

Banco BBVA Perú and Subsidiaries

Interim consolidated financial statements As of March 31, 2024
and December 31, 2023

Banco BBVA Perú and Subsidiaries

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Banco BBVA Perú and Subsidiaries

Interim consolidated statement of financial position

As of March 31, 2024 and December 31, 2023

	Note	2024	2023
		S/ (000)	S/ (000)
Assets			
Cash and due from banks	5	14,348,641	9,431,609
Interbank funds		324,862	17,009
Investments at fair value through profit or loss and available-for-sale investments	6	14,567,189	15,148,595
Loan portfolio, net	7	72,214,252	70,647,238
Trading derivatives	8	1,219,776	1,237,496
Hedging derivatives	8	6,389	-
Realizable, received in payment and seized assets		116,267	118,776
Non-current assets held for sale		114,723	94,162
Interests in associates	9	7,971	5,734
Property, furniture and equipment, net	10	1,159,471	1,192,939
Deferred tax		798,038	786,862
Other assets, net	11	4,698,050	5,643,382
Total assets		<u>109,575,629</u>	<u>104,323,802</u>
Contingent risks and commitments	16	<u>37,082,008</u>	<u>36,992,657</u>
Liabilities and equity			
Liabilities			
Obligations with the public and deposits from financial institutions	12	70,286,992	70,726,777
Interbank funds		825,782	378,451
Debts and financial obligations	13	6,689,230	5,907,327
Trading derivatives	8	1,188,187	1,076,972
Hedging derivatives	8	91,748	93,486
Accounts payable, provisions and other liabilities	14	18,751,979	13,771,121
Total liabilities		<u>97,833,918</u>	<u>91,954,134</u>
Equity			
	15		
Share capital		8,894,852	8,147,211
Reserves		2,432,033	2,245,122
Unrealized results		63,844	107,413
Retained earnings		350,982	1,869,922
Total equity		<u>11,741,711</u>	<u>12,369,668</u>
Total liabilities and equity		<u>109,575,629</u>	<u>104,323,802</u>
Contingent risks and commitments	16	<u>37,082,008</u>	<u>36,992,657</u>

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

Banco BBVA Perú and Subsidiaries

Interim consolidated statement of income

For the three months ended March 31, 2024 and 2023

	Note	2024	2023
		S/ (000)	S/ (000)
Interest income	17	2,002,205	1,723,242
Interest expenses	18	(557,027)	(473,520)
Gross financial margin		1,445,178	1,249,722
Provision for direct loans, net of recoveries		(657,019)	(351,379)
Net financial margin		788,159	898,343
Income from financial services, net	19	294,153	267,793
Net financial margin of income and expenses from financial services		1,082,312	1,166,136
Profit or loss from financial transactions	20	167,674	205,728
Operating margin		1,249,986	1,371,864
Administrative expenses	21	(661,454)	(595,336)
Depreciation and amortization		(72,493)	(64,865)
Net operating margin		516,039	711,663
Measurement of assets and provisions		(60,976)	(17,008)
Operating profit or loss		455,063	694,655
Other income and expenses, net	22	482	(14,396)
Profit before income tax		455,545	680,259
Income tax		(105,382)	(186,304)
Net profit		350,163	493,955
Basic and diluted earnings per share in soles	23	0.0394	0.0555
Weighted average number of outstanding shares (in thousands of shares)	23	8,894,852	8,894,852

Banco BBVA Perú and Subsidiaries

Interim Consolidated Statement of Income and Other Comprehensive Income

For the three months ended March 31, 2024 and 2023

	2024	2023
	S/ (000)	S/ (000)
Net profit	350,163	493,955
Other comprehensive income:		
Unrealized loss (gain) on available-for-sale investments	(35,510)	31,364
Unrealized loss (gain) on cash flow hedges	(13,122)	15,808
Interest in other comprehensive income of associates	15	(18)
Income tax on items of other comprehensive income	5,048	(6,070)
Other comprehensive income for the period, net of income tax	<u>(43,569)</u>	<u>41,084</u>
Total comprehensive income for the period	<u>306,594</u>	<u>535,039</u>

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

Banco BBVA Perú and Subsidiaries

Interim consolidated statement of changes in equity

For the three months ended March 31, 2024 and 2023

	Number of shares in thousands (Note 15(a))	Share capital (Note 15(a)) S/ (000)	Legal reserve (Note 15(b)) S/ (000)	Unrealized results (Note 15(c)) S/ (000)	Retained earnings (Note 15(d)) S/ (000)	Total equity S/ (000)
Balance as of January 1, 2023						
Balance at January 1, 2023	7,382,184	7,382,184	2,053,490	(91,052)	1,908,753	11,253,375
Net profit	-	-	-	-	493,955	493,955
Other comprehensive income:						
Unrealized gains on available-for-sale investments	-	-	-	29,957	-	29,957
Unrealized gains on cash flow hedges	-	-	-	11,145	-	11,145
Unrealized losses on interests in other comprehensive income of associates	-	-	-	(18)	-	(18)
Total comprehensive income for the period		-	-	41,084	493,955	535,039
Changes in equity (not included in comprehensive income):						
Dividends	-	-	-	-	(956,283)	(956,283)
Capitalization of retained earnings, note 15(b)	765,027	765,027	-	-	(765,027)	-
Transfers to reserves and other movements, note 15(c)	-	-	191,257	-	(191,257)	-
Balances at March 31, 2023	8,147,211	8,147,211	2,244,747	(49,968)	490,141	10,832,131
Balance as of January 1, 2024						
Balance at January 1, 2024	8,147,211	8,147,211	2,245,122	107,413	1,869,922	12,369,668
Net profit	-	-	-	-	350,163	350,163
Other comprehensive income:						
Unrealized losses on available-for-sale investments	-	-	-	(34,333)	-	(34,333)
Unrealized losses on cash flow hedges	-	-	-	(9,251)	-	(9,251)
Unrealized gains on interests in other comprehensive income of associates	-	-	-	15	-	15
Total comprehensive income for the period		-	-	(43,569)	350,163	306,594
Changes in equity (not included in comprehensive income):						
Dividends	-	-	-	-	(934,551)	(934,551)
Capitalization of retained earnings, note 15(b)	747,641	747,641	-	-	(747,641)	-
Additions to reserves and other movements, note 15(c)	-	-	186,911	-	(186,911)	-
Balances As of March 31, 2024	8,894,852	8,894,852	2,432,033	63,844	350,982	11,741,711

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

Banco BBVA Perú and Subsidiaries

Interim consolidated statement of cash flows

For the three months ended March 31, 2024 and 2023

	2024	2023
	S/ (000)	S/ (000)
Reconciliation of the net profit to cash and flows from operating activities		
Net profit	350,163	493,955
Adjustments	840,038	594,242
Depreciation and amortization	72,493	64,865
Impairment of property, furniture and equipment, and intangible assets	8,000	8,458
Impairment reversal of available-for-sale investments	-	(640)
Provisions	709,995	360,568
Other adjustments	49,550	160,991
Net changes in assets and liabilities	4,692,065	1,812,178
Loan portfolio	(2,170,976)	(1,264,868)
Available-for-sale investments	511,884	572,830
Accounts receivable and others	1,965,946	(1,232,178)
Unsubordinated financial liabilities	(208,183)	2,129,354
Accounts payable and others	4,593,394	1,607,040
Net profit for the period after net changes in assets, liabilities and adjustments	5,882,266	2,900,375
Paid income tax	(1,441,040)	(540,457)
Net cash and cash equivalents from operating activities	4,441,226	2,359,918
Cash flows from investing activities:		
Acquisition of intangible assets and property, furniture, and equipment	(37,255)	(39,817)
Other cash inflows from investing activities	18,519	22,016
Net cash and cash equivalents used in investing activities	(18,736)	(17,801)
Cash flows from financing activities:		
Cash inflows from issuance of subordinated financial liabilities	1,115,400	-
Cash flows from redemption of subordinated financial liabilities	(625,585)	-
Cash paid for dividends	-	194
Other cash inflows from financing activities	1,132,800	1,345,981
Other cash outflows from financing activities	(1,137,100)	(389,045)
Net cash and cash equivalents from financing activities	485,515	957,130
Net increase in cash and cash equivalents before effects of exchange rate fluctuations	4,908,005	3,299,247
Effects of changes in exchange rates on cash and cash equivalents	(120,721)	(175,151)
Net increase in cash and cash equivalents	4,787,284	3,124,096
Cash and cash equivalents at the beginning of the period	18,546,802	17,583,751
Cash and cash equivalents at the end of the period	23,334,086	20,707,847
Guarantee funds	1,108,455	409,791
Interbank funds	(324,862)	(50,010)
Investment with maturities of less than 90 days	(9,769,038)	(6,842,098)
Cash and due from banks per the interim consolidated statement of financial position	14,348,641	14,225,530

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

Banco BBVA Perú and Subsidiaries

Notes to the interim consolidated financial statements

As of March 31, 2024 and December 31, 2023

1. Operations

(a) Identification and economic activity -

Banco BBVA Perú (hereinafter the Bank) is a subsidiary of BBVA Perú Holding S.A.C., which holds 46.12% of its share capital As of March 31, 2024 and December 31, 2023. Bank Bilbao Vizcaya Argentaria S.A. (hereinafter BBVA S.A.) holds 100% of the shares of BBVA Perú Holding S.A.C.

The Bank is a closely held corporation incorporated in 1951 and is authorized to operate as a banking institution by the Superintendence of Banking, Insurance and Private Pension funds Administrators (hereinafter "SBS", by its Spanish acronym).

The Bank is mainly engaged in financial intermediation inherent to commercial banks. Such activities are governed by the SBS according to Law 26702 "General Law of the Financial and Insurance Systems and SBS Organic Law" and its amendments (hereinafter the Banking Law). This Law establishes the requirements, rights, obligations, collaterals, restrictions, and other operating conditions to which every legal entity operating in the financial and insurance systems is subject.

The Bank's legal domicile and headquarters is located at Av. República de Panamá No. 3055 - San Isidro, Lima, Perú.

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

(b) Climate and political juncture in Peru -

(i) Climate juncture

On March 12, 2023, on the wake of the sea-related, atmospheric and prospects of rainfall, as part of the impact of the Cyclone Yaku in Peru, the Peruvian Government instated a National Emergency in several provinces in Peru, given the damage caused by heavy rainfalls to the population's way of living. This was necessary for the government to be able to implement the necessary and immediate response and disaster relief measures and actions, on an exceptional basis, as appropriate.

Notes to the interim consolidated financial statements (continued)

(ii) Political juncture

On December 2022, after a series of political events, various acts of violence and vandalism against public and private institutions were generated, as well as attacks against the personal integrity of citizens and authorities in different regions of Perú. Given this situation, on December 14 and 15, 2022, the Cabinet Presidency enacted supreme decrees No143-2022-PCM and No144-2022-PCM, setting up a 30-day National Emergency, and also a mandatory social confinement for 5 days nationwide, respectively.

Due to these events increase the risk of economic losses and difficulties for the affected debtors to comply with the timely payment of their debts, on a preventive basis, the SBS authorized financial institutions to reschedule to its customers, see further detail in note 2(c).

In Management's opinion, these situations have not affected the Bank's operations and have not had any significant impact on the interim consolidated financial statements as of March 31, 2024 and December 31, 2023.

(c) National State of Emergency (Covid-19 pandemics) -

On March 2020, the World Health Organization (WHO) declared a pandemic due to the coronavirus disease (COVID-19), and recommended contention and mitigation measurements worldwide. On March 15, 2020, the Peruvian government declared, through Supreme Decree No 044-2020-PCM, a national state of emergency due to the serious circumstances affecting people's life as a result of the COVID-19 outbreak. In October 2022, the Peruvian officially ended the National Emergency by means of Supreme Decree No 130-2022-PCM.

In coping with the Covid-19 pandemic, the Peruvian Government, the Ministry of Economy and Finance, the Central Reserve Bank of Peru (hereinafter the BCRP, by its Spanish acronym) and the SBS, set a number of exceptional measures; see further detail in note 2(c).

(d) Approval of the interim consolidated financial statements -

The interim consolidated financial statements As of March 31, 2024 were approved by Bank Management.

2. Basis of Preparation of the Interim Consolidated Financial Statements

(a) Statement of compliance -

The consolidated financial statements have been prepared and presented in accordance with the accounting standards established by the SBS for financial entities in Peru. Those standards are contained in the Accounting Manual for Financial Institutions (hereinafter the Accounting Manual) approved by SBS Resolution N° 895-98 on September 1, 1998 and effective January 1, 2001, including supplemental standards and amendments..

The SBS has established that, for situations not addressed in such standards, the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and made official in Peru by the Peruvian Accounting Board (CNC, for its Spanish acronym), are applied.

Notes to the interim consolidated financial statements (continued)

(b) Basis of consolidation -

The consolidated financial statements include the financial statements of entities that are part of the BBVA Peru Group, described in note 1(a), from the date control is obtained over those entities. The controls is obtained when the Bank is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Particularly, the Bank controls an investee if and only if it has all the following:

- Power over the investee; that is, the investor has existing rights that give it the current ability to direct the relevant activities,
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect the amount of the investor's returns.

In general, it is presumed that majority voting rights or similar rights in the investee grants control over the investee. The Bank considers all facts and circumstances when assessing whether it controls an investee, including:

- The contractual arrangement between the Bank and other voting right or similar right holders of the investee's.
- Rights arising from other contractual arrangements.
- The investor's voting rights, its potential voting rights and a combination of both.

The Bank reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the above-indicated three elements of control. Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. They are deconsolidated from the date that control ceases. Consolidated financial statements include the assets, liabilities, revenue and expenses of the Bank and its subsidiaries.

Income for the period and each component of other comprehensive income are attributable to the owners of the controlling interest and to the share of non-controlling interests, even if this results in non-controlling interest with a negative balance. Adjustments are made to the financial statements of subsidiaries, when necessary, to align their accounting policies with those of the Bank.

All assets, liabilities, equity, revenue, expenses and cash flows related to transactions between entities that are consolidated by the Bank are eliminated in whole.

Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are recorded as equity transactions.

If the Bank ceases to have control over a subsidiary the related assets are derecognized (including goodwill), liabilities, non-controlling interest and other equity components, while any resulting profit or loss is stated in the consolidated statement of income. Any interest held in an investee is recognized at fair value.

Subsidiaries are all entities over which the Bank has the power to govern their operating and financial policies. The consolidation of subsidiaries is ended from the date the Bank ceases to have control over them.

Notes to the interim consolidated financial statements (continued)

As of March 31, 2024 and December 2023, main balances of the BBVA Peru Group are the following:

In millions of soles	Assets		Liabilities		Equity	
	2024	2023	2024	2023	2024	2023
Entity						
Banco BBVA Perú	109,624	104,413	97,883	92,044	11,741	12,369
BBVA Bolsa Sociedad Agente de Bolsa S.A.	5,530	55	5,513	41	17	14
BBVA Asset Management S.A. SAF	33	31	8	3	25	28
BBVA Sociedad Titulizadora S.A.	5	5	1	1	4	4
Inmuebles y Recuperaciones BBVA S.A.	155	153	2	1	153	152
Continental DPR Finance Company B.V.	-	-	-	-	-	-
BBVA Consumer Finance Edpyme en liquidación	20	20	4	4	16	16
Forum Comercializadora S.A. en liquidación	2	2	-	-	2	2
Forum Distribuidora S.A.	159	145	125	112	34	33

- (c) Major pronouncements issued by the SBS, BCRP and the Government with an impact on the financial system. As stated in note 1(b) and (c), in coping with the climate effects, social unrest and COVID 19, the Peruvian Government, the Ministry of Economy and Finance, the BCRP and the SBS issued the regulations set out below:

Notes to the interim consolidated financial statements (continued)

N°	Programs / Measures	Legal basis	Short description of programs / measures	Impact on the Bank
(i)	Loan rescheduling	Official letters N°10997-2020-SBS, N°11150-2020-SBS, N°11170-2020-SBS, N°12679-2020-SBS, N°13195-2020-SBS, N°13805-2020-SBS y N°14355-2020-SBS and N°15944-2020-SBS. Issued between March and July 2020	These official letters set exceptional measures applicable to the loan portfolio, intended to make debt repayment easier for customers of financial institutions that were affected by the restrictive measures taken by the Peruvian Government due to the Covid-19 pandemic. At the reporting date, these official letters are no longer effective.	As of March 31, 2024 and December 31, 2023, the balance of rescheduled loans under these official letters was approximately S/232 million and S/270 million, respectively.
		Official letters N°13613-2021-SBS, N°6302-2021-SBS, and N° 08441-2023-SBS. Issued between February 2021 and February 2023.	Per these Official letters, the SBS entitled financial institutions to reschedule loans to their customers over 2021. At the reporting date, these official letters are no longer effective.	
		Official letters N° 54961-2022-SBS, 03140-2023-SBS, 03583-2023-SBS, 08441-2023-SBS, 09702-2023-SBS, 11235-2023-SBS and 17305-2023-SBS. Issued between December 2022 and April 2023.	New supplemental prudential measures (loan rescheduling), issued in the framework of the Emergency Status instated due to the social unrest occurring in Peru. At the reporting date, those official letters were no longer effective.	As of March 31, 2024 y at December 31, 2023, the balance of rescheduled loans with an individual and mass evaluation of portfolio for social unrest was S/332 and S/519 million, respectively.
		Official letter N° 12174-2023-SBS dated March 15, 2023	The SBS includes one single document with all prudential provisions for loan rescheduling issued up to the date, making relevant changes in the accounting records and making them applicable to the general Emergency Conditions resulting from the social unrest in the country and natural disasters with severe consequences affecting the lives of the population in certain areas of Peru or nationwide.	As of March 31, 2024 and December 31, 2023, the balance of rescheduled loans with mass portfolio evaluation due to the effects of the weather amounted to S/168 million and S/126 million, respectively.
		Official letter N° 63223-2023-SBS, issued on November 06, 2023.	Clarification of the Prudential Measures related to rescheduling. The official document provides accounting clarifications and indications for not considering states of emergency qualified as "imminent danger" in future rescheduling plans.	
(ii)	Additional provisions for rescheduled loans	SBS resolution N°3922- dated December 23, 2021	The SBS set the requirement that for those loans that were rescheduled because of the Covid-19 pandemic, and accounted for as such, the financial institutions shall record additional provisions, as if they had a worse credit rating.	As of March 31, 2024 and December 31, 2023, the Bank recorded provisions for rescheduled loans of debtors rated as Normal, CPP and Substandard for around S/2 million and S/3 million, respectively.
(iii)	Reactiva Perú economic relief program	Legislative Decree N° 1455-2020 dated April 6, 2020	Instated with the following objectives: <ul style="list-style-type: none"> - Respond to the liquidity needs faced by companies in the context of the COVID-19 pandemic. - Ensure continuity of the chain of payments. 	As of March 31, 2024 and December 31, 2023, the Bank holds "Reactiva Perú" loans for around S/1,547 million and S/1,900 million, note 7(c). The amounts secured by the Peruvian Government totaled S/1,355 million and S/1,675 million, respectively.
	Reactiva Perú Until November 30, 2020	Ministry Resolution N° 134-2020-EF dated April 13, 2020	Using this program, the Government granted guarantees to back entities so they can obtain working capital credit facilities and meet their short-term obligations with workers and suppliers of goods and services. Guarantees range from 80% and 98% of the loan amount, whose maximum amount per customer was S/ 10 million, which is determined based on the total sales. Additionally, the Bank obtains the resources to grant these loans based on its repo transactions with the BCRP, for the secured portion of the loan.	
	Reactiva Perú reschedulings Until December 31, 2021	Emergency Decree N° 026-2021 dated March 6, 2021 Emergency Decree No 091-2021 dated September 30, 2021	The Peruvian Government has ordered that loans granted under the Reactiva Perú program can be eligible for rescheduling, provided that they meet the requirement set by the applicable standards (mainly involving a decrease in sales). Loan rescheduling can be provided with Bank's or BCRP's funding. If Bank's funding is used, the interest rate can be raised up to 25 basis points. The due dates set for customers to be able to obtain loan rescheduling expired on September 30, 2021. However, an extension was ordered for loans secured by this program were eligible for loan rescheduling until December 31, 2021.	

Notes to the interim consolidated financial statements (continued)

N°	Programs / Measures	Legal basis	Short description of programs / measures	Impact on the Bank
	New REACTIVA rescheduling Until December 31, 2022	Emergency Decree No 011- 2022 May 13, 2022 Emergency Decree No 026-2022 December 27, 2022	The possibility was raised for REACTIVA loans to be subject to new rescheduling up to S/10 mil million. Rescheduled loans will continue to be backed by the Peruvian Government. BCRP funding will be kept up to due date of the prior rescheduled loan, at which date, will be replaced with resources of the financial system. For those loans from S/ 90,001 to S/ 10 million, decrease in sales of 30% or more in 2021, as compared to 2019, should be demonstrated.	
	Extension of rescheduling plans of the Reactiva loans until June 30, 2023.	Ministry Resolution No 074-2023-EF/15 (February 21, 2023). Emergency Decree No 029-2023 dated July 25, 2023 Ministry Resolution No 287-2023-EF/15 dated August 11, 2023.	An extension of the due date to apply for rescheduling of Program-backed loans was ordered. Amendments were made to the Operating rules to the economic relief program called Reactiva, under which an extension is given to the loan rescheduling program originally granted under the Programa Reactiva Perú. Also, the possibility is set for new rescheduling for an additional grace period of 24 months to those loans that had been rescheduled under the provisions of Emergency Decree N° 011-2022. In this respect, a new rescheduling and another period of grace of up to 24 months were authorized to be granted to entities that had rescheduled their Reactiva loans in accordance with the provisions of Urgency Decree N° 011-2022.	
(iv)	Fondo Crecer Until 2049	Legislative Decree N° 1399 (September 7, 2018) Supreme Decree N° 007-2019-EF (January 11, 2019) Law N° 31683 (February 09, 2023) Supreme Decree N°227-2023-EF (October 25, 2023)	This is a program to secure loans obtained for working capital, fixed assets and export credits intended to bolster the productive development and growth of medium-sized and small entities. The maximum amount to be secured per customer is S/ 10 million. Amounts secured are up to 75% for microbusiness and small entities, up to 70% for medium-sized and up to 60% for exporters. The scope of application by beneficiaries of the relief fund called Fondo Crecer is amended to be used by microbusinesses, small and medium-sized entities according to the type of financing obtained under the criteria set by the SBS. Several articles of the rules for application of Legislative Decree N° 1399 were amended. This piece of legislation was enacted to promote and strengthen Micro, Small and Medium-sized entities and creates Fondo CRECER, pursuant to Supreme Decree N° 007- 2019-EF as a way to implement the changes introduced by Law N° 31683.	As of March 31, 2024 and December 31, 2023, the Bank holds loans under this program for around S/ 104 million and S/ 118 million, respectively, note 7(c). The amounts secured by the Peruvian Government totaled S/ 63 million and S/ 75 million, respectively.
(v)	Repo transactions with loan portfolio rescheduling	Circular N°0014-2020-BCRP dated April 3, 2020 Circular BCRP 0021-2020 dated June 7, 2020 Circular N° 0033-2020-BCRP dated December 18, 2020 Official letter N°11518-2020 dated April 7, 2020 and official letters N°12791-2020 dated May 8, 2020	BCRP sets the characteristics and procedures for repo transactions of the loan portfolio secured by the Peruvian Government. At the selling date, the Bank receives the local currency (the sale amount) and, at the same time, it becomes engaged to repurchase such portfolio (repo amount). BCRP will draw down 80 percent of the funds to the Bank's checking account with the BCRP and the remaining portion will be credited to restricted account also held by the Bank with the BCRP. The ninth transitional provision supersedes Circular N° 0014-2020-BCRP to introduce changes in the provisions applicable to the Repo Transactions with Loan Portfolio represented by Securities for the purpose of making operability more flexible. BCRP has instated the possibility for financial institutions to obtain funding at 0.5% by means of Repo Transactions. Under this mechanism, financial system entities engage to reschedule loans to customers or portfolio bought from other financial system entities to reduce temporarily the interest rate over the period the transaction with the BCRP lasts. SBS has set the accounting model for repo transactions as well as some reporting requirements. Based on those official letters, the loan portfolio is not derecognized but provisions will continue to be made for the portfolio used in repo transaction.	As of March 31, 2024 and December 31, 2023, the Bank holds repo transactions balances involving rescheduled loan portfolio for S/ 4,896 million and S/ 4,898 million, respectively, see note 14.
(vi)	Programa Impulso Myperu	Law No 31658: "Ley que Crea el Programa Impulso Empresarial MYPE – IMPULSO MYPERU" dated December 29, 2022 and Ministry Resolution No 066-2023-EF/15 dated February 11, 2023. Emergency Decree N°039-2023 and Ministry Resolution N°419-2023-EF/15, dated November 29, 2023 and December 15, 2023; respectively.	Approve the Law that creates the Programa Impulso Empresarial MYPE - IMPULSO MYPERU for the purpose of financing loans for debt consolidation, working capital, fixed assets and purchase of debt to MYPE (the criteria was later expanded to include other companies). The scope and maximum amount were expanded and time limit of reception extended up to June 30, 2024. To date, the program is in force and has a fund of S/15,000 million to financing companies in all productive sectors of the country.	As of March 31, 2024, total loans under this program were S/651 million.

Notes to the interim consolidated financial statements (continued)

Management considers the Bank has complied with all exceptional rules and measures set forth by the Peruvian Government, the Ministry of Economy and Finance, the Central Reserve Bank of Peru and the SBS established as a response of COVID-19 pandemic, social unrest and climate effects.

3. Accounting Principles and Practices

In preparing and presenting the accompanying consolidated financial statements, Management of BBVA Peru Group has met the standards set by the SBS currently effective in Peru. Major accounting principles and practices implemented As of March 31, 2024 have not changed significantly in relation with those applied at December 31, 2023, as summarized in the audit report dated February 22, 2024

4. Foreign Currency Balances

The interim consolidated statement of financial position includes balances of foreign currency transactions, mainly in U.S. dollars (US\$), which are recorded in soles (S/) at the exchange rate established by the SBS. As of March 31, 2024 and December 31, 2023 the exchange rate was US\$ 1 per S/3.718 and US\$1 per S/3.709, respectively.

Foreign currency transactions in Peru referred to the concepts authorized by the BCRP are channeled through a free banking system. As of March 31, 2024, buy and sell exchange rates used were US\$1 per S/3.714 and US\$1 per S/3.721, respectively (buying rate of US\$ 1= S/3.705 and selling rate of US\$1 per S/3.713, at December 31, 2023).

Notes to the interim consolidated financial statements (continued)

As of March 31, 2024 and December 31, 2023, foreign currency balances stated in thousands of U.S. dollars are as follows

	2024			2023		
	US Dollars	Other currencies	Total	US Dollars	Other currencies	Total
	(000)	(000)	(000)	(000)	(000)	(000)
Asset						
Cash and due from banks	2,775,000	192,831	2,967,831	1,442,283	115,174	1,557,457
Interbank funds	5,004	-	5,004	-	-	-
Investments at fair value through profit or loss and available-for-sale investments	1,806,412	-	1,806,412	1,707,942	-	1,707,942
Loan portfolio, net	5,688,453	-	5,688,453	5,232,933	-	5,232,933
Other assets, net	371,498	93,527	465,025	484,706	3,602	488,308
	<u>10,646,367</u>	<u>286,358</u>	<u>10,932,725</u>	<u>8,867,864</u>	<u>118,776</u>	<u>8,986,640</u>
Liabilities						
Obligations with the public and deposits from financial institutions	7,477,071	62,813	7,539,884	7,087,149	62,864	7,150,013
Interbank funds	162,721	-	162,721	40,018	-	40,018
Debts and financial obligations	1,354,303	-	1,354,303	1,211,022	-	1,211,022
Account payable, provisions and other liabilities	1,924,286	136,577	2,060,863	567,307	7,303	574,610
	<u>10,918,381</u>	<u>199,390</u>	<u>11,117,771</u>	<u>8,905,496</u>	<u>70,167</u>	<u>8,975,663</u>
Short position (liabilities)	(272,014)	86,968	(185,046)	(37,632)	48,609	10,977
Derivative instruments, assets	7,170,362	470,676	7,641,038	6,166,648	500,777	6,667,425
Derivative instruments, liabilities	6,714,797	559,781	7,274,578	6,073,313	555,208	6,628,521
Long position (assets)	<u>183,551</u>	<u>(2,137)</u>	<u>181,414</u>	<u>55,703</u>	<u>(5,822)</u>	<u>49,881</u>

As of March 31, 2024 and 2023, BBVA Peru Group recorded net exchange gains for S/ 185 million and S/ 179 million, respectively, which corresponds to the valuation of exchange rate, as well as purchase and sales transactions in foreign currency in 'profit or loss from financial transactions' of the consolidated statement of Income (note 20).

The percentage change in the exchange rate of the Peruvian Sol in relation to the US dollar was 0.24% and -2.75% as of March 31, 2024 and 2023, respectively.

Notes to the interim consolidated financial statements (continued)

5. Cash and due from banks

This caption comprises the following:

	2024	2023
	S/(000)	S/(000)
Central Reserve Bank of Peru (a)	5,095,094	1,220,422
Banks and other foreign financial entities (c)	4,881,100	4,240,686
Cash (a)	2,852,049	2,956,853
Other guarantee funds (b)	1,108,456	849,483
Banks and other local financial entities (c)	319,405	106,507
Clearing	91,246	57,006
Other cash and due from banks	1,291	652
	<u>14,348,641</u>	<u>9,431,609</u>

- (a) Cash balances held by the Bank as well as those held with the Central Reserve Bank of Peru (BCRP) are intended to cover the legal reserve requirement that the Bank must keep for the deposits and obligations with the public, according to the current provisions. As of March 31, 2024 and at December 31, 2023, the total obligations subject to reserve requirements (TOSE, by its Spanish acronym) are subject to an implicit rate of 6% in local currency and 35% in foreign currency for both periods.

As of March 31, 2024 and December 31, 2023 this item shows the following accounting balances:

	2024	2023
	S/(000)	S/(000)
Legal reserve		
Deposits with BCRP	5,037,779	415,186
Cash in vault	2,852,049	2,956,853
Subtotal legal reserve	<u>7,889,828</u>	<u>3,372,039</u>
Non-mandatory legal reserve		
Time deposits with BCRP	-	779,915
Interest on checking account	57,315	25,321
Subtotal non-mandatory legal reserve	<u>57,315</u>	<u>805,236</u>
Total	<u>7,947,143</u>	<u>4,177,275</u>

The legal reserve funds which represent the minimum mandatory do not earn interest. The legal reserve funds comprising the additional legal reserve in foreign currency and in local currency bear interest at a nominal rate set by the BCRP. During 2024 and 2023, part of the additional legal reserve funds in U.S. dollars are hedged with a cash flow hedge (Note 8(ii)).

As of December 31, 2023, balances held with the BCRP include overnight deposits of S/780 million.

- (b) As of March 31, 2024 and December 31, 2023, cash includes guarantee funds that secure transactions with derivatives as requested by the Bank counterparties for a total of US\$ 33 million and US\$ 25 million, respectively. Also, as of March 31, 2024, this balance includes S/ 859 million and US\$ 33 million to secure

Notes to the interim consolidated financial statements (continued)

the transfer process in line with a requirement of BCRP (S/ 646 million and US\$ 28 million, at December 31, 2023).

- (c) As of March 31, 2024 and December 31, 2023 deposits held with local and foreign banks are mainly in Peruvian soles and in U.S dollars but also other currencies for smaller amounts; are unrestricted and bear interest at market rates.

As of March 31, 2024, they include balances mainly with the following financial institutions: JP Morgan Chase Bank of S/1,381 million, Citibank N.A. New York of S/1,161 million, Bank of New York of S/785 million, BBVA Paris of S/619 million, Brown Brother Harriman of S/484 million, Wells Fargo Bank of S/199 million, Standard Chartered Bank S/139 million and BBVA Madrid of S/37 million (at December 31, 2023, balances were held mainly with: JP Morgan Chase Bank of S/1,396 million, Citibank N.A. New York of S/955 million, Bank of New York of S/773 million, BBVA Paris of S/340 million, Brown Brother Harriman of S/256 million, Standard Chartered Bank S/225 million and Wells Fargo Bank of S/207 million).

As of March 31, 2024 and 2023, interest income on cash totaled S/ 120 million and S/ 103 million, respectively, and is shown within interest income in the consolidated statement of income (Note 17).

Notes to the interim consolidated financial statements (continued)

6. Investments at fair value through profit or loss and available-for-sale investments

This caption comprises the following:

	2024				2023			
	Amortized cost	Unrealized results		Estimated fair value	Amortized cost	Unrealized results		Estimated fair value
		Gains	Losses			Gains	Losses	
S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	
Investments at fair value through profit or loss:								
Certificates of deposit with BCRP (a)			2,322,218				2,837,641	
Peruvian Public Treasury bonds (b)			1,501,845				1,549,360	
U.S. treasury bills (c)			386				391	
Subtotal			3,824,449				4,387,392	
Available-for-sale investments (f)								
Debt instruments:								
Peruvian Public Treasury bonds (b)	3,879,650	93,216	-	3,972,866	3,954,338	123,934	-	4,078,272
U.S. treasury bills (c)	6,508,386	-	(6,046)	6,502,340	6,125,090	-	(6,546)	6,118,544
Certificates of deposit with BCRP (a)	248,003	-	(120)	247,883	539,889	505	-	540,394
Subtotal	10,636,039	93,216	(6,166)	10,723,089	10,619,317	124,439	(6,546)	10,737,210
Shares:								
Shares of local and foreign companies (d) y (e)	26,084	-	(6,433)	19,651	26,024	-	(2,031)	23,993
	26,084	-	(6,433)	19,651	26,024	-	(2,031)	23,993
Subtotal	10,662,123	93,216	(12,599)	10,742,740	10,645,341	124,439	(8,577)	10,761,203
Total			14,567,189					15,148,595

(a) As of March 31, 2024 and December 31, 2023, the certificates of deposit issued by the BCRP consist of negotiable instruments obtained in public auctions held by the BCRP or traded in the secondary market with maturities up until March 2025 and December 2024, respectively. As of March 31, 2024, the balance includes certificates of deposit of S/ 717 million that secure repo transactions (S/ 305 million at December 31, 2023).

As of March 31, 2024, annual return in local currency on these instruments ranged from 5.09% to 6.16% (from 6.41% to 6.86% in local currency at December 31, 2023).

(b) Peruvian Public Treasury Bonds include sovereign bonds of the Republic of Peru in local currency and global bonds in foreign currency issued by the Ministry of Economy and Finance of Peru (MEF, by its Spanish acronym), which represent public internal debt securities of the Republic of Peru.

As of March 31, 2024 and December 31, 2023, these bonds bore interest at an annual interest rates ranging from 5.35% to 8.20% in local currency and 7.35% in foreign currency in both periods. As of March 31, 2024 and December 31, 2023, local currency bonds have maturities up until February 2055 and foreign currency bonds up until July 2025, in both periods.

As of March 31, 2024 and December 31, 2023, a portion of the balance of global bonds Peru of US\$ 30 million are hedged with a cash flow hedge (note 8(ii)).

(c) As of March 31, 2024 and December 31, 2023, the U.S. Treasury Bills bear interest ranging from 3% and 4.5% in foreign currency (ranging from 3% to 5.29% at December 31, 2023) and with maturities up until November 2033 in both periods. As of March 31, 2024 and December 31, 2023, a portion of the U.S. treasury bills are used as collateral for S/0.1 million and S/23 million, respectively.

Notes to the interim consolidated financial statements (continued)

- (d) As of March 31, 2024 and December 31, 2023, the amounts include a provision for impairment for S/4 million over the investments held on Pagos Digitales Peruanos, in both periods.
- (e) It includes shares of Holding Bursatil Chilena S.A., established as a result of the integration process of the stock exchanges of Chile, Peru and Colombia. This stock exchanges integration process involved the exchange of shares held by the Bank and its subsidiary BBVA Bolsa Sociedad Agente de Bolsa S.A., on the Lima Stock Exchange for S/25 million and S/10 million, respectively; by those of Holding Bursatil Chilena S.A. with balance as of March 31, 2024 of S/14 million and S/5 million (S/17 million and S/6 million at December 31, 2023).
- (f) As of March 31, 2024 unrealized gains on valuation of available-for-sale investments, net of the related deferred income tax amounts to S/ 80 million (unrealized losses of S/ 49 million at March 31, 2023) (note 15(c)).

As of March 31, 2024 and 2023, the interest accrued of the Bank's investment portfolio amounts to S/ 146 million and S/ 136 million, respectively (note 17).

7 Loan Portfolio, Net

This caption comprises the following:

	2024	2023
	S/(000)	S/(000)
Direct loans:		
Loans (c)	27,563,578	26,845,471
Mortgage loans (d)	15,115,816	14,768,114
Consumer loans	12,149,041	11,868,127
Foreign trade	5,707,259	5,797,177
Finance lease	3,137,399	3,259,775
Factoring	1,825,907	1,707,092
Project financing	1,094,298	1,109,191
Discounts	916,084	1,102,234
Others	3,388,050	3,049,856
	<u>70,897,432</u>	<u>69,507,037</u>
Loans past due and loans under legal collection	3,557,766	3,536,302
Refinanced loans	1,896,422	1,856,072
	<u>76,351,620</u>	<u>74,899,411</u>
Plus (less)		
Accrued interest on performing loans	797,097	746,092
Deferred interest	(101,698)	(99,710)
Provisions for direct loan losses	(4,832,768)	(4,898,555)
	<u>72,214,252</u>	<u>70,647,238</u>
Contingent or indirect loans, note 16	17,684,798	18,441,493

Notes to the interim consolidated financial statements (continued)

- (a) As of March 31, 2024 and December 31, 2023, 51.00% of the direct loan portfolio is concentrated in 4,308 customers, which amounts to S/ 39,219 million and 4,919 customers, which amount to S/ 38,505 million, respectively.
- (b) Direct loan portfolio with guarantees received from customers, which comprise mortgages, deposits, letters of guarantees, collaterals and warrants, amounts to S/ 49,513 million As of March 31, 2024 (S/ 49,327 million at December 31, 2023).
- (c) As of March 31, 2024 and December 31, 2023, part of the loan portfolio belongs to the Reactiva Peru program (note 2(c)(iii)) with a balance for S/ 1,547 million (S/ 1,900 million at December 31, 2023). The detail of such loans are detailed as follows:

	<u>2024</u>	<u>2023</u>
	S/(000)	S/(000)
Types of loans		
Medium-business loans	1,002,948	1,247,444
Small-business loans	295,421	343,745
Large-business loans	241,197	301,258
Micro-business loans	5,790	5,213
Corporate loans	1,978	2,396
Total of Reactiva Peru program loans	<u>1,547,369</u>	<u>1,900,056</u>

As of March 31, 2024, the Bank holds repo transactions involving the loan portfolio with the BCRP (note 14(a)) for S/ 1,267 million (S/ 1,579 million at December 31, 2023) that relate to the Reactiva Perú program.

As of March 31, 2024, the balances of the loans and payables on repo transactions involving the rescheduled loan portfolio with the BCRP (note 14(a)) totaled S/ 6,065 million and S/ 4,896 million, respectively (at December 31, 2023, these balances totaled S/ 5,019 million and S/ 4,898 million, respectively).

As of March 31, 2024, loans that belong to the Crecer program totaled S/ 104 million (S/ 118 million at December 31, 2023), note 2(c)(iv).

Notes to the interim consolidated financial statements (continued)

As of March 31, 2024 and December 31, 2023, the rescheduled loans totaled S/ 3,098 million and S/ 3,620 million, respectively. Includes rescheduled loans in accordance with Official Letter N°5345-2010-SBS, due to the public health emergency, Reactiva Peru program, social unrest and climate effects, in accordance with the provisions of the SBS. Balances by the type of loan are broken down as follows:

	<u>2024</u>	<u>2023</u>
	S/(000)	S/(000)
Types of loans		
Medium-sized entity loans	1,448,104	1,716,668
Large- business loans	619,812	696,134
Small-business loans	428,086	525,830
Consumer loans	369,312	415,303
Mortgage loans	220,629	252,887
Micro-business loans	5,726	5,647
Public sector	4,628	5,166
Corporate loans	1,978	2,396
Total rescheduled loans	<u>3,098,275</u>	<u>3,620,031</u>

- (d) As of March 31, 2024, a portion of the balance of the mortgage loan portfolio is securing a debt with Fondo MIVIVIENDA – Programa MIHOGAR for up to S/ 979 million (S/ 926 million at December 31, 2023) (note 13 (b)).
- (e) At December 31, 2024 and December 31, 2023, the balances of the direct loan portfolio segmented by type of customer, in accordance with the provisions of SBS Resolution N° 11356-2008, is as follows:

	<u>2024</u>	<u>2023</u>
	S/(000)	S/(000)
Mortgage	15,764,906	15,379,908
Corporate	15,334,202	13,135,920
Medium-sized entities	15,045,608	15,319,759
Consumer	12,666,397	12,385,722
Large entities	12,084,429	12,524,795
Small entities	3,490,875	3,969,382
Financial system entities	798,503	1,033,572
Securities brokerage	560,393	466,486
Public sector entities	476,783	503,254
Micro businesses	129,524	180,613
Total rescheduled loans	<u>76,351,620</u>	<u>74,899,411</u>

Notes to the interim consolidated financial statements (continued)

- (f) At December 31, 2024 and December 31, 2023, the balances of the loan portfolio included the following economic sectors:

	2024	2023
	S/(000)	S/(000)
Mortgage and consumer loans	28,431,302	27,765,630
Commerce	12,559,448	12,907,348
Manufacturing	10,479,283	10,306,904
Transportation, storage and communications	7,231,300	7,313,152
Real estate, business and rental companies	3,547,726	3,745,360
Securities brokerage	2,628,003	2,335,228
Agriculture and livestock	2,526,545	2,803,778
Electricity, gas and water companies	2,283,313	788,699
Mining	1,464,219	1,466,553
Hotels and restaurants	1,429,918	1,469,431
Construction	911,396	950,420
Others	2,859,167	3,046,908
	<u>76,351,620</u>	<u>74,899,411</u>

- (g) During 2024 and 2023, the interest earned on the loan portfolio were mutually agreed based on the prevailing market rates.

In March 2021, the Peruvian Congress enacted Law N°31143 that establishes that the BCRP is charged with setting the maximum and minimum interest rates for financial institutions. In April 2021, BCRP set the methodology for the calculation of the maximum interest rate on consumer loans, and loans to microbusinesses and small entities, which is to be updated semiannually in May and November. As of March 31, 2024 and December 31, 2023, the maximum annual interest rate is 101.86% in local currency and 82.94% in foreign currency in both periods.

Notes to the interim consolidated financial statements (continued)

As of March 31, 2024 and December 31, 2023, in accordance with current SBS regulations, the BBVA Peru Group's loan portfolio is classified by risk as follows:

Risk category	2024						2023					
	Direct	%	Contingent	%	Total	%	Direct	%	Contingent	%	Total	%
	S/ (000)		S/ (000)		S/ (000)		S/ (000)		S/ (000)		S/ (000)	
Normal	67,914,718	89	16,053,814	91	83,968,532	89	66,439,876	89	16,711,692	91	83,151,568	89
With potential problems	2,465,943	3	1,084,009	6	3,549,952	4	2,552,171	3	1,150,292	6	3,702,463	4
Substandard	1,391,360	2	248,019	1	1,639,379	2	1,403,383	2	264,754	1	1,668,137	2
Doubtful	1,788,059	2	118,070	1	1,906,129	2	1,756,633	2	136,493	1	1,893,126	2
Loss	2,689,842	4	180,886	1	2,870,728	3	2,647,638	4	178,262	1	2,825,900	3
	<u>76,249,922</u>	<u>100</u>	<u>17,684,798</u>	<u>100</u>	<u>93,934,720</u>	<u>100</u>	<u>74,799,701</u>	<u>100</u>	<u>18,441,493</u>	<u>100</u>	<u>93,241,194</u>	<u>100</u>
Deferred interest	101,698				101,698		99,710				99,710	
	<u>76,351,620</u>		<u>17,684,798</u>		<u>94,036,418</u>		<u>74,899,411</u>		<u>18,441,493</u>		<u>93,340,904</u>	

(*) For the purpose of recording provisions, pursuant to Resolution SBS No 3922-2021, rescheduled loans due to Covid-19 that were rated as "Normal" will be given a classification of "CPP"; for loans that were rated as "Normal" and "CPP" given by the Bank, for which one full installment has not been paid, including the principal over the last 6 months, will be given a classification of "Substandard"; and for those rescheduled loans rated as normal, CPP and substandard, for which one full installment has not been paid, including the principal over the last 12 months, they will be considered as "Doubtful". As of March 31, 2024 and December 31, 2023, the balance of these provisions for rescheduled loans is S/ 2 million and S/ 3 million, respectively.

Notes to the interim consolidated financial statements (continued)

The movement of the provision for direct loan losses is as follows:

	2024	2023
	S/(000)	S/(000)
Balances at the beginning of the period	(4,898,555)	(4,662,538)
Additions debited to profit or loss	(1,555,306)	(3,635,074)
Recovery of provisions	880,025	1,644,837
Write-offs	617,461	780,134
Sale of loan portfolio	104,304	878,499
Waivers	22,160	77,385
Exchange difference, net	(2,857)	18,202
	<u>(4,832,768)</u>	<u>(4,898,555)</u>

As of March 31, 2024 and 2023, the balance of the provision for direct loan losses shown in the interim consolidated statement of income is as follows:

	2024	2023
	S/(000)	S/(000)
Provision for loan losses	(1,555,306)	(997,594)
Recovery of provisions for loan losses	880,025	641,765
Recovery of provision for country risk	9,315	-
Income from recovery of loan portfolio	8,947	4,450
Provision for loan losses, net of recoveries	<u>(657,019)</u>	<u>(351,379)</u>

The balance of the provisions for direct loan losses involving direct loans is broken down as follows:

	2024	2023
	S/(000)	S/(000)
Specific	(3,525,336)	(3,487,433)
Specific – COVID-19	(2,139)	(2,698)
Generic	(771,055)	(763,517)
Voluntary	(533,816)	(644,465)
Provision for country risk	(422)	(442)
	<u>(4,832,768)</u>	<u>(4,898,555)</u>

The provision for indirect loan losses is shown within “Payables, provisions, and other liabilities” in the interim consolidated statement of financial position (note 14).

BBVA Peru Group, in compliance with current standards and regulations, has identified those customers that are exposed to the credit risk and currency risk, and no additional provision has been deemed necessary to be made.

Management of BBVA Peru Group considers that the provision for loan losses recorded as of March 31, 2024 and December 31, 2023 has been made in accordance with the SBS standards effective at those dates.

Notes to the interim consolidated financial statements (continued)

8. Trading and hedging derivatives

As of March 31, 2024 and December 31, 2023, BBVA Peru Group through the Bank holds foreign-exchange forward contracts, cross-currency swaps (CCS), interest rate swaps (IRS) and options. As of March 31, 2024 and December 31, 2023, changes in the fair value of these derivatives are presented as accounts receivable (assets) or accounts payable (liabilities), as appropriate:

Note	Underlying	Maturity date	2024		
			Nominal S/(000)	Assets S/(000)	Liabilities S/(000)
Trading derivatives					
		Between 2024 and 2029	29,267,931	339,031	304,878
		Between 2024 and 2042	22,274,217	411,902	510,280
		Between 2024 and 2050	13,914,717	471,867	358,677
		Between 2024 and 2026	2,068,951	14,352	14,352
			-	(17,376)	-
			<u>67,525,816</u>	<u>1,219,776</u>	<u>1,188,187</u>
Hedging derivatives					
	5, 6, 12 and 13				
At fair value (i)					
		Bonds issue	1,487,200	6,389	7,482
Cash flows (ii)					
		Legal reserve	4,461,600	-	29,828
		Borrowing	780,780	-	43,880
		Global Peru bonds	111,540	-	10,558
			<u>6,841,120</u>	<u>6,389</u>	<u>91,748</u>
			<u>74,366,936</u>	<u>1,226,165</u>	<u>1,279,935</u>

Notes to the interim consolidated financial statements (continued)

		2023			
Note	Underlying	Maturity date	Nominal S/(000)	Assets S/(000)	Liabilities S/(000)
Trading derivatives					
		Between 2024 and 2029	27,351,685	424,120	322,995
		Between 2024 and 2042	18,674,946	418,360	444,617
		Between 2024 and 2050	14,430,450	397,838	294,226
		Between 2024 and 2026	2,018,215	15,134	15,134
			-	(17,956)	-
			<u>62,475,296</u>	<u>1,237,496</u>	<u>1,076,972</u>
Hedging derivatives					
	5, 6, 12 and 13				
At fair value (i)					
		Bonds issue	1,112,700	-	42,318
Cash flows (ii)					
		Legal reserve	4,450,800	-	17,678
		Borrowing	222,540	-	22,601
		Global Peru bonds	111,270	-	10,294
		Time deposit	18,083	-	595
			<u>5,915,393</u>	<u>-</u>	<u>93,486</u>
			<u>68,390,689</u>	<u>1,237,496</u>	<u>1,170,458</u>

Notes to the interim consolidated financial statements (continued)

(i) Fair value hedging derivatives

Interest rate swap (IRS)

As of March 31, 2024, the Bank holds interest rate swaps contract at face value for S/ 1,487 million to hedge bonds issue (S/ 1,113 million to hedge borrowings and bonds issue as of December 31, 2023). Through IRS, the Bank receives a fixed interest rate in U.S. dollars and pays a variable interest rate in the same currency. In 2024, changes in the fair value of IRS amounts to a gain for S/ 13 million and is presented in "Profit or loss from financial transactions" of the interim the consolidated statement of income (S/ 31 million gains in 2023).

(ii) Cash flow hedging derivatives

Currency swap

As of March 31, 2024 and December 31, 2023, the Bank holds currency swaps with a face value of S/892 million and S/ 334 million, respectively, to hedge bonds accounted for as available-for-sale investments for US\$ 30 million of a global bond and borrowing for US\$ 210 million (US\$ 30 million of global bonds and borrowings of US\$ 60 million at December 31, 2023). By means of the CCS on global bonds, the Bank receives a fixed interest rate in soles and pays a fixed interest rate in U.S. dollars; while by means of the CCS on borrowings, the Bank receives a fixed interest rate in U.S. dollars and pays and fixed interest rate in soles.

During 2024, the fair value of the CCS amounts to S/ 10 million of loss recorded in equity accounts net of its deferred income tax (loss of S/9 million net of deferred income tax of during 2023).

Interest rate swap

As of March 31, 2024 and December 31, 2023, the Bank has an interest rate swap (IRS) contract with a face value of S/ 4,462 million and S/4,451 million, respectively, to hedge legal reserve funds in U.S. dollars in BCRP. The Bank receives a fixed interest rate in U.S. dollars and pays a floating interest rate in the same currency.

During 2024, the fair value of IRS amounts to S/ 18 million of loss and recorded in equity accounts net of deferred income tax (loss of S/10 million net of deferred income tax during 2023).

Currency forward

As of December 31, 2023, the Bank has foreign exchange forward contracts with a face value of S/18 million to hedge time deposits of US\$ 5 million. By means of this foreign exchange forward contract, the Bank receives future cash flows in U.S. dollars and pays future cash flows in soles.

During 2023, the fair value of the forward contracts amounts to S/0.02 million of loss, recorded in equity accounts net of its deferred income tax.

Notes to the interim consolidated financial statements (continued)

9. Interests in associates

This caption comprises the following:

	<u>2024</u>	<u>2023</u>
	S/(000)	S/(000)
TFP S.A.C. (a)	4,243	5,215
Compañía Peruana de Medios de Pagos S.A.C. (b)	3,728	519
	<u>7,971</u>	<u>5,734</u>

- (a) As of March 31, 2024 and December 31, 2023, the BBVA Peru Group, through the Bank, holds a 24.30% share in the share capital of TFP S.A.C., for both periods.
- (b) As of March 31, 2024 and December 31, 2023, BBVA Peru Group, through the Bank, holds a 20.20% and 21.50% shares in the share capital of Compañía Peruana de Medios de Pago S.A.C. (Niubiz), respectively.

During 2024, the Bank has recognized net gains on investments in associates for S/ 0.03 million (net loss of S/ 5 million, at March 31, 2023), (note 20).

Notes to the interim consolidated financial statements (continued)

10. Property, furniture and equipment, net

Movement in property, furniture and equipment and accumulated depreciation was as follows:

	Land	Buildings and premises	Furniture and equipment	Vehicles	Installations and improvements to rental property	Work-in progress	Goods in transit and replacement parts	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Costs								
Balance as of January 1, 2023	118,224	1,094,061	920,951	9,545	401,218	51,178	255	2,595,432
Additions	-	25,296	114,641	-	15,852	99,702	-	255,491
Disposals and others	(6,277)	(8,964)	(40,674)	(1,174)	(35)	-	-	(57,124)
Transfers	-	29,628	10,904	-	9,949	(50,481)	-	-
As of December 31, 2023	111,947	1,140,021	1,005,822	8,371	426,984	100,399	255	2,793,799
Additions	-	516	535	-	390	821	-	2,262
Disposals and others	-	(80)	(5,838)	-	-	-	-	(5,918)
Transfers	-	7,481	-	-	11,968	(19,449)	-	-
As of March 31, 2024	111,947	1,147,938	1,000,519	8,371	439,342	81,771	255	2,790,143
Accumulated depreciation								
Balance as of January 1, 2023	-	641,537	626,691	7,747	241,731	-	-	1,517,706
Additions	-	35,384	79,949	460	14,466	-	-	130,259
Disposals and others	-	(6,192)	(39,720)	(1,174)	(19)	-	-	(47,105)
Transfers	-	1	-	-	(1)	-	-	-
As of December 31, 2023	-	670,730	666,920	7,033	256,177	-	-	1,600,860
Additions	-	9,876	21,907	91	3,856	-	-	35,730
Disposals and others	-	(80)	(5,838)	-	-	-	-	(5,919)
As of March 31, 2024	-	680,526	682,989	7,124	260,033	-	-	1,630,672
Net carrying amount								
As of March 31, 2024	111,947	467,412	317,531	1,247	179,309	81,770	255	1,159,471
As of December 31, 2023	111,947	469,291	338,902	1,338	170,807	100,399	255	1,192,939

According to current regulations, the Bank in Peru cannot pledge as collateral the assets that are part of their property, furniture and equipment, except for those acquired through the issuance of lease bonds to carry out finance leases and enter into that sort of transactions.

Management performs a periodic review of the method of depreciation used to ensure it is consistent with the economic benefit assessed for the fixed assets. Bank Management considers that there is no indicator of impairment of the Bank's fixed assets as of March 31, 2024 and December 31, 2023.

Notes to the interim consolidated financial statements (continued)

11. Other assets, net

This caption comprises the following:

	2024	2023
	S/(000)	S/(000)
Financial instruments -		
Transactions in progress (a)	2,208,996	4,314,888
Other	5,409	4,847
Other assets, note 27	<u>2,214,405</u>	<u>4,319,735</u>
Other accounts receivable (d)	1,073,189	125,031
Accounts receivable for sale of assets, services and trust	4,998	5,037
Receivables, note 27	<u>1,078,187</u>	<u>130,068</u>
Non-financial instruments -		
Sales and income tax credit, net	817,636	602,701
Intangible assets (b)	389,318	399,088
Prepaid expenses (c)	198,504	191,791
	<u>1,405,458</u>	<u>1,193,580</u>
	<u>4,698,050</u>	<u>5,643,382</u>

(a) Transactions in progress are mainly those carried out during the last days of the month and are reclassified in the following month to their final accounts in the consolidated statement of financial position. These transactions do not affect the BBVA Peru Group's net profit. As of March 31, 2024, it mainly correspond to treasury transactions: i) purchase and sale of currency for S/ 1,186 million (S/ 2,749 million at December 31, 2023), and ii) sale of securities for S/832 million (S/ 1,514 million at December 31, 2023).

(b) The movement of intangible assets as of March 31, 2024 and December 31, 2023 was as follows:

	2024	2023
	S/(000)	S/(000)
Costs		
Balances at January 1	721,012	869,955
Additions	34,993	166,681
Disposal and other	-	(315,624)
Balance at December 31	<u>756,005</u>	<u>721,012</u>
Accumulated amortization and impairment		
Balances at January 1	(321,924)	(491,894)
Amortization	(36,763)	(100,598)
Impairment (*)	(8,000)	(45,056)
Disposals and other	-	315,624
Balance at December 31	<u>(366,687)</u>	<u>(321,924)</u>
Net carrying amount	<u>389,318</u>	<u>399,088</u>

(*) The carrying amounts of applications acquired or software developed that are not used or do not generate future economic benefits and are stated as a provision for impairment.

Notes to the interim consolidated financial statements (continued)

- (c) As of March 31, 2024 and December 31, 2023, prepaid expenses mainly include prepaid insurance contracts and deferred loan origination costs related to fees paid to the external sales force.
- (d) As of March 31, 2024, the Bank has repurchase agreements for S/750 million with local banks. These transactions accrue interest at annual rates ranging from 6.07% to 6.53% in local currency and maturity until April 2024.

12. Obligations with the public and deposits from financial institutions

This caption comprises the following:

	2024	2023
	S/(000)	S/(000)
Obligations with the public		
Demand deposits	24,199,488	22,733,172
Savings accounts	22,722,985	22,741,991
Time deposits	22,072,680	23,522,635
Other liabilities	236,641	210,319
	<u>69,231,794</u>	<u>69,208,117</u>
Deposits from financial institutions		
Demand deposits	664,276	1,077,220
Time deposits	212,628	330,219
Savings accounts	178,294	111,221
	<u>1,055,198</u>	<u>1,518,660</u>
	<u>70,286,992</u>	<u>70,726,777</u>

Interest rates for liability transactions are stated by the Bank, based on market interest rates.

As of March 31, 2024, from the total deposits and obligations from individuals and non-profit entities and legal entities, S/ 23,819 million are hedge by the Deposit Insurance Fund (S/ 24,383 million at December 31, 2023) and are obtained from the closing balances of the month according with SBS Resolution 2448-2020. The maximum amount subject to coverage per person amounts to S/ 122,420 as of March 31, 2024 (S/ 123,810 as of December 2023).

As of December 31, 2023, a portion of the time deposit balances of US\$ 5 million have a cash flow hedge (Note 8(ii))

Notes to the interim consolidated financial statements (continued)

13. Debts and Financial Obligations

This caption comprises the following:

	2024	2023
	S/(000)	S/(000)
Debts and financial obligations		
Foreign financial institutions (a)	2,321,133	2,315,514
MIVIVIENDA Program - MIHOGAR loan - Local financial system (b)	1,007,587	930,192
International financial organizations (c)	966,680	964,340
Corporación Financiera de Desarrollo – COFIDE	151,668	5,092
Accrued interest payable	54,938	41,276
	<u>4,502,006</u>	<u>4,256,414</u>
Securities and obligations (d):		
Subordinated bonds	1,926,947	1,385,420
Corporate bonds	246,550	246,550
Accrued interest payable	13,727	18,943
	<u>2,187,224</u>	<u>1,650,913</u>
	<u>6,689,230</u>	<u>5,907,327</u>

Certain loan agreements include standard clauses regarding compliance with financial ratios, use of funds and other administrative matters. As of March 31, 2024 and December 31, 2023, in management's opinion, these clauses are being met, in all aspects, and do not represent any restriction to the BBVA Peru Group activities.

Notes to the interim consolidated financial statements (continued)

(a) As of March 31, 2024 and December 31, 2023, the BBVA Peru Group maintains the following debt agreements with foreign financial institutions:

	2024			2023			Maturity date
	US\$ (000)	S/ (000)	Rate	US\$ (000)	S/ (000)	Tasa	
BBVA S.A. (i)	200,000	741,800	3.18%	200,000	741,800	3.18%	February 2031
China Development Bank	180,000	669,240	SOFR + 1.37%	180,000	667,620	SOFR + 1.37%	December 2026
Wells Fargo Bank	60,000	223,080	SOFR + 0.68%	60,000	222,540	SOFR + 0.68%	June 2024
ICO - Instituto de crédito	54,381	202,189	SOFR + 0.64%	54,381	201,699	SOFR + 0.64%	March 2030
Caixa Bank	50,000	185,900	SOFR + 0.65%	50,000	185,450	SOFR + 0.51%	July 2024
Bank of America	50,000	185,900	SOFR + 0.70%	50,000	185,450	SOFR + 0.70%	May 2024
ICO - Instituto de crédito	29,915	111,224	SOFR + 0.81%	29,915	110,955	SOFR + 0.81%	July 2030
	<u>624,296</u>	<u>2,321,133</u>		<u>624,296</u>	<u>2,315,514</u>		
Accrued interest payable	8,868	32,971		9,099	33,748		
	<u>633,164</u>	<u>2,354,104</u>		<u>633,395</u>	<u>2,349,262</u>		

(i) It corresponds to a subordinated debt in foreign currency for US\$200 million agreed at an annual interest rate of 3.18% for the first 5 years, and for the remaining years a new rate will be set with maturity on February 2031. Such a borrowing is accounted for as a Tier 2 regulatory capital.

Notes to the interim consolidated financial statements (continued)

- (b) As of March 31, 2024, it corresponds to resources obtained from Fondo MI VIVIENDA for the financing of the acquisition of houses under the MI VIVIENDA program (MI HOGAR credit) for S/ 979 million in local currency and US\$ 0.1 million in foreign currency (S/ 926 million in local currency and US\$ 0.1 million in foreign currency at December 31, 2023). As of March 31, 2024 and December 31, 2023, this borrowing accrues interest at an annual effective rate in U.S. dollars of 7.75 % and in soles of 6.25 % over the principal plus the constant update value ("VAC", by its Spanish acronym) in both periods, and has maturities until March 2044 and December 2042, respectively.

As of March 31, 2024 and December 31, 2023, the borrowings with Fondo MIVIVIENDA are guaranteed with mortgage loan portfolio up to S/ 979 million and S/ 926 million, respectively (note 7). These loans include specific agreements on how the funds should be used, the financial conditions that the final borrower must maintain, as well as other administrative matters.

- (c) As of March 31, 2024 and December 31, 2023, this balance includes two borrowings of US\$ 150 million and US\$ 60 million with International Finance Corporation (IFC) with maturity in June 2029 and December 2027; and a borrowing of US\$50 million with Corporación Andina de Fomento (CAF, by its Spanish acronym) with maturity in May 2024. For the borrowing of US\$150 million the annual interest rate is SOFR + 1.65%, for the borrowing of US\$60 million the annual interest rate is 3.11% and for the borrowing of US\$50 million the annual interest rate is SOFR + 0.55%. Also, cash flows of the borrowings for US\$ 210 million are hedged with a cross currency swap – CCS (Note 8(ii)) and this transaction reflects a balance of payables of S/ 1 million and S/ 2 million comprising deferred issuance expenses, respectively.

Notes to the interim consolidated financial statements (continued)

(d) As of March 31, 2024 and December 31, 2023, securities and bonds are as follows:

	Amount authorized by program	Currency	Original amount placed	2024	2023	Maturity date
Corporate bonds						
2nd issuance series A - Fifth Program	USD 250 million	PEN	150,000	150,000	150,000	December 2026
2nd issuance series C – Seventh Program		PEN	96,550	96,550	96,550	December 2024
				<u>246,550</u>	<u>246,550</u>	
Subordinated bonds						
3rd issuance series A - First program	USD 50 million or S/ 158.30 million	PEN	55,000	97,938	97,425	June 2032
2nd issuance series A - Second program		PEN	50,000	87,197	86,740	November 2032
3rd issuance series A - Second program	USD 100 million	USD	20,000	74,360	74,180	February 2028
6th issuance series A - Second program		PEN	30,000	48,978	48,722	December 2033
First Program of international Issuance - Single issuance (i)	USD 137 million	USD	136,710	503,074	1,078,353	September 2029
First Program of international Issuance - Single issuance (ii)	USD 300 million	USD	300,000	1,115,400	-	June 2034
				<u>1,926,947</u>	<u>1,385,420</u>	
Accrued interest payable						
				<u>13,727</u>	<u>18,943</u>	
				<u>2,187,224</u>	<u>1,650,913</u>	

(i) In September 2014, the Bank issued subordinated bonds in the international market for a face value of US\$ 300 million, at an annual fixed rate of 5.25%, and with maturity in September 2029; a partial payment of the principal was made of US\$163 million in March 2024. This issue has been stated under hedge accounting for US\$100 million at fair value with an interest rate swap - IRS, which has generated accumulated gains of S/2 million as of March 31, 2024 (S/31 million of accumulated gains at December 31, 2023) (See Note 8 (ii)).

(ii) In March 2024, the Bank issued subordinated bonds in the international market for a face value of US\$300 million, at an annual fixed rate of 6.2%, maturing in June 2034; the payment of the principal shall be carried out in full on its maturity date. This issue has been stated under hedge accounting at fair value through an "interest rate swap - IRS" (See Note 8(ii)).

As of March 31, 2024 and December 31, 2023, corporate bonds do not have specific collaterals and accrue interest at effective annual interest rates ranging in local currency from 4.44% and 7.47% for both periods.

Subordinated bonds have been issued in accordance with the Banking Law, and accrue interest at an annual interest at a rate ranging from the constant update value ("VAC", by its Spanish acronym) plus a spread for local currency, and from 5.3% and 6.5% in foreign currency, as of March 31, 2024 and December 31, 2023.

As of March 31, 2024 and December 31, 2023, the Bank has a balance of accounts payable of S/ 11 million and S/ 10 million, respectively, which corresponds to deferred issuance expenses.

Notes to the interim consolidated financial statements (continued)

14. Accounts payable, provisions and other liabilities

This caption comprises the following:

	2024	2023
	S/(000)	S/(000)
Accounts payable, note 27		
Repurchase agreements with BCRP (a)	6,872,503	6,775,261
Other accounts payable (b)	5,941,522	476,753
Accounts payable to suppliers	1,074,170	1,018,563
Dividends, interest and remunerations payable	1,030,405	116,637
Premium to deposit insurance fund, contributions and obligations with tax collecting institutions	242,590	238,520
Interest payable	126,989	114,148
	<u>15,288,179</u>	<u>8,739,882</u>
Provisions		
Labor provisions and others	637,689	672,269
Provision for litigations, claims and other contingencies (c)	334,148	317,095
Provision for indirect loans losses	261,475	267,159
	<u>1,233,312</u>	<u>1,256,523</u>
Other liabilities		
Transactions in progress (d)	2,155,415	3,699,384
Deferred income and others	75,073	75,332
	<u>2,230,488</u>	<u>3,774,716</u>
	<u>18,751,979</u>	<u>13,771,121</u>

- (a) As of March 31, 2024, it corresponds to repurchase agreements of the loan portfolio of the Reactiva Peru program for S/ 1,267 million (S/ 1,579 million at December 31, 2023), repurchase agreements of rescheduled loans for S/ 4,896 million (S/ 4,898 million at December 31, 2023), repurchase agreements of certificates of deposits with the BCRP for S/ 310 million (S/ 298 million at December 31, 2023) and repurchase agreements with banks for S/400 million.

As of March 31, 2024 and December 31, 2023, repurchase agreements of the loan portfolio of the Reactiva Peru program have a maturity until December 2025 and accrue interest at annual interest rates of 0.50%, for repurchase agreements of rescheduled loans have a maturity until September 2025 and accrue interest at annual interest rates ranging from 0.50% to 3.50% for both periods.

- (b) As of March 31, 2024, it includes S/ 18 million for insurance on behalf of borrowers (S/ 16 million at December 31, 2023) and S/ 336 million for short sale transactions (S/ 366 million at December 31, 2023) and S/ 5,476 million of accounts payable for customers funds resulting from brokerage operations carried out through BBVA Bolsa Sociedad Agente de Bolsa S.A.

Notes to the interim consolidated financial statements (continued)

- (c) BBVA Peru Group has several pending court claims, litigation and other processes that are related to the activities it develops, and in the opinion of Management and its legal advisors, they will not result in additional liabilities to those registered.
- (d) Transactions in progress are mainly those carried out during the last days of the month and are reclassified in the following month to their final accounts in the consolidated statement of financial position. These transactions do not have an impact on the BBVA Peru Group's net profit. As of March 31, 2024, liability transactions in progress mainly include treasury transactions for S/ 1,767 million (S/ 3,488 million at December 31, 2023).

15. Equity

- (a) Share capital -
As of March 31, 2024 and December 31, 2023, the Bank's authorized, subscribed, and paid-in capital is represented by 8,147,211 thousand of ordinary shares outstanding, with a face value of S/ 1.00 per share, respectively. As of March 31, 2024, a total of 747,641 thousand common shares remain to be registered arising from the capitalization of retained earnings.

The General Shareholders' Meeting held on March 22, 2024 and March 30, 2023 approved the increase in share capital for S/ 748 million and S/ 765 million, respectively, through the capitalization of retained earnings.

As of March 31, 2024 and December 31, 2023, shareholding on the Bank's share capital is as follows:

	2024		2023	
	Number of shareholders	Interest %	Number of shareholders	Interest %
Up to 1	9,013	6.59	9,995	6.59
From 1.01 to 5	1	1.17	1	1.17
From 45.01 to 100	2	92.24	2	92.24
	<u>9,016</u>	<u>100</u>	<u>9,998</u>	<u>100</u>

- (b) Reserves
In accordance with the Banking Law, BBVA Peru Group is required to have a legal reserve of more than 35% of the paid-in-capital. This legal reserve shall be recognized by an annual transfer of more than 10% of net profit. It shall replace the reserve referred to in the Companies Act. In accordance with the Banking Law, the amount of this reserve may also be increased with contributions made by the shareholders for this purpose.

The General Shareholders' Meeting held on March 22, 2024 and March 30, 2023, approved to record the legal reserve for the amount equivalent to 10% of 2023 profits (S/ 187 million) and 2022 (S/ 191 million), respectively.

Notes to the interim consolidated financial statements (continued)

(c) Unrealized results

As of March 31, 2024 and December 31, 2023, unrealized gain, net of deferred tax, was as detailed below:

	2024	2023
	S/(000)	S/(000)
Available-for-sale investments, note 6	80,127	114,460
Cash flow hedges, note 8	(28,230)	(18,980)
Investments in associates	144	130
Actuarial liabilities for long-term employee benefits	11,803	11,803
	<u>63,844</u>	<u>107,413</u>

(d) Retained earnings

The General Shareholders' Meeting, held on March 22, 2024 and March 30, 2023, approved the capitalization of retained earnings for S/ 748 million and S/ 765 million, respectively, and dividend distribution for S/935 million and S/ 956 million respectively.

(e) Regulatory capital and legal limits -

In accordance with the Banking Law, the regulatory capital amount could not be less than 10% of risk-weighted assets for credit risk, market risk and operational risk, which are calculated by the Bank using the standardized approach.

By means of Legislative Decree N° 1531 dated March 19, 2022, the Peruvian banking law was amended to adopt the Basil III capital standards and approach; major changes include: composition of regulatory capital requirement at minimum ratios, powers in the event of noncompliance with solvency requirements, among others. The SBS, by means of general purpose standards, set the form and due dates for adequacy. By means of SBS resolution N° 03952-2022 dated December 27, 2022 and modified by the SBS resolution N° 2192-2023 dated June 23, 2023, the minimum solvency requirements were set in article 199 of the General Banking Law with the following adequacy due dates.

Period	Common equity Tier 1 requirement	Tier 1 regulatory capital requirement	Minimum total regulatory capital ratio
January 2023 to March 2023	3.825%	5.10%	8.5%
April 2023 to August 2024	4.05%	5.40%	9.0%
September 2024 to February 2025	4.275%	5.70%	9.5%
March 2025 and later	4.50%	6.00%	10.0%

Notes to the interim consolidated financial statements (continued)

As of March 31, 2024, the regulatory capital of the Bank, determined according to current legal regulations is S/14,818 million (S/14,912 million at December 31, 2023):

	2024 S/(000)	2023 S/(000)
Common Equity Tier 1		
Plus		
Common shares	8,894,852	8,147,211
Net profit for the period	350,102	1,869,103
Unrealized gains from available-for-sales investments	96,102	130,940
Legal reserve	2,432,033	2,245,122
Less		
Regulatory adjustments	(595,406)	(594,612)
	<u>11,177,683</u>	<u>11,797,764</u>
Tier 2		
Plus		
Subordinated debt	743,600	741,800
Subordinated bonds	1,799,832	1,299,444
Generic provisions for loans	1,096,954	1,073,253
	<u>3,640,386</u>	<u>3,114,497</u>
Total regulatory capital	<u>14,818,069</u>	<u>14,912,261</u>

Pursuant to the Rules to meet the Requirement of Regulatory Capital for Additional Risk, as approved under Resolution SBS N° 03953-2022 (published on December 22, 2022), the requirement for additional regulatory capital is set to be the sum of the regulatory capital requirements each of which is calculated based on the following components: credit concentration risk and interest rate risk stated in the banking book. As of December 31, 2023 the requirement of regulatory capital for additional risks for the Bank amounts to S/486 million. Pursuant to the Rules to meet the Requirement of Conservation Buffers per Economic Cycle and for the Market Concentration Risk of, as approved under Resolution SBS N° 03954-2022 (published December 22, 2022), the methodologies were set to calculate the conservation buffer requirements per economic cycle, activation and operation of this buffer per economic cycle, the requirement for a buffer for market concentration risk, requirement for capital conservation buffer, and the restrictions applicable to non-compliance buffer requirements and other measures. As of March 31, 2024, the balance of the buffer requirement is S/1,590 million (S/1,555 million at December 31, 2023).

At December 31, 2023 and 2022, by means of Letter N° 7850-2023-SBS dated February 17, 2023 and Letter N° 2097-2022 dated January 19, 2022, the SBS established that the Bank should maintain Tier 1 Capital level above the 10% of the total risk-weighted assets. According these letters, as of March 31, 2024, tier 1 capital is measured considering share capital, retained earnings, net profit, unrealized gains on available-for-sale investments, legal reserve and deductions on tier 1 capital. As of March 31, 2024 and December 31, 2023, the Bank's solvency ratio, is 11.43% y 12.33%, respectively, in consistency with the requirements of the above mentioned letters.

As of March 31, 2024, the risk-weighted assets and contingent credits, market risk and operational risk under current regulations amounts to S/97,822 million (S/95,668 million at December 31, 2023). Also, the Bank's global capital ratio by credit risk, market risk and operational risk is 15.15% (15.59% at December 31, 2023).

Notes to the interim consolidated financial statements (continued)

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

16. Contingent risks and commitments

This caption comprises the following:

	2024	2023
	S/(000)	S/(000)
Indirect loans		
Guarantees and letters of guarantee	16,533,884	17,387,246
Letters of credit and banker's acceptance	1,150,914	1,054,247
	<u>17,684,798</u>	<u>18,441,493</u>
Unused credit lines and undisbursed granted loans	19,391,260	18,545,229
Various responsibilities	5,950	5,935
	<u>37,082,008</u>	<u>36,992,657</u>

In the normal course of its business, BBVA Peru Group participates in transactions whose risk is recorded in contingent accounts. These transactions expose the BBVA Peru Group to credit risk, in addition to the amounts presented in the consolidated statement of financial position.

Credit risk for contingent transactions is related to the probability that a counterparty will fail to meet its obligation in accordance with agreed terms.

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

Management estimates that no significant losses will arise, for current contingent transactions as of March 31, 2024 and December 31, 2023.

Notes to the interim consolidated financial statements (continued)

17. Interest income

This caption comprises the following:

	2024	2023
	S/(000)	S/(000)
Direct loan portfolio	1,731,292	1,478,325
Cash and due from banks	119,914	103,304
Available-for-sale investments	74,814	69,954
Investments at fair value through profit or loss	71,594	66,465
Interbank funds	3,608	4,236
Other finance income	983	958
	<u>2,002,205</u>	<u>1,723,242</u>

18. Interest expenses

This caption comprises the following:

	2024	2023
	S/(000)	S/(000)
Obligations with the public	(389,991)	(333,258)
Debts and financial obligations	(98,697)	(63,321)
Net loss result on hedge transactions	(37,062)	(26,944)
Accounts payable	(17,612)	(26,723)
Deposits from financial institutions	(5,776)	(14,441)
Interbank funds	(5,762)	(2,657)
Other financial expenses	(2,127)	(6,176)
	<u>(557,027)</u>	<u>(473,520)</u>

Notes to the interim consolidated financial statements (continued)

19. Income from financial service, Net

This caption comprises the following:

	2024	2023
	S/(000)	S/(000)
Income		
Income from fees of credit cards	98,569	98,680
Income from fees for collection services	75,226	46,911
Income from indirect loans	73,587	70,917
Transfer fees	59,614	66,112
Income from online banking services for business	18,708	19,458
Income from services and maintenance of checking accounts	16,678	15,088
Income from technical and legal studies	6,615	6,277
Income from cash services	3,714	2,381
Income from advisory services	2,605	518
Income from trust and trust fees	310	295
Other income for services	92,528	97,983
	<u>448,154</u>	<u>424,620</u>
Expenses		
Expenses from operating with Visa, Mastercard and Plin	(38,775)	(44,154)
Customer loyalty program	(35,863)	(39,906)
Premiums to the deposit insurance fund	(26,804)	(27,602)
Financial product sponsors	(24,356)	(21,086)
Transfers	(11,650)	(12,909)
Purchase of foreign currency - spot transaction	(3,354)	(2,326)
Expenses of maintenance of checking accounts	(989)	(856)
Other expenses of services	(12,210)	(7,971)
	<u>(154,001)</u>	<u>(156,826)</u>
	<u>294,153</u>	<u>267,793</u>

20. Profit or loss from financial transactions

The table below shows a detail:

	2024	2023
	S/(000)	S/(000)
Foreign exchange differences, note 4	185,381	179,239
Net profit result on hedge transactions	13,950	14,745
Available-for-sale investments	610	(913)
Gain (loss) on interests in associates, note 9	32	(4,602)
Investments at fair value through profit or loss	(28,448)	11,963
Trading derivatives	(6,053)	(1,368)
Other	2,202	6,664
	<u>167,674</u>	<u>205,728</u>

Notes to the interim consolidated financial statements (continued)

21. Administrative expenses

This caption comprises the following:

	2024	2023
	S/(000)	S/(000)
Third party service expenses	(354,142)	(304,505)
Personnel and board of directors expenses	(293,617)	(278,662)
Tax and contributions	(13,695)	(12,169)
	<u>(661,454)</u>	<u>(595,336)</u>

22. Other income and expenses, net

This caption comprises the following:

	2024	2023
	S/(000)	S/(000)
Other income:		
Reversal of contingent provisions	8,060	1,789
Income on leases	877	661
Sales of assets	151	246
Other	9,158	8,720
	<u>18,246</u>	<u>11,416</u>
Other expenses:		
Losses on customer claims	(7,416)	(10,524)
Losses on sales of seized and repossessed assets	(4,450)	(8,804)
Losses not secured with insurance	(2,202)	(348)
Administrative and tax sanctions	(1,527)	(2,061)
Claims - cards	(1,226)	(3,167)
Donations given	(943)	(908)
	<u>(17,764)</u>	<u>(25,812)</u>
	<u>482</u>	<u>(14,396)</u>

Notes to the interim consolidated financial statements (continued)

23. Earnings per share

The calculation of the weighted average number of shares outstanding and earnings per share as of March 31, 2024 and December 31, 2023, was as follows:

	Number of Shares outstanding (*)	Base shares in determining weighted average	Effective days to period-end	Weighted average number of common shares
2024				
Balance as of January 1, 2024	8,147,211	8,147,211	90	8,147,211
Capitalization of 2023 profit	747,641	747,641	90	747,641
Balance as of March 31, 2024	<u>8,894,852</u>	<u>8,894,852</u>		<u>8,894,852</u>
Net profit as of March 31, 2024				<u>350,163</u>
Basic and diluted earnings per share				<u>0.0394</u>
2023				
Balance as of January 1, 2023	7,382,184	7,382,184	90	7,382,184
Capitalization of 2022 profit	765,027	765,027	90	765,027
Capitalization of 2023 profit	-	747,641	90	747,641
Balance as of March 31, 2023	<u>8,147,211</u>	<u>8,894,852</u>		<u>8,894,852</u>
Net Profit as of March 31, 2023				<u>493,555</u>
Basic and diluted earnings per share				<u>0.0555</u>

(*) As of March 31, 2024, 747,641 thousand shares remain to be registered with the public records office and remain to be delivered.

Notes to the interim consolidated financial statements (continued)

24. Related party transactions

As of March 31, 2024 and December 31, 2023, BBVA Peru Group's consolidated financial statements include related party transactions, which, under IAS 24 and SBS regulations, comprise the parent company, subsidiaries, related parties, associates, other related parties, and the Bank's directors and key management. All transactions with related parties are carry out under the available market conditions for unbound third parties.

(a) The balances of the BBVA Peru Group's consolidated statement of financial position arising from related parties as of March 31, 2024 and December 31, 2023 were as follows:

	2024					2023				
	Controlling party	Related parties (*)	Associates	Key personnel and directors	Total	Controlling party	Related parties (*)	Associates	Key personnel and directors	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Assets:										
Cash and due from banks	661,904	459	-	-	662,363	373,364	159	-	-	373,523
Loan portfolio, net	-	573,737	12,634	22,946	609,317	-	584,169	29,009	23,412	636,590
Trading derivatives	487,695	45,157	-	-	532,852	504,693	50,876	-	-	555,569
Other assets, net	77,030	233,915	-	-	310,945	49,908	272,454	-	-	322,362
Total assets	1,226,629	853,268	12,634	22,946	2,115,477	927,965	907,658	29,009	23,412	1,888,044
Liabilities:										
Obligations with the public and deposits from financial institutions	165,083	489,196	19,285	34,941	708,505	406,410	809,416	34,595	31,687	1,282,108
Debts and financial obligations	745,895	-	-	-	745,895	761,950	-	-	-	761,950
Trading derivatives	290,741	4,097	-	-	294,838	307,309	3,917	-	-	311,226
Provisions and other liabilities	556,281	128,044	-	-	684,325	186,850	362,556	-	-	549,406
Total liabilities	1,758,000	621,337	19,285	34,941	2,433,563	1,662,519	1,175,889	34,595	31,687	2,904,690
Off-balance sheet accounts:										
Indirect loans	-	175,130	7,939	-	183,069	-	168,392	193	-	168,585
Derivative instruments	20,249,700	751,395	-	-	21,001,095	19,274,866	413,900	-	-	19,688,766

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

Notes to the interim consolidated financial statements (continued)

(b) The effects of related party transactions in the BBVA Peru Group's consolidated statement of financial position are detailed below for the periods ended March 31, 2024 and December 31, 2023:

	2024					2023				
	Controlling party	Related parties (*)	Associates	Key personnel and directors	Total	Controlling party	Related parties (*)	Associates	Key personnel and directors	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Interest income	-	3,160	139	109	3,408	-	1,011	238	114	1,363
Interest expense	(6,486)	(969)	(35)	(12)	(7,502)	(6,383)	(5,446)	(8)	(27)	(11,864)
Financial margin	(6,486)	2,191	104	97	(4,094)	(6,383)	(4,435)	230	87	(10,501)
Financial service income	1,225	957	-	41	2,223	1,662	375	-	32	2,069
Financial service expenses	-	-	-	(22)	(22)	-	-	-	-	-
Net commissions	1,225	957	-	19	2,201	1,662	375	-	32	2,069
Profit or loss from financial transactions, net	(4,411)	(2,031)	-	13	(6,429)	(1,802)	(1,066)	-	13	(2,855)
Administrative expenses	(46,727)	(63,925)	-	-	(110,652)	(32,335)	(57,896)	-	-	(90,231)
Other income and expenses, net	2	-	-	-	2	3	-	-	-	3
Other income and expenses	(51,136)	(65,956)	-	13	(117,079)	(34,134)	(58,962)	-	13	(93,083)

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

(c) Loans to personnel and remunerations to key personnel.

As of March 31, 2024 and December 31, 2023, Board of Directors, executives and employees of BBVA Peru Group hold allowed loan transactions pursuant to the Banking Law, which regulates and establishes certain limits to transactions with members of the Board of Directors, executives and employees of financial entities in Peru. As of March 31, 2024 and December 31, 2023, direct loans granted to employees, directors, executives and key personnel amount to S/ 906 million and S/ 879 million, respectively.

Likewise, as of March 31, 2024 and 2023, remuneration to key personnel and expense allowance for the board of director amounts to S/ 4 million, for both periods.

Notes to the interim consolidated financial statements (continued)

25. Trust Activities

The Bank offers structuring and management services of trust transactions and trust fees and is in charge of the preparation of the underlying contractual agreements. Assets held in trust are not included in the Bank's financial statements. The Bank is responsible for the appropriate management of these trusts based on the limits established by applicable laws and the respective agreement. As of March 31, 2024, the allocated value of assets in trusts and trust fees totaled S/11,994 million (S/ 11,202 million, at December 31, 2023).

26. Financial Risk Management

Financial risk management is fundamental on the Bank's strategy since it guarantees its creditworthiness and sustainable development. The Bank's risk profile has been established in accordance with the strategy and policies of the BBVA Group, and considers a unique, independent and global risk management model.

- Unique: Focused on a sole objective. Risk appetite supported in fundamental metrics, limits for portfolios and economic sectors, and indicators for the management and monitoring of portfolios, is determined.
- Independent: It is independent and complementary to the business. The process of adapting the risk area allows to closely monitor the business and thus detect opportunities.
- Global: BBVA Peru Group has a flexible risk model that can be used for all risk, in all countries and for all business.

This risk management area centralizes and concentrates management of the credit and market risk by means of 5 units that provide core services:

- (i) Retail Risk,
- (ii) Wholesale Risk,
- (iii) Market & Structural Risk,
- (iv) Recoveries,
- (v) Portfolio Management, Risk Reporting & Sustainability

Cross-sectional services:

- (i) Strategy, Transformation & Performance
- (ii) GRM Data & Analytics.

This structure provides the adequate environment for synergies to be created in work teams and higher integration to be obtained in all business processes, from strategy, planning, to modelling and management tools.

Supplemental to this management, the Unit of Internal Control of Risks, part of the Internal Control and Compliance function, is charged with verifying that the relevant process controls and most important deliverables prepared by the Risk area.

In a highly complex juncture, in which the new reality demands us to keep making containment efforts as well as focusing on special groups of population, resulting in refinanced loans, rescheduled and Reactiva loans, the risk management function is fully focused on managing portfolios from all fronts:

- Portfolio management under the guidelines defined by the SBS and the Government, customizing management and monitoring reports to meet the new needs of the ongoing juncture.

Notes to the interim consolidated financial statements (continued)

- From the Wholesale and Retail Admission, ongoing review and adjustment of the admission policies, rescheduling modalities carrying out the portfolio diagnosis, segmentation and action plans according to the identified criticality.
- The approach in Collections continues to be an anticipatory management approach, with a focus on vulnerable groups and sensitive sectors to seek to mitigate the potential impact of impairment that may concentrate in the respective portfolios, thanks to the implementation of teams specialized in handling collections; tailor-made strategies have been activated per portfolio with a focus on containment. Also, the creation of new sub-units focuses on preventive monitoring and timely divestment of portfolios with problems, so that we can keep competitive management indicators within the financial system.

The functions of the 2 transversal service units are described below:

- GRM Data & Analytics: It is intended to lead the Data Driven Risk culture, driving the achievement of strategic objectives based on reliable data and advanced analytics. It consists of the following sub-units:

Analytics Expertise Center: Has the responsibility of defining and executing the development plan of credit risk models and parameters for natural and legal persons. Likewise, it has the function of permanent monitoring of the models, generating the necessary alerts to redirect and re-estimate the models if needed.

Risk Data: The function includes promoting the appropriate governance of data in the Risk area, as well as the interrelation between areas to seek the best quality of the data used. Likewise, it is responsible for supervising the definition, construction and monitoring of quality rules in prioritized critical processes.

- Strategy; Transformation & Performance: Provides services for strategic and transversal management in the Risk area. This allows to manage synergies between internal units and be a link with external areas to ensure operational excellence and transformation of the area. The subunits they make up are the following:

Strategy & Portfolio: Articulate strategic planning and transversal vision of the area. Promote the main levers of transformation and develop strategic communication. Manage the area's project portfolio to ensure adequate planning, execution and monitoring of progress and impacts.

Risk Control Assurance: Ensure adequate mitigation of operational risks of the assigned area in the first line of defense. Coordinate the admission and monitoring of control frameworks for new processes and projects. Coordination with control model partners and external auditors.

Process Improvement: Manage continuous improvement projects with a focus on the efficiency, quality and profitability of internal Risk services. Monitor the maturity and transformation of processes in order to achieve operational excellence objectives.

Solution Development: Manage technological transformation projects (platforms, engines, data infrastructure, analytical models, automations, etc.). Manage work teams to be able to execute projects that achieve strategic objectives.

Notes to the interim consolidated financial statements (continued)

Risk Tools: Manage the governance and functional management of productive Risk tools, offering support to users and monitoring their availability. Coordinate the execution of minor evolutionary changes that allow improvement and secure optimal performance of the tools.

Credit risk:

The Bank's risk management system is supported by a corporate governance scheme in which the BBVA Peru Group determines the policies for the management and control of retail and wholesale credit risks, which adapt to local regulation and circumstances.

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

- Portfolio Management, Risk Reporting & Sustainability: It is responsible for the continuous oversight and monitoring of key risk indicators.

The Reporting, Monitoring & Data team is responsible for the continuous oversight and monitoring of key risk indicators of portfolios based on the entity's strategies and risk appetite. It ensures timely measurement and communication with the relevant authorities, as well as adequate management and compliance with the risk appetite framework.

The Measurement & Guarantees subunit concentrates the calculation processes of the main risk metrics, integrating measurement processes of credit risk indicators related to provisions, regulatory capital, economic capital and risk-adjusted profitability. In addition, the collateral management function has recently been set up to measure the impacts on the regulatory processes relating to provisions and capital.

The Risk Sustainability sub-unit was set up to ensure the adequate completion of the calculation processes related to ESG (Environmental Social and Governance) metrics in the Risk area, placing emphasis on the importance of including this information in the analysis of customers for an adequate management of ESG risks of the entire portfolio.

- Retail Credit: Manages retail credit risk, according to the strategic objectives established by the Bank and monitoring the quality of the risk of the operations generated. This management involves:
 - Define the guidelines for the admission of clients from the retail segment: natural person and "Business Banking".
 - Monitor the results of the behavior of products, segments and origination channel (massive campaigns or individual evaluation), analyzing their respective evolutions and developments.
 - Evaluation of the level of debt, disseminating and strengthening the Bank's risk culture.
 - Disseminate and strengthen the risk culture throughout the Organization, with special focus on continuous training programs, the development of capabilities in commercial areas and Risk specialists.
 - Detect warning signs of high-risk groups based on statistical information and portfolio monitoring. Establish corrective measures by making adjustments to internal policy and guidelines.
 - Ensure, through interrelation with the different business areas and attention to internal and external supervisory bodies, compliance with credit risk policies, guaranteeing adequate compliance with the Bank's Risk Appetite Framework.

Notes to the interim consolidated financial statements (continued)

- Maintaining a comprehensive credit risk policy that underlies the quality of the loan portfolio based on an intensive interaction of the several business areas and attention to the internal and external overseeing bodies.
- Proposing and promoting continuing improvements in business processes, tools, and standards for an efficient management of the Credit Risk.
- Overseeing compliance with policies in the process of analysis and admission of the credit risk on transactions arising in the commercial areas.

There are 5 sub-units supporting management: Individual Admission; Individual Admission Pymes, Campaign Natural Person (generate campaigns to individuals), Campaign Pymes (campaigns to small business), Strategies & Governance (responsible for policies and standards intended to ensure compliance with corporate and local rules and analysis and diagnostics of portfolio).

- Wholesale Risk: A unit charged of managing the wholesale credit portfolio aimed at maximize the economic benefit to be earned from risk positioning and the limits set in the Asset Allocation framework resulting from the definition of the Group's objective risk profile and risk appetite; also complying with current legal regulations and corporate and local policies. Relying on an "Agile" structure, the following subunits are operating in admission:

Admission Stage 1: It operates with a primary axis of analysis under sectoral groupings, while retaining specialization by segment.

Admission Stage 2 and Follow-up on companies: It operates under a preventive management approach, with strategies to maintain and/or reduce portfolio risk, and contains impairment by structuring suitable financial solutions.

Real Estate Risk: a team specialized in the real-estate sector; it has two subunits:

- Wholesale Admission Real Estate: Charged with assessing the economic and financial aspects of the credit proposals of entities in the real-estate industry.
- Wholesale Monitoring Real Estate: Charged with following up on the portfolio of real-estate projects in progress (monthly valuation of work progress, updating sales dashboard, matching cash flows, etc); until work satisfaction is obtained and sponsor debt is settled.

It should be noted that the tools Rating and Early Warnings are an important support for decision making. Further, the digital platforms "Programa Financiero ARCE" and "Programa Financiero Digital", used in the BEC (Banca Empresa y Corporativa) and Corporate Investment Banking (CIB) segments, respectively, allow to prepare and analyze credit proposals

Further, there are cross-sectional teams to Admissions that are working on risk management improvement initiatives:

- Wholesale Risk Strategy: It is responsible for ensuring the quality of the portfolio by analyzing the behavior of the wholesale portfolio, in order to direct the growth and/or divestment strategy. Following

Notes to the interim consolidated financial statements (continued)

this line, containment plans are being generated to identify vulnerable customer groups, due to industry-specific warnings or the current juncture (road closures, social unrest, FEN, etc.) that could activate preventive management actions that may enable to prevent future contingencies from arising. A Master Plan has also been created as a long-term strategic plan to segment the portfolio and identify the best profiles, and to guide the network's growth actions. It is also in charge of monitoring the Asset Allocation limits defined by Holding and implementing controls for their follow-up. It is also charged with defining sector-specific frameworks and preparing a number of reports.

- Wholesale Risk Governance: It is in charge of updating and implementing Wholesale Risk Policies, Standards and Procedures; customer service, follow-up and implementing recommendations from internal and external audit, internal control, Holding and SBS, as well as taking part in corporate projects. It is also charged with conducting analyses and preparing the Office and Wholesale Credit delegation letters and, together with Risk Transformation implemented a new delegation assignment model for wholesale Admission and serves consultations on regulations and delegations. In addition, it is in charge of the Technical Secretariat to the Credit Technical Committee (CTO).
- Recoveries: It brings together the functions and processes necessary for the follow-up, containment of the portfolio under preventive follow-up, non-payment, recoveries and the divestment of the portfolio with problems, both in commercial banking and in corporate banking and CIB, achieving higher efficiencies in cross-sectional processes, as well as in the external management channels (collection agencies and legal firms) and internal channels (office network, solution office and anticipatory office). Some major sub-units are the following:
 - Admisión Preventiva & Convenios, team responsible for ensuring the collection of the portfolio assigned to the office network and offering payment solutions to customers with early warnings, through the development of products and contracting channels that make this task easier.
 - Recovery Agencies, team in charge of recovering the preventive and unpaid portfolio of the retail portfolio, which includes loans to individuals, individuals with businesses and legal entities belonging to the small and medium-sized entity (Pyme) segment.
 - Oficina Solución, team in charge of managing preventive delinquency and payment defaults, providing customers with payment solutions.
 - Wholesale Credit Early Default, team charged with managing the wholesale portfolio with payment problems as well as charged with the subunit of Individual Classification, which assesses the Bank's Non-Retail Customer portfolio to determine its classification and the required level of provision, under the rules and regulations set by the SBS and the BBVA Group.
 - Strategy & Governance, team charged with articulating collections and recovery management by setting initiatives, pilots and projects based on the use of data analytics and management. It ensures compliance with laws and regulations and provides support to the other teams in Recoveries.
 - Retail Credit Late Default, team charged with court-ordered, secured, off-court recovery of the retail portfolio and their respective write-offs.
 - Wholesale Credit Late Default, team charged with obtaining the largest recovery of loans under court action in the wholesale portfolio.
 - IRBSA, Disinvestment & Management, team charged with managing the commercialization of the goods and real-estate properties as well as managing the process of disinvestment of the Bank's distressed portfolio.

Notes to the interim consolidated financial statements (continued)

Managing the portfolio with problems is based on a centralized strategy that defines differentiated actions for each segment and for each stage of the loan life cycle, mainly comprising rescheduling, refinancing, adjudication and payment agreements with customers, in order to provide solutions to customers in viable cases and minimize provision expenses. Finally, the divestment lever allows us to focus on the recoverable portfolio and control delinquency levels.

During the first quarter of 2024, the implementation of the Integral Collections Plan continued, having scheduled within this transformation project, improvements in processes and information management, solution products such as "commitment loan" and "refinanced with grace period", customer experience and the collections management platform that will allow for greater traceability of the efforts that are currently in progress, in line with good market practices.

Among the main actions taken, the Implant model stands out, as well as the management of the Reactive portfolio; on the other hand, we continue with the implementation of the debt-honoring actions as an additional lever in the containment of the overdue portfolio, providing a better support in the management in an adverse juncture. For the portfolio in litigation, we continue to manage a management system to improve follow-up and negotiation with our customers and suppliers, as well as an adequate divestment strategy by the sale of both secured and unsecured portfolios and portfolio write-offs.

These actions consolidated the Fábrica de Cobranzas (Collections Factory), which is being strengthened for 2024 under the "Transformational Collections Plan", adapting to the new portfolio context. Finally, we will continue to develop new forms of re-conduction for our customers that are coupled to the existing ones and change strategies with a focus on an anticipatory/preventive management.

Guarantees received:

The requirement of guarantees may be a necessary instrument, but not sufficient for the granting of risks, and its acceptance is complementary to the credit process, which requires and mainly weighs the prior verification of the debtor's ability to pay or whether can generate the sufficient resources to allow the amortization of the risk incurred and under the agreed conditions.

The procedures for the management and valuation of the guarantees received for the loans granted to customer are indicated in the Guarantee Regulation that includes the policies for the admission of guarantees, as well as the basic principles for their constitution, maintenance and release. This regulation establishes that the guarantees must be properly instrumented and recorded, ensuring that they are in force and that they have insurance policies, in strict compliance with the regulations established by the regulator.

Valuation of the guarantees is governed by the principle of prudence, which implies the use of appraisal reports in real estate guarantees, market prices in securities, and quotes in shares in investment funds, among others. This principle establishes internal milestones that may be more conservative than those contemplated by local regulations, and under which the value of the guarantees is updated.

Notes to the interim consolidated financial statements (continued)

Market risk:

Market risk arises as a consequence of the activity maintained in the markets, through financial instruments whose value may be affected by variations in market conditions, reflected in changes in the different assets and financial risk factors. The risk can be mitigated and even eliminated through hedging (assets/liabilities or derivatives), or by undoing the open operation or position.

There are three major risk factors that affect market prices: interest rates, exchange rates and variable-income.

- Interest rate risk: It arises as a consequence of variations in the term structure of market interest rates for the different currencies.
- Exchange rate risk: It arises due to fluctuations in the exchange rates for the different currencies.
- Price risk: It arises as a result of changes in the market prices, either by specific factors of the instrument itself or by factors affecting all the instruments traded in the market.

In addition, and for certain positions, it is necessary to also consider other risks: credit “spread” risk, basis risk, volatility or correlation risk.

Value at risk (VaR) is the basic variable to measure and control the Bank's market risk. This risk measure estimates the maximum loss, with a given level of confidence that can occur in the market positions of a portfolio for a certain time horizon. The Bank calculates the VaR using the historical method with a confidence level of 99% and a time horizon of one day; the data period considered is two years. The structure of market risk limits determines a scheme of VaR and economic capital limits for market risk, as well as alerts and specific ad-hoc sub-limits for types of risk, among others.

Likewise, validity tests are carried out on the risk measurement models used, which estimate the maximum loss that can occur in the positions considered, with a certain level of probability (“back testing”), as well as measurements of the impact of extreme movements market in the risk positions maintained (“stress testing”). Currently, the stress analysis on historical scenarios of the Lehman Brothers crisis (2008) is being carried out.

As of March 31, 2024 and December 31, 2023 the detail of the VaR for risk factors is as follows

	2024	2023
	S/(000)	S/(000)
VaR for risk factors		
VaR without smoothing	15,353	16,838
VaR interest	15,791	17,080
VaR exchange	3,785	568
VaR weighted	18,805	11,923
VaR maximum	22,737	20,272
VaR minimum	15,353	3,941

Notes to the interim consolidated financial statements (continued)

Structural interest rate risk:

Structural interest risk is defined as the potential alteration that occurs in the interest income and/or in the equity value of an entity due to the variation in interest rates.

Considering the impact variable, we can see the following typologies of risk in the Group and the Bank:

- Interest margin risk: potential adverse deviation in the interest margin projected over a given horizon.
- Equity economic value risks: potential impact on the economic value of the financial institution's balance sheet.
- Risk of carrying amount of instruments accounted for at fair value in the banking book: potential impact on equity given the effect on the carrying amount of the portfolios of fixed income and derivatives classified as "Held to Collect and Sell" (HtC&S).

Structural interest rate risk management is aimed at maintaining the stability of the interest margin in the face of interest rate variations, contributing to the generation of recurring results, and controlling the potential impacts on equity due to the mark-to-market of instruments classified as "held to collect and sale" (in local accounting as "available for sale") as well as limiting capital needs for structural interest risk.

The Asset & Liability Management & Capital unit, supported by the Assets and Liabilities Committee (hereinafter ALCO) conducts active management of the banking book through operations to optimize the level of risk assumed, in relation to the expected results, and allow compliance with the maximum levels of tolerable risk.

The activity performed by the Asset & Liability Management & Capital unit is based on the interest risk measurements conducted by the risks area. Which, acting as an independent unit, periodically quantifies the impact the variation in interest rates has on the interest margin and the economic value of the Bank.

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

All these risk measures are subject to subsequent analysis and monitoring, and the levels of risk assumed and the degree of compliance with the authorized limits are transferred to the different management bodies of the Bank.

Liquidity risk

The liquidity and financing risk is defined as the inability of a financial institution to honor its payment obligations due to a lack of funds or whenever a financial institution has to resort to financing under especially severe conditions to be able to honor those obligations.

As part of this risk and considering a temporary horizon over which the payment obligation occurs, we can distinguish:

- Liquidity risk: The risk of suffer losses in the short-term resulting from events that affect their ability to use cash resources to meet its more immediate payment obligations, either because of the impossibility to sell assets or an unexpected reduction of trade liabilities, or because the regular financing sources are shut

Notes to the interim consolidated financial statements (continued)

down but in normal or stress situation, and including the potential outflow of additional resources for contingent reasons.

- Intraday liquidity risk: Risks that a financial institution is not able to meet its daily settlement obligations; for example, because of timing mismatches in payment, settlement systems or other relevant.
- Financing risk: This risk reflects the increase in the exposure of balance sheet of a financial institution, medium and short-term resulting from its deviation from its target to keep stable resources inherent to its activity, together with other wholesale stable financing resources to enable a diversification by due dates and sources, as a way to concentration of counterparties that sharpen the exposure or vulnerability of the financial institution in a stress scenario. In a context of higher exposure to this risk, a higher probability exists of incurring in higher short-term financing, higher use of collaterals, and in any case, an intensified short-term liquidity risk.

The Group and Banco BBVA Peru aim at promoting a sound financing structure to contribute with the sustainability of the business model. For that purpose, the risk model promotes maintaining an adequate number of stable resources in a wholesale diversified financing model that restrict the weight of short-term financing, ensure access to several markets, optimize the costs of financing, and creates a buffer of liquid assets for the Bank to be able to survive under stress scenarios.

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

The integral management of liquidity is carried out by Asset & Liability Management & Capital unit, in the Finance area, which analyzes the implications, in terms of financing and liquidity of the various Bank projects and their compatibility with the structure of target financing and the situation of financial markets. In this sense, the Asset & Liability Management & Capital unit, in accordance with the approved budgets, executes the agreed proposals by the ALCO and manages liquidity risk in accordance with wide scheme of limits, sub-limits and approved warnings on which the risk area carries out, independently, its measurement and control work, providing the manager with support tools and metrics for decision-making.

The periodic measurements of the risk incurred and the monitoring of the consumption of limits are carried out by the Structural, Markets and Fiduciary Risks Unit, which monthly reports the liquidity risks level to the ALCO; as well as more frequently to the management units. It should be noted that during the beginning of the state of emergency due to the COVID-19 pandemic, the Structural Risks unit increased the measurement frequency of the main liquidity indicators in order to carry out a daily monitoring that allows anticipating any contingency and supporting the management areas.

Moreover, the Basel Committee on Banking Supervision (BCBS) has proposed a new liquidity regulation scheme based on two ratios: "Liquidity Coverage Ratio" (LCR) that entered into force in 2015 and the "Net Stable Funding Ratio" (NSFR) has been implemented since 2018. Both the Bank and the BBVA Group as a whole participated in the corresponding impact study (QIS) that has included the new regulatory challenges in its new general framework of action in the field of liquidity and financing. At the local level, the SBS has also implemented monitoring of the

Notes to the interim consolidated financial statements (continued)

Liquidity Coverage Ratio (RCL), following the general guidelines of the Basel Committee, although adapting it to the Peruvian reality. This RCL indicator began to be measured from December 2013 and its calculation is daily. The limit established for the RCL is 80% for the period 2014 - 2017, 90% for 2018 and 100% for 2019 onwards, which is being met with ease.

Notes to the interim consolidated financial statements (continued)

In accordance with SBS regulations, the maturities of assets and liabilities as of March 31, 2024 and December 31, 2023, including accrued interest on loans and deposits, are as follows: Other accounts receivable and other financial assets are not included:

	Up to 1 month S/(000)	1-3 months S/(000)	Between 3 and 6 months S/(000)	Between 6 months and 1 year S/(000)	Between 1 year and 5 years S/(000)	More than 5 years S/(000)	Sold and under court collection S/(000)	TOTAL
2024								
Assets								
Cash and due from banks	10,088,986	723,983	330,123	389,038	2,816,495	16	-	14,348,641
Interbank funds	324,862	-	-	-	-	-	-	324,862
Investments at fair value through profit or loss	3,824,449	-	-	-	-	-	-	3,824,449
Available-for-sale investments	9,430,905	-	560,182	201,740	212,445	337,468	-	10,742,740
Loan portfolio	7,574,866	5,391,041	6,750,645	12,024,768	27,664,970	14,184,661	3,557,766	77,148,717
Trading derivatives	175,424	69,616	55,572	187,823	244,842	486,499	-	1,219,776
Hedging derivatives	-	-	-	6,389	-	-	-	6,389
	<u>31,419,492</u>	<u>6,184,640</u>	<u>7,696,522</u>	<u>12,809,758</u>	<u>30,938,752</u>	<u>15,008,644</u>	<u>3,557,766</u>	<u>107,615,574</u>
Liabilities								
Obligations with the public	10,240,833	8,905,718	4,138,866	5,419,441	40,510,936	16,000	-	69,231,794
Demand deposits	3,175,213	2,325,876	-	-	18,698,399	-	-	24,199,488
Savings accounts	2,605,459	1,005,838	-	-	19,111,688	-	-	22,722,985
Time deposits	4,223,520	5,574,004	4,138,866	5,419,441	2,700,849	16,000	-	22,072,680
Others	236,641	-	-	-	-	-	-	236,641
Interbank funds	825,782	-	-	-	-	-	-	825,782
Deposits from financial institutions	6,372,490	(5,364,995)	10,803	25,509	11,000	391	-	1,055,198
Debts and financial obligations	20,443	626,678	191,547	114,581	1,600,811	4,135,170	-	6,689,230
Trading derivatives	447,004	68,991	42,636	63,944	278,200	287,412	-	1,188,187
Hedging derivatives	-	-	-	21,473	52,618	17,657	-	91,748
Accounts payable	9,412,663	170,677	936,274	3,593,181	1,175,384	-	-	15,288,179
Other liabilities	2,230,488	-	-	-	-	-	-	2,230,488
	<u>29,549,703</u>	<u>4,407,069</u>	<u>5,320,126</u>	<u>9,238,129</u>	<u>43,628,949</u>	<u>4,456,630</u>	<u>-</u>	<u>96,600,606</u>

Notes to the interim consolidated financial statements (continued)

	Up to 1 month S/(000)	1-3 months S/(000)	Between 3 and 6 months S/(000)	Between 6 months and 1 year S/(000)	Between 1 year and 5 years S/(000)	More than 5 years S/(000)	Sold and under court collection S/(000)	TOTAL S/(000)
2023								
Assets								
Cash and due from banks	9,094,778	51,351	24,849	17,363	242,865	403	-	9,431,609
Interbank funds	17,009	-	-	-	-	-	-	17,009
Investments at fair value through profit or loss	4,387,392	-	-	-	-	-	-	4,387,392
Available-for-sale investments	9,455,308	7,675	2,856	737,931	220,087	337,346	-	10,761,203
Loan portfolio	6,224,730	6,205,973	6,171,406	11,980,234	27,677,721	13,849,137	3,536,302	75,645,503
Trading derivatives	190,592	77,396	92,081	191,103	217,462	468,862	-	1,237,496
	29,369,809	6,342,395	6,291,192	12,926,631	28,358,135	14,655,748	3,536,302	101,480,212
Liabilities								
Obligations with the public	13,362,892	8,599,552	4,041,765	2,916,947	40,205,961	81,000	-	69,208,117
Demand deposits	2,626,640	1,922,862	-	-	18,183,670	-	-	22,733,172
Saving accounts	2,404,859	1,049,403	-	-	19,287,729	-	-	22,741,991
Time deposits	8,121,074	5,627,287	4,041,765	2,916,947	2,734,562	81,000	-	23,522,635
Others	210,319	-	-	-	-	-	-	210,319
Interbank funds	378,451	-	-	-	-	-	-	378,451
Deposits from financial institutions	1,407,873	65,313	34,131	3,406	7,937	-	-	1,518,660
Debts and financial obligations	229,013	22,483	599,018	105,423	1,414,799	3,536,591	-	5,907,327
Trading derivatives	353,660	50,182	96,830	91,799	228,949	255,552	-	1,076,972
Hedging derivatives	-	-	594	42,318	50,574	-	-	93,486
Accounts payable	2,355,281	180,216	463,900	3,136,024	2,604,461	-	-	8,739,882
Other liabilities	3,774,716	-	-	-	-	-	-	3,774,716
	21,861,886	8,917,746	5,236,238	6,295,917	44,512,681	3,873,143	-	90,697,611

Notes to the interim consolidated financial statements (continued)

Operational risk

BBVA Peru Group articulates an operational risk management model implemented throughout the organization, based on methodologies and procedures for the identification, assessing and monitoring of operational risk, and supported by tools that allow qualitative and quantitative management.

This model is based on a decentralized management of operational risk carried out by operational risk management teams in the two lines of defense. In the first line we have the Risk Control Assurer whose objective is to promote the adequate management of operational risk in their respective management areas. The previous by extending the methodology of risk identification and establishment of controls, and working for this with the owners of the processes who are those responsible for implementing mitigation plans and execution of controls. In the second line of defense, there is a Risk Control Specialist team who define mitigation and control frameworks in their area of specialty (across the entire organization) and contrast with the one implemented by the first line.

Both control teams are in constant coordination of a methodological unit and constantly report to the corresponding Internal Control and Operational Risk Committees. From the internal control and compliance area, the non-financial risk unit is in charge of the implementation of corporate management tools, the training of both control teams (Risk Control Assurer and Risk Control Specialist), coordination for updating the risk map and monitoring of mitigation plans.

In connection with qualitative management, the Support Tool for Operational Risk Management (MIGRO tool) makes it possible to record the operational risks identified by associating them with a taxonomy of processes and their quantification, as well as recording the evaluation periodical controls associated with critical risks. Throughout 2023, because of the risks and controls are being updated, the operational risk management model remained valid.

In addition, there is a database which is a fundamental quantitative tool for operational risk management (Integrated Operational Risk System - SIRO), that collects every operational risk event that represents a loss for the Bank and its subsidiaries.

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

The regulatory capital requirement for operational risk based on the alternative standard method as of March 31, 2024 amounts to S/748 million (S/735 million at December 31, 2023).

Notes to the interim consolidated financial statements (continued)

27. Fair value

The methodology used in determining fair value has not changed in relation with that disclosed in the audited annual consolidated financial statements for 2023.

Carrying amount and fair value of financial assets and liabilities

Taking into account the fair value considerations and the Official Letter N° 43078-2014- SBS, in which the SBS determined that the fair value corresponds to the carrying amount in the case of loans and deposits, as of March 31, 2024 and December 31, 2023, the carrying amounts and fair values of the bank's financial assets and financial liabilities are presented as follows:

	Carrying amount		Fair value	
	2024	2023	2024	2023
	S/(000)	S/(000)	S/(000)	S/(000)
Assets				
Cash and due from banks	14,348,641	9,431,609	14,348,641	9,431,609
Interbank funds	324,862	17,009	324,862	17,009
Investments at fair value through profit or loss and investment available-for-sale	14,567,189	15,148,595	14,567,189	15,148,595
Loan portfolio	72,214,252	70,647,238	72,214,252	70,647,238
Trading derivatives	1,219,776	1,237,496	1,219,776	1,237,496
Hedging derivatives	6,389	-	6,389	-
Accounts receivable	1,078,187	130,068	1,078,187	130,068
Other assets	2,214,405	4,319,735	2,214,405	4,319,735
Total	105,973,701	100,931,750	105,973,701	100,931,750
Liabilities				
Obligations with the public and deposits from financial institutions	70,286,992	70,726,777	70,286,992	70,726,777
Interbank funds	825,782	378,451	825,782	378,451
Debts and financial obligations	6,689,230	5,907,327	6,651,350	5,931,770
Trading derivatives	1,188,187	1,076,972	1,188,187	1,076,972
Hedging derivatives	91,748	93,486	91,748	93,486
Accounts payable	15,288,179	8,739,882	15,288,179	8,739,882
Total	94,370,118	86,922,895	94,332,238	86,947,338

Notas a los estados financieros consolidados (continuación)

Assets and liabilities recorded at fair value according to the hierarchy level are presented as follows:

Financial instruments recorded at fair value and value hierarchy.

	2024				2023			
	Fair Value S/(000)	Level 1 S/(000)	Level 2 S/(000)	Level 3 S/(000)	Fair Value S/(000)	Level 1 S/(000)	Level 2 S/(000)	Level 3 S/(000)
Assets								
Investments at fair value through profit of loss								
Debt instruments	3,824,449	794,554	3,029,895	-	4,387,392	692,675	3,694,717	-
Available-for-sale investments								
Instruments representing capital	18,529	18,529	-	-	22,872	22,872	-	-
Instruments representing debt	10,723,089	7,752,180	2,970,909	-	10,737,210	7,438,877	3,298,333	-
Trading derivatives	1,219,776	-	1,219,776	-	1,237,496	-	1,237,496	-
Hedging derivatives	6,389	-	6,389	-	-	-	-	-
	<u>15,792,232</u>	<u>8,565,263</u>	<u>7,226,969</u>	<u>-</u>	<u>16,384,970</u>	<u>8,154,424</u>	<u>8,230,546</u>	<u>-</u>
Liabilities								
Debt and financial obligations	1,618,473	-	1,618,473	-	1,124,258	-	1,124,258	-
Trading derivatives	1,188,187	-	1,188,187	-	1,076,972	-	1,076,972	-
Hedging derivatives	91,748	-	91,748	-	93,486	-	93,486	-
	<u>2,898,408</u>	<u>-</u>	<u>2,898,408</u>	<u>-</u>	<u>2,294,716</u>	<u>-</u>	<u>2,294,716</u>	<u>-</u>

Notes to the interim consolidated financial statements (continued)

28. Subsequent Events

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