b>	<b>A</b>	<b>TO</b>
Class	Nominatives	Nominatives
Authorized amount	PEN 425,000,000	PEN 425,000,000
Amount placed	PEN 50,520,000	PEN 150,000,000
Representation	Account entry	Account entry
Term	360 days	360 days
Date of issuance	22-Apr-16	18-Oct-19
Redemption date	17-Apr-17	12-Oct-20
Interest rate	5.78512% annual nominal	3.3258% annual nominal
Auction type	Dutch by rate	Dutch by rate
Loan price	94.5313%	96.78125%
Interest payment	Zero coupon	Zero coupon
Amortization	To the expiration	To the expiration
Amount demanded	PEN 82,490,000	PEN 256,650,000
Demand / Offer	1.63x	1.71x
Outstanding balance as of 12/31/2020	Expired	Expired

### Quotes

#### Continuous market

Mnemonic	Year-month	Currency	Opening %	Closing %	Maximum %	Minimum %	Average price %
BBVA3CD3A	2019-11	PEN	97.0066	97.0066	97.0066	97.0066	97.0066



## b) Corporate bonds

### Fourth program of deposit certificates

Characteristic	First issuance	Second issuance	Third issuance
<b>Serie</b>	<b>Once</b>	<b>A</b>	<b>A</b>
Class	Nominatives	Nominatives	Nominatives
Authorized amount	PEN 40,000,000	PEN 80,000,000	PEN 100,000,000
Amount placed	PEN 40,000,000	PEN 80,000,000	PEN 100,000,000
Representation	Account entry	Account entry	Account entry
Term	10 years - No Call Option	10 years - No Call Option	7 years - No Call Option
Date of issuance	13-Aug-10	25-Aug-10	18-Aug-11
Redemption date	13-Aug-20	25-Aug-20	18-Aug-18
Interest rate	7.1875%	7.21875%	7.1250%
Auction type	Dutch by rate	Dutch by rate	Dutch by rate
Loan price	100%	100%	100%
Interest payment	Semi-Annual Coupon	Semi-Annual Coupon	Semi-Annual Coupon
1	13-Feb-11	25-Feb-11	18-Feb-12
2	13-Aug-11	25-Aug-11	18-Aug-12
3	13-Feb-12	25-Feb-12	18-Feb-13
4	13-Aug-12	25-Aug-12	18-Aug-13
5	13-Feb-13	25-Feb-13	18-Feb-14
6	13-Aug-13	25-Aug-13	18-Aug-14
7	13-Feb-14	25-Feb-14	18-Feb-15
8	13-Aug-14	25-Aug-14	18-Aug-15
9	13-Feb-15	25-Feb-15	18-Feb-16
10	13-Aug-15	25-Aug-15	18-Aug-16
11	13-Feb-16	25-Feb-16	18-Feb-17
12	13-Aug-16	25-Aug-16	18-Aug-17
13	13-Feb-17	25-Feb-17	18-Feb-18
14	13-Aug-17	25-Aug-17	18-Aug-18
15	13-Feb-18	25-Feb-18	
16	13-Aug-18	25-Aug-18	
17	13-Feb-19	25-Feb-19	
18	13-Aug-19	25-Aug-19	
19	13-Feb-20	25-Feb-20	
20	13-Aug-20	25-aug-20	
Amortization	To the expiration	To the expiration	To the expiration
Amount demanded	PEN 115,895,000	PEN 96,150,000	PEN 202,695,000
Demand / Offer	2.90x	1.20x	2.03x
Outstanding balance as of 12/31/2020	Expired	Expired	Expired

## Quotes

### Continuous market

Mnemonic	Year-month	Currency	Opening %	Closing %	Maximum %	Minimum %	Average price %
BBVA4BC2A	2019-05	PEN	103.5000	103.5000	103.5000	103.5000	103.5000
BBVA4BC1U	2019-07	PEN	103.2639	103.2639	103.2639	103.2639	103.2639
BBVA4BC2A	2019-12	PEN	102.8367	102.8367	102.8367	102.8367	102.8367

### Money market

Mnemonic	Year-month	Currency	Opening %	Closing %	Maximum %	Minimum %	Average price %
BBVA4BC1U	2019-02	PEN	103.7367	103.7367	103.7367	103.7367	103.7368
BBVA4BC2A	2019-03	PEN	103.6303	103.6303	103.6303	103.6303	103.6303
BBVA4BC1U	2019-07	PEN	103.4559	103.4559	103.4559	103.4559	103.4559
BBVA4BC2A	2019-07	PEN	103.0363	104.1500	104.1500	103.0363	103.6106
BBVA4BC1U	2019-08	PEN	103.1161	103.1161	103.1161	103.1161	103.1161
BBVA4BC1U	2019-09	PEN	102.9947	102.9947	102.9947	102.9947	102.9948
BBVA4BC2A	2019-09	PEN	102.6955	102.6955	102.6955	102.6955	102.6956
BBVA4BC2A	2019-10	PEN	103.0171	103.0171	103.0171	103.0171	103.0171
BBVA4BC2A	2019-11	PEN	103.0186	103.0186	103.0186	103.0186	103.0186
BBVA4BC1U	2019-12	PEN	102.4525	102.4525	102.4525	102.4525	102.4525

## Fifth corporate bond program

Characteristic	First Issuance	Second Issuance	Fifth Issuance	Sixth Issuance
<b>Serie</b>	<b>A</b>	<b>A</b>	<b>Once</b>	<b>A</b>
Class	Nominative	Nominative	Nominative	Nominative
Authorized amount	PEN 50,000,000	PEN 100,000,000 expandable to PEN 150,000,000	PEN 200,000,000	USD 60,000,000 expandable to USD 80,000,000
Amount placed	PEN 50,000,000	PEN 150,000,000	PEN 200,000,000	USD 54,000,000
Representation	Account entry	Account entry	Account entry	Account entry
Term	5 years - No Call Option	15 years - No Call Option	7 years - No Call Option	4 years - No Call Option
Date of issuance	19-Dec-11	19-Dec-11	19-Apr-12	05-Jul-12
Redemption date	19-Dec-16	19-Dec-26	19-Apr-19	05-Jul-16
Interest rate	6.0000%	7.46875%	5.81250%	4.68750%
Sovereign spread	124 bps	132 bps	70 bps	282 bps
Auction type	Dutch by rate	Dutch by rate	Dutch by rate	Dutch by rate
Placement price	100%	100%	100%	100%
Interest payment	Semi-Annual Coupon	Semi-Annual Coupon	Semi-Annual Coupon	Semi-Annual Coupon
1	19-Jun-12	19-Jun-12	19-Oct-12	05-Jan-13
2	19-Dec-12	19-Dec-12	19-Apr-13	05-Jul-13
3	19-Jun-13	19-Jun-13	19-Oct-13	05-Jan-14
4	19-Dec-13	19-Dec-13	19-Apr-14	05-Jul-14
5	19-Jun-14	19-Jun-14	19-Oct-14	05-Jan-15
6	19-Dec-14	19-Dec-14	19-Apr-15	05-Jul-15
7	19-Jun-15	19-Jun-15	19-Oct-15	05-Jan-16
8	19-Dec-15	19-Dec-15	19-Apr-16	05-Jul-16
9	19-Jun-16	19-Jun-16	19-Oct-16	
10	19-Dec-16	19-Dec-16	19-Apr-17	
11		19-Jun-17	19-Oct-17	
12		19-Dec-17	19-Apr-18	
13		19-Jun-18	19-Oct-18	
14		19-Dec-18	19-Apr-19	
15		19-Jun-19		
16		19-Dec-19		
17		19-Jun-20		
18		19-Dec-20		
19		19-Jun-21		
20		19-Dec-21		
21		19-Jun-22		
22		19-Dec-22		
23		19-Jun-23		
24		19-Dec-23		
25		19-Jun-24		
26		19-Dec-24		
27		19-Jun-25		
28		19-Dec-25		
29		19-Jun-26		
30		19-Dec-26		
Amortization	To the expiration	To the expiration	To the expiration	To the expiration
Amount demanded	PEN 141,570,000	PEN 249,410,000	PEN 427,895,000	USD 103,670,000
Demand / Offer	2.83x	1.66x	2.14x	1.92x
Balance outstanding as of 31.12.2020	Expired	PEN 150,000,000	Expired	Expired

## Quotes

### Continuous market

Mnemonic	Year-month	Currency	Opening %	Closing %	Maximum %	Minimum %	Average price %
BBVA5BC2A	2019-01	PEN	104.7183	104.7183	104.7183	104.7183	104.7183

### Money market

Mnemonic	Year-month	Currency	Opening %	Closing %	Maximum %	Minimum %	Average price %
BBVA5BC2A	2019-01	PEN	107.5419	107.5419	107.5419	107.5419	107.5419
BBVA5BC5U	2019-01	PEN	100.4203	100.4203	100.4203	100.4203	100.4203
BBVA5BC2A	2019-02	PEN	108.0907	106.8309	108.0907	106.8309	106.8434
BBVA5BC5U	2019-02	PEN	100.1576	100.1576	100.1576	100.1576	100.1576
BBVA5BC2A	2019-03	PEN	110.0451	110.0451	110.0451	110.0451	110.0451

## Sixth corporate bond program

Characteristic	First Issuance	First Issuance	Second Issuance	Third Issuance
<b>Serie</b>	<b>A</b>	<b>B</b>	<b>A</b>	<b>A</b>
Class	Nominative	Nominative	Nominative	Nominative
Authorized amount	PEN 400,000,000	PEN 400,000,000	PEN 600,000,000	PEN 430,000,000
Amount placed	PEN 150,000,000	PEN 100,000,000	PEN 150,000,000	PEN 350,000,000
Representation	Account entry	Account entry	Account entry	Account entry
Term	3 years - No Call Option	3 years - No Call Option	5 years - No Call Option	3 years - No Call Option
Date of issuance	15-Apr-16	22-Apr-16	30-Jun-16	08-Nov-17
Redemption date	15-Apr-19	22-Apr-19	30-Jun-21	08-Nov-20
Interest rate	6.1875%	6.18750%	6.28125%	4.78125%
Sovereign spread	104 bps	110 bps	95 bps	97 bps
Auction type	Dutch by rate	Dutch by rate	Dutch by rate	Dutch by rate
Placement price	100%	100%	100%	100%
Interest payment	Semi-Annual Coupon	Semi-Annual Coupon	Semi-Annual Coupon	Semi-Annual Coupon
1	15-Oct-16	22-Oct-16	30-Dec-16	08-May-18
2	15-Apr-17	22-Apr-17	30-Jun-17	08-Nov-18
3	15-Oct-17	22-Oct-17	30-Dec-17	08-May-19
4	15-Apr-18	22-Apr-18	30-Jun-18	08-Nov-19
5	15-Oct-18	22-Oct-18	30-Dec-18	08-May-20
6	15-Apr-19	22-Apr-19	30-Jun-19	08-Nov-20
7			30-Dec-19	
8			30-Jun-20	
9			30-Dec-20	
10			30-Jun-21	
Amortization	To the expiration	To the expiration	To the expiration	To the expiration
Amount demanded	PEN 230,625,000	PEN 164,750,000	PEN 287,195,000	PEN 595,910,000
Demand / Offer	1.54x	1.65x	1.91x	1.70x
Balance outstanding as of 31.12.2020	Expired	Expired	PEN 150,000,000	Expired

## Quotes

### Continuous market

Mnemonic	Year-month	Currency	Opening %	Closing %	Maximum %	Minimum %	Average price %
BBVA6BC3A	2019-03	PEN	100.2300	100.2300	100.2300	100.2300	100.2300
BBVA6BC3A	2019-04	PEN	100.3608	100.3608	100.3608	100.3608	100.3608
BBVA6BC3A	2019-05	PEN	100.6226	100.6226	100.6226	100.6226	100.6226

### Money market

Mnemonic	Year-month	Currency	Opening %	Closing %	Maximum %	Minimum %	Average price %
BBVA6BC3A	2019-01	PEN	99.7699	99.8401	99.8401	99.7570	99.7975
BBVA6BC3A	2019-02	PEN	99.5000	100.0037	100.0037	99.5000	99.9707
BBVA6BC3A	2019-06	PEN	100.8050	100.8050	100.8050	100.8050	100.8050
BBVA6BC3A	2019-07	PEN	101.6599	101.3015	101.6599	101.3015	101.5106
BBVA6BC3A	2019-08	PEN	101.0627	101.0627	101.0627	101.0627	101.0627
BBVA6BC3A	2019-10	PEN	100.8150	100.8150	100.8150	100.8150	100.8150
BBVA6BC3A	2019-11	PEN	100.6200	100.6200	100.6200	100.6200	100.6200

Seventh corporate bond program

Characteristic	First Issuance	First Issuance	Second Issuance	Second Issuance	First Issuance	First Issuance	First Issuance	First Issuance	Second Issuance
Serie	A	B	A	B	C	D	E	F	C
Class	Nominative	Nominative	Nominative	Nominative	Nominative	Nominative	Nominative	Nominative	Nominative
Authorized amount	USD 1,000,000,000,000	USD 1,000,000,000,000	USD 1,000,000,000,000	USD 1,000,000,000,000	USD 1,000,000,000,000	USD 1,000,000,000,000	USD 1,000,000,000,000	USD 1,000,000,000,000	USD 1,000,000,000,000
Amount placed	PEN 132,425,000	PEN 69,435,000	PEN 100,000,000	PEN 73,465,000	PEN 70,000,000	PEN 120,000,000	PEN 65,520,000	PEN 150,000,000	PEN 96,550,000
Representation	Account entry	Account entry	Account entry	Account entry	Account entry	Account entry	Account entry	Account entry	Account entry
Term	3 years - No Call Option	3 years - No Call Option	5 years - No Call Option	5 years - No Call Option	3 years - No Call Option	3 years - No Call Option	3 years - No Call Option	3 years - No Call Option	5 years - No Call Option
Date of issuance	01-Jun-18	13-Jun-18	11-Jul-18	15-Aug-18	21-sep-18	04-jul-19	06-aug-19	18-oct-19	06-dec-19
Redemption date	01-Jun-21	13-Jun-21	11-Jul-23	15-Aug-23	21-sep-21	04-jul-22	06-aug-22	18-oct-22	06-dec-24
Interest rate	4.4375%	4.50000%	5.53125%	5.62500%	4.78125%	4.31250%	4.09375%	3.90625%	4.43750%
Sovereign spread	114 bps	120 bps	117 bps	120 bps	156 bps	120 bps	142 bps	139 bps	124 bps
Auction type	Dutch by rate	Dutch by rate	Dutch by rate	Dutch by rate	Dutch by rate	Dutch by rate	Dutch by rate	Dutch by rate	Dutch by rate
Placement price	100%	100%	100%	100%	100%	100%	100%	100%	100%
Interest payment	Semi-Annual Coupon	Semi-Annual Coupon	Semi-Annual Coupon	Semi-Annual Coupon	Semi-Annual Coupon	Semi-Annual Coupon	Semi-Annual Coupon	Semi-Annual Coupon	Semi-Annual Coupon
1	01-Dec-18	13-Dec-18	11-Jan-19	15-Feb-19	21-mar-19	04-jan-20	06-feb-20	18-apr-20	06-jun-20
2	01-Jun-19	13-Jun-19	11-Jul-19	15-Aug-19	21-sep-19	04-jul-20	06-aug-20	18-oct-20	06-dec-20
3	01-Dec-19	13-Dec-19	11-Jan-20	15-Feb-20	21-mar-20	04-jan-21	06-feb-21	18-apr-21	06-jun-21
4	01-Jun-20	13-Jun-20	11-Jul-20	15-Aug-20	21-sep-20	04-jul-21	06-aug-21	18-oct-21	06-dec-21
5	01-Dec-20	13-Dec-20	11-Jan-21	15-Feb-21	21-mar-21	04-jan-22	06-feb-22	18-apr-22	06-jun-22
6	01-Jun-21	13-Jun-21	11-Jul-21	15-Aug-21	21-sep-21	04-jul-22	06-aug-22	18-oct-22	06-dec-22
7			11-Jan-22	15-Feb-22					06-jun-23
8			11-Jul-22	15-Aug-22					06-dec-23
9			11-Jan-23	15-Feb-23					06-jun-24
10			11-Jul-23	15-Aug-23					06-dec-24
Amortization	To the expiration	To the expiration	To the expiration	To the expiration	To the expiration	To the expiration	To the expiration	To the expiration	To the expiration
Amount demanded	PEN 212,320,000	PEN 130,080,000	PEN 205,275,000	PEN 181,750,000	PEN 115,525,000	PEN 162,200,000	PEN 139,380,000	PEN 183,100,000	PEN 154,550,000
Demand / Offer	1.60x	1.87x	2.05x	2.47x	1.65x	1.35x	2.13x	1.22x	1.60x
Balance outstanding as of 12/31/2020	PEN 132,425,000	PEN 69,435,000	PEN 100,000,000	PEN 73,465,000	PEN 70,000,000	PEN 120,000,000	PEN 65,520,000	PEN 150,000,000	PEN 96,550,000

## Quotes

### Continuous market

Mnemonic	Year-month	Currency	Opening %	Closing %	Maximum %	Minimum %	Average price %
BBVA7BC2A	2019-01	PEN	98.8469	98.8469	98.8469	98.8469	98.8469

### Money market

Mnemonic	Year-month	Currency	Opening %	Closing %	Maximum %	Minimum %	Average price %
BBVA7BC2A	2019-01	PEN	99.1508	99.4592	99.7294	98.3908	99.4773
BBVA7BC2A	2019-02	PEN	99.9172	98.4149	99.9172	98.4149	99.6341
BBVA7BC2B	2019-02	PEN	99.7071	99.9012	99.9012	99.7071	99.8751
BBVA7BC2B	2019-03	PEN	101.8205	101.8205	101.8205	101.8205	101.8205
BBVA7BC2A	2019-04	PEN	100.0000	101.9741	101.9741	100.0000	101.7419
BBVA7BC2B	2019-04	PEN	101.2216	102.0072	102.5199	101.2092	101.7193
BBVA7BC1A	2019-06	PEN	96.6856	96.6856	96.6856	96.6856	96.6856
BBVA7BC2B	2019-06	PEN	103.4234	103.4234	103.4234	103.4234	103.4234
BBVA7BC2A	2019-07	PEN	103.6768	103.6768	103.6768	103.6768	103.6768
BBVA7BC2A	2019-08	PEN	104.4595	104.4595	104.4595	104.4595	104.4595
BBVA7BC1A	2019-09	PEN	101.0356	101.0356	101.0356	101.0356	101.0356
BBVA7BC1C	2019-09	PEN	101.8313	101.8313	101.8313	101.8313	101.8313
BBVA7BC2A	2019-09	PEN	105.1335	105.8077	105.8077	105.1335	105.4032
BBVA7BC2A	2019-10	PEN	109.0193	109.0193	109.0193	109.0193	109.0193
BBVA7BC2A	2019-11	PEN	106.5060	103.5458	106.5060	103.5458	104.4170
BBVA7BC2B	2019-11	PEN	106.7340	106.7340	106.7340	106.7340	106.7340
BBVA7BC2A	2019-12	PEN	106.4529	105.6310	106.6881	105.6310	105.8710

## 144A/RegS corporate bonds

Characteristic	First issuance	Second issuance	Third issuance
<b>Serie</b>	<b>Once</b>	<b>Once</b>	<b>Once</b>
Class	Nominative	Nominative	Nominative
Authorized amount	USD 500,000,000	USD 300,000,000	USD 500,000,000
Amount placed	USD 500,000,000	USD 300,000,000	USD 500,000,000
Representation	Account entry	Account entry	Account entry
Term	10 years - Call Option	3.5 years - Call Option	5 years - Call Option
Date of issuance	29-Aug-12	29-Jan-13	08-Apr-13
Redemption date	26-Aug-22	29-Jul-16	08-Apr-18
Interest rate	5.0000%	2.2500%	3.3760%
Spread over UST	332.5 bps	195.0 bps	265.0 bps
Placement price	100%	100%	99%
Interest payment	Semi-Annual Coupon	Semi-Annual Coupon	Semi-Annual Coupon
1	26-Feb-13	29-Jul-13	08-Oct-13
2	26-Aug-13	29-Jan-14	08-Apr-14
3	26-Feb-14	29-Jul-14	08-Oct-14
4	26-Aug-14	29-Jan-15	08-Apr-15
5	26-Feb-15	29-Jul-15	08-Oct-15
6	26-Aug-15	29-Jan-16	08-Apr-16
7	26-Feb-16	29-Jul-16	08-Oct-16
8	26-Aug-16		08-Apr-17
9	26-Feb-17		08-Oct-17
10	26-Aug-17		08-Apr-18
11	26-Feb-18		
12	26-Aug-18		
13	26-Feb-19		
14	26-Aug-19		
15	26-Feb-20		
16	26-Aug-20		
17	26-Feb-21		
18	26-Aug-21		
19	26-Feb-22		
20	26-Aug-22		
Amortization	To the expiration	To the expiration	To the expiration
Amount demanded	USD 7,370,960,000	USD 2,039,820,000	USD 2,947,027,000
Local amount demanded	USD 671,500,000	USD 259,750,000	USD 124,000,000
Demand / Offer	14.74x	6.80x	5.89x
Balance outstanding as of 12.31.2019	USD 500,000,000	Expired	Expired



## Quotes

### First issuance

#### Money market

Mnemonic	Year-month	Currency	Opening %	Closing %	Maximum %	Minimum %	Average price %
USP16260AA28	2019-01	USD	101.3020	103.3260	103.3260	100.8800	102.2202
USP16260AA28	2019-02	USD	102.9020	103.6110	104.2840	102.9020	103.6186
USP16260AA28	2019-03	USD	103.8030	105.6660	105.6660	103.8030	104.4938
USP16260AA28	2019-04	USD	105.6520	106.2000	106.2570	105.6520	105.9452
USP16260AA28	2019-05	USD	105.9030	106.3440	106.3440	105.6880	106.0260
USP16260AA28	2019-06	USD	106.2570	107.8280	107.8280	105.7640	106.6687
USP16260AA28	2019-07	USD	107.5790	108.0280	108.6330	107.4040	108.0422
USP16260AA28	2019-08	USD	108.1270	109.3260	109.3260	107.7700	108.3242
USP16260AA28	2019-09	USD	108.7500	108.6230	108.8370	108.0000	108.4119
USP16260AA28	2019-10	USD	108.8360	108.7400	108.8600	108.3600	108.6302
USP16260AA28	2019-11	USD	108.3080	108.4680	108.6840	107.8770	108.3496
USP16260AA28	2019-12	USD	108.5310	108.5080	108.8090	107.8610	108.3449

### c) Subordinated bonds

#### First subordinated bond program

Characteristic	First issuance	Second issuance	Third issuance
<b>Serie</b>	<b>A</b>	<b>A</b>	<b>A</b>
Class	Nominative	Nominative	Nominative
Authorized amount	PEN 40,000,000	USD 20,000,000	PEN 55,000,000
Amount placed	PEN 40,000,000	USD 20,000,000	PEN 55,000,000
Representation	Account entry	Account entry	Account entry
Term	15years - Call Option Year 10	20 years - Call Option Year 15	25 years - No Call Option
Date of issuance	07-May-07	14-May-07	18-Jun-07
Redemption date (Call)	07-May-17	14-May-22	—
Redemption date	07-May-22	14-May-27	18-Jun-32
Interest rate	5.85% na set at the beginning	6.00% na set at the beginning	VAC + 3.46875%
Auction type	Dutch by price	Dutch by price	Dutch by rate
Placement price	99.250%	99.375%	100.000%
Interest payment	Semi-Annual Coupon	Semi-Annual CouponI	Semi-Annual Coupon
1	07-Nov-07	14-Nov-07	18-Dec-07
2	07-May-08	14-May-08	18-Jun-08
3	07-Nov-08	14-Nov-08	18-Dec-08
4	07-May-09	14-May-09	18-Jun-09
5	07-Nov-09	14-Nov-09	18-Dec-09
6	07-May-10	14-May-10	18-Jun-10
7	07-Nov-10	14-Nov-10	18-Dec-10
8	07-May-11	14-May-11	18-Jun-11
9	07-Nov-11	14-Nov-11	18-Dec-11
10	07-May-12	14-May-12	18-Jun-12
11	07-Nov-12	14-Nov-12	18-Dec-12
12	07-May-13	14-May-13	18-Jun-13
13	07-Nov-13	14-Nov-13	18-Dec-13
14	07-May-14	14-May-14	18-Jun-14
15	07-Nov-14	14-Nov-14	18-Dec-14
16	07-May-15	14-May-15	18-Jun-15
17	07-Nov-15	14-Nov-15	18-Dec-15
18	07-May-16	14-May-16	18-Jun-16
19	07-Nov-16	14-Nov-16	18-Dec-16
20	07-May-17	14-May-17	18-Jun-17
21		14-Nov-17	18-Dec-17
22		14-May-18	18-Jun-18
23		14-Nov-18	18-Dec-18
24		14-May-19	18-Jun-19
25		14-Nov-19	18-Dec-19
26		14-May-20	18-Jun-20
27		14-Nov-20	18-Dec-20
28		14-May-21	18-Jun-21
29		14-Nov-21	18-Dec-21
30		14-May-22	18-Jun-22
31		14-Nov-22	18-Dec-22
32		14-May-23	18-Jun-23
33		14-Nov-23	18-Dec-23
34		14-May-24	18-Jun-24
35		14-Nov-24	18-Dec-24
36		14-May-25	18-Jun-25
37		14-Nov-25	18-Dec-25
38		14-May-26	18-Jun-26
39		14-Nov-26	18-Dec-26
40		14-May-27	18-Jun-27
41			18-Dec-27
42			18-Jun-28

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Characteristic	First issuance	Second issuance	Third issuance
>			
43			18-Dec-28
44			18-Jun-29
45			18-Dec-29
46			18-Jun-30
47			18-Dec-30
48			18-Jun-31
49			18-Dec-31
50			18-Jun-32
Amortization	To the expiration	To the expiration	To the expiration
Amount demanded	PEN 79,500,000	USD 40,000,000	PEN 126,500,000
Demand / Offer	1.99x	2.00x	2.30x
Balance outstanding as of 12/31/2020	Expired	USD 20,000,000	PEN 55,000,000

## Quotes

### Money market

Mnemonic	Year-month	Currency	Opening %	Closing %	Maximum %	Minimum %	Average price %
BBVA1BS2A	2019-01	USD	110.2352	110.2352	110.2352	110.2352	110.2352
BBVA1BS2A	2019-02	USD	111.2945	112.0075	112.0075	111.2945	111.6431
BBVA1BS2A	2019-03	USD	110.5479	106.0924	110.5479	106.0924	106.3046
BBVA1BS2A	2019-04	USD	111.9222	111.9222	111.9222	111.9222	111.9220
BBVA1BS2A	2019-05	USD	106.1251	106.1251	106.1251	106.1251	106.1251
BBVA1BS2A	2019-07	USD	113.9414	107.0034	113.9414	107.0026	107.4847
BBVA1BS2A	2019-08	USD	107.1370	107.1370	107.1370	107.1370	107.1370
BBVA1BS2A	2019-09	USD	107.4747	103.4415	107.4747	103.4415	104.8893
BBVA1BS2A	2019-10	USD	103.2142	103.1666	103.2142	103.1666	103.1676
BBVA1BS2A	2019-11	USD	103.4083	106.3717	106.3717	103.4083	106.3398
BBVA1BS2A	2019-12	USD	106.0110	106.0110	106.0110	106.0110	106.0110

## Second subordinated bond program

Characteristic	First issuance	Second issuance	Third issuance	Fourth issuance	Fifth issuance	Sixth issuance
<b>Serie</b>	<b>A</b>	<b>A</b>	<b>A</b>	<b>Once</b>	<b>Once</b>	<b>A</b>
Class	Nominative	Nominative	Nominative	Nominative	Nominative	Nominative
Authorized amount	USD 20,000,000	PEN 50,000,000	USD 20,000,000	PEN 45,000,000	PEN 50,000,000	PEN 30,000,000
Amount placed	USD 20,000,000	PEN 50,000,000	USD 20,000,000	PEN 45,000,000	PEN 50,000,000	PEN 30,000,000
Representation	Book entry	Book entry	Book entry	Book entry	Book entry	Book entry
Term	10 years - Call option Year 5	25 years - No Call Option	20 years - No Call Option	15 years - No Call Option	15 years - No Call Option	25 years - No Call Option
Date of issuance	24-Sep-07	19-Nov-07	28-Feb-08	08-Jul-08	09-Sep-08	15-Dec-08
Redemption date (Call)	24-Sep-12					
Redemption date	24-Sep-17	19-Nov-32	28-Feb-28	08-Jul-23	09-Sep-23	15-Dec-33
Interest rate	Variable L6M + 1.15625%	VAC + 3.5625%	6.468750%	VAC + 3.0625%	VAC + 3.09375%	VAC + 4.1875%
Auction type	Dutch by Margin	Dutch by Margin	Dutch by Margin	Dutch by Margin	Dutch by Margin	Dutch by Margin
Placement price	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
Interest payment	Semi-Annual Coupon	Semi-Annual Coupon	Semi-Annual Coupon	Semi-Annual Coupon	Semi-Annual Coupon	Semi-Annual Coupon
1	24-Mar-08	19-May-08	28-Aug-08	08-Jan-09	09-Mar-09	15-Jun-09
2	24-Sep-08	19-Nov-08	28-Feb-09	08-Jul-09	09-Sep-09	15-Dec-09
3	24-Mar-09	19-May-09	28-Aug-09	08-Jan-10	09-Mar-10	15-Jun-10
4	24-Sep-09	19-Nov-09	28-Feb-10	08-Jul-10	09-Sep-10	15-Dec-10
5	24-Mar-10	19-May-10	28-Aug-10	08-Jan-11	09-Mar-11	15-Jun-11
6	24-Sep-10	19-Nov-10	28-Feb-11	08-Jul-11	09-Sep-11	15-Dec-11
7	24-Mar-11	19-May-11	28-Aug-11	08-Jan-12	09-Mar-12	15-Jun-12
8	24-Sep-11	19-Nov-11	28-Feb-12	08-Jul-12	09-Sep-12	15-Dec-12
9	24-Mar-12	19-May-12	28-Aug-12	08-Jan-13	09-Mar-13	15-Jun-13
10	24-Sep-12	19-Nov-12	28-Feb-13	08-Jul-13	09-Sep-13	15-Dec-13
11	24-Mar-13	19-May-13	28-Aug-13	08-Jan-14	09-Mar-14	15-Jun-14
12	24-Sep-13	19-Nov-13	28-Feb-14	08-Jul-14	09-Sep-14	15-Dec-14
13	24-Mar-14	19-May-14	28-Aug-14	08-Jan-15	09-Mar-15	15-Jun-15
14	24-Sep-14	19-Nov-14	28-Feb-15	08-Jul-15	09-Sep-15	15-Dec-15
15	24-Mar-15	19-May-15	28-Aug-15	08-Jan-16	09-Mar-16	15-Jun-16
16	24-Sep-15	19-Nov-15	28-Feb-16	08-Jul-16	09-Sep-16	15-Dec-16
17	24-Mar-16	19-May-16	28-Aug-16	08-Jan-17	09-Mar-17	15-Jun-17
18	24-Sep-16	19-Nov-16	28-Feb-17	08-Jul-17	09-Sep-17	15-Dec-17
19	24-Mar-17	19-May-17	28-Aug-17	08-Jan-18	09-Mar-18	15-Jun-18
20	24-Sep-17	19-Nov-17	28-Feb-18	08-Jul-18	09-Sep-18	15-Dec-18
21		19-May-18	28-Aug-18	08-Jan-19	09-Mar-19	15-Jun-19
22		19-Nov-18	28-Feb-19	08-Jul-19	09-Sep-19	15-Dec-19
23		19-May-19	28-Aug-19	08-Jan-20	09-Mar-20	15-Jun-20
24		19-Nov-19	28-Feb-20	08-Jul-20	09-Sep-20	15-Dec-20
25		19-May-20	28-Aug-20	08-Jan-21	09-Mar-21	15-Jun-21
26		19-Nov-20	28-Feb-21	08-Jul-21	09-Sep-21	15-Dec-21
27		19-May-21	28-Aug-21	08-Jan-22	09-Mar-22	15-Jun-22
28		19-Nov-21	28-Feb-22	08-Jul-22	09-Sep-22	15-Dec-22
29		19-May-22	28-Aug-22	08-Jan-23	09-Mar-23	15-Jun-23
30		19-Nov-22	28-Feb-23	08-Jul-23	09-Sep-23	15-Dec-23
31		19-May-23	28-Aug-23			15-Jun-24
32		19-Nov-23	28-Feb-24			15-Dec-24
33		19-May-24	28-Aug-24			15-Jun-25
34		19-Nov-24	28-Feb-25			15-Dec-25
35		19-May-25	28-Aug-25			15-Jun-26
36		19-Nov-25	28-Feb-26			15-Dec-26
37		19-May-26	28-Aug-26			15-Jun-27

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Characteristic	First issuance	Second issuance	Third issuance	Fourth issuance	Fifth issuance	Sixth issuance
>						
38		19-Nov-26	28-Feb-27			15-Dec-27
39		19-May-27	28-Aug-27			15-Jun-28
40		19-Nov-27	28-Feb-28			15-Dec-28
41		19-May-28				15-Jun-29
42		19-Nov-28				15-Dec-29
43		19-May-29				15-Jun-30
44		19-Nov-29				15-Dec-30
45		19-May-30				15-Jun-31
46		19-Nov-30				15-Dec-31
47		19-May-31				15-Jun-32
48		19-Nov-31				15-Dec-32
49		19-May-32				15-Jun-33
50		19-Nov-32				15-Dec-33
Amortization	To the expiration	To the expiration	To the expiration	To the expiration	To the expiration	To the expiration
Amount						
Demanded	USD 40,093,000	PEN 168,000,000	USD 37,300,000	PEN 140,000,000	PEN 120,500,000	PEN 61,500,000
Demand / Offer	2.00x	3.36x	1.87x	3.11x	2.41x	2.05x
Balance outstanding as of 12/31/2020	Defeated	PEN 50,000,000	USD 20,000,000	PEN 45,000,000	PEN 50,000,000	PEN 30,000,000

## Quotes

### Money market

Mnemonic	Year-month	Currency	Opening %	Closing %	Maximum %	Minimum %	Average price %
BBVA2BS3A	2019-02	USD	109.7319	109.7319	109.7319	109.7319	109.7319
BBVA2BS3A	2019-03	USD	110.7775	111.8879	111.8879	110.7775	111.3327
BBVA2BS3A	2019-04	USD	113.4021	112.6303	113.4021	112.6303	112.8698
BBVA2BS3A	2019-06	USD	114.7187	114.7187	114.7187	114.7187	114.7187
BBVA2BS3A	2019-08	USD	112.9698	112.9698	112.9698	112.9698	112.9698
BBVA2BS3A	2019-09	USD	113.6101	113.5955	113.6101	113.5955	113.6015
BBVA2BS3A	2019-11	USD	114.1173	114.1173	114.1173	114.1173	114.1173

### Third subordinated bond program

Characteristic	First issuance
<b>Serie</b>	<b>Once</b>
Class	Nominative
Authorized amount	USD 55,000,000
Amount placed	USD 45,000,000
Representation	Account entry
Term	15 years
Date of issuance	02-Oct-13
Redemption date (Call)	02-Oct-23
Redemption date	02-Oct-28
Interest rate	6.531%
Auction type	Dutch by Fee
Placement price	100.000%
Interest payment	Semi-Annual Coupon
1	02-Apr-14
2	02-Oct-14
3	02-Apr-15
4	02-Oct-15
5	02-Apr-16
6	02-Oct-16
7	02-Apr-17
8	02-Oct-17
9	02-Apr-18
10	02-Oct-18
11	02-Apr-19
12	02-Oct-19
13	02-Apr-20
14	02-Oct-20
15	02-Apr-21
16	02-Oct-21
17	02-Apr-22
18	02-Oct-22
19	02-Apr-23
20	02-Oct-23
21	02-Apr-24
22	02-Oct-24
23	02-Apr-25
24	02-Oct-25
25	02-Apr-26
26	02-Oct-26
27	02-Apr-27
28	02-Oct-27
29	02-Apr-28
30	02-Oct-28
Amortization	To the expiration
Amount Demanded	USD 67,000,000
Demand / Offer	1.489x
Balance outstanding as of 12/31/2020	USD 45,000,000

## Quotes

### Money market

Mnemonic	Year-month	Currency	Opening %	Closing %	Maximum %	Minimum %	Average price %
BBVA3BS1U	2019-02	USD	105.2173	105.2173	105.2173	105.2173	105.2173
BBVA3BS1U	2019-10	USD	108.4270	108.4270	108.4270	108.4270	108.4270
BBVA3BS1U	2019-12	USD	103.0000	103.0000	103.0000	103.0000	103.0000

## Subordinated bonds 144A/RegS

Characteristic	First issuance
<b>Serie</b>	<b>Once</b>
Class	Nominative
Authorized amount	USD 300,000,000
Amount placed	USD 300,000,000
Representation	Account entry
Term	15 years - Call option 10 years
Date of issuance	22-Sep-14
Redemption date	22-Sep-29
Interest rate	5.3390%
Spread over UST	275.0 bps
Placement price	99.32%
Interest payment	Semi-Annual Coupon
1	22-Mar-15
2	22-Sep-15
3	22-Mar-16
4	22-Sep-16
5	22-Mar-17
6	22-Sep-17
7	22-Mar-18
8	22-Sep-18
9	22-Mar-19
10	22-Sep-19
11	22-Mar-20
12	22-Sep-20
13	22-Mar-21
14	22-Sep-21
15	22-Mar-22
16	22-Sep-22
17	22-Mar-23
18	22-Sep-23
19	22-Mar-24
20	22-Sep-24
Amortization	To the expiration
Amount demanded	USD 2,371,015,000
Demand / Offer	7.9x
Balance outstanding as of 12.31.2019	USD 300,000,000



## Quotes

First issuance

### Money market

Mnemonic	Year-month	Currency	Opening %	Closing %	Maximum %	Minimum %	Average price %
USP16236AG98	2019-01	USD	101.8300	103.4700	103.5870	101.7990	102.6093
USP16236AG98	2019-02	USD	103.1390	104.1760	104.4290	103.1390	103.8730
USP16236AG98	2019-03	USD	104.1110	105.2460	105.2460	104.1110	104.6315
USP16236AG98	2019-04	USD	105.2130	105.2300	105.6360	105.2070	105.4380
USP16236AG98	2019-05	USD	105.3440	105.3190	105.5950	104.8980	105.3827
USP16236AG98	2019-06	USD	105.2720	106.1180	106.3500	105.2720	105.7959
USP16236AG98	2019-07	USD	106.1050	105.9350	106.2470	105.8390	106.0728
USP16236AG98	2019-08	USD	106.0400	106.3930	106.3930	105.9590	106.2390
USP16236AG98	2019-09	USD	106.5670	106.6300	106.6300	106.3010	106.4407
USP16236AG98	2019-10	USD	106.3620	106.5990	106.8940	106.3620	106.6390
USP16236AG98	2019-11	USD	106.6080	106.0490	106.6280	105.7480	106.2707
USP16236AG98	2019-12	USD	106.0640	106.1070	106.2260	105.4500	106.0269

## d) Finance lease bonds

### Second finance lease bond program

Characteristic	First issuance	First issuance	First issuance	Second issuance
Serie	A	B	C	A
Class	Nominative	Nominative	Nominative	Nominative
Authorized amount	PEN 200,000,000	PEN 250,000,000	PEN 200,000,000	PEN 195,000,000
Amount placed	PEN 200,000,000	PEN 205,100,000	PEN 200,000,000	PEN 158,000,000
Representation	Account entry	Account entry	Account entry	Account entry
Term	3 years - No Call Option	3 years - No Call Option	3 years - No Call Option	3 years - No Call Option
Date of issuance	16-May-14	27-Oct-16	13-Jan-17	05-Dec-17
Redemption date	16-May-17	27-Oct-19	13-Jan-20	05-Dec-20
Interest rate	5.40625%	5.46875%	6.03125%	4.62500%
Auction type	Dutch by rate	Dutch by rate	Dutch by rate	Dutch by rate
Placement price	100%	100%	100%	100%
Interest payment	Semi-Annual Coupon	Semi-Annual Coupon	Semi-Annual Coupon	Semi-Annual Coupon
1	16-Nov-14	27-Apr-17	13-Jul-17	05-Jun-18
2	16-May-15	27-Oct-17	13-Jan-18	05-Dec-18
3	16-Nov-15	27-Apr-18	13-Jul-18	05-Jun-19
4	16-May-16	27-Oct-18	13-Jan-19	05-Dec-19
5	16-Nov-16	27-Apr-19	13-Jul-19	05-Jun-20
6	16-May-17	27-Oct-19	13-Jan-20	05-Dec-20
Amortization	To the expiration	To the expiration	To the expiration	To the expiration
Amount demanded	PEN 325,000,000	PEN 284,250,000	PEN 284,250,000	PEN 347,691,000
Demand / Offer	1.63x	1.39x	1.42x	2.2x
Balance outstanding as of 12/31/2020	Expired	Expired	Expired	Expired

## Quotes

### Continuous market

Mnemonic	Year-month	Currency	Opening %	Closing %	Maximum %	Minimum %	Average price %
BBVA2BA1B	2019-01	PEN	100.6411	100.6411	100.6411	100.6411	100.6411
BBVA2BA1C	2019-03	PEN	101.4069	101.4069	101.4069	101.4069	101.4069
BBVA2BA2A	2019-03	PEN	100.0591	100.0591	100.0591	100.0591	100.0591
BBVA2BA2A	2019-04	PEN	100.2351	100.2351	100.2351	100.2351	100.2351
BBVA2BA2A	2019-06	PEN	100.5798	100.5798	100.5798	100.5798	100.5798
BBVA2BA2A	2019-09	PEN	100.8916	100.8916	100.8916	100.8916	100.8916
BBVA2BA1C	2019-12	PEN	100.1349	100.1349	100.1349	100.1349	100.1349

### Mercado de dinero

Mnemonic	Year-month	Currency	Opening %	Closing %	Maximum %	Minimum %	Average price %
BBVA2BA1C	2019-06	PEN	101.1105	101.1105	101.1105	101.1105	101.1105
BBVA2BA2A	2019-07	PEN	100.6580	100.6580	100.6580	100.6580	100.6580
BBVA2BA2A	2019-08	PEN	100.8096	100.8096	100.8096	100.8096	100.8096

## 6.5.7. Report on compliance with the code of good corporate governance for Peruvian companies (10150)

Denomination	Banco BBVA Perú
Exercise	2020
Web page	www.bbva.pe
Name or company name of the reviewing company <sup>1</sup>	

### Methodology

Companies that have securities registered in the Public Registry of the Stock Market must disseminate to the public their good corporate governance practices, for which they report their adherence to the principles contained in the Code of Good Corporate Governance for Peruvian Companies<sup>2</sup>.

The information to be submitted covers the fiscal year ended on December 31 of the calendar year prior to the one it was sent, so any mention of “the fiscal year” should be understood as referring to the period indicated above. It is sent as an annex to the company’s annual report under the electronic formats that the Superintendency of the Securities Market (SMV) establishes to facilitate the submission of the information in this report through the MVnet system.

**Section A** includes a letter of presentation of the company, which highlights the main advances in corporate governance made in the year.

**Section B** reveals the degree of compliance with the principles that make up the code. For this purpose, the report is structured following the five pillars that comprise it:

- I. Shareholders’ rights.
- II. General meeting of shareholders.
- III. Board of Directors and Senior Management<sup>3</sup>.
- IV. Risk and compliance.
- V. Information transparency.

Each principle is evaluated on the basis of the following parameters:

a) **Evaluation “comply or explain”**: the level of compliance that the company has reached is marked with a cross (x), taking into consideration the following criteria:

Yes: The principle is fully fulfilled.

No: The principle is not fulfilled.

**Explanation**: in this field, the company, if it has marked the option “No”, must explain the reasons why it did not adopt the principle or the actions developed that allow it to consider progress towards its compliance or its partial adoption, depending on corresponds.

Likewise, if deemed necessary, if the option “Yes” has been marked, the Company may provide information on compliance with the principle.

b) **Supporting information**: information is provided that allows knowing in greater detail how society has implemented the principle.

<sup>1</sup> Solo es aplicable en el caso de que la información contenida en el presente informe haya sido revisada por alguna empresa especializada (por ejemplo: sociedad de auditoría o empresa de consultoría).

<sup>2</sup> El Código de Buen Gobierno Corporativo para las Sociedades Peruanas (2013) puede ser consultado en la sección Orientación – Gobierno Corporativo del Portal del Mercado de Valores: [www.smv.gob.pe](http://www.smv.gob.pe)

<sup>3</sup> El vocablo “alta gerencia” comprende al gerente general y demás gerentes.

**Section C** sets out the company's documents that regulate the policies, procedures or other relevant aspects that are related to the principles of evaluation.

**Section D** includes additional information not developed in the previous sections or other relevant information, which the company freely decides to include so that investors and the various stakeholders can have a greater scope of good practices. corporate governance implemented by it.

## Section A

### Presentation letter<sup>4</sup>

Banco BBVA Peru has a corporate governance system based on the best quality standards that, over the years, has been strengthened due to the incorporation of the best market practices, but, above all, by having collected the experience of interaction at different points of contact with its stakeholders. This relationship allows it to have solid pillars of corporate governance in all areas, which has been essential to actively face the challenges and impact that the covid-19 pandemic represents.

As a result of this joint creation process, based on listening to and attending to the requirements and needs of the different stakeholders around the Bank, the desire for the application of new technologies was gathered in the fundamental pillars of its performance.

The technology of Banco BBVA Peru has been its best ally in this complex global context caused by the pandemic. The Bank has been betting on it over time, which has encouraged relationships with stakeholders, including customers, its reason for being, not only has remained unchanged and with the same fluidity as always, but that the improvements implemented in its digital channels, such as the products and services offered through its app, allowed an easy adaptation to non-face-to-face operations. This technology is an undertaking that the Bank makes available to everyone and that leads not only to financial inclusion but also to compliance with biosafety measures in these times of health crisis.

On the other hand, not only was the normal functioning of the Bank's corporate governance bodies maintained but, in light of the events, they were improved in quality by collecting the benefits provided by the use of new technologies in the ways of working, printing your processes faster and better results.

An example of this was the virtual 2020 mandatory annual shareholders meeting, implemented based on the temporary regulations issued for this purpose and using technological mechanisms that guaranteed the non-face-to-face participation of shareholders, the issuance of the vote and, above all, the expression of opinions on the different points of the agenda discussed. Experience has shown that this modality will not be transitory but has come to stay. Banco BBVA Peru understands that the digitization of its processes will be key in the immediate future, which is why it has been adapting and strengthening the governance principles that govern the participation of its shareholders in the highest corporate body for the use of technology.

On the other hand, it should be noted that the operation of the board of directors, the committees delegated by the board, the management committee and the internal committees maintained their customary rhythm of work thanks to technology, without suffering any alteration as a result of the health crisis.

Finally, as a corollary of the Bank's corporate governance system, it should be noted that, during the fiscal year 2020, Banco BBVA Peru maintained its inclusion in the corporate governance index of the Lima Stock Exchange, in recognition of the application of the best good governance practices. Likewise, it was ranked first in the ranking of the best companies in "La Voz del Mercado", in the Finance category, a survey implemented by the Lima Stock Exchange in coordination with the auditing firm Ernst & Young (EY) that takes into account Consideration of the opinion of the agents that interact with the main companies that operate in the capital markets of Peru and abroad.

May this cover letter serve to highlight the commitment of Banco BBVA Peru to permanently apply the best standards of good corporate governance.

Lima, February 24, 2021.

<sup>4</sup> The main actions implemented during the year are described in terms of good corporate governance practices that the company considers relevant to highlight in line with the five pillars that make up the Code of Good Corporate Governance for Peruvian Companies (2013): shareholders' rights, General Meeting, The board of directors and senior management, Risk and compliance, and information transparency.

## Section B

### Evaluation of compliance with the principles of the code of good corporate governance for Peruvian companies

#### PILLAR I: Shareholders' rights

##### Principle 1: Treatment Parity

###### Question I.1

	Yes	No	Explanation
Does society recognize in its actions a treatment equal to shareholders of the same class and that maintain the same conditions(*)?	X		Both the statute and the regulations of the AGM grant equal treatment to shareholders.

(\*) "Same conditions" are understood to be those particularities that distinguish the shareholders or make them have a common characteristic in their relationship with the company (institutional investors, non-controlling investors, etc.). It should be considered that this in no way implies that the use of privileged information is favored.

###### Question I.2

	Yes	No	Explanation
Does society promote only existence of classes of shares with voting rights?	X		The statute only contemplates the existence of shares with voting rights.

a. On the capital of the company, specify:

Capital subscribed at the end of the year	Capital paid at the end of the year	Total number of shares representing capital	Number of shares with voting rights
S/ 6,529,169,237.00	S/ 6,529,169,237.00	6,529,169,237	6,529,169,237

b. If the company has more than one class of shares, specify:

Does not apply.

###### Question I.3

	Yes	No	Explanation
If the company has investment shares, does the company promote a policy of redemption or voluntary exchange of investment shares for ordinary shares?			Does not apply. The company does not have investment shares.

## Principle 2: Shareholder participation

### Question I.4

	Yes	No	Explanation
a. Does the company establish in its corporate documents the form of representation of the shares and the person responsible for registering the shares?	X		The statute and the regulations of the AGM establish the form of representation of the shares. The responsibilities related to the registration of ownership of the shares are established in the internal regulations of the company.
b. Is the share registration permanently updated?	X		The company has up-to-date the register of shareholders in annotation account before Cavali, as well as in its internal application.

Indicate the periodicity with which the share registration is updated, after having become aware of any changes.

Periodicity	
Within forty-eight hours	
Weekly	
Others / Detail (in days)	One day after the settlement date issued by Cavali.

## Principle 3: No dilution in the participation in the capital stock

### Question I.5

	Yes	No	Explanation
a. Does the company have a policy that the proposals of the board of directors referring to corporate operations that may affect the right of non-dilution of shareholders (ie mergers, spin-offs, capital increases, among others), are previously explained by said body in a detailed report with the independent opinion of an external advisor of recognized professional solvency appointed by the board of directors?	X		The company contemplates in its board regulations that when this collegiate body proposes a corporate operation that could affect the right of non-dilution of shareholders, it must have a detailed report, prepared by this body and at the same time with the independent opinion of an external advisor of recognized professional solvency.
b. Does the company have the policy of making said reports available to shareholders?	X		The AGM regulations determine that the relationship between the company and its shareholders is based on the principle of transparency. In this sense, there is an obligation to determine the appropriate means to ensure the communication of all information that is important to shareholders and investors correctly and truthfully, disseminating the facts that may significantly influence the stock market price.

If the company has, during the year, corporate operations under the scope of literal a) of question I.5, and if the company has independent directors (\*), specify whether in all cases:

Does not apply.

(\*) Independent Directors are those who, according to the Guidelines for the Qualification of Independent Directors, approved by the SMV, qualify as such.

#### Principle 4: Information and communication to shareholders

##### Question I.6

	Yes	No	Explanation
Does the company determine those responsible or means for shareholders to receive and require timely, reliable and truthful information?	X		The company provides an assistance service to holders through its Shareholder Service Office, whose email is: <a href="mailto:shareholders.pe@bbva.com">shareholders.pe@bbva.com</a> The AGM regulations regulate the relationships between the entity and its shareholders, and how they have access to information about it. Additionally, relevant information in this regard is made available to shareholders on its website.

a. Indicate the means through which shareholders receive and/or request information from the company.

Media	They receive information	They request information
Email	X	X
Via telephone	—	—
Corporate website	X	—
Post mail	—	X
Informative meetings	—	—
Other details	SMV website: Shareholder Service Office.	

b. Does the company have a maximum period of time to respond to requests for information submitted by shareholders? If your answer is affirmative, specify this period:

Maximum term (days) | 10 working days

##### Question I.7

	Yes	No	Explanation
Does the company have mechanisms for shareholders to express their opinion on its development?	X		In its AGM regulations, the company establishes the mechanism that allows shareholders to propose and introduce agenda items to be discussed at shareholders' meetings.

If your answer is affirmative, detail the mechanisms established by the company for shareholders to express their opinion on its development.

The details of these mechanisms are contained in the regulations of the AGM.



## Principle 5: Participation in dividends of the Company

### Question I.8

	Yes	No	Explanation
Is compliance with the dividend policy subject to defined periodicity evaluations?		X	The Bank's dividend policy is always subject to verification of the legal requirements indicated in the banking regulation and is permanently evaluated. However, there is no written internal document or procedure in this regard.
Is the dividend policy made known to shareholders, among other means, through your corporate website?	X		The dividend policy is published both on the Bank's website and on the SMV website.

a. Indicate the dividend policy of the company applicable to the year.

Approval date	03/31/2011
Dividend Policy (criteria for profit distribution)	At the Mandatory Annual Shareholders' Meeting held on March 31, 2011, the policy of paying dividends in cash was proposed and approved, and the General Shareholders' Meeting may agree to pay dividends in shares. The distribution of dividends made in cash will be made in a single annual payment within a maximum period of thirty days after the General Shareholders' Meeting that approves said distribution. Dividends to be distributed in cash each year will not be less than 10% of freely available profits. However, the distribution of dividends will be adopted taking into account the provisions of articles 65 and following of Law 26702, General Law of the Financial System and the Insurance System and Organic Law of the Superintendency of Banking and Insurance. In this sense, the profits for the year, determined after having made all the provisions provided by law and the Superintendency of Banking and Insurance, will be applied according to the order of priority contained in article 66 of the aforementioned law 26702.

b. Indicate the dividends in cash and in shares distributed by the company in the fiscal year and in the previous fiscal year.

Per-share	Dividends per share			
	Reported exercise		Fiscal year prior to reporting	
	Cash	In shares	Cash	In shares
Class	0.09574253	0.1094200425	0.15121485	0.09622763
Class	—	—	—	—
Investment Action	—	—	—	—

## Principle 6: Change or take control

### Question I.9

	Yes	No	Explanation
Does the company have policies or agreements not to adopt anti-absorption mechanisms?	X		The statutes of the company and its policies do not establish control absorption mechanisms (such as poison pills or any other type of mechanism aimed at restricting a change of control in the company).

Indicate if your company has established any of the following measures:

	Yes	No
Requirement of a minimum number of shares to be a Director		X
Minimum number of years as a director to be appointed as chairman of the board		X
Indemnification agreements for executives/officers as a result of changes after a takeover bid.		X
Others of a similar nature / Detail	Does not apply	

## Principle 7: Arbitration for dispute resolution

### Question I.10

	Yes	No	Explanation
Does the company's bylaws include an arbitration agreement that recognizes that any dispute between shareholders, or between shareholders and the board of directors, is submitted to arbitration by law; as well as the challenge of AGM and board agreements by the shareholders of the company?	X		The statute establishes that any question or disagreement between any shareholder and the company and its board of directors, whether during the social period or the liquidation, regarding the intelligence and application of the same or the social operations, will be submitted to the arbitration of the right of an Arbitral Tribunal composed of three arbitrators.
Does said clause make it easier for an independent third party to resolve disputes, except in the case of express legal reserve before the ordinary courts?	X		The company considers that the third party is the Arbitral Tribunal, the appropriate instance for the resolution of conflicts, except in the case of the express legal reserve before the ordinary courts.

In the event that AGM and board agreements have been challenged by shareholders or others involving the company, during the fiscal year, specify their number.

Does not apply.

## PILLAR II: General meeting of shareholders

### Principle 8: Role and competence

#### Question II.1

	Yes	No	Explanation
Is the approval of the board's remuneration policy an exclusive and non-delegable function of the AGM?	X		Both the statute and the regulations of the AGM indicate that among its functions are to set the number of board members and their remuneration.

Indicate if the following functions are exclusive to the AGM. If your answer is negative, specify the body that exercises them.

	Yes	No	Organ
Arrange special investigations and audits		X	The AGM and the board
Agree on the modification of the statute	X		
Agree to increase the share capital	X		However, based on the provisions of SBS Resolution No. 4595-2009, the board of directors may be delegated the power to adopt future earnings capitalization commitments.
Agree on the distribution of interim dividends	X		However, due to what is stated in the General Law of the Financial System, profits cannot be distributed with a charge to net profits for an annual fiscal year as long as the AGM does not approve the final balance sheet and the respective profit distribution.
Appoint external auditors		X	The AGM and the board.

### Principle 9: Regulations for the General Shareholders' Meeting

#### Question II.2

	Yes	No	Explanation
Does the company have an AGM Regulation, which is binding and non-compliance entails liability?	X		The company has a regulation of the AGM, approved by the General Shareholders' Meeting dated March 31, 2014.

If you have an AGM Regulation, specify if it establishes the procedures for:

	Yes	No
Meetings of the meeting	X	
Incorporate agenda items by shareholders	X	
Provide additional information to shareholders for meetings	X	
The development of the boards	X	
Appointment of board members	X	
Other relevant / Detail	Right to request certified copies of minutes, regulation of conflicts of interest, among others.	

## Principle 10: Call mechanisms

### Question II.3

	Yes	No	Explanation
Also to the call mechanisms established by law, does the company have call mechanisms that allow contact with shareholders, particularly with those who do not have participation in the control or management of the company?	X		The mechanisms are provided for in the statutes and regulations of the AGM. In the same way, the summons notices are published on the company's website and are also communicated as important events to the SMV.

a. Complete the following information for each of the Meetings held during the year:

Call notice date	Meeting Date	Board location	Board Type		Universal meeting		Quorum %	N° of Attendant Shareholders	Participation (%) of the total shares with voting rights		
			Special	General	Yes	No			Through powers	Direct exercise(*)	N° who exercised their right to vote
13.04.2020	11.05.2020	Lima		X		X	97.08%	26	97.06%	0.02%	100%

(\*) Direct exercise includes voting by any means or modality that does not imply representation.

b. What means, also to that contemplated in article 43 of the General Law of Companies and the provisions of the Regulations on Relevant Facts and Reserved Information, did the company use to disseminate the calls to meetings during the year?

Email	—	Post mail	—
Via telephone	—	Social media	—
Corporate website	Yes	Others / Detail	—

### Question II.4

	Yes	No	Explanation
Does the company make available to shareholders all the information related to the points contained in the AGM's agenda and the proposals of the resolutions that it is considering adopting (motions)?	X		The bylaws provide that from the date of publication of the call, documents, motions and projects related to the General Shareholders' Meeting are available to shareholders at the main office of Banco BBVA Peru in Lima. The regulations of the AGM contemplate the mechanisms for shareholders to obtain information regarding the points contained in the agenda of the General Shareholders' Meeting.

In the call notices made by the company during the financial year:

	Yes	No
Was the place where the information regarding the agenda items to be discussed at the meetings was located?		X
Were "other topics", "miscellaneous items" or similar items included as agenda items?		X

## Principle 11: Proposals for agenda

### Question II.5

	Yes	No	Explanation
¿Do the regulations of the AGM include mechanisms that allow shareholders to exercise the right to formulate proposals for agenda items to be discussed at the AGM and the procedures for accepting or denying such proposals?	X		The AGM regulations provide for the inclusion of agenda items by shareholders.

a. Indicate the number of requests submitted by shareholders during the fiscal year to include agenda items to be discussed at the AGM, and how they were resolved:

Number of requests		
Received	Accepted	Denied
0	0	0

b. In the event that requests to include agenda items to be discussed at the AGM have been denied during the fiscal year, indicate whether the company communicated the support for the denial to the requesting shareholders.

Does not apply.

## Principle 12: Procedures for voting

### Question II.6

	Yes	No	Explanation
Does the company have mechanisms in place that allow shareholders to vote remotely by secure, electronic or postal means that guarantee that the person casting the vote is effectively the shareholder?	X		Due to the health emergency generated by the Covi-19 virus outbreak, the society implemented, in an extraordinary way, the Webex tool, which allows online connection from various points, allowing interaction between all participants.

a. If applicable, indicate the mechanisms or means that the company has for remote voting.

Voting by electronic means	X	Voting by postal means	
----------------------------	---	------------------------	--

b. If remote voting was used during the exercise, specify the following information:

During the 2020 financial year, due to the health emergency generated by the Covid-19 virus outbreak, extraordinarily, shareholders were offered the possibility of participating in the mandatory annual shareholders meeting through the Webex tool, which allowed the smooth joint development.

**Question II.7**

	Yes	No	Explanation
Does the company have corporate documents that clearly specify that shareholders can vote separately on matters that are substantially independent, so that they can exercise their voting preferences separately?	X		The regulations of the AGM establish that any shareholder can vote separately on any substantially independent matter, so that they can exercise their voting preferences separately.

Indicate whether the company has corporate documents that clearly specify that shareholders can vote separately for:

	Yes	No
The appointment or ratification of the directors by individual vote by each of them.	X	
The modification of the statute, for each article or group of articles that are substantially independent.	X	
Others / Detail		

**Question II.8**

	Yes	No	Explanation
Does the company allow those who act on behalf of several shareholders to cast differentiated votes for each shareholder, so that they comply with the instructions of each represented?	X		The AGM regulations allow those who act on behalf of several shareholders to cast differentiated votes, complying with the instructions given by each represented.

**Principle 13: Voting****Question II.9**

	Yes	No	Explanation
Does the bylaws of the company allow its shareholders to delegate their vote in favor of any person?	X		The statute allows shareholders to delegate their representation to one or more people.

If your answer is negative, indicate if your statute restricts the right of representation in favor of any of the following people:

Does not apply.

Question II.10	Yes	No	Explanation
a. Does the company have procedures that detail the conditions, the means and the formalities to be fulfilled in situations of delegation of vote?	X		The regulations of the AGM establish the procedures that must be followed in situations of delegation of the vote.
b. Does the company make available to shareholders a model letter of representation that includes the data of the representatives, the issues for which the shareholder delegates their vote and, if applicable, the direction of their vote for each of the the proposals?	X		The regulations of the AGM contain an annex in which a model letter of delegation of the vote is made available to shareholders, a model that is also available on the Bank's website

Indicate the requirements and formalities required for a shareholder to be represented at a meeting:

Formality (indicate if the company requires a simple letter, notarial letter, public deed or others).	Letter of delegation of the vote (regulation of the AGM)
Anticipation (number of days prior to the meeting with which the power of attorney must be presented).	The powers of attorney must be registered at least 24 hours before (AGM regulation).
Cost (indicate if there is a payment that the company requires for these purposes and how much it amounts to).	Free of charge

Question II.11	Yes	No	Explanation
a. Does the company have the policy of establishing limitations on the percentage of delegation of votes in favor of the members of the board of directors or senior management?		X	The company considers that the people who make up the management and the board of directors are suitable and professional.
b. In cases of delegation of votes in favor of members of the Board of Directors or Senior Management, does the company have a policy that the shareholders who thus delegate their votes leave their meaning clearly established? That the shareholder delegates his vote, and if applicable, the meaning of his vote for each of the proposals?	X		The company has prepared a model power of attorney where shareholders are allowed to clearly express the meaning of their votes.

## Principle 14: Follow-up of AGM agreements

### Question II.12

	Yes	No	Explanation
a. Does the company monitor the resolutions adopted by the AGM?	X		The Corporate Governance Committee monitors the resolutions adopted at each AGM.
b. Does the company issue periodic reports to the Board of Directors and are they made available to shareholders?	X		The company annually evaluates the follow-up of the resolutions of the shareholders' meeting in its sessions of the Corporate Governance Committee. The directory is then reported.

If this is the case, indicate the area and/or person in charge of monitoring the agreements adopted by the AGM. In the event that a person is in charge, additionally include their position and area in which they work.

Responsible area | Corporate Governance Committee and Secretary of the Board of Directors

Person in charge		
Names and surnames	Position	Area
Ruth Anabelí González Velapatiño	Deputy General Manager	Juridical Services

## PILLAR III: The board of directors and Senior Management

## Principle 15: Formation of the Board of Directors

### Question III.1

	Yes	No	Explanation
Principle 15.I: Is the board of directors made up of people with different specialties and competencies, with prestige, ethics, economic independence, sufficient availability and other relevant qualities for society so that there is a plurality of approaches and opinions?	X		Following the unique provisions applicable to financial entities, the company's board of directors complies with the aforementioned principle. This is included in the regulations of the board of directors and the regulations of the Appointments, Remuneration and Talent Management Committee.



a. Indicate the following information corresponding to the members of the company's board of directors during the fiscal year.

Name and surname	Vocational training(*)	Date		Part. Shareholding(****)	
		Start(**)	End(***)	Nº of shares	Participation %
<b>Directors (not including independents)</b>					
<b>Alex Fort Brescia</b>	Master in Administration of Companies. Participate in the Holding Boards Continental and BBVA Peru Foundation.	05/19/1995		Does not apply	Does not apply
<b>Pedro Brescia Moreyra</b>	Business administrator. Participates on the boards of Holding Continental and BBVA Peru Foundation.	05/19/1995		Does not apply	Does not apply
<b>Ignacio Javier Lacasta Casado</b>	Economist. Participate in the directory of Fundación BBVA Peru. He participated on the board of Holding Continental.	01/24/2013		Does not apply	Does not apply
<b>Mario Brescia Moreyra</b>	Administrator. Participate in the Holding Boards Continental and BBVA Peru Foundation.	03/27/2013		Does not apply	Does not apply
<b>Fortunato Brescia Moreyra</b>	Engineer. Participate in the Holding Boards Continental and BBVA Peru Foundation.	06/26/2013		Does not apply	Does not apply
<b>Fernando Eguiluz Lozano</b>	Industrial and Systems Engineer. MBA. Participate in the BBVA boards Consumer Finance Edpyme, Forum Comercializadora del Peru SA, Forum Distribuidora del Peru SA and Foundation BBVA Peru.	07/01/2019		Does not apply	Does not apply
<b>José Ignacio Merino Martín</b>	Bachelor of Science Business. He participates in the board of directors of Fundación BBVA Peru.	03/31/2016		Does not apply	Does not apply
<b>Rafael Varela Martínez</b>	Degree in Economics and Business Administration. Participate in the directory of BBVA Peru Foundation.	05/11/2020		Does not apply	Does not apply
<b>José Carlos López Álvarez</b>	Degree in Economics. Participate in the directory of BBVA Peru Foundation.	06/27/2018		Does not apply	Does not apply
<b>Javier Marín Estévez</b>	Degree in Law. Participate in the directory of BBVA Peru Foundation.	03/31/2016	05/11/2020	Does not apply	Does not apply

Name and surname	Vocational training <sup>(*)</sup>	Date		Part. Shareholding <sup>(****)</sup>	
		Start <sup>(**)</sup>	End <sup>(***)</sup>	Nº of shares	Participation %
Independent Directors					
Ismael Alberto Benavides Ferreyros	Agricultural engineer. Participate in the directory of BBVA Peru Foundation.	03/28/2018		Does not apply	Does not apply
José Manuel Rodríguez-Novás Sánchez-Diezma	Master of Engineering in Agricultural Industry. Participate in the directory of BBVA Peru Foundation.	05/11/2020		Does not apply	Does not apply

(\*) Also, detail if the director participates simultaneously in other directories, specifying the number and if they are part of the economic group of the reporting company. For this purpose, the definition of economic group contained in the Regulation of Indirect Ownership, Relationship and Economic Groups must be considered.

(\*\*) Corresponds to the first appointment in the reporting company.

(\*\*\*) Complete only if he had ceased to hold the position of director during the year.

(\*\*\*\*) Mandatorily applicable only to directors with a stake in the capital stock equal to or greater than 5% of the shares of the reporting company.

% of total shares held by Directors | Does not apply

Indicate the number of Directors of the company who are in each of the following age ranges:

Less than 35	Between 35 to 55	Between 55 to 65	Over 65
—	2	9	1

Note: All Directors who held the position during fiscal year 2019 are considered

b. Indicate if there are specific requirements to be appointed Chairman of the Board, also to those required to be appointed Director.

Yes | No | ☒

If your answer is affirmative, indicate those requirements.

Does not apply

c. Does the chairman of the board have a casting vote?

Yes | No | ☒

### Question III.2

	Yes	No	Explanation
Does the company avoid the appointment of alternate or alternate Directors, especially for quorum reasons?		<input checked="" type="checkbox"/>	The unique provisions applicable to financial entities allow the appointment of alternate and alternate directors.

If you have alternate or alternate directors, specify the following:

Names and surnames of the alternate or alternate Director	Start <sup>(*)</sup>	End <sup>(**)</sup>
Jaime Aráoz Medanic substitute)	2013	—
Miguel Ángel Salmón Jacobs (alternate)	2013	—
Fernando José Alegre Basurco (substitute)	2017	09.09.2020
Gustavo Alberto Mazzolini Casas (alternate)	2017	—
Antonio Alonso Granada	2020	—
Rafael Varela Martínez (substitute)	2018	2020 (assumed as owner)

(\*) Corresponds to the first appointment as an alternate or alternate director in the reporting company.

(\*\*) Complete only if he/she had left the position of alternate or alternate Director during the fiscal year.

## Principle 16: Functions of the Board

### Question III.4

	Yes	No	Explanation
The function of the Directory is: a. Approve and direct the company's corporate strategy.	X		Functions contained in the statute and the regulations of the board of directors.
b. Establish objectives, goals and action plans including annual budgets and business plans.	X		Functions contained in the statute and the regulations of the board of directors.
c. Control and supervise the management and take charge of the government and administration of the company.	X		Functions contained in the statute and the regulations of the board of directors.
d. Supervise good corporate governance practices and establish the policies and measures necessary for their best application.	X		Functions contained in the statute and the regulations of the board of directors.

a. Detail what other relevant powers are vested in the Company's Board of Directors.

Constitute special committees, made up of some of its members.

b. Does the Board delegate any of its functions?

Yes ☒ No ☐

Indicate, if applicable, what are the main functions of the Board of Directors that have been delegated, and the body that exercises them by delegation:

Features	Body / Area to which functions have been delegated
Appointment of general manager, deputy general managers and auditor.	Appointments, Remuneration and Talent Management Committee
Monitor the proper functioning of the internal control system and keep the Board informed about compliance with internal policies and procedures.	Audit Committee
Supervision of compliance with the company's Good Corporate Governance practices and inform the board of directors about it.	Corporate Governance Committee
Supervision of the risks faced by the company to have an appropriate environment for the development of its activities and inform the board of directors about it.	Risk Committee
Supervision of compliance policies and evaluate the effectiveness of compliance risk management, and report to the Board about them.	Compliance Committee

## Principle 17: Duties and Rights of the members of the Board of Directors

### Question III.5

	Yes	No	Explanation
The members of the Board of Directors have the right to: a. Request the support or input of experts from the Board.	X		The regulations of the board of directors establish the power of the directors to request the advice of experts outside the company in those matters whose complexity warrants it.
b. Participate in induction programs on their powers and responsibilities and to be informed in a timely manner about the organizational structure of the company.	X		The regulations of the board of directors establish that directors have access to manuals and other corporate documents where they are informed about their duties and powers.
c. Receive a remuneration for the work implemented, which combines recognition of professional experience and dedication to society with the criterion of rationality.	X		It is foreseen in the regulations of the directory.

a. If specialized advisers have been hired during the fiscal year, indicate whether the list of specialized advisers to the Board of Directors who have provided services during the fiscal year for the decision-making of the company was made known to the shareholders.

Yes		No		Does not apply	X
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If this is the case, specify if any of the specialized advisers had any relationship with a member of the Board of Directors and/or Senior Management<sup>(\*)</sup>.

Yes		No		Does not apply	X
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(\*) For the purposes of linking, the linking criteria contained in the Indirect Property, Linkage and Economic Groups Regulations will be applied.

b. If this is the case, indicate whether the society conducted induction programs for new members who have joined the society.

Yes		No		Does not apply	X
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c. Indicate the percentage that represents the total amount of remuneration and annual bonuses of Directors, with respect to gross income, according to the financial statements of the company.

Remuneration	(%) Income Gross	Bonuses	(%) Income Gross
Directors (not including independents)	0.006%	Delivery of shares	—
Independent Directors	0.002%	Option delivery	—
		Money delivery	—
		Others (detail)	

## Principle 18: Board Regulations

### Question III.6

	Yes	No	Explanation
Does the company have binding Regulations for the Board of Directors and does it entail liability?	X		The company has mandatory board regulations and non-compliance generates liability.

Indicate if the Board Regulations contain:

	Yes	No
Policies and procedures for its operation	X	
Organizational structure of the Board	X	
Functions and responsibilities of the Chairman of the Board	X	
Procedures for the identification, evaluation and nomination of candidates for members of the Board, which are proposed to the AGM	X	
Procedures for cases of vacancy, dismissal and succession of Directors	X	
Others / Detail	Rules of conduct, conflicts of interest, coverage of responsibilities.	

## Principle 19: Independent Directors

### Question III.7

	Yes	No	Explanation
Is at least one third of the Board of Directors made up of Independent Directors?		X	The company forms its board of directors taking into consideration their conditions and professional prestige, as well as the accumulated experience in the sector in which the company carries out its activities.

Additionally, to those established in the “Guidelines for the Qualification of Independent Directors”, the company has established the following criteria to qualify its Directors as independent:

	Yes	No
Not being a Director or employee of a company of the same business group, unless three (3) or five (5) years, respectively, have elapsed since the termination of that relationship.	X	
Not be an employee of a shareholder with a stake equal to or greater than five percent (5%) in the company.	X	
Not have more than eight (8) continuous years as an Independent Director of the company.	X	
Not having, or having had in the last three (3) years, a commercial or contractual business relationship, direct or indirect, and of a significant nature <sup>(*)</sup> , with the company or any other company in the same group.		X
Not being a spouse, or having a kinship relationship in the first or second degree of consanguinity, or in the first degree of affinity, with shareholders, members of the Board of Directors or the Senior Management of the company.	X	
Not being a director or member of the Senior Management of another company in which a Director or member of the Senior Management of the company is part of the Board of Directors.	X	
Not having been in the last eight (8) years a member of Senior Management or an employee either in the company, in companies of the same group or in the company's shareholders.		X
Not having been, during the last three (3) years, a partner or employee of the External Auditor or the Auditor of any company in the same group.	X	
Others / Detail	<p>The company considers independent directors to be those appointed based on their conditions and professional prestige, who are not part of the entity's executive staff and who are not related to the main shareholders of the entity. They will also be so if, having had ties with the company, economic group or its main shareholders, they have concluded their relationship for a period equal to or greater than the 3 years before their appointment.</p> <p>It should be noted that the company applies the rules on independent directors issued by the Superintendency of Banking, Insurance and AFP (pensions), as it is a company regulated by it.</p>	

(\*) The business relationship will be presumed significant when either party has issued invoices or payments for a value greater than 1% of their annual income.

Question III.8	Yes	No	Explanation
a. Does the Board of Directors declare that the candidate it proposes is independent based on the inquiries made and the candidate's statement?	X		The Appointments, Remuneration and Talent Management Committee of the company's board of directors must declare that the candidate is independently based on the inquiries made and the candidate's statement.
b. Do the candidates for Independent Directors declare their status as independent before the company, its shareholders and executives?	X		The independent directors declare their status as independent at the time of assume the position and after each year of stay in the same.

Indicate whether at least once a year the Board of Directors verifies that the Independent Directors maintain compliance with the requirements and conditions to be qualified as such:

Yes ☒ No ☐

## Principle 20: Operation of the Board of Directors

### Question III.9

	Yes	No	Explanation
Does the board of directors have a work plan that contributes to the efficiency of its functions?	X		The work plan is presented annually to the board of directors and is approved in the first session in which the board of directors is appointed by the AGM.

### Pregunta III.10

	Yes	No	Explanation
Does the company provide its directors with the necessary channels and procedures so that they can effectively participate in board meetings, even in a remote manner?	X		Following the provisions of the statute, a videoconferencing system has been implemented that allows simultaneous and real-time communication between all directors.

a. Indicate the following in relation to the Board meetings held during the year:

Number of sessions implemented	14
Number of sessions in which the call has been waived <sup>(*)</sup>	0
Number of sessions in which the Chairman of the Board did not attend	0
Number of sessions in which one or more Directors were represented by alternate Directors	2
Number of regular Directors who were represented on at least one occasion	2

(\*) In this field, the number of sessions that have been implemented under the provisions of the last paragraph of article 167 of the LGS must be reported.

b. Indicate the percentage of Directors' attendance at Board meetings during the fiscal year.

Name	% of attendance
Alex Fort Brescia	100%
Pedro Brescia Moreyra	92.86%
Ignacio Lacasta Casado	92.86%
Mario Brescia Moreyra	100%
Fortunato Brescia Moreyra	100%
Fernando Eguiluz Lozano	100%
José Ignacio Merino Martín	100%
Rafael Varela Martínez <sup>(*)</sup>	100%
José Carlos López Álvarez	100%
José Manuel Rodríguez-Novás Sánchez-Diezma	100%
Ismael Alberto Benavides Ferreyros	100%
Javier Marín Estévez <sup>(*)</sup>	100%

(\*) Regarding the period in which they held the position.

c. Indicate how far in advance of the board meeting all the information regarding the matters to be discussed in a session is available to the directors.

	Less than 3 days	3-5 days	More than 5 days
Non-confidential information			X
Confidential information			X

**Question III.11**

	Yes	No	Explanation
a. Does the Board of Directors evaluate, at least once a year, objectively, its performance as a collegiate body and that of its members?	X		
b. Is the self-evaluation methodology alternated with the evaluation implemented by external consultants?		X	The board of directors may resort to external advisers for its evaluation, should it so decide.

a. Indicate whether performance evaluations of the Board of Directors have been implemented during the year.

	Yes	No
As a collegiate body	X	
To its members	X	

If the answer to the previous question in any of the fields is affirmative, indicate the following information for each evaluation:

Evaluation	Self appraisal		External evaluation		
	Date	Diffusion <sup>(*)</sup>	Date	Entity in charge	Diffusion <sup>(*)</sup>
Bank's Corporate Governance Statutes	01.29.2020	No	Does not apply	Does not apply	Does not apply

(\*) Indicate Yes or No, if the evaluation was made known to the shareholders.

**Principle 21: Special Committees**
**Question III.12**

	Yes	No	Explanation
a. Does the company's board of directors form special committees that focus on the analysis of those aspects that are most relevant to the company's performance?	X		The regulation of the board of directors contemplates the constitution of special committees.
b. Does the board of directors approve the regulations that govern each of the special committees that it constitutes?	X		The regulation of the board of directors contemplates the constitution of special committees.
c. Are special committees chaired by independent directors?	X		Only the audit committee is chaired by an independent director. The company considers that the special committees should be chaired by directors who are experts in the issues addressed by each committee, who have full knowledge of the company and who have had professional contact with it.
d. Do special committees have a budget assigned?		X	The society considers that these committees do not demand the specific allocation of a particular budget.



Question III.13	Yes	No	Explanation
Does the company have an Appointments and Remuneration Committee that is in charge of nominating the candidates for Board members who are proposed to the AGM by the Board of Directors, as well as approving the remuneration and incentives system for senior management?	X		The company has an appointments and remuneration committee, whose functions are detailed in their respective regulations.

Question III.14	Yes	No	Explanation
Does the company have an Audit Committee that supervises the effectiveness and suitability of the company's internal and external control system, the work of the audit company or the independent auditor, as well as compliance with the standards of legal and professional independence?	X		The company has an Audit Committee whose functions are detailed in its respective regulations.

a. Specify whether the company also has the following Special Committees:

	Yes	No
Risk Committee	X	
Corporate Governance Committee	X	

b. If the company has Special Committees, indicate the following information regarding each committee:

### Audit Committee

#### I. Creation date

March 23, 2000

#### II. Features

- a) Monitor that accounting and financial reporting processes are appropriate.
- b) Monitor the proper functioning of internal control.
- c) Monitor and keep the board informed on compliance with internal policies and procedures, and the detection of control and internal administration weaknesses.
- d) Follow up on audit recommendations.
- e) Evaluate that the performance of the internal audit unit and the external audit corresponds to the needs of the company.
- f) Coordinate with the internal audit unit and external auditors, the effectiveness and efficiency aspects of the internal control system.
- g) Approve the audit statute.
- h) Approve the audit risk assessment, the annual internal audit plan.
- i) Define the criteria for the selection and hiring of the internal auditor and his main employees, and evaluate their performance.
- j) Evaluate the activities implemented by the internal and external auditors.

#### III. Committee members

Names and surnames	Start date	End date	Position within the Committee
José Manuel Rodríguez-Novás			
Sánchez-Diezma	05/27/2020	To the date	President
Alex Fort Brescia	06/26/2013	To the date	Member
José Ignacio Merino Martín	04/28/2016	To the date	Member

#### IV. Percentage of independent directors concerning the total committee

33%

#### V. Number of sessions held during the year

3 times per year.

#### VI. It has delegated powers following article 174 of the General Law of Companies

☒ Yes      ☐ No

#### The committee or its president participates in the AGM

☐ Yes      ☒ No

## Appointments and Remuneration Committee

### I. Creation date

February 18, 2004

### II. Features

- a) Approve and monitor the design of the Bank's remuneration system.
- b) Evaluate conflicts of interest in the remuneration system.
- c) Evaluate the goals and indicators considered in the remuneration system.
- d) Appreciate the rating and propose the people who will make up the Bank's board of directors
- e) Propose to the board the remuneration of the board of directors,
- f) Appoint the general manager, first-level managers, the internal auditor, the compliance officer for the prevention of money laundering and terrorist financing, the regulatory compliance officer, the market conduct officer, and the Bank's general accountant.
- g) Know the conditions of the loans and other benefits granted to the Bank's employees and, especially, the management committee, as well as order the changes to the policies of the matter that are considered convenient.
- h) Inform the Bank's board of directors on the main topics discussed at its meetings.

### III. Committee members

Names and surnames	Start date	End date	Position within the Committee
Ignacio Lacasta Casado	04/28/2016	To the date	President
Alex Fort Brescia	06/26/2013	To the date	Member
Fernando Eguiluz Lozano	07/16/2019	To the date	Member
Pedro Brescia Moreyra	09/25/2008	To the date	Member

### IV. % Independent Directors with respect to the total of the Committee

0%

### V. Number of sessions held during the year

6 times per year.

### VI. It has delegated powers following article 174 of the General Law of Companies

☒ Yes      ☐ No

### The committee or its president participates in the AGM

☐ Yes      ☒ No

## Corporate Governance Committee

### I. Creation date

December 15, 2011

### II. Features

- a) Ensure that shareholders and the market, in general, have complete, accurate and timely access to the information that must be disclosed as an issuer.
- b) Approve and supervise the application of the best good corporate governance practices.
- c) Supervise that the holding of shareholders' meetings is implemented following the law.
- d) Monitor the implementation of the resolutions adopted at the Bank's shareholders' meeting.
- e) Prepare an annual activity report.
- f) Evaluate the degree of compliance with the regulations of the shareholder' meeting.
- g) Ensure that the committee's regulations are available to shareholders.
- h) The other functions following the nature of the objective of the committee that is assigned by the board of directors or entrusted by the shareholders' meeting.

### III. Committee members

Names and surnames	Start date	End date	Position within the Committee
Alex Fort Brescia	04/28/2016	To the date	President
Mario Brescia Moreyra	06/26/2014	To the date	Member
Fernando Eguiluz Lozano	07/16/2019	To the date	Member
Rafael Varela Martínez	05/27/2020	To the date	Member
Javier Marín Estévez	04/28/2016	05/11/2020	Member

### IV. % Independent Directors with respect to the total of the Committee

0%

### V. Number of sessions held during the year

2 times per year.

### VI. It has delegated powers following article 174 of the General Law of Companies

☒ Yes      ☐ No

### The committee or its president participates in the AGM

☐ Yes      ☒ No

## Compliance Committee

### I. Creation date

September 25, 2008

### II. Features

- a) Approve the policies, codes, manuals, procedures and methodologies defined to guarantee the due observance of regulatory requirements.
- b) Take knowledge of the reports in the matters that are within its competence.
- c) Approve the annual activity programs.
- d) Be aware of and take the necessary corrective measures in the event of failures in the application of compliance functions.
- e) Approve the training plans in the scope of the compliance function.
- f) Provide the necessary resources and infrastructure for the proper performance of compliance functions and responsibilities.
- g) Approve, modify and ensure compliance with anti-corruption policies to prevent and significantly reduce the risk of committing crimes of corruption of officials.

### III. Committee members

Names and surnames	Start date	End date	Position within the Committee
Alex Fort Brescia	06/26/2013	To the date	President
Fortunato Brescia Moreyra	04/28/2016	To the date	Member
Fernando Eguiluz Lozano	07/16/2019	To the date	Member

### IV. % Independent Directors with respect to the total of the Committee

0%

### V. Number of sessions held during the year

2 times per year.

### VI. It has delegated powers following article 174 of the General Law of Companies

☒ Yes      ☐ No

### The committee or its president participates in the AGM

☐ Yes      ☒ No

## Risk Committee

### I. Creation date

July 17, 2008

### II. Features

- a) Approve policies for comprehensive risk management
- b) Check that the provision of means, systems and resources is adequate for risk management.
- c) Analyze the proposed risk appetite framework
- d) Decide the actions for the implementation of the corrective measures required in case there are deviations concerning the appetite levels and risk limits and the degrees of exposure assumed.
- e) Evaluate the capital adequacy and liquidity required by the Bank.
- f) Approve reports on risks associated with new products
- g) Following the delegation made by the Bank's board of directors, take cognizance of all other reports that must be presented to the Bank's board of directors.
- h) Inform the Bank's board of directors, in its next session, on the main topics discussed and the resolutions adopted for their control and monitoring.

### III. Committee members<sup>(\*)</sup>

Names and surnames	Start date <sup>(**)</sup>	End date <sup>(***)</sup>	Position within the Committee
José Ignacio Merino Martín	April 2018	To the date	President
Fernando Eguiluz Lozano	July 2019	To the date	Member
Alex Fort Brescia	April 2018	To the date	Member
Vicente Puig Payá <sup>(****)</sup>	September 2019	To the date	Member

### IV. % Independent Directors with respect to the total of the Committee

0%

### V. Number of sessions held during the year

Once a month.

### VI. It has delegated powers following article 174 of the General Law of Companies

☒ Yes      ☐ No

### The committee or its president participates in the AGM

☐ Yes      ☒ No

<sup>(\*)</sup> Information will be provided regarding the people who make up or were part of the Committee during the reporting period.

<sup>(\*\*)</sup> Corresponds to the first appointment as a member of the Committee in the reporting company.

<sup>(\*\*\*)</sup> Complete only in case they had ceased to be part of the Committee during the fiscal year.

## Principle 22: Code of Ethics and conflicts of interest

### Question III.15

	Yes	No	Explanation
Does the company adopt measures to prevent, detect, manage and reveal conflicts of interest that may arise?	X		The company has a conflict of interest policy, a code of ethics, and a code of conduct, that regulates the topics covered in this principle.

Indicate, if applicable, which is the area and/or person responsible for monitoring and controlling possible conflicts of interest. If a person is in charge, additionally include their position and area in which they work.

Responsible area | Compliance

Person in charge		
Names and surnames	Position	Area
Edwin Calderón Fuentes	Chief Compliance Officer	Compliance

### Question III.16

	Yes	No	Explanation
a. Does the company have a Code of Ethics <sup>(*)</sup> whose compliance is required of its Directors, managers, officers and other employees <sup>(**)</sup> of the company, which includes ethical criteria and professional responsibility, including the handling of potential cases of conflicts of interest?	X		It has a code of ethics and conduct that applies to the directors and officers of the company, following the provisions of this principle.
b. Does the Board of Directors or General Management approve training programs for compliance with the Code of Ethics?	X		Policies and training programs are approved following corporate guidelines.

(\*) The Code of Ethics may be part of the Internal Standards of Conduct.

(\*\*) The term employees reaches all people who maintain some type of employment relationship with society, regardless of the labor regime or modality.

If the company has a Code of Ethics, indicate the following:

a. It is available to:

	Yes	No
Shareholders	X	
Other people to whom it applies	X	
From the general public	X	

b. Indicate which is the area and/or person responsible for monitoring and complying with the Code of Ethics. In case a person is in charge, additionally include their position, the area in which they work, and to whom they report.

Responsible area | Compliance

Person in charge		
Names and surnames	Position	Area
Edwin Calderón Fuentes	Chief Compliance Officer	Compliance

c. Is there a record of cases of non-compliance with said Code?

Yes ☒ No ☐

d. Indicate the number of breaches of the provisions established in said Code, detected or reported during the year.

Number of defaults 118

**Question III.17**

	Yes	No	Explanation
a. Does the company have mechanisms that allow complaints to be made regarding any illegal or unethical behavior, guaranteeing the confidentiality of the complainant?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The company has procedures for dealing with complaints about illegal or unethical behavior, which are known to its employees and guarantee the confidentiality of the complainant.
b. Are complaints made directly to the Audit Committee when they are related to accounting aspects or when General Management or Financial Management are involved?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Additionally, they are evaluated by the fraud prevention and corporate integrity management committee.

**Question III.18**

	Yes	No	Explanation
a. Is the Board of Directors responsible for monitoring and controlling possible conflicts of interest that may arise in the Board of Directors?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The regulations of the board of directors regulate the cases of conflict of interest.
b. In case the company is not a financial institution, has it established as a policy that the members of the Board of Directors are prohibited from receiving loans from the company or from any company in its economic group, unless they have the prior authorization of the Board of Directors?	<input type="checkbox"/>	<input type="checkbox"/>	Does not apply.
c. In case the company is not a financial institution, has it established as a policy that the members of Senior Management are prohibited from receiving loans from the company or from any company in its economic group, unless they have prior authorization from the Board of Directors?	<input type="checkbox"/>	<input type="checkbox"/>	Does not apply.

a. Indicate the following information on the members of senior management who have the status of shareholders in a percentage equal to or greater than 5% of the company.

Does not apply.



b. Indicate if any of the members of the board of directors or senior management of the company is a spouse, a relative in the first or second degree of consanguinity, or a relative in the first degree of affinity of:

Names and surnames	Link with:			Names and surnames of the shareholder / Director / Manager	Type of bonding <sup>(*)</sup>	Additional Information <sup>(***)</sup>
	Shareholder <sup>(*)</sup>	Director	Senior Management			
Pedro Brescia Moreyra		X		Mario Brescia Moreyra Fortunato Brescia Moreyra Alex Fort Brescia	2nd grade 2nd grade 4th grade	
Mario Brescia Moreyra		X		Pedro Brescia Moreyra Fortunato Brescia Moreyra Alex Fort Brescia	2nd grade 2nd grade 4th grade	
Fortunato Brescia Moreyra		X		Pedro Brescia Moreyra Mario Brescia Moreyra Alex Fort Brescia	2nd grade 2nd grade 4th grade	
Alex Fort Brescia		X		Pedro Brescia Moreyra Mario Brescia Moreyra Fortunato Brescia Moreyra	4th grade 4th grade 4th grade	

(\*) Shareholders with a stake equal to or greater than 5% of the capital stock.

(\*\*) For the purposes of linking, the linking criteria contained in the Indirect Property, Linkage and Economic Groups Regulations will be applied.

(\*\*\*) In the case there is a relationship with a shareholder, include their shareholding. In the case the relationship is with a member of the management team, include their position.

c. If any member of the Board of Directors holds or has held during the fiscal year that is the subject of this report, a managerial position in the company, indicate the following information:

Names and surnames	Managerial position held or held	Date in managerial position	
		Start <sup>(*)</sup>	Finished <sup>(**)</sup>
Fernando Eguluz Lozano	General manager	July 2019	To the date

(\*) Corresponds to the first appointment in the company reporting in the managerial position.

(\*\*) Complete only if he had ceased to exercise the managerial position during the year.

d. If any member of the board of directors or senior management of the company has maintained during the financial year, a commercial or contractual relationship with the company, which has been important due to its amount or subject matter, indicate the following information.

Does not apply.

## Principle 23: Operations with related parties

### Question III.19

	Yes	No	Explanation
a. Does the board of directors have policies and procedures for the assessment, approval and disclosure of certain transactions between the company and related parties, as well as to know the commercial or personal relationships, direct or indirect, that the Directors maintain among themselves, with the company, with your suppliers or customers, and other stakeholders?	X		The company, being a company of the financial system, is subject to restrictions and controls to carry out operations with related parties. In the same way, the board of directors authorizes commercial operations with related parties.
b. In the case of operations of special relevance or complexity, is the intervention of independent external advisers contemplated for their assessment?	X		Society, in its capacity as a company in the financial system, tends to resort to external advisers who express their opinion on complex or important operations.

a. If you comply with literal a) of question III.19, indicate the area (s) of the company in charge of the treatment of operations with related parties in the following aspects:

Aspects	Responsible Area
Assessment	Risks
Approval	Directory
Revelation	Does not apply

b. Indicate the procedures to approve transactions between related parties:

Being a company of the financial system, the operations between related parties are regulated by SBS Resolution No. 472-2006 and SBS Resolution No. 5780-2015.  
Likewise, the internal standard "SC.05.P.005 - Financing for related parties and the BBVA del Peru group" is in place, which includes the scope of the aforementioned standards.

c. List those operations implemented between the company and its related parties during the year that have been important due to their amount or subject matter.

Does not apply.

d. Specify whether the company sets limits to carry out operations with related parties:

Yes | X | No

## Principle 24: Functions of Senior Management

### Question III.20 / Compliance

	Yes	No	Explanation
a. Does the company have a clear policy of delimitation of functions between the administration or government exercised by the Board of Directors, the ordinary management in charge of senior management and the leadership of the general manager?	X		The organization and functions manual of the company establishes the functions assigned to the board of directors, senior management and the general manager.
b. Are the appointments of the company's general manager and president of the Board of Directors assigned to different people?	X		The possibility of expressly including this specification in the directory regulations will be evaluated.
c. Does senior management have sufficient autonomy to carry out the assigned functions, within the framework of policies and guidelines defined by the board of directors, and under its control?	X		Senior management has sufficient autonomy to carry out their duties.
d. Is the general management responsible for complying with and enforcing the policy of disclosure of information to the board of directors and its directors?	X		This function is within the powers of the general manager.
e. Does the Board of Directors annually evaluate the performance of the General Management based on well-defined standards?	X		According to the statute, it is the inherent function of the board of directors to evaluate the function of the general manager.
f. Does the remuneration of senior management have a fixed and a variable component, which take into account the results of the company, based on a prudent and responsible assumption of risks, and the fulfillment of the goals outlined in the respective plans?	X		The company has a policy that defines the remuneration of senior management and considers such attributes.

a. Indicate the following information regarding the remuneration received by the General Manager and management team (including bonuses).

Position	Remuneration <sup>(*)</sup>	
	Fixed	Variable
General management	0.04%	0.02%
Management plan	0.20%	0.09%

(\*) Indicate the percentage that represents the total amount of the annual remuneration of the members of Senior Management, with respect to the level of gross income, according to the financial statements of the society.

b. If the company pays bonuses or compensation other than those determined by legal mandate, to the Senior Management, indicate the way (s) in which they are paid.

Does not apply.

c. If there is a variable component in the remuneration, specify which are the main aspects taken into account for its determination.

To determine the variable component of remuneration, the results of the company and the individual performance of the members of Senior Management are taken into consideration.

d. Indicate whether the Board of Directors evaluated the performance of the General Management during the fiscal year.

Yes ☒ No ☐

## PILLAR IV: Risk and Compliance

### Principle 25: Risk management system environment

#### Question IV.1

	Yes	No	Explanation
a. Does the board of directors approve a comprehensive risk management policy following its size and complexity, promoting a culture of risk management within the company, from the board of directors and senior management to the employees themselves?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The company, being a company in the financial system, has a comprehensive risk management policy, designed following current legal provisions.
b. Does the comprehensive risk management policy reach all the companies that are part of the group and allow a global vision of critical risks?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The company has a comprehensive risk management policy, which applies to the companies in its group.

Does the company have a risk management delegation policy that establishes the risk limits that can be managed by each level of the company?

Yes ☒ No ☐

#### Question IV.2

	Yes	No	Explanation
a. Does the general management manage the risks to which the company is exposed and report them to the board of directors?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	General management manages risks based on the information it receives from the risk committee and risk management.
b. Is the general management responsible for the risk management system, if there is no Risk Committee or Risk Management?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	There is a risk committee.

Does the company have a Risk Manager?

Yes ☒ No ☐

If your answer is yes, please provide the following information:

Names and surnames	Date of exercise of the position		Reporting area / body
	Start <sup>(*)</sup>	Finished <sup>(**)</sup>	
Vicente Puig Payá	09/01/2019	—	General management directory

(\*) Corresponds to the first appointment in the reporting company.

(\*\*) Complete only in case he had ceased to exercise the position during the exercise.

#### Question IV.3

	Yes	No	Explanation
The company has an internal and external control system, whose effectiveness and suitability are supervised by the board of directors.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The company, being a company of the financial system, complies with the provisions of this principle.

## Principle 26: Internal audit

### Question IV.4

	Yes	No	Explanation
a. The internal auditor performs audit tasks exclusively, has autonomy, experience and specialization in the matters under his evaluation, and with independence for the monitoring and evaluation of the effectiveness of the risk management system?	X		The company, being a company of the financial system, complies with the provisions of this principle.
b. Are the functions of the internal auditor permanently evaluating that all the financial information generated or registered by the company is valid and reliable, as well as verifying the effectiveness of regulatory compliance?	X		The company, being a company of the financial system, complies with the provisions of this principle.
c. Does the internal auditor report directly to the Audit Committee on their plans, budget, activities, progress, results obtained and actions taken?	X		The company, being a company of the financial system, complies with the provisions of this principle.

a. Indicate whether the company has an independent area in charge of internal auditing.

Yes ☒ No ☐

If the answer to the previous question is affirmative, within the organic structure of the company, indicate, hierarchically, who the audit depends on.

It depends on:

b. Indicate whether the company has a Corporate Internal Auditor.

Yes ☒ No ☐

Indicate what are the main responsibilities of the person in charge of internal audit and if he/she performs other functions outside the internal audit.

The auditor general is in charge of managing the Audit area, the purpose of which is to objectively and independently supervise the operation of the organization's internal control model, verifying its sufficiency and effectiveness. To do this, it reports to the Audit Committee, made up of directors who have received a delegation from the board of directors. Given the nature of his function, the auditor general cannot exercise any other executive function in the Bank.

### Question IV.5

	Yes	No	Explanation
Does the appointment and removal of the internal auditor correspond to the Board of Directors at the proposal of the Audit Committee?	X		The Audit Committee appoints the internal auditor and then reports to the board of directors.

## Principle 27: External auditors

### Question IV.6

	Yes	No	Explanation
Does the AGM, at the proposal of the board of directors, designate the auditing company or the independent auditor, who are clearly independent from the company?	X		The audit committee appoints the internal auditor and then reports to the board of directors.

a. Does the company have a policy for the appointment of the External Auditor?

Yes ☒ No ☐

If the previous question is affirmative, describe the procedure for hiring the audit firm in charge of issuing an opinion on the annual financial statements (including the identification of the body of the company in charge of choosing the audit firm).

The regulations of the Audit Committee define the criteria for hiring and evaluating external auditors, including the competence and independence to perform as such, taking into account the transparency and openness of the relationship and the scope of the audit.

b. If the auditing company has performed other services other than the audit of accounts itself, indicate whether said contracting was reported to the AGM, including the percentage of turnover that said services represent over the total billing of the auditing company to the company.

Yes		No	X
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c. Do the persons or entities linked to the auditing company provide services to the company, other than those of the audit of accounts itself?

Yes		No	X
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If the answer to the previous question is affirmative, indicate the following information regarding the additional services provided by persons or entities related to the audit firm in the reported year.

No aplica.

d. Indicar si la sociedad de auditoría ha utilizado equipos diferentes, en caso de que haya prestado servicios adicionales a la auditoría de cuentas.

Yes		No	X
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#### Question IV.7

	Yes	No	Explanation
a. Does the company maintain a policy to renew its independent auditor or its audit firm?	X		The company maintains a policy to define the guidelines for hiring or renewing audit firms.
b. If said policy establishes longer terms for the renewal of the audit firm, does the audit firm's work team rotate at most every five (5) years?	X		The company maintains a policy to define the guidelines for hiring or renewing audit firms.

Indicate the following information on the audit companies that have provided services to the company in the last five (5) years.

Company name of the audit company	Service <sup>(*)</sup>	Period	Remuneration <sup>(**)</sup>	% of audit firm revenue
Gris y Asociados S. C. R. L. (Deloitte)	Annual Audit EE. FF.	2016-2017	S/ 2,341,000	
Deloitte & Touche S. R. L. (Deloitte)	Corporate social responsibility	2016-2017	S/ 170,000	
Gris y Asociados S. C. R. L. (Deloitte)	Other services	2016-2020	S/ 590,000	
Price Waterhouse Coopers S. R. L. (PWC)	Consulting	2016-2020	S/ 303,000	
Ernst & Young	Consulting	2016-2020	S/ 6,315,000	
KPMG Asesores S. C. R. L.	Other services	2019-2020	S/ 79,000	
Caipo y Asociados S. C. R. L. (KPMG)	Annual Audit EE. FF.	2017-2020	S/ 7,116,000	
Caipo y Asociados S. C. R. L. (KPMG)	Corporate social responsibility	2017-2020	S/ 166,000	
Caipo y Asociados S.C.R.L. (KPMG)	Other services	2017-2020	S/ 452,000	

(\*) Include all types of services, such as reports on financial information, accounting expert opinions, operational audits, systems audits, tax audits or other services.

(\*\*) Of the total amount paid to the auditing company for all concepts, indicate the percentage that corresponds to remuneration for financial auditing services.

#### Question IV.8

	Yes	No	Explanation
In the case of economic groups, is the external auditor the same for the entire group, including offshore subsidiaries?	X		There are no offshore subsidiaries

Indicate whether the auditing company hired to issue an opinion on the financial statements of the company corresponding to the fiscal year that is the subject of this report, also issued an opinion on the financial statements for the same fiscal year for other companies in its economic group.

Yes ☒ No ☐

If your previous answer is yes, please indicate the following:

Name or Company Name of the company (s) of the economic group
Banco BBVA Peru – BBVA
BBVA Bolsa Sociedad Agencia de Bolsa SA – BBVA SAB
BBVA Asset Management SA SAF – BBVA SAF
BBVA Sociedad Titulizadora SA – BBVA Titulizadora
Inmuebles y Recuperaciones BBVA SA
Comercializadora Corporativa SAC
BBVA Consumer Finance Edpyme
Forum Comercializadora del Peru SA
Forum Distribuidora del Peru SA
BBVA Peru Foundation

**Principle 28: Information policy**

**Question V.1**

	Yes	No	Explanation
The company has an information policy for shareholders, investors, other stakeholders and the market in general, with which it defines in a formal, orderly and comprehensive manner the guidelines, standards and criteria that will be applied in the management, compilation, elaboration, classification, organization and/or distribution of the information that society generates or receives?	X		

a. If this is the case, indicate whether according to its information policy the company disseminates the following:

	Yes	No
Objectives of the society		X
List of members of the Board of Directors and Senior Management	X	
Shareholding structure		X
Description of the economic group to which it belongs	X	
Financial statements and annual report	X	
Others / Detail		

b. Does the company have a corporate website?

Yes ☒ No ☐

The corporate website includes:

	Yes	No
A special section on corporate governance or relations with shareholders and investors that includes Corporate Governance Report	X	
Important facts	X	
Financial information	X	
Statute	X	
Regulations of the AGM and information on Meetings (attendance, minutes, others)	X	
Board composition and its regulations	X	
Code of ethics	X	
Risk policy		X
Corporate Social Responsibility (community, environment, others)	X	
Others / Detail		

**Question V.2**

	Yes	No	Explanation
Does the company have an investor relations office?	X		The Finance area assumes such responsibility.

If you have an investor relations office, indicate who is the responsible person.

Head of the Investor Relations Office	Stefany Campos Gutarra – Principal Manager Budget Modeling & Planning
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If you do not have an investor relations office, indicate the unit (department/area) or person in charge of receiving and processing requests for information from the company's shareholders and the general public. If you are a person, additionally include your position and area in which you work.

Responsible area | Finance

Person in charge		
Names and surnames	Position	Area
María Esther Díaz Castro	Specialist physical saves squares and shareholders	Centralized Operations – Securities

## Principle 29: Financial Statements and Annual Report

If there are qualifications in the report by the external auditor, have these qualifications been explained and/or justified to the shareholders?

Yes | No | Does not apply | ☒

## Principle 30: Information on shareholder structure and agreements between shareholders

### Question V.3

	Yes	No	Explanation
Does the company disclose the ownership structure, considering the different classes of shares and, if applicable, the joint participation of a certain economic group?	<input checked="" type="checkbox"/>		There are no different classes of shares.

Indicate the composition of the shareholding structure of the company at the end of the year.

Holding shares with voting rights	Number of holders (at year-end)	% of participation
Less than 1%	8,048	6.15%
Between 1% and 5%	1	1.61%
Between 5% and 10%	0	0
Greater than 10%	2	92.24%
Total	8,051	100%

Percentage of shares in portfolio over share capital:

Does not apply.

### Question V.4

	Yes	No	Explanation
Does the company report on the agreements or pacts between shareholders?		<input checked="" type="checkbox"/>	The company is an SAA.

a. Does the company have existing agreements between shareholders?

Yes | ☒ | No | Does not apply |

b. If any pact or agreement has been made between the shareholders that has been informed to the company during the year, indicate what matters each of these dealt with.

Does not apply.

Principle 31: Corporate governance report

Question V.5	Yes	No	Explanation
Does the company disclose the standards adopted in corporate governance in an annual report, the content of which is the responsibility of the Board of Directors, following a report from the Audit Committee, the Corporate Governance Committee, or an external consultant, if applicable?	X		The board of directors approves the annual report of the Corporate Governance Committee.

a. The company has mechanisms for internal and external dissemination of corporate governance practices.

Yes	X	No
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If the previous answer is affirmative, specify the mechanisms used.

Bank website.

## Section C

### Company document content

Indicate in which of the following Company document (s) the following issues are regulated:

		Beginning	Statute	Rules of Procedure(*)	Handbook	Others	Not regulated	Does not apply	Denomination of the document(**)
1.	Policy for the redemption or exchange of shares without voting rights	1						X	
2.	Method of registration of share ownership rights and person responsible for registration	2				X			
3.	Procedures for the selection of an external advisor to issue an independent opinion on the proposals of the Board of Directors of corporate operations that may affect the right of non-dilution of shareholders	3						X	
4.	Procedure for receiving and responding to requests for information and opinion from shareholders	4		X					
5.	Dividend Policy	5				X			
6.	Policies or agreements not to adopt anti-absorption mechanisms	6						X	
7.	Arbitration agreement	7	X						
8.	Policy for the selection of the Directors of the company	8		X					
9.	Policy to evaluate the remuneration of the Directors of the company	8		X					

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		Beginning	Statute	Rules of Procedure(*)	Handbook	Others	Not regulated	Does not apply	Denomination of the document(**)
10.	Mechanisms to make available to shareholders information related to points contained in the AGM's agenda and proposed resolutions	10		X					
11.	Additional means to those established by Law, used by the company to convene Meetings	10		X					
12.	Additional mechanisms for shareholders to formulate proposals for agenda items to be discussed at the AGM	11		X					
13.	Procedures for accepting or denying shareholders' proposals to include agenda items to be discussed at the AGM	11		X					
14.	Mechanisms that allow remote participation of shareholders	12						X	
15.	Procedures for the issuance of the differentiated vote by the shareholders	12		X					
16.	Procedures to be followed in situations of delegation of vote	13		X					
17.	Requirements and formalities for a shareholder to be represented at a Meeting	13		X					
18.	Procedures for the delegation of votes in favor of the members of the board of directors or senior management	13						X	

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		Beginning	Statute	Rules of Procedure(*)	Handbook	Others	Not regulated	Does not apply	Denomination of the document(**)
19.	Procedure for monitoring the agreements of the AGM	14						X	
20.	The minimum and maximum number of directors that make up the company's board of directors	15	X	X					
21.	The duties, rights and functions of the Directors of the company	17		X					
22.	Types of bonuses that the board receives for meeting goals in the company	17						X	
23.	Policy for hiring advisory services for directors	17		X					
24.	Induction policy for new directors	17		X					
25.	The special requirements to be an Independent Director of the company	19		X					
26.	Criteria for evaluating the performance of the Board and its members	20				X			
27.	Policy for determining, monitoring and controlling possible conflicts of interest	22		X					
28.	Policy that defines the procedure for the assessment, approval and disclosure of transactions with related parties	23				X			

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		Beginning	Statute	Rules of Procedure(*)	Handbook	Others	Not regulated	Does not apply	Denomination of the document(**)
29.	Responsibilities and functions of the chairman of the board, executive president, general manager, and other officials with senior management positions	24		X					
30.	Criteria for evaluating the performance of senior management	24				X			
31.	Policy for setting and evaluating the remuneration of senior management	24		X					
32.	Comprehensive risk management policy	25		X					
33.	Responsibilities of the person in charge of Internal Audit	26		X					
34.	Policy for the appointment of the External Auditor, duration of the contract and criteria for renewal	27		X					
35.	Policy on disclosure and communication of information to investors	28						X	

(\*) Includes AGM regulations, Board Regulations or others issued by the company.

(\*\*) Indicate the name of the document, except in the case of the Statute of the company.

## Section D

### Other information of interest<sup>4</sup>

Throughout 2020, the Bank, through its different business and staff units, maintained an agile relationship with its different stakeholders. The health emergency generated by covid-19 motivated BBVA to adapt its various activities to virtual formats to maintain a constant link.

Various activities were developed with the employees aimed at providing support and tools for working from home, as well as support from the areas of management and Safety and Health at Work.

Regarding the relationship with customers, this was marked by the development of a series of webinars aimed at the Business Banking and CIB segments, in which they were given a political analysis, as well as the economic outlook prepared by BBVA Research.

The Private and Prime Banks maintained frequent contact with their clients, carrying out virtual activities spreading various topics, mainly on financial and economic markets, both locally and internationally, for the benefit of those who make up their segment. For this, BBVA exhibitors and external guests participated.

In December, also virtually, BBVA held the first SME Opportunity Creators Summit, which included a series of advisory, training, and education activities to help entrepreneurs answer their questions about how to ensure the operability and continuity of their ventures in times of pandemic.

Likewise, community service programs continued to be implemented throughout the year through the BBVA Foundation, many of which were adjusted to digital formats to serve a greater number of the population.

The different chapters that accompany this report give a detailed account of the various actions that the Bank carries out to reach its various stakeholders.

<sup>4</sup> Information of interest not dealt with in the previous sections is included, which helps the investor and the various stakeholders to have a greater scope on other good corporate governance practices implemented by the company, as well as on practices related to social responsibility, corporate, the relationship with institutional investors, etc. Likewise, the company may indicate whether it has voluntarily adhered to other codes of ethical principles or good practices, international, sectoral or of another scope, indicating the code and the date of adherence.

## 6.5.8. Corporate Sustainability Report (10180)

Denomination	Banco BBVA Perú
Exercise	2020
Web page	www.bbva.pe
Name or Company Name of the Reviewing Company <sup>1</sup>	KPMG
RPJ	

### I. Environment and Climate Change

#### Environmental Policy:

##### Question 1

	Yes	No	Explanation
Does the company have an environmental policy or a management system that includes environmental commitments?	X		BBVA's General Sustainability Policy includes the Group's commitment to the responsible management of natural resources, the main expression of this commitment is the Global Eco-efficiency Plan (GEP) with specific goals by indicator and country that is renewed every 4 years.

a. If the answer to question 1 is affirmative, indicate the name of the document in which the policy or management system adopted by the company is evidenced, date of approval and the year from which it has been applied:

Document name	Approval date	Year from which it has been applied
BBVA Group General Sustainability Policy	28/10/2020	2020

<sup>1</sup> It is only applicable in the event that the information contained in this report has been reviewed by a specialized company (for example: auditing company or consulting company).



b. If the answer to question 1 is yes, specify:

	Yes	No	Explanation
Has said environmental policy or management system been approved by the Board of Directors?	X		The General Sustainability Policy is a global policy, therefore it is approved by the Board of Directors at the Holding level before being adopted by BBVA Peru.
Does said environmental policy or management system contemplate risk management, identification and measurement of the environmental impacts of its operations related to climate change(*)?	X		The General Sustainability Policy mentions the management of the impact of climate change, which is established in the strategic plan approved by the Board in 2019 and has climate change and inclusive and sustainable social development as priorities.
Does the company have an annual report in which the results of its environmental policy are evaluated and which has been made known to the Board of Directors?	X		The BBVA Peru Board of Directors evaluates the results of environmental management during the review of the Integrated Annual Report.

(\*) Society is expected to consider, in the management related to climate change, the "physical" aspects (floods, landslides, droughts, desertification, etc.) and/or the "transition" aspects to a new low economy in carbon (use of new technologies, decarbonization of investment portfolios, etc.).

Question 2	Yes	No	Explanation
(*) Society is expected to consider, in the management related to climate change, the "physical" aspects (floods, landslides, droughts, desertification, etc.) and/or the "transition" aspects to a new low economy in carbon (use of new technologies, decarbonization of investment portfolios, etc.)		X	BBVA has not been the subject of investigations, complaints from the community or controversies for the violation of environmental regulations.

(\*) It is expected that the company considers at this point those investigations, community complaints, public controversies or corrective measures, precautionary measures, fines or other sanctions, that are linked to impacts of a material nature. In accordance with the definition of the Global Reporting Initiative, materials are understood to be those aspects that reflect significant economic, environmental and social impacts of the organization or substantially influence the assessments and decisions of stakeholders.

a. If the answer to question 2 is affirmative, indicate the type of investigation, community complaint, public controversy, corrective measure, precautionary measure, fine or other sanction, that involves the violation of environmental regulations to which there is the company has been subject to during the fiscal year; as well as its status or situation at the end of the year:

Investigation, community complaint, public controversy corrective measure, injunction, fine or other sanction	Status or situation

b. Specify if the company maintains any investigation, community complaint, public controversy, corrective measure, precautionary measure, fine or other sanction, that involves a breach of environmental regulations initiated in previous years; as well as the status or situation of the same at the end of the year:

Investigation, community complaint, public controversy corrective measure, injunction, fine or other sanction	Status or situation

## Greenhouse Gas Emissions (GHG):

### Question 3

	Yes	No	Explanation
Does the company measure its GHG emissions <sup>(*)</sup> ?	X		BBVA measures its GHG emissions and has reduction commitments through the Global Eco-efficiency Plan (GEP). Scope 1 (Emissions derived from the consumption of fuels (LPG, Diesel) and the Bank's vehicles in Tons of CO <sub>2</sub> ), Scope 2 (Emissions derived from the consumption of electricity in Tons of CO <sub>2</sub> ) and Scope 3 (Emissions derived from rented vehicles) are measured. and business trips of Bank professionals in Tons of CO <sub>2</sub> ).

(\*) **Greenhouse Gases (GHG):** Gases in the atmosphere, of natural or human origin that trap the sun's energy in the atmosphere, causing it to heat up (Law No. 30754, Framework Law on Climate Change, or regulation that replaces or modifies it).

a. If the answer to question 3 is yes, specify:

Document name	Required information
If the company has a certification, report or report from a third party that evidences the measurement of total GHG emissions <sup>(*)</sup> , indicate the name of the same, date of issue and if it is in force at the end of the year.	The Peruvian Ministry of the Environment has recognized BBVA as a pioneer and leader in the use of the Peru Carbon Footprint tool, which allows identifying public and private organizations that have managed to manage their greenhouse gas emissions. In this way, the financial institution reaffirms its sustainable commitment and care for the environment.
If the company has an internally developed platform, tool or standard for measuring total GHG emissions <sup>(*)</sup> , indicate its name, its implementation date and, if applicable, its latest update.	BBVA has a corporate platform called "Sustainability Data Upload" in which information related to environmental indicators, including GHG, is recorded monthly. BBVA Peru has used the standardized global platform since 2017.

(\*) The total GHG emissions generated by a company are called the corporate carbon footprint.

b. If the answer to question 3 is affirmative, indicate the following information corresponding to the last three (3) exercises:

Year	Total GHG Emissions (TM CO <sub>2</sub> e)		
	Scope 1 <sup>(*)</sup>	Scope 2 <sup>(**)</sup>	Scope 3 <sup>(***)</sup>
2020	92.73	5,321.68	336.23
2019	88.27	7,703.16	1,666.82
2018	83.46	9,610.21	2,179.31

(\*) **Scope 1:** GHG emissions that are directly generated by the company. For example, emissions from combustion in boilers, furnaces, vehicles, etc.

(\*\*) **Scope 2:** GHG emissions generated indirectly by the use of energy by the company.

(\*\*\*) **Scope 3:** All other GHG emissions generated indirectly by the company. For example: air travel, land travel, paper consumption, transfer of employees, etc.

**Question 4**

	Sí	No	Explicación
Does the society have objectives or targets to reduce GHG emissions?	X		Within the framework of the Global Eco-Efficiency Plan (GEP) to reduce its environmental footprint, the BBVA Group has adopted since 2008 various initiatives that include efficient energy consumption, such as the implementation of renewable energies, the use of new technologies for saving energy, environmental and energy audits in buildings and rationalization of resources to make infrastructure more efficient, among other measures that help reduce GHG emissions.

a. If the answer to question 4 is affirmative, indicate the name of the document that supports the objectives or targets for reducing GHG emissions by society, date of approval of the targets or targets and the year from which it has been applied:

Document name	Approval date	Year from which it has been applied
Global Eco-efficiency Plan (GEP) 2016-2020	15/12/2016	2016

b. If the answer to question 4 is yes, specify:

	Yes	No	Explanation
Have said reduction objectives or targets been approved by the Board of Directors?	X		The Global Eco-Efficiency Plan (GEP), which indicates the reduction goals for each environmental indicator, is approved by the Holding.

## Water:

### Question 5

	Yes	No	Explanation
Does the company measure its water consumption (in m3) in all its activities?	X		Within the framework of the Global Eco-Efficiency Plan (GEP) to reduce its environmental footprint, an objective has been established in the Environmental Management System that includes the measurement and reduction of water consumption per occupant, among other measures, within a new concept for "green office". Likewise, as part of the transformation of the corporate building of the central headquarters, energy-saving taps and low-consumption sanitary appliances have been fitted out.

If the answer to question 5 is affirmative, indicate the following information corresponding to the last three (3) exercises:

Year	Total Water Consumption(m <sup>3</sup> )
2020	192,829.26
2019	176,933.00
2018	175,286.00

### Question 6

	Yes	No	Explanation
Does society measure its water footprint(*)?		X	BBVA does not consider the measurement of the water footprint relevant in its processes because the impacts of the bank's operations are not significant as it is a financial services company.

(\*) **Water footprint:** indicator that defines the total volume of water used and impacts caused by the production of goods and services. It considers the direct and indirect water consumption in the entire production process, including its different stages in the supply chain ("Standard that Promotes the Voluntary Measurement and Reduction of the Water Footprint and Shared Value in Watersheds" - Chief Resolution No. 023-2020-ANA, or regulation that replaces or modifies it).

If the answer to question 6 is yes, specify:

Measurement of water footprint	Required information
If the company has a certification, report or report from a third party that evidences the measurement of its water footprint, indicate the name of the same, date of issue and if it is in force at the end of the year.	
If the company has an internally developed platform, tool or standard for measuring its water footprint, indicate its name, its implementation date and, if applicable, its latest update.	

Question 7	Yes	No	Explanation
Does society have objectives or goals to reduce its water consumption?	X		Within the framework of the Global Eco-Efficiency Plan (GEP) to reduce its environmental footprint, the BBVA Group has adopted since 2008 various initiatives that include efficient energy consumption, such as the implementation of renewable energies, the use of new technologies for saving energy, environmental and energy audits in buildings and rationalization of resources to make infrastructure more efficient, among other measures that help reduce GHG emissions.

a. If the answer to question 7 is affirmative, indicate the name of the document in which the society's water consumption reduction objectives or goals are evidenced, the date of approval and the year from which it has been applied:

Document name	Approval date	Year from which it has been applied
Global Eco-efficiency Plan (GEP) 2016-2020	15/12/2016	2016

b. If the answer to question 7 is yes, specify:

	Yes	No	Explanation
Have said reduction objectives or targets been approved by the Board of Directors?	X		The Global Eco-Efficiency Plan (GEP), which indicates the reduction goals for each environmental indicator, is approved by the Holding.

Question 8	Yes	No	Explanation
Does the company control the quality of its effluents(*)?		X	BBVA does not have a direct discharge of wastewater into the environment because it is a company that provides financial services.

(\*) **Effluent:** Direct discharge of wastewater into the environment, whose concentration of polluting substances must contemplate the Maximum Permissible Limits (MPL) regulated by Peruvian legislation. Wastewater is considered to be those whose characteristics have been modified by anthropogenic activities, require prior treatment and can be discharged into a natural body of water or reused. (Glossary of Terms for Peruvian Environmental Management, General Directorate of Environmental Management Policies, Standards and Instruments, 2012, Ministry of the Environment - MINAM).

If the answer to question 8 is affirmative, indicate the name of the document that evidences the control of effluents:

Document name
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## Energy:

### Question 9

	Yes	No	Explanation
Does society measure its energy consumption (in kWh)?	X		Within the framework of the Global Eco-Efficiency Plan (GEP) to reduce its environmental footprint, the BBVA Group has adopted since 2008 various initiatives that include measuring electricity consumption (kWh) per occupant, as well as reducing it.

If the answer to question 9 is affirmative, indicate the following information corresponding to the last three (3) exercises:

Year	Total Energy Consumption (kWh)
2020	34,662,202
2019	34,389,123
2018	36,120,669

### Question 10

	Yes	No	Explanation
Does society have goals or targets to reduce its energy consumption?	X		Within the framework of the Global Eco-Efficiency Plan (GEP) to reduce its environmental footprint, the BBVA Group has adopted since 2008 various initiatives that include efficient energy consumption, such as the implementation of renewable energies, the use of new technologies for saving energy, environmental and energy audits in buildings and rationalization of resources to make infrastructure more efficient, among other measures that help reduce GHG emissions.

a. If the answer to question 10 is affirmative, indicate the name of the document in which the reduction objectives adopted by the company are evidenced, date of approval and the year from which it has been applied:

Document name	Approval date	Year from which it has been applied
Global Eco-efficiency Plan (GEP) 2016-2020	15/12/2016	2016

b. If the answer to question 10 is yes, specify:

	Yes	No	Explanation
Have said reduction objectives or targets been approved by the Board of Directors?	X		The Global Eco-Efficiency Plan (GEP), which indicates the reduction goals for each environmental indicator, is approved by the Holding.

#### Solid waste:

Question 11	Yes	No	Explanation
Does society measure the solid waste it generates (in tons)?	X		Within the framework of the Global Eco-Efficiency Plan (GEP) to reduce its environmental footprint, the BBVA Group has adopted since 2008 various initiatives that include the measurement, establishment of controls and the collection of waste resulting from inputs such as paper, electrical appliances and other remnants throughout the BBVA Group's sphere of influence. It should be noted that since 2019 the information broken down by type of waste has been collected, that is why there is no data for 2018.

If the answer to question 11 is affirmative, indicate the following information corresponding to the last three exercises:

Year	Hazardous solid waste (TM)(*)	Non-hazardous solid waste (TM)(**)	Total solid waste (TM)
2020	1	1,103	1,104
2019	2	1,032	1,034
2018			

(\*) **Hazardous solid wastes:** Hazardous solid waste is considered to be those contemplated in Annex III of the Regulation of Legislative Decree No. 1278, Legislative Decree that approves the Law of Integral Management of Solid Waste, approved by Supreme Decree No. 014-2017-MINAM, or regulation that replace or modify it.

(\*\*) **Non-hazardous solid waste:** Non-hazardous solid waste is considered to be those contemplated in Annex V of the Regulation of Legislative Decree No. 1278, Legislative Decree that approves the Law of Integral Management of Solid Waste, approved by Supreme Decree No. 014-2017-MINAM, or regulation that replace or modify it.

**Question 12**

	Yes	No	Explanation
Does society have objectives or goals to manage (reduce, recycle or reuse) its solid waste?	X		Within the framework of the Global Eco-Efficiency Plan (GEP) to reduce its environmental footprint, the BBVA Group has adopted since 2008 various initiatives that include efficient energy consumption, such as the implementation of renewable energies, the use of new technologies for saving energy, environmental and energy audits in buildings and rationalization of resources to make infrastructure more efficient, among other measures that help reduce GHG emissions.

a. If the answer to question 12 is affirmative, indicate the name of the document in which the solid waste management objectives adopted by the company are evidenced, date of approval and year from which it has been applied.

Document name	Approval date	Year from which it has been applied
Global Eco-Efficiency Plan (GEP) 2016-2020	15/12/2016	2016

b. If the answer to question 12 is yes, specify:

	Yes	No	Explanation
Have these reduction targets been approved by the Board of Directors?	X		The Global Eco-Efficiency Plan (GEP), which indicates the reduction goals for each environmental indicator, is approved by the Holding.



## II. Social

### Stakeholders:

#### Question 13

	Yes	No	Explanation
Has the company identified the risks and opportunities in relation to its stakeholders (such as, for example, employees, suppliers, shareholders, investors, authorities, customers, the community, among others)?	X		From the risk management framework, we have a Risk Policy. Likewise, there are listening and dialogue tools that the different Bank units use to generate communication with their stakeholders, which guarantees adequate and timely attention to their queries and needs from reliable and close sources of information. which in turn improves responsiveness.

a. If the answer to question 13 is yes, please indicate:

	Yes	No	Explanation
Do you have an action plan to manage risks and opportunities in relation to your stakeholders?	X		Each area of BBVA that manages relations with the different stakeholders has established guidelines and action plans to identify risks and opportunities.
Does the company have a report evaluating the results of its action plan and has this been known to the Board of Directors?	X		At Board meetings, the areas that manage relations with the different stakeholders present reports independently.
Do you publicly report your action plan and progress in relation to your stakeholders?	X		Our 2020 Integrated Annual Report details the specific commitments with the following stakeholders: customers, employees, shareholders and investors, society and suppliers.

b. If the answer to question 13 is affirmative, indicate the name of the document that evidences the company's action plan in relation to its stakeholders:

#### Document name

Annual Report 2020 - Integrated Report (where are the different commitments for each stakeholder)

#### Question 14

	Yes	No	Explanation
During the year, has the company had any controversy or material conflict (*), with any of its stakeholders, including the social conflicts contained in the Social Conflict Report of the Ombudsman's Office (**) and the Willaqniki Report on social conflicts issued by the Presidency of the Council of Ministers(***)?		X	BBVA has had no controversies or material conflicts with any of its stakeholders.

(\*) According to the definition of the Global Reporting Initiative, materials are understood to be those aspects that reflect significant economic, environmental and social impacts of the organization or substantially influence the assessments and decisions of stakeholders.

(\*\*) A "social conflict" should be understood as "a complex process in which sectors of society, the State and companies perceive that their objectives, interests, values or needs are contradictory and that contradiction can lead to violence." Source: Office for the Prevention of Social Conflicts and Governance of the Office of the Ombudsman of Peru, Report of Social Conflicts N° 186 (August-2019), Lima, 2019, p. 3.

(\*\*\*) "Social conflict" is defined as the "dynamic process in which two or more social actors perceive that their interests are generally opposed by the exercise of a fundamental right or by access to goods and services, adopting actions that may constitute a risk or a threat to governance and/or public order. As a social process, it can escalate to scenarios of violence between the parties involved, meriting the articulated intervention of the State, civil society and the productive sectors. Social conflicts are dealt with when the demands that generate them are within the Government's policies and its guidelines." Source: Secretariat for Social Management and Dialogue of the Presidency of the Council of Ministers. ABC of the Secretariat for Social Management and Dialogue. Lima, 2018, p.3.

If the answer to question 14 is affirmative, indicate the controversy or material conflict with any of your stakeholders; the status or situation of the same and the year of beginning of said controversy or conflict:

Controversy or conflict	Status or situation	Start year

#### Question 15

	Yes	No	Explanation
Does the company include environmental, social and corporate governance (ESG) aspects in its criteria for purchasing and/or selecting suppliers of goods and/or services?	X		BBVA carries out a homologation process for recurring suppliers with higher purchase volumes. Said homologation consists of assessing their financial, legal, employment and reputational situation, knowing their basic technical capabilities and validating that they share the same values as the Group in terms of social responsibility. The process also makes it possible to find out if the supplier complies with its legal responsibilities (labor or environmental regulations, among others) and to promote its civic responsibilities.

If the answer to question 15 is affirmative, indicate the name of the document that evidences the inclusion of ESG aspects in the criteria for purchasing and/or selecting suppliers of goods and/or services:

Document name
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Homologation to suppliers

## Labor rights:

### Question 16

	Sí	No	Explicación
Does the company have a labor policy?	X		The Bank has a Code of Conduct, this code is a basic standard of commitment for any natural or legal person that performs actions on behalf of BBVA. It also sets out the principles and values that regulate the actions of all employees. Also, it has the BBVA Commitment on Human Rights, which seeks strict compliance with the applicable legislation in its activities and operations, a commitment that includes the promotion and respect of human rights. Likewise, it has the Internal Labor Regulation that establishes the obligations and rights for both parties (collaborators and company).

a. If the answer to question 16 is yes, specify:

	Yes	No	Explanation
Has said labor policy been approved by the Board of Directors?	X		The Code of Conduct and BBVA's Commitment to Human Rights come from the Holding to be adopted by each country. On the other hand, the Internal Work Regulations (RIT) have been approved by the Management Committee, made up of the General Managers of the area, in 2012 (before that BBVA had a previous version of the RIT).
Does the company have a report evaluating the results of its labor policy and has this been known to the Board of Directors?		X	A report on compliance with the Code of Conduct is presented to the Management Committee, made up of the area General Managers.

b. If the answer to question 16 is affirmative, indicate if said labor policy includes and/or promotes, as appropriate, the following topics; as well as specify the name of the document that evidences its adoption, date of approval and the year from which it has been applied:

	Yes	No	Document name	Approval date	Year from which it has been applied
a. Equality and non-discrimination.	X		•Internal Work Regulations (approval date corresponds to MINTRA approval) - Code of Ethics	3/08/2012	2012
b. The diversity.	X		•Internal Work Regulations (approval date corresponds to MINTRA approval) - Code of Ethics	3/08/2012	2012
c. Prevention of sexual harassment <sup>(*)</sup> .	X		•Internal Work Regulations (approval date corresponds to MINTRA approval) - Code of Ethics	3/08/2012	2012
d. Prevention of harassment and sexual harassment crimes <sup>(**)</sup> .	X		•Internal Work Regulations (approval date corresponds to MINTRA approval) - Code of Ethics	3/08/2012	2012
and. Freedom of affiliation and collective bargaining.	X		•Internal Work Regulations (approval date corresponds to MINTRA approval) - Code of Ethics	3/08/2012	2012
f. Eradication of forced labor.	X		•Code of conduct	24/09/2015	2015
g. Eradication of child labor.	X		•Code of conduct	24/09/2015	2015

(\*) Take into consideration the scope of Law No. 27942.

(\*\*) Take into consideration the scope of articles 151-A and 176-B of the Penal Code, respectively.

c. Indicate the number of men and women within the organization and the percentage they represent of the total number of collaborators.

Employees	Number	Percentage of total employees
Women	3,166	53
Men	2,808	47
Total	5,974	100.00

#### Question 17

	Yes	No	Explanation
During the fiscal year, has the company been the object of an investigation or has any corrective measure, precautionary measure, fine or other sanction been imposed related to non-compliance with labor regulations, health and safety, forced labor or child labor?		X	BBVA has not been the subject of investigations nor has it been imposed corrective, precautionary measures, fines or sanctions related to non-compliance with labor, health and safety regulations, forced labor or child labor.

a. If the answer to question 17 is affirmative, indicate the type of investigation, corrective measure, precautionary measure, fine or other sanction, to which the company has been subjected during the year related to non-compliance with labor regulations, health and security, forced labor or child labor; as well as its status or situation at the end of the year:

Investigation, corrective measure, precautionary measure, fine or other sanction	Status or situation

b. Specify whether the company maintains current investigations, corrective measures, precautionary measures, fines or other sanctions from previous years related to non-compliance with labor regulations, health and safety, forced labor or child labor; as well as its status or situation at the end of the year:

Investigation, corrective measure, precautionary measure, fine or other sanction	Status or situation

#### Question 18

	Yes	No	Explanation
Does the company carry out an annual evaluation of its compliance or observance of the regulations regarding Health and Safety at Work?	X		The annual evaluation is carried out as an opportunity for improvement under our Occupational Health and Safety program.

#### Question 19

	Yes	No	Explanation
Does the company keep a record of occupational accidents?	X		In the last 3 years, there have been no fatal accidents. It should be noted that since 2020 the information has been disaggregated, including minor and disabling accidents, so that such information is not available for the years 2019 and 2018. Likewise, we do not have such disaggregated information from our contractors, only the detail of fatal accidents.

If the answer to question 19 is affirmative, indicate the following information corresponding to occupational accidents<sup>(\*)</sup> of direct<sup>(\*\*)</sup> and contracted<sup>(\*\*\*)</sup> employees of the company in the last three (3) years:

Indicator	Year	(Year-1)	(Year-2)
Exercise	2020	2019	2018
Number of Direct Employees	6,178		
Total hours worked by all direct employees during the year	1,181,800		
Number of Minor Accidents (Direct Employees)	1		
Number of Disabling Accidents (Direct Employees)	2		
Number of Fatal Accidents (Direct Employees)	0	0	0

Indicator	Year	Year-1)	(Year-2)
Exercise	2020	2019	2018
Number of Employees hired			
Total hours worked by all employees hired during the year			
Number of Minor Accidents (Hired Employees)	0		
Number of Disabling Accidents (Hired Employees)	0		
Number of Fatal Accidents (Hired Employees)	0	0	0

(\*) **Mild accident:** Event whose injury, the result of a medical evaluation, which generates a short rest in the injured person with maximum return the day after their usual work. **Disabling Accident:** Event whose injury, as a result of the medical evaluation, gives rise to rest, justified absence from work and treatment. **Mortal accident:** Event whose injuries cause the death of the worker. Source: Glossary of Terms of the Regulation of Law No. 29783 - Health and Safety Law at Work, Supreme Decree No. 005-2012-TR or regulation that replaces or modifies it.

(\*\*) Direct employees are considered to be all those who are directly linked to the company through any contractual modality.

(\*\*\*) Hired employees are considered to be all those who carry out outsourced activities.

#### Question 20

	Yes	No	Explanation
Does society measure its work climate?	X		BBVA measures the commitment levels of its employees through the Gallup Q12 survey. These questions seek to measure employee engagement and explain the productive motivations of employees at work. The Q12 or 12 elements of commitment are separated into categories such as: basic needs, individual, teamwork and growth. Additionally, questions have been added regarding the experience of our values, diversity and work-life balance.

a. If the answer to question 20 is yes, indicate:

	Yes	No	Explanation
Does the company have objectives or goals to improve its work environment?	X		At a global level, we have the goal of achieving a score equal to or greater than 4.60 out of 5 by 2024 in all the countries where BBVA is located. And keeping that objective in mind, at the local level, we have the goal of reaching a score of 4.30 at the country level during this year 2021. In this way, we can grow 0.1 points annually.

b. In case you have indicated having objectives or goals to improve your work environment, indicate the name of the document in which these objectives are evidenced, date of approval and the year from which it has been applied:

Document name	Approval date	Year from which it has been applied
Engagement plan at BBVA 2020-2024 (Gallup)	2/09/2020	2020

**Question 21**

	Yes	No	Explanation
Does the company have a talent management policy for its employees?	X		Talent Map: Tool that decants from the evaluation of the performance of the last 2 years and the assessment of skills. It allows offering a differentiated value offer, recognizing the collaborator with the best performance. Compensation administration policy: It sets levels and degrees that those people with a certain performance must occupy in the Salary Band and the Target Bonus.

a. If the answer to question 21 is affirmative, indicate the name of the document that supports the talent management policy for your collaborators:

Document name
Compensation administration policy

b. If the answer to question 21 is yes, specify:

	Yes	No	Explanation
Has said talent management policy been approved by the Board of Directors?	X		The initiative of the salary bands was presented in the December 2020 committee. The Talent Map is the corporate talent model of the Holding, it is approved by Holding, it is not optional for Peru.

#### Question 22

	Yes	No	Explanation
Does the society have procedures to identify and punish sexual harassment and hostility at work? (*)	X		In 2020, the Responsible Attitude Program (PARE) was relaunched to reinforce the desired actions within the framework of the Code of Conduct, which includes the section on "Conduct with colleagues" regarding work environment issues and sexual harassment.

(\*) Take into consideration the scope given by Law No. 27942 to sexual harassment and Supreme Decree No. 003-97-TR to workplace hostility or regulation that replaces or modifies it.

If the answer to question 22 is affirmative, indicate the name of the company document that supports the procedures to prevent sexual harassment and hostility at work:

Document name
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Code of Conduct



## Human rights:

### Question 23

	Yes	No	Explanation
Does the company have an internal and external management policy or system that includes a channel for complaints/reports to deal with impacts on human rights?	X		<p>One of the purposes of the Code of Conduct of BBVA and the BBVA Group companies in Peru is to reinforce the obligation of its members not to tolerate behavior that deviates from the policies and guidelines indicated in it and to prevent any action in the development of functions of the members of the Group outside of the law, or that are morally questionable. The Whistleblower Channel is a means by which any stakeholder can report any non-compliance that he or she observes or is transmitted to him by other collaborators, clients or suppliers, which includes, but is not limited to, illegal or unethical conduct. To do this, you must comply with the following procedure:</p> <ul style="list-style-type: none"> <li>• Discuss the case with your immediate superior or your Talent &amp; Culture Manager.</li> <li>• Notify the case through the local Whistleblower Channel.</li> </ul>
Does the company register and respond, within a specified period, the results of the investigations derived from the complaints/reports referred to in the preceding question?	X		The Whistleblower Channel has specific deadlines for monitoring the investigations derived from it.

a. If the answer to question 23 is affirmative, indicate the name of the document evidencing the policy or the internal and external management system adopted by the company, the date of issue and the year since it has been implemented:

Document name	Date of issue	Implementation year
Code of conduct	24/09/2015	2015

b. If the answer to question 23 is yes, indicate:

	Yes	No	Explanation
Does the company have a report evaluating the results of its internal and external policy or management system to remedy impacts on human rights?	X		BBVA adheres to the Principles of the Global Compact and each year prepares and disseminates the United Nations Communication on Progress Report (COP), for more information you can review the Annual Report 2020 - Integrated Report
Does the company have a training plan on human rights issues that covers the entire organization?	X		Within the framework of the Code of Conduct, which includes a chapter on "Commitment to respect Human Rights", during 2020 the Responsible Attitude Program (PARE) was relaunched to reinforce the desired actions within the framework of the Code of conduct. Likewise, the BBVA Code of Conduct course was included in the regulatory course pack to reinforce its validity and application through didactic cases.

### III. Additional information

Question 24	Yes	No	Explanation
Does the company have an international certification on Corporate Sustainability?		X	<p>Although, indeed, BBVA does not have an international certification on corporate sustainability, we do comply with the main international standards on corporate social responsibility (CSR), as well as with other initiatives that the Responsible Business Committee considers appropriate and convenient, which is reflected in the following commitments:</p> <ul style="list-style-type: none"> <li>•Principles of Responsible Banking, promoted by the Financial Initiative of the United Nations Environment Program (UNEP FI) (Since 2019).</li> <li>•Sustainable Development Goals (<a href="https://www.undp.org/content/undp/es/home/sustainable-development-goals.html">https://www.undp.org/content/undp/es/home/sustainable-development-goals.html</a>). (Since 2018).</li> <li>•United Nations Global Compact (<a href="http://www.globalcompact.org">www.globalcompact.org</a>). (Since 2014).</li> <li>•Finance Initiative of the United Nations Environment Program, UNEP-FI (<a href="http://www.unepfi.org">www.unepfi.org</a>). (Since 1999).</li> <li>•Principles of Ecuador (<a href="http://www.equator-principles.com">www.equator-principles.com</a>).</li> <li>•United Nations Declaration of Human Rights (<a href="http://www.un.org">www.un.org</a>).</li> <li>•Labor regulations of the International Labor Organization (<a href="http://www.ilo.org">www.ilo.org</a>).</li> <li>•Carbon Disclosure Project (<a href="http://www.cdproject.net">www.cdproject.net</a>). (Since 2004).</li> <li>•Principles for Responsible Investment. (<a href="http://www.unpri.org">www.unpri.org</a>). (Since 2004).</li> <li>•Task Force on Climate-related Financial Disclosures (TCFD). <a href="https://www.fsb-tcfd.org/">https://www.fsb-tcfd.org/</a>. (Since 2017).</li> <li>•Principles for Responsible Investment. (Since 2008).</li> </ul>

If the answer to question 24 is affirmative, indicate the certification that the company has and indicate the web link where this can be validated.

International certification	Link

**Question 25**

	Yes	No	Explanation
Does the company have a Corporate Sustainability Report different from this report?	X		BBVA presents its 2020 Integrated Annual Report for the first time, after reporting the information related to sustainability through the Responsible Banking Report since 2005, aligned with the Communication on Progress (COP) of Commitment 2025. Non-financial information is verified by an independent third party.

If the answer to question 25 is affirmative, indicate its name and the web link through which the latest available report can be accessed:

Report Name	Link
Annual Report 2020 - Integrated Report	<a href="https://bbva.pe/personas/nuestro-banco/investor-relations/memoria-financiera.html">https://bbva.pe/personas/nuestro-banco/investor-relations/memoria-financiera.html</a>

## 6.5.9. Report on shareholder structure by type of investor (10190)

Denomination:	Banco BBVA Perú
Exercise:	2020

### Methodology

The information to be presented refers to those shares or securities representing the Company's participation that have been part of the S & P/BVL Peru Select Index, following the information published on the Lima Stock Exchange website at the end of the fiscal year. reported. The Company must indicate for each share or security representative of this, which belongs to the referred index, the composition of the shareholding structure by type of shareholder.

**Shareholder structure by type of investor** Action: [ISIN PEP116001004 Mnemonic CONTINC1]

Holdings by type of shareholders of the share or representative value of participation that make up the S&P Peru Selective Index (at the end of the fiscal year)	Number of holders	% of participation <sup>(3)</sup>
1 Board members and senior management of the company, including relatives <sup>(1)</sup>	1	0.00%
2 Employees of the company, not included in numeral 1	78	0.04%
3 Natural persons, not included in numeral 1 and 2	7,913	2.78%
4 Pension funds are administered by the Pension Fund Administrators under the supervision of the Superintendency of Banking, Insurance and AFP (pensions).	12	4.75%
5 Pension fund administered by the Social Security Normalization Office (ONP)	0	0.00%
6 Entities of the Peruvian State, with the exception of the assumption included in numeral 5	3	0.01%
7 Banks, finance companies, municipal savings banks, edpymes, rural banks and savings and credit cooperatives under the supervision of the Superintendency of Banking, Insurance and AFP (pensions)	0	0.00%
8 Insurance companies under the supervision of the Superintendency of Banking, Insurance and AFP (pensions).	3	0.08%
9 Brokerage agents, under the supervision of the SMV	3	0.02%
10 Investment funds, mutual funds and trust assets under the scope of the Securities Market Law and the Law of Investment Funds and bank trusts under the scope of the General Law of the Financial System	15	0.04%
11 Autonomous patrimonies and bank trusts abroad, to the extent that they can be identified	0	0.00%
12 Foreign depositaries listed as shareholders within the framework of ADR or ADS programs	0	0.00%
13 Foreign depositaries listed as holders of shares not included in number 12	0	0.00%
14 Foreign custodians listed as shareholders	0	0.00%
15 Entities not included in previous numerals <sup>(2)</sup>	23	92.29%
16 Shares belonging to the S & P/BVL Peru Select Index or representative value of these shares, in the company's portfolio	0	0.00%
<b>Total</b>	<b>8,051</b>	<b>100.00%</b>
Holdings by holders of the share or the representative value of participation that make up the S & P/BVL Peru Select Index, according to their residence (at the end of the year)	Number of holders	% of participation <sup>(3)</sup>
Domiciled	7,983	99.81%
Not domiciled	68	0.19%
<b>Total</b>	<b>8,051</b>	<b>100.00%</b>

(1) Term "Relatives" according to the Indirect Property, Relationship and Economic Groups Regulations.

(2) Term "Entities" according to the Indirect Ownership, Relationship and Economic Groups Regulations.

(3) Two decimal places.

## 6.6. Branch and agent network

### Offices in Lima

#### By territorial managements

Offices	Commercial	Special	Total
Main Office	1	—	1
G.T. Lima Centro	25	1	26
G.T. Lima Residencial	19	1	20
G.T. Surco – La Molina	25	3	28
G.T. Lince	23	1	24
G.T. Callao – San Miguel	25	4	29
G.T. Miraflores	24	—	24
CAFAE	—	6	6
<b>Total</b>	<b>142</b>	<b>16</b>	<b>158</b>

### Offices in provinces

#### By territorial managements

Offices	Commercial	Special	Total
G.T. Norte	30	1	31
G.T. Centro	23	3	26
G.T. Oriente	22	—	22
G.T. Sur	25	1	26
G.T. Norte Chico	29	4	33
G.T. Sur Chico	25	—	25
<b>Total</b>	<b>154</b>	<b>9</b>	<b>163</b>

<b>Total offices in Lima</b>	<b>142</b>	<b>16</b>	<b>158</b>
<b>Total offices in the province</b>	<b>154</b>	<b>9</b>	<b>163</b>
<b>Total</b>	<b>296</b>	<b>25</b>	<b>321</b>

### Offices for Business and Corporate Banking, Corporate & Investment Banking, Institutional Banking and Patrimonial Banking

Offices	Lima	Provinces	Total
Business Banking	12	8	20
Premium Banking	3	—	3
Institutional Banking	1	—	1
Corporate Banking	1	—	1
<b>Total</b>	<b>17</b>	<b>8</b>	<b>25</b>

## Express Agents Network

	Departament	N° Express Agents
Lima	Lima	2,652
<b>Total Lima</b>		<b>2,652</b>
Province	Amazonas	24
	Áncash	86
	Apurímac	21
	Arequipa	293
	Ayacucho	29
	Cajamarca	123
	Callao	302
	Cusco	145
	Huancavelica	4
	Huánuco	44
	Ica	90
	Junín	126
	La Libertad	244
	Lambayeque	209
	Loreto	51
	Madre de Dios	5
	Moquegua	21
	Pasco	27
	Piura	171
	Puno	45
	San Martín	104
	Tacna	32
	Tumbes	33
	Ucayali	62
<b>Total province</b>		<b>2,291</b>
<b>Total Express Agents</b>		<b>4,943</b>

## Agents Express Plus Network

	Departament	N° Express Plus Agents
Lima(*)	Lima	7
<b>Total Lima</b>		<b>7</b>
Province	Áncash	1
	Arequipa	2
	Cajamarca	1
	Huánuco	2
	Ica	2
	La Libertad	3
	Lambayeque	2
	Loreto	1
	Madre de Dios	1
	Piura	2
	Puno	1
	San Martín	1
	Tacna	1
	Tumbes	1
	Ucayali	2
<b>Total province</b>		<b>23</b>
<b>Total Express Plus Agents</b>		<b>30</b>

# 7. Criteria and standards of non-financial information

[GRI 102-43, 102-46, 102-48, 102-49, 102-50, 102-51, 102-52, 102-54, 102-56](#)

This report has been prepared to give an account of BBVA's actions in its commitment to sustainable development during the 2020 financial year. For the first time, BBVA presents financial and non-financial information in a single document, called Annual Report 2020-Integrated Report (AR-IR).

The development of this version, like that of 2019, follows the internationally recognized standards based on the Sustainability Reporting Standards model of the Global Reporting Initiative (GRI Standards), in its exhaustive option, while incorporating the criteria of the AA1000 standard. of the Institute Social and Ethical Accountability.

The data provided refers, in a relevant and concise manner, to the financial and non-financial framework regarding BBVA's strategy, corporate governance and performance, on an annual basis and ending on December 31, 2020. For this report, They include comparative data for the years 2017, 2018 and 2019. If, in any event, any modification occurs in the historical data due to subsequent changes in the indicators, the respective indication is attached.

For the development of the AR-IR 2020, the materiality analysis has been considered, to identify the relevant matters for the Bank and, consequently, for its different stakeholders, which are dealt with in the different chapters of this report.

It should be noted that the AR-IR 2020 complies with the guidelines of the United Nations Global Compact, including the actions of BBVA that contribute to achieving the United Nations Sustainable Development Goals as part of its sustainability and corporate responsibility policy.

## Principles to ensure the quality of information

[GRI 102-43](#)

The principles of the AR-IR 2020 respond to the guidelines of the Sustainability Reporting Standards (GRI Standards), both in the definition of the content and in the quality of the information. The principles mentioned are:

**Stakeholder participation:** BBVA details its stakeholders and explains how they have responded to its reasonable expectations and interests.

**Sustainability context:** The AR-IR 2020 highlights the organization's practices in the broader context of sustainability with the information available.

**Materiality:** The AR-IR 2020 takes into account the specific aspects that reflect the significant economic, environmental and social effects of the organization or that substantially influence the evaluations and decisions of the stakeholders.



**Completeness:** The AR-IR 2020 considers the material and coverage aspects that explain the economic, environmental and social impact of the Bank's actions.

**Balance:** BBVA supports this principle by including both positive and negative aspects based on its performance in the AR-IR 2020, to promote an objective and well-founded evaluation of its general performance.

**Comparability:** BBVA consistently presents the information compared to the last four years; in this way, stakeholders can determine the evolution of performance in recent years.

**Precision:** The AR-IR 2020 presents accurate and detailed information that allows stakeholder analysis regarding the organization's performance.

**Punctuality:** The Bank complies with a regular calendar for the presentation of its reports, so that its stakeholders have the information on time and allow them to make well-founded decisions.

**Clarity:** The information is presented in such a way that the stakeholders it is addressed to can access and understand it properly.

**Reliability:** The information has been compiled, recorded, compiled, analyzed and presented in such a way that it can be subject to evaluation by an external auditor. The financial information –separately audited financial statements and consolidated audited financial statements– as well as the non-financial information –detailed in the GRI Content Index– of the AR-IR 2020 has been verified by the company KPMG, which reviewed said information according to the scope included in the report. The recommendations made manifest in these review processes are the subject of an action plan that ensures their implementation.

# 8. GRI content index

GRI 102-55

## General basic disclosures GRI Standards

	Indicator	Page number / Chapter / Direct answer	Reason for omission	External assurance
GRI 102	General disclosures 2016			
	Organizational profile			
102-1	Name of the organization	Page 10 – About BBVA		✓
102-2	Activities, brands, products, and services	Page 10 – About BBVA Page 24 – Strategy and management model Page 88 – Products with high social impact		✓
102-3	Location of headquarters	Page 10 – About BBVA		✓
102-4	Location of operations	Page 10 – About BBVA (Impact data)		✓
102-5	Ownership and legal form	Page 10 – About BBVA Page 333 – Constitution and corporate purpose		✓
102-6	Markets served	Page 10 – About BBVA (Impact data) Page 15 – Environment Page 101 – Business and activities		✓
102-7	Scale of the organization	Page 10 – About BBVA (Impact data) Page 11 – Key indicators of Responsible Business Page 12 – BBVA's relevant data		✓
102-8	Information about employees and other workers	Page 11 – Key indicators of Responsible Business		✓
102-9	Supply chain	Page 66 – Responsible Purchasing (Supply Chain) Page 67 – Number of suppliers and invoiced volume		✓
102-10	Significant changes to the organization and its supply chain	Page 66 – Responsible Purchasing (Supply chain) Page 67 – Policies and standards for relations with suppliers Page 68 – Homologation process Page 69 – Impact management		✓
102-11	Precautionary Principle or approach	Page 62 – Internal control model Page 72 – Management of social, environmental, and reputational risks		✓
102-12	External initiatives	Page 21 – Commitments signed Page 72 – Management of social and environmental risks (Ecuador principles)		✓
102-13	Membership of associations	Page 22 – Engagement with initiatives Page 52 – Governance systems and ethical behavior		✓
	Strategy			
102-14	Statement from senior decision-maker	Page 6 – Letter from the President Page 7 – Letter from the CEO		✓
102-15	Key impacts, risks, and opportunities	Page 6 – Letter from the President Page 26 – Materiality analysis Page 72 – Management of social, environmental, and reputational risks		✓

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Indicator		Page number / Chapter / Direct answer	Reason for omission	External assurance
<b>Ethics and integrity</b>				
102-16	Values, principles, standards, and norms of behavior	Page 25 – BBVA's values Page 27 – Responsible Banking Model Page 58 – Advice on ethical and legal behavior Page 61 – Standards of Conduct		✓
102-17	Mechanisms for advice and concerns about ethics	Page 58 – Advice on ethical and legal behavior Page 61 – Standards of Conduct Page 62 – Whistleblower channel		✓
<b>Governance</b>				
102-18	Governance structure	Page 54 – Board composition Page 56 – Board delegate committees		✓
102-19	Delegating authority	Page 27 – Responsible Banking Model Page 28 – Group sustainability target		✓
102-20	Executive-level responsibility for economic, environmental, and social topics	Page 28 – Group sustainability target Page 52 – Governance systems and ethical behavior Page 53 – The Bank's corporate governance regime		✓
102-21	Consulting stakeholders on economic, environmental, and social topics	Page 26 – Materiality analysis Page 30 – Listening and dialogue tools		✓
102-22	Composition of the highest governance body and its committees	Page 54 – Board composition		✓
102-23	Chair of the highest governance body	Page 54 – Board composition Page 335 – Brief profile of the board members Page 337 – Degree of bonding		✓
102-24	Nominating and selecting the highest governance body	Page 52 – Corporate governance regime Page 338 – Committees		✓
102-25	Conflicts of interest	Page 56 – Compliance system Page 58 – Advice on ethical and legal behavior		✓
102-26	Role of the highest governance body in setting purpose, values, and strategy	Page 53 – The Bank's corporate governance regime Page 58 – Advice on ethical and legal behavior Page 376 – Principle 16: Board functions Page 376 – Functions of Special Committees		✓
102-27	Collective knowledge of the highest governance body	Page 58 – Advice on ethical and legal behavior		✓
102-28	Evaluating of the highest governance body's performance	Page 380 – Principle 20: Board operability		✓
102-29	Identifying and managing economic, environmental, and social impacts	Page 52 – Corporate governance Page 53 – The Bank's corporate governance regime Page 72 – Management of social, environmental, and reputational risks		✓

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	Indicator	Page number / Chapter / Direct answer	Reason for omission	External assurance
102-30	Effectiveness of risk management processes	Page 53 – The Bank's corporate governance regime Page 63 – Corporate Assurance Page 72 – Management of social and environmental risks		✓
102-31	Review of economic, environmental, and social topics	Page 73 – Social and environmental risk assessment		✓
102-32	Highest governance body's role in sustainability reporting	Page 2 – Declaration of responsibility Page 27 – Responsible Banking Model		✓
102-33	Communicating critical concerns	Page 30 – Listening and dialogue tools Page 61 – Whistleblower channel		✓
102-34	Nature and total number of critical concerns	Page 61 – Whistleblower channel Page 73 – Social and environmental risk assessment Page 376 – Principle 16: Functions of the Board of Directors		✓
102-35	Remuneration policies	Page 49 – Compensation and remuneration		✓
102-36	Process for determining remuneration	Page 49 – Compensation and remuneration		✓
102-37	Stakeholder's involvement in remuneration	Page 49 – Compensation and remuneration		✓
102-38	Annual total compensation ratio		Information not available	
102-39	Percentage increase in total annual compensation ratio		Information not available	
<b>Stakeholder engagement</b>				
102-40	List of stakeholder groups	Page 29 – Stakeholders Page 31 – Listening and dialogue tools		✓
102-41	Collective bargaining agreements	Page 50 – Working conditions		✓
102-42	Identifying and selecting stakeholders	Page 26 – Materiality analysis Page 29 – Stakeholders Page 31 – Listening and dialogue tools		✓
102-43	Approach to stakeholder participation	Page 26 – Materiality analysis Page 30 – Listening and dialogue tools Page 429 – Criteria and standards of non-financial information Page 429 – Principles to ensure the quality of information		✓
102-44	Key topics and concerns raised	Page 26 – Materiality analysis		✓
<b>Reporting practice</b>				
102-45	Entities included in the consolidated financial statements	Page 246 – Basis of consolidation		✓
102-46	Defining report content and topic Boundaries	Page 26 – Materiality analysis Page 429 – Criteria and standards of non-financial information		✓
102-47	List of material topics	Page 26 – Materiality analysis		✓
102-48	Restatements of information	Page 429 – Criteria and standards of non-financial information		✓
102-49	Changes in reporting	Page 429 – Criteria and standards of non-financial information		✓

	Indicator	Page number / Chapter / Direct answer	Reason for omission	External assurance
102-50	Reporting period	Page 429 – Criteria and standards of non-financial information		✓
102-51	Date of most recent report	Page 429 – Criteria and standards of non-financial information		✓
102-52	Reporting cycle	Page 429 – Criteria and standards of non-financial information		✓
102-53	Contact point for questions regarding the report	Page 443 – Back cover		✓
102-54	Claims of reporting in accordance with the GRI Standards	Page 429 – Criteria and standards of non-financial information		✓
102-55	GRI content index	Page 431 – GRI content index		✓
102-56	External assurance	Page 441 – Independent review report of non-financial information		✓
<b>GRI 103</b>	<b>Management approach 2016</b>			
103-1	Explanation of the material topic and its Boundary	Page 23 – Strategy and business model Page 26 – Materiality analysis Page 27 – Responsible banking model		✓
103-2	The management approach and its components	Page 27 – Responsible banking model Page 35 – Management of complaints and claims Page 74 – Eco-efficiency Page 77 – Environmental management Page 88 – Products with high social impact Page 93 – Contribution to society		✓
103-3	Evaluation of the management approach	Page 62 – Internal control model Page 74 – Eco-efficiency		✓

## Economic dimension

	Indicator	Page number / Chapter / Direct answer	Reason for omission	External assurance
<b>GRI 201</b>	<b>Economic performance 2016</b>			
201-1	Direct economic value generated and distributed	Page 11 – Key indicators of responsible business		✓
201-2	Financial implications and other risks and opportunities due to climate change	Page 21 – Engagement with international initiatives Page 74 – Eco-efficiency		✓
201-3	Defined benefit plan obligations and other retirement plans	Page 50 – Social prevention system		✓
201-4	Financial assistance received from the government	BBVA has not received public aid aimed at the financial sector that is intended to promote the development of the banking activity	Not applicable	

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## Economic dimension

	Indicator	Page number / Chapter / Direct answer	Reason for omission	External assurance
<b>GRI 202</b>	<b>Market presence 2016</b>			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Page 49 – Compensation and remuneration		✓
202-2	Proportion of senior management hired from the local community	Page 49 – Diversity and work-life balance		✓
<b>GRI 203</b>	<b>Indirect economic impacts 2016</b>			
203-1	Infrastructure investments and services supported	Page 93 – Investment in social programs Page 99 – Knowledge, science, and culture		✓
203-2	Significant indirect economic impacts	Page 93 – Investment in social programs		✓
<b>GRI 204</b>	<b>Procurement practices 2016</b>			
204-1	Proportion of spending on local suppliers	Page 66 – Responsible purchasing		✓
<b>GRI 205</b>	<b>Anti-corruption 2016</b>			
205-1	Operations assessed for risks related to corruption	Page 62 – Internal control model		✓
205-2	Communication and training on anti-corruption policies and procedures	Page 56 – Compliance system		✓
205-3	Confirmed incidents of corruption and actions taken	Page 62 – Compliance system		✓
<b>GRI 206</b>	<b>Anticompetitive behavior 2016</b>			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	BBVA has not identified any Significant lawsuit in which a final judgment has been issued against this concept	Not applicable	

## Fiscal dimension

	Indicator	Page number / Chapter / Direct answer	Reason for omission	External assurance
<b>GRI 207</b>	<b>Tax 2019</b>			
207-1	Approach to tax	Page 65 – Fiscal transparency		✓
207-2	Tax governance, control, and risk management	Page 65 – Fiscal transparency		✓
207-3	Stakeholder engagement and management of concerns related to tax	Page 65 – Fiscal transparency		✓
207-4	Country-by-country reporting	Page 10 – About BBVA		✓

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## Environmental dimension

	Indicator	Page number / Chapter / Direct answer	Reason for omission	External assurance
<b>GRI 301</b>	<b>Materials 2016</b>			
301-1	Materials used by weight or volume	Page 77 – Sustainable Finance – Environmental management		✓
301-2	Recycled input materials used	Given the group's activities, it is considered that this indicator is not material	Not applicable	
301-3	Reclaimed products and packaging materials	Given the group's activities, it is considered that this indicator is not material	Not applicable	
<b>GRI 302</b>	<b>Energy 2016</b>			
302-1	Energy consumption within the organization	Page 77 – Sustainable Finance – Eco-efficiency		✓
302-2	Energy consumption outside the organization	Given the group's activities, it is considered that this indicator is not material	Not applicable	
302-3	Energy intensity	Page 74 – Sustainable Finance – Eco-efficiency		✓
302-4	Reduction of energy consumption	Page 74 – Sustainable Finance – Eco-efficiency		✓
302-5	Reductions in energy requirements of products and services	Given the group's activities, it is considered that this indicator is not material.	Not applicable	
<b>GRI 303</b>	<b>Water 2016</b>			
303-1	Water withdrawal by source	Page 77 – Sustainable Finance – Environmental management		✓
303-2	Water sources significantly affected by withdrawal of water	Given the group's activities, it is considered that this indicator is not material	Not applicable	
303-3	Water recycled and reused	Given the group's activities, it is considered that this indicator is not material	Not applicable	
<b>GRI 304</b>	<b>Biodiversity 2016</b>			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	BBVA has its headquarters on urban land, so it does not have a significant impact on protected natural areas and/or on biodiversity	Not applicable	
304-2	Significant impacts of activities, products, and services on biodiversity	BBVA has its headquarters on urban land, so it does not have a significant impact on protected natural areas and/or on biodiversity	Not applicable	
304-3	Habitats protected or restored	BBVA has its headquarters on urban land, so it does not have a significant impact on protected natural areas and/or on biodiversity	Not applicable	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	BBVA has its headquarters on urban land, so it does not have a significant impact on protected natural areas and/or on biodiversity	Not applicable	

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	Indicator	Page number / Chapter / Direct answer	Reason for omission	External assurance
<b>GRI 305</b>	<b>Emissions 2016</b>			
305-1	Direct (Scope 1) GHG emissions	Page 77 – Sustainable Finance – Environmental management		✓
305-2	Energy indirect (Scope 2) GHG emissions	Page 77 – Sustainable Finance – Environmental management		✓
305-3	Other indirect (Scope 3) GHG emissions	Page 77 – Sustainable Finance – Environmental management		✓
305-4	GHG emissions intensity	Page 74 – Sustainable Finance – Eco-efficiency		✓
305-5	Reduction of GHG emissions	Page 74 – Sustainable Finance – Eco-efficiency		✓
305-6	Emissions of ozone-depleting substances (ODS)	Given the group's activities, it is considered that this indicator is not material	Not applicable	
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	Given the group's activities, it is considered that this indicator is not material	Not applicable	
<b>GRI 306</b>	<b>Effluents and waste 2016</b>			
306-1	Water discharge by quality and destination	Given the group's activities, it is considered that this indicator is not material	Not applicable	
306-2	Waste by type and disposal method	Page 77 – Sustainable Finance – Environmental management		✓
306-3	Significant spills	Given the group's activities, it is considered that this indicator is not material	Not applicable	
306-4	Transport of hazardous waste	Given the group's activities, it is considered that this indicator is not material	Not applicable	
306-5	Water bodies affected by water discharges and/or runoff	Given the group's activities, it is considered that this indicator is not material	Not applicable	
<b>GRI 307</b>	<b>Environmental compliance 2016</b>			
307-1	Non-compliance with environmental laws and regulations	Page 61 – Standards of conduct		✓
<b>GRI 308</b>	<b>Supplier environmental assessment 2016</b>			
308-1	New suppliers that were screened using environmental criteria	BBVA has not examined suppliers based on environmental criteria given that the perceived impact for the bank is not significant	Information not available	
308-2	Negative environmental impacts in the supply chain and actions taken	BBVA has not examined suppliers based on environmental criteria given that the perceived impact for the bank is not significant	Information not available	

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## Social dimension

	Indicator	Page number / Chapter / Direct answer	Reason for omission	External assurance
<b>GRI 401</b>	<b>Employment 2016</b>			
401-1	New employee hires and employee turnover	Page 37 – Responsible practices – The team Page 47 – Diversity and work-life balance		✓
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 50 – Working conditions		✓
401-3	Parental leave	Page 51 – Working conditions		✓
<b>GRI 402</b>	<b>Labor/management relations 2016</b>			
402-1	Minimum notice periods regarding operational changes	BBVA indicated that there is no established minimum notice period. Organizational changes are analyzed on a case-by-case basis, so that the negative impacts that they may have on employees can be avoided or mitigated, always being carried out in accordance with what is specified in local regulations	Not applicable	
<b>GRI 403</b>	<b>Occupational health and safety 2016</b>			
403-1	Workers representation in formal joint management–worker health and safety committees	Page 52 – Occupational health and safety		✓
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Page 52 – Occupational health and safety		✓
403-3	Workers with high incidence or high risk of diseases related to their occupation	Given the nature of BBVA's activity, no high risks of serious occupational diseases have been identified	Not applicable	
403-4	Health and safety topics covered in formal agreements with trade unions	Information was reported not available	Information not available	
<b>GRI 404</b>	<b>Training and education 2016</b>			
404-1	Average hours of training per year per employee	Page 47 – Selection, training and development		✓
404-2	Programs for upgrading employee skills and transition assistance programs	Page 42 – Selection, training and development		✓
404-3	Percentage of employees receiving regular performance and career development reviews	Page 47 – Selection, training and development		✓
<b>GRI 405</b>	<b>Diversity and equal opportunity 2016</b>			
405-1	Diversity of governance bodies and employees	Page 48 – Diversity and work-life balance		✓
405-2	Ratio of basic salary and remuneration of women to men	Page 50 – Diversity and work-life balance		✓

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	Indicator	Page number / Chapter / Direct answer	Reason for omission	External assurance
<b>GRI 406</b>	<b>Non-discrimination 2016</b>			
406-1	Incidents of discrimination and corrective actions taken	Page 36 – Management of complaints and claims Page 61 – Standards of conducts		✓
<b>GRI 407</b>	<b>Freedom of association and collective bargaining 2016</b>			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	BBVA has not identified centers or suppliers likely to have significant risks in relation to freedom of association and collective bargaining	Not applicable	
<b>GRI 408</b>	<b>Child labor 2016</b>			
408-1	Operations and suppliers at significant risk for incidents of child labor	BBVA has not identified centers or suppliers likely to have significant risks in relation to child exploitation	Not applicable	
<b>GRI 409</b>	<b>Forced or compulsory labor 2016</b>			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	BBVA has not identified centers or suppliers likely to have significant risks in relation to episodes of forced labor	Not applicable	
<b>GRI 410</b>	<b>Security Practices 2016</b>			
410-1	Security personnel trained in human rights policies or procedures	BBVA indicated that the security personnel belong to external companies. Although these companies undertake to adhere to BBVA's standards on human rights, there is no specific commitment on training in the matter	Not applicable	
<b>GRI 411</b>	<b>Rights of indigenous peoples 2016</b>			
411-1	Incidents of violations involving rights of indigenous peoples	Given the nature of BBVA's activity, no cases of violations of the rights of indigenous peoples have been identified	Not applicable	
<b>GRI 412</b>	<b>Human Rights Assessment 2016</b>			
412-1	Operations that have been subject to human rights reviews or impact assessments	BBVA has not identified significant human rights impacts in its work centers	Not applicable	
412-2	Employee training on human rights policies or procedure	Page 59 – Anti-corruption policy Page 61 – Standards of conduct		✓
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Page 68 – Supplier management Page 72 – Management of social and environmental risks		✓
<b>GRI 413</b>	<b>Local communities 2016</b>			
413-1	Operations with local community engagement, impact assessments, and development programs	Page 93 – Community investment Page 52 – Volunteering and social engagement		✓
413-2	Operations with significant actual and potential negative impacts on local communities	BBVA has not detected significant negative impacts on local communities caused by the operations of its work center	Not applicable	

	Indicator	Page number / Chapter / Direct answer	Reason for omission	External assurance
<b>GRI 414</b>	<b>Social evaluation of suppliers 2016</b>			
414-1	New suppliers that were screened using social criteria	BBVA has not examined suppliers based on criteria related to human rights since the risk perceived by the bank is not significant	Information not available	
414-2	Negative social impacts in the supply chain and actions taken	BBVA has not examined suppliers based on social criteria since the impact perceived by the bank is not significant	Information not available	
<b>GRI 415</b>	<b>Public policy 2016</b>			
415-1	Political contributions	BBVA's corporate policy in the different countries does not allow contributions of this type	Not applicable	
<b>GRI 416</b>	<b>Customer health and safety 2016</b>			
416-1	Assessment of the health and safety impacts of product and service categories	Page 32 – Customer relationship Page 36 – Customer protection		✓
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Page 35 – Management of complaints and claims Page 36 – Client protection Page 62 – Standards of conduct		✓
<b>GRI 417</b>	<b>Marketing and labeling 2016</b>			
417-1	Requirements for product and service information and labeling	Page 33 – TCR Communication Page 61 – Market conduct		✓
417-2	Incidents of non-compliance concerning product and service information and labeling	Page 62 – Standards of conduct		✓
417-3	Incidents of non-compliance concerning marketing communications	Page 52 – Corporate governance Page 35 – Management of complaints and claims		✓
<b>GRI 418</b>	<b>Customer privacy 2016</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 36 – Customer protection		✓
<b>GRI 419</b>	<b>Socioeconomic compliance 2016</b>			
419-1	Non-compliance with laws and regulations in the social and economic area	Page 62 – Legal compliance		✓

✓ Content reviewed according to the scope described and using the procedures indicated in the Independent Review Report of the non-financial information of the Annual Report 2020 – Integrated Report.

# 9. Independent review report of non-financial information



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## Independent Review Report for the Management of Banco BBVA Peru

### To the Management of Banco BBVA Peru

We have been engaged by Banco BBVA Peru to perform an independent review of the non-financial information contained in the Annual Report 2020 - Integrated Report for the year ended December 31, 2020 (hereinafter the Report). The information reviewed is limited to the content described in the GRI Content Index identified in the "General GRI Standards" box, with the symbol "" in the "External Verification" field.

### Management Responsibilities

BBVA's Management is responsible for the preparation and presentation of the Report in accordance with the Global Reporting Initiative (GRI) Social Responsibility Reporting Guidelines in its Global Sustainability Standards Board version, in its exhaustive option, and the Financial Services Sector Supplement, as detailed in the GRI Content Index of the Report. Management is also responsible for the information and assertions contained therein; for determining BBVA's objectives regarding the selection and presentation of information on sustainable development performance, including the identification of stakeholders and material issues; and for establishing and maintaining the performance management and control systems from which the information is obtained.

These responsibilities include establishing such controls as management deems necessary to enable the preparation of indicators with a limited level of assurance to be free from material misstatement due to fraud or error.

### Our responsibility

Our responsibility is to perform a limited review and, based on the work performed, to issue this report, which relates exclusively to the information for the year 2020. We conducted our work in accordance with ISAE 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information.

This standard requires that we plan and perform our work so as to obtain limited assurance about whether the report is free from material misstatement.

KPMG applies ISQC1 (International Standard on Quality Control 1) and in accordance with ISQC1 maintains a comprehensive system of quality control that includes documented policies and procedures relating to compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is based on the fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior.

### Limited review procedures

Our limited review work has been carried out through interviews with the Head of Institutional Relations and the persons in charge of preparing the information included in the Report, and the application of analytical and other procedures aimed at gathering evidence, such as:

- Verification of the processes in place at Banco BBVA Peru to determine which are the material aspects, as well as the participation of stakeholders in them.
- Verification, through interviews with the Head of Institutional Relations and other relevant employees, both at group level and at the level of the selected business units, of the existence of a sustainability and Corporate Responsibility strategy and policies to address material issues, and their implementation.
- The evaluation of the consistency of the description of the application of the policies and strategy in terms of sustainability, governance, ethics and integrity of Banco BBVA Peru.
- The review of the consistency of the information that responds to the General Standard Disclosures with the internal systems or documentation.
- The analysis of the compilation and internal control processes of the quantitative data reflected in the Report, in terms of the reliability of the information, using analytical procedures and review tests based on sampling, including the information related to Banco BBVA Peru established in the Global Reporting Initiative (GRI) in its Sustainability



Reporting Standards version of the Global Reporting Initiative (GRI Standards), in accordance with the exhaustive option.

- Reading the information included in the Report to determine whether it is in line with our general knowledge and experience regarding the sustainability performance of Banco BBVA Peru.
- The contrast of the financial information reflected in the Report with that included in the annual accounts of Banco BBVA Peru, audited by independent third parties.

Any information other than that described above and included in the GRI Index has not been reviewed as part of our work.

The procedures performed in a limited assurance engagement vary in nature and time spent, being less extensive than those of a reasonable assurance engagement.

Consequently, the level of assurance obtained in a limited assurance engagement is lower than that of a reasonable assurance engagement. This report should in no way be construed as an audit report.

### Conclusions

Our conclusion is based on, and subject to, the matters indicated in this Independent Review Report. We consider that the evidence we have obtained provides a sufficient and appropriate basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the GRI indicators in the Report have not been prepared, in all material respects, in accordance with the Global Reporting Initiative (GRI) Social Responsibility Reporting Guidelines and are not fairly presented, including the reliability of the data and the absence of material misstatements and omissions.

In a separate document, we will provide BBVA management with an internal report containing all of our findings and/or areas for improvement.

### Purpose of our report

In accordance with the terms and conditions of our engagement letter, this Independent Review Report has been prepared for Banco BBVA Peru in connection with the 2020 Annual Report - Integrated Report and therefore has no other purpose and may not be used in any other context.

Lima, Peru

March 18, 2021

Endorsed by:

Marcelo de Angelo (Partner)



For any type of opinion, doubt or suggestion about the information in this report, please contact:

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