



 Intercorp Financial Services

# Annual Shareholders' Meeting Presentation

March 2021



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# Agenda

1. **2020 highlights**
2. 2020 performance
3. Unique platform to benefit from growth potential

# 2020 financial highlights

## Banking

### **FY20 profits undermined by high provisions and soft top line due to COVID-19, yet recovering in 4Q20**

- 12.8% (+20 bps YoY) market share in loans and 13.9% (+40 bps YoY) in retail deposits by year-end
- 150 bps YoY reduction in cost of funds, down to 1.6% in 4Q20
- FY20 cost of risk at 6.1%, improving to 3.1% in 4Q20
- 60 basis point quarterly improvement in NIM after provisions
- 7.0% yearly decrease in expenses

## Insurance

### **FY20 profits grew 8.2% with ROAE at 18.9%**

- Private and regular annuities leading a 19.1% yearly growth in premiums
- Results from investments increased 13.1% QoQ and 28.0% YoY, with ROIP reaching 6.8% in 4Q20
- Cost containment measures resulted in 4.3% yearly reduction in expenses
- Market leader in annuities with a 27.3% share in 2020

## Wealth Management

### **FY20 profits grew 21.4% with ROAE at 28.0%**

- Record quarter in earnings, 39.9% QoQ growth and more than two-fold YoY
- Strong revenues in 4Q20 driven by net interest income and positive mark-to-market
- Continued growth in AUM: 5.6% QoQ and 14.7% YoY
- 4Q20 ROAE at all-time high

## Intercorp Financial Services

### **FY20 results impacted by higher provisions, but improving in 4Q20 with ROAE at 18.1%**

- 15.6% earnings growth in 4Q20 due to lower provision charges and solid results from investments
- Cost containment measures in 2020 offset negative impacts from COVID-19 on revenues
- Strong capitalization at all business segments
- Digital trends continue to support IFS' strategy

# COVID-19 Update: Measures taken at Interbank



## Our people

- COVID-19 protocols & health surveillance
- Home office implementation for staff positions
- Daily health tracking (ConsultApp)
- COVID-19 tests purchased for employee testing
- Constant communication to ensure high employee engagement



## Our operations

- Providing critical employees with technological tools
- New protocols for business continuity under current circumstances and post-lockdown
- Monitoring of critical suppliers' operations in IT and cash supply
- Reinforcement of IT systems and cybersecurity



## Our distribution channels

- Financial stores: Flexible operating hours
- ATM: Maintenance and cash availability
- Call center: Increasing number of phone operators and partial home office
- Internet banking: Special landing pages and orientation
- Mobile banking: Promoting adoption of Tunki and Plin



## Our community

- Donation of three oxygen plants for local police hospitals
- Charitable provision of medical equipment: N95 masks, rapid tests and digital thermometers
- Interbank Benefit miles donation program to support vulnerable people
- Constant internal and external communication

# We look after our clients' well-being



## Action plan for retail customers

### Help clients with their liquidity in times of crisis

- More than 385 thousand clients as of Dec20
- S/ 7.5 billion rescheduled loans (39% of retail loan book)

### Ad-hoc service channels

- Tunki: The first digital wallet to disburse the government monetary transfers offered to the most affected by the crisis
- Call center: Relevant channel to interact with our customers and answer their queries
- WhatsApp: New and popular form of contact with our customers



## Action plan for commercial customers

### Provide payment flexibility to clients

- More than 14 thousand clients as of Dec20
- S/ 3.0 billion rescheduled loans (13% of commercial loan book)

### Reactiva Peru program

- S/ 6,616.5 million outstanding loans, or approximately 30% of commercial loan book as of Dec20
- Opportunity to gain relevance in the mid-sized and SME segments

### Customer Advisory and Services

- Upgrade of internet banking platform under a free trial period to incentivize usage
- Streamlined 100% digital account opening process for SME customers applying to governments facilities
- Landing page for SME customers to reschedule loans

# COVID-19 Update: Measures taken at Interseguro and Inteligo



Home office for administrative staff, customer service and salesforce



Continuous follow-up and supervision of investment portfolio's performance



Preparing annuity sales force to capture backlog of D&S and Retirement Funds to be opened after lockdown



Close monitoring of life premiums collections and rescheduling of payments



Virtual and digital sale of individual life products



Increase in cash and held-to-maturity positions



Home office for staff at Inteligo Bank and Inteligo SAB



Frequent communication with clients



All services available: trading, transfers, withdrawals and loan renewals



Higher liquidity when compared with pre COVID-19 levels and strong capital adequacy ratios



Increased adoption of digital channels, new openings of 100% digital account

# Key messages

1



Activity recovering despite macro and political uncertainty

2



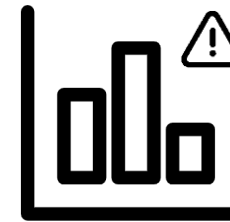
Strong liquidity and capital position

3



Digital trends support IFS' strategy

4



High provisions following a precautionary approach in the expected loss model

5



Continued focus on efficiency

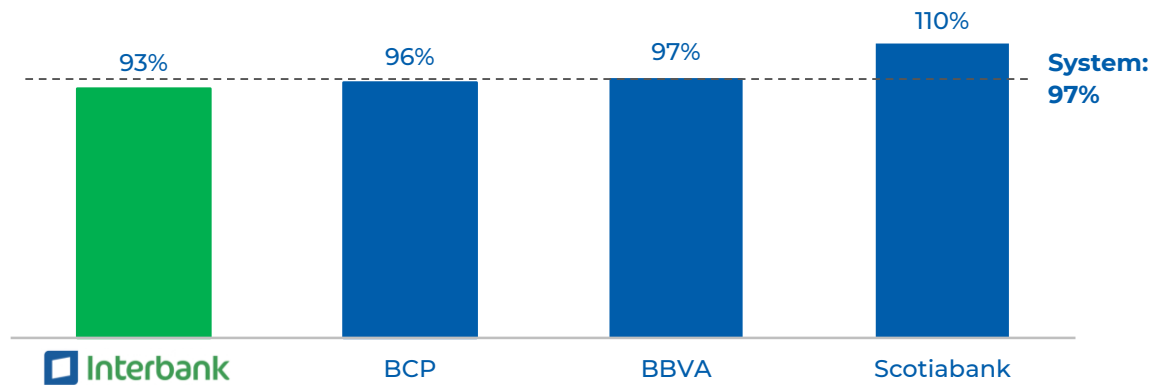


# Strong liquidity with growing deposit base at Interbank

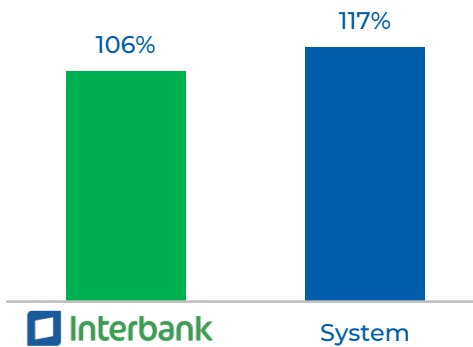
## Interbank - Loan to deposit ratio (LDR)

% as of December 31, 2020

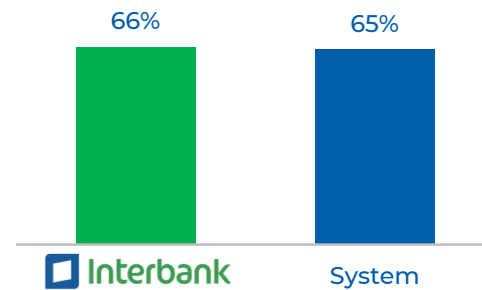
### Total LDR



### LDR S/



### LDR USD

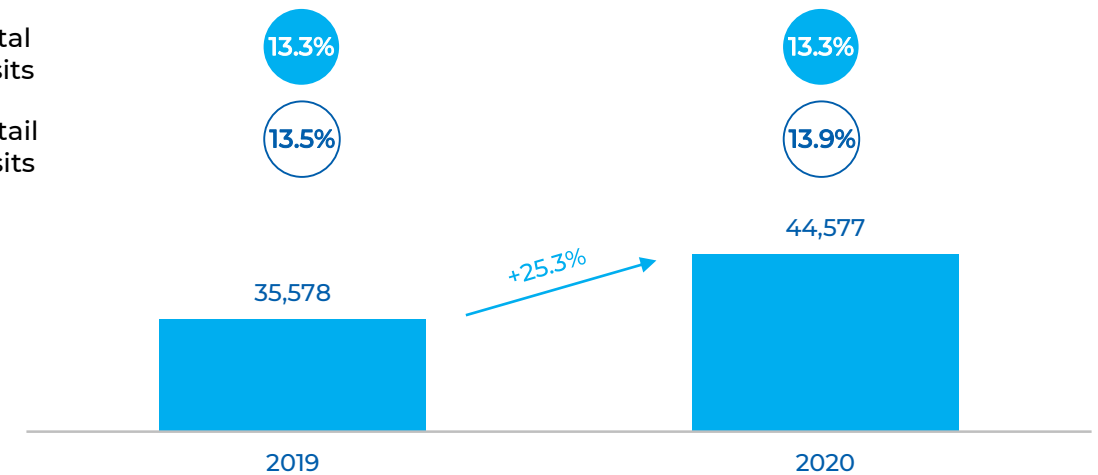


## Interbank - Total deposits

S/ million

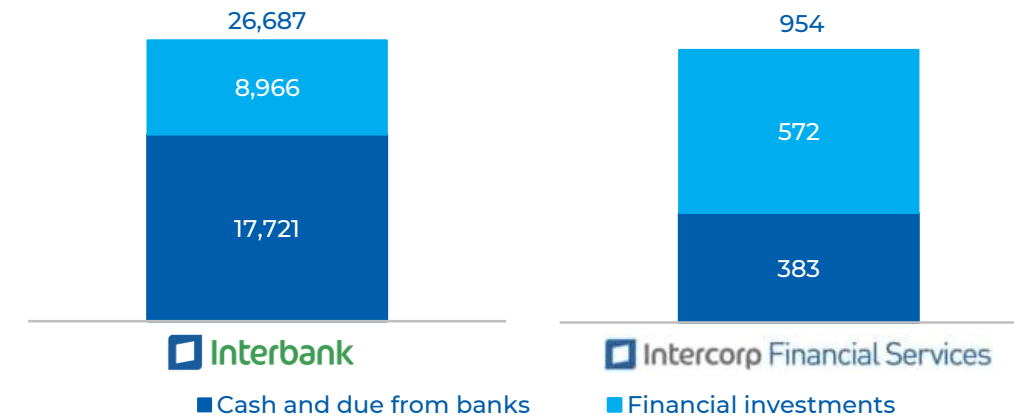
MS total deposits

MS retail deposits



## Interbank & IFS Stand-alone – Liquid assets

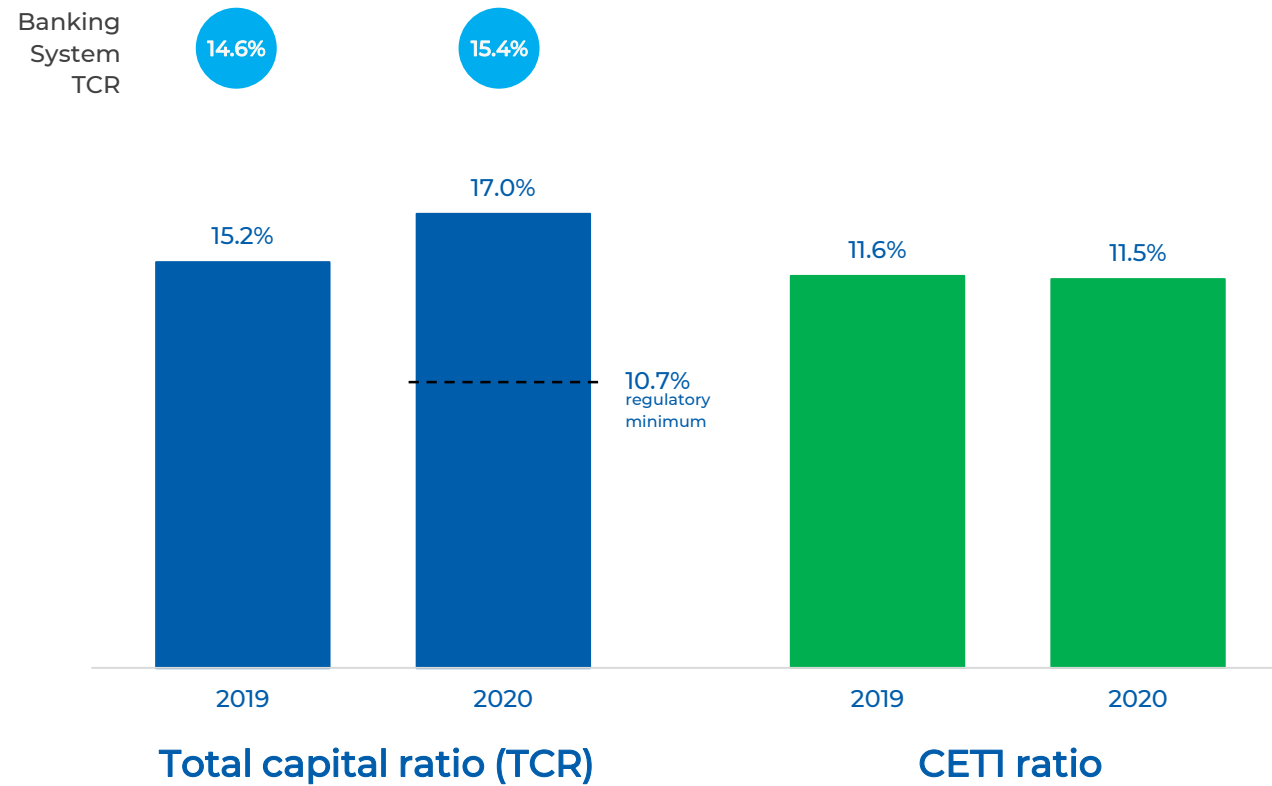
S/ million as of December 31, 2020



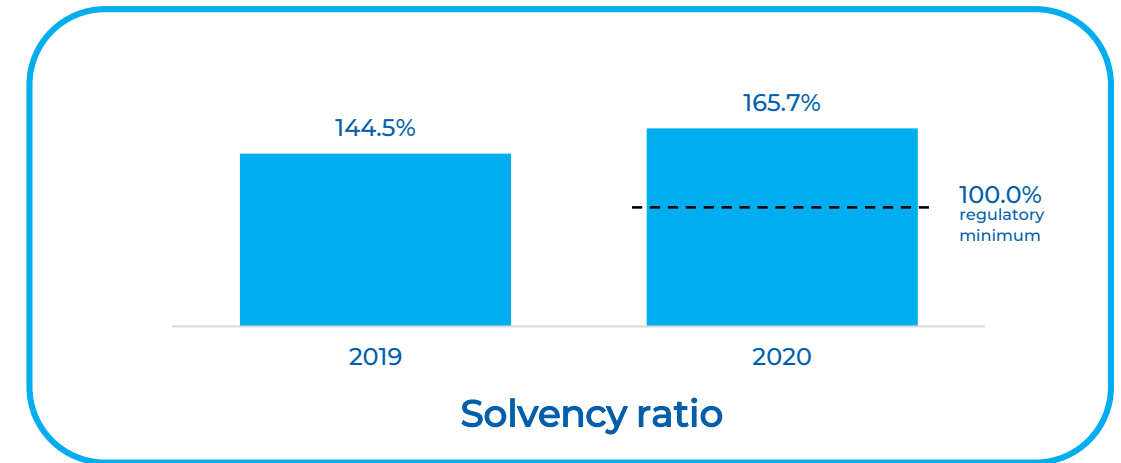


# Strengthened capital ratios at all IFS' segments

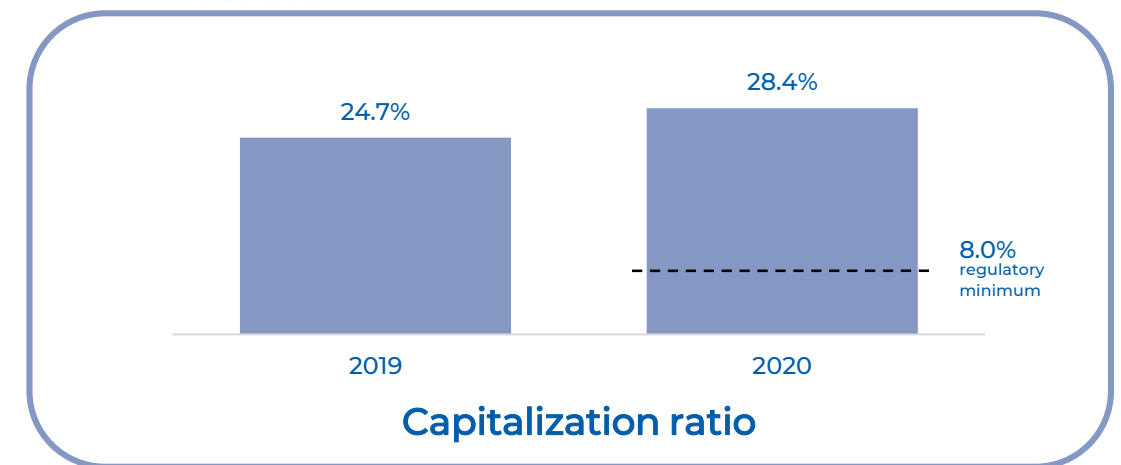
## Interbank



## Interseguro



## INTELIGO BANK



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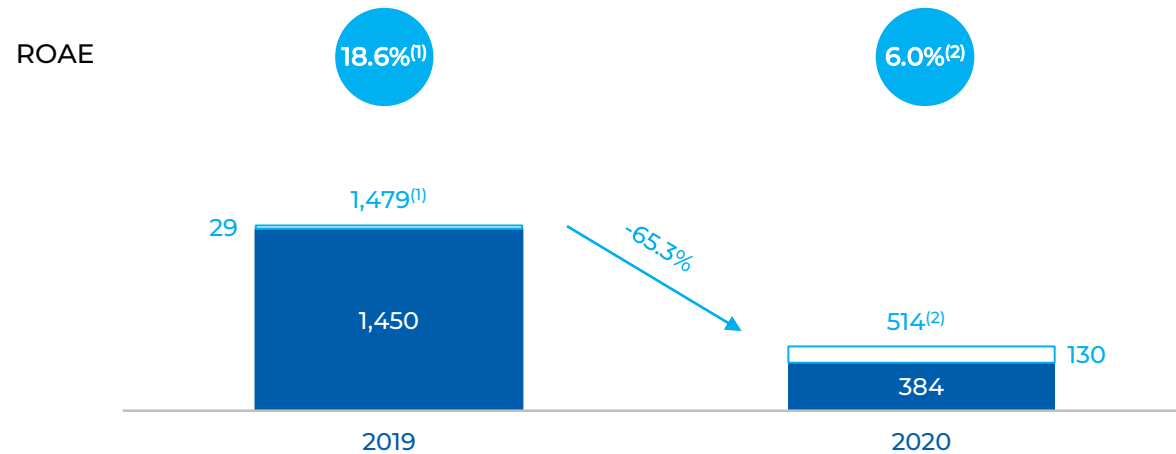
# Agenda

1. 2020 highlights
- 2. 2020 performance**
3. Unique platform to benefit from growth potential

# IFS FY20 earnings impacted by higher provisions at Interbank

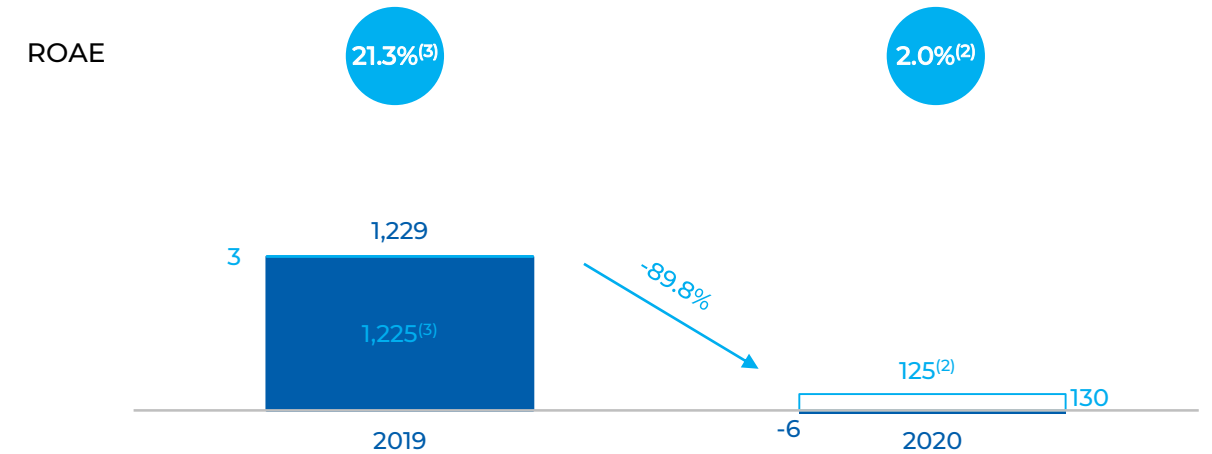
## InterCorp Financial Services

Net profit in S/ million



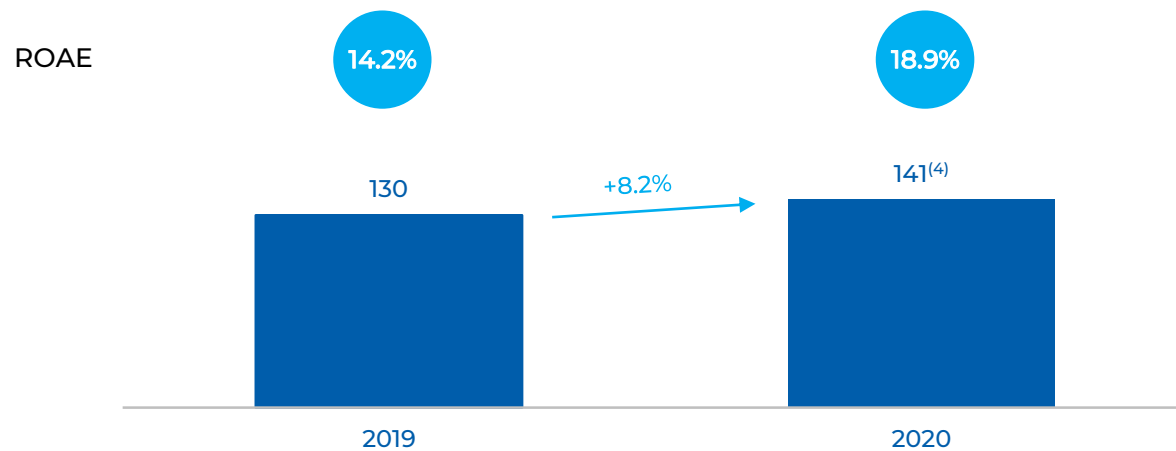
## Banking

Net profit in S/ million



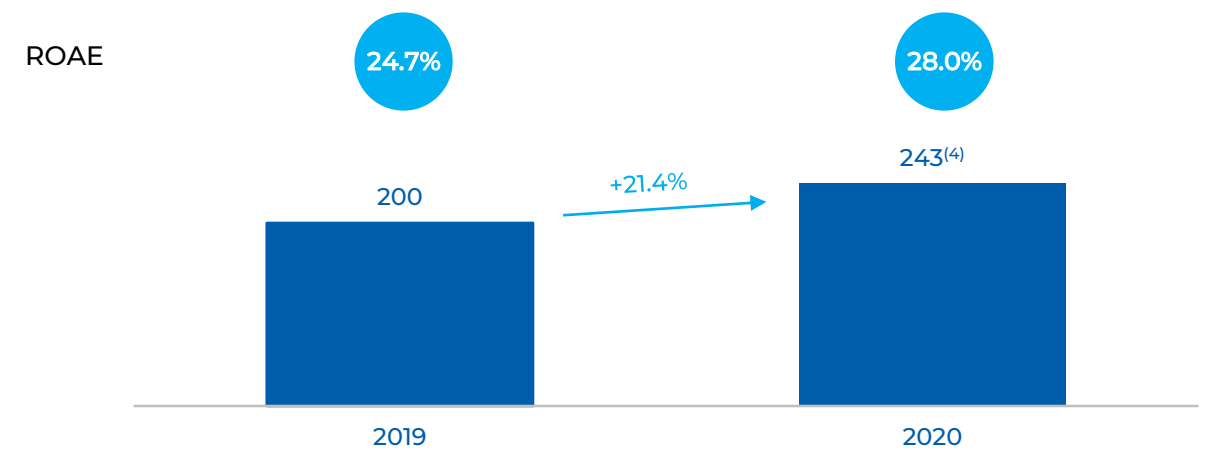
## Insurance

Net profit in S/ million



## Wealth Management

Net profit in S/ million



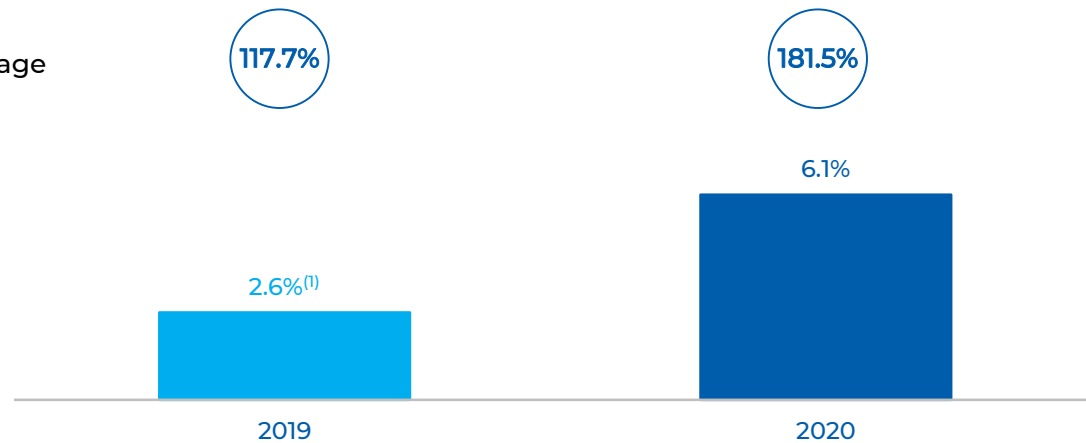
■ Reported figures □ Adjustments → Growth

1) Excluding the impact of a Liability Management transaction in our banking segment for S/ 42.3 million, or S/ 29.0 million after taxes, in 2019.  
 2) Excluding the impact from the modification of contractual cash flows due to the loan rescheduling schemes offered to customers affected by the COVID-19 pandemic in our banking segment for S/ 185.0 million or S/ 130.4 million after taxes in 2020.  
 3) Excluding (i) the gain on sale of Interfondos from Interbank to Inteligo for S/ 52.6 million or S/ 32.4 million after taxes, and (ii) the one-off impact of a Liability Management transaction for S/ 42.3 million, or S/ 29.0 million after taxes, both in 2019.  
 4) Including impacts from investments of S/ -10.6 million at Interseguro and S/ 111.5 million at Inteligo in 2020.

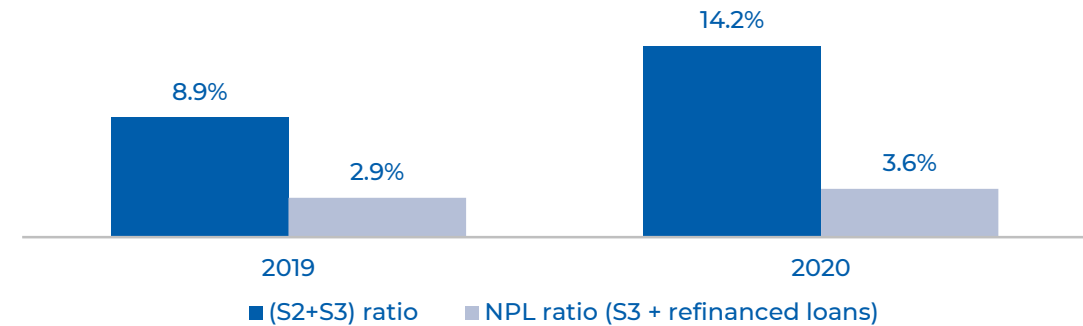
# High provisions following a precautionary approach resulted in adequate NPL coverage

## Interbank - Cost of risk

NPL coverage ratio

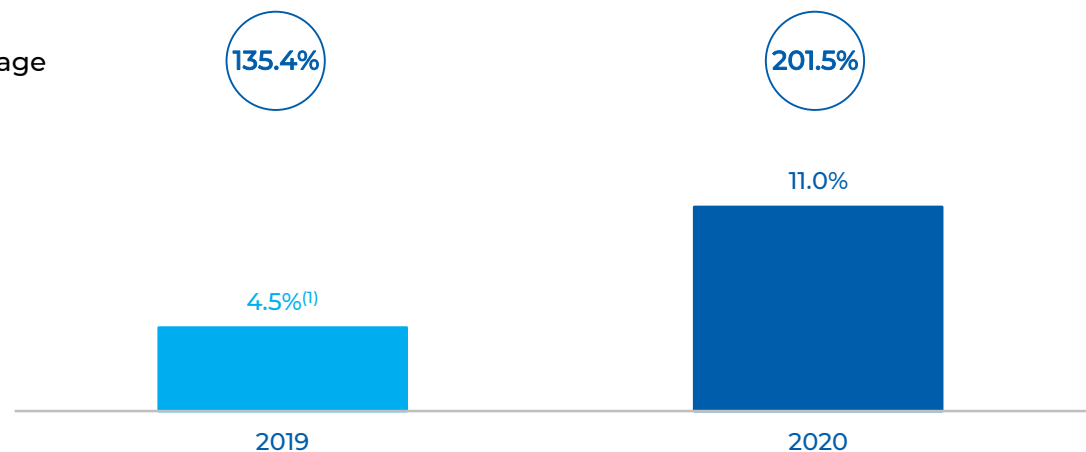


## Interbank - Non-performing exposure



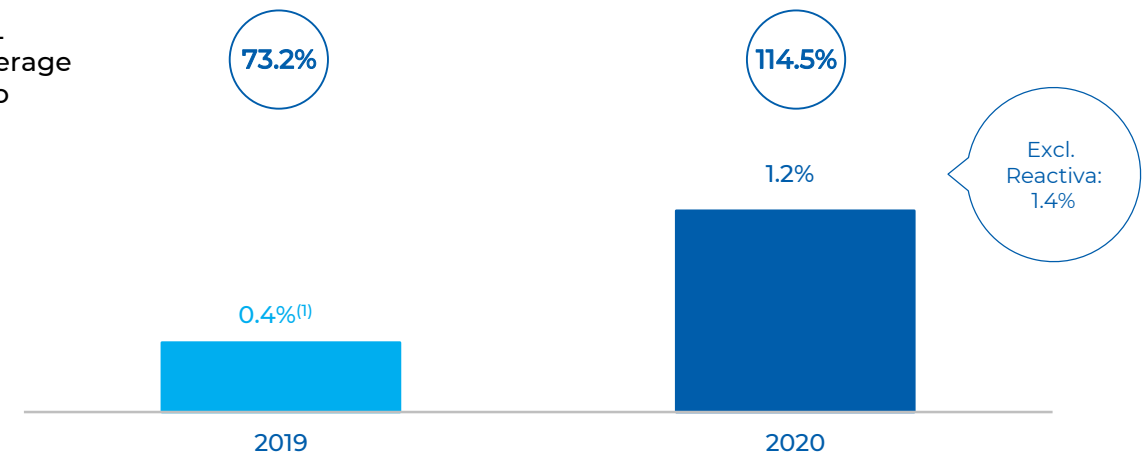
## Cost of risk – Retail banking

NPL coverage ratio



## Cost of risk – Commercial banking

NPL coverage ratio



■ Reported figures ■ Adjusted figures

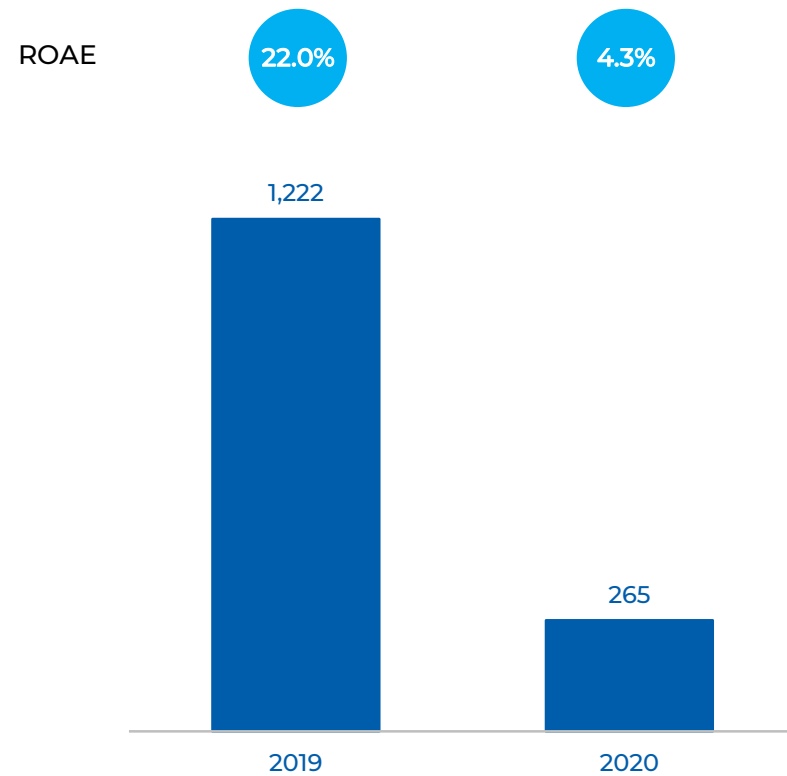
1) Excluding (i) the reversion of payroll deduction loan provisions for S/ 38.8 million in 2Q19 and (ii) the reversion of loan loss provisions for S/ 104.1 million in 4Q19 due to fine-tuning of IFRS9 models reflecting improved risk profile on customers: S/ 54.0 million in commercial loans and S/ 50.2 million in retail loans.

# Relevant net income of S/ 765 million in 2020

## Local GAAP & IFRS

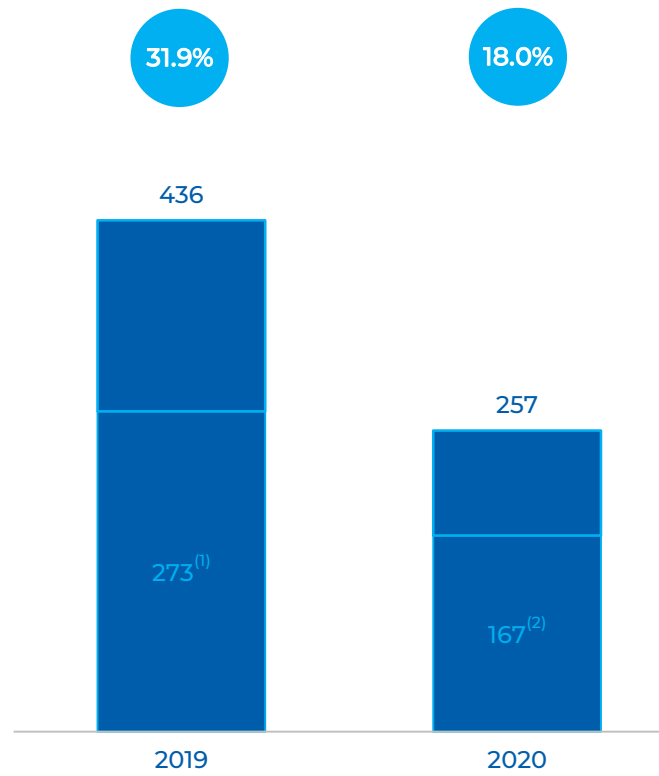
### Interbank – Local GAAP

Net profit in S/ million



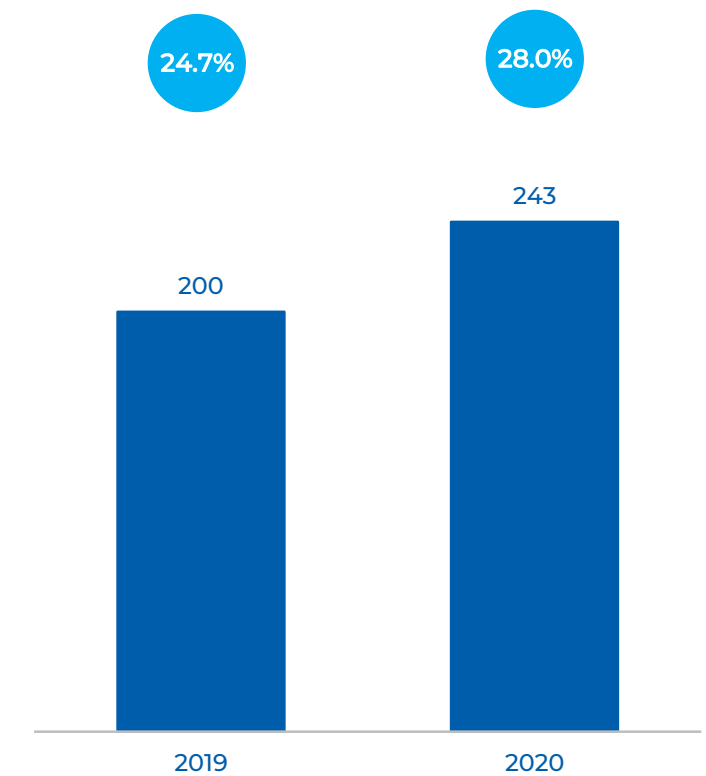
### Interseguro – Local GAAP

Net profit in S/ million



### Inteligo – IFRS

Net profit in S/ million



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# Strategically positioned to capture significant growth opportunities

## What distinguishes us



Universal franchise with strong focus on retail



Customer centricity



Ready-to-scale omnichannel platform



Strong brand recognition



Story of sustainable growth and high profitability



Part of leading Peruvian business group



**Empower all Peruvians to achieve financial well-being**

## How we do it



Deep knowledge of Peruvians through analytics



Digital first strategy



Innovation at the core



Trust of +6 million customers



Focus on efficiency and productivity



Unique, horizontal and agile working culture

## The opportunity

**32.5 million POPULATION IN PERU**

**15.8 million**

Economically active population <sup>(1)</sup>

**6.0 million** IFS customers

**~ 9.7 million BUSINESSES IN PERU <sup>(1)</sup>**

**~ 200 thousand** IFS customers

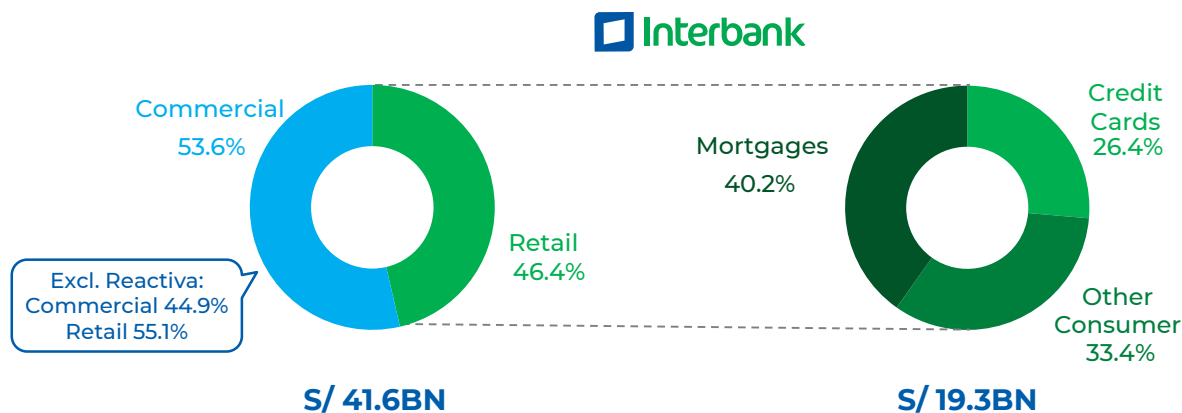


# Rebalanced loan portfolio due to Reactiva Peru

## Interbank

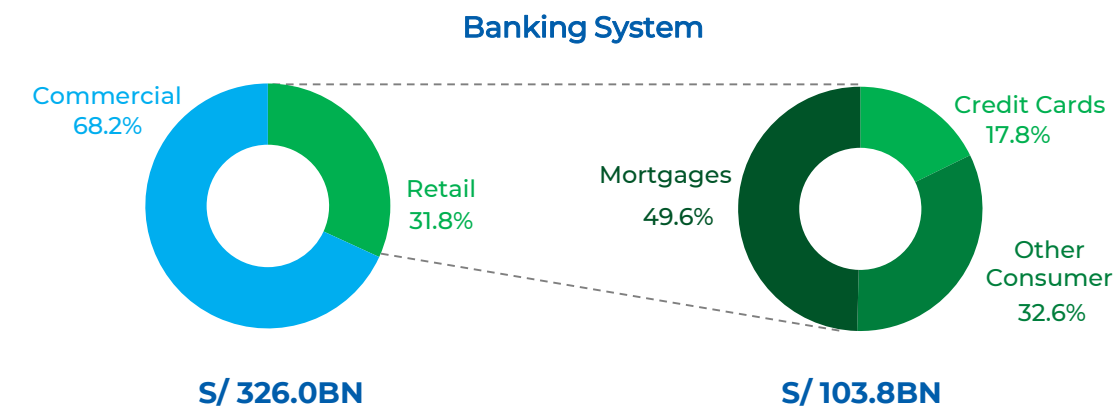
### Distinctive loan breakdown...

Gross loans breakdown (as of December 2020)



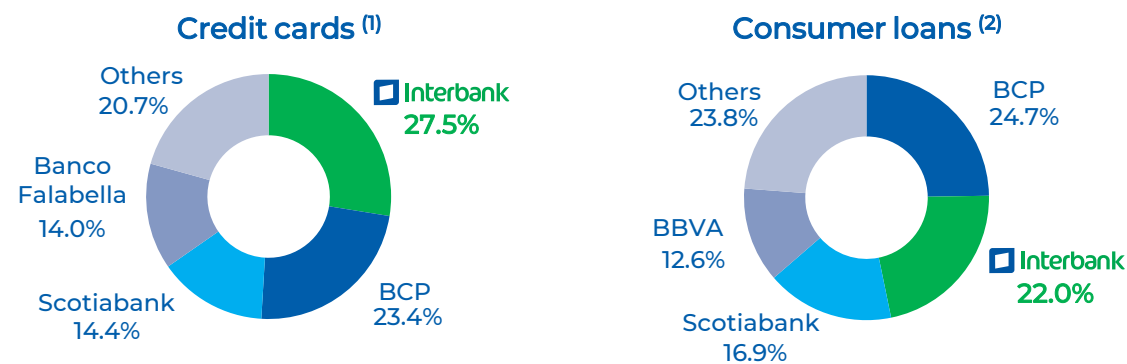
### ...when compared to the banking system

Gross loans breakdown (as of December 2020)



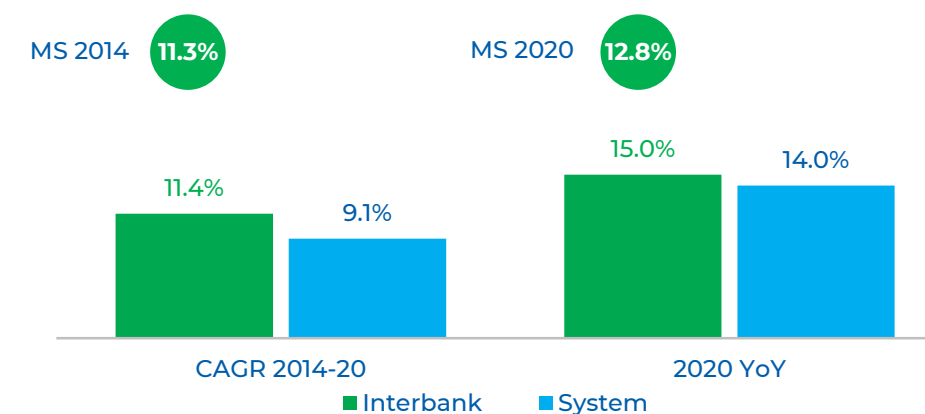
### Leading position in credit cards and consumer loans

Market share (as of December 2020)



### Outgrowing the overall banking system

Total gross loans growth evolution



Source: SBS as of December 2020.

Note: Under Peruvian SBS GAAP. Banks include international branches.

1) Consumer credit card loans.

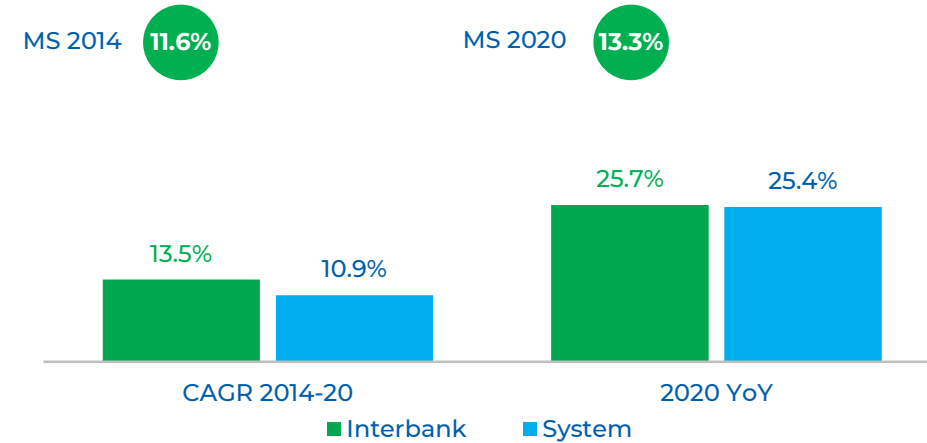
2) Consumer loans do not include mortgage loans.

# Diversified funding base with strength in retail deposits

## Interbank

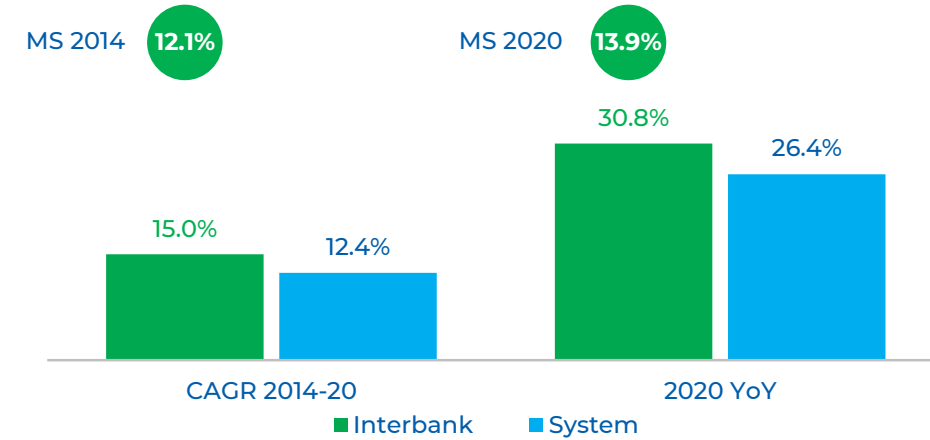
### Consistently delivering higher deposit growth than the system

Total deposits growth evolution



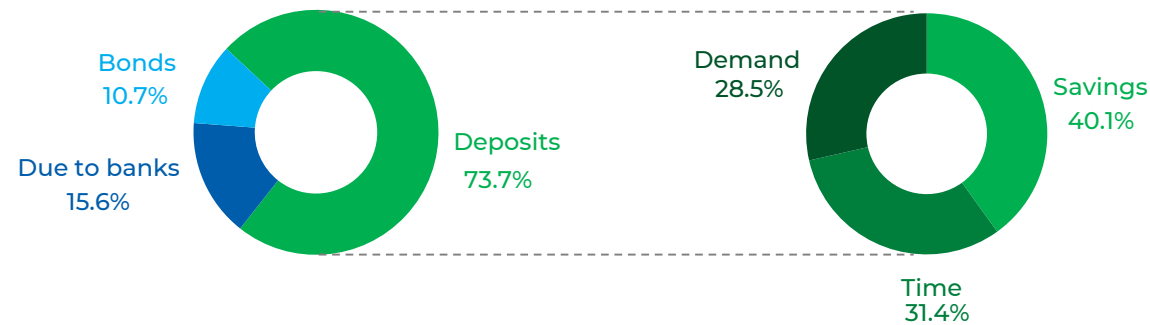
### A growing retail deposit-gathering franchise

Total retail deposits growth evolution



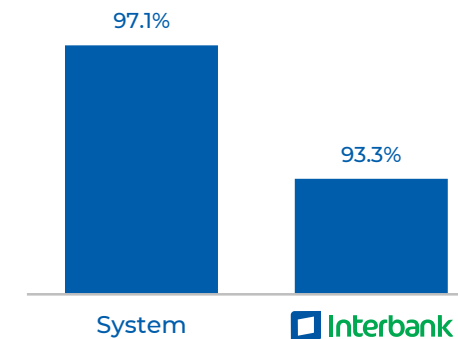
### Significant deposits base

Funding base breakdown (as of December 2020)

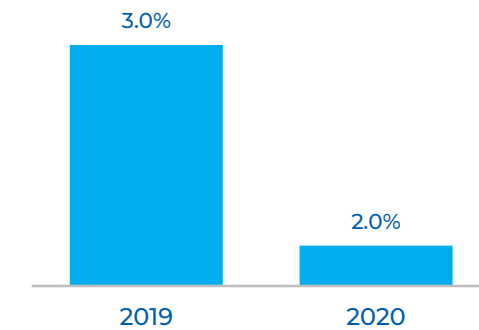


### Solid loan to deposit ratio and decreasing cost of funds

Loan to deposit ratio  
(as of Dec20)



Cost of funds



# Interbank's awards in 2020



Best Bank  
Peru



Bank of the Year  
Peru



Bank of the Year  
Peru

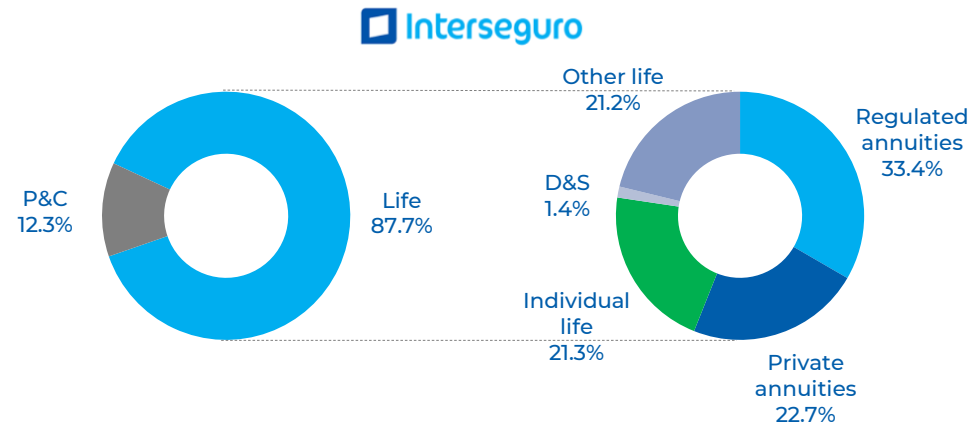


# Key player in Peru's life insurance business

## Interseguro

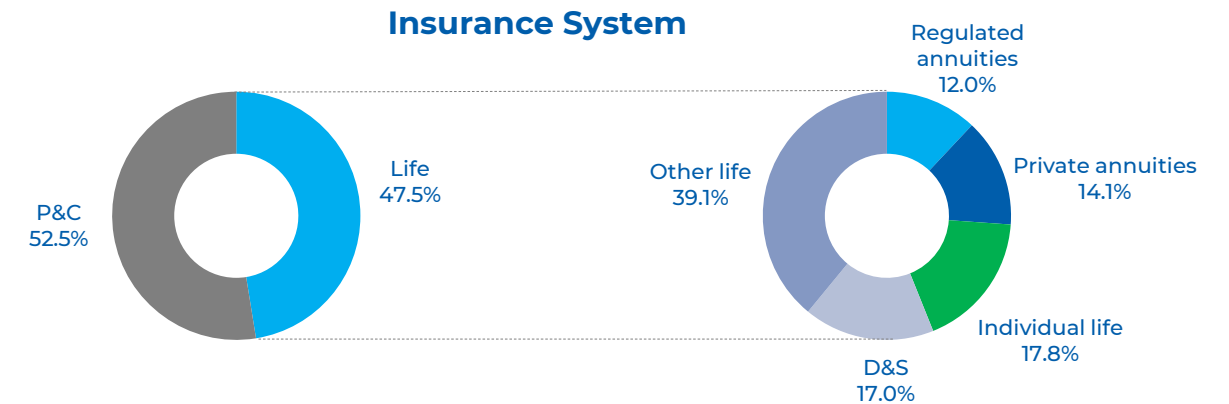
### Strategic focus on life insurance...

Insurance premiums and collections breakdown (as of December 2020)



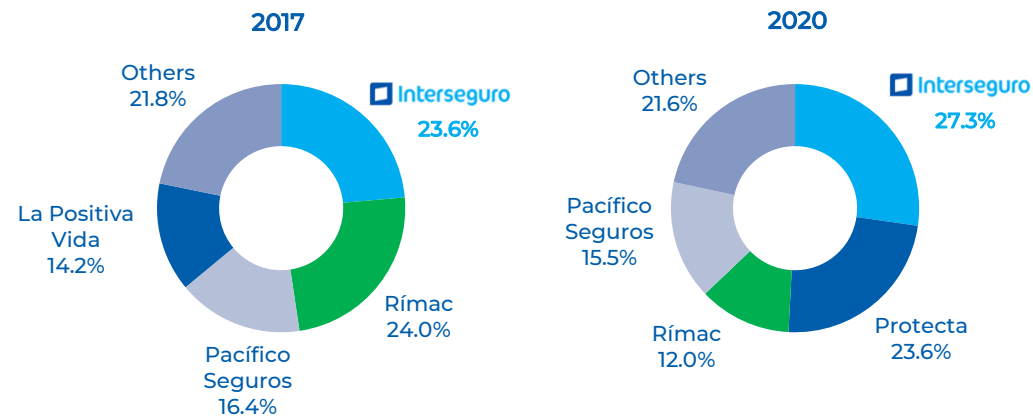
### ... when compared to the insurance system

Insurance premiums and collections breakdown (as of December 2020)



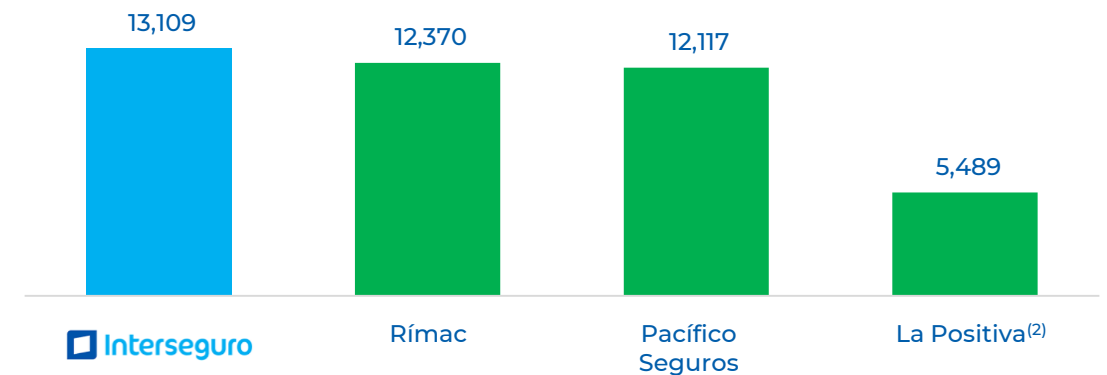
### With a growing market share in annuities

Annuities market share<sup>(1)</sup>



### Largest investment portfolio in Peruvian insurance system

Investment Portfolio as of December 2020 – Local GAAP (\$/ mm)



Source: SBS as of December 2020.

1) Excluding private annuities.

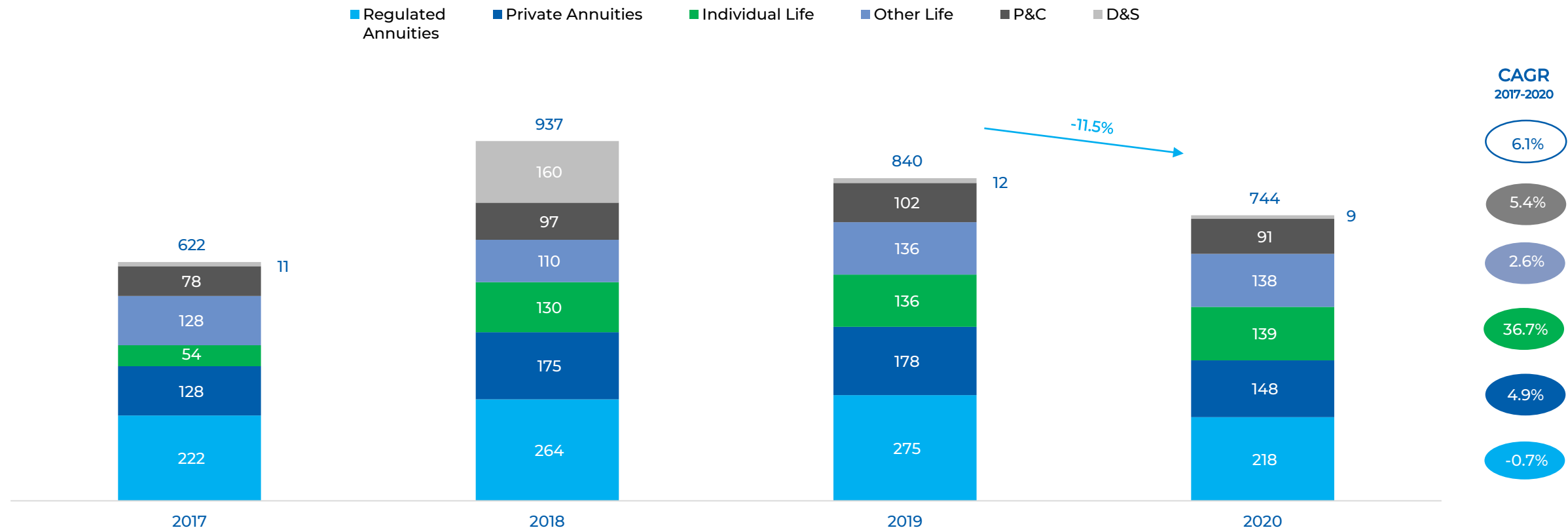
2) Consolidates La Positiva and La Positiva Vida.

# Premiums growth affected by the COVID-19 pandemic

## Interseguro

### Introduction of new products to continue diversifying

Gross premiums and collections by business unit (S/ mm)



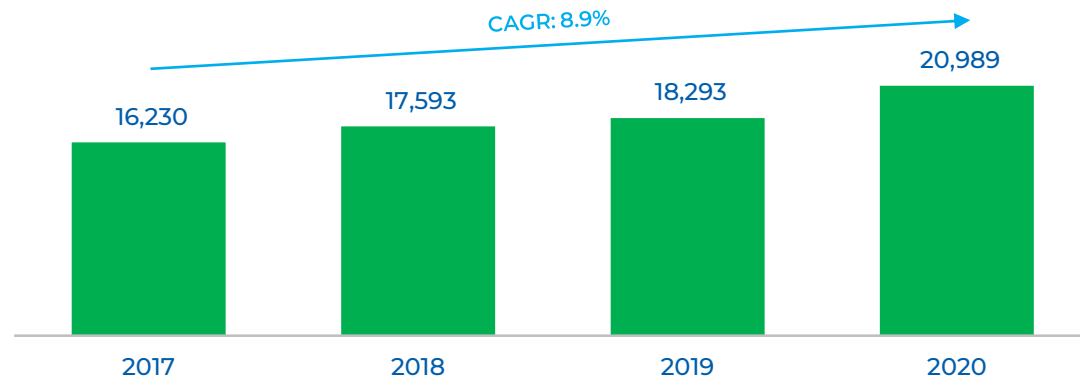
Source: Company information as of December 2020.

# Resilient wealth management business

## Inteligo

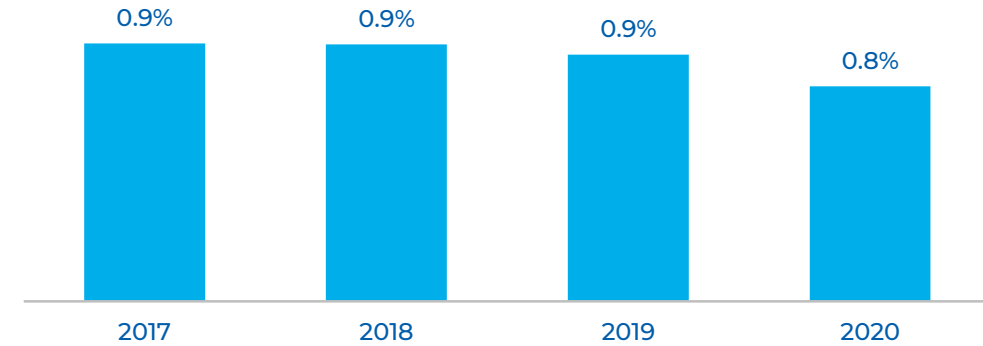
### Positive trend in AUM growth

Inteligo Group AUM (\$/mm)



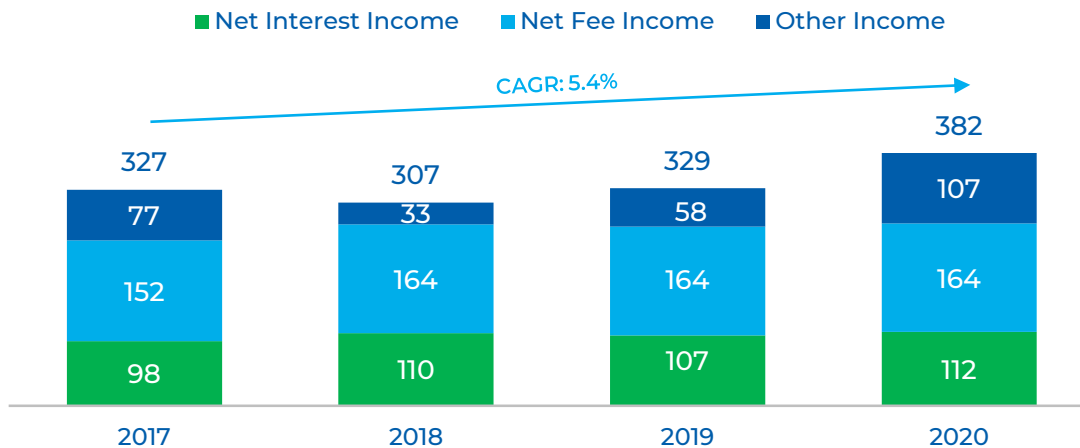
### Solid fee generation due to client mix

Fees / Avg. AUM



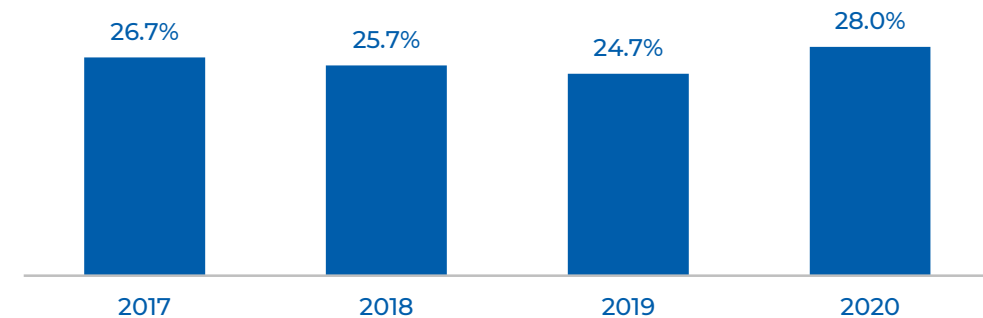
### Strong core revenue generation

\$/mm



### High profitability

ROAE





# Appendix



# IFS 4Q20 statement of financial position

InterCorp Financial Services' Statement of financial position					
S/ million	4Q19	3Q20	4Q20	%chg QoQ	%chg YoY
<b>Assets</b>					
Cash and due from banks and inter-bank funds	11,213.9	17,573.1	18,783.6	6.9%	67.5%
Financial investments	19,072.7	22,787.9	24,277.1	6.5%	27.3%
Loans, net of unearned interest	38,531.6	43,962.9	43,504.3	-1.0%	12.9%
Impairment allowance for loans	-1,394.8	-3,116.5	-2,984.9	-4.2%	n.m.
Property, furniture and equipment, net	950.9	875.0	844.4	-3.5%	-11.2%
Other assets	3,187.9	3,930.0	3,811.5	-3.0%	19.6%
<b>Total assets</b>	<b>71,562.3</b>	<b>86,012.4</b>	<b>88,236.0</b>	<b>2.6%</b>	<b>23.3%</b>
<b>Liabilities and equity</b>					
Deposits and obligations	38,093.2	45,208.9	47,149.3	4.3%	23.8%
Due to banks and correspondents and inter-bank funds	4,148.8	10,555.0	9,689.8	-8.2%	n.m.
Bonds, notes and other obligations	6,890.3	7,696.1	7,778.8	1.1%	12.9%
Insurance contract liabilities	11,426.6	11,896.6	12,501.7	5.1%	9.4%
Other liabilities	2,099.9	2,320.6	2,162.5	-6.8%	3.0%
<b>Total liabilities</b>	<b>62,658.8</b>	<b>77,677.2</b>	<b>79,282.1</b>	<b>2.1%</b>	<b>26.5%</b>
<b>Equity, net</b>					
Equity attributable to IFS' shareholders	8,856.9	8,291.7	8,908.1	7.4%	0.6%
Non-controlling interest	46.6	43.5	45.8	5.4%	-1.6%
<b>Total equity, net</b>	<b>8,903.4</b>	<b>8,335.2</b>	<b>8,953.9</b>	<b>7.4%</b>	<b>0.6%</b>
<b>Total liabilities and equity net</b>	<b>71,562.3</b>	<b>86,012.4</b>	<b>88,236.0</b>	<b>2.6%</b>	<b>23.3%</b>

# IFS FY20 P&L

InterCorp Financial Services' P&L statement					
S/ million	2018	2019	2020	%chg 20/19	%chg 19/18
Interest and similar income	4,321.3	4,847.2	4,665.0	-3.8%	12.2%
Interest and similar expenses	-1,177.3	-1,424.0	-1,192.3	-16.3%	21.0%
<b>Net interest and similar income</b>	<b>3,144.0</b>	<b>3,423.3</b>	<b>3,472.7</b>	<b>1.4%</b>	<b>8.9%</b>
Impairment loss on loans, net of recoveries	-660.1	-750.8	-2,393.9	n.m.	13.7%
Recovery (loss) due to impairment of financial investments	13.1	-6.8	-32.9	n.m.	n.m.
<b>Net interest and similar income after impairment loss</b>	<b>2,497.0</b>	<b>2,665.7</b>	<b>1,045.8</b>	<b>-60.8%</b>	<b>6.8%</b>
Fee income from financial services, net	874.4	925.9	723.5	-21.9%	5.9%
Other income	408.7	592.1	776.7	31.2%	44.9%
Total premiums earned minus claims and benefits	-400.8	-279.6	-279.1	-0.2%	-30.2%
Net Premiums	681.8	689.3	615.8	-10.7%	1.1%
Adjustment of technical reserves	-362.2	-268.7	-100.8	-62.5%	-25.8%
Net claims and benefits incurred	-720.3	-700.3	-794.1	13.4%	-2.8%
Other expenses	-1,837.5	-1,978.3	-1,910.7	-3.4%	7.7%
<b>Income before translation result and income tax</b>	<b>1,541.9</b>	<b>1,925.7</b>	<b>356.3</b>	<b>-81.5%</b>	<b>24.9%</b>
Translation result	-35.0	17.8	-45.7	n.m.	n.m.
Income tax	-415.5	-493.3	72.9	n.m.	18.7%
<b>Profit for the period</b>	<b>1,091.4</b>	<b>1,450.1</b>	<b>383.5</b>	<b>-73.6%</b>	<b>32.9%</b>
<b>Attributable to IFS' shareholders</b>	<b>1,084.3</b>	<b>1,441.3</b>	<b>383.3</b>	<b>-73.4%</b>	<b>32.9%</b>
<b>EPS</b>	<b>9.85</b>	<b>12.80</b>	<b>3.32</b>		
<b>ROAE</b>	<b>16.6%</b>	<b>18.3%</b>	<b>4.5%</b>		
<b>ROAA</b>	<b>1.8%</b>	<b>2.1%</b>	<b>0.5%</b>		
<b>Efficiency ratio</b>	<b>35.7%</b>	<b>34.4%</b>	<b>32.2%</b>		

# Safe Harbor for Forward-Looking Statements

This corporate presentation contains “forward looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts included in this corporate presentation regarding IFS’ business, financial condition, results of operations and certain of IFS’ plans, objectives, assumptions, projections, expectations or beliefs and statements regarding other future events or prospects are forward-looking statements. These statements include, without limitation, those concerning: IFS’ strategy and IFS’ ability to achieve it; IFS’ recent developments; expectations regarding sales, profitability and growth; IFS’ possible or assumed future results of operations; capital expenditures and investment plans; adequacy of capital; and financing plans. In addition, this corporate presentation includes forward-looking statements relating to IFS’ potential exposure to various types of market risks, such as macroeconomic risk, Peru specific risks, foreign exchange rate risk, interest rate risks and other risks related to IFS’ financial performance. The words “aim,” “may,” “will,” “expect,” “is expected to,” “anticipate,” “believe,” “future,” “continue,” “help,” “estimate,” “plan,” “schedule,” “intend,” “should,” “would be,” “seeks,” “estimates,” “shall,” or the negative or other variations thereof, as well as other similar expressions regarding matters that are not historical facts, are or may indicate forward-looking statements.

IFS has based these forward-looking statements on its management’s current views with respect to future events and financial performance. These views reflect the best judgment of IFS’ management but involve a number of risks and uncertainties which could cause actual results to differ materially from those predicted in IFS’ forward-looking statements and from past results, performance or achievements. Although we believe that the estimates reflected in the forward-looking statements are reasonable, such estimates may prove to be incorrect. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, among other things: (a) IFS’ holding company structure; (b) economic, business and political developments in Peru and globally; (c) changes in Peruvian, Panamanian and Bahamian and other foreign laws and regulations, including the adoption of new capital requirements for banks or insurance companies; (d) increased competition in the Peruvian financial services and insurance markets; (e) increased inflation; (f) exchange rate instability and government measures to control foreign exchange rates; (g) developments affecting the purchasing power of middle income consumers or consumer spending generally; (h) increases in interest rates; (i) downturns in the capital markets and changes in capital markets in general that affect policies or attitudes towards lending to Peru or Peruvian companies or securities issued by Peruvian companies; (j) IFS’ ability to keep up with technological changes; (k) the inability to obtain the capital we need for further expansion of IFS’ businesses; (l) the inability to attract and retain key personnel; (m) changes in tax laws; (n) severe weather, natural disasters and adverse climate changes; (o) changes in regional or global markets; (p) dependence on sovereign debt in IFS’ investment portfolios; (q) credit and other risks of lending, such as increases in defaults of borrowers; (r) increased costs of funding or IFS’ inability to obtain additional debt or equity financing on attractive terms or at all; (s) a deterioration in the quality of IFS’ assets; (t) allowances for impairment losses may be inadequate; (u) changes to accounting standards; (v) changes in actuarial assumptions upon which IFS’ annuity business is based; (w) failure to adequately price insurance premiums; (x) decreases in the spread between investment yields and implied interest rates in annuities; (y) dependence on information technology systems and cybersecurity risks; and (z) other risks and uncertainties.

Additionally, new risks and uncertainties can emerge from time to time, and it is not possible for IFS to predict all future risks and uncertainties, nor can IFS assess their potential impact. Accordingly, you should not place undue reliance on forward-looking statements as a prediction of actual results.

All forward-looking statements included in this corporate presentation are based on information available to IFS on the date of this corporate presentation. IFS undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable law. All other written and oral forward-looking statements attributable to IFS or persons acting on IFS’ behalf are expressly qualified in their entirety by the cautionary statements contained throughout this corporate presentation.



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