



# Responsible Banking Report 2019



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# Letter from the President

Our reach as an organization has a visible impact on the society, not only because we contribute giving credit to the people and Companies, but because we also encompass different social aspects which allows us to understand each of our stakeholders. Our actions are ruled by ethical, responsibility and prudence principles, putting in place mechanism to mitigate economics, reputational, environmental and social risks.

Therefore, our policies have national and international relevance, including, for example, the Equator Principles or the Anti-corruption Policy, which enables the assessment and management of the environmental and social risks associated with the imperative sustainable development projects.

Furthermore, as a member of the United Nations Global Compact, we are signatories of the Sustainable Development Goals (SDGs), with special focused on financial inclusion and education, the promotion of equality in education, diversity, gender equality and the perseverance of the environment.

On the other hand, although we have been being part of a digital revolution, the current circumstances have accelerated this process; digital transformation is a fundamental pillar which provides agile processes, cross user experience to our different channels and allows access to the financial system to more Peruvians. Accordingly, through our digital transformation we seek to provide every person and company the same opportunities to have access to the financial system and together achieve a greater progress.

Our main focus is the client, in this sense we seek to offer solutions by understanding the specific needs of each one of our clients, providing transparent and clear information so they could take the best decisions.

In this sense, during 2019 BBVA adopted a new global identity, with the intention to offer a unique value proposal and a homogeneous experience to every user. This identity change transcends the commercial environment and has a direct effect in the Corporate Responsibility Strategy described in this Responsible Banking Report (RBR).

Every achievement we have accomplished during this period could not have been possible without the support of the more than 6 thousand excellent professionals from our team, who are always seeking to help people and companies to fulfill their dreams through using our products and solutions, and also have a great capacity to adapt to new ways of working —particular to digital companies— to continue generating progress in society.



**Alex Fort Brescia**  
President  
BBVA Perú



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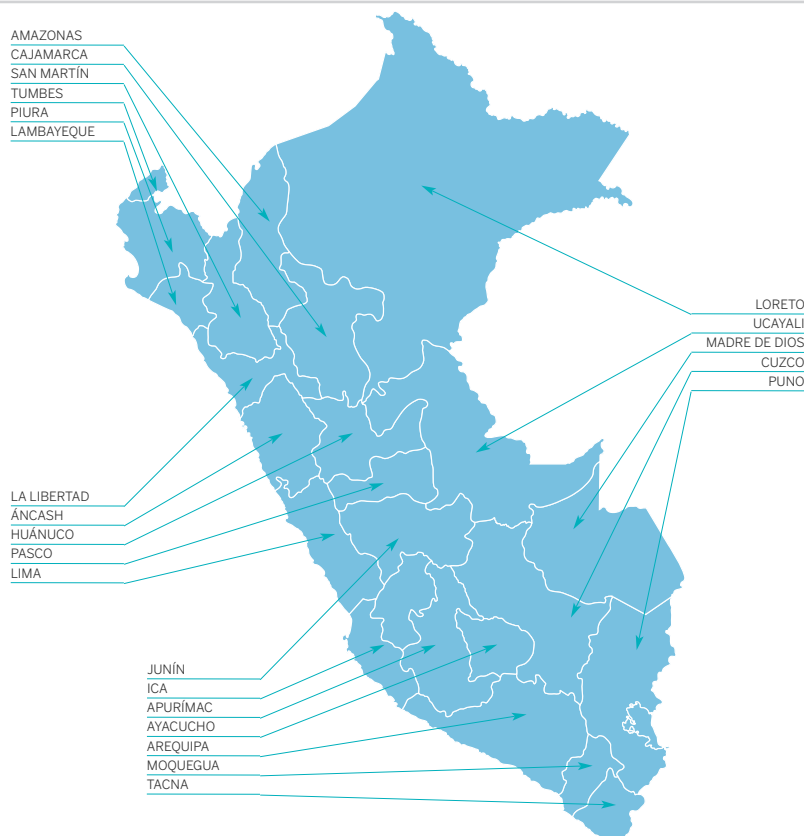
# About BBVA

Banco BBVA Peru is a solid and renowned financial institution both nationally and internationally. It is a subsidiary of the holding Continental S.A., a Peruvian company owned by Grupo Breca (46.12%), composed by Peruvian equity, and by BBVA Group, today BBVA Peru Holding S.A.C. (46.12%), composed by Spanish equity. BBVA is authorized to operate by the Banking, Insurance and Pension Funds Agency (SBS, by its Spanish acronym), under Law N° 26702, General Law of the Financial System and the Insurance System and Organic from the SBS, which establish the regulation and supervisory framework to which companies operating in the financial and insurance system are subject. BBVA operates through a network distributed over the whole country, having its headquarters located at Av. Republica de Panama 3055, San Isidro district, city of Lima, capital of Peru. The Bank is a limited company founded in 1951, with the taxpayer registry number (RUC, by its Spanish acronym) 20100130204.

[GRI 102-1](#), [102-2](#), [102-3](#), [102-4](#), [102-5](#), [102-7](#), [102-45](#)

## Impact Data

GRI 102-6



**81,722**

Total assets  
(in millions of soles)

**5,685,266**

clients

**23**

regions

**354**

agencies

**1,967**

ATMs

**6,180**

employees

## Key Indicators of Responsible Business

GRI 102-7, 201-1, 202-2, 405-1	2019	2018	2017
<b>Economic</b>			
Economic value generated (millions of S/)	4,904	4,496	4,168
Economic value distributed (millions of S/)	2,262	2,070	1,964
Economic value retained (millions of S/)	2,642	2,426	2,204
<b>Social</b>			
<b>Community</b>			
Investment in social programs (S/)	4,320,757.75	4,219,870.52	4,447,233.66
Benefits dedicated to social programs attributed to the Group (%)	0.27	0.29	0.32
Number of people benefitted by the finance education program	1,219	1,479	498
Number of people benefitted by the program "Leer es estar adelante"	6,642	5,715	14,474
Indirect beneficiaries	27,084	31,704	57,896
<b>Human Capital</b>			
Employees(*)	6,180	6,008	5,666
Employees' gender diversity (women / total payroll, %)	52	52	52
Members of the management team	87	87	87
Gender diversity in the management team (women / total payroll, %)	30	30	31
Employees' average age (years)	35	34	35
Employment stability (% permanent employment)	81.83	81.10	80.00
Employee turnover	18.30	21.00	18.20
Net jobs created	880	891	870
Labor seniority (years)	9	9.1	9.2
Training hours by employee	39	44.00	53.96
Participants in volunteer initiatives who are BBVA employees	270	341	100
<b>Environmental</b>			
CO <sub>2</sub> emissions per person (T)	1.52	1.66	1.88
Paper consumption per person (Kg)	45.27	43.94	50.52
Water consumption per person (m <sup>3</sup> )	24.24	24.25	25.18
Electricity consumption per person (MWh)	4.71	5.00	6.25
People working on certified buildings (%)	42.26	39.66	35
<b>Corporate Governance</b>			
<b>Data (numbers)</b>			
Directors	9	9	8
Independent directors	2	2	1
Board of Directors	11	10	10
Board meetings	12	12	12
Gender diversity in the Board (women / total of the board, %)	30	20	22

(\*) Data corresponds to BBVA payroll.

	2019	2018	2017	Var.	Var. %
<b>Financial Statement</b>					
Total assets	81,722	74,979	76,591	6,743	9.0%
Loans portfolio <sup>1</sup>	56,209	51,866	49,892	4,343	8.4%
Liabilities	54,660	48,946	47,402	5,713	11.7%
Net equity	9,188	8,359	7,660	829	9.9%
<b>Profit &amp; Losses</b>					
Gross financial margin	3,373	3,119	2,870	254	8.1%
Net financial margin	2,623	2,386	2,331	237	10.0%
Net income for financial services	787	782	765	6	0.7%
Profit & loss from financial operations	727	613	587	114	18.7%
Operating margin	4,137	3,780	3,683	357	9.5%
Administratives expenses	1,650	1,520	1,468	130	8.6%
Profit or loss before income tax	2,222	2,026	1,883	196	9.7%
Net profit or loss	1,610	1,476	1,387	134	9.1%
<b>Portfolio Quality</b>					
Default rate <sup>2</sup>	3.02%	2.94%	2.68%	8 pbs	—
Hedge rate of the default portfolio <sup>3</sup>	161.84%	153.58%	168.49%	-151 pbs	—
<b>Liquidity</b>					
Funds available / Total deposits <sup>4</sup>	26.32%	25.11%	31.01%	121 pbs	—
Net loans portfolio / Total deposits <sup>4</sup>	99.98%	100.81%	101.05%	-83 pbs	—
<b>Productivity</b>					
Total assets / N° of personnel (millions of S/)	12.89	12.16	13.18	—	5.9%
<b>Capital Ratio</b>					
Aggregate capital ratio <sup>5</sup>	14.05%	14.95%	14.20%	-90 pbs	—
<b>Profiability and Efficiency Indexes</b>					
ROE <sup>6</sup>	18.78%	18.98%	19.52%	-20 pbs	—
ROA <sup>7</sup>	2.00%	1.97%	1.83%	3 pbs	—
Efficiency ratio <sup>8</sup>	37.71%	37.46%	37.89%	25 pbs	—
<b>Market Share</b>					
Current financial investments	20.40%	19.98%	21.11%	42 pbs	—
Total deposits	21.04%	20.81%	21.21%	23 pbs	—
<b>Other Data</b>					
Structural payroll	6,342	6,164	5,811	178	2.9%
<b>Total Commercial Rate</b>					
Commercial banking offices	329	329	329		
Business banking offices	20	20	20		
Corporate banking offices	1	1	1		
Institutional banking offices	1	1	1		
Premium banking offices	3	3	3		
ATM	1,969	1,970	1,968		

1 Net form provisions.

2 Default Portfolio / Gross investments.

3 Provisions / Default portfolio.

4 Obligations to the public and deposits from the financial system

5 Effective equity/Risk weighted assets

6 Annual net profit or loss / Average equity.

7 Annual net profit or loss / average asset.

8 Operation expenses / Total financial margin.

Includes international subsidiaries

**Business Volume** In million of soles

	2019	2018	2017	Var.
Loans portfolio	56,209	51,866	49,892	8.4%
Liabilities	54,660	48,946	47,402	11.7%

Source: Peruvian Securities Market Regulator.

**Economic Added Value (EAV): Detailed by Stakeholders** In million of soles

	Value indicator	dec-19	dec-18
Shareholder	Dividends	812	763
	Quotation value	3.43	3.90
Employees	Personnel and Board expenses <sup>1</sup>	718	642
	Workers participation <sup>2</sup>	134	113
Clients	Loans portfolio	56,209	51,866
	Obligations to the public	54,660	48,946
Suppliers	Services and other expenses <sup>3</sup>	798	765
Society	Income tax	612	550

<sup>1</sup>Not including employees' participation

According to the last SBS normative, in force since 01.01.2020, the employees' participation it included in the administrative expenses (personnel expenses line)

<sup>2</sup> Dividend, company shares and remunerations payable. Source: Notes to the Financial Statement – SMV. Estimated following the SPI model from GRI. [www.spfinance.com](http://www.spfinance.com).

<sup>3</sup> Includes the expenses for third party services and taxes and contributions. Source: Notes to the Financial Statement – SMV. Estimated following the SPI model from GRI. [www.spfinance.com](http://www.spfinance.com).

Source: Peruvian Securities Market Regulator (SMV, for its Spanish acronym).

**Economic Value Generated and Distributed** In million of soles

	dic-19	dic-18
<b>Generated Economic Value (GEV)</b>		
1 Gross financial margin	3,373	3,119
2 Net commissions	787	782
3 Financial operating profit or loss (ROF)	727	613
4 Other income and expenses	16	-18
<b>Total (1 + 2 + 3 + 4)</b>	<b>4,904</b>	<b>4,496</b>
<b>Distributed Economic Value (DEV)</b>		
1 Employees' participation <sup>1</sup>	134	113
2 Income tax	612	550
3 Personnel and Board expenses <sup>2</sup>	718	642
4 Services and other expenses <sup>3</sup>	798	765
<b>Total (1 + 2 + 3 + 4)</b>	<b>2,262</b>	<b>2,070</b>
<b>Retained Economic Value (REV = GEV – DEV)</b>		
1 Net profit or loss	1,610	1,476
2 Provisions and amortizations	1,032	950
<b>Total (1 + 2)</b>	<b>2,642</b>	<b>2,426</b>

<sup>1</sup> Payable dividends, participation and remunerations. Source: Notes to the EEFF – SMV.

<sup>2</sup> Not including employees' participation

According to the last SBS normative, in force since 01.01.2020, the workers' participation it included in the administrative expenses (personnel expenses line)

<sup>3</sup> Includes the expenses for third party services and taxes and contributions. Source: Notes to the Financial Statement – SMV. Estimated following the SPI model from GRI. [www.spfinance.com](http://www.spfinance.com).

Source: Peruvian Securities Market Regulator (SMV, for its Spanish acronym).

# Organizational Chart and Corporate Structure

BBVA is a baseline for transformation for its many digital accomplishments, by betting on innovation and the use of new forms of agile work in last years; which allowed to provide innovative solutions to clients in record time.

In this sense, through a global synchronized effort, BBVA has join the next stage of agile transformation, with its main areas having migrated to the new agile organization model. So far, areas as Talent & Culture, Internal Audit, Finance, Client Solutions and Engineering, Risks, Legal Services and Compliance, and Transformation & Data have already integrated to the multidisciplinary and empowered teams scheme, which helps to provide more frequent deliveries by the use of agile practices, and allows to generate greater returning values for the established objectives. It is expected for more areas to join this model during 2020.

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

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

**Client Solutions:** Creates opportunities to take the business where the client needs, with solutions that revolutionize their experience; for this purpose, this area designs, develops, innovates and maintains the products, services and distribution channels.

**Retail Banking:** Defines the pertinent strategy for Retail Banking, Private Banking and the Business Center, in order to ensure the maximum performance in business development and profit and loss.

**Corporate Banking:** It is in charge of determining the strategy to secure the best solution for business progress, as for profit and loss of Corporate banking.

**Engineering:** Helps the different areas of the Company to achieve their goals with technological solutions and support, data processing and security measures.

**Talent & Culture:** Focused on the workforce, this area leads the organizational change transformation by assuring the implementation of the governance and relations models, ensuring the most suitable spaces and actively participating in the assistance of the new dynamics of the working teams.

**Finance:** Has as a main goal to achieve the efficiency and effectiveness of the economic-financial resources of the organization, using the management information systems, analysis tools, and relationships with the investors.

**Risks:** Aims to ensure the sustainable solvency and development of transactions through a corporate model of unique, independent and global risk management, which assesses risks and minimize its effects on the expected earnings of the business.

**Legal Services and Compliance:** Assists supporting units in legal matters and designs strategies focused in the legal support of BBVA Peru Group, to assess the compliance of the money laundry, client privacy, personal information and markets.

**Transformation & Data:** Client-centered, this area designs processes which promote an increase in productivity and focus on key activities of the banking business. Also, it is in charge of implementing the corporate roadmap for data development in the country.

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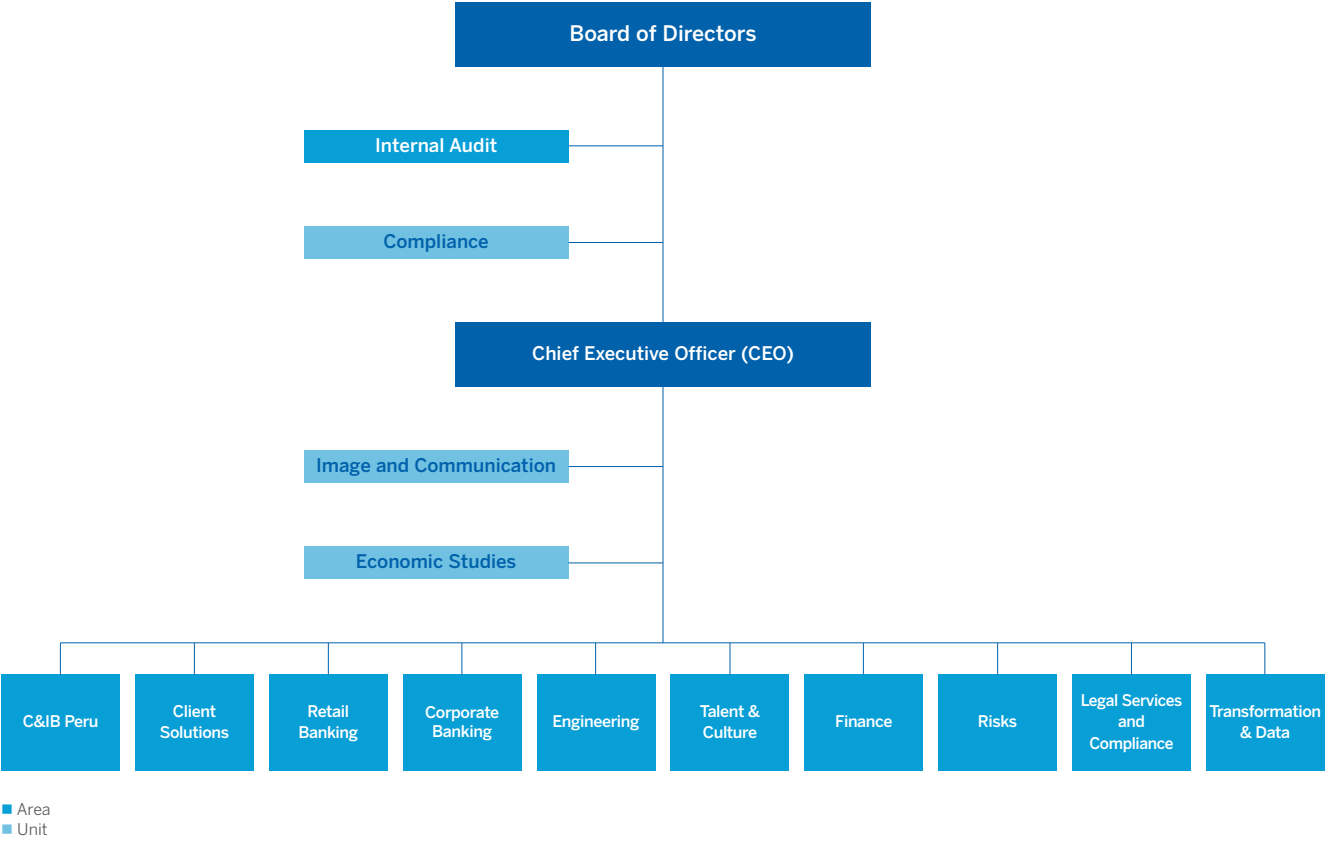
**For the last years BBVA has bet on innovation and the use of new forms of agile work that allow to provide innovative solutions to clients in record time.**



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

**Image and Communication:** Manages and promotes the image of BBVA Peru Group in different public spaces and media.

**Economic Studies:** Is in charge to do the estimates, presentations and reports that show the evolution of the economic variables, which facilitates the decision-making process for management levels and different areas of the business.



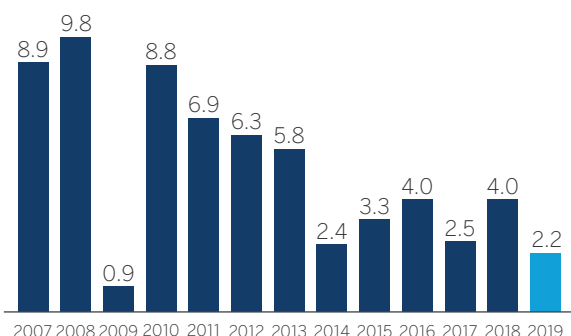
# Background

GRI 102-6

## Economic Environment

In 2019, the economic growth of Peru, measured by the Gross Domestic Product (GDP), was 2.1%. By the economic sector's perspective, the low growth is explained, mostly, by the weak performance of the primary sectors, particularly the mining sector, the activity downturned due to factors like the depletion of some auriferous units and transitory shutdowns. On the other hand, the non-primary GDP (non-primary manufacture, construction, commerce and services) showed a contraction in comparison with the previous year, in a deceleration of domestic demand context.

Real GDP Interannual variation (%)



Source: Central Bank of Peru.

On public spending, the moderation of the economic growth of domestic demand in 2019 is explained, mainly, due to the decline in public investment, which was influenced by the change of authorities at the subnational level. Also, a less dynamic private consumption was noted, while a more moderate advance of the formal employment occurred. Regarding the external factors, a reduction of the mining production was reflected in a decrease of mineral exportations.

Regarding public accounts, during 2019, the tax deficit decreased about 1.7% of the GDP<sup>1</sup>. As consequence, the gross public debt was 25.7% of the GDP<sup>2</sup>.

Annual inflation closed at 1.9%, close to the Central Bank of Peru's (BCRP, for its Spanish acronym) target range (2%, +/- 1%). This occurred in a context of economic activity contraction, decreased of oil price, increase of local supply of some food and an exchange rate similar to the end of 2018.

However, the exchange rate experienced peaks during the 2019, primarily, due to external factors. Among these, the uncertainty about trade tensions at a global level, the perception of the decisions adopted by the FED, the perspectives on world growth and social tensions in neighboring countries stood out, which was attenuated, on occasions, by slight interventions of the Central Bank. In maintaining the relative stability of the local currency, PEN, at the end of 2019, compared to the end of 2018, the strength of the country's macroeconomic indicators, the still high trade surplus and the influx of foreign investment to finance the construction of new mines were of great importance.

On the other hand, the balance account registered a trade surplus of US\$ 5,880 millions, countered by the service trade balance (US\$ 2,529) and the net payment of foreigner

**Annual inflation closed at 1.9%, close to the Central Bank of Peru's (BCRP) target range (2%, +/- 1%).**

(1) BCRP, Weekly Note, table 91.  
(2) BCRP, Weekly Note, table 122.

utilities, dividends and interests (US\$ 10,727). This made that the current account of the trade balance end with a deficit of 1.6% of the GDP, which was financed by the influx of long-term private capitals, reaching 3.2%<sup>3</sup> of the GDP.

In 2019, the financial system's issues in the private sector grew by 5.3%<sup>4</sup>, a percentage lower than the expansion rate of the previous year (10.2%). The dollarization of the issues was 26.6%<sup>5</sup> (28.0% at the end of 2017).

The growth of deposits in the financial system had a slightly improvement in 2019, reaching 7.2%<sup>6</sup>, in comparison to the 6.3% of 2018. The dollarization of the deposits increased from 39.5% in 2018 to 40.8% in 2019<sup>7</sup>.

Also, the portfolio quality of the banking system showed a slightly contraction by the default rate increase from 2.95% on 2018 to 3.08% on 2019.

Finally, the average banking return, calculated by dividing the annualized net utility by the average equity (ROE), was 18.81%<sup>8</sup>, higher than the 18.41% registered on 2018.

## The Digitalization of the Peruvian Market

The world is going through a process of constant digitalization which is transcendental in the road to progress and involves citizens, companies and governments, by providing them with greater means for their development, efficiency and benefits.

According to recent studies, Internet users in Peru access the network using their mobile devices or their home PC. Although, they used it mostly for communication, obtaining information and accessing entertainment, in the past years online banking and online purchases of products and services have become relevant, due to the accessibility and the network speed.

Technology innovation allows, in a corporate level, to obtain benefits from business intelligence, better knowledge of the client, and to maintain them as the center of the service offered.

Regarding the Peruvian Government, the Digital Government Secretary has developed a three-axes Strategy of Digital Government:

- **Digital Regulation:** Focused on the development of the necessary policy framework for the deployment and mainstreaming of digital technologies in pursuit of efficiency, transparency of processes and reliability and proximity of services.
- **Digital Technology:** Focused on the design, deployment and mainstreaming of digital technologic projects within public institutions to achieve a digital State.
- **Digital Services:** Focused on public services and procedures' digitalization for the most important moments in a citizen's life.

Also, the Digital Government Law, approved by legislative decree N° 1412, establishes the governance framework of the digital government for the appropriate digital identity, digital services, digital architecture, interoperability, digital security and data management. Likewise, it defines the legal regime applicable for the cross-sectional use of the new technologies in the digitalization of processes and delivery of digital services by the Public Administration entities from the three Government branches.

Regarding Building Information Modeling (BIM) results, it is expected that transactions will exceed S/ 1,500 million by the end of 2019. The BIM, which includes the payment of utility services, as electricity, water, telephone and gas bills, reached a new benchmark when allowed the payment of utility services and card less payments through the POS in over 29 thousand establishments across the country.

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**Technology innovation allows, in a corporate level, to obtain benefits from business intelligence, better knowledge of the client, and to maintain them as the center of the service offered.**

(3) BCRP, Weekly Note, Table 107.

(4) SBS.

(5) SBS.

(6) SBS.

(7) SBS.

(8) SBS.

In an unprecedented context, during 2019 'Plin' was developed, a collaborative solution project that would allow every Peruvian, regardless of the bank of which they are clients, to send and receive money among their cellphone's contacts.

BBVA Peru, Interbank and Scotiabank joined the project, while other banks and municipal unions are finishing their technological development to be able to join this solution and make it the leading money transfer platform at the national level.

With its release, 'Plin' will become the first model which benefits not only the clients of a specific bank but meet the needs for daily money transfer of over 10 million people, leading to the decrease of cash use. It is expected to be available during the first quarter of 2020 for the clients of the three banks.



#### Plin

- Immediate money transfers, completely free and without commissions.
- Uses only the cellphone's number, without codes, 24 hours a day and 365 days of the year.
- Money transfers from S/ 1 to S/ 500 maximum per transaction and up to S/ 1,500 per day.

## Awards and Recognitions

### BBVA, Best Bank of Peru and Latin America in 2019

Global Finance, a leading international magazine, chose BBVA as the best Bank of Latin America in 2019, and the best Bank of Peru. According to the magazine, BBVA stood out during the past year for its customer service, risks management, product range and offered services, and the smart use of technology, among other factors.

### BBVA, the Fourth Company with the Best Reputation in Peru

For fifth consecutive year, BBVA was chosen as one of the companies with the best reputation in Peru. Merco' ranking for Peruvian companies (Ranking Merco Empresas Peru 2019) with the research (surveys) conducted by Datum and audited by KPMG, placed BBVA in fourth position.

762 members of steering committees of companies operating in Peru with reported sales of more than US\$ 30 million participated in the survey, as well as 578 experts from various sectors.

### BBVA is the Most Innovative Digital Bank in Latin America

Global Finance magazine recognized BBVA as the most innovative bank in the region, highlighting its leadership in the digital transformation process of the financial sector. In Peru, BBVA added new functions to its mobile banking app, for example 'Lukita', which allows to send and receive money using a mobile phone number. Also, it became the first bank of the Peruvian financial system to part with the use of physical cards and clear a path for the use of virtual cards.

### BBVA is recognized as the Sustainable Finance Bank of the Year

BBVA was recognized by the international magazine LatinFinance as the sustainable finance bank of the year. In this election, Pledge 2025 was highlighted, this pledge is the bank's strategy to address climate change and support sustainable development. The bank has pledged to mobilize 100,000 million euros in green financing by 2025. In Peru, BBVA was the first bank to sign a green bilateral credit, with Ferreycorp, for a total of 70 million dollars. BBVA, best currency supplier in Latin America.

**Global Finance magazine recognized BBVA as the most innovative bank in the region, highlighting its leadership in the digital transformation process of the financial sector.**

## BBVA, Best Currency Supplier in Latin America

For second consecutive year, Global Finance magazine awarded BBVA as the best currency supplier in Latin America. The magazine recognized the bank as the best finance institution in Peru for the currency management services for its clients. BBVA Peru maintains a leadership position in the FX Spot and Derivatives national markets, with a quota of 20.5% and 26.3% of the market respectively.

# Commitments

## International

### GRI 102-12, 201-2

In compliance with the main international standards in Corporate Social Responsibility (CSR), as well as other initiatives the Responsible Business Committee considers pertinent and appropriate, as outlined in the following commitments:

- United Nations Global Compact ([www.globalcompact.org](http://www.globalcompact.org)). (Since 2014).
- Sustainable Development Goals (<https://www.undp.org/content/undp/es/home/sustainable-development-goals.html>). (Since 2018).
- United Nations Environment Program Finance Initiative, UNEP-FI ([www.unepfi.org](http://www.unepfi.org)). (Since 1999).
- Equator Principles ([www.equator-principles.com](http://www.equator-principles.com)).
- United Nations Universal Declaration of Human Rights ([www.un.org](http://www.un.org)).
- Labor Standards 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 of Responsible Investment (PRI). (Since 2008).
- Paris Agreement. (Since 2008).

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**BBVA is committed to several national institutions and associations, jointly developing various actions.**

## National

### GRI 102-13

BBVA is committed to several national institutions and associations, jointly developing various actions. Only in the Spanish Chamber of Commerce, one of BBVA's board member is also a member of the steering committee.



# Strategy and Business Model

## BBVA Transformation

GRI 102-14, 102-15

In 2015 BBVA began a transformation process which goal is defined by six strategic priorities involving a reaffirmation of its values. The focus of this evolution is on strengthening the relationship of trust with the client through the timely management of their finances, through a simple and digital value proposition that allows them to improve their experience with the bank.















## Progress into BBVA Transformation

The progress achieved during past years has brought excellent results in the metrics for both national (NPS) satisfaction index. and corporate levels. During 2019 the customer base growth continued, with notable leadership in the industry, reflected by the Net Promoter Score (NPS) satisfaction index.

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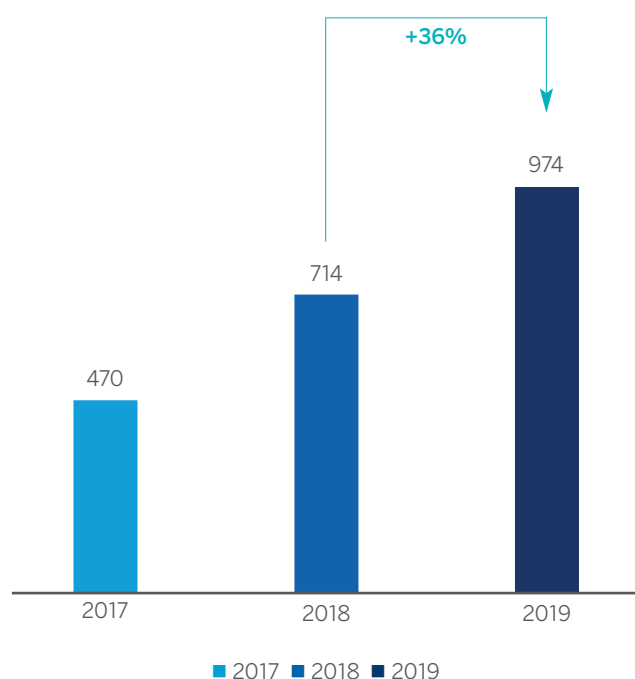
## Net Promoter Score(\*) Ranking. December 2019

Individuals		Companies	
	#1		#1
	#1		#1
	#1		#1
	#1		#1
	#1		#1
	#2		
	#2		

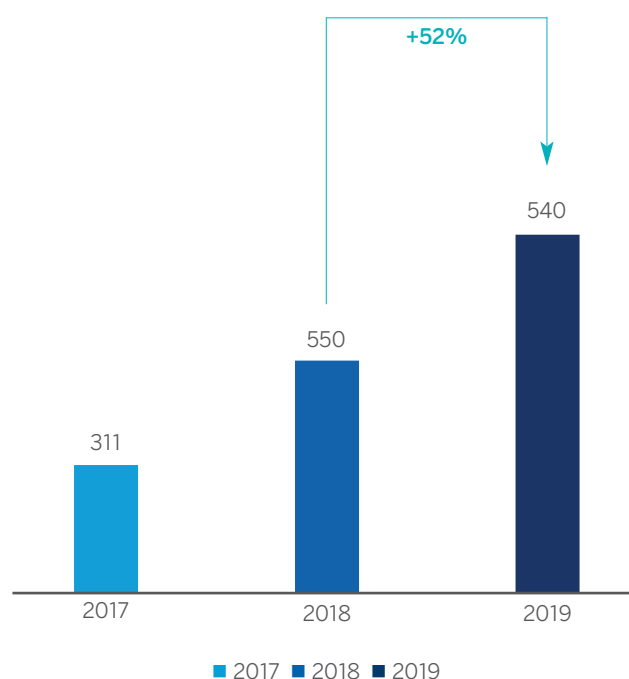
(\*) NPS Individuals and Companies accumulate data. Peer Group: Spain: Santander, CaixaBank, Bankia, Sabadell // Mexico: Banamex, Santander, Banorte, HSBC // Argentina: Banco Galicia, HSBC, Santander Río y Banco Macro // Colombia: Davivienda, Bancolombia, Banco de Bogotá // Peru: Interbank, BCP, Scotiabank // Uruguay: ITAU, Santander, Scotiabank // Turkey: Akbank, Isbank, YKB, Deniz, Finans.

Regarding the digitization, there have been significant advances, based in the engagement and value proposition model, registering an annual growth of 36% for online banking and 51% for mobile banking.

### Online Clients In thousands



### Mobile Clients In thousands



The bank's transformation in the way of conducting business also applies to its corporate culture. Thus, values are a core part of the strategy to achieve its purpose. In order to increase its productivity, BBVA has implemented a series of tools, like the Single Development Agenda, which prioritize resources in the execution of its projects, and the new organization model "Agile". On the other hand, 2019 was the year of the brand's global unification, offering the client a unique value proposition and a homogeneous customer experience, inherent characteristics of a global company.

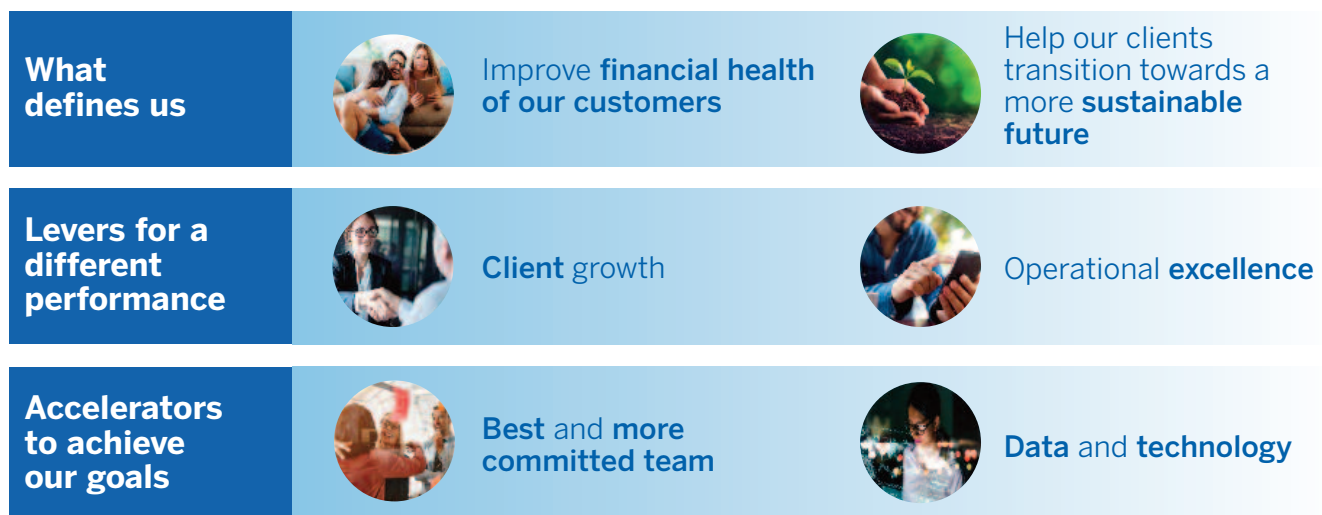
## Assessment of Strategic Priorities

In 2019, BBVA carried out a strategic rethinking process in pursuit of deepening its transformation and adapting to major trends that are changing the world and the financial industry. The conclusions were the following:

- There is a complex macroeconomic environment, characterized by greater global uncertainty, lower economic growth, low interest rates, growing regulatory demands, geopolitical tensions and the emergence of new risks (for example, cybersecurity).
- There is an evolution in the behavior and expectations of clients, who demand more digital, simple and personalized value propositions, based on a greater advice, allowing them to make the best decisions.
- A strong competitive environment is perceived, where digitization is already a common priority to all banks, as well as a growing role for Big Tech companies and ecosystems that offer, within their global solutions, financial services with an excellent customer experience.
- The concern for achieving a sustainable and inclusive world is a general goal in society. Climate change is a reality and all stakeholders (consumers, companies, investors, regulators and public institutions) have been set as a priority to achieve a more sustainable world. The transition has important economic implications and the financial sector must play an extremely active role in ensuring its success.
- Data has become a key differential factor and its management generates solid competitive advantages, since it allows offering a personalized value proposition, improve process automation to improve efficiency and reduce operational risk. This entails the management of new risks with important implications (privacy, security, ethics, etc.).
- In this context, BBVA's strategy has evolved with six strategic priorities who seek to accelerate and deepen the transformation of the Group and the achievement of its purpose.

**BBVA aspires to be the trusted partner of its clients in the management and control of their finances on a day-to-day basis and to help them improve their financial health and achieve their goals.**

BBVA's new strategy is comprised of three blocks and six strategic priorities.



### 1. Improve the Financial Health of BBVA Client

Digitization means a greater ability to help customers manage their finances and, above all, to make better decisions based on advice personalized according to the use of data and artificial intelligence.

BBVA aspires to be the trusted partner of its clients in the management and control of their finances on a day-to-day basis and to help them improve their financial health and achieve their goals.

## 2. Help BBVA Clients in the Transition towards a Sustainable Future

The transition to a sustainable economy is priority for all stakeholders today. BBVA intends to play a relevant role in developing a more sustainable and inclusive world, as demanded by society, and help its clients in the transition towards a more sustainable future.

Specifically, BBVA wants to make a significant contribution in the fight against climate change, by helping on its client's transition to a low carbon emissions economy. In addition, it is committed in supporting the inclusive economic development, both through its business and the various social programs it promotes.

From a business point of view, BBVA aspires to have an impact on the behavior of its clients, focusing mainly on the United Nations Sustainable Development Goals (SDG) that could have the greatest impact. BBVA, as an organization, also aims to lead by example and is committed to fulfilling its sustainability objectives (Pledge 2025).

## 3. Growth in Customers

BBVA seeks to accelerate its growth, positioning itself wherever its customers are. Expanding in today's world requires a greater presence in digital channels, both its own and of third parties. Profitability will be a key factor in the pursuit of profitable growth and sustained in the most attractive segments.

## 4. Operational Excellence

BBVA seeks to offer an excellent customer experience at an efficient cost. The bank is committed to a relationship model leveraged on digitization, with its products and services available digitally so that the commercial network can focus on more valuable advice and operations. It also relies on an efficient and productive model, with automated and simple processes due to the use of new technologies.

Operational excellence also implies robust management of all risks, both financial as well as non-financial, a key factor in an environment as dynamic as the current one. The optimal allocation of capital remains a key factor in an environment where capital remains an expensive and scarce resource, with increasing regulatory demands.

## 5. The Best and Most Committed Team

The team continues to be a strategic priority for the Group. BBVA wants to continue promoting performance and employee engagement to achieve its purpose. By being regarded as a great place to work and to attract talent. BBVA is an organization that aspires to have its purpose and values at the center of its employees' strategy and day-to-day, with a focus on aspects such as diversity, equality and work-life balance.

## 6. Data and Technology

Data management and new technologies are two clear accelerators for the achievement of the strategy, as well as great generators of opportunities and competitive advantages.

On the one hand, data is essential to generate a tangible impact on the business and in the development of the value proposition, BBVA carries out various initiatives to become a data-driven organization. On the other hand, technology is configured as an accelerator of added value solutions at an efficient cost.

**BBVA is committed to a relationship model leveraged on digitization, with its products and services available digitally so that the commercial network can focus on more valuable advice and operations.**

# Our Values

GRI 102-16, 102-17

To identify its values, BBVA Group carried out an open process, where the opinion of employees from all countries and units of the Group was an input. These values define the identity of BBVA and are the pillars to make its purpose a reality:

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**BBVA has always focused on the customer, but now it comes first, putting it before everything else.**

## The Customer Comes First

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

- **We are empathetic:** The bank factors in the client's point of view by putting ourselves in their shoes from the beginning so we can understand their needs better.
- **We have integrity:** Everything the bank does is legal, publishable and morally acceptable by society. We always put the customer's interest first.
- **We meet their needs:** The bank is fast, agile and decisive when solving customer's problems and needs. We overcome the obstacles in our way.

## We Think Big

It is not just about innovating but about making a significant impact on the lives of people and that this leads them to improve their opportunities. BBVA Group works with ambition in the pursuit of this goal, is open to questioning everything and does not settle with doing things reasonably well, but seeks excellence as the standard.

- **We are ambitious:** BBVA sets itself ambitious and motivational challenges to have a real impact on people's lives.
- **We break the mold:** Question everything we do to find new ways of doing things, innovate and test new ideas that helps us learn.
- **We amaze the customer:** BBVA aims to excel in everything it does in order to amaze the customers with unique personal experiences and solutions that beat their expectations.

## We Are One Team

People are of utmost importance in the Group. All employees are owners and co-responsible for this project. They break the mold and trust others as well as themselves.

- **I am committed:** "I am committed to my role and my goals and I feel empowered and fully responsible for achieving them, working with passion and enthusiasm".
- **I trust others:** "I trust all my coworkers right from the beginning, and I work generously as I collaborate and break down silos and hierarchical barriers".
- **I am BBVA:** "I feel like an owner of BBVA, I take responsibility for the bank's objectives as if they were my own, and I do everything in my power to achieve them and make our purpose a reality".

These values are reflected in the daily life of all BBVA Group employees and influence in all their decisions.





**The customer** comes first

 We are emphatic

 We have integrity

 We solve all your needs

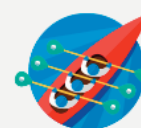


We think **big**

 We are ambitious

 We break the mold

 We surprise the client



We are **one team**

 We are committed

 We trust in each other

 We are BBVA

For the implementation of these values, we have the support of the entire organization, including senior management, launching local and global initiatives that ensure its homogeneous dynamization throughout the Group. In 2019, values and behaviors were present in all processes of the professional development model 18 and in Talent & Culture policies, in order to promote corporate culture.

One of BBVA's main identity characteristics are its purpose and values, as well as its condition of a data-driven organization, that is, making data-based decisions, essentially to improve the customer experience. During 2019, the bank made progress in positioning its identity with the celebration of the second edition of the Global Values Day, a milestone of BBVA culture that aims to celebrate, internalize and live its values. At a corporate level, more than 82,000 employees followed this event online, through its digital solutions, and 37,000 tried to exemplify the bank's values with specific behaviors linked to the purpose, thus collecting more than 10,000 practical cases of how to apply the corporate culture. This event was also used to reach customers, achieving more than 16,000 feedbacks that helped to understand in what measure BBVA solves their current needs and how can it continue to help them in the future.

Similarly, in 2019 the Values Challenge was created, a new initiative that encourages entrepreneurial attitude in the Group, emerging from the opinion of the employees on Values Day 2018. In this program, employees are an active part of the Group's transformation by being involved for two months in the development of projects that might be implemented within the Group. In its first edition, 500 employees from all geographic areas were involved.

## Materiality

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

### Materiality Analysis

During 2019, BBVA updated its materiality analysis with which it intends to prioritize the most relevant issues, both for its key stakeholders and for the business. The materiality matrix is one of the inputs for the Group's strategic planning and determines the priority aspects on which to report.

The phases of this analysis, led by the Strategy & M&A Area and the Department of Responsible Business, were the following:

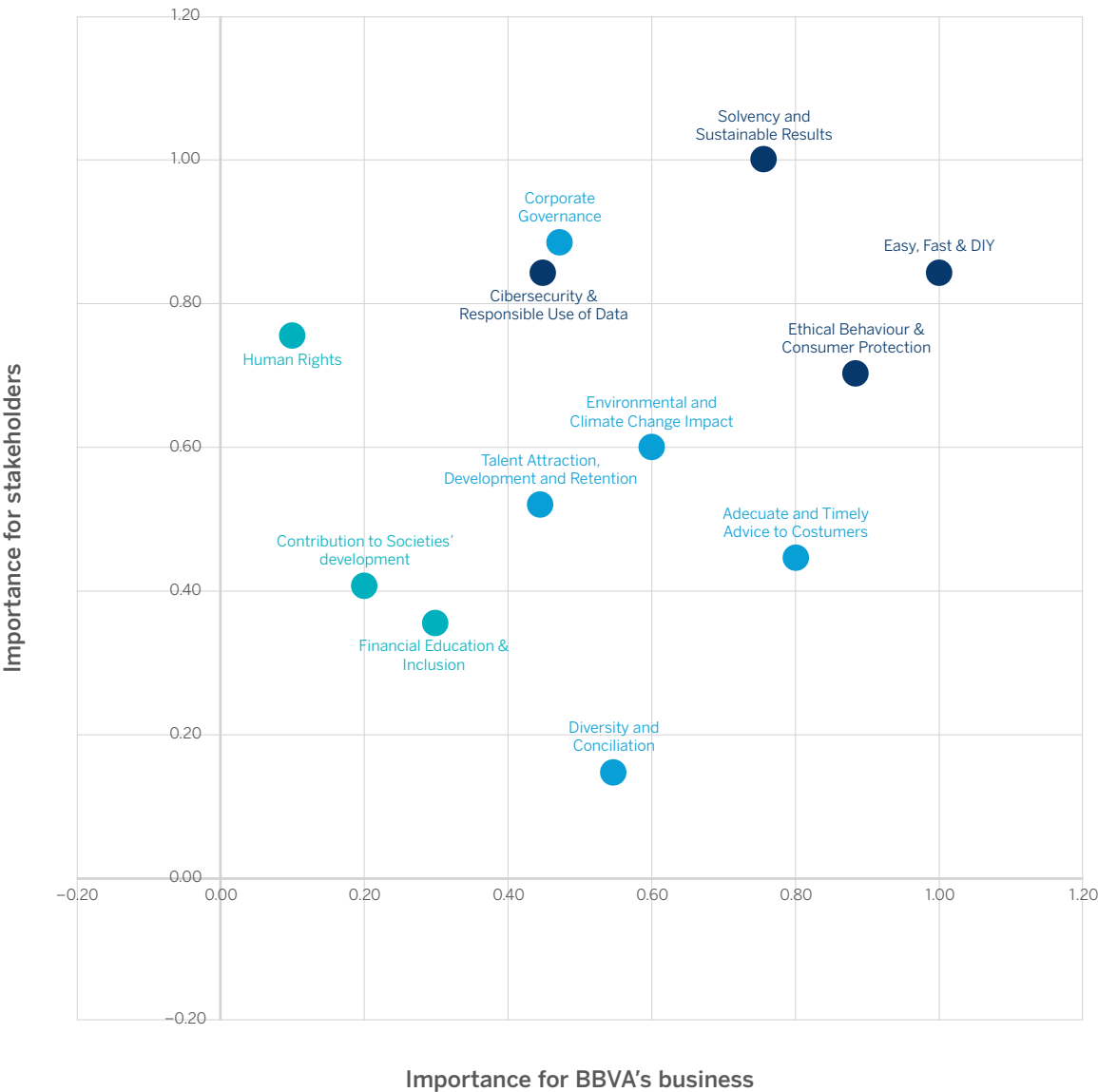
1. Verification of the validity of the list of relevant issues identified in 2018 based on the information from the usual listening and dialogue tools.

**During 2019 BBVA updated the materiality analysis with which it intends to prioritize the most relevant issues, both for its key stakeholders and for the business.**

2. Prioritization of matters based on their importance for stakeholders (clients, employees, investors, etc.) following the previous year's methodology. To meet the priorities of some of these groups, interviews and additional surveys were carried out ad hoc in all the countries covered by the study. For other stakeholders, we use Datamaran, a data analysis tool.

3. Prioritization of issues based on their impact on BBVA's business strategy. The strategy team carried out an assessment of how each of the issues impacts the six Strategic Priorities, on the understanding that the most relevant issues for BBVA are those that help it achieve its strategy to a greater extent.

The result of this analysis is BBVA's materiality matrix in Peru.



GRI 102-44

After the analysis, it was obtained that for the stakeholders the six most important points are:

- **Solvency and sustainable financial results:** BBVA must be a strong bank, solvent and with good sustainable results, thus contributing to the stability of the system; likewise, they demand a business model that responds to changes in the context: disruptive technologies, new competitors, geopolitical issues, etc.

- Ethical behavior and consumer protection:** BBVA must have a behavior with integrity and that protects clients or depositors by acting with transparency, offering products appropriate to your risk profile and managing with integrity the ethical challenges presented by some new technologies.
- Simplicity, agility and self-service for customers:** BBVA must offer an agile and simple operation, at any time and from any place, leveraged in the use of new technologies that allow greater efficiency in operations, generating value for shareholders.
- Personalized customer advice:** BBVA must provide solutions appropriate to clients' personal needs and circumstances and assist them in managing their finances and their financial health, proactively and with a good attention.
- Cybersecurity and responsible use of data:** BBVA must secure data provided by stakeholders and use it only for agreed purposes, in permanent compliance with current legislation. This is essential to maintain the trust in the bank.
- Corporate governance:** BBVA must have solid corporate governance, with an adequate composition of the government bodies and consistent decision-making processes and allocation of responsibilities as well as control of processes, all of which must be properly documented.

The information regarding the performance of these relevant matters by BBVA in 2019 is reflected in a different chapter of this management report.

BBVA carries out a materiality analysis in order to understand and prioritize the most relevant issues to both its key stakeholders and its strategy. Meaning, it is an analysis that contributes to the development of the business strategy in coherence with what is expected from the Group, as well as to determine what information should be reported.

## Responsible Banking Model

GRI 102-16, 102-19, 102-20, 102-32, 102-33, 102-34

BBVA understands Corporate Social Responsibility (CSR) as the bank's responsibility because of its activities' impact on society. In order to fulfill this duty, the bank integrates the social, environmental, ethical factors about human rights and from stakeholders on a daily basis and in the engagement with them.

To accomplish its policy, BBVA must contribute to the following goals:

- Develop their main activity in a responsible manner, putting people in the center of its purpose.
- Maximize the creation of sustainable and shared value for its shareholders and for other stakeholders and the entire society in which it operates.
- Prevent and mitigate the possible negative impacts derived from its activity.
- Improve BBVA's reputation.

This CSR policy intends to create a reference framework that contributes to define and impulse behaviors that allow to generate value for all the stakeholders (clients, workers, shareholders, suppliers and society) in the frame of a social responsibility culture that translates in developing a 'Responsible Bank' in all the entities that are part of BBVA Group.

With the objective of developing a different way of banking through a business model named 'Responsible Banking', based on the search of rentability tied to ethics principles, legal compliance, good practices and creating long-term value for all stakeholders, BBVA rules its policy under the following principles:

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**The bank integrates the social, environmental, ethical factors about human rights and from stakeholders on a daily basis and in the engagement with them.**

- Integrity as a manifestation of ethics in its actions and engagement with the stakeholders.
- Prudent risk management.
- The maximum transparency to offer access to clear and truthful information.

To accomplish these principles, BBVA puts in practice the following concrete compromises:

#### **a) Clients**

- Place the client as the center of activity within the bank, with the objective of establishing lasting relationships, founded on mutual trust and value contribution.
- Impulse a clear, responsible and transparent communication, and financial education that facilitates financially informed decisions.
- Favor the development of high social impact products and services, adapted to the client's living context.
- Promote financial inclusion and universal responsible access to financial services.

#### **b) Employees**

- Respect diversity; promote equal opportunities and no discrimination of gender, age, disabilities or any other circumstance.
- Promote practices for reconciling work and family life.
- Implement practices to guarantee payroll security and care for all employees' health.
- Promote a culture of social commitment and shared values among employees, providing the conditions for volunteering activities to be carried out.

#### **c) Shareholders and Investors**

- Provide transparency, veracity, immediacy and homogeneity in information communication.
- Facilitate information that might be necessary to allow the correct exercise of shareholders' rights.
- Publish information in continuous, periodical, timely and available manner.
- Treat all shareholders and investors in the same position in equal manner.
- Use a variety of instruments and communication channels that allow the shareholders to access the bank in an easy and convenient way.

#### **d) Society and Environment**

- In societies where the bank has presence, support their development through financial activity as well as social programs focused on education, knowledge, financial learning and entrepreneurship.
- Boost individual 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 spread of responsible practices.
- Define and implement an Environmental Policy that includes, among other objectives, risk management in this area, the progressive interaction of environmental variables in the development of products and the promotion of eco-efficiency with the management of direct impact.
- Promote actions against climate change, such as promoting low-carbon financial solutions and transparency in emissions.

#### **e) Suppliers**

- Define and implement a Responsible Procurement Policy (RPP) that includes, among other things, to provide complete and transparent information in the processes of procurement, respect for human and Labor rights in the supply chain and incentives of demand for responsible products and services only.

## **f) Tax Responsibility**

- Carry out the bank's activity by adequately complying with the fiscal obligations and avoiding any practice that involves the illicit avoidance of the payment of taxes or the damage of public treasury. The Group has a Fiscal Strategy in accordance with the principles of integrity, transparency and prudence.

## **g) Prevention of Illegal Behavior**

- Encourage compliance with legal obligations and avoid any behavior that is contrary to internal rules and policies or that may harm the equity, image or reputation of BBVA.

## **h) Respect for Human Rights**

- Implement the Commitment on Human Rights, which includes respecting them in accordance with the International Bill 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**

- BBVA is committed to the main international standards on matters of the RPP.

All business and support areas of the Group integrate this policy into their operational models. The Responsible Business Department coordinates its implementation and works fundamentally as a second line to define the standards and give them the correspondent support.

The responsible banking model is supervised by the Board of Directors and its different commissions, as well as by the bank's senior management.

## **Listening and Dialogue Tools**

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

During 2019, BBVA decided to continue developing its report under the GRI Standards methodology. To comply with each of these indicators, the bank carried out a series of actions with its stakeholders that allowed it to determine and update the material aspects with greater relevance for the development of its performance in this matter.

The teams involved within the bank reported their performance and their main actions, which were reviewed and aligned with the social responsibility goals and with the strategy that must accompany its impact on the business.

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

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**The teams involved within the bank reported their performance and their main actions, which were reviewed and aligned with the social responsibility goals and with the strategy that must accompany its impact on the business.**



### 1. Society and Customers

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

Customer service, and complaints and claims analysis committees

Customer advocate

Reputation survey to customers and society (Reptrak)

Millward Brown continuous tracking of advertising and branding

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

Analysis of presence in social media: Quantico

Analysis of presence in the media: Access

Participation in events and forums on corporate responsibility and reputation

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 workshops with employees to get their opinion on specific issues

Regular personal interviews between each manager and the members of their team, as well as fixation objectives, competencies and feedback interviews

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

Report Channel (free and anonymous line)

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

HH. RR Department (Talent & Culture) and in particular the managers, who periodically interview people

Google+ Communities

"Apúntate"

Results presentation meeting

### 3. Investors and Shareholders

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)

Roadshows and meetings with investors and shareholders

Attendance at conferences for investors and shareholders engagement with analysts and rating agencies

Alert services and shipments of relevant information

### 4. Regulators

Bank participation in different formal and informal groupings to improve understanding of the regulator concerns

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

Regulatory trends reports .

### 5. Suppliers

Homologation questionnaires

Satisfaction surveys

Regular meetings with suppliers

Online trading and provisioning tool (Adquira)

Suppliers mailbox

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

BBVA maintains constant communication with its stakeholders, to whom it informs their actions in multiple ways, publishing both on social media and on its internal and external channels and in main media each of the actions it makes.

# Customer Relationship

## Customers' Experience

GRI 416-1, 416-2

BBVA places the customer in the center of the business, not only as a consequence of making emphasis in the corporate value "the customer comes first" within the entire organization, but as the main axis of action of its service strategy.

BBVAs' goal is to make sure the client, after making use of its products or services, can feel completely satisfied and as part of an experience qualified as outstanding, and is willing to recommend the bank to its family and friends. In order to accomplish this, the bank must fulfil certain premises, such as being trustworthy and innovative, and be able to allow the customer to access to opportunities that he or she did not have before; in other words, to be the customers' favorite financial ally for the achievement of its plans.

With all of this in practice, it is the customer who chooses the form of interaction that best suits its profile, and it is also the customer who is able to recognize the relevant information of the products and services he or she has chosen to use, thanks to the tools that he or she has at its service.

In conclusion, BBVAs' challenge is to put the customer in the center of the value proposal, in order for them to perceive the benefits of its strategy in a clear and an appropriate way.

### NPS and Feedback

The bank maintains the measurement of the Net Promoter Score (NPS), which allows the identification of strengths and opportunities for improving the perception of the service provided to customers.

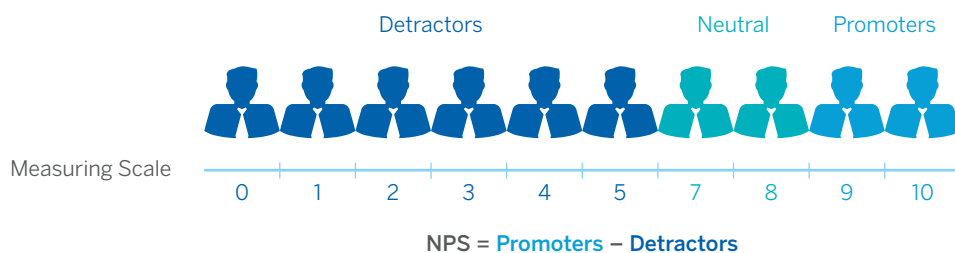
1. **Listening to the customers' voice** was a priority throughout the year, wherefore the feedback collection mechanisms were consolidated through a monitoring system implemented in various channels, with which the transactional and relational experience developed by clients was evaluated.

2. **The Quality Committee**, who's leader is the banks' CEO, has as a top priority to boost the customers' voice and implement the actions identified as opportunities for the improvement of the customers' experience.

3. **Transferring feedback** to the execution allowed the developments made to take the customer's opinion as a starting point.

Throughout 2019, 300,000 polls were made in different contact points in order to collect the clients' voice.

**BBVAs' challenge is to put the customer in the center of the value proposal, in order for them to perceive the benefits of its strategy in a clear and appropriate way.**



## Quality Initiatives

Among the advances made during the 2019 period, the following stand out:

- Make the customers' voice available: We collected the answers of 300,000 customers throughout the year and channeled their feedbacks inside the bank.
- Continue with measurements of the Network Employee Recommendation Index based on the goal of transmitting to the internal areas the perception of the service provided by them to the offices. Thanks to this, improvements were applied to the customers' service and processes in the internal areas which optimized the experience of the network partners.
- Consolidate the continuous improvement focus in all the channels and products.
- Take the Customer Experience Comprehensive Program to all the network partners.

### GRI 416-1

To know the degree of recommendation of customers, the Group uses the methodology Net Promoter Score (NPS), which recognizes BBVA as one of the most recommended bank entities within the countries where it is present.

## TCR Communication

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

BBVAs' Project known as Transparent, Clear and Responsible (TCR) Communication helps the customer make informed decisions throughout its relationship with the bank, in order to guarantee the customer that it is always he or she who has the control. The goal is to increase its confidence, its level of recommendation and loyalty, for this we offer an easy to understand language, relevant information which allows the customer to always protect its short-term, mid-term and long-term interests and promotes responsible financial behaviors.

Based on the principles of TCR Communication, throughout 2019 the following actions were executed:

### Training of Office Employees

Every time that information is presented to a customer it must be given in a TCR manner since the very first contact the customer has with BBVA, knowledge of the principles that this entails was reinforced, with emphasis in the training of new office employees. In this way, it was ensured that the principles of TCR communication are present in advisers, executives and bankers for their use from the moment they begin to serve the client in the office.

### TCR Products Files

They are graphic files that explain the benefits, requirements, costs and risks associated with the banks' products, with a clear language and an easy to understand structure. The files, which include a glossary of terms for the technicalities that are inevitable, can be found in the portal (Entorno Colaborativo/EI Portal) where the executives of the offices can access and share them with the customers at the moment of contracting with the client.

**BBVAs' Project known as Transparent, Clear and Responsible (TCR) Communication helps the customer make informed decisions throughout its relationship with the bank in order to guarantee the customer that it is always he or she who has the control.**

In 2019 the TCR forms were renewed with an innovative design that uses visual elements that facilitate the understanding of relevant information. Currently, El Portal has TCR files for natural and legal persons.

## Digital TCR

During 2019, compliance with the TCR principles was monitored in the digital initiatives delivered by the customer (EMC). This took place within the quality assurance process (QAP), which allowed all specialists in the areas of Legal Service, Finance, Risks, Regulatory Compliance Regulations and all those that should review the viability of these deliverables, meet such conditions.

Likewise, the following actions implemented were specified, both in the process of creation of digital products and services, as in the training.

- Application of the TCR checklist with the 15 TCR principles for the 63 MVPs designed in 2019, mainly in channels such as Internet Banking, Mobile Banking, ATM and the new public website.
- Inclusion of a second TCR compliance check in the general control process of quality 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 and internal reviews to monitor the application by TCR.
- Facilitation of TCR and Human-Centered Design training workshops 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. Two trainings were offered during the year with a massive reach and five ad hoc according to employee rotation.

## TCR Complaint Letters

Being a transparent, clear and responsible bank does not mean being so only at the moment of hiring; it is necessary to integrate the TCR principles in all interactions with the client, from the collection to the management of a complaint.

Thus, when responding to a complaint letter, it must be taken into account that this is very possibly a sensitive situation for the client, so the language, structure and tone of what is said play an important role.

The goal is that, although the client receives a response contrary to what he or she expects, this do not harm its level of trust with BBVA.

In this line of thought, in the first quarter of 2019, with the support of the director of DiloFácil, Oscar García, a review of a group of letters of response to complaints was carried out, focusing on the use of a language that is clear and empathetic that was also precise in the opinions and explanatory of the inevitable technicalities.

# Complaint and Claims Management

### GRI 416-1, 418-1

BBVA is committed to offering clients personalized attention that facilitates solving their needs in an agile and efficient way, as well as improve the capacity response with quick solutions.

As part of this goal, during 2019 the bank evolved its customer service model by implement initiatives focused on quick solutions, which produced 167 thousand wow experiences, which allowed, by having more satisfied customers, to retain them and generate a point of contact to offer more products and/or services. In parallel, the discomfort (pain) was expressed by customers regarding the waiting time of resolution of their claims, for which the attention processes were improved, and now they contemplate differentiated terms according to each casuistry.

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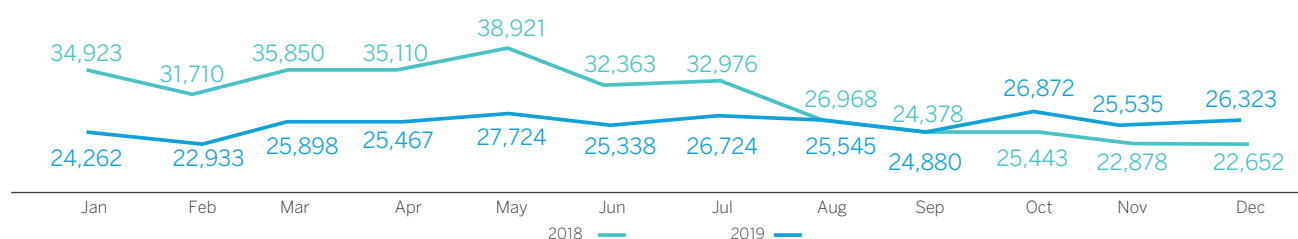
**During 2019 the bank evolved its model of attention by implementing initiatives focused on quick fixes, that produced 167 thousand wow experiences.**

The work of the Customer Wellness team made it possible to close 2019 with a ratio of 6 claims for every 10,000 operations, which positioned the bank as the best in terms of operational efficiency, by receiving fewer complaints than its main competitors.

**The work of the Customer Wellness team made it possible to close 2019 with a ratio of 6 claims for every 10,000 operations, which positioned the bank as the best in terms of operational efficiency, by receiving fewer complaints than its main competitors.**

Likewise, when carrying out an evaluation of the client's discomfort (pains), the transformation of response letters and communications was identified as improvement opportunities, that were part of the claims process. For this reason, it was decided to work with the Image, Litigation Legal Services, Regulatory Compliance and SAC areas on a communication plan that would improve notifications to the client related to claims, which included simplifying the responses and generating empathy in its content even if the opinion was "Not applicable", in order to have a positive impact on NPS. The focus was on redesigning the response letters, improving the mailbox templates, designing new letters for repetitions, and developing a user manual for analysts. The letters transformed in phase I and II cover 75% of the total claims.

#### Complaints and Request Evolution 2018-2019



## Redesign of our Communication Plan

#### SQUAD: WOW transformation of our communications-Phase 2

##### Worked Levers:

1. Simplify Communication

2. Create empathy from "not applicable" answers

3. Impact (+) in NPS

#### COMMUNICATION REVIEWS – PHASE 2

REDESIGN OF ANSWERING LETTERS  
(Cards, Accounts, Channels Core, others)

100

MAILBOX TEMPLATES  
(Natural and Legal Persons)

82

NEW LETTERS FOR REPETITIVE  
(Fraud Letters and SAC of Phase 1, Netflix Letters, Phase 2 Letters)

70

MANUALS FOR MAILBOX TEMPLATES AND ANSWERING OF LETTERS

2

The transformed letters in Phases 1 and 2 comprehend most of the monthly received complains

75%

#### GRI 417-3

In the 2019 period, BBVA presented 110 cases of non-compliance with the Guidelines for ASBANC advertising. Adherence to these guidelines seeks to make easier the understanding of information related to interest rates, fees or other characteristics and conditions of financial products.

#### GRI 418-1

In 2019, BBVA received and resolved 639 cases related to leaks and loss of customer data, of which 193 were substantiated and concluded in a favorable resolution for customers.

#### GRI 408-1

#### Basic Complaint Data

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



# Client Protection

## GRI 416-1, 416-2

BBVA has defined a set of security and monitoring measures to prevent any occurrence of cybersecurity incidents and fraud. The key is to detect in a timely manner any potential threat and take swift action to mitigate any damage to the organization.

In 2019, BBVA strengthened its control measures against possible cyber-attacks, for which it continued to implement the prevention, preparation, response and cybersecurity recovery plan oriented to the following fronts: Malware, ATMs, SWIFT Platform and Information Leakage. Fraud management continued focusing on the improvement of processes and the incorporation of new technologies that optimize the levels of detection and prevention and reduce the risk of potential losses.

As main project, the implementation of CyberSoc Local was highlighted, an experienced and specialized team provided efficient cybersecurity service and response management to incidents 24 hours a day, 365 days a year.

In addition, during 2019 the reviews of extended companies continued, as a way of validating compliance with the security measures required by BBVA to its providers.

## GRI 416-2

The Business Continuity Management System implemented at BBVA has as its main objective to safeguard the interests of clients and other stakeholders from the eventuality of a critical interruption in operations, as well as training and preparing the staff for an adequate response. The bank has a Crisis Management Plan and other specific response plans, which are reviewed and optimized annually with the involvement of senior management, management, staff and suppliers.

In 2019, the drill of the Crisis Management Plan was carried out jointly with the main entities of the financial system, in a meeting organized by the Central Reserve Bank of Peru and directly supervised by the SBS. The proposed scenario simulated a cyberattack in malware mode, which tested the ability of the organization and response of the financial system to recover the normal flow of banking operations of clients and other stakeholders.

Finally, it should be noted that, since 2017, BBVA has annually renewed its ISO certification 22301:2012 – Business Continuity Management Systems, in recognition of the alignment and maturity of its business continuity management model with respect to the highest international standards.

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# Responsible Practices

## The Team

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

To achieve the purpose of bringing the age of opportunity to everyone, BBVA has defined “Having the best team” as one of its strategic priorities. Therefore, Talent & Culture has developed a strategy that includes a holistic transformation of the employee experience from an identification of the employees with the cultural DNA of the organization; that is, a leveraged change in the purpose and values of BBVA, which ensures working under organizational structures that develop the talent and leadership styles that promote empowerment. To consolidate this strategic priority, a variable compensation model has been defined aligned to the achievement of transversal objectives.

At the end of 2019, BBVA was made up of 6,180 people distributed in 23 regions. Of these, 52% were women and 48% men, with an average age of 35 years and an average seniority within the organization of 9 years.

As a strategic ally of the integral transformation of BBVA, in 2019 Talent & Culture initiated the implementation of an intense process of cultural transformation that defines a value proposition that impacts both the attraction of the best external talent and the retention of the best professional profiles in the organization.

As transparency, innovation and focus on execution are the three essential pillars on which the performance of Talent & Culture is based upon, three basic principles were defined:

- **Strategic ally of the business:** Being a transcendental partner for making decisions, decisively contributing to the heart of the business.
- **Make things happen:** Providing the support that teams and people need to develop within the organization and motivate talent to work aligned towards a unique culture.
- **One team:** Working as a single team, across the entire organization and between geographies and without functional “costs”, promoting trust and identification with the purpose of the organization.

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**At the end of 2019, BBVA was made up of 6,180 people distributed in 23 regions. Of these, 52% were women and 48% men, with an average age of 35 years and an average seniority within the organization of 9 years.**

## Basic Information of BBVA's Team

	2019	2018	2017
Number of employees	6,180	6,008	5,666
Average seniority (years)	9	9.1	9.2
Average age (years)	35	34	35
Gender diversity (% Women)	52	52	52
Turnover (%)	18.3	21	18.2

## Employee's Average Age (years) and Age Group Distribution (%)

	2019				2018				2017			
	Average age	<25	25-45	>45	Average age	<25	25-45	>45	Average age	<25	25-45	>45
Average age	35	14	71.5	14.5	34	15.33	69.49	15.18	35	15.8	67	17.2

## Employee's Average Seniority, by Gender (%)

	2019	2018	2017
Average seniority	9	9.2	9.2
Men	9.7	10.2	10.2
Women	8.3	8.3	8.3

## Employees by Professional Category and Geographic Area

	2019		2018		2017	
	Number of employees	% payroll by geographic area	Number of employees	% payroll by geographic area	Number of employees	% payroll by geographic area
Management team <sup>(*)</sup>	87	1.4	87	1.5	87	1.5
Mid-level managers	1,188	19.2	1,224	20.4	1,194	21.1
Specialists	1,627	26.4	1,565	26.1	1,441	25.4
Sales force	1,549	25.1	1,411	23.5	1,304	23.0
Staff	1,729	27.9	1,721	28.7	1,640	28.9

(\*) Board and unit managers.

# Recruitment, Training and Development

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

## Talent Acquisition

During 2019, Talent & Culture deployed different strategies to attract talent, in line with the growth needs of the organization and the incorporation of new profiles in administrative and business areas. Under these premises, and through processes of massive and individual recruitment, resulting in a total of 1,150 new hires.

In addition, three programs were developed to attract new talent, aimed at students and university graduates, who took on the challenge of participating in Engineering, Business Process Engineering and Corporate & Investment Banking projects.

**1. Internalization Project:** The massive call for a Hackathon allowed us to identify the best young talents in engineering careers. The initiative of internalization of new knowledge and talent achieved the incorporation of 81 employees to various Engineering teams.

**2. Young Professional Data:** A global program targeted at students and newly graduates aimed to develop skills related to data science and train future Data

Scientists. Four new talents were brought in, who began their training in the Data University program.

**3. Top Talent CIB:** It is a global program to attract young talent for the area of Corporate & Investment Banking. The hired professional, in addition to receiving a training program and rotation in different teams, had a training stash in Madrid to exchange knowledge with program participants from other geographies.

**In 2019, Campus BBVA was renewed through B-Token, the virtual currency that through a reward system adds value to classroom or online training resources.**

Leveraged on the Professional Development Model and within the “Improvement” lever, the employees have BBVA Campus, a training platform that promotes a culture of continuous learning, with autonomy to design training experiences and develop new capabilities. Thus, it enhances knowledge and skills associated with the strategic priorities of BBVA and accompanies them in the development of their career.

Available through a technological platform, Campus BBVA allows all Group members immediate access to a universe of training resources (videos, pills, materials, courses, MOOCs, etc.) available 24 hours for various devices.

In 2019, Campus BBVA was renewed through B-Token, the virtual currency that through a reward system adds value to classroom or online training resources. Thus, promotes employee self-learning, who earn B-Tokens<sup>(\*)</sup> by taking virtual courses and then invest in courses of their interest, which for the most part is associated with its role.

## Learning

On the other hand, taking into account business priorities, the training promotes programs of high academic level that allow the development and advancement of new capacities:

### Data University Program

During 2019, the digital transformation continued through this training proposal that allows improving the skills of data professionals with two core programs: Data Scientist Fundamentals and Data Specialist Fundamentals. Throughout the year, three classes were formed, with a total of 41 participants, who after 5,560 hours of training resulted in 16 Data Scientist experts and 25 Data Specialists. As part of the improvement of the program, the coaching program for the employees trained in Data University, in order to encourage the development of cases with the support of an expert mentor.

On the other hand, and under the same approach, the Young Professional Data program was released, aimed at advanced training of Data Scientist experts. In the 2019 version four trainees participated with an internship plan in the Client Solutions, Finance, Risks and CIB areas. Each of them had a mentor and coaches assigned by area, in addition to an associated support plan. Currently, four trainees are currently occupying Data Scientist positions in the areas mentioned.

### Tech U and Ninja Program

Both programs are part of the specialized offer for strategic roles in the Engineering area.

On the one hand, Tech U aims to prepare software designers in the implementation of the New Ether Corporate Platform. The program, which includes three levels of training according to expertise, prepared 316 employees during 2019, 6,840 hours were invested in the startup level (virtual), 104 in the practitioner (face-to-face) and 126 in the specialized (blended).

On the other hand, Ninja is a virtual platform with gamification that makes available for the employee a specialized and diverse offer. In 2019, 650 Ninjas registered, two of

(\*) B-Token: BBVA considers that promoting a culture of learning is the key for people development. Under this perspective, the B-Token was created, a virtual currency that let evolve the Group's training model and gave to every BBVA employee the opportunity to automatically design their own training experience by accessing a whole universe of resources without restrictions.

which achieved the highest level of expertise on the platform. Likewise, we had 106 Talks, 116 Workshops, 51 Certifications, 1,619 Moocs and 2 Hackathons.

### Process Academy Program

Within the process improvement training plan, in 2019 nine editions of the Process Academy were deployed: five deployments of the sponsor level, which trained 120 employees, and four at the practitioner level, for 127 employees. The total training hours were 4,234 and, as a result of the program, 23 improvement projects were implemented.

The Process Academy Fair was created and implemented, a quarterly space in which the Practitioner level teams present the results obtained in their training improvement project, share their knowledge with other Bank employees, are recognized by the organization and paid with B-Tokens.

### Agile, Design and Behavioral Economics Training

To accompany the transformation of the bank, learning maps of agile, design and behavioral economics disciplines were deployed, in alliance with expert teams of each one of them, which yielded great advances in the promotion of these new capabilities in employees.

Level	Agile	Behavioral Economics	Design
Basic	<b>Agile Express</b> 168 people, 252 training hours	<b>Intro to Behavioral</b> 1,102 people, 639 hours	<b>Design Thinking Express</b> 86 people, 129 hours
Intermediate	<b>Agile Fundamentals</b> 2 editions, 47 people , 376 hours <b>Alex</b> 2 editions, 67 people , 536 hours <b>Acax</b> 2 editions, 36 people, 288 hours <b>Awex</b> 11 editions, 573 people, 4,584 hours <b>Atex</b> 1 edition, 46 people, 368 hours	<b>Behavioral Economics Fundamentals</b> 5 editions, 118 participants, 2,596 hours	<b>Design Thinking Fundamentals</b> 81 people, 2,582 hours

### Commercial School

During the concluded period, the training of offices' network employees was reformulated (retail and wholesale) in order to increase their substantial coverage. This action allowed to enhance the content and quality of the topics of the training proposal for the different network profiles.

The project began with a needs assessment and testing of various programs in the branch network, which allowed to activate onboarding, updating, rescue and training programs aimed at the different management positions.

The blended training methodology was enhanced by two important milestones: on one side, the training role of managers was reinforced during office training; on the other side, alliances were strengthened with prestigious universities and international consulting firms in face-to-face courses on risk and sales skills.

During 2019, 70,080 training hours were developed for employees of the Retail Network, which trained 707 service advisers, 207 relationship bankers and 336 Business Banking executives. Likewise, as a product of 7,020 training hours focused

on the Wholesale Network, 117 Corporate and Business Banking executives were formed.

### ESAN Risk Certification

For the second consecutive year, and as a fundamental piece for the proper functioning of one of the bank's pillar values (#OneTeam), in 2019 a certification focused on SME risk management for profile positions specialist was deployed. The program generated a total of 1,152 training hours for 32 employees.

### BBVA Feedback Week and Growth Plans

On the other hand, as part of the "Improvement" lever, the use of new growth opportunities at the bank was encouraged. Through growth plans, the employee can design a roadmap with clear objectives about their own development at BBVA.

Along these lines, in 2019 the culture of continuous learning was encouraged through the development of three BBVA Feedback Weeks to promote a culture of feedback. Thus, after developing 1,458 sessions in a positive and trusted ecosystem between leaders and employees, 58% of these have a growth plan.

### New Professional Development Model

The People Management Model evolved in 2019 to the New Professional Development Model, which objective is to put people at the center of the actions of Talent & Culture, giving them 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.

#### Know Yourself

Aware that the basis for making good decisions is knowing yourself, the employee clearly knows their main strengths and abilities, as well as what BBVA expects from each employee according to their role.

Among the tools that allow the employee to know himself, there is the People Rating process, which provides a rating based on ten skills, categorized between cultural, leadership and transversal, in addition to evaluating technical and potential skills. These skills are scored in a 360° assessment by their peers, employees and boss.

In total, 4,741 employees received their valuation reports in 2019, each one with detailed results and important information to help them understand their profile.

As part of the tools that allow the employee to know their strengths and opportunities for improvement, BBVA offers them the tools Evaluation of Individual performance and Project Review.

The Individual Performance Evaluation is carried out annually for all BBVA employees and allows measuring the fulfillment of their goals and how they have lived the values during the year.

Moreover, Project Review is a quarterly evaluation that is carried out for members of projects and provides a specific assessment of the development of their functions in the project to which they are assigned.

#### Improvement

In this stage, the employee, after receiving the results report, manages actions to cover the improvement points identified in the evaluations and prepares a growth plan, together with the person in charge. In addition, through Campus BBVA, a training ecosystem with more than 7,000 resources, the employee can access a wide range of trainings both face-to-face and online, and accumulate or spend B-Tokens.

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## Explore

The employee, at this stage, is the true intentional creator of their professional trajectory, by accessing Mobility, the local and global internal mobility tool that makes it possible to find multiple career opportunities within the organization.

### Mobility – Global Mobility

In a context of constant globalization, BBVA carries out its Global Mobility program, a transversal initiative throughout the Group that enables the employee to explore new career opportunities in other countries where Mobility is located. To guarantee and ensure that the professional and personal experience of the process is full in all areas, BBVA has developed an international mobility policy that constitutes a complete support to the employee from the moment of application.

With the firm objective of giving priority to internal talent, in 2019, 960 internal selection processes through Mobility, of which 476 were successful and contributed to the professional growth of the employee.

### Employee Branding

As one of the actions to strengthen BBVA employer brand, at the beginning of 2019 a Social Media and Marketing Content Plan was designed, based on the definition of the goal: express, through valuable content, the benefits, culture and experience it represents to belong to BBVA. Under this panorama, a content strategy was designed for the management of the bank's LinkedIn profile. This plan considered five communication pillars:

- 1) **#LifeatBBVA**, on positive Labor practices and their impact on employees;
- 2) **#TipBBVA**, with valuable recommendations for the target audience in terms of employability;
- 3) **#BBVAQuotes**, focused on giving prominence to the bank's main leaders;
- 4) **#TransformaciónBBVA**, which highlighted new technologies and agile methodologies that are practiced on the bank, and
- 5) **#OportunidadesLaborales**, with available job offers.

With this approach, outstanding results were achieved in terms of metrics. The number of followers rose from 134,991 (December 2018) to 206,654 (December 2019), the number of interactions (engagement, which combines relevant data from recommendations, comments and shares) grew from 27,020 in 2018 to 55,290 in 2019, while the average number of impressions (appearances in the feed) tripled, from 10,140 in 2018 to 30,381 in 2019. On the one hand, the community of BBVA followers was consolidated on LinkedIn, converting followers into fans and, on the other hand, more followers were reached, thanks to graphic pieces with valuable content in various formats (videos, animations, carousels, infographics, galleries, etc.). For this reason, BBVA went from third to second place in terms of new followers, surpassing other brands in the same sector.

Finally, the average engagement rate (recommendations + comments + shares + clicks / views) was the highest in the category: 13.97%. This percentage exceeded by far the industry average rate on LinkedIn, on the order of 5.4%. Comparing this result with that of other brands active in this social network, such as Backus, Alicorp, Rimac, Entel, Belcorp or Sodimac, also surpassed the average solvency (5.7%). In months like June and November, this rate exceeded 20% (in August 2019 there was a post that exceeded 50% average engagement rate). It should be noted that in 2018 this percentage was 5% on average. The figure reached in 2019 only reveals that the content posted through the social network was of value to the audience, who recommended, commented and shared the contents.

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Thanks to these results, BBVA Peru's LinkedIn profile is in the lead when compared to others in the Group, such as Mexico, Argentina, Spain and the United States, and only below of BBVA Global account.

A fundamental milestone within the repowering strategy was the "Brand Employer Study", from the consulting firm Deloitte, whose methodological focus was on collecting the recommendation index of various strategic stakeholders, employees, working professionals, graduates of top master's degrees, graduates of careers related to the world of development, etc. The diagnosis made it possible to identify a diversity of improvement opportunities that will be addressed in 2020 through a methodology of work and action plans.

## Internship Program

BBVA offers young people who have not yet completed their professional studies and who have high academic performance the possibility of doing their pre-professional internships with the aim that they can have a learning stage within the organization. In 2019, a pool of 207 interns was achieved in all areas of the Headquarters.

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During their stay in the areas, the interns went through an internal evaluation where 70.45% were rated as 'outstanding' and 'very outstanding' by their bosses. For their part, the young participants mentioned learning in their areas, flexible hours, horizontal treatment and the work environment, among others, such as differential points of the program. As a reflection of the commitment to talent, the Bank hired 30% of the interns during 2019.

### BBVA Basic Training Information

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

	2019	2018	2017
Training Investment (in thousands of soles)	7,979,141	7,875,993	5,715,000
Training investment per employee (in thousand of soles)	1,291	1,311	990
Trained employees (%)	98	98	95.73

### Average Training Hours per Employee

GRI 404-1

Rank	Training hours		Employee number		Average hour / Employee	
	Man	Woman	Man	Woman	Man	Woman
Manager	14,710	9,567	339	238	43.39	40.20
Chiefs and specialists	27,931	25,738	669	569	41.75	45.23
Technicians	60,561	63,441	1,268	1,349	47.76	47.03
General staff	50,696	72,576	706	1,038	71.81	69.92

An important aspect for professional development is the completion of an annual process of Individual. Performance Evaluation, which evaluates both the level of compliance with the goals established in the year such as experiencing BBVA values: The Customer Comes First, We Think Big and We Are One Team.

#### GRI 404-3

Each boss must transparently communicate the result obtained, which fosters the trust of the teams and contributes to the commitment of the person in charge of working on the continuous improvement of the performance of the collaborators under his/her responsibility, under the premise of offering an appropriate career path.

#### Performance Evaluation

##### GRI 405-1

	2019		
	Men	Women	Total
Management team	79.0%	92.0%	83.0%
Mid-managing teams	95.0%	95.0%	95.0%
Specialist	92.0%	91.0%	92.0%
Sale force	96.0%	98.0%	97.0%
General staff	88.0%	90.0%	89.0%
<b>Total</b>	<b>92.0%</b>	<b>93.0%</b>	<b>93.0%</b>

Another instrument for evaluating and encouraging the evolution of the career line is the called People Assessment, which consists of comparing the skills of the employee with those of their role, based on the competencies defined at the Group level. This allows to identify strengths and opportunities for improvement through a growth plan.

#### Employees who periodically receive Professional Development Reviews and Performance Reviews (%)

##### GRI 404-3

	2019		
	Men	Women	Total
Management team <sup>(*)</sup>	66.7%	29.9%	96.6%
Mid-managing teams	48.4%	38.0%	86.4%
Specialist	38.7%	54.6%	93.3%
Sale force	52.3%	46.1%	98.5%
General staff	16.8%	20.3%	37.1%
<b>Total</b>	<b>38.2%</b>	<b>38.6%</b>	<b>76.7%</b>

(\*) Directive committee and unit managers.

## Diversity and Conciliation

#### GRI 405-1

Diversity is a determining factor for the creation and implementation of value proposals in the bank's projects. Therefore, in each recruitment process gender equality and equity criteria are taken into account. In this way, the presence of women becomes an inherent attribute of BBVA culture. Currently, women make up 52% of the payroll and 30% of the Board of Directors and unit managers.

Likewise, as part of fostering diversity and work-life balance, BBVA provides employment opportunities for people with disabilities, permanent communication with organizations that promote equal opportunities, such as the National Council for the Integration of People with Disabilities (Conadis, for its Spanish acronym) and the Ministry of Labor and Employment Promotion. Internally, BBVA coordinates with them the requirements for work furniture through the occupational physician and the social workers.

Betting on the integral growth of employees based on opportunities for professional and personal development, in 2019 the BBVA ModeOn benefits program was launched, an initiative that seeks to promote an improvement in the quality of life of employees through personal and work-life balance. The benefits program allows employees to enjoy benefits according to their needs: Flexible Hours (FlextimeModeOn), Home Office, Casual

**BBVA provides employment opportunities for people with disabilities and permanent communication with organizations that promote equal opportunities.**

Dress (Headquarters), the opportunity for network employees to take three days away from the office for whatever they need (3daysModeOn) and a day off for birthdays for all BBVA employees (MyBirthdayModeOn).

#### Employee Distribution by Gender and Profession (%)

GRI 405-1

	2019		2018		2017	
	Men	Women	Men	Women	Men	Women
Management team <sup>(*)</sup>	70%	30%	70%	30%	69%	31%
Mid-managing teams	53%	47%	55%	45%	55%	45%
Specialists	57%	43%	56%	44%	55%	45%
Sale force	43%	57%	44%	56%	42%	58%
General staff	41%	59%	39%	61%	42%	58%

(\*) Board of Directors and unit managers.

#### Employees by Type of Contract and Gender (%)

GRI 405-1

	2019			2018			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Fixed-term or indeterminate-term full time	41.31	40.5	81.81	41.0	40.0	81.1	40.4	39.6	80.0
Fixed-term or indeterminate-term part time	n.a.	0.02	0.02	n.a.	0.03	0.03	n.a.	0.02	0.02
Temporary	6.99	11.18	18.17	7.1	11.8	18.9	8.0	12	20

n.a.: Not available.

#### Workforce Voluntary Resignations (turn-over)<sup>(\*)</sup> and Distribution by Gender (%)

GRI 401-1

Turn over ratio over payroll	2019		Turn over ratio over payroll	2018		Turn over ratio over payroll	2017	
	Men	Women		Men	Women		Men	Women
18.3%	17.8%	18.7%	21.1%	22.5%	19.7%	18.2%	17.7%	18.6% <sup>(1)</sup>

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

#### Employee Turn Overs<sup>(\*)</sup>

GRI 401-1

	Men	Women	Total
Employee turn over	559	625	1,184

(\*) Additions due to consolidations are included.

#### Employee Discharges

GRI 401-1

	Men	Women	Total
Incentivized discharge	52	41	93
Volunteer discharge	214	233	447
Other	205	266	471
<b>Total</b>	<b>471</b>	<b>540</b>	<b>1,101</b>

## Diversity in the Management Committee and among Unit Managers

GRI 202-2

Country	Total	Percentage
Italy	1	1.15%
Spain	3	3.45%
Mexico	2	2.30%
Peru	80	91.95%
Equator	1	1.15%
<b>Total</b>	<b>87</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.

## Compensation and Benefits

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

BBVA Group bases its remuneration model aligned with the priorities defined by the shareholders and takes into account management according to the goals of the organization.

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 the professional trajectory.
- Ensure internal equity and external competitiveness.
- Have market references, such as analysis carried out by companies of recognized prestige and leaders in the compensation consulting sector.
- Ensure transparency.
- Guarantee that there is no gender pay differences.

The remuneration scheme is adapted at all times to what rules are establish by the applicable laws and incorporates the standards and principles of best practices.

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, with which a salary reference is set for each function.
- Variable compensation:** Rewards the generation of value in each of the units that make up the Group, remunerating the individual contributions measured by the individual performance evaluation composed of objectives and values, evaluations of the teams and the integration of all 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 the payment of schooling, insurance, bonuses and uniform, as well as vouchers for snacks, mobility and rest for grief, among others. Likewise, BBVA ensures that no employee earns below the legal minimum living wage.

GRI 401-2, 202-1

The Talent & Culture area is responsible for disseminating the "Corporate Schemes of compensation and valuations", which detail the management of these processes and their impact on the professional development of employees. The implementation of these schemes allows to promote the importance of the role of the direct boss in the differentiation and recognition of their equipment.

**BBVA Group bases its remuneration model aligned with the priorities defined by the shareholders and takes into account management according to the goals of the organization.**

BBVA's remuneration policy promotes equal treatment between men and women and rejects the wage differentiation by gender. The remuneration rewards level of responsibility model and professional trajectory, ensuring internal equity and external competitiveness. In the case of external competitiveness, salary studies are carried out 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

During 2019, BBVA determined that the ratio of the base salary of women to men is -0.26%; the calculation was made for all the recruiting employees during the year 2019 of BBVA excluding the management committee.

## Pension Funds System

#### GRI 201-3

The BBVA has a Pension Funds system (AFP/ONP) aligned with the Laws of Peru and are offered to different employees' aggregation. In general, the system of Pension Funds is of fixed contribution (on the employee behalf) for a retirement contingency. The contributions to the Pension Fund System is made under the Peruvian Labor regulations.

## Labor Conditions

#### GRI 102-41, 401-2

BBVA persists in developing adequate working conditions, for which it encourages training, integration and quality of life of the employee and their family. In that sense, throughout 2019, various activities and actions were managed for employees and their family members focused on recognizing, rewarding and valuing the contribution of the bank employee.

The Culture, Welfare & Communication team works in a very 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 yourself and your family.
- Protect health and contribute to their quality of life.
- Promote the benefits and facilities available to him.
- Disseminate the important portfolio of benefits that the Bank offers.

Likewise, since October 16, 2019, BBVA Group employees have Disfruta, a digital space located on the web portal, and BBVA Benefits app, which inform about discount programs and exclusive corporate promotions of different businesses nationwide, while allowing them to easily access these. By the end of the year, both Disfruta and BBVA Beneficios had received 6,800 visits from the employees. The benefits granted by the Bank are given in an equitable manner, without different type of contract, day, gender, age, etc.

#### GRI 401-2

Similarly, parental leave is governed by laws 26644 and 30807, which assign 10 days of leave for men, as a complement to the right to maternity leave, whose leave is paid for 98 days. During 2019, a total of 21 employees have enjoyed this benefit.

#### GRI 401-3

In accordance with the provisions of the law, the bank maintains a constant dialogue with representatives of BBVA Federated Center to reach agreements. All the employee's union members are covered by collective agreements. The board of directors of the union representation is elected by its associates for a period of two years.

#### GRI 102-1

As of January 1, 2019, BBVA Peru had 376 employees registered under the collective bargaining agreement concluded for the 2019 period, which represented the 6.3% of all employees.

#### GRI 102-41

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**The Culture, Welfare & Communication team works in a very committed way to carry out the programs and activities in favor of the employee.**

## Security and Health at Work

### GRI 403-2

BBVA is concerned that its employees have the knowledge and tools that allows both early detection of situations that may put your safety at risk or health like to actively participate in the process of improving work environments.

The intention of the bank is to produce an impact on working life and extend it to the family life in terms of risk prevention and health care. In that sense, the main actions carried out in 2019 were:

- Health promotion campaigns to raise awareness about the damage caused by solar radiation.
- Measurement of psychosocial risk throughout the organization, with participation close to 60%, whose objective was to know the psychosocial risks present to direct the activities for the prevention and control of these risks.
- A permanent activity in the year was to attract the population vulnerable to risks in their job, as is the pregnant employee. For example, the importance of reporting the pregnancy to the bank's occupational physician in order to adapt the job position to the particular medical conditions of the pregnant woman.
- Several evacuation drills were organized in all headquarters and offices at the national level, in order to be prepared for a seismic movement. In the trainings 100% of customer service offices participated.
- Occupational risk prevention activities were extended to third party personnel assigned to the bank's headquarters.
- Communications were sent with different prevention recommendations, derived from the occurrence of accidents or work incidents and the risks present in the positions of work.

During 2019, we confirmed that there were no cases of mortality due to accidents labor or occupational diseases.

### GRI 403-2

#### Labour Health Basic Information

### GRI 403-1, 403-2

	2019	2018	2017
Number of technical-preventive management	52	116	33
Preventive actions to improve labor conditions	150	622	132
Health test and citations	1,588	1,719	1,404
Employees represented en a health and security committee (percentage)	100%	100%	100%
Absenteeism rate	0.86%	1.15%	1.10%

## Volunteering and Social Engagement

### GRI 413-1

BBVA Group is backed by a corporate volunteering policy that allows the development of social responsibility projects in all countries where it has presence. Participating in these instances makes the employee feel as a part of the bank's plan of social action.

The program gives the employee the opportunity to know and understand other realities, which allows them to develop new skills to deal in different contexts, in addition to raising their awareness and committing them to the development of better services and products for their country's workplace. Additionally, the reinforcement of the self-esteem and pride of belonging to the company, which promotes the continuity of talent in the organization.

The different activities carried out during 2019 had the participation of 270 volunteers and benefited about 3,500 people.

**The different activities carried out during 2019 had the participation of 270 volunteers and benefited about 3,500 people.**

The most outstanding activities in 2019 were:

- Support for the collection of the League Against Cancer.
- Donation campaign for plastic caps “Destapa una Sonrisa – Hospital del Niño”.
- Support for the collection “Ponle corazón” of the Peruvian League Against Cancer.
- Collection of food for the CanMartín dog shelter.
- Visit to the CanMartín dog shelter.
- Campaign to donate blood to EsSalud.
- Celebration of Christmas with the children of Michiquillay, in Cajamarca.
- Celebration of Christmas with BBVA retirees.
- Celebration of Christmas with the children of the Casa Hogar San Camilo.

# Governance Systems

## Corporate Governance

GRI 102-13, 102-18, 102-19, 102-20, 102-21, 102-24, 102-26, 102-29, 102-30, 102-32, 103-2, 417-3

In accordance with legal provisions, Banco BBVA Peru includes its report on compliance with the principles of corporate governance, which explains in detail the degree of implementation of the recommendations in this regard. Also, in the corresponding section of the bank's website includes all the current information required.

The system of corporate governance, a fundamental element of the corporate social responsibility (CSR), is one of the pillars that supports the development of BBVA. According to the internal regulations of the entity, the approval of its CSR policy corresponds to the Board of Directors, which annually receives a detailed report on the implementation and realization of said policy.

The practice of the principles of corporate governance allows a transparent and adequate management of the social organs of the organization and the performance of its shareholders, with the aim that they agree with the objectives of the stakeholders.

BBVA has been an uninterrupted part of the Good Governance Index since 2018 Corporate (IBGC, for its Spanish acronym) of the Lima Stock Exchange (BVL). This stock market statistical indicator reflects the behavior of the prices of the most representative shares of companies issuers 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 processes.
- 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, for its Spanish acronym). 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 is applicable to all corporations in the country, but above all for those that have securities registered in the Public Registry of the Stock Market (the “Registry”), which are required to report their corporate governance practices to the market. It is made up of five pillars:

- a. Shareholders' rights.
- b. General meeting of shareholders.

**The system of corporate governance, a fundamental element of the corporate social responsibility (CSR), is one of the pillars that supports the development of BBVA.**



- c. Board of Directors and Senior Management.
- d. Risks and compliance.
- e. Information transparency.

Additionally, the CBGC includes complementary principles that are applicable 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 contributes to creating value, soundness and efficiency in societies. Thus, it favors better risk management to which companies could be exposed and facilitates access to the capital market. As such, it reduces capital costs and it favors greater and better access to sources of financing and long-term investment.

## **2. The Bank's Corporate Governance Regime**

GRI 102-26

BBVA's corporate governance regime is made up of a set of standards and internal regulations that determine various rights and duties of the governing bodies of the Company, prepared in accordance with the guidelines indicated by the principles contemplated in the CBGC. These standards are permanently revised, so that they are kept up to date and its application is adapted to the activities carried out by the bank as a company.

Within this regulatory regime, BBVA has Regulations for the General Meeting of Shareholders, which dictates the principles of organization and operation of that governing body and establishes its regime of convocation, information, attendance and the development of the board itself. The guiding principle is to make it easier for shareholders to exercise their corresponding rights, protected not only by the social statute but also by the regulatory standards, the General Law of Companies and the principles of corporate governance.

For its part, the Bank's Board of Directors, through the statute and its respective regulations, establishes its control and operation regime, as well as its information policies, rules of behavior, coverage of responsibilities and the rights and duties of its members. Its functions include, among others, those of directing and controlling each of the items and activities of the business; establish objectives, goals and action plans, including annual budgets and business plans; supervise the Bank's information policy, approve and promote compliance with codes of behavior and supervise and carry out monitoring of the self-rating of good corporate governance practices.

Likewise, it empowers the Board of Directors to establish, in pursuit of the best performance of its functions, the committees that BBVA considers necessary to assist it in matters pertaining to your competition. These committees are the following: Audit, Compliance, Appointment, Remuneration and Management of Talent, Risks and Corporate Governance.

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

## **3. Board Composition**

The Board 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 qualities relevant to the Company, so that a plurality of approaches and opinions coexist.

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

		Date		Shareholder's participation	
Name and last name	Professional career(*)	Beginning	Ending	N° shares	Part. %
Board Members without adding the Independent Members					
Alex Fort Brescia President of the Board	Master in Business Administration. He participates on the boards of Holding Continental and BBVA Peru Foundation.	May 1995		Do not apply	Do not apply
Pedro Brescia Moreyra First Vice-President	Business administrator. He participates on the boards of Holding Continental and BBVA Peru Foundation.	May 1995		Do not apply	Do not apply
Ignacio Javier Lacasta Casado Second Vice-President	Economist. Participate in the directory of BBVA Peru Foundation. He participated on the board of Holding Continental.	January 2013		Do not apply	Do not apply
Mario Brescia Moreyra Director	Administrator. Participates in the boards of Holding Continental and BBVA Peru Foundation.	March 2013		Do not apply	Do not apply
Fortunato Brescia Moreyra Director	Engineer. He participates on the boards of Holding Continental and BBVA Peru Foundation.	June 2013		Do not apply	Do not apply
Fernando Eguiluz Lozano Director	Industrial and Systems Engineer. MBA. He participates on the boards of BBVA Consumer Finance Edpyme, Forum Comercializadora del Peru S.A. and BBVA Peru Foundation.	July 2019		Do not apply	Do not apply
José Ignacio Merino Martín Director	Bachelor of Business Science. He participates in the board of directors of BBVA Peru Foundation.	March 2016		Do not apply	Do not apply
Javier Marín Estévez Director	Degree in Law. Participates in the directory of BBVA Peru Foundation.	March 2016		Do not apply	Do not apply
José Carlos López Álvarez Director	Bachelor of Economic Science. He participates in the board of directors of BBVA Peru Foundation.	June 2018		Do not apply	Do not apply
Independent Board Members					
José Manuel García Crespo Independent Director	Degree in Law. He participates in the board of directors of BBVA Peru Foundation.	March 2018		Do not apply	Do not apply
Ismael Alberto Benavides Ferreyros Independent Director	Agricultural engineer. Participates in the directory of BBVA Peru Foundation.	March 2018		Do not apply	Do not apply

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GRI 102-22, 102-23

Names and last names	Professional career <sup>(*)</sup>	Date		Shareholder's participation	
		Beginning	Ending	N° shares	Part. %
Substitute Board Members					
Jaime Aráoz Medani Substitute Director	Business administrator. MBA.	March 2018		Do not apply	Do not apply
Fernando José Alegre Basurco Substitute Director	Industrial Engineer. MBA.	March 2018		Do not apply	Do not apply
Miguel Ángel Salmón Jacobs Substitute Director	Law and Political Sciences Degree.	March 2018		Do not apply	Do not apply
Gustavo Alberto Mazzolini Casas Substitute Director	Public accountant and degree in Administration.	March 2018		Do not apply	Do not apply
Rafael Varela Martínez Substitute Director	Bachelor of Economic Science And Business.	March 2018		Do not apply	Do not apply

**Board Delegated Committees**

Names and last names	Position
<b>Audit Committee</b>	
José Manuel García Crespo <sup>(*)</sup>	President
Alex Fort Brescia	Member
José Ignacio Merino Martín	Member
<b>Naming, Remunerations and Talent Management Committee</b>	
Ignacio Lacasta Casado	President
Alex Fort Brescia	Member
Pedro Brescia Moreyra	Member
Fernando Eguluz Lozano	Member
<b>Corporate Governance Committee</b>	
Alex Fort Brescia	President
Mario Brescia Moreyra	Member
Fernando Eguluz Lozano	Member
Javier Marín Estévez	Member
<b>Risks Committee</b>	
José Ignacio Merino Martín	President
Alex Fort Brescia	Member
Fernando Eguluz Lozano	Member
Vicente Puig Payá <sup>(**)</sup>	Member
<b>Compliance Committee</b>	
Alex Fort Brescia	President
Fortunato Brescia Moreyra	Member
Fernando Eguluz Lozano	Member

(\*) Independent Director.

(\*\*) As the Bank Risk Manager.

## Compliance System

GRI 102-16, 102-17, 102-25, 102-28, 205-2, 205-3

In line with the corporate organizational structure, in 2019 the Compliance area reported directly to the Board of Directors, in a clear reaffirmation of the autonomy, importance and independence that the BBVA Group has endowed in this function. Under an agile organization, the area consists of five disciplines, supported by a process execution block and a project development block, and an independent function of assurance of controls and compliance mitigators, called Compliance Testing.

In accordance with the principles established in the Bank for International Settlements (BIS) and the benchmark regulations on the matter, BBVA articulates its activity around the development and implementation of specific policies and procedures in accordance with strict canons of ethical behavior, as well as its dissemination and compliance. In this sense, the model of compliance risk management is aimed at identifying, evaluating and mitigation of eventual compliance risks in, among others, the following areas:

- Money laundering and terrorist financing (AML Compliance).
- Behavior with customers, product governance and conflicts of interest (Customer Compliance).
- Behavior on securities markets and prevention of market abuse (S&D Compliance).
- Ethical behavior, corruption, criminal liability of the Group companies and issues competition (Corporate Compliance).
- New digital businesses (NDB Compliance).

“Compliance Risk” is defined as the danger of legal penalties and financial losses or reputational issues that an entity may suffer for failing to comply with laws, regulations, norms, self-regulation standards and codes of behavior applicable to its activities.

In this sense, the compliance risk management model evolves in time, on a corporate basis, to reinforce the elements and pillars on which it lays, in order to anticipate developments and initiatives that may arise. The approximation of the COSO Model of internal control takes into consideration the following elements necessary for the identification and management of compliance risks:

1. Adequate organizational structure, with a clear definition of roles and responsibilities.
2. Framework of existing policies and procedures that clearly indicate the provisions and requirements that must be applied.
3. Technological infrastructure, or not, necessary to ensure proper risk management.
4. Mitigation and control processes aimed at guaranteeing the application of policies and procedures.
5. Communication and training mechanisms and policies aimed at raising awareness for the Group’s people with the applicable requirements.
6. Monitoring of metrics and indicators, as well as the application of supervision schemes that help to monitor the implementation of the model at a global level.
7. Periodic independent review of the implementation of the model, as well as examinations of organizations and audit reviews, both internal and external.
8. Any other relevant issue that may influence the elements of the model.

To manage the communication and training processes of the entire organization, the bank has, in addition to face-to-face instruction and e-learning via Campus BBVA –a portal for the delivery of courses and corporate training tools–, with a compliance portal (intranet) that it uses as an internal disclosure tool for the following functions:

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

During 2019, the implementation of compliance systems was reinforced through the approval and enforcement of the Competition Policy (antitrust). Together with the Policy on Behavior in the Securities Markets, the Policy Anti-Corruption, the Conflict of Interest Prevention Policy and the Governance of Products, the Competition Policy obeys the development of the general provisions guidelines set forth in BBVA Group Corporate Code of Behavior, updated in 2015.

**For the delivery of courses and corporate training tools, with a compliance portal (intranet) that it uses as an internal disclosure tool.**

## Advice on Ethical and Legal Behavior

GRI 102-26, 102-27

The Code of Behavior of 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 social 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 releasable, and provide guidelines for behavior in accordance with the principles of prudence, integrity and transparency of the Group. It includes procedures to help employees resolve doubts and clarify compliance with their obligations.

During 2019, the Compliance area reinforced the permanent commitment of BBVA Group with integrity in business, promoting communication, training and adherence to its Code, as well as the fundamentals that inspire it: transparency, integrity and prudence.

The Code applies to all entities linked to BBVA Group in Peru. Every employee has a copy of the Code, which is also kept published on the bank's website and on the Compliance portal (intranet). Formation and formal adherence are due 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 2019, the Compliance area continued to provide support and advice to employees and to BBVA's 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.

The bank has instituted the Corporate Integrity Management Committee as the highest level of oversight of the proper application of policies and guidelines included in the Code. The Compliance area presents in the sessions of the Committee on the evolution of all areas related to the Code.

As indicated in the preceding section, in 2019 the Competition Policy came into effect, which reaffirms the Group's commitment to fully respect the legality; as for free competition is an essential principle of the proper functioning of the market. Develops section 3.14 of the Code, which provides that the professional activity of the Group and its members are carried out with respect for free competition and avoiding behaviors that will illegally restrict it.

Consequently, it is prohibited to negotiate or reach agreements with competitors on prices, product offer, production level, customer distribution, market or quotas, boycotts to certain clients or suppliers, or any other assumption against the free competition, including any action that may constitute an abuse of a dominant position.

As in the case of other policies, general mitigation actions are provided, as well as specific actions to avoid incurring compliance risks in the field of free competition. It also establishes the corporate use of the Complaint Channel, which collects all communication about any possible breach of the Code or the policies that develop it and contains, in addition to a sanctioning framework, the governance model that applies to these policies.

## Prevention of Money Laundering and Financing of Terrorism (ML/FT)

GRI 205-2

The prevention of money laundering and terrorist financing (ML/TF) constitutes a permanent activity among the objectives that BBVA Group associates with its commitment to improve the social environments in which they carry out their activities.

BBVA considers that preventing its products and services from being used for criminal acts is an essential requirement to preserve corporate integrity and, with it, maintain the

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**During 2019, the Compliance area reinforced the permanent commitment of BBVA Group with integrity in business, promoting communication, training and adherence to its Code, as well as the fundamentals that inspire it: transparency, integrity and prudence.**

trust of its stakeholders with whom it is directly related (clients, employees, shareholders, suppliers, etc.) and with society in general.

As mentioned in the Compliance system section, BBVA supports its actions in a corporate risk management model, which includes the best practices of the financial industry worldwide in the prevention of ML/TF, including the recommendations from organizations such as the Financial Action Task Force (FATF).

It should be noted that the ML/TF risk management model is constantly evolving, and it is subjected to continuous independent reviews. These analyses allow, in particular, to reinforce controls and establish additional mitigating measures to strengthen it.

In 2019, the bank strengthened the ML/TF risk management model with improvements in the systems for categorizing or assigning customer risk, from the perspective of their prevention and based on a series of parameters legally defined and/or identified by the sector as relevant to quantify the risks of the ML/TF, and the existing monitoring systems were improved. With this, the number of alerts analyzed increased by 22%, in 31% the number of unusual operations analyzed and 37% the number of reports of operations Suspects (ROS) reported to the Financial Intelligence Unit (FIU Peru), with respect to the previous exercise.

On the other hand, BBVA continued with the training of its employees, subsidiaries and related parties in ML/TF matters. Training activities were carried out, both face-to-face for the new entrees, and remotely (online) for personnel dedicated to commercial work. In total, 98% of employees engaged in commercial activities were trained and 96% of the general staff.

GRI 205-2

### Market Behavior (Transparency and User Protection)

Since 2015, BBVA has incorporated market behavior issues (Customer Compliance) into its Compliance model, in charge of the Market Behavior Officer (CMO). This officer is responsible for the development of the following activities established within the framework of the regulation of market behavior issued by the Superintendency of Banking, Insurance and AFP (SBS):

- Assessment of risks for customers associated with products, services and BBVA's activities, as well as the promotion or implementation of mitigation measures the implementation of the compliance model in the new product committees and in the quality assurance program (QAP) ensures that this dimension of the conception, development, marketing and post-contracting is taken into account from the started and evaluated at all times by the OCM.
- Coordination of action plans to adapt to new requirements and criteria issued in terms of user protection, mainly by the SBS.
- Close and continuous collaboration with product development units and businesses, with an emphasis on digital banking initiatives, to incorporate projects the vision of user protection.
- Permanent updating of the internal regulatory framework for the correct marketing of BBVA products and services.
- Participation in projects to improve and update business processes and BBVA's IT systems, in an effort to guarantee its alignment with the best practices to protect the interests of the client.
- Communication and training actions aimed at commercial networks in the field of transparency and consumer protection. As each employee who attends to a client/user must be duly informed and permanently updated, the annual training program was developed, extended to all employees who provide support to internal processes and a periodic updating of the reference material of the offices through a centralized application.
- Specific reviews of the information available to the public and the sale force, which includes control in the application of commissions and expenses and their publication on the "Transparency Wall" that is broadcast on television screens installed in the office network. In 2019, all the communications issued were validated and revised the commission governance framework.

**BBVA continued with the training of its employees, subsidiaries and related parties in ML/TF matters. Training activities were carried out, both face-to-face for the new entrees, and remotely (online) for personnel dedicated to commercial work.**

- Review of the contents of promotional campaigns and commercial actions of products / services, in compliance with the principle of transparent, clear and responsible (TCR) and the Advertising Self-Regulation Code signed by the Association of Banks of Peru (ASBANC). Quarterly reports were made to monitor the advertising activity.
- Strengthening of the metrics and indicators for monitoring the risks of compliance, with the aim of promoting a preventive approach.
- Evaluation of the measures in force at BBVA in light of customer complaints, internal and external audit reviews and examinations and requirements of the regulators. In this sense, in 2019 it was found that 98% of claims attention within the current legal term.

In the 2019 period, BBVA presented an average of 94% compliance with the ASBANC advertising guidelines. This adhesion seeks to facilitate the understanding of information related to interest rates, fees or other characteristics and conditions of financial products.

GRI 417-1

During the period concluded, the Policy on Conflict Matters of Interest and the tool that facilitates the registration and management of cases that are placed in knowledge of Customer Compliance, which is responsible for promoting the corresponding mitigation by adopting measures for that purpose. Regarding the Policy of Product Governance, 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 Committee of New Modalities and Products (CNMP).

## Behavioral Standards

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

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

Within the framework of developing the Corporate Policy on the Securities Markets at BBVA, the Code of Ethics in Securities Markets, updated in 2018, defines the actions of the personnel who carry out their activities in the investment field on behalf of third parties or Group entities in Peru, in order to prevent the misuse of privileged information and/or market abuse, by applying 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 own account or that 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, is established that the Complaints Channel is the means of communication for such actions, despite of the Group's self-regulatory provisions of the Code of Behavior of BBVA and BBVA Group companies in Peru is to reinforce the obligation of its members not to tolerate behaviors that deviate from the policies and guidelines indicated in it and prevent any action in the development of functions of the members of the Group outside the law, or that are morally questionable. In short, everything that can damage the reputation or the good name of BBVA Group entities in the country.

During 2019, the analysis of the written and digital press did not identify any report on controversial issues affecting BBVA related to sustainability.

GRI 307-1

**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, is established that the Complaints Channel is the means of communication for such actions, despite of the Group's self-regulatory provisions.**



## Complaints Channel

### GRI 102-33

One of the purposes of the Code of Behavior of BBVA and BBVA Group companies in Peru is to reinforce the obligation of its members not to tolerate behaviors that deviate from the policies and guidelines indicated in it and prevent any action in the development of functions of the members of the Group outside the law, or that are morally questionable. In short, everything that can damage the reputation or the good name of BBVA Group entities in the country.

The Complaints Channel constitutes a means by which any stakeholder can report any non-compliance that he himself observes or is transmitted to him by other employees, clients or suppliers, which includes, but is not limited to, illegal or unlawful behavior or unethical. 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 Complaints Channel.
- Use the corporate Whistleblower Channel when you want the case to be notified to Holding Compliance.

Those who in good faith report inappropriate acts or actions to the Complaint Channel (emails and/or phones) may not be the object of retaliation nor suffer any adverse consequences for such reason.

The Compliance Unit will process the complaints received diligently and promptly, will promote its investigation and verification and will promote the necessary measures for its resolution in accordance with the management procedures of the Complaints Channel. The information will be analyzed objectively, impartially and confidentially, keeping in secret the identity of the complainant.

During 2019, the management of complaints produced through social networks was incorporated, including them as complaints that must be addressed in the field of behavior with the client. On average, 50% of complaints were made through social networks, which increased by 111% in the number of imputations managed in the Complaints Channel compared to 2018. It should be noted that 10% of the accusations were made by email and the rest by the anonymous and free telephone mailbox, the other means used for the management of communications through the Complaint Channel. The timely and effective resolution of complaints raised ensured due compliance with the Code and consolidated confidence in the use of the Complaint Channel.

During the 2019 period, no complaints were received corresponding to cases of corruption for BBVA.

### GRI 205-3

## Legal Compliance

On the other hand, during 2019 there was no fine or non-monetary sanction in socioeconomic matter that has materiality with respect to the total amount invoiced by the Bank during the same period.

### GR 419-1

Likewise, during 2019 there were 75 cases with pecuniary sanctions from Indecopi for violations of the Consumer Protection Code, with fines of 115.71 ITU.

## Internal Control Model

### GRI 102-11, 205-1

BBVA articulates its internal control model with that defined by BBVA Group, based on the Basel Committee recommendations and industry best practices. The model has a structured scheme in three lines of defense whose objective is to guarantee that the operations are carried out respecting both the applicable regulation and the policies and internal procedures established by the institution.

The first line of defense is made up of the managements in charge of the processes and those responsible for both current and emerging risk management and the execution of the control procedures inherent to such processes. These managements have the support of those responsible for control who, applying the methodology, identify, quantify, mitigate and monitor identified risks.

The second line is made up of a group of control specialists (Compliance, Internal Financial Control, Internal Risk Control, IT Risk, Fraud & Security, Control of Operational and production management of the support units, such as Talent & Culture, Legal Service, enter others). Its mission is to identify current risks and emerging, define control policies in their field of transversal specialty and supervise its correct implementation, provide training and advice to the first line of defense and take responsibility for reporting management.

Finally, the third line of defense, constituted by the Internal Audit Area, assesses the independent, impartial and objective internal control and risk management systems of the organization. Its purpose is to add value, improve operations and support the Group in achievement of its objectives within an adequate control environment.

BBVA thus complies 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).

Among the relevant initiatives carried out in 2019, the continuation of the strengthening of BBVA's internal control scheme through the provision of greater structure and work methodologies.

### **Corporate Assurance**

In February 2013, the Group launched the Corporate Assurance model, the purpose of which is to strengthen internal control to allow senior management to have a comprehensive vision on the organization. A governance scheme was established that involves senior management and is supported in the work carried out by control specialists, which makes the model viable.

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

The mechanism comprises quarterly meetings in which members participate of the management committees of the Group and its subsidiaries. The purpose of these meetings is known and make decisions about control issues that may have an impact significant in the objectives of the different units.

### **Internal Audit**

At the corporate level, the Internal Audit (IA) area depends on the chairmanship of the Group and, local level, of the Bank's board of directors. IA prepares its annual plan using the Risk Methodology Assessment, which is applied to all Bank processes. Through this evaluation, identify, assess and prioritize the risks you face or could face the organization, as well as the control mechanisms to manage them. On that basis they define revisions to be included in the plan, taking into account the requests from management and regulatory body, business performance, spotlights corporate data and the results of previous audits.

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**BBVA thus complies 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).**

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**IA prepares its annual plan using the Risk methodology Assessment, which is applied to all Bank processes.**

## Main IA Activities by Risk Typology

	Plan of 2018 <sup>(*)</sup>	Plan of 2019 <sup>(**)</sup>
Operational risk	8	2
Compliance risk	4	5
Credit risk	5	4
Technological risk	3	2
Legal risk	2	5
Structural risk	0	1
Capital risk	1	0
Business model risk	1	0
Market risk	1	0
Extended company risk	1	1
Internal governance risk	1	1
<b>Total</b>	<b>27</b>	<b>21</b>

(\*) Plan executed during 2018 exercise.

(\*\*) Plan executed during 2019 exercise.

Since 2008, BBVA has been authorized by the SBS to establish its own plan annual risk-based audit (ABR), which considers regulatory reviews established in current regulations. Since December 31, 2014, the ABR authorization is permanent.

The main risk sources on which Internal Audit focused its work plan during 2019 they were:

- **Operational risk:** Customer management and digital transformation.
- **Compliance risk:** Consumer Protection and PLD & FT.
- **Credit risk:** Credit Quality, Reactive Admission and Regulatory Reporting.
- **Technological risk:** Business Continuity and Information Security.
- **Legal risk:** Regulatory Risk and Financial Reporting.
- **Extended company risk:** Hiring.
- **Internal governance risk:** Control Framework.
- **Structural risk:** Concepts and liquidity methodology.

# Fiscal Transparency

## Tax Strategy

In 2015, the Board of Directors approved the "Corporate Principles on tax and tax strategy", which are framed within the corporate governance system of BBVA and establish the policies, principles and values that should guide the behavior of the Group in tax matters. By having a global reach, they 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 on the jurisdictions where it is present. This guideline is in force and governed for action during 2019.

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

- BBVA decisions on tax matters are linked to the payment of taxes, as this is an important part of their contribution to the economies of the different jurisdictions in which it carries out its activity, aligning taxation with both the effective performance of economic activity as well as 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 consequent valuation.
- 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.

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

- Promoting clear, transparent and responsible communication with your different stakeholders, on their main magnitudes and fiscal matters.

## Tax Contribution

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

In the total tax contribution of BBVA Group (Total Tax Contribution Report, ITTC), which follows a methodology created by PricewaterhouseCoopers (PwC), payments are included, both own and third parties, for corporate tax, IVZ, local taxes and fees, withholdings for personal income tax and social security, as well as those made during the year for tax litigation related to the aforementioned taxes. That is, both taxes are included related (those that entail a cost for companies and impact their results) such as those that enter on behalf of third parties.

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

**Total Tax Contribution** Annual variation (in million of soles)

	2019	2018	2017
Own taxes	923	698	723
Taxes from third parties	321	353	342
<b>Total</b>	<b>1,244</b>	<b>1,051</b>	<b>1,065</b>

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

## 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 technological platform that provides support to all phases of the procurement process in the Group (budget, purchases and finance). The platform is operational in Spain, Mexico, Peru, Colombia, Chile, Argentina, Venezuela and the South America regional purchasing organization (Chile hub), that provided the purchasing service to the rest of the countries of this region until December 31, 2019.

In May, the launch of a Procurement Action Plan was presented and approved, of global nature and focused on improving information and control procedures related to the approval of suppliers, the reception and acceptance of goods and services and the payment of invoices, as a further step in the transformation of the Procurement function of Business Partner to Business and Control Partner.

The plan is structured around four main objectives:

- Reduce the negotiable financial bill ("irregular hiring").
- Strengthen the control mechanisms over the processes of receipt of goods and acceptance of services and on the acquirer delegated units (UDA).
- Improve the supplier approval process.
- Extend the supplier approval process.

In October, Procurement transformed its organizational model with the creation of the Global Hub of purchases that increases centralization by acquiring the needs that are homogeneous to the Group, as well as the management of the global suppliers with which it works.

**BBVA has a Global Procurement System (GPS), a global technological platform that provides support to all phases of the procurement process in the Group (budget, purchases and finance).**

The Global Hub, which will begin operations on January 1, 2020, will pursue the following objectives:

- A. Take advantage of the Group's scale.
- B. Generate operational efficiencies by consolidating processes.
- C. Strengthen internal control.
- D. Increase talent.
- E. Improve the management of global suppliers.
- F. Promote a more integrated management of the supply cycle.

On the other hand, the Global Hub is structured around three axes of activity:

(i) Execution, focused on maximizing contracting conditions and limiting risk in the relationship with Suppliers; (ii) Control, focused on the internal control of the procurement process, and (iii) Strategy, promoting the continuous transformation of the function and promoting the development of new projects and modern ways of working.

## Suppliers Portal

The launch of the Supplier Portal allows the Group to interact electronically with suppliers that do not yet work with him, by providing his data within a collaborative environment. Its implementation has been a valuable aid for transparency when contact those who wish to provide their services to the Bank.

Average Time for Suppliers Payment

	2019	2018	2017
Number of days	8	11	25

The individual calculation of the delay of payment to the supplier in 2019 was determined taking into account the date of entry of the payment receipt to the invoice recording center until the date of payment into the account; This makes a difference with previous years, in which it was accounted for from the date of issuance of the proof of payment. The improvement in the process of obtaining information has allowed to reflect a significant decrease in the calculation of the annual average payment.

## Supplier Satisfaction Survey

In order to measure the degree of supplier satisfaction, BBVA invited those who provided their services in 2019 to participate in a biennial survey. The result of this was 79 points.

### Suppliers

BBVA considers its suppliers a fundamental part of its business model. For this reason, and in anticipation of the possible impacts that may be generated in the countries in which the Bank is present, decided that relations with suppliers are guided not only by the Responsible Purchasing Policy and the Corporate Standard for the Acquisition of Goods and Contracting of Services, but also by the same Code of Behavior as the rest of the organization. These three documents establish criteria that affect both the homologation process and the specifications and contracts.

The transfer of the principles contained in the Code of Behavior to the purchasing function is carried out through the principles of application to those involved in the process of provisioning (IPA), which apply to all units of any of the entities that make up BBVA Group and link everyone who carries out their work in any of the functions that are part of that process.

BBVA aims for suppliers to share the Bank's standards in social and environmental matters, as well as the values promoted by the Global Compact of the United Nations. In this sense, it has had a responsible purchasing policy since 2012 whose purpose is to promote social and environmental aspects in relation to providers.

Within the framework of this policy, actions with suppliers in 2019 focused on:

**BBVA aims for suppliers to share the Bank's standards in social and environmental matters, as well as the values promoted by the Global Compact of the United Nations.**

- Greater contact with social economy companies (special employment centers), with the aim of evaluating its capabilities and its eventual homologation as providers.
- Social responsibility clauses in contracts and specifications.
- Compliance clauses by suppliers in contracts. These must agree with current legislation on the social integration of people with disabilities.

#### Basic Supplier Information

	2019	2018	2017
Suppliers quantity <sup>(1)</sup>	2,147	3,752	3,230
Volume billed for suppliers (in million of soles)	1,030	1,054	967
Number of suppliers homologated <sup>(2)</sup>	366	486	429

(1) Suppliers that have billed the Bank are considered. Consider the amount without tax.

(2) Suppliers with current approval as of 2019.

The Bank signs contracts mainly with Labor intermediation providers, work contractors, outsourcing providers of services and purchase of goods, among others. According to the item, purchases are made with local and non-domiciled suppliers.

## Supplier Management

### Homologation Process

#### GRI 412-3

BBVA carries out a homologation process for recurring suppliers with higher volumes of purchases. Said homologation consists of evaluating your financial, legal, employment and reputational skills, know their basic technical capabilities and validate that they share the same values as the Group in terms of social responsibility.

The process also allows to know if the supplier fulfills its responsibilities legal (Labor or environmental regulations, among others) and promote their civic responsibilities through the following actions:

- Compliance with the social and environmental principles of the UN.
- Adoption of internal measures to guarantee diversity and equality of 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 workers in all countries in which they operate.
- Possession of a code of behavior or policy to avoid forced Labor, children Labor and other violations of human rights in the company itself or in those of its subcontractors.
- Possession of a code of behavior or policy to prevent corruption and bribery.
- Participation or collaboration in activities related to culture, knowledge scientific, sports, environment or disadvantaged sectors, with direct measures or donations, in collaboration with other organizations or institutions.
- Hiring of disabled people.
- Existence of a corporate responsibility policy in the company.

As of 2017, the Reputational Risk analysis is included in the process of approval of suppliers for the countries of South America. In this way, the hub purchases will evaluate, in a centralized way, all suppliers according to risk criteria reputational and susceptible to homologation to determine the level of risk that may represent for the region.

The benefits of including operational risk are:

**BBVA remains firmly committed to contributing to the economic and social growth of the countries in which it is present.**

- Establish a governance over the assessment of reputational risk from the hub towards the South American countries for the faithful fulfillment of this variable within the Homologation process.
- Reduce reputational risk so that it does not have a negative impact on stakeholders of BBVA.
- Establish alerts and continuous monitoring of suppliers with potential impact on the reputational risk.
- Standardize the assessment of reputational risk at the South American level.

#### Basic Suppliers Information in the Process of Homologation

	2019	2018	2017
Number of suppliers which approved the homologation process <sup>(1)</sup>	391	505	202
Purchases to suppliers which participated in the process of homologation (percentage) <sup>(2)</sup>	18.21	13.47	6.25
Number of suppliers which did not pass the homologation process	25	19	24

(1) Suppliers evaluated by the certifier.

(2) The percentage of suppliers that have passed the approval process is considered with respect to the total of suppliers that have billed during 2019 (Preferential not included).

The percentage of approved suppliers in 2019 was 12.39%, which they concentrated 51.10% 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, the 95.58% of its suppliers were local and represented 89.55% of the total billing. In this sense, local supplier is one whose tax identification matches the company country recipient of the good or service.

GRI 204-1

### Impact Management

Within the purchasing process, proper management of impacts is necessary, both real and potential, that an entity such as BBVA may cause. To manage them, the Bank has a Purchasing Policy, an Approval Process and a Standard Corporate for the Acquisition of Goods and Contracting of Services.

The impacts that are considered feasible can be:

- Environmental.
- Produced by bad Labor practices carried out in the companies of the providers.
- Derived from the absence of freedom of association.
- That affect human rights (HH.RR.)
- Positive or negative to society.

**The Bank has a Purchasing Policy, an Approval Process and a Standard Corporate for the Acquisition of Goods and Contracting of Services.**



# Sustainable Finances

## Management of Social, Environmental and Reputational Risks

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

BBVA's activities have an impact on the environment and society: in a way direct, through the use of natural resources and the relationship with its stakeholders, and indirectly, through credit activity and financing projects. These impacts derive, in turn, in direct, indirect and reputational risks.

Non-financial risks can affect the credit profile of the borrowers or the projects that are financed, which in turn would damage the quality of the risk assumed and, and consequently, affect the repayment of credits.

To manage these risks, BBVA takes into consideration, together with the usual financial variables in risk management, environmental, social and reputation. 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.

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**BBVA's activities have an impact on the environment and society: in a way direct, through the use of natural resources and the relationship with its stakeholders, and indirectly, through credit activity and financing projects.**

## Management of Social and Environmental Risks

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

### Equator Principles

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

In line with this commitment, all project financing decisions they are based on the criterion of profitability adjusted to principles. Placing people in the center of the business implies both meeting the expectations of the groups interested in projects and social demand to combat climate change how to respect human rights.

Since 2004, BBVA group has adhered to the Equator Principles (PE), whose standards used to determine, assess and manage environmental and social risks in the financing of projects, while taking as a basis the policy and performance standards on social sustainability and environment of the International Finance Corporation (IFC) and general guidelines on environment, World Bank Group (WBG) Health and Safety.

For BBVA, PEs are the starting point for applying best practices in responsible financing and the framework for dialogue with clients and stakeholders in the projects it finances. That is why these principles have become the standard of reference for responsible financing for the Bank, and its development and dissemination are a Commitment assumed by the Management Committee and the working groups in which it participates.

The Investment Banking & Finance team assumes the responsibilities of analyzing the Project Finance, the representation of the Bank before the stakeholders, the rendering of accounts before senior management and the design and implementation of the management system.

During 2019, 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), such as established by the IFC classification process. Review of the documentation provided by the client and by independent consultants allows to assess compliance with the requirements indicated in the EPs based on the two aspects mentioned.

Financing contracts must incorporate the client's obligations both in terms of referred to the environment as social impact and submit to the monitoring of a Specialized Team.

Review of economic, environmental and social risks and opportunities are carried out monthly by the Board of Directors and the committees involved.

GRI 102-31

#### **Assessment of Social and Environmental Risks and Responsible Granting of Credit**

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

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

## **Reputational Risk Management**

BBVA has developed a methodology that allows the identification, evaluation and management of the reputational risk. In this way, you have defined and regularly revise a map that reflects the risks to which the entity is exposed, together with a set of action plans intended to mitigate them.

This work, which began in 2006, prioritizes two variables: the impact on stakeholder perceptions and BBVA's strength in the face of this risk. It is about an exercise focused on reputation that is carried out in all the geographies where BBVA Group, whose integration allows obtaining a consolidated vision. As of 2015, uses a computer tool that facilitates risk assessment by the competent areas.

In 2018, the figure of the reputational risk specialist was established, which meant 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 work). The Committee is responsible for designing the reputation risk management model, as well as promoting its proper implementation within the Group. Its conformation is replicated both globally as in the different geographies.

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**BBVA has developed a methodology that allows the identification, evaluation and management of the reputational risk.**

To develop this methodology, two types of key instances have been identified:

- Responsible Business & Communications teams, responsible for identifying risks and assess their impact.
- The Assurance Providers (AP), whose mission is to assess and mitigate the identified risks. They are specialists who come from various areas, since reputational risks they have very varied origins.

The reputation risk management report is prepared by each of these representatives in their field of action and includes the aggregate vision of risks, for which consider local regulatory requirements. The governance implemented was consolidated with the strengthening of the methodology and development of a computer tool for its management.

The Bank considers that the socioeconomic and environmental environment has a direct influence in 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– have permanent access to reports on the economic situation and of the country that BBVA Research prepare monthly. These documents include the analysis of facts, conflicts or environmental measures that occurred in the country that may cause an impact in the regions where the Bank operates. This information is key for decision making.

Determine the reliability of its suppliers and the correct support of its Transactions is a key aspect of BBVA's ethical framework. For this reason, the Purchases, Real Estate and General Services of the Bank is responsible for verifying that suppliers have undergone the evaluation of the EPs, an essential requirement to be considered suitable to carry out transactions during the term of the contract.

## Environment

[GRI 201-2, 301-1, 302-1, 302-3, 302-4, 303-1, 305-1, 305-2, 305-3, 305-4, 305-5, 306-2](#)

Financial entities play an important role in the fight against change climate and in the pursuit of achieving the Sustainable Development Goals established by the United Nations. Their position in the market allows them to mobilize capital through investments, loans and advisory functions.

BBVA participated in the first green bond issue in the world in 2007 and feels that today it is necessary to work together to meet the challenge of caring for the planet. In this sense, it has developed Commitment 2025, its climate change strategy and sustainable development. With the purpose of allowing all people to achieve the opportunities of this new era, the Group has committed to with the mobilizing of 100,000million euros in green financing, sustainable infrastructure, social entrepreneurship and financial inclusion.

## Eco-efficiency

[GRI 302-5](#)

Within the framework of the Efficient Global Plan (PGE) to reduce its environmental footprint, BBVA Group has adopted since 2014 various initiatives that include energy consumption efficient, such as the implementation of renewable energies, the use of new technologies for energy saving, conducting environmental audits and energy in buildings and the rationalization of resources to make more efficient the infrastructure, among other measures within a new concept of "green office".

In this sense, the PGE establishes the following objectives for the 2016-2020 period, regarding the results achieved at the end of 2015:

- 7% reduction in CO<sub>2</sub> emissions.
- 13% reduction in water consumption.
- 8% reduction in electricity consumption.
- That 35% of the staff work in buildings and offices with environmental certification.
- That 35% of the staff work in buildings with selective waste collection.

**Determine the reliability of its suppliers and the correct support of its Transactions is a key aspect of BBVA's ethical framework.**

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

#### PGE Main Benchmarks<sup>(1)</sup>

	2019	2018	2017
Personnel who works in certified buildings (%) <sup>(2)</sup>	42.26%	39.66%	35%
CO emissions per employee (t/year-employee)	1.52	1.66	1.88
Paper usage per employee (kg) <sup>(3)</sup>	45.27	43.94	50.52
Electricity usage per employee (MW-h/year-employee)	4.71	5.00	6.25
Water usage per person (m <sup>3</sup> /year-employee)	24.24	24.25	25.18

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

(2) Based on ISO 14001 (headquarters) and ISO 50001 (12 network offices) Certifications.

(3) BBVA employees including personnel from subsidiaries: Includes BBVA employees + subsidiaries (not external employees).

## Initiatives 2019

During 2019, BBVA implemented the following initiatives and projects with the aim to achieve lower consumption and efficient use of our resources, as well as maintain (and in some cases incorporate) the certifications related to the subject:

### 1. OPEN SPACE remodeling projects at the headquarters

Carried out under the leadership of Inmuebles and the participation of various areas of the Bank, they comprise the following characteristics:

I. Application of elements that lead to a lower consumption of:

- a) Energy (LED lighting fixtures / lamps, presence detectors in rooms) meeting rooms and SSHH, 2 passenger elevators and freight elevator renovated).
- b) Water (saving taps, sanitary devices).
- c) Others.

II. Workplace:

Workstations and meeting rooms with permanent and necessary infrastructure for the development of audio and / or videoconferences with the least displacement of employees. Also, printing areas (of really essential documents) and selective waste disposal areas.

On the other hand, with the unification of BBVA brand in all the markets in which operates (mid-2019), the emails display an official signature format with a message of environmental awareness regarding printing on paper, at the bottom of this.

### 2. Construction project of the lunch area dining room

Executed by Inmuebles and with the participation of various areas of the Bank, the project has the following characteristics:

- Energy:** Use of LED lighting fixtures / lamps; no implementation of air conditioning system, but rather the use of an eco-efficient design of natural cross ventilation with perforated panels on the upper perimeter for elimination of hot air.
- Water:** Faucets and sanitary devices with less water consumption.

## Waste

- Use of recycled OSB panels and plywood in the SSHH, whose manufacturing has less environmental impact.
- Selective waste disposal areas.

### 3. New contract for the electricity supply of the headquarters

The discussion was led by Equipment and Facilities in Facility Management, with that obtained new electricity rates, extremely convenient economically.

In addition, in line with the Objectives of the Group's Global Eco-efficiency BBVA Plan 2016-2020, it was possible to incorporate the commitment of the new supplier to grant BBVA an annual certificate certifying that the energy consumed in the electromechanical facilities of the headquarters has its origin in renewable sources.

**In 2019 a follow-up audit was carried out on the certification in the ISO 14001 standard for the headquarters, led by Inmuebles and with the participation of various areas of the Bank.**

### 4. Corporate Taxi Services

The agreement was led by Travel Manager at Facility Management. In 2019 the service was served by a provider that has made environmental commitments such as:

- Follow the Sustainable Development Goals of the UN 2030 Agenda.
- Participate in the United Nations Global Compact, supporting its principles related to human rights, Labor, environment (principles 7, 8 and 9) and anti-corruption.
- Aim to be "Carbon Neutral", that is, the state in which net emissions of Greenhouse gases released into the environment are equal to zero. The end goal is not to affect the natural concentration of greenhouse gases that exist in the atmosphere.

### Certified Premises

#### ISO 14001: Headquarters

In 2019 a follow-up audit was carried out on the certification in the ISO 14001 standard for the headquarters, led by Inmuebles and with the participation of various areas of the Bank.

The purpose of this International Standard is to provide organizations with a framework reference for protecting the environment and responding to the changing environment conditions, in balance with socioeconomic 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.

BBVA Data Processing Center (CPD) joined to the group of headquarters environments included in the certification process.

#### ISO 50001: Branches

During 2019, the ISO 50001 certification was maintained for 12 locations.

## Environmental Management

GRI 302-4, 302-5, 306-2

	2019	2018	2017
<b>1. Water Usage</b>			
Annual total water usage (m <sup>3</sup> )*	176,933	175,286	143,850.93
Water usage per employee (m <sup>3</sup> / year-employee)	24.24	24.25	25.18
*The water usage in megaliters in 2019 was 1.77.			
<b>2. Electricity Usage</b>			
Annual total of electricity usage (GJ) (diesel oil) (and GLP since 2016)	1,205	1,139	1,258.94
Direct energy (diesel oil) (and GLP since 2016) per employee (GJ/year-employee)	0.16	0.23	0.22
Annual total of electricity usage (GJ)*	123,801	130,034	128,564.32
*The reduction in energy consumption for 2019 compared to 2018 has been 6,233 GJ. *The types of energy source used in our operations: Electricity coming from Hydroelectric and Gas Plants, mainly, and to a lesser extent Plants that use Diesel and Coal as well as those from Renewable Energy Resources (Solar, Wind, others).			
<b>3. Paper Usage</b>			
Annual total paper usage (t)	282	272	288.65
Total paper usage per employee (kg/employee BBVA Inc. Subs-year)*	45.27	37.58	50.52
Total toners usage (units)**	0	0	0
Usage of ecological paper (t)	282	272	288.65
*Employees BBVA Inc. Subs.: includes BBVA Employees + Subsidiaries (not external employees). **The Bank has a subcontracted / outsourced printer service, so there is no own consumption of toners.			
<b>4. Waste Management</b>			
Total recycled paper (first stage: chopped) (kg)	17,525	15,705	46,397
Toners (kg)	0	0	0
Electronic devices (kg)*	61,031	216,434	8,140
Ecological paper usage			
*Sold devices.			

## Atmospheric Emissions

GRI 305-5

Emission reductions of GHG emissions whose included gas is only the CO<sub>2</sub> were:

- Scope 1: There was no reduction.
- Scope 2: 460.59 t.
- Scope 3: 391.34 t.

	2019	2018
Scope 1: Emissions of CO <sub>2</sub> (t) <sup>(1)</sup>	128.01	120.93
Scope 2: Emissions of CO <sub>2</sub> (t) <sup>(2)</sup>	9,147.51	9,608.10
Scope 3: Emissions of CO <sub>2</sub> (t) <sup>(3)</sup>	1,849.22	2,240.56

(1) Scope 1: Emissions derived from consumption of fuels (LPG, diesel) and Bank's own vehicles.  
(2) Scope 2: Emissions derived from electrical consumption.  
(3) Scope 3: Emissions derived from rental and travel vehicles business of bank professionals.

## Involvement in Global Initiatives

BBVA Peru is part of the main international development initiatives sustainable, such as the United Nations Global Compact, the Equator Principles, Principles for Responsible Investment and the Financial Initiative of the United Nations Environment Program (UNEP FI).

In addition, it is firmly committed to the United Nations Sustainable Development Goals (SDGs), accession confirmed in December 2018.

On the other hand, the Bank actively participates in forums and events in which it presents its main actions regarding social responsibility.







# Sustainable Development Goals (SDGs)

On September 25, 2015, world leaders adopted 17 developments of the Sustainable Development Goals (SDG) in order to protect the planet, eradicate poverty and achieve a world prosperous for the next generations. Such purposes, framed in the 2030 Agenda on sustainable development, seek to involve everyone: governments, companies, civil society and individual persons.

Each objective, stated with a specific purpose, in turn includes different goals for compliance, and each goal has its own indicators, which serve to determine the degree of achievement of each objective.










Overall, BBVA contributes to the SDGs with the Group's wide range of businesses, including the activity of the Microfinance Foundation, and its global presence. In that sense, seek respond to the commitments of the 2030 Agenda and, at the same time, take advantage of the business opportunities arising from its fulfillment.



**BBVA contributes to the SDGs with the Group's wide range of businesses, including the activity of the Microfinance Foundation, and its global presence.**

	Goals	Positive and negative impacts	Chapter	Themes
<b>1 NO POVERTY</b> 	End poverty in all its forms all over the world	Bring financial services closer to the most remote corners of the country	<ul style="list-style-type: none"> <li>• Sustainable Finances</li> <li>• BBVA Microfinances Foundation</li> <li>• Investment in the Community</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Inclusion</li> <li>• Omni-channel</li> <li>• Entrepreneurship</li> <li>• Investment in Social Programs</li> <li>• Financial Education</li> <li>• Knowledge, Science and Culture</li> </ul>
<b>2 ZERO HUNGER</b> 	End hunger, achieve food security and improve nutrition, and promote sustainable agriculture	Support to farmers through rural microcredits	<ul style="list-style-type: none"> <li>• BBVA Microfinances Foundation</li> </ul>	<ul style="list-style-type: none"> <li>• Entrepreneurship</li> </ul>
<b>3 GOOD HEALTH AND WELL-BEING</b> 	Guarantee a healthy life and promote wellness in all age groups	Health Assurance both of the employees as determined collectives of society	<ul style="list-style-type: none"> <li>• The Team</li> <li>• Investment in the Community</li> </ul>	<ul style="list-style-type: none"> <li>• Health and Safety in the Workplace</li> <li>• Sponsorship and Donations</li> </ul>
<b>4 QUALITY EDUCATION</b> 	Guarantee and inclusive education, promotion of equitable and quality opportunities for learning throughout life for all	For the most vulnerable people, make available opportunities of this new ways	<ul style="list-style-type: none"> <li>• Investment in the Community</li> </ul>	<ul style="list-style-type: none"> <li>• Education for the Society</li> <li>• Knowledge, Science and Culture</li> </ul>
<b>5 GENDER EQUALITY</b> 	Achieve gender equality and empowerment for every woman and girl	Fostering a working environment which supports the gender equality, both in relationship with the employees as for their support of initiatives and product offering	<ul style="list-style-type: none"> <li>• The Team</li> <li>• Investment in the Community</li> <li>• BBVA Microfinances Foundation</li> </ul>	<ul style="list-style-type: none"> <li>• Diversity and Inclusion</li> <li>• Entrepreneurship</li> <li>• Investment in Social Programs</li> </ul>
<b>6 CLEAN WATER AND SANITATION</b> 	Guarantee the availability of water and its sustainable management and sanitation for all	Projects development of water management in the Bank infrastructure and due diligence in controversial operations	<ul style="list-style-type: none"> <li>• Sustainable Finances</li> </ul>	<ul style="list-style-type: none"> <li>• Global Plan of Eco-efficiency</li> <li>• Social and Environmental Risks Management</li> </ul>

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	Goals	Positive and negative impacts	Chapter	Themes
<b>7</b> AFFORDABLE AND CLEAN ENERGY 	Guarantee Access to affordable, safe energy, sustainable and modern for everyone	Development of projects energy efficiency and emission reduction	•Sustainable Finances	•Global Plan of Eco-efficiency •Social and Environmental Risks Management
<b>8</b> DECENT WORK AND ECONOMIC GROWTH 	Promote sustainable, inclusive and sustain economic growth, full and productive employment, and decent job for all	Boost for the vulnerable entrepreneurship; through support to the community by the promotion of the cooperative responsibility	•Investment in the Community •Strategy •About BBVA •The Team •BBVA Microfinances Foundation	•Entrepreneurship •Listen and Dialogue Tool •Key Responsible Business Indicators •Diversity and Conciliation
<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Build “resilient” infrastructure, promote the inclusive and sustainable industrialization, and promote innovation	Mobilize capital for sustainable and inclusive infrastructure financing	•Strategy	
<b>10</b> REDUCED INEQUALITIES 	Reduce inequality between countries	Transparent fiscal contribution	•Sustainable Finances •BBVA Microfinances Foundation	•Tax Policy •Fiscal Transparency
<b>11</b> SUSTAINABLE CITIES AND COMMUNITIES 	Achieve that cities and human settlements to be inclusive, safe, “resilient” and sustainable	Promotion of sustainable infrastructure construction. Investment in social programs.	•Sustainable Finances •BBVA Microfinances Foundation •BBVA Foundation	•Entrepreneurship •Global Plan of Eco-efficiency •Knowledge, Science and Culture
<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION 	Guarantee sustainable modalities for consumptions and production	Adjusting of the Bank’s practices with the needs of the new era	•Sustainable Finances •Investment in the Community	•Management of Social, Environmental and Reputational Risks •Responsible Purchases •Education for the Society
<b>13</b> CLIMATE ACTION 	Take urgent action to fight climate change and its effects	Mobilize capital to promote the sustainable development and fight against climate change. Negative environmental direct impact from the Banks activities	•Sustainable Finances •Strategy	•Global Plan of Eco-efficiency •Management of Social, Environmental and Reputational Risks •International Standards Taken on Environmental Measures
<b>14</b> LIFE BELOW WATER 	Preserve and use properly the oceans, seas and marine resources	Do not apply		
<b>15</b> LIFE ON LAND 	Sustainable manage the forests, fight against deforestation, fight against, stop and invest over the soil degradation, and stop the biodiversity loss	Do not apply		

	Goals	Positive and negative impacts	Chapter	Themes
<b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS 	Promote pacific and inclusive societies for a sustainable development, facilitate the access to justice for all and create efficient, responsible and inclusive institutions to all	Corruption and armament finance controversies	•Strategy •Govern System •The Team	•Responsible Banking Policy •Regulatory Compliance System and Function •Volunteering and Social Engagement
<b>17</b> PARTNERSHIPS FOR THE GOALS 	Fortify the execution and invigorate the Global Alliance for Sustainable development	Increase in the alliances and adhesions to initiatives to achieve the sustainable development	•About BBVA	•International Subscribed Commitments

# High Social Impact Products

## People-centered Solutions

One of BBVA's constant objectives is to integrate the products and initiatives of its daily social activity attributes that make a difference. To do this, it designs its products and services with an impact higher 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 February 2016, BBVA, in alliance with ASBANC and PDP (Pagos Digitales Peruanos), launched BIM (mobile wallet), a new mobile payments proposal based on an interoperable model between all banks in the system.

BIM is based on an electronic money platform that allows access to the financial system transfer funds and pay various services from their cell phones without the need of having a bank account. A smartphone is the best ally to join you only need one cell phone activated either in Claro, Movistar, Entel or Bitel, indicate the number of your National Document Identity (DNI) and the financial institution that will take care of your BIM. It is an easily accessible channel, low cost and time saving.

In 2018 the BIM app was launched for the IOS and Android operating systems, with great acceptance, and then joined Bitel and the option to pay Bitel post payment receipt. The great growth allowed BBVA to strengthen the use of BIM in its correspondent agents and other channels.

To enhance and promote the use of the BIM channel, the Bank implemented the option of recharge in Internet Banking, Mobile Banking and Express Agents, as well as the withdrawal in ATM and Express Agents.

At the end of 2019, the BIM system had 25 participating financial entities, 700 thousand active registered users and more than 11 million transactions carried out; that is to say, + 14% and + 120%, respectively, compared to the previous year.

The potential demonstrated by the segment led BBVA to promote new functionalities that would allow it to maintain leadership in the transaction market with electronic money at the end of the period. In this line, payment of services was enabled basic services such as electricity, water, gas and telephone, and the option of using BIM as a means of payment in participating establishments.

**To enhance and promote the use of the BIM channel, the Bank implemented the option of recharge in Internet Banking, Mobile Banking and Express Agents, as well as the withdrawal in ATM and Express Agents.**

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

## Access to Savings with Greater Benefits

Within the strategy to promote a culture of savings, BBVA offers the client different options that suit your needs. In 2019, the My Goals and My Day to Day, actively promoted, achieved an increase of 82% compared to the previous year in the number of goals created, and that more than 60% of customers using digital channels access the detail of your income and expenses in order to improve your financial health.

To generate a simple and clear offer of value for the client, we worked on the simplification of the portfolio of savings products with two drivers that are the most valued: cost-free operations (transactionality) or 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, in addition to the benefits program Mundo Independencia, which offers discounts in associated establishments, which contributes to the customer can save on their consumption. For its part, Account Winner increased chance to win their prizes, by adding to the classic semi-annual draws, the weekly version. Additionally, for clients who receive their payroll at BBVA, the program loyalty program Mundo Sueldo was reinforced, with a friendlier app and better features: BBVA Benefits. The program has a new structure for identifying discounts, by which the client quickly finds the categories of restaurants, beauty centers or entertainment and activities or discounts for special dates. Additionally, you can access better conditions in Bank products (loans, cards, CTS, among others).

In Term Accounts, the promotion of digital openings with differentiated rates, which allow greater profitability in customer deposits by promoting self-service. The increase in openings of time deposits in the channel digital was 659% compared to 2018.

The results of these and other strategies allowed BBVA to grow in average balances of liabilities in 2019, with respect to the previous year: in Salary Account, at 7.35%, and in Account Independence, at 119.52%. In addition, the CTS Account increased by 3.08% and deposits to term in 23.46%, while 12% more clients whose salary is deposited directly at BBVA.

## Correspondent ATMs

In 2019, the correspondent channel Agentes BBVA grew by more than 2,000 points of its own, which consolidated the Bank's presence at the national level. At the end of the year, it had 5,366 agents, 45% 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 20%, compared to 2018. For December 2019, it had 690 thousand clients.

It should be noted that in 2019 functionalities such as transfers were added to the interbank online and credit card payments channels from other banks.

	Number of points	Number of transactions
2019	5,366	46,006,997
2018	6,617	39,304,994
2017	6,831	28,830,000

**The transactional account Cuenta Independencia was promoted with a clear message: zero cost in commissions at the national level, in addition to the benefits program Mundo Independencia, which offers discounts in associated establishments, which contributes to the customer can save on their consumption.**

## Support for SMEs

The constant promotion of Business Banking as a platform for the attention of medium and small entrepreneurs expressed themselves in 2019 with an offer of products and services designed to meet the most important financing needs of the client and accompany it on its growth. Along these lines, BBVA encouraged small business customers to use working capital lines and encouraged the purchase of debt with competitive rates.

Likewise, within the framework of its digitization objective, BBVA promoted the use of Net Cash (Business Internet Banking), with priority on Fast Cash, which allows the customer to self-repay their business loan instantly and without new credit assessments.

Finally, BBVA created strategic alliances with new POS providers, which allowed a greater capture of flows in the accounts thanks to the development of new sales channels, such as the web, where the highest number of affiliations is captured.

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## Support for Individuals with Special Needs

In 2019, the Bank included CAS personnel within the regulations on Loans by Agreements and Unemployment. There are about 62 agreements with public companies to which they offer consumer loans with special conditions and the collection is made through discount per template.

## Market Share in Financing of Mortgage Loans

BBVA was an important player in the development of the real estate market in 2019 by registering a net increase in mortgage loan balances of S/ 604 MM, with which it reached S/ 13,079 MM (5% more than the previous year), that is, a market share of 27.29% (as of November 2019) for the end of the year.

### Housing and Access to Mortgage Credit at the End of 2019

Mortgage Loans:

**S/ 13,079 MM**

Market Share:

**27.29%**

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

Likewise, the Bank created in June 2019 the Social Interest Housing and Residential Housing sub-managements, a new work structure in order to meet the needs of real estate. At the end of the year, both showed great performance not only for their growth of more than 180% and 8%, respectively, in loan balances, but because they boosted the sector and generated organic growth in the real estate business.

With the ability to differentiate offers by type of home and be competitive in each one of them, the Bank launched its promotional campaign under the concept "Welcome Promoter" with a differentiated offer.

The Bank expects for 2020 to grow above 6% in mortgage balances and comply thus the challenge of doubling its presence in social loan placements and growing in projects of residential homes that have energy improvements and care for the environment. This is, without a doubt, an excellent opportunity for BBVA, as it is the youngest country in comparison with the region.

## Omnichannel

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

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

At the end of 2019, the Bank had a network of 354 branches (Retail banking, Wholesale banking and Patrimonial banking) and 1,969 ATMs (dispensing and multifunction ATMs).

Its main direct channels are:

### Online Banking

BBVA website ([www.bbva.pe](http://www.bbva.pe)) received in 2019 approximately 59 million of visits. Through this public portal you can access the banking private area through the Internet, which registered more than 950 million transactions as of December 31.

The Bank has 5.8 million active clients, of which around 2.8 million are users of online banking.

### Mobile Banking

Mobile Banking is growing continuously and in 2019 it obtained 840K mobile customers, which represent a 29% penetration within target customers. The permanent evolution of the Mobile Banking app (85% on Android devices and 15% on iPhone) allowed 2,259 million of transactions from such devices.

### Digital Sale

During 2019, the sale of products on digital channels was promoted, which at the end of the period showed an increase of + 94% in units sold, both in customers and in non-customers, compared to 2018.

The increase came mainly from account, loan and fund products mutual. Thus, with respect to the previous period, in 2019 the opening of accounts by channels digital grew by 134%; loan placement increased thanks to the new evaluation, at 48%, while the number of mutual fund openings and subscriptions did so in 13%. On the other hand, more than 703 thousand operations were carried out and more than 753 million US dollars were changed for "BBVA T-Cambio".

### Correspondent Agent

At the end of 2019 there were 5,344 Express Agents and 45 Express Plus Agents, which in together they generated a total of 48 million transactions.

### Dispenser ATM

With its own network of 1,629 ATMs, the channel registered 140 million transactions.

### Deposit ATM

The Bank has 340 deposit ATMs (multifunction), in which 17 million were made of transactions at the end of 2019.

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**At the end of 2019, the Bank had a network of 354 branches (Retail Banking, Wholesale Banking and Patrimonial Banking) and 1,969 ATMs (dispensing and multifunction ATMs).**

## Omnichannel Basic Information

	2019	2018	2017
Digital clients (in thousands)	974	714	470
Mobile clients (in thousands)	840	550	311

## Transactions by Channel

Channel	2019	2018	2017
Offices	0.68%	0.75%	1.35%
ATMs	2.80%	2.89%	4.38%
Online banking	17.17%	18.25%	15.36%
Mobile banking – SMS	40.82%	37.25%	30.18%
Continental Net Cash	35.36%	37.36%	44.31%
Telephone banking	0.10%	0.34%	0.67%
Express Agent	0.86%	0.95%	0.92%
Automatic debit	0.21%	0.23%	0.31%
Balances and operations module	0%	0%	0.22%
POS (debit)	2.00%	1.98%	2.30%
	100%	100%	100%

## Attention Channels

National offices	2019	2018	2017
Retail network	329	329	329
Asset banking	3	3	3
Wholesale banking network	22	22	22
<b>Total</b>	<b>354</b>	<b>354</b>	<b>354</b>

ATMs	2019	2018	2017
Lima	1,351	1,360	1,343
Provinces	618	610	604
<b>Total</b>	<b>1,969</b>	<b>1,970</b>	<b>1,947</b>

Express Agents + Express Plus Agents + Kasnet Agents + Western Union Agents + FullCharge	2019	2018	2017
Lima	3,087	3,469	3,407
Provinces	2,257	3,148	3,885
<b>Total</b>	<b>5,344</b>	<b>6,617</b>	<b>7,292</b>
Variation	-19%	-9%	-30%

## Customer Solutions

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

Along these lines, the Bank announced its latest functionality in its Mobile Banking app: 'Lukita', a new tool that allows individuals and companies to carry out bank transfers only with the cell phone number, regardless of the bill.

This new service allows immediate transfers to contacts saved on the cell phone and also use 'Lukita'. Users will no longer have to suffer to remember the long account numbers or worry about them getting lost or misplaced by somewhere. It will be enough to have the cell phone at hand.

Transfers are 100% secure, as they use the digital token system to confirm the transactions carried out without the need to enter a dynamic password. Also, offers the advantage of being able to make transfers in both soles and dollars, without any type of commission, making it easier for users to manage their money.

'Lukita', found within the Mobile Banking app, allows the user to choose the debit account from which you want to transfer the money, as well as change it as many times requires it.

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**BBVA leads the digital transformation of Peruvian banking with numerous launches of technological products and services that make the customer's life easier.**

## Social Responsibility / Public and Private Non-profit Institutions

GRI 203-1

2019 was another year in which we worked hand in hand with different non-profit institutions, but there was special satisfaction with what was done with the MiVivienda Fund. Close the housing gap of the emerging population is undoubtedly a pending issue in the country, and the MiVivienda's work shows with optimism what can be done to help more Peruvians to have a suitable home at affordable prices.

BBVA is proud to have been chosen in 2019 as arranger and underwriter of the Fund bond program for an amount of S/ 250 million. The demand was greater than expected and the interest rate was below forecast after reading the market, which meant better rates for those who were financed with loans from MiVivienda. In addition, the Bank financed short-term needs for S/ 100 million.

Supporting projects with high social impact will always be in the Bank's plans, since they are in line with its purpose: to make the opportunities of this new era available to all.

## Responsible Investment

GRI 203-1, 203-2

### Mutual fund "Leer es estar adelante" (FMIV)

"Leer es estar adelante" (FMIV) is a social responsibility fund through which the Investor agrees to donate to the reading comprehension program of BBVA Foundation one tenth of its semi-annual fee.

The FMIV invests only in debt instruments whose average duration is greater than 360 and less than 1,080 days, predominantly in dollars, either in the local market or in the Foreign.

In addition, the fund is mainly committed to instruments of high credit quality (AAA to AA- in the long term and CP-1 in the short term) and risks up to level A- or CP-2; while investments made abroad must have a risk rating not lower than BBB-, with the exception of instruments traded on the foreign companies incorporated in Peru, in which case you may invest in securities of risk rating equal to or better than BB-.



In the second semester of 2019, the FMIV, according to its Regulations of Participation, donated US \$ 1,490.79; while its 88 participants donated a total of US \$ 1,410.64.

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Year	% Equity	Equity READ US\$	Involved
2017	0.34%	14,061,617.29	132
2018	0.58%	10,994,381.00	103
2019	0.59%	12,033,868.23	121

## Green Loan

A loan is considered “green” when its purpose is to promote sustainability environmental and is qualified as such by an external body. For such qualification there are environmental consultants who assess the level of risk management extra-financial (environmental, social and good governance criteria) by the borrower.

In 2019, the environmental consultant Vigeo Eiris participated as a rating agency independent for the restructuring of part of the financial debt, from short to medium term, from Ferreycorp and its subsidiaries Ferreyros, Unimaq and Orvisa, for US \$ 70 million.

The operation, a pioneer in its modality, is a clear example of the Bank’s commitment with sustainable financing and support for product development and implementation financials of the ‘green’ mode. The restructuring was rated the best among 19 companies in the industrial sector from various countries such as Mexico, South Korea and China, among others.

It is important to highlight that while social projects promote improvements in education, health, employment or housing, green projects are oriented to the development of responsible practices with the environments and the implementation of solutions for conservation of the environment.

# Investment in the Community

## Social Impact

GRI 201-1

BBVA Foundation continued its work in 2019 with the firm commitment to contribute to the development of education and culture of the country.

Likewise, the Bank maintained a projection that through the business generates activities that allow the client and society to be a bridge of opportunities for the achievement of personal, family and business goals.

### 5,685,266

Clients in 23 provinces of the country

The following lines detail the main impacts focused on various stakeholders:

- Reverts their income to society in the form of wages and salaries to employees, payments to suppliers, taxes or distribution of dividends to shareholders and wealth generated for your stakeholders.

### 7,626

Private shareholder received S/770,389,252.30 for cash remuneration concept.

### 6,180

Employees who received S/470,721 MM in wages and salaries.

### 2,147

Suppliers billed S/1,030 MM.

### 1,244

Millions of soles on accrued taxes and collected by BBVA.

- Support to SMEs.

### 787,372

SMEs supported or financed by BBVA.

### 6,042

Millions of soles for funding granted to SMEs.

•Bet on transparency and financial education to be the best Bank in recommendation index.

**1,219**

People have participated in financial education programs.

**100%**

Of product sheets with TCR criteria.

**1<sup>st</sup>**

Bank on index recommendation (NPS accumulated 2019).

**1<sup>st</sup>**

Bank at NetTCRscore (NPS accumulated 2019).

•It has initiatives available to everyone, not just a few.

**1,457,678**

People benefitted by the financial inclusion.

**579,578**

People benefitted by BBVA Peru Microfinances Foundation.

**684,133,416**

Of euros on microcredits given by BBVA Peru Microfinances Foundation.

•Offers products and services that make the lives of women easier, more comfortable and safer people's live and allow them to make the right financial decisions.

**1,814,000**

Clients managed their finances through digitals channels.

In addition to the impact on business, BBVA develops, both directly and through its foundation, social programs with their own initiatives in the field of education that generate a positive impact on society and benefit different collectives.

GRI 201-1

**4,320,757.75**

Of soles were oriented to social programs, equivalent to the 0.27% profit attributed.

**6,642**

Beneficiaries of the scholarship program integration.

**4,164,761.75**

Of soles intended to BBVA Foundation programs.

In order to minimize the environmental impact, BBVA has a Global Eco-efficiency Plan that establishes the following objectives for the period 2016-2020 with regarding the results achieved at the end of 2015:

**7%**

Of CO<sub>2</sub> reductions.

**13%**

Water usage reduction.

**8%**

Electricity usage reduction.

**35%**

Of the employees started working in environmental certified buildings and offices.

## Investment in Social Programs

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

### Support to the Community

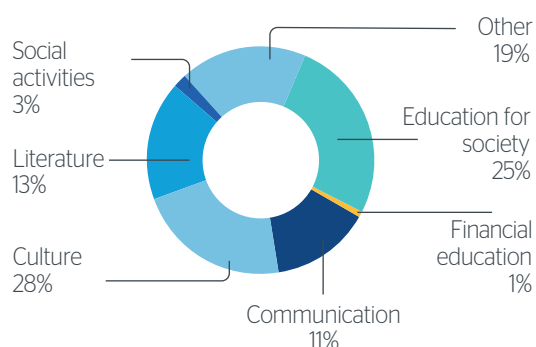
Resources Allocated by BBVA and the Foundation In thousands of soles

By entity	2019	2018	2017
BBVA	155,996.00	238,242.00	447,490.07
BBVA Foundation	4,164,761.75	3,981,628.52	3,999,743.59
<b>Total</b>	<b>4,320,757.75</b>	<b>4,219,870.52</b>	<b>4,447,233.66</b>

In 2019, BBVA Foundation made an economic contribution of S/ 4,164,761.75, as part of his constant contribution to the education and culture of the country.

**In 2019, BBVA Foundation made an economic contribution of S/4,164,761.75, as part of his constant contribution to the education and culture of the country.**

### Investment in Social Programs by Strategic Priorities



### Investment Mechanism Works for Taxes

GRI 203-1

During 2019 BBVA did not participate in any project through the mechanism of Investment of Works for Taxes.

## Financial Education

As part of the Responsible Business Plan that BBVA develops globally, the Financial Education program, which in Peru bears the name of "Your money, your friend" and is developed by BBVA Foundation.

The objective of the workshops is to promote the financial health of people already banked through starting from the development of skills that allow them to make better decisions in their relationship with money and the financial system.

Collaborators from companies and institutions participate in the workshops, who are based on the offer of the Mundo Suelto area (clients and non-clients of the Bank) and that they receive information on savings, credit cards and mortgage credit.

1,219 people from 34 companies participated in the 40 workshops held in 2019.

### Main Benchmarks for Financial Education

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

## Entrepreneurship

Within the framework of BBVA's commitment to financial inclusion, in 2007 BBVA Microfinances Foundation (FMBBVA)<sup>(\*)</sup> was created, a non-profit entity whose purpose is to promote the economic and social, sustainable and inclusive development of people with few resources through of productive finance, its specialty and methodology. The model seeks the development of client and offers vulnerable entrepreneurs to whom it attends personalized attention, bringing a complete range of financial products and services to their homes-business, as well as training and advice in the administration and financial management of their small business.

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**At the end of 2019, BBVA Microfinances Foundation and its more than 8,300 employees, attended 2,2 million of entrepreneurs.**

In this way, with the name "Measuring what really matters", the Foundation publishes its Social Performance Report annually, which summarizes the social impact and economic activity of its activity in the lives of the entrepreneurs it serves and whose the ultimate goal is to serve as a reference to improve the service provided and the accompaniment. This social measurement system has been highlighted by the UN and the OECD and has established itself as a reference for the sector.

Since its constitution, the Foundation has disbursed in Latin America a volume added US \$ 14,169 million to low-income entrepreneurs for the development of their productive activities (2007-2019) and has become the largest philanthropic initiative private in the region. According to OECD statistics, which collect data from more than 30 of the largest foundations in the world, the FMBBVA is the international leader in contributing to development, following the Bill & Melinda Gates Foundation (gross disbursements 2017-18).

At the end of 2019, the Foundation and its more than 8,300 employees served 2.2 million of entrepreneurs. More than half (57%) were women, which contributes significantly to direct to reduce gender inequality and joins the FMBBVA's continuous effort to reach the most remote and needy geographic areas.

The Foundation also promotes financial education and other training related to the management of their small clients' business.

In Peru, Financiera Confianza provides financial and business management training for particularly vulnerable groups of female entrepreneurs through its Word of Woman. In Colombia, Bancamía provides financial education through counseling custom and workshops. In Chile, Fondo Esperanza trains clients in its School of Entrepreneurship.

The mission and methodology of the FMBBVA have been recognized on several occasions by United Nations for its contribution to the SDGs of the 2030 Agenda. In fact, these impact directly into SDG 1, eradicate poverty; SDG 2, end hunger and promote sustainable agriculture; SDG 4, promote inclusive education; SDG 5, achieve equality of gender; SDG 6, promote access to water and sanitation; SDG 8, promote growth sustainable and inclusive economic and decent work; SDG 10, reduce inequality; SDG 13, adopt measures to combat climate change and its effects; SDG 16, promote peace, and SDG 17, promote alliances to achieve the objectives, among others.

In 2016, the United Nations Economic and Social Council (Ecosoc) granted the FMBBVA the consultative status, in recognition of its work in its field of action: the microfinance for development. In this sense, it participates in various meetings at the UN to recommend actions that contribute to sustainable development. On the other hand, the Panel of High Level on Economic Empowerment of Women of the Secretary General of Nations United highlighted the Foundation as a case study.

(\*) BBVA Microfinance Foundation (FMBBVA) was born from the corporate responsibility of BBVA Group, but as an entity without profit is autonomous both in its government and in its management. Therefore, it should be emphasized that it is not part of BBVA group and, consequently, it does not manage or respond for the activity carried out by the Foundation or by the financial entities that it acquires for the fulfillment of its purposes.

## Developed Actions in 2019

The Foundation has participated one more year in the Commission of the Juridical and Social Condition of Women (CSW63), the most important global forum on gender, during this, the FMBBVA, together with the diplomatic delegations of Peru and Colombia, the Secretariat General Iberoamericana and UN Women, organized the event "Women protagonists of change, how financial inclusion and digital transformation can accelerate gender equality and sustainable development" at the United Nations headquarters.

Her Majesty the Queen of Spain and the President of BBVA, Carlos Torres, chaired the debate "Exceptional women: the value of an opportunity" organized by the FMBBVA. In representation of the women of the FMBBVA Group was Guisela Martínez, an exceptional Peruvian entrepreneur, by Financiera Confianza.

The work of the FMBBVA was recognized in the Euromoney Awards for Excellence 2019 with the award to BBVA as "The best bank in the world in financial inclusion".

In addition, the gamification strategy in the training of the FMBBVA was awarded as "Best internal communication strategy for change management" by the Observatory of Internal Communication (IE, Atrevia and Wolters Kluwers) at the 2019 CEGOS Awards.

For its part, Financiera Confianza was recognized for the second consecutive year with the "Award for Responsible Financial Inclusion" at the 2019 Citi Microenterprise Awards. The jury was based on the indicators reported to the SBS between June 2018 to June 2019 in terms of focus, scope, accessibility, depth and quality of credits granted.

The Peruvian entity was also recognized as the "Best innovative practice with gender approach 2 for its group credit product 'Palabra de Mujer' (PDM)" in the prestigious PAR Gender Equity Ranking 2019.

## Knowledge, Science and Culture

### Education for Society

Since its creation in 1973, BBVA Foundation has been supported by two fundamental pillars what are education and culture through the constant development of activities of promotion and dissemination.

Only in the educational field, the Foundation directed its efforts to the attention of more than 8,000 people (adults and minors).

	2019		2018		2017	
	Direct Beneficiaries	Indirect Beneficiaries	Direct Beneficiaries	Indirect Beneficiaries	Direct Beneficiaries	Indirect Beneficiaries
Infant and primary education(*)	6,771	27,084	7,926	31,704	14,474	57,896
Adult education(**)	2,069	n.a.	1,754	n.a.	591	n.a.
<b>Total</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>

(\*) In 2019, this item was made up of students who participate in the Read is Being Ahead program and children participants in the reading promotion program Once Upon a Time.

(\*\*) In 2019, this item was made up of PUCP undergraduate scholarship holders (16), those attending financial education workshops (1,219), the professors participating in the activities of the Universidad del Pacífico Board of Trustees (247), the participants in the Marcelino Champagnat University (425) and the parents of the program Once upon a time (162).

**The work of the FMBBVA was recognized in the Euromoney Awards for Excellence 2019 with the award to BBVA as "The best bank in the world in financial inclusion".**

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

### **The Program “Leer es estar adelante”**

The program “Leer es estar adelante”, focused on overcoming the problems of reading comprehension in students from 3<sup>rd</sup> to 6<sup>th</sup> grade, a latent need in the country, has been consolidated as one of the long-term initiatives in the field of basic education.

For 2019, training workshops for teachers were developed in the regions of Ayacucho, Huancavelica, Lima and Piura, with the aim of promoting tools related to production of texts as a strategy aligned with the national curriculum. It should be noted that the program included three schools in the Ayacucho provinces of Huanta, Vilcashuaman and Víctor Fajardo, after the initiative of the Ayacucho Emergency Association, created in 1985 to serve children and adolescents who are victims of terrorism.

In the workshops, the pedagogical dynamics was socialized and the proposal of the student contest “Leemos y escribimos”, which was held in each of the six schools in the second semester of the year.

For this reason, the pedagogical folder included the development of two workshops:

- **Workshop 1:** “From the teaching of text comprehension to the production of texts”. Objective: Identify tools from the Adelante books that can be used for text production.
- **Workshop 2:** “The textual typology of Adelante books: Guided production exercises of texts”. Objective: To develop guided exercises according to the textual typology of the Adelante books.

The objective of the pedagogical work focused during 2019 on deepening the skills of teachers and students to articulate reading comprehension and the production of texts, on the basis of the skills and strategies learned and developed with the use of the collection ahead. Thus, the intervention of schools that participated in the program in other years and now have a positive track record in learning achievement.

There were two modalities:

1. Individual contest for the production of texts that respond to textual diversity present in Adelante books and the national curriculum (that is, descriptive texts, informative, narrative and argumentative).
2. Collective contest by degree of production of texts on “Peruanos y peruanas que contribuyen a la defensa de la diversidad del Perú desde las regiones”.

Regarding the level of educational institution (IE), the contest was developed in three months and was materialized in 10 educational projects prepared in various formats: posters, writings texts, videos, photos, drawings, among others.

In the case of the individual contest, the teachers positively valued that the strategy include text production training activities with concrete activities and then the organization of the writing day in each school. Due to the dynamics of the contest, the participation was massive, since all the sections participated.

As for the collective competition, by its nature this implied the organization of the classroom students for the development of a group project; however, some schools decided to coordinate between the sections of the same grade for the elaboration of a single product. In both cases, there was a great participation and a good receptivity on the part of participants.

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**For 2019, training workshops for teachers were developed in the regions of Ayacucho, Huancavelica, Lima and Piura, with the aim of promoting tools related to production of texts as a strategy aligned with the national curriculum.**



## Main Indicators of the Program

	Investment 2019	Number of fellows	Indirect Beneficiaries <sup>(1)</sup>	Number of volunteers <sup>(2)</sup>	Number of allies <sup>(3)</sup>
Peru	313, 063.07	6,642	26,568	270	7

(1) Data calculated on the basis of the average number of members of a family (Source: INEI).

(2) Corresponds to the volunteers of BBVA Continental.

(3) Includes: IEP, BBVA Asset Management, Educational Management Units of Huaytara, La Mar and Huamanga; and private partners PERU LNG and the Paita Port Terminal Social Fund.

## Academic and Outreach Events

The undergraduate scholarship program that the Foundation maintains through an agreement with the Pontificia Universidad Católica del Perú, it remained in force in 2019. Sixteen students from the specialties of Management, Senior Management, Industrial Engineering, Communication for the Development, Performing Arts, Graphic Design and Economy benefited from the full payment of your studies, including health insurance, second language studies and rights of bachelor's degree.

Likewise, in the same branch of higher education and based on the agreement that has with the Board of Trustees of the Universidad del Pacífico, we continued to serve teachers university students from public universities. The academic activities developed they allowed the participation of 247 teachers from different regions of the country.

Along the same lines, the Foundation and the Marcelino Champagnat University signed an agreement to work together a licensing program for teachers of the communities of the province of Datem of Marañón, in the Loreto region, from the east Peruvian, which graduated 425 professionals.

## Conservation of Heritage and Culture

The activities carried out in the cultural sector were maintained, both those gestated in house such as those originated from sponsorships and sponsorships with various institutions in the city of Lima as in the main provinces of Peru.

The Casa Tristán del Pozo, in the city of Arequipa, was the scene of talks and performances theater within the framework of the fifth edition of the Hay Festival. The cultural meeting, of which the Foundation is the main partner, it was attended by more than 29,000 people, who they participated in the 86 events presented over four days.

For its part, the Casa de la Emancipación, in Trujillo, received more than 100,000 visits in its 171 activities carried out throughout the year, which made it the cultural benchmark of the city. The permanent rooms dedicated to the poet César Vallejo and the Spanish bishop Baltazar Martínez Compañón were once again the magnet for specialists and the general public, while that the six exhibitions that were held in the temporary room showed the art Trujillo, national and foreign.

The Museum of Pre-Columbian Art of Cusco (MAP), which occupies the Casa Cabrera, concluded the remodeling plan for this, which included stripping the stone in the interior patio and a wood living room, which increased the value of the property. In addition, a general change of the electrical system and a new security plan was implemented, in order to prevent any incident.

## Number of Annual Visits

Houses	2019
Casa Tristán del Pozo – Arequipa	62,817
Casa de la Emancipación – La Libertad	107,347
Casa Gerónimo Luis de Cabrera – Cusco	36, 379

On the communication side, the MAP presented a novel experience of Reality Virtual that includes a journey through 3,000 thousand years of Andean art that ends in the own museum, in order to improve its positioning by attracting future potential visitors from Lima. In addition, the MAP profile on the travel platform was updated and managed TripAdvisor, where it ranked 12 out of 123 things to do in Cusco according to it platform. The total of visits reported during 2019 was 36,379 people.

The Foundation worked in conjunction with the Cultural Center of the Pontificia Universidad Católica del Perú which it sponsored its annual programming, which featured theatrical productions, visual arts exhibitions and the Lima International Film Festival 2019, which year after year has been consolidating itself as a benchmark in this artistic discipline.

The presence of the Foundation in the theatrical field was also reflected in the sponsorship of the Animalien Production Company and the United Cultural Association of Artists, with whom they staged both in Lima and in Trujillo and Arequipa.

In the field of visual arts, he had a presence in the exhibition of the Mexican artist Pablo Vargas Lugo at the Lima Art Museum, at the Art Lima art fair organized by the El Comercio group, in "Half ash, half heartbeat", traveling exhibition of the artists Nani Cárdenas and Elisenda Estrems sponsored in conjunction with the Ministry of International Relations, and the assemblies of the Miró Quesada Room that the Municipality of Miraflores, one of the most visited spaces in Lima.

Finally, in continuity with the agreement with the Museum of Contemporary Art in Barranco, the exhibition "Shaping Time" was held. "Middle space", whose purpose is to house visitors to enjoy reading moments, music and other shows or meetings that make the visit to the museum more attractive, and, as corollary of the cooperation with this institution, the First Art and Innovation.

In the middle of the year, version 24 of the International Book Fair (FIL) of Lima, organized by the Peruvian Book Chamber, which served as the setting for the launch of the third version of the Foundation's poetic reading contest. With a total of 586,900 visitors in the 17 days that the meeting lasted, FIL 2019 registered a new record. In this Similarly, the Foundation participated in the Lima Metropolitan Book Fair "Lima Lee", initiative led by the Municipality of Lima.

Support for music was reflected in the sponsorship of the Children's Orchestras Association and Juveniles del Perú that carries out the program Sinfonía por el Perú, led by the Peruvian tenor Juan Diego Flórez and whose purpose is to contribute to the development of the capacities of children and adolescents from vulnerable areas of the country through music. In the second half of the year an agreement was signed with Radio Filarmonía to participate as sponsor of the National Contest of Lyrical Singing aimed at young lyrical singers.

During 2019, the Foundation, in association with entities such as Editorial Argos and the Cosas magazine, published the books "Ricardo Palma. Peruvian spirit" and "Julio Ramón Ribeyro. Unpublished illustrations and notes", respectively.

### **Find your Poem**

In 2019, the web platform Find your poem expanded the best of poetry to new spaces, inaugurating its first physical space in the Cultural Center of the Pontificia Universidad Católica del Perú, where visitors can listen to poetry through tablets. In addition, the Find Your Poem podcast was launched, a new monthly format that counts secret stories of Peruvian poets on Spotify, Google podcast, Ivoox and bbva.com. Finally, the third edition of the poetic reading contest was held, which this time received participants from Lima, Cusco, Trujillo and Arequipa. At the end of the year, the web platform registered a total of 411,576 unique users.

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**On the communication side, the MAP presented a novel experience of Reality Virtual that includes a journey through 3,000 thousand years of Andean art that ends in the own museum, in order to improve its positioning by attracting future potential visitors from Lima.**

## Sponsorships and Donations

The Foundation favored the following non-profit entities:

- Fundación Peruana de Cáncer (“Ponle Corazón” collection).
- Association of Homes Nuevo Futuro Perú.
- Ayacucho Emergency Association.
- Operation Smile.
- Peruvian Center for Hearing and Language (CPAL).
- Mission Huascarán.
- Association of the Puericultorio Pérez Aranibar Board.
- Human Dignity and Solidarity Association.

## Institutional Activities

### GRI 203-1

The launch of the campaign in Peru included a series of activities to share the new beginning with employees, clients and the general public, reinforcing the commitment to continue offering the best products and services, as well as profitable opportunities to manage user finances.

Events were held simultaneously in cities such as Lima, Arequipa and Trujillo. In the headquarters, more than 1,500 employees and customers gathered to hear the words by the Bank's president, Alex Fort Brescia, who highlighted the commitment of society between the Breca Group and BBVA to continue offering the best of banking and to continue creating opportunities for all Peruvians.

The change coincided with the appointment of the Mexican executive Fernando Eguiluz as new CEO of BBVA Peru, so the brand launch meeting held in Lima It was also the first opportunity in which he addressed the employees of the institution, to whom he conveyed his intention of making the Bank number one in the country. By his part, the activity was used by Eduardo Torres-Llosa to say goodbye after 12 years of outstanding work in the general management of the entity.

In the rest of the country, numerous BBVA offices began their activities wearing the new global brand. Teams from Chimbote, Arequipa, Trujillo and other cities participated in launch activities, some of them in public squares.

On the other hand, it is worth highlighting the exclusive cocktail that BBVA offered to its main clients in the framework of the 57<sup>th</sup> edition of CADE Executives held in Paracas. Quote, held in November, addressed issues related to competitiveness, institutional and the fight against corruption.

## BBVA Research

Regarding the exchange of knowledge, BBVA Peru Research unit prepared 13 economic publications during 2019, all hosted on its website and which generated great repercussion in different media.

BBVA Peru Research team participated in 213 public interventions on topics macroeconomic, financial and sector analysis. The published documents covered matters related to the Peruvian economy and the world economic environment that impacts it, and although they were written in Spanish, some of them, considering the global approach of BBVA Research, were also presented in English.

The magazine Situación Perú, which addresses the analysis of the Peruvian economy on a quarterly basis, continued to take the pulse of the country's development. The reports produced by the team Peruvians are offered free of charge on the website [www.bbvarresearch.com](http://www.bbvarresearch.com), thereby take advantage of a new publishing platform to fulfill your social commitment and serve digital transformation.

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**2019 will remain in the history of BBVA as a year of special importance, as it is the unification of the brand globally. The goal of wearing the same logo in all countries where the Group operates is clear: to offer a unique value proposition and an experience of homogeneous user, characteristics typical of digital companies.**

# Report Guidelines

## Criteria and Standards of the Information

GRI 102-46, 102-48, 102-49, 102-50, 102-51, 102-52, 102-54, 102-56

The preparation of this report gives an account of BBVA's actions in its commitment to social responsibility during the 2019 financial year. The development of this version, as well as the of 2018, follows internationally recognized standards based on the Sustainability Reporting Standards model of the Global Reporting Initiative (GRI Standards), in its comprehensive option, while incorporating the criteria of the Institute's AA1000 standard Social and Ethical Accountability.

The data consigned are referred, in a relevant and concise way, to the financial framework and non-financial regarding BBVA's strategy, corporate governance and performance, with annual character and ending on December 31, 2019. For this report the comparative data correspond to the years 2017, 2018 and 2019. If for any case any modification occurs in the historical data due to subsequent changes in the indicators, the respective indication will be attached.

It is important to note that the materiality analysis has been considered, which allows identify relevant matters for the bank and therefore for its stakeholders, which they are covered throughout this report.

This report complies with the guidelines of the United Nations Global Compact and includes BBVA actions that contribute to achieving the Sustainable Development Goals of the United Nations.

As in previous years, this report is complemented by the **2019 Annual Report** of the Bank and with the information published on the website **www.bbva.pe**.

GRI 102-45

### Principles to Ensure the Quality of Information

The principles of the Responsible Banking Report (RBR) 2019 respond to the guidelines of the Sustainability Reporting Standards (GRI Standards), both in the definition of the content as well as the quality of the information. The principles referred to are:

- **Stakeholder participation:** BBVA details which are its stakeholder stakeholders and explain how they have responded to your reasonable expectations and interests.
- **Sustainability context:** 2019 RBR highlights the practices of the organization in the broader context of sustainability, taking into account the available information.

- Materiality:** The 2019 RBR takes into account the specific aspects that reflect the significant economic, environmental and social effects of the organization or that have a substantial influence on the evaluations and decisions of the stakeholders.
- Completeness:** The 2019 RBR 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 in its RBR both the positive aspects as well as negatives from their performance, in order to promote an objective and grounded evaluation around their general performance.
- Comparability:** BBVA consistently presents the compared information within the last 3 years; In this sense, stakeholders can determine the performance evolution in recent years.
- Accuracy:** The 2019 RBR presents precise and detailed information that allows the analysis by stakeholders regarding the organization's performance.
- Punctuality:** The Bank complies with a regular calendar for the presentation of its reports, in order that their stakeholders have the information timely and allows them to make informed decisions.
- Clarity:** The information is presented in such a way that the stakeholders to whom it is directed can access it and understand it properly.
- Reliability:** The information has been collected, recorded, compiled, analyzed and presented so that it can be evaluated by an external auditor. In the case of 2019 RBR, the verification has been carried out by the company KPMG, which reviewed said information according to the scope included in the report. The recommendations made from manifested in these review processes are the subject of an action plan that ensures their implementation.

# GRI Content Index

GRI 102-55

## General Basic Disclosures GRI Standards

Disclosure description		Chapter / Direct answer	Omission	Off-set verification
<b>Organizational Profile</b>				
<b>GRI 102</b>	<b>General Disclosures</b>			
102-1	Name of the organization	About BBVA		✓
102-2	Activities, brands, products and services	About BBVA		✓
102-3	Location of headquarters	About BBVA		✓
102-4	Location of operations	About BBVA		✓
102-5	Ownership and legal form	About BBVA		✓
102-6	Markets Served	About BBVA – Data of Impact About BBVA – Background		✓
102-7	Scale of the organization	About BBVA – Data of Impact Key Responsible Business Indicators		✓
102-8	Information on employees and other workers	Responsible Practices – The Team		✓
102-9	Supply chain	Responsible Practices – Responsible Purchases		✓
102-10	Significant changes to the organization and its supply chain	Responsible Practices – Responsible Purchases		✓
102-11	Precautionary principle or approach	Governance System – Intern Control Model Responsible Practices – Management of Social, Environmental and Reputational Risks		✓
102-12	External initiatives	About BBVA – International Subscribed Commitments Responsible Practices – Management of Social, Environmental and Reputational Risks		✓
102-13	Membership or associations	About BBVA – National subscribed Commitments Responsible Practices – Governance System		✓
<b>Strategy</b>				
102-14	Statement from Senior decisión maker	Letter from the President Business Strategy and Model		✓
102-15	Key impacts, risks and opportunities	Letter from the President Business Strategy and Model Responsible Practices – Management of Social, Environmental and Reputational Risks		✓
<b>Ethics and Integrity</b>				
102-16	Values, principles, standards and norms of behaviors	Strategy – Business Strategy and Model Strategy – Responsible Banking Model Governance System – Compliance System		✓
102-17	Mechanisms for advice and concern about ethics	Governance System – Compliance System Strategy – Business Strategy and Model		✓

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Disclosure description		Chapter / Direct answer	Omission	Off-set verification
<b>Governance</b>				
102-18	Governance Structure	Governance System – Corporate Governance		✓
102-19	Delegating Authority	Governance Strategy – Governance Governance System – Corporate Governance		✓
102-20	Executive-level responsibility for economic, environmental and social topics	Strategy – Responsible Banking Model Governance System – Corporate Governance		✓
102-21	Consulting stakeholders on economic, environmental, and social topics	Strategy – Materiality Governance System – Corporate Governance		✓
102-22	Composition of the highest governance body and its committees	Governance System – Corporate Governance		✓
102-23	Chair of the highest governance body	Governance System – Corporate Governance		✓
102-24	Nominating and selecting the higher governance body	Governance System – Corporate Governance Annual Report of Corporate Governance		✓
102-25	Conflicts of interest	Governance System – Compliance System Annual Report of Corporate Governance		✓
102-26	Role of highest governance body in setting purpose, values and strategy	Governance System – Corporate Governance and Legal Assistance on Ethic and Legal Matters Annual Report of Corporate Governance		✓
102-27	Collective knowledge of highest governance body	Governance System – Corporate Governance and Legal Assistance on Ethic and Legal Matters Annual Report of Corporate Governance		✓
102-28	Evaluating the highest governance body's performance	Governance System – Corporate Governance Annual Report of Corporate Governance		✓
102-29	Identifying and managing economic, environmental, and social impact	Governance System – Corporate Governance Responsible Practices – Management of Social, Environmental and Reputational Risks		✓
102-30	Effectiveness of risk management processes	Governance System – Corporate Governance Responsible Practices – Management of Social, Environmental and Reputational Risks		✓
102-31	Review of economic, environmental and social topics	Responsible Practices – Management of Social, Environmental and Reputational Risks (Equator Principles)		✓
102-32	Highest governance body's role in sustainability reporting	Strategy – Responsible Banking Model Corporate Governance System – Corporate Governance		✓
102-33	Communicating critical concerns	Strategy – Responsible Banking Model Corporate Governance System – Corporate Governance		✓
102-34	Nature and total number of critical concerns	Strategy – Responsible Banking Model		✓



	Disclosure description	Chapter / Direct answer	Omission	Off-set verification
102-35	Remuneration policies	The Team – Compensation and Remuneration		✓
102-36	Process for determining remuneration	The Team – Compensation and Remuneration		✓
102-37	Stakeholder's involvement in remuneration	Strategy – Responsible Banking Model		✓
102-38	Annual total compensation ratio	The Team – Compensation and Remuneration	Confidentiality issues	
		Strategy – Responsible Banking Model	Confidentiality issues	
102-39	Percentage increase in annual total compensation ratio	The Team – Compensation and Remuneration	Confidentiality issues	
		Strategy – Responsible Banking Model	Confidentiality issues	
Stakeholder Engagement				
102-40	List of stakeholder groups	Strategy – Responsible Banking Model		✓
102-41	Collective bargaining agreements	The Team – Laboral Conditions		✓
102-42	Identifying and selecting stakeholders	Strategy – Materiality		
102-43	Approach to stakeholder engagement	Strategy – Materiality		✓
102-44	Key topics and concerns raised	Strategy – Materiality		✓
Reporting Practice				
102-45	Entities included in the consolidated financial statements	About BBVA		✓
102-46	Defining report content and topic Boundaries	Strategy – Materiality Report Guidelines – Criteria and Standards		✓
102-47	List of material topics	Strategy – Materiality		✓
102-48	Restatements of information	Report Guidelines – Criteria and Standards		✓
102-49	Changes in reporting	Report Guidelines – Criteria and Standards		✓
102-50	Reporting period	Report Guidelines – Criteria and Standards		✓
102-51	Date of most recent report	Report Guidelines – Criteria and Standards		✓
102-52	Reporting cycle	Report Guidelines – Criteria and Standards		✓
102-53	Contact point for questions regarding the report	Report Guidelines – Criteria and Standards		✓
102-54	Claims of reporting in accordance with the GRI Standards	Report Guidelines – Criteria and Standards		✓
102-55	GRI content index	Report Guidelines – Criteria and Standards Report Guidelines – GRI Guideline		✓
102-56	External assurance	Report Guidelines – Independent Review Report		✓
GRI 103	Management Approach			
103-1	Explanation of the material topic and its Boundary	Strategy – Materiality		✓
103-2	The management approach and its components	Governance System – Compliance System		✓

## Economic Dimension

	Disclosure description	Chapter / Direct answer	Omission	Off-set verification
<b>GRI 201</b>				
201-1	Direct economic value generated and distributed	About BBVA – Responsible Business Key Indicators Investment in the Community – Social Impact		✓
201-2	Financial implications and other risks and opportunities due to climate change	About BBVA – International subscribed Commitments Responsible Practices – Environment		✓
201-3	Defined Benefit plan obligations and other retirement plans	The Team – Social Security System		✓
201-4	Financial assistance received from government	BBVA has not received public aid aimed at the financial sector that is intended to promote the development of banking activity.	Do not apply	
<b>GRI 202</b>				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	The Team – Compensation and Remuneration		✓
202-2	Proportion of senior management hired from the local community	About BBVA – Responsible Business Key Indicators The Team – Diversity and Work-life Balance		✓
<b>GRI 203</b>				
203-1	Infrastructure investment and services supported	Investment in the Community – Institutional Activities		✓
		Responsible Practices – Social Responsibility / Public or Private Non-profit Institutions		✓
203-2	Significant indirect economic impacts	Investment in the Community – Investment in Social Programs Responsible Practices – Responsible Investment		✓
<b>GRI 204</b>				
204-1	Proportion of spending on local suppliers	Governance System – Supply Chain		✓
<b>GRI 205</b>				
205-1	Operations assessed for risks related to corruption	Governance System – Intern Control Model		✓
205-2	Communication and training about anti-corruption policies and procedures	Governance System – Compliance System		✓
205-3	Confirmed incidents of corruption and actions taken	Governance System – Behavior Standards		✓
<b>GRI 206</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.	Do not apply	



## Environmental Dimension

	Disclosure description	Chapter / Direct answer	Omission	Off-set verification
<b>GRI 301</b>				
301-1	Materials used by weight or volume	Sustainable Finances – Environment		✓
301-2	Recycled input materials used	Given the group's activities, it is considered that this indicator is not material.	Do not apply	
301-3	Reclaimed products and their packaging materials	Given the group's activities, it is considered that this indicator is not material.	Do not apply	
<b>GRI 302</b>				
302-1	Energy consumption within the organization	Sustainable Finances – Environment		✓
302-2	Energy consumption outside the organization	Given the group's activities, it is considered that this indicator is not material.	Do not apply	
302-3	Energy intensity	Sustainable Finances – Environment		✓
302-4	Reduction of energy consumption	Sustainable Finances – Environment		✓
302-5	Reductions in energy requirements of products and services	Given the group's activities, it is considered that this indicator is not material.	Do not apply	
<b>GRI 303</b>				
303-1	Water withdrawal by source	Sustainable Finances – Environment		✓
303-2	Water sources significantly affected by withdrawal of water	Given the group's activities, it is considered that this indicator is not material.	Do not apply	
303-3	Water recycled and reused	Given the group's activities, it is considered that this indicator is not material.	Do not apply	
<b>GRI 304</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 ground, so it does not have a significant impact on protected natural areas and/or on biodiversity.	Do not apply	
304-2	Significant impacts of activities, products, and services on biodiversity	BBVA has its headquarters on urban ground, so it does not have a significant impact on protected natural areas and/or on biodiversity.	Do not apply	
304-3	Habitats protected or restored	BBVA has its headquarters on urban ground, so it does not have a significant impact on protected natural areas and/or on biodiversity.	Do not apply	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	BBVA has its headquarters on urban ground, so it does not have a significant impact on protected natural areas and/or on biodiversity.	Do not apply	

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	Disclosure description	Chapter / Direct answer	Omission	Off-set verification
<b>GRI 305</b>				
305-1	Direct (Scope 1) GHG emissions	Sustainable Finances – Environment		✓
305-2	Energy indirect (Scope 2) GHG emissions	Sustainable Finances – Environment		✓
305-3	Other indirect (Scope 3) GHG emissions	Sustainable Finances – Environment		✓
305-4	GHG emissions intensity	Sustainable Finances – Environment		✓
305-5	Reduction of GHG emissions	Sustainable Finances – Environment		✓
305-6	Emissions of ozone-depleting substances (ODS)	Given the group's activities, it is considered that this indicator is not material.	Do not apply	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Given the group's activities, it is considered that this indicator is not material.	Do not apply	
<b>GRI 306</b>				
306-1	Waste generation and significant waste-related impacts	Given the group's activities, it is considered that this indicator is not material.	Do not apply	
306-2	Management of significant waste-related impacts	Sustainable Finances – Environment		✓
306-3	Waste generated	Given the group's activities, it is considered that this indicator is not material.	Do not apply	
306-4	Waste diverted from disposal	Given the group's activities, it is considered that this indicator is not material.	Do not apply	
306-5	Waste directed to disposal	Given the group's activities, it is considered that this indicator is not material.	Do not apply	
<b>GRI 307</b>				
307-1	Non-compliance with environmental laws and regulations	Governance System		✓
<b>GRI 308</b>				
308-1	New suppliers that were screened using environmental criteria	BBVA has not examined suppliers based on environmental criteria since the perceived impact is not significant for the bank.	Information not available	
308-2	Negative environmental impacts in the supply chain and actions taken	BBVA has not examined suppliers based on environmental criteria since the perceived impact is not significant for the bank.	Information not available	

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## Social Dimension

	Disclosure description	Chapter / Direct answer	Omission	Off-set verification
<b>GRI 401</b>				
401-1	New employee hires and employee turnover	The Team – Diversity and Work-life Balance		✓
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	The Team – Diversity and Work-life Balance		✓
401-3	Parental leave	The Team – Diversity and Work-life Balance		✓
<b>GRI 402</b>				
402-1	Minimum notice periods regarding operational changes	BBVA indicated that there is not a minimum notice period established. Organizational changes are analyzed on a case-by-case basis, so that the negative impact can be avoided or mitigated, always being carried out in accordance with what is specified in local regulations.	Do not apply	
<b>GRI 403</b>				
403-1	Workers representation in formal joint management-worker health and safety committees	The Team – Working Conditions		✓
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	The Team – Working Conditions		✓
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 diseases have been identified	Do not apply	
403-4	Health and safety topics covered in formal agreements with trade unions	Information is confidential	Confidentiality issues	
<b>GRI 404</b>				
404-1	Average hours of training per year per employee	The Team – Selection, Training and Development		✓
404-2	Programs for upgrading employee skills and transition assistance programs	The Team – Selection, Training and Development		✓
404-3	Percentage of employees receiving regular performance and career development reviews	The Team – Selection, Training and Development		✓
<b>GRI 405</b>				
405-1	Diversity of governance bodies and employees	The Team – Diversity and Work-life Balance About BBVA – Responsible Business Key Indicators		✓
405-2	Ratio of basic salary and remuneration of women to men	The Team – Diversity and Work-life Balance		✓
<b>GRI 406</b>				
406-1	Incidents of discrimination and corrective actions taken	Governance System – Behavior Standards		✓

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	Disclosure description	Chapter / Direct answer	Omission	Off-set verification
<b>GRI 407</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.	Do not apply	
<b>GRI 408</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.	Do not apply	
<b>GRI 409</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 regarding forced labor.	Do not apply	
<b>GRI 410</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 comply with BBVA's standards in the field of human rights, there is no specific commitment on training in the matter.	Do not apply	
<b>GRI 411</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 people have been identified.	Do not apply	
<b>GRI 412</b>				
412-1	Operations that have been subject to human right reviews or impact assessments	BBVA has not identified significant impacts on human rights in its work centers.	No procede	
412-2	Employee training on human rights policies or procedures	Governance System – Behaviour Standards		✓
412-3	Significant investment agreements and contracts that include human right clauses or that underwent human right screening	Governance System – Social and Environmental Risks Responsible Finances – Responsible Purchases		✓
<b>GRI 413</b>				
413-1	Operations with local community engagement, impact assessments, and development programs	Investment in the Community The Team – 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 their normal operation.	Do not apply	

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	Disclosure description	Chapter / Direct answer	Omission	Off-set verification
<b>GRI 414</b>				
414-1	Nuevos proveedores que han pasado filtros de selección de acuerdo con los criterios sociales	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	Impactos sociales negativos en la cadena de suministro y medidas tomadas	BBVA has not assessed suppliers based on social criteria since the risk perceived by the bank is not significant.	Information not available	
<b>GRI 415</b>				
415-1	Political contributions	BBVA's corporate policy in the different countries does not allow contributions of this type.	Do not apply	
<b>GRI 416</b>				
416-1	Assessment of the health and safety impacts of product and service category	Customer Relationship – Customer Experience		✓
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	BBVA confirmed that there were no cases of non-compliance related to the health and safety impacts of the product and service categories.	Do not apply	
<b>GRI 417</b>				
417-1	Requirements for product and service information and labeling	Customer Relationship – TCR Communication		✓
417-2	Incidents of non-compliance concerning products and service information and labeling	Customer Relationship – TCR Communication		✓
417-3	Incidents of non-compliance concerning marketing communications	Governance System Customer Relationship – TCR Communication		✓
<b>GRI 418</b>				
418-1	Substantiated complaints concerning breaches of customers privacy and losses of customer data	Customer Relationship – TCR Communication		✓
<b>GRI 419</b>				
419-1	Non-compliance with laws and regulations in the social and economic area	Governance System – Compliance System		✓

✓ Reviewed content accordingly the scope described and through the indicated procedures in "el Informe de Revisión Independiente de la Información no financiera del Informe de Banca Responsable BBVA 2019".



# Independent Review Report



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## Independent Verification Report to the Banco BBVA Peru Board of Directors

### To the Banco BBVA Peru Senior Management

We have been hired by Banco BBVA Peru to perform an independent review of the non-financial information included in the “Informe de Banca Responsable 2019” Report (In English, “Responsible Banking Report 2019”) for the year ended December 31, 2019 (hereinafter referred as the Report). The reviewed information is circumscribed to the content described in the GRI Index of Contents identified in the “Contenidos básicos generales GRI Standards” chart (In English, “GRI Standards General Basic Contents”), with the symbol “✓” in the “Verificación Externa” field (In English, “External Verification”).

### Senior Management Responsibilities

BBVA Board of Directors is responsible for the Report elaboration and presentation in accordance with the Global Reporting Initiative (GRI) Reports guidelines of Social Responsibility in its Global Sustainability Standards Board version, with its comprehensive option, and the Financial Services Sector Supplement, as detailed in the Report’s GRI Index of Contents. BBVA Board of Directors is also responsible for the information and statements contained therein; for BBVA’s objectives determination in accordance with the information selection and presentation regarding the performance in terms of sustainable development, including stakeholders and material issues identification; and for the establishment and maintenance of control and performance management systems from which information is obtained.

Those responsibilities include controls implementation considered necessary by the Senior Management to allow indicators elaboration with a limited level of assurance to be free of material error due to fraud or errors.

### Our responsibility

Our responsibility is to execute a limited review and, based on the work performed, issue this Report, exclusively referred to the information regarding the final year 2019. We have executed our review in accordance with national standard ISAE 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information.

This standard requires that we plan and execute the engagement as to obtain limited assurance regarding whether the Report is exempt from material errors.

KPMG applies the ISQC1 Standard (International Standard on Quality Control 1) and in accordance with it, maintains a comprehensive quality control system which includes documented policies and procedures in regard with ethical requirements compliance, professional standards and applicable legal and regulatory requirements.

We have accomplished with the independence requirements and other ethical requirements included in the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is based on fundamental principles of integrity, objectivity, competence, professional diligence, confidentiality and professional behavior.

### Procedures of the limited review

Our limited-review engagement has been executed through interviews with Senior Management and people in charge of the information elaboration contained in the Report, and analytical procedures application and other procedures aimed at collecting evidences, such as:

- ☐ Verification of the processes that Banco BBVA Peru provides to determine material aspects, as well as the stakeholder’s participation within it.
- ☐ Existence verification, through interviews with the Senior Management and other relevant employees, both at group level and selected business units, of strategy and sustainable policies and Corporate Responsibility to attend material issues and their implantation.
- ☐ Policies and strategies application description consistency evaluation in terms of Banco BBVA Peru’s sustainability, government, ethic and integrity.
- ☐ Risk analysis, including media search to identify material issues during the covered period.



- ☐ Consistency review of information that responds to the General Basic Contents with the systems or internal documentation.
- ☐ Report's quantitative data collection and internal control processes analysis, regarding information reliability, using analytical procedures and review tests based on samplings, including information related to Banco BBVA Peru established in Global Reporting Initiative (GRI) in its Sustainability Reporting Standards version of Global Reporting Initiative (GRI Standards), in accordance with the comprehensive option.
- ☐ Report's information analysis to determine its alignment with our general knowledge and experience, regarding Banco BBVA Peru's sustainability performance.
- ☐ Contrast of Report's financial information reflected with Banco BBVA Peru's Financial Statements information, audited by independent third-party auditors.

Any other information than that described above and included in the GRI Index, it has not been reviewed as a part of our engagement.

The executed procedures in an engagement of limited assurance vary in nature and time employed, being less extensive than the ones in a reasonable review engagement.

Consequently, the level of assurance obtained in a limited-review engagement is lower than a reasonable-review engagement. This Report in no circumstance shall be understood as an Audit Report.

## Conclusions

Our conclusion is based on, and is subject to, the indicated aspects of this Independent Verification Report. We consider that evidence that we have obtained provides an enough and adequate basis for our conclusions.

Based on the procedures performed and evidence obtained, as described above, no issues have come to our attention that causes us to believe that GRI indicators in the Report has not been prepared, in all of their significant matters, in accordance with Reports of Social Responsibility of the Global Reporting Initiative (GRI) elaboration guidelines and has not been presented in an appropriately way, which includes data reliability and deviations absence and significant omissions.

In another document, we will provide to BBVA Senior Management an Internal Report containing all findings and/or improvement areas.

## Purpose of our Report

In accordance with our engagement letter's terms and conditions, the present Independent Verification Report has been prepared for Banco BBVA Peru regarding with its "Informe de Banca Responsable 2019" Report (In English, "Responsible Banking Report 2019") and therefore does not have any other purpose nor can it be used in another context.

Lima, Peru

August 06, 2020

Endorsed by:

  
Rosario Calderon (Partner)



To submit a question, opinion or suggestion about this report, please contact:

**Image and Communication Unit**

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