

BANCO BBVA PERÚ AND SUBSIDIARIES

Consolidated Financial Statements

March 31, 2020 and December 31, 2019

(TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN SPANISH)

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BANCO BBVA PERÚ AND SUBSIDIARIES
Consolidated Statement of Financial Position
As of March 31, 2020 and December 31, 2019

<i>In thousands of soles</i>	<i>Note</i>	2020	2019
Assets			
Cash and due from banks	4	14,867,316	14,816,709
Interbank funds		-	150,137
Investments at fair value through profit or loss and available-for-sale	5	7,354,619	6,639,844
Loan portfolio, net	6	58,450,011	56,398,279
Trading derivatives	7	1,084,105	567,686
Hedging derivatives	7	101,253	4,611
Realizable assets and asset seized and recovered through legal actions		177,337	187,561
Investments in associates	8	14,664	15,602
Property, furniture and equipment, net	9	963,882	988,104
Deferred income tax		462,564	439,139
Other assets, net	10	1,527,393	1,569,911
Goodwill		474	1,316
Total assets		85,003,618	81,778,899
Risks and contingent commitments	16	31,048,747	26,237,810

<i>In thousands of soles</i>	<i>Note</i>	2020	2019
Liabilities			
Obligations to the public and deposits from financial system entities	11	57,407,462	56,159,283
Interbank funds		1,250,043	150,016
Borrowings and financial obligations	12	9,472,761	9,678,796
Trading derivatives	7	937,122	490,934
Hedging derivatives	7	6,202	19,777
Provisions and other liabilities	13	6,377,231	6,099,627
Total liabilities		75,450,821	72,598,433
Equity			
	14		
Share Capital		5,885,209	5,885,209
Reserves		1,669,835	1,669,835
Adjustments to equity		26,015	22,816
Retained earnings		1,971,738	1,602,606
Total equity		9,552,797	9,180,466
Total liabilities and equity		85,003,618	81,778,899
Risks and contingent commitments		31,048,747	26,237,810

The accompanying notes on pages 6 to 30 are part of these consolidated financial statements.

BANCO BBVA PERÚ AND SUBSIDIARIES
Consolidated Statement of Income
For the three-month period ended March 31, 2020 and 2019

<i>In thousands of soles</i>	Note	2020	2019
Interest income	15	1,161,172	1,170,669
Interest expenses	16	(315,310)	(333,728)
Gross financial income		845,862	836,941
Provisions for direct loans, net of recoveries		(192,209)	(203,834)
Net financial income		653,653	633,107
Income from finance services, net	17	184,909	191,683
Financial income net of revenue and expenses for financial services		838,562	824,790
Profit or loss from financial operations		145,032	164,702
Operating margin		983,594	989,492
Administrative expenses	18	(445,805)	(399,671)
Depreciation and amortization		(49,924)	(45,483)
Net operating margin		487,865	544,338
Valuation of assets and provisions		(14,890)	(42,739)
Net Operating profit or loss		472,975	501,599
Other income and expenses, net		10,787	640
Profit or loss before income tax		483,762	502,239
Income tax		(114,630)	(145,430)
Net profit or loss		369,132	356,809
Basic and diluted earnings per share in soles	19	0.0627	0.0606
Weighted average number of shares outstanding (in thousands of shares)	19	5,885,209	5,885,209

The accompanying notes on pages 6 to 30 are part of these consolidated financial statements.

BANCO BBVA PERÚ AND SUBSIDIARIES

Consolidated Statement of Income and Other Comprehensive Income
For the three-month period ended March 31, 2020 and 2019

<i>In thousands of soles</i>	2020	2019
Net profit or loss	369,132	356,809
Other comprehensive income:		
Unrealized gains on available-for-sale investments	424	16,862
Unrealized gains on cash flow hedges	3,466	2,283
Other comprehensive income for investment in associates	18	(63)
Income tax related to the components of other comprehensive income	(709)	(847)
Other comprehensive income for the period, net of income tax	3,199	18,235
Total comprehensive income for the period	372,331	375,044

The accompanying notes on pages 6 to 30 are part of these consolidated financial statements.

BANCO BBVA PERÚ AND SUBSIDIARIES

 Consolidated Statement of Changes in Shareholders' Equity
 For the three-month period ended March 31, 2020 and 2019

In thousands of soles	Number of shares in thousands (note 14.B)	Share Capital (note 14.B)	Legal Reserve (note 14.C)	Adjustments to equity (note 14.D)	Retained earnings (note 14.E)	Total equity
Balance as of January 1, 2019	5,368,602	5,368,602	1,522,035	(7,996)	1,469,572	8,352,213
Net profit or loss	-	-	-	-	356,809	356,809
Other comprehensive income:						
Unrealized gain on available-for-sale investments	-	-	-	16,689	-	16,689
Unrealized gain on cash flow hedging derivatives	-	-	-	1,609	-	1,609
Other comprehensive income for investment in associates	-	-	-	(63)	-	(63)
Total comprehensive income for the period		-	-	18,235	356,809	375,044
Changes in equity (not included in comprehensive income):						
Dividends	-	-	-	-	(811,812)	(811,812)
Capitalization of retained earnings	516,607	516,607	-	-	(516,608)	(1)
Transfers to reserves and other movements	-	-	147,602	-	(147,602)	-
Balance as of March 31, 2019	5,885,209	5,885,209	1,669,637	10,239	350,359	7,915,444
Balance as of January 1, 2020	5,885,209	5,885,209	1,669,835	22,816	1,602,606	9,180,466
Net profit or loss	-	-	-	-	369,132	369,132
Other comprehensive income:						
Unrealized gain on available-for-sale investments	-	-	-	768	-	768
Unrealized gain on cash flow hedging derivatives	-	-	-	2,413	-	2,413
Other comprehensive income for investment in associates	-	-	-	18	-	18
Total comprehensive income for the period		-	-	3,199	369,132	372,331
Dividends	-	-	-	-	-	-
Capitalization of retained earnings	-	-	-	-	-	-
Transfers to reserves and other movements	-	-	-	-	-	-
Balance as of March 31, 2020	5,885,209	5,885,209	1,669,835	26,015	1,971,738	9,552,797

The accompanying notes on pages 6 to 30 are part of these consolidated financial statements.

BANCO BBVA PERÚ AND SUBSIDIARIES
Consolidated Statement of Cash Flows
For the three-month period ended March 31, 2020 and 2019

<i>In thousands of soles</i>	2020	2019
Reconciliation of net profit or loss with cash and cash equivalent from operating activities:		
Net profit or loss	369,132	356,809
Adjustments	286,469	208,558
Depreciation and amortization	49,924	45,482
Impairment of property, furniture and equipment and intangible assets	118	-
Goodwill	1,601	-
Provisions	205,382	246,574
Other adjustments	29,444	(83,498)
Net changes in assets and liabilities:	19,401	1,626,186
Loan Portfolio	(1,596,327)	(1,971,419)
Available-for-sale investments	261,210	(508,490)
Accounts receivable and others	(359,330)	(1,081,216)
Non-subordinated financial liabilities	1,032,395	2,913,385
Accounts payable and others	681,453	2,273,926
Profit or loss for the period after net changes in assets, liabilities and adjustments	675,002	2,191,553
Income tax paid	(211,329)	(389,137)
Net cash and cash equivalents from operating activities	463,673	1,802,416
Cash flows from investing activities:		
Purchases on intangible assets and property, furniture and equipment	(10,564)	(32,179)
Other inflows related to investing activities	10,197	8,326
Net cash and cash equivalents used in investing activities	(367)	(23,853)
Cash flows from financing activities:		
Dividends paid	93	97
Net cash and cash equivalents used in financing activities	93	97
Net increase of cash and cash equivalent before the effect of exchange rate fluctuations	463,399	1,778,660
Effect of exchange rate fluctuations on cash and cash equivalents	483,723	(71,366)
Net Increase in cash and cash equivalents	947,122	1,707,294
Cash and cash equivalents at the beginning of the period	15,762,558	15,325,466
Cash and cash equivalents at the end of the period	16,709,680	17,032,760
Funds pledge as collateral	2,159,865	1,626,276
Investments with maturities or trading of less than 90 days	(4,002,229)	(4,465,078)
CASH AND DUE FROM BANKS AS PER THE STATEMENT OF CONSOLIDATED FINANCIAL POSITION	14,867,316	14,193,958

The accompanying notes on pages 6 to 30 are part of these consolidated financial statements.

1. Reporting Entity and Business activity

A. Reporting Entity

Banco BBVA PERÚ S.A. is a subsidiary of BBVA Holding Perú S.A.C., which holds 46.12% of its share capital as of March 31, 2020 and December 31, 2019. Banco Bilbao Vizcaya Argentaria S.A. holds 100% of the shares of BBVA Holding Perú S.A.C.

B. Economic activity

The Bank is a public corporation incorporated in 1951, and it was authorized to operate as a banking entity by Superintendencia de Banca, Seguros y Administradora de Fondos de Pensiones (Peruvian Banking, Insurance and Pension Plan Agency, hereinafter 'SBS').

The Bank's operations mainly comprise financial intermediation, which consists of full-functional banking activities that are regulated by SBS through the Ley General del Sistema Financiero y del Sistema de Seguros y Orgánica de la SBS, Law N° 26702 and its amendments (hereinafter 'the Banking Law'). This law establishes the requirements, rights, obligations, guarantees, restrictions, and other operating conditions that legal entities operating in the financial and insurance system are subject to.

The Bank's legal domicile and headquarters address is Av. República de Panamá N° 3055, San Isidro.

As of March 31, 2020 and December 31, 2019, the Bank develops activities through a national network of 332 offices. As of March 31, 2020 and December 31, 2019, the total number of employees of the Bank is 6,323 and 6,286, respectively.

The Bank has shareholding with 100% voting rights over its following Subsidiaries: BBVA Bolsa Sociedad Agente de Bolsa S.A., BBVA Asset Management S.A. SAF, BBVA Sociedad Titulizadora S.A, Inmuebles y Recuperaciones BBVA S.A., BBVA Consumer Finance EDPYME, Forum Comercializadora del Perú S.A., and Forum Distribuidora del Perú S.A. Although the Bank does not have any equity interest in capital, nor the voting rights over Continental DPR Finance Company (DPR), given the characteristics of its corporate purpose and its relationship with the Bank, the accounting standards that regulate the Bank require that the financial statements of DPR be included on the consolidated basis with those of the Bank (all these companies shall be hereinafter referred to as 'BBVA Perú Group').

C. Approval of the consolidated financial statements

The Bank's management approved the consolidated financial statements as of March 31, 2020.

D. Reclassifications

Certain items in the consolidated financial statements as of March 31, 2019 have been reclassified for comparative purposes with the ones from the present year. Management considers that the reclassifications do not imply changes in the decisions made based on them. The amounts reclassified and the affected accounts are summarized as follows:

<i>In thousands of soles</i>	Balances without reclassification	Reclassification	Reclassified balances
Adjustments			
Other adjustments	905,287	(988,785)	(83,498)
Variation in assets and liabilities:			
Non subordinated, Financial liabilities	1,956,219	957,166	2,913,385
Accounts payable and others	2,242,307	31,619	2,273,926

2. Basis of Preparation of the Consolidated Financial Statements

A. Basis of consolidation

The consolidated financial statements include the financial statements of companies, stated in note 1, that comprise BBVA Perú Group, after eliminating the balances and significant transactions carried out among them, and the profits and losses resulting from such transactions. All subsidiaries have been consolidated since the date of their incorporation or acquisition.

Subsidiaries are all companies over which the Bank has control and is able to manage their operating and financial policies. The consolidation of subsidiaries ceases as from the date on which the Bank ceases to have control over them.

The following are the main balances of BBVA Perú Group as of March 31, 2020 and as of December 31, 2019:

<i>In millions of soles</i>	Assets		Liabilities		Equity	
	2020	2019	2020	2019	2020	2019
Entity						
Banco BBVA Perú	84,951	81,722	75,380	72,534	9,571	9,188
BBVA Bolsa Sociedad Agente de Bolsa S.A.	144	41	125	22	19	19
BBVA Asset Management S.A. SAF	46	43	3	4	43	39
BBVA Sociedad Titulizadora S.A.	6	6	1	1	5	5
Inmuebles y Recuperaciones BBVA S.A.	168	168	2	4	166	164
Continental DPR Finance Company	137	145	137	145	-	-
BBVA Consumer Finance Edpyme	444	539	340	447	104	92
Forum Comercializadora S.A.	2	2	-	-	2	2
Forum Distribuidora S.A.	166	183	142	160	24	23

3. Accounting Principles and Practices

The accounting principles and practices as of March 31, 2020, have not changed in regards to the audited report issued on February 25, 2020 by Caipo y Asociados S. Civil de R.L. and member firm of the network of independent member firms of KPMG affiliated with KPMG International Cooperative; for the years ended December 31, 2019 and 2018, except for:

Under Supreme Decree N° 044-2020-PCM issued on March 15, 2020, the government of Peru declared the National State of Emergency due the serious circumstances that affect the life of the nation affected by the COVID-19 outbreak and mandatory social isolation of the population was decreed (quarantine). In this context, the SBS, through Multiple Letters N° 11150-2020-SBS and 11170-2020-SBS, issued a series of exceptional and preventive measures in credit matters, among which the following stand out:

Reprogrammed credits

(a) The financial system entities may modify the contractual conditions of the credits, without this constituting a refinancing, to the extent that the total term of said credit does not extend for more than 6 (six) months of the original term and that as of the date of the emergency declaration the debtors are up to date in their payments.

(b) For the purposes of complying with the requirement to be up-to-date with the payments or not present delay as of the date of declaration of emergency, and only for the purposes of this national emergency, the credit of a debtor must have 15 calendar days overdue to February 29, 2020.

(c) The companies of the financial system may apply the accrual criterion for the accounting record of the interests associated with the retail credits that is reprogrammed. In case the loans change accounting situation to past due after the payment obligation is resumed according to the new schedule, the company must register as nonaccrual the uncollected accrued interest income, counting with six (06) months to make said withdrawal proportionally.

(d) In the case of non-retail debtors with massive reprogrammed credits, the accounting record of the interests associated with said credit loans must be carried out as such amounts are collected (nonaccrual). If the reprogramming is carried out as a result of individual analysis, the accrual criteria may be applied.

Suspension of the count of days in delay

In the case of debtors who present credits with more than 15 calendar days overdue to February 29, 2020, companies in the financial system may maintain the accounting situation of said credits, as long as the national state of emergency remains and the count of the days of delay registered as of February 29, 2020, shall be suspended as well.

4. Cash and due from banks

As of March 31, 2020 and as of December 31, 2019 cash and due from banks and deposits in Banco Central de Reserva del Perú (hereinafter 'BCRP') include approximately US\$ 1,093 million and S/ 1,795 million (US\$ 2,026 and S/ 1,707 million as of December 31, 2019), which correspond to the required reserve that Peruvian entities must maintain for deposits and obligations to the public. These funds are deposited in the entities vaults or in BCRP.

As of March 31, 2020 and December 31, 2019, the funds required for the reserve in local and foreign currency are affected by an implicit rate of 5% and 35%, respectively over total obligations subject to required reserve (TOSE) as required by BCRP.

Reserve funds represent the legal minimum (5%) and do not bear interest. Reserve funds corresponding to the additional reserve required in foreign currency and local currency, bear interest at an annual nominal rate set by the BCRP.

As of March 31, 2020 and as of December 31, 2019 cash and due from banks includes funds pledge as collateral supporting currency repurchase agreements with the BCRP for US\$ 570 million and US\$ 671 million, respectively.

As of March 31, 2020 and as of December 31, 2019 cash and due from banks includes commitments with foreign financial institutions for transactions with derivative financial instruments for an equivalent of S/ 195 million and S/ 27 million, respectively.

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

As of March 31, 2020 and December 31, 2019, this caption comprises the following:

<i>In thousands of soles</i>	2020	2019
Investments at fair value through profit or loss:		
BCRP certificates of deposit (a)	2,639,223	2,371,433
Bonds of the Peruvian Public Treasury (b)	391,562	297,690
Mutual funds (d)	26,270	26,331
	3,057,055	2,695,454
Available-for-sale investments:		
BCRP certificates of deposit (a)	1,783,137	1,831,273
Bonds of the Peruvian Public Treasury (b) / (c)	1,358,177	1,470,316
US Treasury bill (c)	945,175	496,661
Corporate bonds	114,245	117,312
Multilateral Development Bank bonds(c)	69,964	-
Shares in local companies (e)	25,856	27,818
Shares in foreign companies	1,010	1,010
	4,297,564	3,944,390
	7,354,619	6,639,844

- (a) BCRP certificates of deposit are securities freely negotiable with a maturity until March 2021 (February 2021, as of December 31, 2019); they are acquired through BCRP public bids and traded in the Peruvian secondary market. As of March 31, 2020, S/ 1,697 million are compromised in repurchase agreements (S/ 983 million as of December 31, 2019).

As of March 31, 2020, the annual interest generated by these certificates fluctuates between 1.09% and 5% (between 2.04% and 2.47% in local currency, as of December 31, 2019).

- (b) Bonds of the Peruvian Public Treasury include sovereign bonds of the Republic of Peru in local currency and global bonds in foreign currency, both issued by the Ministry of Economy and Finance of Peru (MEF), which represent internal public debt instruments of the Republic of Peru. As of March 31, 2020, the bank has committed S/ 448 million from the balance of these instruments to repurchase agreement transactions (S/ 457 million as of December 31, 2019).

As of March 31, 2020, these bonds accrue interest at annual rates ranging from 1.50% to 5.65% (between 1.08% and 5.42% as of December 31, 2019) in local currency and 2.79% in foreign currency (2.91% as of December 31, 2019). As of March 31, 2020 and December 31, 2019, these bonds in local currency with maturities until February 2055 for both periods and in foreign currency with a maturity until July 2025 for both periods.

- (c) As of March 31, 2020 and December 31, part of the US Treasury Bill, global bonds and and Multilateral Development Bank bonds in foreign currency has a cash flow hedge (note 7(ii)).

- (d) As of March 31, 2020 and December 31, 2019, the investment in mutual funds corresponds to the participation quotes held by Inmuebles y Recuperaciones BBVA S.A. in different mutual funds that BBVA Asset Management S.A. SAF manages.

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- (e) As of March 31, 2020 and December 31, 2019, it mainly includes shares of Bolsa de Valores de Lima (BVL) for S/ 26 million and S/ 27 million, respectively.

6. Loan Portfolio, Net

As of March 31, 2020 and December 31, 2019, this caption comprises the following:

<i>In thousands of soles</i>	2020		2019	
Direct loans:				
Loans	21,804,180	38%	20,251,280	36%
Mortgage loans	13,026,678	22%	12,847,424	23%
Consumer loans	6,745,285	12%	6,700,410	12%
Foreign trade	6,338,212	11%	5,535,077	10%
Finance lease	3,932,773	7%	3,986,476	7%
Project Finance	1,793,617	3%	1,716,350	3%
Factoring	1,264,634	2%	1,492,391	3%
Discounts	1,145,934	2%	1,186,831	2%
Others	1,851,182	3%	2,247,844	4%
	57,902,495	100%	55,964,083	100%
Past due and under legal collection loans	1,933,311	2%	1,793,133	2%
Refinanced loans	1,361,244	2%	1,248,536	2%
	61,197,050	104%	59,005,752	104%
Plus (less):				
Accrued interest	424,137	1%	362,568	1%
Non-accrued interest	(66,476)	-	(63,032)	-
Provision for direct loan losses	(3,104,700)	(5%)	(2,907,009)	(5%)
	58,450,011	100%	56,398,279	100%
Contingent loans	16,782,470		16,607,497	

As of March 31, 2020 and December 31, 2019, 51% of the direct loans portfolio concentrated approximately 2,028 and 2,156 clients, equivalent to S/ 31,622 million and S/ 30,648 million, respectively.

Loans secured by guarantees received from customers, mainly composed by mortgages, deposits, letters of guarantee, guarantees, warrants and financial lease operations, amount to S/ 41,832 million as of March 31, 2020 (S/ 41,285 million as of December 31, 2019).

As of March 31, 2020, part of the mortgage loan portfolio guarantees a debt with Fondo MIVIVIENDA – Programa MIHOGAR for an equivalent of S/ 455 million (S/ 453 million as of December 31, 2019). (Note 12(b)).

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As of March 31, 2020 and as of December 31, 2019 the outstanding balance of the direct credit portfolio segmented by type of client in accordance with Resolution SBS N° 11356-2008, is as follows:

<i>In thousands of soles</i>	2020		2019	
Corporate	14,448,524	24%	13,231,810	22%
Mortgage loans	13,577,985	22%	13,384,264	23%
Medium business loans	11,779,713	19%	11,537,013	20%
Large business loans	10,493,749	17%	9,910,587	17%
Consumer loans	7,049,538	12%	6,959,035	12%
Small business loans	1,777,069	3%	1,752,997	3%
Public Sector Entities	930,827	2%	926,515	2%
Financial System Entities	819,358	1%	806,950	1%
Stock brokers	160,398	-	331,300	-
Micro-business loans banks	101,889	-	107,280	-
Multilateral development	58,000	-	58,001	-
	61,197,050	100%	59,005,752	100%

As of March 31, 2020 and December 31, 2019, the balances of the loan portfolio are distributed in economic sectors as follows:

<i>In thousands of soles</i>	2020		2019	
Mortgage and consumer loans	20,627,524	34%	20,343,298	35%
Commerce	11,039,154	18%	9,866,544	17%
Manufacture	9,183,909	15%	8,836,261	15%
Real estate, business and rental	4,569,009	7%	4,713,457	8%
Transportation, storage and communications	3,869,701	6%	3,700,744	6%
Agriculture and Livestock	1,925,520	3%	1,815,548	3%
Financial intermediation	1,838,518	3%	1,801,589	3%
Mining	1,688,890	3%	1,604,248	3%
Electricity, Gas and Water	1,098,696	2%	1,020,874	2%
Construction	899,518	1%	898,794	2%
Others	4,456,611	6%	4,404,395	6%
	61,197,050	100%	59,005,752	100%

As of March 31, 2020 and as of December 31, 2019 the annual average effective interest rate of the main products was as follows:

<i>Type of transaction (%)</i>	2020		2019	
	Local currency	Foreign currency	Local currency	Foreign currency
Loans and discounts	6.91	4.81	7.21	5.19
Mortgage loans	7.41	6.44	7.52	6.49
Consumer loans	22.71	26.72	23.57	28.07

As of March 31, 2020 and 2019, the composition of the provision for doubtful of direct loans, net as shown in the consolidated income statement is as follows:

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<i>In thousands of soles</i>	2020	2019
Provisions for direct loan losses	(666,665)	(629,618)
Recovery of provisions	473,008	425,503
Income from recovery of write off portfolio	1,448	281
Provisions for direct loans, net of recoveries	(192,209)	(203,834)

Management considers that the level of provision for doubtful loans covers eventual losses in the portfolio of direct loans as of the date of the consolidated statement of financial position. This provision has been made in compliance with all the requirements of the current regulation.

As of March 31, 2020, the general provision for doubtful loans includes general voluntary and procyclical provisions of S/ 620 million (S/ 570 million as of December 31, 2019).

As of March 31, 2020, BBVA Peru Group wrote off an impaired loan portfolio of S / 25 million (As of December 31, 2019, it amounted to S / 96 million,).

BBVA Perú Group, in application of and in compliance with the current regulation, has identified those clients that are exposed to currency-induced credit risk and considers that it is not necessary to make an additional provision for this concept.

During 2019, the Bank sold a portfolio of S/ 332 million. The selling value amounted to S/ 21 million and is presented in 'Profit or loss from financial operations' of the consolidated statement of income.

As of March 31, 2020, the reprogrammed loans (Note 3) amount to S/ 5,220 million.

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7. Trading and Hedging Derivatives

As of March 31, 2020 and December 31, 2019, BBVA Perú Group holds agreements of foreign currency forwards, cross currency swaps (CCS), interest rate swaps (IRS) and options. The following caption shows the fair value of these derivative financial instruments as accounts receivable (assets) or accounts payable (liabilities). The face values presented correspond to the underlying assets of derivative instruments, on which changes at fair value are measured.

<i>In thousands of soles</i>	Underlying	Face	Assets	Liabilities
2020 (Notes 5 and 12)				
Trading derivatives				
Currency forwards		20,771,772	234,742	129,877
Interest rate swaps		11,781,690	407,495	519,911
Currency swaps		9,440,741	446,182	284,304
Share options, currency and others		765,177	3,031	3,030
Provision for country risk		-	(7,344)	-
		42,759,379	1,084,105	937,122
Hedging derivatives				
At fair value (i)				
Interest rate swaps	Bond issuance	2,749,600	98,575	-
Interest rate swaps	Borrowings	1,280,283	1,143	-
Cash flows (ii)				
Currency forwards	Borrowings	343,963	1,534	370
Currency forwards	Multilateral bank bond	70,304	-	1,083
Currency swaps	Global Bond	103,110	-	4,202
Interest rate swaps	Borrowings	44,190	-	546
		4,591,449	101,253	6,202
		47,350,828	1,185,359	943,324

<i>In thousands of soles</i>	Underlying	Face Value	Assets	Liabilities
2019 (Notes 5 and 12)				
Trading derivatives				
Currency forwards		18,997,442	145,334	148,048
Interest rate swaps		8,279,557	111,093	102,770
Currency swaps		6,287,069	302,746	224,063
Interest rate swaps		1,167,909	16,053	16,053
Provision for country risk		-	(7,540)	-
		34,731,977	567,686	490,934
Hedging derivatives				
At fair value (i)				
Interest rate swaps	Bond issuance	2,651,200	-	7,986
Interest rate swaps	Borrowings	1,242,750	-	5,888
Cash flows (ii)				
Interest rate swaps	Borrowings	47,343	134	-
Currency swaps	Borrowings	331,400	-	1,784
Currency swaps	Global Bond	99,420	-	4,119
Currency forwards	Time deposit	351,313	67	-
Currency forwards	US Treasury bill	198,840	4,410	-
		4,922,266	4,611	19,777
		39,654,243	572,297	510,711

(i) Hedging derivatives at fair value

Interest rate swap – IRS

As of March 31, 2020, the Bank has contracted interest rate swaps (IRS) for a face value equivalent to S/ 4,030 million in order to hedge debts and issuance (S/ 3,894 million as of December, 31, 2019). Through the IRS, the Bank receives a fixed rate in U.S. dollars and pays a floating rate in the same currency. In 2020, the total variability in the fair value of IRS resulted in a profit of S/ 101 million, included in 'Profit or loss from financial operations' of the consolidated statement of income (gains of S/ 120 million in 2019).

(ii) Cash flow hedging derivatives

Currency forwards

As of March 31, 2020 the Bank has contracted a "currency forwards" for a nominal value equivalent to S/ 414 million for the hedging of fixed income instruments recorded as available for sale investment and borrowings (US\$ 20 million from Asian Development Bank (ADS) bonds and US\$ 100 million of borrowings from Corporacion Andina de Fomento). For the ASD bond through a "currency forward" the Bank receives a future flow in soles and pays a future flow in US dollars; for the borrowing, it receives a future flow in US dollars and pays a future flow in soles. As of March 31, 2020, the variation in the fair value of the currency forward amounts to S/ 1.7 million loss, which is recorded net of deferred income tax in equity accounts (loss net of deferred income tax of S / 1 million as of December 31, 2019).

Currency Swap - CSS

As of March 31, 2020 , the Bank has contracted a "currency swap - CSS" for a nominal value equivalent to S/ 103 million for the hedging of bonds recorded as available for sale investment (US\$ 30 million of a global bond). For the global bond through a "currency swap", the Bank receives a fixed interest in soles and pays a fixed interest in US dollars. As of March 31, 2020, the variation in the fair value of the CCS amounts to S/ 0.1 million loss, which is recorded net of deferred income tax in equity accounts (loss net of deferred income tax of S/ 3.5 million as of December 31, 2019).

Interest rate swaps - IRS

As of March 31, 2020, the Bank has contracted "interest rate swaps - IRS" for a nominal value equivalent to S/ 44 million for the hedging borrowings (S/ 47 million as of December 31, 2019). The Bank receives a variable interest in US dollars and pays a fixed interest in the same currency. As of A March 31, 2020, the variation in the fair value of the IRS amounts to S/ 0.3 million loss, which is recorded net of deferred income tax in equity accounts (gain net of deferred income tax of S/ 0.1 million as of December 31, 2019).

8. Associates

As of March 31, 2020 and December 31, 2019, this caption comprises the following:

<i>In thousands of soles</i>	2020	2019
Compañía Peruana de Medios de Pago S.A.C. (a)	11,176	11,070
TFP S.A.C. (b)	3,488	4,532
	14,664	15,602

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- (a) As of March 31, 2020 and December 31, 2019, BBVA Perú Group, through the Bank, holds a 21.03% interest in the share capital of Compañía Peruana de Medios de Pago S.A.C. (Visanet Perú).
- (b) As of March 31, 2020 and December 31, 2019, BBVA Perú Group, through the Bank, holds a 24.30% interest in the share capital of TFP S.A.C.

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9. Property, Furniture, and Equipment, Net

The movement in property, furniture and equipment and accumulated depreciation is as follows:

<i>In thousands of soles</i>	Land	Buildings and facilities	Furniture and equipment	Vehicles	Premises and improvements in leased property	Work-in-progress	Units in transit and replacing units	Total
Cost								
Balance as of January 1, 2019	118,224	852,940	671,059	8,565	263,908	118,157	291	2,033,144
Additions	-	8,267	55,102	-	1	93,690	-	157,060
Dispose through for sales	-	-	(8)	-	-	-	-	(8)
Derecognition of assets	-	(236)	(11,222)	(477)	-	-	(36)	(11,971)
Transfers	-	109,809	17,422	-	(509)	(126,722)	-	-
As of December 31, 2019	118,224	970,780	732,353	8,088	263,400	85,125	255	2,178,225
Additions	-	488	538	-	170	1,193	-	2,389
Dispose through for sales	-	-	(4)	-	-	-	-	(4)
Derecognition of assets	-	(117)	(2,337)	-	-	(7)	-	(2,461)
Transfers	-	(79,623)	-	-	79,623	-	-	-
As of March 31, 2020	118,224	891,528	730,550	8,088	343,193	86,311	255	2,178,149
Depreciation								
Balance as of January 1, 2019	-	527,471	398,568	6,356	160,573	-	-	1,092,968
Additions	-	34,600	68,285	760	5,701	-	-	109,346
Dispose through for sales	-	-	(8)	-	-	-	-	(8)
Impairment	-	-	-	-	854	-	-	854
Derecognition of assets	-	(4)	(12,558)	(477)	-	-	-	(13,039)
Transfers	-	1,493	-	-	(1,493)	-	-	-
As of December 31, 2019	-	563,560	454,287	6,639	165,635	-	-	1,190,121
Additions	-	6,140	17,758	169	2,419	-	-	26,486
Dispose through for sales	-	-	(4)	-	-	-	-	(4)
Impairment	-	118	-	-	-	-	-	118
Derecognition of assets	-	(118)	(2,336)	-	-	-	-	(2,454)
Transfers	-	(16,582)	-	-	16,582	-	-	-
As of March 31, 2020	-	553,118	469,705	6,808	184,636	-	-	1,214,267
Net cost								
Balance as of March 31, 2020	118,224	338,410	260,845	1,280	158,557	86,311	255	963,882
Balance as of December 31, 2019	118,224	407,220	278,066	1,449	97,765	85,125	255	988,104

According to the current legislation, banks in Peru may not grant as guarantee assets that are part of their property, furniture, and equipment, except for those acquired through the issuance of finance lease bonds and to carry out finance lease operations.

10. Other Assets, Net

As of March 31, 2020 and December 31, 2019, this caption comprises the following:

<i>In thousands of soles</i>	2020	2019
Transactions in progress (a)	942,494	1,045,503
Intangible assets, net of amortizations and impairment provision for S/ 163 million (S/ 140 million as of December 31, 2018)	272,099	287,362
Deferred charges (b)	165,755	162,033
IGV tax credit and income tax, net	69,093	30,699
Other accounts receivable	68,440	34,816
Accounts receivable from the sale of goods, services and trust funds	7,312	7,117
Other	2,200	2,381
	1,527,393	1,569,911

- (a) Transactions in progress are operations carried out during the last days of the month and are reclassified in the following month to their definitive accounts in the consolidated statement of financial position. These transactions do not affect the profit or loss of BBVA Perú Group. As of March 31, 2020 and December 31, 2019, they include mainly the following treasury transactions: i) purchase and sale of currencies for S/ 372 million (S / 873 million as of December 31, 2019), and ii) sale of securities for S / 419 million (S / 136 million as of December 31, 2019).
- (b) As of March 31, 2020 and December 31, 2019, deferred charges include mainly prepaid insurance and deferred loan origination fees, related to fees paid to external sales force.

Goodwill

As of March 31, 2020, the Bank has evaluated the recoverable value of the cash-generating units it maintains, and, where applicable, has recognized a provision for impairment of goodwill for S/ 5 million (S/ 4 million as of December 31, 2019), which corresponds to the highest value paid on the carrying amount of entities acquired (BBVA Consumer Finance EDPYME, Forum Comercializadora del Perú S.A. and Forum Distribuidora del Perú S.A.)

11. Obligations to the public and deposits from Financial System Entities

As of March 31, 2020 and December 31, 2019, this caption comprises the following:

<i>In thousands of soles</i>	2020	2019
Obligations to the public:		
Demand deposits	18,853,397	18,404,285
Time deposits	18,602,289	18,913,066
Savings deposits	17,982,046	17,239,084
Other obligations	92,766	103,543
	55,530,498	54,659,978
Deposits from financial system entities:		
Time deposits	1,371,012	1,094,989
Demand deposits	450,571	353,260
Savings deposits	55,381	51,056
	1,876,964	1,499,305
	57,407,462	56,159,283

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The Bank determines deposit interest rates based on the interest rates prevailing in the market. For the main products, the annual interest rates prevailing as of March 31, 2020 and as of December 31, 2019 fluctuated as follows:

	2020		2019	
	Local currency	Foreign currency	Local currency	Foreign currency
Checking accounts	0.00 – 0.25	0.00 – 0.125	0.00 – 0.25	0.00 – 0.125
Savings deposits	0.00 – 0.50	0.00 – 0.25	0.00 – 0.50	0.00 – 0.125
Time deposits and bank certificates	0.80 – 1.35	0.10 – 0.80	0.80 – 1.35	0.10 – 0.50
'Super depósito' bank account	0.80 – 1.35	0.10 – 0.80	0.80 – 1.35	0.10 – 0.50
Severance payment deposits	1.50 – 2.50	0.60 – 1.75	1.50 – 2.50	0.60 – 1.75

12. Borrowings and Financial Obligations

As of March 31, 2020 and December 31, 2019, this caption comprises the following:

<i>In thousands of soles</i>	2020	2019
Borrowings and financial obligations:		
Foreign financial entities (a)	2,750,083	2,980,024
MIVIVIENDA – MIHOGAR Program (b)	549,962	539,802
Foreign financial entities (c)	343,700	331,400
Corporación Financiera de Desarrollo – COFIDE	7,610	8,070
Accrued interest payable	54,261	27,524
	3,705,616	3,886,820
Securities and bonds: (d)		
Corporate bonds	3,410,889	3,306,077
Subordinated bonds	1,692,275	1,589,292
Negotiable certificates of deposits	334,297	332,359
Finance lease bonds	158,000	358,000
Notes (debt instruments)	122,025	129,635
Accrued interest payable	49,659	76,613
	5,767,145	5,791,976
	9,472,761	9,678,796

Certain loan agreements include standard clauses of compliance with financial ratios, use of funds criteria and other administrative matters. In management's opinion, as of March 31, 2020 and December 31, 2019, these clauses are being adequately complied with and do not represent any restriction on the BBVA Perú Group's operations.

- (a) As of March 31, 2020 and December 31, 2019, the BBVA Perú Group's borrowings with foreign financial entities accrued interest at an annual average rate ranging from Libor +0.35% to 7.4%:

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<i>In thousands</i>	2020		2019		Maturity
	US\$	S/	US\$	S/	
Deutsche Bank (i)	349,232	1,200,311	348,328	1,154,357	November 2020
Credit Suisse (ii)	200,000	687,400	200,000	662,800	October 2040
ICO - Instituto de crédito	100,908	346,822	100,895	334,367	December 2021, April 2022 and August 2022
Wells Fargo Bank	100,000	343,700	100,000	331,400	May 2022
Citibank NY	50,000	171,850	150,000	497,100	November 2021
	800,140	2,750,083	899,223	2,980,024	
Accrued interest payable	15,342	52,731	7,380	24,457	
	815,482	2,802,814	906,603	3,004,481	

- (i) Loan with a nominal amount of US\$ 350 million, which accrues interest at an annual fixed rate of 5.50% and has maturity in November 2020. Fair value of this loan is hedged by IRS, which as of March 31, 2020 and December 31, 2019, have resulted in accumulated gains of S/ 2 million and S/ 4 million, respectively.
- (ii) It corresponds to a subordinated loan in foreign currency arranged at 7.38% annual interest rate. Pursuant to SBS Resolution 975-2016, this loan will continue to be considered as Tier 1 Regulatory Capital, considering the adequacy period established by the rules of subordinated debt, effective since February 2016.

As of March 31, 2020 and December 31, 2019, the BBVA Perú Group holds in accounts payable a balance of S/ 9 million, and S/ 10 million, corresponding to deferred issuance expenses, respectively.

- (b) As of March 31, 2020, these debts mainly include resources obtained for the social housing program MI VIVIENDA (MI HOGAR credit) for S/ 452 million in local currency and US\$ 1 million in foreign currency (S/ 448 million in local currency and US\$ 1 million in foreign currency as of December 31, 2019). As of March 31, 2020 and December 31, 2019, this loan accrues interest at an annual effective rate of 7.75% in U.S. dollars and 6.25% in soles on the principal plus the Constant Adjustment index (hereinafter 'VAC', for its Spanish acronym), and has different maturities until March 2040 and December 2039, respectively.

As of March 31, 2020 and December 31, 2019, borrowings with Fondo MIVIVIENDA are secured with mortgage loan portfolio up to S/ 455 million and S/ 453 million, respectively (note 6). These borrowings consider specific arrangements about how these funds should be used, financial conditions that the borrower must meet, as well as other administrative matters.

- (c) As of March 31, 2020 and December 31, 2019, corresponds to borrowings with Corporación Andina de Fomento for US\$ 100 million, which generates interest at annual rates at 2.01% and 2.56%, respectively; which has a cash flow hedge (Note 7 (ii)).

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- (d) As of March 31, 2020 and as of December 31, 2019 the detail of securities and bonds is as follows:

In thousands of soles

Program	Authorized amount	Currency	Original amount placed	2020	2019	Maturity
Corporate bonds:						
1st issuance, single series - Fourth program	USD 100 million	PEN	40,000	40,000	40,000	August 2020
2nd issuance, series A - Fourth program		PEN	80,000	80,000	80,000	August 2020
2nd issuance, series A - Fifth program	USD 250 million	PEN	150,000	150,000	150,000	December 2026
2nd issuance, series A - Sixth program	USD 250 million	PEN	150,000	150,000	150,000	June 2021
3rd issuance, series A - Sixth program		PEN	350,000	350,000	350,000	November 2020
1st issuance, series A - seventh program	USD 1,000 million	PEN	132,425	132,425	132,425	June 2021
1st issuance, series B - seventh program		PEN	69,435	69,435	69,435	June 2021
2nd issuance, series A - seventh program		PEN	100,000	100,000	100,000	July 2023
2nd issuance, series B - seventh program		PEN	73,465	73,293	73,293	August 2023
1st issuance, series C - seventh program		PEN	70,000	70,000	70,000	September 2021
1st issuance, series D - Seventh program		PEN	120,000	120,000	120,000	July 2022
1st issuance, series E - Seventh program		PEN	65,520	65,520	65,520	August 2022
1st issuance, series F - Seventh program		PEN	150,000	150,000	150,000	October 2022
1st issuance, series C - Seventh program		PEN	96,550	96,550	96,550	December 2024
1st program, international issuance (i)	USD 500 million	USD	500,000	1,763,666	1,658,854	August 2022
				3,410,889	3,306,077	
Subordinated bonds:						
2nd issuance, series A - First program	US\$ 50 million or S/ 158.30 million	USD	20,000	68,488	66,030	May 2027
3rd issuance, series A - First program		PEN	55,000	80,288	79,959	June 2032
2nd issuance, series A - Second program	US\$ 100 million	PEN	50,000	71,483	71,190	November 2032
3rd issuance, series A - Second program		USD	20,000	68,740	66,280	February 2028
4th issuance, single series - second program		PEN	45,000	62,085	61,831	July 2023
5th issuance, single series - second program		PEN	50,000	68,092	67,814	September 2023
6th issuance, single series - second program		PEN	30,000	40,151	39,987	December 2033
1st issuance, single series - third program	US\$ 55 million	USD	45,000	154,665	149,130	October 2028
First program, international issuance – single series (ii)	US\$ 300 million	USD	300,000	1,078,283	987,071	September 2029
				1,627,096	1,561,330	
Finance lease bonds:						
1st issuance, series A - Second program	US\$ 250 million	PEN	158,000	158,000	158,000	December 2020
1st issuance, series C - Second program		PEN	200,000	-	200,000	January 2020
				158,000	358,000	
Negotiable certificates of deposits				334,297	332,359	
Notes (III)						
2nd issuance, notes 2012-C y 2012-D	US\$ 235 million	USD	235,000	122,025	129,635	June 2022
				122,025	129,635	
Accrued interest payable				49,659	76,613	
				5,767,145	5,791,976	

- (i) In August 2012, the Bank carried out an international issuance of corporate bonds with a nominal amount of US\$ 500 million, at an annual fixed rate of 5%, maturing in August 2022; the principal will be fully paid off upon maturity. Likewise, such issuance has a fair value hedged

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through an IRS, which has resulted in accumulated loss of S/ 45 million as of March 31, 2020 (S/ 2 million as of December 31, 2019 of accumulated losses).

- (ii) In September 2014, the Bank carried out an international issuance of subordinated bonds with a nominal amount of US\$ 300 million, at an annual fixed rate of 5.25%, maturing in September 2029. The principal will be fully paid off upon maturity. Likewise, such issuance has a fair value hedged through an IRS, which has resulted in accumulated losses of S/ 52 million as of March 31, 2020 (S/ 2 million as of December 31, 2018 of accumulated earnings).
- (iii) The notes issued in June 2012, which amounts to US\$ 35 million as of as of March 31, 2020 (US\$ 39 million as of December 31, 2019), includes financing for US \$ 13 million, maturing in June 2022, which has a hedge of cash flow through a "interest rate swap - IRS" (Note 7(ii)). Likewise, it includes financing for US \$ 23 million, agreed at a fixed annual rate of 5%, with maturity in June 2022, which has a fair value hedge through an "interest rate swap - IRS", which as of March 31, 2020 and December 31, 2019 has generated accumulated losses of S/ 0.5 million and accumulated earnings of S/ 0.5 million, respectively.

These financings are guaranteed by the present and future flows generated by the electronic payments of clients (Diversified payments rights - DPR's). They also include compliance clauses related to the Bank's financial ratios, and other specific conditions related to the assigned flows, which the Management considers to have complied with as of March 31, 2020 and December 31, 2019.

As of March 31, 2020 and December 31, 2019 corporate bonds do not have specific guarantees and accrue interest at annual that fluctuate between 3.9% and 7.5% rates in local currency (between 4.1% and 7.5% as of December 31, 2019) and an annual rate of 5% in foreign currency (5% as of December 31, 2019).

Subordinated bonds were issued according to the conditions set forth in the Banking Law, and accrue interest at annual rates that fluctuate between the VAC plus a "spread" and 5.6% for local currency, and between 5.3% and 6.5% for foreign currency as of March 31, 2020 and December 31, 2019.

As of March 31, 2020 the financial lease bonds accrue interest at annual rates that fluctuate between 4.6% in local currency (between 4.6% and 6% as of December 31, 2019) and are backed by credit operations in the form of financial leasing that have been financed with such bonds.

As of March 31, 2020 and December 31, 2019, the Bank maintains accounts payable balance of S/ 6 million and S/ 10 million, respectively, corresponding to deferred issuance expenses.

13. Provisions and Other Liabilities

As of March 31, 2020 and December 31, 2019, this caption comprises the following:

<i>In thousands of soles</i>	2020	2019
Accounts payable		
Repurchase agreements (a)	3,946,598	3,545,845
Accounts payable to suppliers	319,566	276,410
Other accounts payable	175,645	63,530
Premiums to deposit insurance fund, contributions and obligations with tax collection entities	125,145	128,329
Interest payable	64,292	68,766
Dividends, profit sharing and remunerations payable	50,623	134,086
	4,681,869	4,216,966
Other liabilities		
Transactions in progress (b)	939,407	1,097,046
Deferred income and other	21,484	24,990
	960,891	1,122,036
Provisions		
Provision for contingent loans	223,104	226,175
Provision for lawsuits, litigations and other contingencies (c)	219,696	218,680
Other provisions	291,671	315,770
	734,471	760,625
	6,377,231	6,099,627

- (a) It corresponds to the balances of repurchase agreement operations BCRP over foreign currency, certificate of deposit, and sovereign bonds from the Republic of Peru entered with BCRP and Peruvian entities of the financial system (Note 6 and 7).

As of March 31, 2020, the rates of repurchase agreements over foreign currency fluctuate between 2.55% and 5.01% (between 3.47% and 5.01% as of December 31, 2019). As of March 31, 2020 and December 31, 2019, these operations have maturities until March 2021.

- (b) Transactions in progress are mainly those carried out during the last days of the month and are reclassified in the following month to their definitive accounts of the consolidated statement of financial position. These transactions do not affect the consolidated statement of income of the BBVA Peru Group. As of March 31, 2020, liability transactions in progress mainly include S/ 693 million related to Treasury operations (S/ 1,028 million as of December 31, 2019).
- (c) BBVA Peru Group has pending several lawsuits, litigation and other proceedings related to the activities it develops, which in the Management's opinion and its legal advisors will not result in additional liabilities.

14. Equity

A. Regulatory capital and legal limits

The Banking Law established that the regulatory capital shall not be lower than 10% of the total risk weighted assets and contingent loans for credit, market and operational risks. As of March 31, 2020 and December 31, 2019, the Bank and the EDPYME apply the standard method for calculating the amount of regulatory capital requirements for credit, market. In regards of operational risk, the Bank uses the alternative standardized approach, while the EDPYME uses the basic indicator approach.

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As of March 31, 2020, on an individual basis, the regulatory capital of the Bank, calculated according to current regulatory requirements is S/ 11,082 million (as of December 31, 2019 the requirements are S/ 10,776 million) while the EDPYME is S/ 85 million for both periods. The regulatory capital is used to calculate certain limits and restrictions applicable to all Banks and financial institutions in Peru, which Management considers to have fulfilled.

As of March 31, 2020, assets and contingent loans weighted by credit, market and operational risks of the Bank and the EDPYME, in accordance with current legal standards, amount to S/ 79,097 million and S/ 521 million, respectively (S/ 76,706 million y S/ 613 million, respectively, as of December 31, 2019).

As of March 31, 2020 the capital adequacy ratio by credit, market and operational risk of the Bank and EDPYME are 14.01% and 16.30%, respectively (14.05% and 13.82%, respectively, as of December 31, 2019).

As of March 31, 2020 the additional regulatory capital requirement of the Bank and EDPYME are S/ 1,611 million and S/ 8 million, respectively (S/ 1,604 million and S/ 9 million, respectively, as of December 31, 2019, respectively).

B. Share Capital

As of March 31, 2020, the Bank's authorized, issued and fully paid-in capital is represented by 5,885,209 thousand of outstanding ordinary shares with a par value of one Sol (S/ 1).

At Obligatory General Shareholders' Meeting, held on March 27, 2019, an agreement was reached to increase the share capital by S/ 517 million, through the capitalization of retained earnings.

Shareholding structure of the Bank's share capital as of March 31, 2020 and as of December 31, 2019 is as follows:

Interest	2020		2019	
	Number of shareholders	Interest %	Number of shareholders	Interest %
Up to 1	7,678	2.88	7,664	3.04
From 1.01 to 5	4	4.88	3	4.72
From 45.01 to 100	2	92.24	2	92.24
	7,684	100	7,669	100

C. Reserves

In accordance with the Banking Law, it is required to have a reserve of at least 35% of the share capital. This reserve is created by an annual transfer of no less than 10% of after-tax profits, and it replaces the reserve referred to in the General Law of Companies. The Banking Law establish that, the amount of legal reserve may also be increased with contributions made by the shareholders for this purpose.

At Obligatory General Shareholders' Meeting, held on March 27, 2019 an agreement was reached to make a legal reserve in an amount equivalent to 10% of profits of year 2018 for S/ 148 million.

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D. Adjustments to equity

As of March 31, 2020, adjustments to equity include S/ 37.1 million for unrealized gains on available-for-sale investment (S/ 36.3 million of unrealized gain as of December 31, 2019), S/ 2 million unrealized loss from the valuation of the cash flow hedge derivative (S/ 4.4 million unrealized loss as of December 31, 2019), and S/ 9.1 million for unrealized losses on the actuarial reserve calculation for long-term employees benefits (S/ 9.1 million for unrealized losses as of December 31, 2019).

E. Retained earnings

At Obligatory General Shareholders' Meeting, held on March 27, 2019 an agreement was reached to approve the capitalization of retained earnings in an amount of S/ 517 million. Also, both shareholders' meetings approved dividends distribution amounting to S/ 812 million.

On January 29, 2020, the Board of Directors agreed to expand the profit capitalization commitment approved through a board meeting on October 30, 2019, from S / 408 million to S / 569 million, charged to the profits for the 2019 fiscal year.

15. Interest Income

As of March 31, 2020 and 2019, this caption comprises the following:

<i>In thousands of soles</i>	2020	2019
Direct loan portfolio	1,093,087	1,074,838
Investment available for sale	24,733	25,374
Cash and due from banks	22,648	44,615
Investment at fair value through profit or loss	19,527	24,534
Other financial income	1,015	999
Interbank Funds	162	309
	1,161,172	1,170,669

16. Interest Expenses

As of March 31, 2020 and 2019, this caption comprises the following:

<i>In thousands of soles</i>	2020	2019
Obligations to the public	152,356	161,459
Borrowings and financial obligations	121,368	127,728
Accounts payable	19,851	11,416
Deposits from financial system entities	10,540	17,588
Hedging operations	6,820	9,651
Interbank funds	2,892	3,116
Other financial expenses	1,482	2,770
	315,310	333,728

17. Income from Financial Services, Net

As of March 31, 2020 and 2019, this caption comprises the following:

<i>In thousands of soles</i>	2020	2019
Income		
Income from credit card fees	57,117	62,657
Income from indirect loans	52,826	51,682
Income from commissions from transfers	38,730	39,660
Income from commissions on collection services	35,522	31,519
Income from services and maintenance of checking accounts	12,411	12,196
Income from online banking services for companies	12,254	10,602
Income from advisory services	3,471	7,006
Income from cash services	2,787	3,777
Income from technical and legal studies	2,592	1,881
Income from trust and commission of trustee	349	276
Other income from services	72,371	71,177
	290,430	292,433
Expenses		
Visa and Mastercard expenses	(34,851)	(31,897)
Customer loyalty programs	(23,835)	(25,470)
Deposit insurance fund premiums	(19,880)	(18,158)
Transfers	(3,106)	(2,390)
Foreign exchange currency spot transaction	(1,965)	(1,859)
Checking account maintenance expenses	(1,087)	(1,085)
Other expenses for services	(20,797)	(19,891)
	(105,521)	(100,750)
	184,909	191,683

18. Administrative Expenses

As of March 31, 2020 and 2019, this caption comprises the following:

<i>In thousands of soles</i>	2020	2019
Personnel expenses and Directory	225,880	202,808
Expenses for services provided by third parties	207,408	185,163
Taxes and contributions	12,517	11,700
	445,805	399,671

19. Earnings per Share

The table below shows the computation of the weighted average of shares and earnings per shares as of March 31, 2020 and 2019:

<i>In thousands</i>	Shares outstanding	Weighted average number of basic shares	Effective days to period- end	Weighted average number of common shares
2020				
Balance as of January 1, 2020	5,885,209	5,885,209	90	5,885,209
Balance as of March 31, 2020	5,885,209	5,885,209		5,885,209
2019				
Balance as of January 1, 2019	5,368,602	5,368,602	90	5,368,602
Capitalization of year 2018 profit or loss	516,607	516,607	90	516,607
Balance as of March 31, 2019	5,885,209	5,885,209		5,885,209

As of March 31, 2020 and 2019, earnings per share calculated based on the average number of shares amounted to S/ 0.0627 and S/ 0.0606, respectively.

BANCO BBVA PERÚ AND SUBSIDIARIES
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As of March 31, 2020 and December 31, 2019

20. Related Party Transactions

As of March 31, 2020 and December 31, 2019, the consolidated financial statements of Grupo BBVA Peru include transactions with the related party, which, as established by IAS 24 and SBS regulations, comprise the parent company, related parties, associates, other related parties, and BBVA Perú group's directors and key management. All related party transactions are conducted in accordance with market conditions applicable to non-related third parties.

- (a) The balances of the consolidated statement of financial position maintained by Grupo BBVA Peru with related parties as of March 31, 2020 and as of December 31, 2019 are as follows:

	2020					2019				
	Controlling party	Related parties (*)	Associates	Key staff and directors	Total	Controlling party	Related parties (*)	Associates	Key staff and directors	Total
<i>In thousands of soles</i>										
Assets:										
Cash and due from banks	137,362	187	-	-	137,549	126,460	-	-	-	126,460
Loan portfolio, net	-	495,569	6,004	28,782	530,355	-	520,561	11	28,970	549,542
Trading derivatives	377,981	472	-	-	378,453	282,154	793	-	-	282,947
Other assets, net	255,707	55,026	-	-	310,733	30,227	36,154	-	-	66,381
Total assets	771,050	551,254	6,004	28,782	1,357,090	438,841	557,508	11	28,970	1,025,330
Liabilities:										
Obligations to the public and deposits from financial system entities	208,294	596,292	606	161,843	967,035	223,118	458,269	875	157,338	839,600
Borrowings and financial obligations	-	6,000	-	-	6,000	-	6,000	-	-	6,000
Trading derivatives	420,223	609	-	-	420,832	246,544	581	-	-	247,125
Provisions and other liabilities	24,272	13,149	-	312	37,733	44,902	9,613	-	21	54,536
Total liabilities	652,789	616,050	606	162,155	1,431,600	514,564	474,463	875	157,359	1,147,261
Off-balance sheet accounts :										
Indirect loans	-	342,898	309	1,375	344,582	-	250,655	292	1,326	252,273
Derivative financial instruments	18,844,531	53,289	-	-	18,897,820	16,245,167	144,097	-	-	16,389,264

(*) Related party include the balances and transaction with other related parties as contained in IAS 24 and SBS regulations.

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- (b) The effects of transactions with related parties in the consolidated income statement of the bank for the period ended of March 31, 2020 and as of December 31, 2019 is as follows:

	2020					2018				
	Controlling party	Related parties (*)	Associates	Key staff and directors	Total	Controlling party	Related parties (*)	Associates	Key staff and directors	Total
<i>In thousands of soles</i>										
Interest income	-	1,764	-	129	1,893	-	1,432	-	131	1,563
Interest expenses	-	(925)	-	(267)	(1,192)	-	(2,706)	-	(267)	(2,973)
	-	839	-	(138)	701	-	(1,274)	-	(136)	(1,410)
Income from financial services	974	161	-	14	1,149	-	272	-	13	285
Expenses in financial services	-	-	-	-	-	-	(2)	-	-	(2)
	974	161	-	14	1,149	-	270	-	13	283
Net profit or loss from financial operations	(2,713)	(99)	-	-	(2,812)	-	-	-	-	-
Administrative expenses	(7,085)	(26,628)	-	-	(33,713)	(4,677)	(18,472)	-	-	(23,149)
Other income and expenses, net	-	83	-	26	109	-	53	-	4	57
	(9,798)	(26,644)	-	26	(36,416)	(4,677)	(18,419)	-	4	(23,092)

(*) Related party include the balances and transaction with other related parties as contained in IAS 24 and SBS regulations.

- (c) Loans to personnel and key management personnel compensation.

As of March 31, 2020 and December 31, 2019, Directors, officers and employees of the Bank have performed credit operations allowed by the Banking Law, which regulates and establishes certain limits to transactions with Directors, officers and employees of banks in Peru. As of March 31, 2020 and December 31, 2019, direct loans to employees, directors, officers and key personnel amounted to S/ 457 million and S/ 472 million, respectively.

Likewise, as of March 31, 2020 and 2019, key management personnel and board of directors' compensation amounted to S/ 3 million, for both periods.

21. Subsequent Events

The Bank is not aware of any significant subsequent events occurring between the closing date of these consolidated financial statements and the authorization date of their issuance that may affect them significantly with the exception of the following:

- a) In April 2020, the Peruvian Government and the Central Reserve Bank of Peru promoted a series of measures to face the economic crisis that is being generated in some sectors by COVID-19:
- i. REACTIVA PERU
A state program guarantees new credits granted by financial system entities to micro, small, medium and large companies until June 30, 2020 to ensure the continuity of the payment chain.
 - ii. Fondo de Apoyo Empresarial - FAE
It is a state fund created to guarantee working capital loans, restructuring and refinancing of MYPE debt.
 - iii. Fondo CRECER
It is a fund created to promote the strengthening of micro, small and medium enterprises through the following instruments: hedging, credit and investment.
 - iv. Credit reporting operations guaranteed by the Peruvian Government represented in securities
Participating entities (EP) sell loan portfolios represented in securities to the BCRP. The EP receive local currency (sale amount) and are obliged, in the same act, to repurchase these portfolios later on, against the payment of local currency (amount of repurchase). The BCRP will pay out 80% of the funds in the current account that the EP maintains in the BCRP and the remaining part in the restricted availability account.
- b) On April 8, 2020, shareholders were called to hold the Annual Mandatory Shareholders Meeting of Banco BBVA Peru, to be held on first call on May 11, 2020 and on second call on May 18, May 2020.