Intercorp Financial Services Inc.
First Quarter 2023 Earnings

Lima, Peru, May 10, 2023. Intercorp Financial Services Inc. (Lima Stock Exchange/NYSE: IFS) announced today its unaudited results for the first quarter 2023. These results are reported on a consolidated basis under IFRS in nominal Peruvian soles.

Intercorp Financial Services: 1Q23 recurring earnings of S/ 308 mm impacted by CoR and investment results

- Recurring revenues grew 21% YoY, banking NIM reached 5.5%
- Diversified fee income growth of 11% YoY
- Operating leverage improved, efficiency levels at 33% in IFS and 37% in banking
- Solid capitalization levels after Basel III changes and dividend distribution at banking
- Positive developments on digital and ESG indicators

Banking: 1Q23 profitability impacted by cost of risk

- Double digit growth across all revenue lines
- Continuous expansion of NIM to 5.5% with pressure on risk-adjusted margins
- Rising funding costs, one of the best LDR among peers
- CoR at 3.2% in the quarter impacted by sustained inflation, protests and rains

Insurance: 1Q23 earnings of S/ 31.3 million, ROE at 40.5% after IFRS17 adoption

- Decrease in annuities due to market contraction and increased competition
- Market leader in annuities with a 25.1% share in 1Q23
- Quarterly ROIP at 6.6%
- For periods prior to 2023, a reconstruction of results appropriate to the first adoption of IFRS17 has been performed for comparative purposes

Wealth Management: Positive quarter, but performance is still impacted by market conditions

- Positive AUM evolution due to local mutual fund business
- Investments still impacting other income

Payments: Continuous growth in payments

- Solid YoY growth in key business drivers
- Strong growth in number of merchants and transactional volumes
- Share of e-commerce transactions at Izipay grew from 14% to 16% YoY
- Continuous growth in Plin and Tunki transactions

Intercorp Financial Services

SUMMARY

Intercorp Financial Services' Statement of financial position (1)					
S/ million	03.31.22	12.31.22	03.31.23	%chg 03.31.23 12.31.22	%chg 03.31.23 03.31.22
Assets					
Cash and due from banks and inter-bank funds	13,690.8	13,489.5	12,448.5	-7.7%	-9.1%
Financial investments	24,306.7	22,787.6	24,447.2	7.3%	0.6%
Loans, net of unearned interest	44,320.3	47,530.9	47,837.5	0.6%	7.9%
Impairment allowance for loans	-2,039.2	-2,027.9	-2,098.9	3.5%	2.9%
Property, furniture and equipment, net	807.7	791.4	790.3	-0.1%	-2.1%
Other assets	4,299.2	4,907.1	4,591.6	-6.4%	6.8%
Total assets	**85,385.4**	**87,478.6**	**88,016.2**	**0.6%**	**3.1%**
Liabilities and equity					
Deposits and obligations	46,502.7	48,530.7	49,816.8	2.7%	7.1%
Due to banks and correspondents and inter-bank funds	7,516.2	7,130.7	8,284.4	16.2%	10.2%
Bonds, notes and other obligations	7,821.8	7,906.3	5,801.8	-26.6%	-25.8%
Insurance contract liabilities	11,753.4	11,251.8	11,534.8	2.5%	-1.9%
Other liabilities	3,480.8	3,256.9	3,442.0	5.7%	-1.1%
Total liabilities	**77,074.8**	**78,076.4**	**78,879.7**	**1.0%**	**2.3%**
Equity, net					
Equity attributable to IFS' shareholders	8,263.4	9,348.5	9,084.6	-2.8%	9.9%
Non-controlling interest	47.2	53.7	51.9	-3.4%	10.0%
Total equity, net	**8,310.6**	**9,402.3**	**9,136.5**	**-2.8%**	**9.9%**
Total liabilities and equity net	**85,385.4**	**87,478.6**	**88,016.2**	**0.6%**	**3.1%**

(1) Figures as of 03.31.22 and 12.31.22 have been re-expressed for comparison purposes due to IFRS17 adoption

Intercorp Financial Services' net profit was S/ 266.9 million in 1Q23, representing a decrease of S/ 117.3 million QoQ, or 30.5%, and S/ 210.8 million YoY, or 44.1%.

It is worth mentioning that IFS' results in 1Q23 were impacted by the booking of an impairment affecting interest on loans for S/ 70.0 million or S/ 41.5 million after taxes. This was related to rescheduled loans granted in 1Q23 to help customers affected by the protests and rains that occurred during the quarter, in line with SBS guidelines. Excluding such impairment, profits would have resulted in S/ 308.4 million in 1Q23.

IFS's annualized ROAE was 11.5% in 1Q23, below the 16.7% registered in 4Q22 and the 22.4% reported in 1Q22. Excluding the above-mentioned impairment, ROE would have resulted in 13.3% in 1Q23.

Intercorp Financial Services' P&L statement[1]					
S/ million	1Q22	4Q22	1Q23	%chg QoQ	%chg YoY
Interest and similar income	1,248.1	1,684.0	1,658.0	-1.5%	32.8%
Interest and similar expenses	-303.2	-535.4	-579.9	8.3%	91.3%
Net interest and similar income	**945.0**	**1,148.5**	**1,078.2**	**-6.1%**	**14.1%**
Impairment loss on loans, net of recoveries	-149.6	-278.0	-367.6	32.2%	n.m.
Recovery (loss) due to impairment of financial investments	2.0	-8.2	-13.2	61.1%	n.m.
Net interest and similar income after impairment loss	**797.4**	**862.3**	**697.4**	**-19.1%**	**-12.5%**
Fee income from financial services, net	204.2	323.2	316.5	-2.1%	54.9%
Other income	103.9	136.9	143.1	4.5%	37.8%
Insurance results	-12.0	-151.0	-91.3	-39.6%	n.m.
Other expenses	-567.2	-730.3	-695.3	-4.8%	22.6%
Income before translation result and income tax	**526.3**	**441.2**	**370.4**	**-16.0%**	**-29.6%**
Translation result	46.5	48.8	0.9	-98.2%	-98.1%
Income tax	-95.2	-105.8	-104.4	-1.3%	9.7%
Profit for the period	**477.7**	**384.2**	**266.9**	**-30.5%**	**-44.1%**
Attributable to IFS' shareholders	**475.4**	**381.6**	**265.1**	**-30.5%**	**-44.2%**
EPS	**4.12**	**3.30**	**2.30**		
ROE	**22.4%**	**16.7%**	**11.5%**		
ROA	**2.2%**	**1.7%**	**1.2%**		
Efficiency ratio	**34.1%**	**33.1%**	**34.6%**		

(1) Figures for 1Q22 and 4Q22 have been re-expressed for comparison purposes due to IFRS17 adoption

Quarter-on-quarter performance

Profits decreased S/ 117.3 million QoQ, or 30.5%, mainly due to an increase in loan loss provisions in our Banking business. The negative performance was also explained by a reduction in net interest and similar income in most of our businesses, but particularly due to an impairment on interest on loans in 1Q23, as well as a lower translation result and a seasonal decrease in net fee income in our Banking and Payments businesses. These factors were partially offset by an improvement in insurance results, together with lower other expenses across all businesses.

Net interest and similar income decreased S/ 70.3 million, or 6.1% QoQ, mainly attributed to the booking of an impairment affecting interest on loans for S/ 70.0 million in our Banking business.

Impairment loss on loans, net of recoveries grew S/ 89.6 million QoQ, or 32.2%, explained by higher provision requirements in the commercial loan book, partially offset by lower provision requirements in the retail loan book, which do not consider the adjustments in loan loss provisions due to refined calculations of the expert criteria registered in 4Q22.

Net fee income from financial services decreased 2.1% QoQ, due to year-end seasonality in our Banking and Payments business, partially compensated by 5.9% growth in net fees in our Wealth Management business.

Other income grew S/ 6.2 million, or 4.5%, due to a positive performance in Insurance, which offset decreases in the rest of businesses.

Insurance results improved on a sequential basis, following the implementation of IFRS17 in our Insurance business.

Oher expenses decreased S/ 35.0 million QoQ, or 4.8%, explained by expense reductions across all businesses.

IFS' effective tax rate increased, from 21.6% in 4Q22 to 28.1% in 1Q23, as the consequence of a lower translation result and a higher effective tax rate in our Banking business.

Year-on-year performance

Profits decreased S/ 210.8 million YoY, or 44.1%, mainly due to increases of S/ 218.0 million in impairment loss on loans, net of recoveries, and S/ 128.1 million in other expenses, in addition to negative developments in insurance results and translation result. These effects were partially compensated by growth of S/ 133.2 million in net interest and similar income, S/ 112.3 million in net fee income from financial services, and S/ 39.2 million in other income.

Net interest and similar income increased S/ 133.2 million, or 14.1%, attributed to growth in our Banking, Insurance and Payments businesses, partially offset by a decrease in our Wealth Management business.

Impairment loss on loans, net of recoveries grew S/ 218.0 million, or more than two-fold, mainly due to higher provision requirements in the retail and commercial loan book. Higher requirements in the retail loan book were mostly related to credit cards and mortgages. The increase in the commercial loan book was due to higher provision requirements in the mid-sized segment.

Net fee income from financial services surged 54.9% YoY on a reported basis, but also grew 11.3% when considering proforma information of our Payments business, which was not yet consolidated in 1Q22.

Other income increased S/ 39.2 million, or 37.8%, explained by positive performances in our Banking, Insurance and Wealth Management businesses, partially offset by a decrease in our Payments business.

Insurance results deteriorated by S/ 79.3 million compared to 1Q22, following the implementation of IFRS17 in our Insurance business.

Reported other expenses grew S/ 128.1 million YoY, or 22.6%, due to expense increases in all our businesses. However, when normalizing for attributable expenses of our Payments business in 1Q22, when it was not yet consolidated, other expenses grew 10.5% YoY.

IFS' effective tax rate increased, from 16.6% in 1Q22 to 28.1% in 1Q23, as the consequence of a lower translation result and a higher effective tax rate in our Banking business.

CONTRIBUTION BY SEGMENTS

The following table shows the contribution of Banking, Insurance, Wealth Management and Payments businesses to Intercorp Financial Services' net profit. The performance of each of the four segments is discussed in detail in the following sections.

Intercorp Financial Services' Profit by business[(1)]					
S/ million	1Q22	4Q22	1Q23	%chg QoQ	%chg YoY
Banking	322.4	364.9	250.2	-31.4%	-22.4%
Insurance	113.2	13.5	31.3	n.m.	-72.4%
Wealth Management	3.0	16.9	7.8	-53.8%	n.m.
Payments	5.0	11.7	12.1	2.9%	n.m.
Corporate and eliminations	34.1	-22.9	-34.5	50.8%	n.m.
IFS profit for the period	**477.7**	**384.2**	**266.9**	**-30.5%**	**-44.1%**

(1) Figures for 1Q22 and 4Q22 have been re-expressed for comparison purposes due to IFRS17 adoption

Interbank

SUMMARY

Interbank's profits were S/ 250.2 million in 1Q23, a decrease of S/ 114.7 million QoQ, or 31.4%, and a reduction of S/ 72.2 million YoY, or 22.4%. The quarterly performance was mainly attributed to an increase of S/ 89.5 million in impairment loss on loans, net of recoveries, in addition to decreases of S/ 57.8 million in net interest and similar income, S/ 4.4 million in net fee income from financial services and S/ 3.4 million in other income. These factors were partially offset by a S/ 21.2 million reduction in other expenses, together with a positive performance in translation result.

It is important to note that the lower net interest and similar income was mainly explained by the booking of an impairment for S/ 70.0 million, or S/ 41.5 million after taxes in 1Q23. This was related to rescheduled loans granted in 1Q23 to help customers affected by the protests and rains that occurred during the quarter, in line with SBS guidelines. Excluding such impairment, net interest and similar income would have grown 1.3% QoQ.

The annual performance in net profit was mainly explained by growth of S/ 216.0 million in impairment loss on loans, net of recoveries, as well as S/ 32.1 million in other expenses. These factors were partially compensated by increases of S/ 111.1 million in net interest and similar income, S/ 23.8 million in net fee income from financial services and S/ 16.2 million in other income, together with a positive performance in translation result.

Interbank's ROE was 13.6% in 1Q23, below the 20.2% and 19.1% registered in 4Q22 and 1Q22, respectively. However, Interbank's profits and ROE excluding the impairment on interest on loans would have been S/ 291.7 million and 15.8%, respectively.

Banking Segment's P&L Statement

S/ million	1Q22	4Q22	1Q23	%chg QoQ	%chg YoY
Interest and similar income	1,010.0	1,396.4	1,384.6	-0.8%	37.1%
Interest and similar expense	-261.9	-479.5	-525.5	9.6%	n.m.
Net interest and similar income	**748.0**	**916.9**	**859.1**	**-6.3%**	**14.9%**
Impairment loss on loans, net of recoveries	-151.7	-278.2	-367.7	32.2%	n.m.
Recovery (loss) due to impairment of financial investments	-0.1	-0.4	0.2	n.m.	n.m.
Net interest and similar income after impairment loss	**596.3**	**638.3**	**491.6**	**-23.0%**	**-17.6%**
Fee income from financial services, net	183.2	211.4	207.0	-2.1%	13.0%
Other income	111.1	130.7	127.3	-2.6%	14.6%
Other expenses	-454.5	-507.8	-486.6	-4.2%	7.1%
Income before translation result and income tax	**436.1**	**472.7**	**339.3**	**-28.2%**	**-22.2%**
Translation result	-28.4	-15.5	-6.6	-57.6%	-76.8%
Income tax	-85.2	-92.2	-82.5	-10.6%	-3.2%
Profit for the period	**322.4**	**364.9**	**250.2**	**-31.4%**	**-22.4%**
ROE	**19.1%**	**20.2%**	**13.6%**		
Efficiency ratio	**41.7%**	**37.9%**	**39.1%**		
NIM	**4.5%**	**5.4%**	**5.1%**		
NIM on loans	**7.1%**	**8.2%**	**7.6%**		

INTEREST-EARNING ASSETS

Interbank's interest-earning assets reached S/ 65,553.9 million as of March 31, 2023, an increase of 1.4% QoQ and 4.6% YoY.

The quarterly growth in interest-earning assets was explained by increases of 11.9% in financial investments and 0.7% in loans, partially offset by a decrease of 4.7% in cash and due from banks and inter-bank funds.

The YoY increase in interest-earning assets was attributed to growth of 8.4% in loans and 1.7% in financial investments, partially compensated by a decrease of 6.1% in cash and due from banks and inter-bank funds.

Interest-earning assets					
S/ million	03.31.22	12.31.22	03.31.23	%chg 03.31.23 12.31.22	%chg 03.31.23 03.31.22
Cash and due from banks and inter-bank funds	11,518.4	11,348.4	10,810.7	-4.7%	-6.1%
Financial investments	10,549.3	9,586.3	10,726.1	11.9%	1.7%
Loans	40,623.5	43,725.3	44,017.1	0.7%	8.4%
Total interest-earning assets	**62,691.2**	**64,660.1**	**65,553.9**	**1.4%**	**4.6%**

Loan portfolio					
S/ million	03.31.22	12.31.22	03.31.23	%chg 03.31.23 12.31.22	%chg 03.31.23 03.31.22
Performing loans					
Retail	21,067.1	23,339.5	24,323.8	4.2%	15.5%
Commercial	19,645.0	20,252.3	19,613.3	-3.2%	-0.2%
Total performing loans	**40,712.0**	**43,591.8**	**43,937.1**	**0.8%**	**7.9%**
Restructured and refinanced loans	254.2	322.9	336.2	4.1%	32.2%
Past due loans	1,334.2	1,365.8	1,386.8	1.5%	3.9%
Total gross loans	**42,300.4**	**45,280.5**	**45,660.1**	**0.8%**	**7.9%**
Add (less)					
Accrued and deferred interest	361.7	472.3	455.7	-3.5%	26.0%
Impairment allowance for loans	-2,038.7	-2,027.5	-2,098.6	3.5%	2.9%
Total direct loans, net	**40,623.5**	**43,725.3**	**44,017.1**	**0.7%**	**8.4%**

The evolution of performing loans continued to be affected by the disbursement and maturity of prepayment of commercial loans under the Reactiva Peru Program. As of March 31, 2023, these performing loans amounted S/ 1,452.1 million, compared to balances of S/ 2,020.3 million as of December 31, 2022 and S/ 3,877.5 million as of March 31, 2022.

Performing loans increased 0.8% QoQ, as retail loans sequentially grew 4.2%, while commercial loans decreased 3.2%. Excluding the effect of the Reactiva Peru Program in the comparing periods, total performing loans would have increased 2.2% and commercial loans would have decreased 0.4%.

Retail loans grew 4.2% QoQ due to increases of 6.1% in consumer loans and 1.2% in mortgages. Growth in consumer loans resulted from higher balances of cash loans, vehicle loans, payroll deduction loans and credit cards.

The quarterly reduction in commercial loans was a result of lower trade finance loans in the corporate segment, as well as lower working capital loans in the mid-sized segment. These factors were partially offset by higher balances of working capital loans in the corporate segment.

Performing loans grew 7.9% YoY explained by a 15.5% increase in retail loans, partially offset by a slight 0.2% reduction in commercial loans. Excluding the effect of the Reactiva Peru Program in the comparing periods, performing loans and commercial loans would have increased 15.3% and 15.2% YoY, respectively.

The YoY growth in retail loans was due to increases of 19.7% in consumer loans and 9.0% in mortgages. The increase in consumer loans resulted from higher balances of cash loans, vehicle loans, credit cards and payroll deduction loans.

The annual reduction in commercial loans was mainly explained by lower balances of Reactiva Peru loans, particularly lower working capital loans in the mid-sized segment, partially compensated by higher balances across all lines of credit in the corporate segment.

In 1Q23, 4Q22 and 1Q22, Interbank's rescheduled portfolio of Reactiva Peru loans amounted to S/ 1,265.6 million, S/ 1,476.4 million and S/ 1,932.4 million, respectively, representing 67.9% of total balances of Reactiva Peru loans in 1Q23, 64.6% in 4Q22 and 46.1% in 1Q22.

It is worth mentioning that these loans are guaranteed in large part by the Peruvian government. As of March 31, 2023, Interbank activated the guarantee coverage for an amount of S/ 834.7 million.

Breakdown of retail loans

S/ million	03.31.22	12.31.22	03.31.23	%chg 03.31.23 12.31.22	%chg 03.31.23 03.31.22
Consumer loans:					
Credit cards & other loans	8,145.5	9,689.5	10,358.0	6.9%	27.2%
Payroll deduction loans(1)	4,545.3	4,629.1	4,836.2	4.5%	6.4%
Total consumer loans	**12,690.8**	**14,318.7**	**15,194.1**	**6.1%**	**19.7%**
Mortgages	8,376.3	9,020.8	9,129.7	1.2%	9.0%
Total retail loans	**21,067.1**	**23,339.5**	**24,323.8**	**4.2%**	**15.5%**

(1) Payroll deduction loans to public sector employees.

FUNDING STRUCTURE

Funding structure					
S/ million	03.31.22	12.31.22	03.31.23	%chg 03.31.23 12.31.22	%chg 03.31.23 03.31.22
Deposits and obligations	42,885.9	44,597.9	46,247.0	3.7%	7.8%
Due to banks and correspondents and inter-bank funds	7,237.7	6,756.6	7,848.6	16.2%	8.4%
Bonds, notes and other obligations	6,472.1	6,571.5	4,476.4	-31.9%	-30.8%
Total	**56,595.7**	**57,926.0**	**58,571.9**	**1.1%**	**3.5%**
% of funding					
Deposits and obligations	75.8%	77.0%	79.0%		
Due to banks and correspondents and inter-bank funds	12.8%	11.7%	13.4%		
Bonds, notes and other obligations	11.4%	11.3%	7.6%		

Interbank's funding base was still influenced by the funds provided by the Central Bank, associated with the bank’s involvement in the Reactiva Peru Program. As of March 31, 2023, the balance of such special funding was S/ 1,356.7 million, compared to S/ 1,909.4 million as of December 31, 2022 and S/ 3,688.1 million as of March 31, 2022.

The bank’s total funding base increased 1.1% QoQ, compared to the 1.4% growth of interest-earning assets. This was explained by increases of 16.2% in due to banks and correspondents and inter-bank funds, and 3.7% in deposits and obligations. These factors were partially offset by a 31.9% reduction in bonds, notes and other obligations. Excluding the effect of the Reactiva Peru Program’s funds, the bank’s total funding base would have increased 2.1% QoQ, while due to banks and correspondents and inter-bank funds would have grown 33.9%.

The quarterly increase in due to banks and correspondents and inter-bank funds was mainly the result of higher long-term funding provided by the Central Bank, through repos, and COFIDE, as well as higher funding provided by correspondent banks abroad.

The QoQ growth in deposits and obligations was mainly due to an increase of 49.0% in institutional deposits, partially offset by a reduction of 7.7% in commercial deposits.

The quarterly decline in bonds, notes and other obligations was mainly attributable to the maturity and cancellation of senior unsecured bonds in the international market for US$ 485.0 million and subordinated bonds in the local market for S/ 150.0 million, both in January 2023.

The bank’s total funding base increased 3.5% YoY, compared to the 4.6% growth of interest-earning assets. This was explained by increases of 8.4% in due to banks and correspondents and inter-bank funds, and 7.8% in deposits and obligations. These factors were partially compensated by a 30.8% decrease in bonds, notes and other obligations. Excluding the effect of the Reactiva Peru Program’s funds, the bank’s total funding base and due to banks and correspondents and inter-bank funds would have increased 8.1% and 82.9% YoY, respectively.

The YoY growth in due to banks and correspondents and inter-bank funds was mainly the result of higher long-term funding provided by correspondent banks abroad and COFIDE, as well as higher inter-bank funds. These effects were partially offset by lower long-term funding provided by the Central Bank and short-term funding from correspondent banks abroad.

The annual increase in deposits and obligations was mainly attributable to growth of 71.5% in institutional deposits and 6.1% in retail deposits, partially offset by a 11.1% reduction in commercial deposits.

The annual decrease in bonds, notes and other obligations was due to the maturity and cancellation of senior unsecured bonds in the international market for US$ 485.0 million in January 2023, as well as subordinated bonds in the local market for S/ 137.9 million in June 2022 and S/ 150.0 million in January 2023.

As of March 31, 2023, the proportion of deposits and obligations to total funding was 79.0%, higher than the 75.8% reported as of March 31, 2022. Likewise, the proportion of institutional deposits to total deposits grew from 11.4% as of March 31, 2022 to 18.2% as of March 31, 2023.

Breakdown of deposits

S/ million	03.31.22	12.31.22	03.31.23	%chg 03.31.23 12.31.22	%chg 03.31.23 03.31.22
By customer service:					
Retail	22,190.3	23,670.0	23,548.3	-0.5%	6.1%
Commercial	15,447.6	14,864.8	13,722.3	-7.7%	-11.2%
Institutional	4,907.7	5,650.5	8,418.2	49.0%	71.5%
Other	340.4	412.6	558.2	35.3%	64.0%
Total	**42,885.9**	**44,597.9**	**46,247.0**	**3.7%**	**7.8%**
By type:					
Demand	12,417.2	12,020.7	11,217.1	-6.7%	-9.7%
Savings	21,592.0	20,911.8	19,451.5	-7.0%	-9.9%
Time	8,862.0	11,659.1	15,563.3	33.5%	75.6%
Other	14.7	6.2	15.1	n.m.	3.0%
Total	**42,885.9**	**44,597.9**	**46,247.0**	**3.7%**	**7.8%**

NET INTEREST AND SIMILAR INCOME

Net interest and similar income

S/ million	1Q22	4Q22	1Q23	%chg QoQ	%chg YoY
Interest and similar income	1,010.0	1,396.4	1,384.6	-0.8%	37.1%
Interest and similar expense	-261.9	-479.5	-525.5	9.6%	n.m.
Net interest and similar income	**748.0**	**916.9**	**859.1**	**-6.3%**	**14.9%**
NIM	**4.5%**	**5.4%**	**5.1%**	**-30 bps**	**60 bps**

Interest and similar income					
S/ million	1Q22	4Q22	1Q23	%chg QoQ	%chg YoY
Interest and similar income					
Due from banks and inter-bank funds	34.4	64.6	82.8	28.2%	n.m.
Financial investments	87.4	134.8	122.1	-9.5%	39.7%
Loans	888.2	1,197.0	1,179.7	-1.4%	32.8%
Total Interest and similar income	**1,010.0**	**1,396.4**	**1,384.6**	**-0.8%**	**37.1%**
Average interest-earning assets	66,291.2	67,534.0	67,170.1	-0.5%	1.3%
Average yield on assets (annualized)	6.1%	8.3%	8.2%	-10 bps	210 bps

Interest and similar expense					
S/ million	1Q22	4Q22	1Q23	%chg QoQ	%chg YoY
Interest and similar expense					
Deposits and obligations	-134.3	-313.1	-377.6	20.6%	n.m.
Due to banks and correspondents and inter-bank funds	-38.8	-78.6	-83.8	6.7%	n.m.
Bonds, notes and other obligations	-88.8	-87.8	-64.0	-27.1%	-27.9%
Total Interest and similar expense	**-261.9**	**-479.5**	**-525.5**	**9.6%**	**n.m.**
Average interest-bearing liabilities	58,306.9	59,068.2	58,249.0	-1.4%	-0.1%
Average cost of funding (annualized)	1.8%	3.2%	3.6%	40 bps	180 bps

QoQ Performance

Net interest and similar income decreased 6.3% QoQ due to a 0.8% reduction in interest and similar income, in addition to 9.6% growth in interest and similar expense.

The lower interest and similar income was mainly explained by the booking of an impairment for S/ 70.0 million in 1Q23, resulting in a 1.4% reduction in interest on loans. This was related to rescheduled loans granted in 1Q23 to help customers affected by the protests and rains that occurred during the quarter, in line with SBS guidelines. Excluding such impairment, interest on loans would have increased 4.4%, while interest and similar income and net interest and similar income would have grown 4.2% and 1.3%, respectively.

Interest on loans decreased S/ 17.3 million QoQ, or 1.4%, as the result of a 20 basis point reduction in the average yield due to the impairment, despite a 1.0% growth in the average loan portfolio. Excluding the impairment on interest on loans, the average yield would have increased 40 basis points.

The higher average volume of loans was attributed to 4.3% growth in retail loans, partially offset by 2.5% lower commercial loans. In the retail portfolio, average volumes increased 6.0% in consumer loans and 1.4% in mortgages. In the commercial portfolio, average volumes decreased 7.6% in trade finance loans and 2.2% in working capital loans, partially compensated by 2.0% higher leasing operations.

Interest on financial investments decreased S/ 12.7 million QoQ, or 9.5%, due to reductions of 6.0% in the average volume and 20 basis points in the average yield, from 5.0% in 4Q22 to 4.8% in 1Q23.

Contrary to the performance of interest on loans and investments, interest on due from banks and inter-bank funds grew S/ 18.2 million QoQ, or 28.2%, explained by a 70 basis point increase in the nominal average rate, in line with higher reference rates locally, despite a 1.5% reduction in the average volume.

The nominal average yield on interest-earning assets decreased 10 basis points QoQ, from 8.3% in 4Q22 to 8.2% in 1Q23. However, excluding the impairment on interest on loans, the average return on interest-earning assets would have increased 40 basis points, to 8.7%.

The higher interest and similar expense was due to increases of 20.6% in interest on deposits and obligations, and 6.7% in interest on due to banks and correspondents, partially compensated by a 27.1% reduction in interest on bonds, notes and other obligations.

The quarterly growth in interest on deposits and obligations was due to a 50 basis point increase in the average cost, from 2.8% in 4Q22 to 3.3% in 1Q23, in addition to a 0.8% increase in the average volume. The increase in the average cost was due to higher rates paid to commercial deposits, institutional deposits and retail time deposits, following the additional rate hikes globally. By currency, average balances of soles-denominated deposits grew 1.5% while average dollar-denominated deposits decreased 0.3%.

Interest on due to banks and correspondents increased S/ 5.2 million QoQ, or 6.7%, explained by a 30 basis point increase in the average cost, partially offset by a 0.5% reduction in the average volume. The higher average cost was explained by higher rates paid to funds from the Central Bank. The decrease in the average volume was mostly attributed to lower funding from the Central Bank, partially offset by higher funds provided by correspondent banks abroad.

The reduction in interest on bonds, notes and other obligations was mostly attributed to a 17.3% lower average volume, as a result of the maturity of US$ 485.0 million senior bonds in the international market and S/ 150.0 million subordinated bonds in the local market, both in January 2023.

The average cost of funding increased 40 basis points, from 3.2% in 4Q22 to 3.6% in 1Q23, as consequence of the higher cost of deposits, and due to banks and correspondents.

As a result of the above, net interest margin was 5.1% in 1Q23, 30 basis points lower than the 5.4% reported in 4Q22. However, excluding the impairment on interest on loans, net interest margin would have increased 10 basis points, to 5.5%.

<u>YoY Performance</u>

Net interest and similar income grew 14.9% YoY due to a 37.1% increase in interest and similar income, partially offset by growth of more than two-fold in interest and similar expense.

The higher interest and similar income was due to increases of more than two-fold in interest on due from banks and inter-bank funds, 39.7% in interest on financial investments and 32.8% in interest on loans.

Interest on due from banks and inter-bank funds grew S/ 48.4 million YoY, or more than two-fold, explained by growth of 190 basis points in the average yield, despite a

14.6% reduction in the average volume, mostly due to lower deposits at the Central Bank.

Interest on financial investments increased S/ 34.7 million YoY, or 39.7%, due to growth of 140 basis point in the average yield, despite a 1.5% reduction in the average volume. The increase in the nominal average rate, from 3.4% in 1Q22 to 4.8% in 1Q23, was the result of higher returns on CDBCR, corporate bonds and global bonds. The slight decrease in the average volume was the result of lower volumes of corporate bonds, global bonds and sovereign bonds, partially offset by higher balances of CDBCR.

Interest on loans grew S/ 291.5 million YoY, or 32.8%, explained by increases of 200 basis points in the average yield and 6.8% in the average volume.

The increase in the average rate on loans, from 8.3% in 1Q22 to 10.3% in 1Q23, was mainly due to higher yields on commercial, consumer and mortgage loans. Moreover, excluding the impairment on interest on loans in 1Q23, the average yield would have increased 260 basis points, to 10.9%.

The higher average volume of loans was attributed to growth of 15.8% in retail loans, partially offset by a 2.1% reduction in commercial loans. In the retail portfolio, average volumes grew due to increases of 20.5% in consumer loans and 8.6% in mortgages. In the commercial portfolio, the lower average volume was mainly attributed to decreasing volumes in working capital loans, partially offset by higher trade finance loans and leasing operations.

The nominal average yield on interest-earning assets increased 210 basis points, from 6.1% in 1Q22 to 8.2% in 1Q23, in line with the higher returns on all components of interest-earning assets. Excluding the impairment on interest on loans in 1Q23, the average return on interest-earning assets would have increased 260 basis points, to 8.7%.

The higher interest and similar expense was due to increases of more than two-fold in interest on deposits and obligations, and in interest on due to banks and correspondents, while interest on bonds, notes and other obligations decreased 27.9%.

Interest on deposits and obligations increased S/ 243.3 million YoY, or more than two-fold, explained by a 210 basis point growth in the average cost, from 1.2% in 1Q22 to 3.3% in 1Q23, in addition to a 3.4% increase in the average volume. By currency, average balances of soles-denominated deposits increased 6.1% while average dollar-denominated deposits decreased 1.2%.

Interest on due to banks and correspondents grew S/ 45.0 million YoY, or more than two-fold, as the result of a 260 basis point increase in the average cost, from 2.0% in 1Q22 to 4.6% in 1Q23, partially compensated by a 4.9% decrease in the average volume. The increase in the average cost was due to higher rates paid to funds from correspondent banks abroad, as well as inter-bank funds and the Central Bank, being this last component the one that explained the lower average volume.

The lower interest on bonds, notes and other obligations was mainly explained by a 17.6% decrease in the average volume, attributable to the maturity of S/ 137.9 million subordinated bonds in the local market in June 2022, and more recently US$ 485.0 million senior bonds in the international market and S/ 150.0 million subordinated bonds in the local market, both in January 2023.

The average cost of funding increased 180 basis points, from 1.8% in 1Q22 to 3.6% in 1Q23, as consequence of the higher implicit cost of due to banks and correspondents, and deposits.

As a result of the above, net interest margin was 5.1% in 1Q23, 60 basis points higher than the 4.5% reported in 1Q22. Furthermore, excluding the impairment on interest on loans in 1Q23, net interest margin would have increased 100 basis points, to 5.5%.

IMPAIRMENT LOSS ON LOANS, NET OF RECOVERIES

Impairment loss on loans, net of recoveries increased 32.2% QoQ and more than two-fold YoY.

The quarterly increase was explained by higher provision requirements in the commercial loan book, partially offset by lower provision requirements in the retail loan book. These performances do not consider the adjustments in loan loss provisions due to refined calculations of the expert criteria registered in 4Q22. In the commercial portfolio, the increase in provisions was mainly driven by higher requirements across most segments, except in the mid-sized segment. Conversely, the decrease in provisions in the retail portfolio was explained by lower requirements in credit cards, partially compensated by higher requirements in mortgages.

The annual increase in provisions was mainly explained by higher requirements in the retail and commercial loan book. Higher requirements in the retail loan book were mostly related to credit cards and mortgages. The increase in the commercial loan book was due to higher requirements in the mid-sized segment.

As a result of the above, the annualized ratio of impairment loss on loans to average loans was 3.2% in 1Q23, higher than the 2.5% and 1.4% reported in 4Q22 and 1Q22, respectively.

Impairment loss on loans, net of recoveries					
S/ million	1Q22	4Q22	1Q23	%chg QoQ	%chg YoY
Impairment loss on loans, net of recoveries	-151.7	-278.2	-367.7	32.2%	n.m.
Impairment loss on loans/average gross loans	1.4%	2.5%	3.2%	70 bps	180 bps
S3 NPL ratio (at end of period)	2.9%	2.6%	2.6%	0 bps	-30 bps
S3 NPL coverage ratio (at end of period)	168.7%	173.5%	177.9%	440 bps	920 bps
Impairment allowance for loans	2,038.7	2,027.5	2,098.6	3.5%	2.9%

The Stage 3 NPL ratio remained stable QoQ but decreased 30 basis points YoY, to 2.6% in 1Q23. The quarterly performance was due to a stable performance in the commercial and retail NPL ratio. The lower Stage 3 NPL ratio YoY was explained by a 60 basis point decrease in commercial loans' NPL as well as a stable retail loans'.

Furthermore, the S3 NPL coverage ratio was 177.9% as of March 31, 2023, higher than the 173.5% registered as of December 31, 2022 and the 168.7% reported as of March 31, 2022.

FEE INCOME FROM FINANCIAL SERVICES, NET

Net fee income from financial services decreased S/ 4.4 million QoQ, or 2.1%, mainly explained by lower income related to commissions from banking services, commissions from credit card services, and fees from maintenance and mailing of accounts, transfer fees and commissions on debit card services. These factors were partially offset by lower expenses related to insurance and other charges.

Net fee income from financial services grew S/ 23.8 million YoY, or 13.0%, mainly due to higher commissions from credit card services, fees from maintenance and mailing of accounts, transfer fees and commissions on debit card services, as well as fees from collection services and indirect loans.

Fee income from financial services, net					
S/ million	1Q22	4Q22	1Q23	%chg QoQ	%chg YoY
Income					
Commissions from credit card services	95.5	121.0	116.5	-3.7%	22.0%
Commissions from banking services	79.8	84.9	76.2	-10.2%	-4.5%
Maintenance and mailing of accounts, transfer fees and commissions on debit card services	60.1	73.1	69.3	-5.2%	15.3%
Fees from indirect loans	15.7	17.7	17.4	-1.9%	10.8%
Collection services	13.8	16.1	16.8	4.4%	21.8%
Other	10.6	9.4	11.9	25.7%	11.4%
Total income	**275.5**	**322.2**	**308.0**	**-4.4%**	**11.8%**
Expenses					
Insurance	-25.5	-21.8	-16.5	-24.3%	-35.3%
Fees paid to foreign banks	-5.7	-5.9	-6.2	4.4%	8.2%
Other	-61.1	-83.0	-78.3	-5.6%	28.2%
Total expenses	**-92.4**	**-110.7**	**-101.0**	**-8.7%**	**9.4%**
Fee income from financial services, net	**183.2**	**211.4**	**207.0**	**-2.1%**	**13.0%**

OTHER INCOME

Other income decreased S/ 3.4 million QoQ, mainly explained by lower net gain on foreign exchange transactions and on financial assets at fair value through profit or loss. These results were partially offset by a positive performance in net gain on sale of financial investments.

Other income increased S/ 16.2 million YoY, mostly due to a higher net gain on foreign exchange transactions and on financial assets at fair value through profit or loss.

Other income					
S/ million	1Q22	4Q22	1Q23	%chg QoQ	%chg YoY
Net gain on foreign exchange transactions and on financial assets at fair value through profit or loss	77.9	108.7	90.1 (1)	-17.1%	15.6%
Net gain on sale of financial investments	-1.6	-9.8	0.1	n.m.	n.m.
Other	34.8	31.7	37.1	16.9%	6.7%
Total other income	**111.1**	**130.7**	**127.3**	**-2.6%**	**14.6%**

(1) Includes S/ 7.4 million of net gain on foreign exchange transactions and S/ 82.7 million of net gain (loss) on financial assets at fair value though profit or loss (derivatives).

OTHER EXPENSES

Other expenses decreased S/ 21.2 million QoQ, or 4.2%, but increased S/ 32.1 million YoY, or 7.1%.

The quarterly decrease in other expenses was explained by lower administrative expenses, depreciation and amortization, among other charges, partially offset by higher salaries and employee benefits.

The annual increase was the result of higher administrative expenses, in addition to salaries and employee benefits, and higher depreciation and amortization charges.

The efficiency ratio was 39.1% in 1Q23, an improvement compared to the 37.9% reported in 4Q22, and the 41.7% registered in 1Q22. It is important to mention that, excluding the impairment on interest on loans of S/ 70.0 million, the efficiency ratio would have been 36.9% in 1Q23.

Other expenses					
S/ million	1Q22	4Q22	1Q23	%chg QoQ	%chg YoY
Salaries and employee benefits	-162.8	-155.6	-170.2	9.4%	4.6%
Administrative expenses	-210.5	-253.9	-230.3	-9.3%	9.4%
Depreciation and amortization	-61.1	-67.6	-66.2	-2.1%	8.4%
Other	-20.1	-30.6	-19.9	-35.1%	-1.2%
Total other expenses	**-454.5**	**-507.8**	**-486.6**	**-4.2%**	**7.1%**
Efficiency ratio	**41.7%**	**37.9%**	**39.1%**	**120 bps**	**-260 bps**

REGULATORY CAPITAL

The ratio of regulatory capital to risk-weighted assets (RWA) was 15.2% as of March 31, 2023, slightly above the 15.1% reported as of December 31, 2022, but below the 15.5% registered as of March 31, 2022.

In 1Q23, risk-weighted assets (APR) decreased 5.9% QoQ due to lower capital requirements for credit risk and market risk, partially offset by higher capital requirements for operational risk. The lower RWA for credit risk were attributed to a decrease of RWA for financial investments and other assets, partially offset by higher RWA for loans.

Total regulatory capital decreased 5.3% QoQ, mainly attributed to the distribution of dividends, in addition to the impact of unrealized losses on investments available for sale compared to 4Q22, and the deduction of intangible assets, as a result of the implementation of the new SBS regulation on solvency.

The annual reduction in the total capital ratio was due to a 4.9% increase in RWA, partially offset by 2.8% growth in regulatory capital. The YoY increase in RWA was mostly attributed to higher capital requirements for credit risk, market risk and operational risk. RWA for credit risk grew due to higher RWA for loans, partially offset by lower RWA for financial investments and other assets. The lower capital requirement for other assets was a result of the exclusion of RWA for intangibles from the calculation of RWA, given its deduction from regulatory capital, by disposition of the new SBS regulation.

Regulatory capital increased YoY mainly as a result of the addition of S/ 585.8 million in capital and reserves during the last quarter. This was partially compensated by a lower capital treatment of local subordinated debt for S/ 38.5 million, as well as the deduction of intangible assets, due to the implementation of the new SBS regulation on solvency.

Also, it is worth mentioning that, in December 2022, the SBS issued the Official Document No. 03952-2022, by which it established that, from January 2023 to March 2023, the minimum regulatory capital ratio requirement would remain at 8.5%. After that, the minimum regulatory capital ratio requirement would gradually climb to 10.0% by March 2024.

As of March 31, 2023, Interbank's capital ratio of 15.2% was significantly higher than its risk-adjusted minimum capital ratio requirement, established at 9.5%. As previously mentioned, the minimum regulatory capital ratio requirement was 8.5%, while the new regulatory buffers and additional risk capital requirement for Interbank was 1.0% as of March 31, 2023. Furthermore, Core Equity Tier 1 (CET1) was 11.1% as of March 31, 2023, above the 12.0% reported as of December 31, 2022, and the 10.9% registered as of March 31, 2022. It is important to mention that under the new SBS regulation, CET1 is the main component of the Tier I capital ratio.

Regulatory capital					
S/ million	03.21.22	12.31.22	03.31.23	%chg 03.31.23 12.31.22	%chg 03.31.23 03.31.22
Tier I capital	6,302.4	7,016.4	6,766.3	-3.6%	7.4%
Tier II capital	2,675.5	2,738.4	2,467.3	-9.9%	-7.8%
Total regulatory capital	8,977.9	9,754.8	9,233.6	-5.3%	2.8%
Risk-weighted assets (RWA)	58,039.6	64,690.1	60,890.9	-5.9%	4.9%
Total capital ratio	**15.5%**	**15.1%**	**15.2%**	**10 bps**	**-30 bps**
Tier I capital / RWA	**10.9%**	**10.8%**	**11.1%**	**30 bps**	**20 bps**
CET1	**12.5%**	**11.6%**	**12.0%**	**40 bps**	**-50 bps**

(1) Under the new SBS regulation on solvency, in effect from January 1st, 2023 onwards, CET1 is part of the Total capital ratio, in line with Basel III guidelines

Interseguro

SUMMARY

Interseguro adopted IFRS17 requirements starting January 1st, 2023. As permitted by this regulation, for periods prior to 2023, we hereby present a reconstruction of results appropriate to the first adoption of IFRS17 for comparative purposes.

Interseguro's profits reached S/ 31.3 million in 1Q23, which represented an increase of S/ 17.8 million QoQ, but a decrease of S/ 81.9 million YoY.

The quarterly growth was mainly due to a S/ 59.7 million improvement in Insurance Results, in addition to S/ 14.8 million higher other income and S/ 5.8 million lower other expenses. These effects were partially compensated by a reduction in translation result of S/ 40.0 million.

The annual performance in net profit was mainly explained by reductions of S/ 79.3 million in Insurance Results and S/ 46.2 million in translation result, as well as a negative development in results due to impairment of financial investments for S/ 18.2 million. However, these factors were partially offset by increases of S/ 46.7 million in other income, as well as S/ 25.6 million in net interest and similar income.

As a result, Interseguro's ROE was 40.5% in 1Q23, higher than the 15.1% reported in 4Q22, but lower than that registered 1Q22.

Insurance Segment's P&L statement[1]

S/ million	1Q22	4Q22	1Q23	%chg QoQ	%chg YoY
Interest and similar income	202.6	245.1	228.1	-6.9%	12.6%
Interest and similar expenses	-30.4	-37.0	-30.4	-17.9%	-0.2%
Net interest and similar income	**172.2**	**208.1**	**197.8**	**-5.0%**	**14.8%**
Recovery (loss) due to impairment of financial investments	5.1	-4.3	-13.1	n.m.	n.m.
Net interest and similar income after impairment loss	**177.3**	**203.8**	**184.7**	**-9.4%**	**4.2%**
Fee income from financial services, net	-2.1	-1.6	-5.1	n.m.	n.m.
Other income	-16.7	15.2	30.0	97.9%	n.m.
Insurance results	-12.0	-151.0	-91.3	-39.6%	n.m.
Other expenses	-85.3	-98.6	-92.8	-5.9%	8.8%
Income before translation result and income tax	**61.3**	**-32.2**	**25.5**	**n.m.**	**-58.3%**
Translation result	51.9	45.7	5.7	-87.4%	-88.9%
Income tax	-	-	-	n.m.	n.m.
Profit for the period	**113.2**	**13.5**	**31.3**	**n.m.**	**-72.4%**
ROE	**n.m.**	**15.1%**	**40.5%**		
Efficiency ratio	**11.5%**	**2.2%**	**9.0%**		

(1) Figures for 1Q22 and 4Q22 have been re-expressed for comparison purposes due to IFRS17 adoption

RESULTS FROM INVESTMENTS

Results from Investments[1]					
S/ million	1Q22	4Q22	1Q23	%chg QoQ	%chg YoY
Interest and similar income	202.6	245.1	228.7	-6.7%	12.9%
Interest and similar expenses	-16.5	-22.7	-16.4	-27.7%	-0.5%
Net interest and similar income	**186.1**	**222.4**	**212.2**	**-4.6%**	**14.0%**
Recovery (loss) due to impairment of financial investments	5.1	-4.3	-13.1	n.m.	n.m.
Net Interest and similar income after impairment loss	**191.2**	**218.1**	**199.2**	**-8.7%**	**4.2%**
Net gain (loss) on sale of financial investments	-5.9	2.7	4.3	58.6%	n.m.
Net gain (loss) on financial assets at fair value through profit or loss	2.5	7.3	8.2	13.1%	n.m.
Rental income	16.4	15.1	15.2	0.6%	-7.2%
Valuation gain (loss) from investment property	-30.8	-9.6	-11.4	18.5%	-63.0%
Other	-4.5	-4.1	-4.7	15.2%	4.1%
Other income	**-22.4**	**11.4**	**11.7**	**2.2%**	**n.m.**
Results from investments	**168.8**	**229.5**	**210.9**	**-8.1%**	**24.9%**

(1) Only includes transactions related to investments.

NET INTEREST AND SIMILAR INCOME

Net interest and similar income related to investments was S/ 212.2 million in 1Q23, a decrease of S/ 10.2 million, or 4.6% QoQ, but an increase of S/ 26.1 million, or 14.0% YoY.

The quarterly performance was mainly explained by a reduction of S/ 16.4 million in interest and similar income. This was mainly attributed to a base effect from an extraordinary dividend received in the last quarter, yet partially offset by a S/ 6.3 million decrease in interest and similar expenses.

The yearly performance was mostly due to higher interest and similar income, mainly attributed to a greater fixed income portfolio, in addition to higher interest and inflation rates.

RECOVERY (LOSS) DUE TO IMPAIRMENT OF FINANCIAL INVESTMENTS

Loss due to impairment of financial investments was S/ -13.1 million in 1Q23, compared to a loss of S/ -4.3 million in 4Q22 and a recovery of S/ 5.1 million in 1Q22.

Loss due to impairment of financial investments was relevant in 1Q23 due to the prevailing political uncertainty in Peru.

OTHER INCOME

Other income related to investments was S/ 11.7 million in 1Q23, an increase of S/ 0.3 million QoQ and S/ 34.1 million YoY.

The quarterly increase was explained by S/ 1.6 million higher net gain (loss) on sale of financial investments, and S/ 0.9 million growth in net gain on financial assets at fair value through profit or loss. These effects were partially compensated by a S/ 1.8 million higher valuation loss from investment property.

The annual growth in other income was mainly due to improvements of S/ 19.4 million in valuation gain (loss) from investment property and S/ 10.2 million in net gain (loss) on sale of financial investments.

INSURANCE RESULTS

Insurance Results					
S/ million	1Q22	4Q22	1Q23	%chg QoQ	%chg YoY
Insurance Income	306.1	246.4	275.5	11.8%	-10.0%
Insurance Expenses	-318.0	-397.4	-366.8	-7.7%	15.3%
Insurance Results	**-12.0**	**-151.0**	**-91.3**	**-39.6%**	**n.m.**

INSURANCE INCOME

Insurance Income					
S/ million	1Q22	4Q22	1Q23	%chg QoQ	%chg YoY
Annuities	189.3	180.7	188.4	4.3%	-0.5%
Individual Life	16.2	21.8	21.3	-2.3%	31.1%
Retail Insurance	100.5	43.9	65.8	50.0%	-34.5%
Total Insurance Income	**306.1**	**246.4**	**275.5**	**11.8%**	**-10.0%**

Insurance income was S/ 275.5 million in 1Q23, an increase of S/ 29.1 million, or 11.8% QoQ, but a decrease of S/ 30.6 million, or 10.0% YoY.

The quarterly performance was mainly explained by growth of S/ 21.9 million in Retail insurance and S/ 7.7 million in Annuities.

The yearly decrease was mainly explained by a reduction in Retail insurance of S/ 34.7 million, partially offset by an increase in Individual life of S/ 5.1 million.

INSURANCE EXPENSES

Insurance Expenses					
S/ million	1Q22	4Q22	1Q23	%chg QoQ	%chg YoY
Annuities	-338.6	-375.4	-357.2	-4.8%	5.5%
Individual Life	19.1	-21.5	3.8	n.m.	-80.3%
Retail Insurance	1.4	-0.5	-13.4	n.m.	n.m.
Total Insurance Expenses	**-318.0**	**-397.4**	**-366.8**	**-7.7%**	**15.3%**

Insurance expenses were S/ 366.8 million in 1Q23, a decrease of S/ 30.6 million, or 7.7% QoQ, but an increase of S/ 48.8 million, or 15.3% YoY.

The quarterly performance was mainly explained by positive developments of S/ 25.3 million in Individual life and S/ 18.2 million in Annuities, partially compensated by higher expenses of S/ 12.9 million in Retail insurance.

The yearly increase was explained by higher expenses of S/ 18.6 million in Annuities, as well as negative developments of S/ 15.3 million in Individual life, and S/ 14.8 million in Retail insurance.

OTHER EXPENSES

Other Expenses					
S/ million				%chg	%chg
	1Q22	4Q22	1Q23	QoQ	YoY
Salaries and employee benefits	-27.2	6.4	-23.3	n.m.	-14.4%
Administrative expenses	-19.3	-11.1	-17.0	52.7%	-11.8%
Depreciation and amortization	-6.1	-5.5	-4.7	-14.9%	-23.8%
Expenses related to rental income	-0.6	-0.2	-1.4	n.m.	n.m.
Other	-32.1	-88.2	-46.5	-47.3%	45.0%
Other expenses	**-85.3**	**-98.6**	**-92.8**	**-5.9%**	**8.8%**

Other expenses decreased S/ 5.8 million QoQ, or 5.9%, but increased S/ 7.5 million YoY, or 8.8%.

Inteligo

SUMMARY

Inteligo's net profit was S/ 7.8 million in 1Q23, a decrease of S/ 9.1 million QoQ, but an increase of S/ 4.8 million YoY.

The quarterly performance was mainly attributable to a negative development in other income due to sequentially higher mark-to-market losses on proprietary portfolio investments. This was partially offset by a 5.9% increase in net fee income from financial services and a 1.2% decrease in other expenses, in addition to a lower loss due to impairment of financial investments.

On an annual comparison, however, mark-to-market losses on proprietary portfolio investments decreased in 1Q23 compared to 1Q22. This effect was partially compensated by decreases of 18.3% in net interest and similar income and 3.0% in net fee income from financial services, as well as by a 6.0% increase in other expenses.

From a business development perspective, Inteligo's prospection process continued to show positive results in terms of new account openings and assets under management growth in Private Wealth Management. However, these results were partially offset by a lower mark-to-market valuation of assets under management and a lower exchange rate. Consequently, Inteligo's AUM increased 2.2% QoQ, and 2.3% YoY as of March 31, 2023.

Inteligo's ROE was 3.5% in 1Q23, lower than the 7.6% reported in 4Q22 but higher than the 1.0% registered in 1Q22.

Wealth Management Segment's P&L Statement

S/ million	1Q22	4Q22	1Q23	%chg QoQ	%chg YoY
Interest and similar income	35.3	41.9	43.8	4.6%	24.2%
Interest and similar expenses	-9.3	-18.0	-22.6	25.3%	n.m.
Net interest and similar income	**26.0**	**23.9**	**21.2**	**-11.0%**	**-18.3%**
Impairment loss on loans, net of recoveries	2.1	0.2	0.1	-52.6%	-96.6%
Recovery (loss) due to impairment of financial investments	-3.0	-3.5	-0.3	-91.9%	-90.7%
Net interest and similar income after impairment loss	**25.1**	**20.6**	**21.0**	**2.3%**	**-16.2%**
Fee income from financial services, net	40.8	37.4	39.6	5.9%	-3.0%
Other income	-24.3	-5.1	-14.2	n.m.	-41.4%
Other expenses	-35.9	-38.5	-38.0	-1.2%	6.0%
Income before translation result and income tax	**5.7**	**14.3**	**8.3**	**-41.7%**	**46.0%**
Translation result	-3.1	3.0	0.4	-85.9%	n.m.
Income tax	0.4	-0.4	-0.9	n.m.	n.m.
Profit for the period	**3.0**	**16.9**	**7.8**	**-53.8%**	**n.m.**
ROE	**1.0%**	**7.6%**	**3.5%**		
Efficiency ratio	**83.9%**	**67.8%**	**80.7%**		

ASSETS UNDER MANAGEMENT & DEPOSITS

AUM reached S/ 21,795.0 million in 1Q23, a S/ 477.7 million or 2.2% growth QoQ, but a S/ 488.1 million or 2.3% increase YoY, mostly explained by inflows in mutual funds.

Client deposits were S/ 3,696.2 million in 1Q23, a S/ 402.6 million or 9.8% reduction QoQ and a S/ 138.6 million or 3.6% decrease YoY. This was mainly due to the conversion of cash positions from clients to investments in securities during 1Q23.

NET INTEREST AND SIMILAR INCOME

Net interest and similar income					
S/ million				%chg	%chg
	1Q22	4Q22	1Q23	QoQ	YoY
Interest and similar income					
Due from banks and inter-bank funds	1.9	7.9	10.7	35.7%	n.m.
Financial Investments	18.6	9.1	9.5	4.8%	-48.6%
Loans	14.9	24.9	23.6	-5.3%	58.6%
Total interest and similar income	**35.3**	**41.9**	**43.8**	**4.6%**	**24.2%**
Interest and similar expenses					
Deposits and obligations	-8.4	-16.8	-21.4	27.3%	n.m.
Due to banks and correspondents	-0.9	-1.2	-1.2	-1.9%	34.6%
Total interest and similar expenses	**-9.3**	**-18.0**	**-22.6**	**25.3%**	**n.m.**
Net interest and similar income	**26.0**	**23.9**	**21.2**	**-11.0%**	**-18.3%**

Inteligo's net interest and similar income was S/ 21.2 million in 1Q23, a S/ 2.7 million, or 11.0% decrease when compared with 4Q22, mainly explained by higher interest expense on deposits due to an increase in the reference rate of the FED during this quarter.

Net interest and similar income decreased S/ 4.8 million YoY, or 18.3%, as a result of lower interest and similar income on financial investments and a higher interest expense on deposits. These effects were partially compensated by higher interest income on both loans and due from banks.

FEE INCOME FROM FINANCIAL SERVICES

Fee income from financial services, net					
S/ million				%chg	%chg
	1Q22	4Q22	1Q23	QoQ	YoY
Income					
Brokerage and custody services	3.2	2.9	2.9	-1.0%	-10.0%
Funds management	38.2	34.8	37.1	6.4%	-3.0%
Total income	**41.4**	**37.7**	**39.9**	**5.8%**	**-3.5%**
Expenses					
Brokerage and custody services	-0.3	-0.2	-0.2	9.4%	-45.8%
Others	-0.2	-0.2	-0.2	-4.6%	-29.8%
Total expenses	**-0.6**	**-0.3**	**-0.4**	**2.1%**	**-39.0%**
Fee income from financial services, net	**40.8**	**37.4**	**39.6**	**5.9%**	**-3.0%**

Net fee income from financial services was S/ 39.6 million in 1Q23, an increase of S/ 2.2 million, or 5.9% when compared to the previous quarter, mainly explained by higher fees from funds management.

On a YoY basis, net fee income from financial services decreased S/ 1.2 million, or 3.0%, mainly due to lower fees from funds management at the wealth management segment. This was explained by a lower frequency of client transactions, in turn driven by the persistent volatility and uncertainty in the financial markets.

OTHER INCOME

Other income					
S/ million				%chg	%chg
	1Q22	4Q22	1Q23	QoQ	YoY
Net gain on sale of financial investments	-0.1	-5.7	0.2	n.m.	n.m.
Net trading gain (loss)	-23.7	1.7	-15.0	n.m.	-37.0%
Other	-0.5	-1.1	0.6	n.m.	n.m.
Total other income	**-24.3**	**-5.1**	**-14.2**	**n.m.**	**-41.4%**

Inteligo's other income (loss) reached S/ -14.2 million in 1Q23, compared to a loss of S/ -5.1 million in 4Q22, mainly attributable to mark-to-market losses, in turn associated with negative global market trends. On a YoY basis, however, a lower mark-to-market loss explained the improvement in other income when compared with 1Q22.

OTHER EXPENSES

Other expenses					
S/ million				%chg	%chg
	1Q22	4Q22	1Q23	QoQ	YoY
Salaries and employee benefits	-20.9	-21.5	-20.6	-4.2%	-1.5%
Administrative expenses	-11.1	-12.6	-13.3	5.2%	19.2%
Depreciation and amortization	-3.7	-4.0	-3.8	-4.5%	3.5%
Other	-0.2	-0.5	-0.4	-8.3%	81.5%
Total other expenses	**-35.9**	**-38.5**	**-38.0**	**-1.2%**	**6.0%**
Efficiency ratio	**83.9%**	**67.8%**	**80.7%**		

Other expenses reached S/ 38.0 million in 1Q23, a decrease of S/ 0.5 million, or 1.2% QoQ, mainly due to lower personnel expenses.

On a yearly basis, other expenses increased S/ 2.1 million, or 6.0% YoY, mainly as a result of higher administrative expenses.

Izipay

SUMMARY

Izipay's profits were S/ 12.1 million in 1Q23, which represented an increase of 2.9% QoQ and a decrease of 20.2% YoY.

The quarterly growth in profits was mainly attributed to lower administrative expenses, which offset a reduction in net fee income from financial services due to year-end seasonality in the previous quarter.

The annual performance in net profit was mainly explained by a 19.4% increase in other expenses, mainly associated with higher customer acquisition given the sharp rise in business activity. This was partially offset by 7.8% growth in net fee income from financial services, in turn related to higher income from payments acquirer where the number of merchants and monetary transactions grew 67.0% and 23.6%, respectively.

Izipay's ROE was 21.7% in 1Q23, lower than the 22.3% and 35.1% reported in 4Q22 and 1Q22, respectively.

Payments P&L Statement (1)					
S/ million	1Q22	4Q22	1Q23	%chg QoQ	%chg YoY
Interest and similar income	0.0	0.9	1.7	92.3%	n.m.
Interest and similar expenses	-0.5	-0.4	-1.1	n.m.	n.m.
Net interest and similar income	**-0.5**	**0.5**	**0.6**	**32.9%**	**n.m.**
Fee income from financial services, net	80.1	92.8	86.4	-6.9%	7.8%
Payments acquirer	137.4	180.9	170.3	-5.9%	24.0%
Correspondent banking	10.3	11.6	10.0	-13.8%	-3.6%
Credit cards processor	7.6	8.8	7.5	-15.2%	-1.3%
Service Cost	-75.2	-108.5	-101.4	-6.6%	34.8%
Other income	8.6	13.9	7.3	-47.2%	-14.6%
Other expenses	-61.9	-85.8	-73.9	-13.9%	19.4%
Income before translation result and	**26.3**	**21.4**	**20.5**	**-4.1%**	**-22.2%**
Translation result	-3.0	-2.0	-0.7	-63.9%	-75.6%
Income tax	-8.3	-7.6	-7.7	0.7%	-6.7%
Profit for the period	**15.1**	**11.7**	**12.1**	**2.9%**	**-20.2%**
ROE	**35.1%**	**22.3%**	**21.7%**		
Efficiency ratio	**58.7%**	**70.6%**	**72.5%**		

(1) Proforma for 1Q22

FEE INCOME FROM FINANCIAL SERVICES, NET

Fee income from financial services, net					
S/ million				%chg	%chg
	1Q22	4Q22	1Q23	QoQ	YoY
Income					
Payments acquirer	137.4	180.9	170.3	-5.9%	24.0%
Correspondent banking	10.3	11.6	10.0	-13.8%	-3.6%
Credit cards processor	7.6	8.8	7.5	-15.2%	-1.3%
Total income	**155.3**	**201.4**	**187.8**	**-6.7%**	**20.9%**
Expenses					
Service Cost	-75.2	-108.5	-101.4	-6.6%	34.8%
Total expenses	**-75.2**	**-108.5**	**-101.4**	**-6.6%**	**34.8%**
Fee income from financial services, net	**80.1**	**92.8**	**86.4**	**-6.9%**	**7.8%**

Net fee income from financial services was S/ 86.4 million in 1Q23, a decrease of S/ 6.4 million, or 6.9% QoQ, mainly driven by a lower income from payments acquirer, partially offset by less acquirer license fees within the service cost, as a result of lower transactional volumes due to seasonal factors.

On a YoY basis, net fee income from financial services grew S/ 6.3 million, or 7.8%, mainly explained by higher transactional volumes in the acquirer business, partially offset by an increase in service cost, associated with a higher level of business activity.

TOTAL OTHER EXPENSES

Other expenses					
S/ million				%chg	%chg
	1Q22	4Q22	1Q23	QoQ	YoY
Salaries and employee benefits	-15.0	-17.6	-18.3	3.8%	21.9%
Administrative expenses	-28.2	-46.6	-37.7	-18.9%	33.9%
Depreciation and amortization	-8.6	-11.6	-12.4	7.3%	44.5%
Other	-10.1	-10.1	-5.5	-45.9%	-46.0%
Total other expenses	**-61.9**	**-85.8**	**-73.9**	**-13.9%**	**19.4%**
Efficiency ratio	**58.7%**	**70.6%**	**72.5%**		

Other expenses reached S/ 73.9 million in 1Q23, a decrease of S/ 11.9 million, or 13.9% QoQ, mostly due to lower administrative expenses.

On a yearly basis, other expenses grew S/ 12.0 million, or 19.4% YoY, mainly as a result of higher administrative expenses associated with higher customer acquisition, as well as higher salaries and benefits as a result of growth in the operations.