

# BBVA BANCO CONTINENTAL

ISIN CODE: PEP116001004

Overall score 26/100

Sector: Retail & Specialised Banks  
Emerging Market

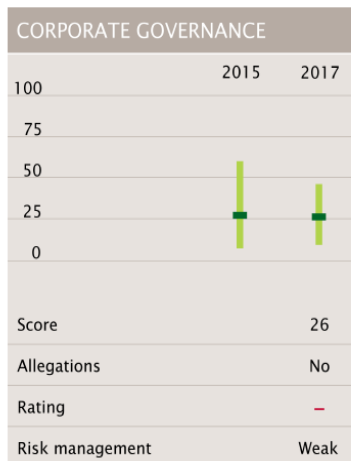
Companies in sector panel: 46

Information rate: 53% (Sector average: 52%)  
Company cooperation level: Not responsive \*

## General information

BBVA Banco Continental (BBVA Continental) is a Peruvian bank and subsidiary of the Continental Holding S.A. The company offers a wide range of financial products and services. The final controller of BBVA Continental is Bank BBVA (Banco Bilbao Vizcaya Argentaria) and Inversiones Breca. The company was founded in 1951 and is headquartered in Lima, Peru.

Main Economic Segment**	Turnover 2016
Financial Services	100 %



■ Sector performance  
■ Company performance  
 Rating: min -- / max ++

### Key issues

Sound corporate governance is required to oversee a company's strategic direction, including the CSR strategy. Directors are notably evaluated on their level of diversity and experience with operational, financial, and CSR topics (CGV1.1). The audit and internal controls system is examined regarding the efficiency and reach of its risk management (CGV2.1). Executive remuneration is assessed for transparency and alignment with the interests of company's shareholders and other stakeholders (CGV4.1).

### Company performance

- The Company's performance in the Corporate Governance domain is weak in absolute terms, which is consistent with the previous review.
- The board of directors is 33% independent, which is less than the recommended level. An executive is part of the Nomination Committee and none member is considered independent. No information is disclosed on rules guiding Executive Remuneration. In addition, the Audit Committee seems to have only a limited role. On the positive side, the company respects the "one share - one vote" principle and adopted some of the recommended measures for a sound risk management, including the CSR risks inherent to Company's operations and its materiality assessment.
- Overall, the Company ranks below its peers.

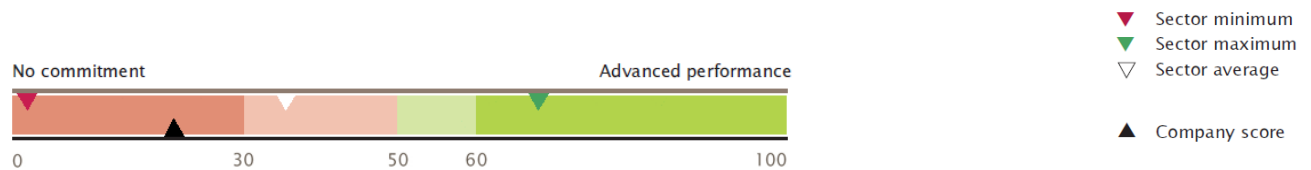
\* On a 4-level scale: proactive, responsive, partially responsive, not responsive  
 \*\* See detailed economic indicators in Selected financial data section  
 \*\*\* Based on the most recent Index at the date of publication

## Corporate Governance

Score : 26

### CGV1.1 Board of Directors

(score: 21, weight: 3)



**[LISTED COMPANIES] Existence and independence of Nomination Committee**

*A specific committee is in place, but at least one executive is part of it, which might raise concerns. None members of the four-member Nomination Committee are considered independent.*

**Independence of the Board Chairman**

*The roles of Chairman and CEO are separated, but the chairman is not considered independent.*

**Responsibility allocated over CSR issues**

Information on the responsibilities allocated over CSR issues is insufficient.

**Share of independent shareholder-elected Board members**

*The Board is between 21 and 33% independent, which is less than the recommended level. Three members of the nine-member Board are considered independent.*

**Diversity of the skills and backgrounds of the Board**

*Information obtained from Company and public sources regarding the diversity of skills and backgrounds of board members is insufficient. There is no biographic information about the members of the board.*

**Training and expertise provided to board members**

Information obtained from company and public sources regarding training provided to board members is insufficient.

**Regular election of Board members**

Information obtained from Company and public sources regarding the regular election of board members is insufficient.

**Evaluation of Board's functioning and performance**

Performance is evaluated regularly, but with no disclosure on the results. The board es evaluated annually by a self-evaluation of the members.

**Review of CSR issues at Board meeting**

The formal CSR reporting has been signed by Chairman, but there is no evidence that relevant CSR issues are reviewed at Board meetings.

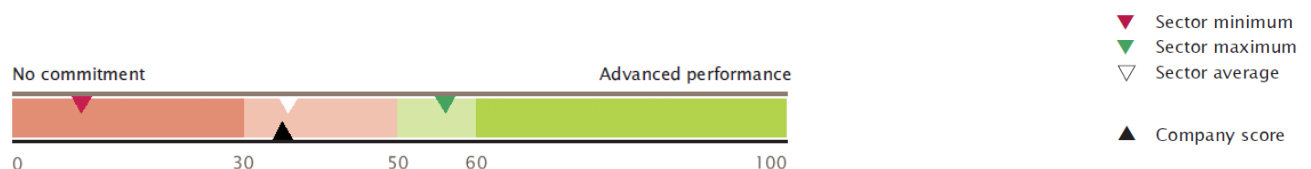
**Regularity of and attendance at Board meetings**

12 Board meetings were held during 2016, and the attendance rate was 88%.

Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	>9 years on Board	Stock options	Paid > 1/2 executive salary	Represent >3% company's shares	Other	Independency
Alex Fort	Chairman		X		X	X	X		X			X		
Pedro Brescia			X		X		X		X			X		
Ignacio Lacasta	Chairman of Nomination & Remuneration Committee		X		X		X					X		
Eduardo Torres-Llosa	CEO[[SC]] Chairman of the Risk Committee	X			X		X		X					
Mario Brescia			X						X			X		
Fortunato Brescia			X									X		
Javier Marin			X											X
Jose Merino			X			X								X
Jorge Donaire	Chairman of the Audit Committee		X			X								X

**CGV2.1 Audit & Internal Controls**

(score: 35, weight: 3)



**[LISTED COMPANIES] Existence and independence of Audit Committee**

*All members are non-executive directors, and the majority, including the committee's chair, are independent. Two members of the three-member Audit Committee are considered independent.*

**Skills and backgrounds of Audit Committee members**

Information disclosed on this subject is insufficient or not relevant.

**Operational and CSR risks covered by the company's internal controls system**

*The internal control system covers the standard issues related to financial, operational, and legal risks. In addition, the system covers some of the CSR risks inherent to the company's business operations:*  
*- Environmental risks in credit decisions & other banking activities: the Bank considers environmental and reputational risks in the Company in its credits decisions..*

**Governance of risks**

*The Company adopted only some of the recommended measures for a sound risk management:*  
*- The Chief Risk Officer (CRO) is at par level of Chief Financial Officer (CFO)*  
*- The CRO has direct access to the Board Risk Committee*

**Role of the Audit Committee in overseeing internal and external controls**

*The Audit Committee has a limited role that includes:*  
*- Oversee internal audit and internal controls*  
*- Review accounting policies and be responsible for updates*  
*- Oversee the work of the external auditor*

**Management of the CSR risks**

*Limited processes dedicated to management of CSR risks appear to be in place:*  
*- materiality assessment: the issues identified by the bank to build the materiality matrix of BBVA Continental are classified into two variables, Importance to stakeholders and importance to the business. The bank found 25 relevant issues to build the materiality matrix.*

**Supervision of material risk-takers**

Information disclosed on this subject is insufficient or not relevant.

**Leverage ratio of the bank**

Information disclosed on this subject is insufficient or not relevant.

**Independence of the firm's external auditors**

Information obtained from company and public sources regarding the independence of the firm's external auditors is insufficient.

**Inclusion of CSR issues in the company's reporting**

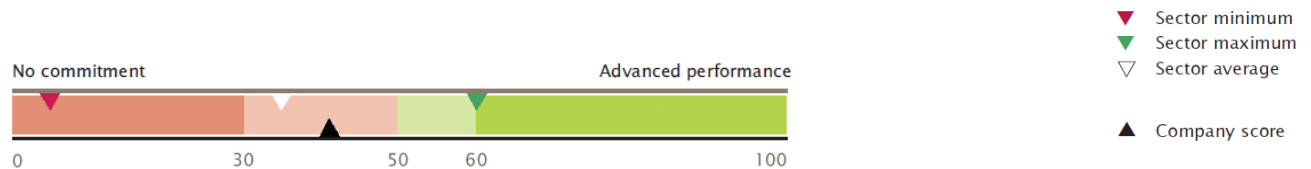
*The Company publishes significant CSR reporting on key material issues, with an independent third party assessment of the reliability of key performance indicators (Deloitte), with limited level of the assurance.*

**Stakeholders' feedback**

As of 07/2017, BBVA BANCO CONTINENTAL did not appear to be involved in any controversy related to this sustainability driver.

**CGV3.1 Shareholders**

(score: 41, weight: 2)



**Nonexistence of voting rights restrictions**

The company respects the "one share - one vote" principle.

**Nonexistence of anti-takeover devices**

The company does not publish any information on shareholders' rights.

**Safeguards on transactions with major shareholder(s)**

Less than half of the board is independent. However, there are other safeguards in place to monitor transactions between the company and its major shareholder(s).  
*As a company in the financial system, the board of BBVA Continental usually consults to external advisors who express their opinion about complex or important transactions with related parties.*

**Ability to add items to the agenda of the AGM and to convene an EGM**

No major restrictions have been identified.

**Access to voting at General Meetings**

There are no major restrictions on shareholders' ability to vote, however there is no possibility of voting through online services.

**Ability to vote on relevant issues in separate resolutions at AGM**

*The following items are not put to a vote at the AGM:*  
- Election of board members (a separate resolution for each member).  
- Board fees  
- Executive remuneration

**Presentation of CSR strategy to shareholders and investors**

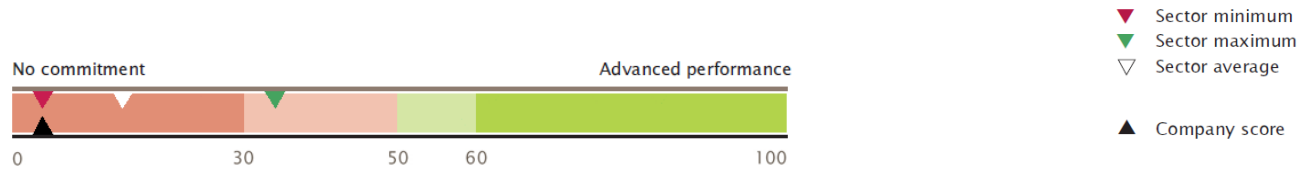
*Information disclosed from the entity and public sources regarding the presentation of CSR strategy to shareholders and investors is insufficient.*

**Stakeholders' feedback**

As of 07/2017, BBVA BANCO CONTINENTAL did not appear to be involved in any controversy related to this sustainability driver.

**CGV4.1 Executive Remuneration**

(score: 4, weight: 2)



**[LISTED COMPANIES] Existence and independence of Remuneration Committee**

*A specific committee is in place, but at least one executive is part of it, which might raise concerns. None members of the four-member Remuneration Committee is considered independent.*

**Disclosure of senior executives' individual remuneration**

Disclosure of individual executive remuneration data for senior executives is insufficient.

**Link between Short Term Incentive Plans and the performance of the company**

There is no disclosure on what rules guide the company in allocating bonuses and other short-term incentives to senior executives.

**Link between the main Long Term Incentive Plan and the performance of the company**

Information on the rules and performance conditions guiding the allocation of long-term incentives to senior executives is insufficient.

**Link between variable remuneration and CSR performance of the company**

*There is no disclosure on the links between variable remuneration of executive and the CSR performance of the Company.*

**Severance pay for senior executives**

Information obtained from company and public sources regarding severance pay for senior executives is insufficient.

**Risk alignment of remuneration of top senior executives**

Information on risk adjustments of remuneration is insufficient or not relevant.

**Risk alignment of remuneration of material risk takers**

Information on risk adjustments of remuneration is insufficient or not relevant.

**Evolution of CEO-to-employee compensation ratio**

Information obtained from company and public sources regarding the compensation of CEO and the average employee salary is insufficient.

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**Stakeholders' feedback**

*As of 07/2017, BBVA BANCO CONTINENTAL did not appear to be involved in any controversy related to this sustainability driver.*

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## Contacts

Analyst : Gonzalo Marambio • Gonzalo.marambio@vigeo.com  
Sector Lead: Elisabetta Colombo • elisabetta.colombo@vigeo.com

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