# Intercorp Financial Services Inc.
# Second Quarter 2024 Earnings

**Lima, Peru, August 14, 2024.** Intercorp Financial Services Inc. (Lima Stock Exchange/NYSE: IFS) announced today its unaudited results for the second quarter 2024. These results are reported on a consolidated basis under IFRS in nominal Peruvian soles.

## Intercorp Financial Services: Improving banking and insurance results drive earnings recovery

- 2Q24 earnings of S/ 286 million earnings (2x vs 1Q24) and ROE of 11.2%
- Customer base growth continues across businesses
- Positive developments in digital and ESG indicators
- Continuous tight management of costs

## Banking: Improvement of CoR translates into better results for IBK

- Double digit growth in lower-risk products and segments
- Significant growth in commercial banking, gaining 80bps of market share
- S/ 220.6 million earnings and ROE of 11.1%
- CoR at 4.0% but recovering 70pbs from previous quarter
- Better cost of funds amid lower market rates

## Insurance: Double digit growth in insurance premiums

- 25% growth in insurance premiums
- 2Q24 profit of S/ 78.5 million and ROE of 58.5%
- Market leader in annuities with 29.0% share in 2Q24
- ROIP of 6.4% in 2Q24 compared to 5.0% in 1Q24 and 6.0% in 2Q23

## Wealth Management: growth in AuM and fees continues to improve

- Continued growth in AUM: 5.5% QoQ and 15.0% YoY
- Sequential recovery of fee income continues
- Losses in other income, due to negative mark-to-market valuation

# Intercorp Financial Services

## SUMMARY

### 2Q24 Performance

Intercorp Financial Services' net profit was S/ 286.2 million in 2Q24, an increase of S/ 145.1 million QoQ, and a reduction of S/ 44.8 million YoY, or 13.5%. IFS's annualized ROE was 11.2% in 2Q24, higher than the 5.6% reported in 1Q24 and lower than the 14.3% registered in 2Q23.

| Intercorp Financial Services' P&L statement | | | | | |
|---|---|---|---|---|---|
| S/ million | 2Q23 | 1Q24 | 2Q24 | %chg QoQ | %chg YoY |
| Interest and similar income | 1,808.3 | 1,800.2 | 1,737.1 | -3.5% | -3.9% |
| Interest and similar expenses | -645.1 | -667.0 | -623.3 | -6.6% | -3.4% |
| **Net interest and similar income** | **1,163.3** | **1,133.2** | **1,113.8** | **-1.7%** | **-4.3%** |
| Impairment loss on loans, net of recoveries | -416.8 | -548.9 | -474.3 | -13.6% | 13.8% |
| Recovery (loss) due to impairment of financial investments | 1.1 | -38.7 | 4.8 | n.m. | n.m. |
| **Net interest and similar income after impairment loss** | **747.6** | **545.5** | **644.3** | **18.1%** | **-13.8%** |
| Fee income from financial services, net | 298.9 | 268.3 | 279.7 | 4.3% | -6.4% |
| Other income | 85.0 | 147.7 | 176.2 | 19.3% | n.m. |
| Insurance results | -34.2 | -83.3 | -18.2 | -78.2% | -47.0% |
| Other expenses | -690.3 | -690.3 | -719.0 | 4.1% | 4.2% |
| **Income before translation result and income tax** | **406.9** | **187.8** | **363.1** | **93.4%** | **-10.8%** |
| Translation result | 27.1 | -4.9 | -25.7 | n.m. | n.m. |
| Income tax | -103.0 | -41.7 | -51.3 | 22.9% | -50.3% |
| **Profit for the period** | **331.0** | **141.1** | **286.2** | **n.m.** | **-13.5%** |
| **Attributable to IFS' shareholders** | **329.0** | **140.2** | **284.5** | **n.m.** | **-13.5%** |
| | | | | | |
| **EPS** | **2.85** | **2.49** | **2.48** | | |
| **ROE** | **14.3%** | **5.6%** | **11.2%** | | |
| **ROA** | **1.5%** | **0.6%** | **1.2%** | | |
| **Efficiency ratio** | **37.2%** | **37.3%** | **38.6%** | | |

### Quarter-on-quarter performance

Profits increased S/ 145.1 million QoQ, mainly due to decreases of S/ 74.6 million in loan loss provisions and an increase of S/ 65.2 million in insurance results, a recovery in the impairment on financial investments of S/ 43.6 million, mainly explained by the one-off event that occurred in the first quarter in the insurance income, and increases of S/ 28.5 million in other income and of S/ 11.4 million in fee income. These effects were partially offset by a decrease of S/ 19.3 million in net interest and similar income, an increase of S/ 28.6 million in other expenses and of S/ 9.5 million in income tax.

Cost of risk decreased 70 basis points from 4.7% to 4.0%. Loan loss provision decreased S/74.5 million QoQ, mainly explained by lower provision requirements in both commercial and retail portfolios of our banking business, related to a different loan portfolio composition, in which, commercial loans are 47% and the retail portfolio is 53%, and better payment behavior.

Insurance results showed an increase from S/ -83.3 million in 1Q24 to S/ -18.2 million in 2Q24, as a result of higher insurance expenses in the 1Q24 related to annuities, in turn related to an adjustment of S/ -22.6 millions in accounting assumptions. As a result, insurance expenses decreased S/ 63.7 million QoQ, and insurance income remain stable.

The increase of S/ 28.5 million QoQ in other income was mainly explained by an increase of S/ 38.1 million in the insurance business, due to a gain in valuation of properties, and an increase of S/ 10 million in the Banking business; both effects offset by a reduction of S/ 8.7 million in our Wealth Management business.

Fee income from financial services increased S/ 11.4 million QoQ, mainly due to increases of S/ 19.3 million in our Banking business, mostly related to more transactionability and credit cards, and an increase of S/ 4.1 million in our Wealth Management business, in line with an increase of 8.7% in AuMs.

Net interest and similar income showed a reduction of S/ 19.3 million, mostly explained by a reduction of S/. 27.0 million in our insurance business, in which the interest income showed a reduction due to lower inflation rates and interest expenses showed an increase of S/ 5.7 million due to an increase in adjustments of Private Annuities technical reserves. On the other hand, in our Banking business, net interest and similar income showed an increase of S/ 10.7 million.

Finally, other expenses showed an increase of S/ 31.8 million, mainly due to higher salaries and employee benefits and administrative expenses among all our businesses.

## Year-on-year performance

Profits decreased S/ 44.9 million YoY, mainly due to an increase of S/ 57.5 million in provision on loans and decreases of S/ 49.5 million in net interest and similar income, of S/ 19.2 million in fee income from financial services, an increase of S/ 28.7 million in other expenses, as well as a reverse in translation result, from S/ 27.1 million to a negative S/ -25.7 million. These effects were partially offset by an increase of S/ 91.2 million in other income and of S/ 16.1 million in insurance results.

The increase of S/ 57.5 million in provision on loans was mainly due to higher provision requirements in both commercial and retail portfolios of our banking business.

The decrease of S/ 49.5 million in net interest and similar income was mostly related to a reduction of S/ 27.6 million in our banking business, which was in turn related to a change in the loan portfolio composition. Retail loans decreased from 56% to 53% while commercial loans increased from 44% to 47%. The insurance business also showed a reduction of S/ 14.2 million in net interest and similar income mainly due to a reduction in interest income due to lower inflation rates and higher expenses due to an increase in financial obligations. Finally, our wealth management business also showed a reduction of S/ 8.7 million, mostly due to lower interest income from investments and a higher interest expense, in turn related to higher rates from deposits.

The reduction of S/ 19.2 million in fee income was mostly explained by a reduction of S/ 13.0 million in our banking segment, mostly due to lower commissions from credit card services, partially offset by an increase of S/ 7.8 million in our Wealth Management business, in turn related to higher levels of AuMs.

Other expenses showed an increase of S/ 31.8 million, mainly due to higher salaries and employee benefits and administrative, as well as depreciation and amortization charges. And the effect reversion in translation result, from S/ 27.1 million to S/ -25.7 occurred mainly in pour insurance business.

The increase in other income was explained by increases of S/ 38.3 million in our insurance business, mostly related to higher valuation in properties, partially offset by a decrease of S/ 8.7 million in our wealth management business, due to lower mark-to-market valuations.

Finally, the increase in insurance results was mostly explained by higher insurance income, mostly related to retail insurance, but also individual life and annuities. On the other hand, the reduction in expenses was mostly in the retail segment.

## CONTRIBUTION BY SEGMENTS

Izipay was fully acquired by IFS in April 2022 with the aim to offer a comprehensive value proposition to the customer. This company has high potential for value creation at the IFS level, mainly due to synergies we found with the banking segment. So far, we have seen the value through higher float to interbank accounts, which has increased around 30% year over year, and through data insight generation. Likewise, we are currently exploring synergies with the insurance segment.

In that sense and given that the financial results of Izipay are not material at IFS level, we have decided to consolidate at the platform level. We believe that the benefit of having the company within IFS is mainly reflected in the results of IFS consolidated, as well as in the other segments.

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

**Intercorp Financial Services' Profit by business**

| S/ million | 2Q23 | 1Q24 | 2Q24 | %chg QoQ | %chg YoY |
|---|---|---|---|---|---|
| Banking | 274.4 | 140.5 | 220.6 | 57.0% | -19.6% |
| Insurance | 87.9 | -19.8 | 78.5 | n.m. | -10.6% |
| Wealth Management | 21.5 | 26.0 | 6.3 | -75.7% | -70.7% |
| Corporate, eliminations and other subsidiaries | -52.7 | -5.5 | -19.2 | n.m. | -63.5% |
| **IFS profit for the period** | **331.0** | **141.1** | **286.2** | **n.m.** | **-13.5%** |

# Interbank

## SUMMARY

### 2Q24 Performance

Interbank's profits were S/ 220.6 million in 2Q24, an increase of S/ 80.1 million, or 57.0% QoQ, and a reduction of S/ 53.8 million YoY, or 19.6%.

The quarterly performance was mainly attributed to lower impairment loss on loans, net of recoveries, of S/ 74.8 million, followed by increases of S/ 19.3 million in fee income, of S/ 10.8 million in net interest and similar income and of S/ 9.9 million in other income. These factors were partially offset by an increase of S/ 27.1 million in other expenses and of S/ 12.3 million in income tax.

The annual performance in net profit was explained by S/ 57.1 million higher impairment loss on loans, net of recoveries, as well as a decreases of S/ 27.5 million in net interest and similar income and of S/ 13.0 million in net fee income from financial services, and a S/ 17.2 million increase in other expenses. These effects were partially compensated by a decrease of S/ 46.0 million in income tax and an increase of S/ 2.5 million in other income.

Consequently, Interbank's ROE was 11.1% in 1Q24, higher than the 7.1% registered in 1Q23 and below the 14.8% reported in 1Q23.

| Banking Segment's P&L Statement | | | | | |
|---|---|---|---|---|---|
| S/ million | 2Q23 | 1Q24 | 2Q24 | %chg QoQ | %chg YoY |
| Interest and similar income | 1,544.5 | 1,510.4 | 1,484.4 | -1.7% | -3.9% |
| Interest and similar expense | -592.0 | -596.2 | -559.4 | -6.2% | -5.5% |
| **Net interest and similar income** | **952.5** | **914.2** | **925.0** | **1.2%** | **-2.9%** |
| Impairment loss on loans, net of recoveries | -416.9 | -548.8 | -474.0 | -13.6% | 13.7% |
| Recovery (loss) due to impairment of financial investments | 0.1 | -0.0 | -1.0 | n.m. | n.m. |
| **Net interest and similar income after impairment loss** | **535.8** | **365.4** | **449.9** | **23.1%** | **-16.0%** |
| Fee income from financial services, net | 208.1 | 175.8 | 195.1 | 10.9% | -6.2% |
| Other income | 126.0 | 118.6 | 128.5 | 8.4% | 2.0% |
| Other expenses | -497.5 | -487.6 | -514.7 | 5.6% | 3.5% |
| **Income before translation result and income tax** | **372.4** | **172.2** | **258.8** | **50.3%** | **-30.5%** |
| Translation result | -10.4 | -2.4 | 3.3 | n.m. | n.m. |
| Income tax | -87.6 | -29.3 | -41.6 | 42.0% | -52.6% |
| **Profit for the period** | **274.4** | **140.5** | **220.6** | **57.0%** | **-19.6%** |
| | | | | | |
| **ROE** | **14.8%** | **7.1%** | **11.1%** | | |
| **Efficiency ratio** | **37.3%** | **38.7%** | **39.7%** | | |
| **NIM** | **5.6%** | **5.3%** | **5.2%** | | |
| **NIM on loans** | **8.6%** | **8.0%** | **7.9%** | | |

## INTEREST-EARNING ASSETS

Interbank's interest-earning assets reached S/ 68,270.4 million as of June 30, 2024, representing slight decrease of -0.4% QoQ and an increase of 3.6% YoY.

The quarterly decrease in interest-earning assets was explained by a reductio of 23.2% in cash and due from banks and inter-bank funds, partially offset by increases of 4.6% in loans and of 4.1% in financial investments.

The YoY growth in interest-earning assets was attributed to increases of 8.5% in financial investments and 4.2% in loans, partially offset by a 4.7% decrease in cash and due from banks and inter-bank funds.

| Interest-earning assets | | | | | |
|---|---|---|---|---|---|
| S/ million | 06.30.23 | 03.31.24 | 06.30.24 | %chg 06.30.24 03.31.24 | %chg 06.30.24 06.30.23 |
| Cash and due from banks and inter-bank funds | 9,837.3 | 12,200.0 | 9,374.2 | -23.2% | -4.7% |
| Financial investments | 11,409.5 | 11,892.0 | 12,379.1 | 4.1% | 8.5% |
| Loans | 44,648.2 | 44,480.4 | 46,517.1 | 4.6% | 4.2% |
| **Total interest-earning assets** | **65,894.9** | **68,572.5** | **68,270.4** | **-0.4%** | **3.6%** |

| Loan portfolio | | | | | |
|---|---|---|---|---|---|
| S/ million | 06.30.23 | 03.31.24 | 06.30.24 | %chg 06.30.24 03.31.24 | %chg 06.30.24 06.30.23 |
| Performing loans | | | | | |
| Retail | 25,057.7 | 24,509.5 | 24,437.4 | -0.3% | -2.5% |
| Commercial | 19,538.2 | 19,416.4 | 21,447.2 | 10.5% | 9.8% |
| **Total performing loans** | **44,595.9** | **43,925.9** | **45,884.6** | **4.5%** | **2.9%** |
| Restructured and refinanced loans | 345.3 | 471.5 | 468.9 | -0.6% | 35.8% |
| Past due loans | 1,363.7 | 1,696.1 | 1,611.5 | -5.0% | 18.2% |
| **Total gross loans** | **46,304.9** | **46,093.5** | **47,965.0** | **4.1%** | **3.6%** |
| Add (less) | | | | | |
| Accrued and deferred interest | 516.9 | 609.4 | 555.1 | -8.9% | 7.4% |
| Impairment allowance for loans | -2,173.6 | -2,222.4 | -2,003.0 | -9.9% | -7.9% |
| **Total direct loans, net** | **44,648.2** | **44,480.4** | **46,517.1** | **4.6%** | **4.2%** |

The evolution of performing loans in a year over year basis continues to be affected by loans under the Reactiva Peru Program. As of June 30, 2024, these performing loans amounted S/ 352.1 million, compared to balances of S/ 487.7 million as of March 31, 2024 and S/ 1,031.2 million as of June 30, 2023.

Additionally, the evolution of commercial loans continued to be benefited by the Impulso MyPeru program focused on disbursing loans to SMEs and mid-sized segments. As of June 30, 2024, Interbank has disbursed more than S/ 1,400 million. It is important to mention that these loans are guaranteed by the government with coverage levels between 50% to 98%.

Performing loans increased 4.5% QoQ, as commercial loans increased 10.5% and retail loans decrease 0.3%. Excluding the effect of the Reactiva Peru Program in the comparing periods, total performing loans and commercial loans would have increased 4.8% and 11.4% QoQ, respectively.

Retail loans decreased 0.3% due to a reduction in cash loans and credit cards, partially compensated by 1.5% increase in mortgages and by 4.8% growth in payroll deduction loans.

The 10.5% increase in commercial loans was due to increases of 17.1% in working capital loans, 11.8% in trade finance loans, and 4.3% in leasing operations, all in the corporate segment. These effects were partially offset by decreases in leasing operations and trade finance loans in mid-sized and SMEs segment.

Performing loans increased 2.9% YoY explained by a 9.8% increase in commercial loans, partially offset by a 2.5% decrease in retail loans. Excluding the effect of the Reactiva Peru Program in the comparing periods, performing loans and commercial loans would have increased 4.5% and 14.0% YoY, respectively.

The annual increase in commercial loans was mainly explained by higher balances of working capital loans in the corporate and mid-sized companies, as well as higher balances of leasing operations in the corporate segment. These effects were partially offset by decreases in leasing operations in the mid-sized companies and working capital loans in SMEs.

The 2.5% decrease YoY growth in retail loans was due to a decrease of 7.4% in consumer loans, partially offset by an increase of 5.9% in mortgages. The decrease in consumer loans resulted from lower balances in personal loans and credit cards, partially offset by an increase of 14.9% in payroll deduction loans.

As of 2Q23, 4Q23 and 2Q24, Interbank's rescheduled portfolio of Reactiva Peru loans amounted to S/ 1,012.2 million, S/ 587.0 million and S/ 424.2 million, respectively, representing 87.3% of total balances of Reactiva Peru loans in 2Q23, 94.0% in 1Q24 and 93.3% in 2Q23.

It is worth mentioning that these loans are guaranteed in large part by the Peruvian government. As of June 30, 2024, Interbank activated the guaranteed coverage for an amount of S/ 833.8 million. In the case of Impulso Myperu programme loans, they also count with guarantees from the government.

| Breakdown of retail loans | | | | | |
|---|---|---|---|---|---|
| S/ million | 06.30.23 | 03.31.24 | 06.30.24 | %chg 06.30.24 03.31.24 | %chg 06.30.24 06.30.23 |
| **Consumer loans:** | | | | | |
| Credit cards & other loans | 10,778.9 | 9,340.1 | 8,864.1 | -5.1% | -17.8% |
| Payroll deduction loans[1] | 5,011.3 | 5,496.7 | 5,759.3 | 4.8% | 14.9% |
| **Total consumer loans** | **15,790.3** | **14,836.8** | **14,623.4** | **-1.4%** | **-7.4%** |
| Mortgages | 9,267.4 | 9,672.7 | 9,814.0 | 1.5% | 5.9% |
| **Total retail loans** | **25,057.7** | **24,509.5** | **24,437.4** | **-0.3%** | **-2.5%** |

(1) Payroll deduction loans to public sector employees.

## FUNDING STRUCTURE

| Funding structure | | | | | |
|---|---|---|---|---|---|
| S/ million | 06.30.23 | 03.31.24 | 06.30.24 | %chg 06.30.24 03.31.24 | %chg 06.30.24 06.30.23 |
| Deposits and obligations | 45,623.2 | 48,090.4 | 48,472.9 | 0.8% | 6.2% |
| Due to banks and correspondents and inter-bank funds | 9,100.5 | 9,120.8 | 8,645.9 | -5.2% | -5.0% |
| Bonds, notes and other obligations | 4,351.0 | 4,249.1 | 4,392.7 | 3.4% | 1.0% |
| **Total** | **59,074.7** | **61,460.3** | **61,511.4** | **0.1%** | **4.1%** |
| % of funding | | | | | |
| Deposits and obligations | 77.2% | 78.2% | 78.8% | | |
| Due to banks and correspondents and inter-bank funds | 15.4% | 14.8% | 14.1% | | |
| Bonds, notes and other obligations | 7.4% | 7.0% | 7.1% | | |

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 June 30, 2024, the balance of such special funding was S/ 294.0 million, compared to S/ 413.8 million as of March 31, 2024, and S/ 928.9 million as of June 30, 2023.

The bank's total funding base remained stable in the QoQ analysis, in line with the slight reduction of interest-earnings assets. This was explained by increases of 0.8% in deposits and obligations and 3.4% in bonds, partially offset by a 5.2% decrease in due to banks and correspondents and inter-bank funds.

The quarterly reduction in due to banks and correspondents and inter-bank funds was mainly the result of higher funding provided by COFIDE and the Central Bank, as well as a reduction in inter-bank funds. These effects were partially compensated by higher funding provided by correspondent banks.

The quarterly growth in deposits and obligations was mainly due to an increase of 3.4% in retail deposits, partially offset by a 4.8% reduction in institutional deposits. Also, current and saving accounts showed an increase of 4.4% and 5.2% respectively, partially offset by a reduction of 2.9% in time deposits.

The bank's total funding base grew 4.1% YoY, in line with the 3.5% increase of interest-earning assets. This is explained by increases of 6.2% in deposits and obligations and 1.0% in bonds, partially offset by a 5.0% decrease in due to banks and correspondents and inter-bank funds. 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 5.3% and 2.2% YoY, respectively.

The annual increase in deposits was mainly attributed to increases of 8.1% in retail deposits, 3.4% in commercial deposits, and 7.3% in institutional deposits.

The YoY reduction in due to banks and correspondents and inter-bank funds was mainly the result of lower funding provided by the Central Bank. These factors were partially compensated by higher funding provided by correspondent banks abroad.

As of June 30, 2024, the proportion of deposits and obligations to total funding was 78.8%, higher than the 78.2% reported as of March 31, 2024, and the 77.2% reported as of June 30, 2023.

| Breakdown of deposits | | | | | |
|---|---|---|---|---|---|
| S/ million | 06.30.23 | 03.31.24 | 06.30.24 | %chg 06.30.24 03.31.24 | %chg 06.30.24 06.30.23 |
| By customer service: | | | | | |
| Retail | 23,406.1 | 24,474.8 | 25,304.0 | 3.4% | 8.1% |
| Commercial | 14,635.9 | 15,115.9 | 15,117.5 | 0.0% | 3.3% |
| Institutional | 7,065.2 | 7,961.4 | 7,580.6 | -4.8% | 7.3% |
| Other | 515.9 | 538.2 | 266.8 | -50.4% | -48.3% |
| **Total** | **45,623.2** | **48,090.4** | **48,268.9** | **0.4%** | **5.8%** |
| | | | | | |
| By type: | | | | | |
| Demand | 11,664.5 | 12,424.2 | 12,257.2 | -1.3% | 5.1% |
| Savings | 18,201.1 | 17,883.5 | 18,796.0 | 5.1% | 3.3% |
| Time | 15,751.5 | 17,767.0 | 17,414.1 | -2.0% | 10.6% |
| Other | 6.2 | 15.6 | 5.6 | -64.0% | -8.9% |
| **Total** | **45,623.2** | **48,090.4** | **48,472.9** | **0.8%** | **6.2%** |

## NET INTEREST AND SIMILAR INCOME

| Net interest and similar income | | | | | |
|---|---|---|---|---|---|
| S/ million | 2Q23 | 1Q24 | 2Q24 | %chg QoQ | %chg YoY |
| Interest and similar income | 1,544.5 | 1,510.4 | 1,484.4 | -1.7% | -3.9% |
| Interest and similar expense | -592.0 | -596.2 | -559.4 | -6.2% | -5.5% |
| **Net interest and similar income** | **952.5** | **914.2** | **925.0** | **1.2%** | **-2.9%** |
| | | | | | |
| **NIM** | **5.6%** | **5.3%** | **5.2%** | **-10 bps** | **-40 bps** |

| Interest and similar income | | | | | |
|---|---|---|---|---|---|
| S/ million | 2Q23 | 1Q24 | 2Q24 | %chg QoQ | %chg YoY |
| **Interest and similar income** | | | | | |
| Due from banks and inter-bank funds | 82.4 | 88.1 | 80.3 | -8.9% | -2.6% |
| Financial investments | 124.0 | 147.3 | 142.9 | -3.0% | 15.2% |
| Loans | 1,338.1 | 1,275.0 | 1,261.2 | -1.1% | -5.7% |
| **Total Interest and similar income** | **1,544.5** | **1,510.4** | **1,484.4** | **-1.7%** | **-3.9%** |
| | | | | | |
| Average interest-earning assets | 67,860.5 | 69,618.3 | 70,534.1 | 1.3% | 3.9% |
| Average yield on assets (annualized) | 9.1% | 8.7% | 8.4% | -30 bps | -70 bps |

| Interest and similar expense | | | | | |
|---|---|---|---|---|---|
| S/ million | 2Q23 | 1Q24 | 2Q24 | %chg QoQ | %chg YoY |
| **Interest and similar expense** | | | | | |
| Deposits and obligations | -412.7 | -402.9 | -381.6 | -5.3% | -7.5% |
| Due to banks and correspondents and inter-bank funds | -117.2 | -124.8 | -114.4 | -8.4% | -2.4% |
| Bonds, notes and other obligations | -62.1 | -68.4 | -63.4 | -7.3% | 2.1% |
| **Total Interest and similar expense** | **-592.0** | **-596.2** | **-559.4** | **-6.2%** | **-5.5%** |
| | | | | | |
| Average interest-bearing liabilities | 58,823.3 | 60,278.0 | 61,485.8 | 2.0% | 4.5% |
| Average cost of funding (annualized) | 4.0% | 4.0% | 3.6% | -40 bps | -40 bps |

QoQ Performance

Net interest and similar income increased 1.2% QoQ due to a 1.7% reduction in interest and similar income, partially compensated by a 6.2% decrease in interest and similar expense.

The lower interest and similar income were attributed to decreases of 8.9% in interest on due from banks and inter-bank funds, 3.0% in interest on financial investments and 1.1% in interest on loans.

Interest on due from banks and inter-bank funds decreased S/ 7.8 million QoQ, or 8.9% explained by a 30 basis point decrease in the average yield, partially offset by 1.2% increase in the average volume.

Interest on financial investments lowered S/ 4.4 million QoQ, or 3.0% explained by a 20 basis point reduction in the average yield, partially compensated by a 1.7% increase in the average volume.

Interest on loans declined S/ 13.8 million QoQ, or 1.1% explained by a 20 basis point decrease in the average yield, partially offset by a 1.2% increase in the average loan portfolio. The lower average rate on loans, from 10.8% in 1Q24 to 10.6% in 2Q24, was the result of a loan mix shifts towards low-risk products.

The higher average volume of loans was attributed to a 3.7% in commercial loans, compensated by a slight reduction in retail loans. In the commercial portfolio, average loans increased 5.9% in working capital, as well as 0.8% in leasing operations. In the retail portfolio, average volumes decreased 2.1% in consumer loans, but increased 1.6% in mortgages.

The nominal average yield on interest-earning assets decreased 30 basis points QoQ, from 8.7%% in 1Q24 to 8.4% in 2Q24, in line with lower yield on loans.

The lower interest and similar expense were due to decreases of 8.4% in interest on due to banks and correspondents and 5.3% in interest on deposits and obligations.

Interest on due to banks and correspondents decreased S/ 10.4 million, or 8.4% QoQ, explained by a 40 basis point decrease in the average cost, as well as a slight decrease in the average volume. By currency, average balances of soles-denominated deposits increased 2.4%.

Interest on deposits and obligations decreased S/ 21.3 million, or 5.3% QoQ explained by a 20 basis point decrease in the average cost, from 3.4% in 1Q24 to 3.2% in 2Q24, partially offset by a 2.6% increase in the average volume. By currency, average balances of soles-denominated deposits grew 2.5% while average dollar-denominated deposits grew 2.8%.

The average cost of funding decreased 40 basis points, from 4.0% in 1Q24 to 3.6% in 2Q24, as a consequence of a lower cost of deposits and obligations, partially offset by a higher cost of banks and correspondents.

As a result of the above, net interest margin was 5.2% in 2Q24, 10 basis points lower than the 5.3% reported in 1Q24.

YoY Performance

Net interest and similar income decreased 2.9% YoY due to a 3.9% reduction in interest and similar income, partially offset by 5.5% lower interest and similar expense.

The reduction in interest and similar income was due to decreases of 5.7% in interest on loans and 2.6% in interest on due from banks and inter-bank funds, partially offset by a 15.2% increase in interest on financial investments.

Interest on loans decreased S/ 76.9 million YoY, or 5.7%, explained by a 90 basis point reduction in the average yield, as well as a 2.5% increase in the average volume.

The reduction in the average rate on loans, from 11.5% in 2Q23 to 10.6% in 2Q24, was mainly due to lower yields on consumer and commercial loans, associated with higher volumes from Impulso MyPeru.

The higher average volume of loans was attributed to growths of 8.2% in commercial loans as well as retail loans. In the commercial portfolio, average volumes grew due increases of 22.1% in leasing operations. In the retail portfolio, average volumes grew due to an increase of 6.3% in mortgages, partially offset by a 2.2% decrease in consumer loans (mainly explained by a 16.1% decrease in credit cards, compensated by a 13.9% increase in payroll deductible loans).

Interest on due from banks and inter-bank funds decrease S/ 2.1 million YoY, or 2.6%, explained by a 20 basis point reduction in the average yield, despite a 4.5% increase in the average volume.

Interest on financial investments increased S/ 18.9 million YoY, or 15.2% explained by a 9.6% growth in the average volume, as well as a 20 basis point increase in the average yield.

The nominal average yield on interest-earning assets decreased 70 basis points, from 9.1% in 2Q23 to 8.4% in 2Q24, in line with the lower yield on loans and due from banks.

The lower interest and similar expense were due to decreases of 7.5% in interest on deposits and obligations, 2.4% in interest on due to banks and correspondents and inter-bank funds, partially offset by a 2.1% increase in interest on bonds, notes and other obligations.

Interest on deposits and obligations decreased S/ 31.1 million YoY, or 7.5% explained by a 40 basis point reduction in the average cost, from 3.6% in 2Q23 to 3.2% in 2Q24. In addition, average volume increased 5.1%. By currency, average balances of soles-denominated deposits grew 6.9% while average dollar-denominated deposits grew 1.9%.

Interest on due to banks and correspondents decreased S/ 2.8 million YoY, or 2.4% as a result of a 30 basis point reduction in the average cost, from 5.5% in 2Q23 to 5.2% in 2Q24. This was partially offset by a 4.8% increase in the average volume.

Interest on bonds, notes and other obligations increased S/ 1.3 million YoY, or 2.1% mainly explained by a 30 basis point increase in the average cost. Impact was associated to the issuance of US$ 300 million subordinated bond in January 2024, that substituted the subordinated bond BINTPE29.

The average cost of funding decreased 40 basis points, from 4.0% in 2Q23 to 3.6% in 2Q24.

As a result of the above, net interest margin was 5.2% in 2Q24, 40 basis points lower than the 5.6% reported in 2Q23.

## IMPAIRMENT LOSS ON LOANS, NET OF RECOVERIES

Impairment loss on loans, net of recoveries, decreased 13.6% QoQ, while it grew by 13.7% YoY.

The quarterly performance was explained by lower provision requirements in the retail and commercial loan book. In the retail portfolio, the decrease in provisions was primarily driven by improved payment behavior, which resulted in lower requirements for consumer loans and credit cards. In the commercial portfolio, the decrease in provisions was driven by lower requirements across all segments, especially in the SME segment, due to the impact of Impulso MyPeru.

The annual increase in provisions was explained by higher requirements in the retail loan book, partially offset by lower requirements in the commercial loan book. Higher requirements in the retail loan book were mostly related to credit cards and consumer loans. The decrease in commercial loan provisions was due to lower requirements in the corporate segment.

As a result of the above, the annualized ratio of impairment loss on loans to average loans was 4.0% in 2Q24, lower than the 4.7% reported in the 1Q24, but higher than the 3.6% reported in the 2Q23.

| Impairment loss on loans, net of recoveries | | | | | |
|---|---|---|---|---|---|
| S/ million | 2Q23 | 1Q24 | 2Q24 | %chg QoQ | %chg YoY |
| Impairment loss on loans, net of recoveries | -416.9 | -548.8 | -474.0 | -13.6% | 13.7% |
| Impairment loss on loans/average gross loans | 3.6% | 4.7% | 4.0% | -70 bps | 40 bps |
| S3 NPL ratio (at end of period) | 2.7% | 3.4% | 3.2% | -20 bps | 50 bps |
| S3 NPL coverage ratio (at end of period) | 173.0% | 141.0% | 132.6% | -840 bps | -4040 bps |
| Impairment allowance for loans | 2,173.6 | 2,222.4 | 2,003.0 | -9.9% | -7.9% |

The Stage 3 NPL ratio decreased 20 basis points QoQ, but increased 50 basis points YoY, to 3.2% in 2Q24. The quarterly decrease was due to a 10 basis point reduction in the retail loans' NPL and of 30 basis points in commercial loans. Furthermore, the S3 NPL coverage ratio was 132.6% as of June 30, 2024, lower than the 141.0% reported as of March 31, 2024, and the 173.0% registered as of June 30, 2023.

## FEE INCOME FROM FINANCIAL SERVICES, NET

Net fee income from financial services increased S/ 19.3 million QoQ, or 11.0%, mainly explained by higher commissions from banking services as well as higher maintenance and mailing of accounts, transfer fees and commissions on debit card services. Other factors that contributed to the result were more transactionality and a reduction in total expenses.

Net fee income from financial services decreased S/ 13.0 million YoY, or 6.2%, mainly due to lower commissions from credit card services, fees from collection services and higher expenses. These effects were partially compensated by higher fees from maintenance and mailing of accounts.

| Fee income from financial services, net | | | | | |
|---|---|---|---|---|---|
| S/ million | 2Q23 | 1Q24 | 2Q24 | %chg QoQ | %chg YoY |
| **Income** | | | | | |
| Commissions from credit card services | 112.3 | 102.5 | 105.3 | 2.7% | -6.3% |
| Commissions from banking services | 83.5 | 75.5 | 84.4 | 11.8% | 1.1% |
| Maintenance and mailing of accounts, transfer fees and commissions on debit card services | 73.8 | 75.2 | 80.7 | 7.4% | 9.3% |
| Fees from indirect loans | 15.9 | 17.4 | 16.3 | -6.4% | 2.6% |
| Collection services | 15.9 | 13.4 | 13.9 | 3.6% | -12.4% |
| Other | 11.5 | 10.0 | 7.3 | -27.0% | -37.0% |
| **Total income** | **312.9** | **294.0** | **307.9** | **4.7%** | **-1.6%** |
| **Expenses** | | | | | |
| Insurance | -21.3 | -18.7 | -17.4 | -6.8% | -18.3% |
| Fees paid to foreign banks | -6.5 | -5.7 | -6.7 | 19.1% | 4.4% |
| Other | -77.1 | -93.8 | -88.6 | -5.5% | 15.0% |
| **Total expenses** | **-104.8** | **-118.1** | **-112.8** | **-4.5%** | **7.6%** |
| **Fee income from financial services, net** | **208.1** | **175.8** | **195.1** | **11.0%** | **-6.2%** |

## OTHER INCOME

Other income increased S/ 9.9 million QoQ, mainly explained by higher net gain on foreign exchange transactions and on financial assets at fair value through profit or loss, partially compensated by lower net gain on sale of financial investments.

Other income increased S/ 2.5 million YoY mainly explained by a higher net gain on foreign exchange transactions and on financial assets at fair value through profit or loss and a higher net gain on sale of financial investments, partially offset by lower contribution of extraordinary concepts.

| Other income | | | | | |
|---|---|---|---|---|---|
| S/ million | 2Q23 | 1Q24 | 2Q24 | %chg QoQ | %chg YoY |
| Net gain on foreign exchange transactions and on financial assets at fair value through profit or loss | 99.4 | 97.6 | 111.0 | 13.7% | 11.6% |
| Net gain on sale of financial investments | -0.0 | 5.8 | 2.4 | -58.0% | n.m. |
| Other | 26.6 | 15.2 | 15.1 | -0.5% | -43.2% |
| **Total other income** | **126.0** | **118.6** | **128.5** | **8.4%** | **2.0%** |

## OTHER EXPENSES

Other expenses increased S/ 27.1 million QoQ, or 5.6%, and S/ 17.2 million YoY, or 3.5%.

The quarterly increase in other expenses was mainly explained by higher salaries and employee benefits and administrative expenses.

The annual increase was the result of higher administrative expenses, partially offset by a decrease in salaries and employee benefits.

The efficiency ratio was 39.7% in 2Q24, higher compared to the 38.7% reported in 1Q24, but lower than the 37.3% registered in 2Q23.

| Other expenses | | | | | |
|---|---|---|---|---|---|
| S/ million | 2Q23 | 1Q24 | 2Q24 | %chg QoQ | %chg YoY |
| Salaries and employee benefits | -163.5 | -146.7 | -155.8 | 6.2% | -4.7% |
| Administrative expenses | -250.1 | -245.2 | -264.3 | 7.8% | 5.7% |
| Depreciation and amortization | -66.8 | -75.4 | -75.2 | -0.3% | 12.6% |
| Other | -17.1 | -20.3 | -19.4 | -4.3% | 13.8% |
| **Total other expenses** | **-497.5** | **-487.6** | **-514.7** | **5.6%** | **3.5%** |
| **Efficiency ratio** | **37.3%** | **38.7%** | **39.7%** | **100 bps** | **240 bps** |

## REGULATORY CAPITAL

The ratio of regulatory capital to risk weighted assets (RWA) was 15.0% as of June 30, 2024, below the 15.1% reported as of March 31, 2023 and the 15.2% registered as of June 30, 2023.

In 1Q24, risk-weighted assets (APR) increased 4.1% QoQ, due to higher capital requirements for credit risk, market risk, and operational risk. Higher RWA for credit risk were attributed to higher RWA for loans, as well as higher RWA for financial investments.

The annual decrease in the total capital ratio was explained by an increase of 3.8% in RWA, which was mitigated by a 2.2% increase in the regulatory capital. The growth in RWA was due to higher capital requirements for credit risk, operational risk and market risk. The increase in RWA for credit risk was due to higher RWA for loans, partially compensated by lower RWA for financial investments.

The YoY performance in regulatory capital was mainly a result of the incorporation of the capitalization of 2023 results, as well as for the unrealized loss (UL) in the investment portfolio available for sale. These effects were partially compensated by higher adjustments in investments on subsidiaries that are part of the financial consolidated group to which Interbank belongs, as a consequence of regulatory changes published at the end of March 2024.

Also, it is worth mentioning that in December 2022, the SBS issued the Official Document No. 03952-2022, by which it established that, from March 1, 2023, the minimum regulatory capital ratio requirement would remain at 8.5% and would follow an adequation schedule until March 2024, date in which the minimum regulatory capital ratio requirement will reach 10.0%. This date was modified with later resolutions, being the Resolution N° 274-2024, published in January 2024, the last current update, which establishes the new date for the implementation of the global limit in March 2025.

As of June 30, 2024, Interbank's total capital ratio of 15.0% was significantly higher than the global requirements plus buffers and capital assigned to cover additional risks, by disposition of the SBS. The minimum regulatory requirement was 9.0% as of December 31, 2023. Additionally, Core Equity Tier 1 (CET1) was 11.2% under the new methodology required by the SBS, compared to the 11.3% registered as of March 31, 2023, and 11.4% reported as of June 30, 2023. 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 | | | | %chg | %chg |
| | 06.30.23 | 03.31.24 | 06.30.24 | 06.30.24 | 06.30.24 |
| | | | | 03.31.24 | 06.30.23 |
| Tier I capital | 7,112.5 | 7,050.3 | 7,282.9 | 3.3% | 2.4% |
| Tier II capital | 2,375.2 | 2,346.0 | 2,412.3 | 2.8% | 1.6% |
| Total regulatory capital | 9,487.6 | 9,396.3 | 9,695.2 | 3.2% | 2.2% |
| Risk-weighted assets (RWA) | 62,359.8 | 62,168.4 | 64,741.7 | 4.1% | 3.8% |
| **Total capital ratio** | **15.2%** | **15.1%** | **15.0%** | **-10 bps** | **-20 bps** |
| **Tier I capital / RWA** | **11.4%** | **11.3%** | **11.2%** | **-10 bps** | **-20 bps** |
| **CET1** | **11.4%** | **11.3%** | **11.2%** | **-10 bps** | **-20 bps** |

## Interseguro

Interseguro's profits reached S/ 78.5 million in 2Q24, a positive performance compared to 1Q24.

The quarterly expansion was mainly explained by increases of S/ 65.2 million in insurance results, S/ 45.0 million recovery in impairment of financial investments due to a rating downgrade of a fixed income investment in 1Q24 and S/ 38.1 million in other income. These effects were partially offset by a S/ 27.0 million decrease in net interest and similar income and S/ 20.0 million in translation results.

The annual performance in net profit was mainly explained by a S/ 48.6 million decrease in translation results, S/ 14.3 in net interest and similar income, and an increase of S/ 5.7 million in other expenses. However, these factors were partially offset by a S/ 38.3 million increase in other income and an increase of S/ 16.1 in insurance results.

As a result, Interseguro's ROE registered 58.5% for 2Q24 when compared to the 130.5% registered in 2Q23.

| Insurance Segment's P&L Statement | | | | | |
|---|---|---|---|---|---|
| S/ million | 2Q23 | 1Q24 | 2Q24 | %chg QoQ | %chg YoY |
| Interest and similar income | 214.1 | 238.8 | 205.9 | -13.8% | -3.8% |
| Interest and similar expenses | -30.3 | -42.3 | -36.4 | -13.9% | 20.1% |
| **Net Interest and similar income** | **183.7** | **196.4** | **169.5** | **-13.7%** | **-7.8%** |
| Recovery (loss) due to impairment of financial investments | 1.0 | -38.9 | 6.1 | n.m. | n.m. |
| **Net Interest and similar income after impairment loss** | **184.8** | **157.5** | **175.6** | **11.5%** | **-5.0%** |
| Fee income from financial services, net | -2.3 | -2.5 | -2.5 | 0.3% | 10.8% |
| Insurance results | -34.2 | -83.3 | -18.1 | -78.2% | -47.0% |
| Other income | 6.7 | 7.0 | 48.2 | n.m. | n.m. |
| Other expenses | -94.5 | -97.2 | -103.4 | 6.3% | 9.4% |
| **Income before translation result and income tax** | **60.5** | **-18.6** | **99.7** | **n.m.** | **64.9%** |
| Translation result | 27.4 | -1.2 | -21.2 | n.m. | n.m. |
| Income tax | - | - | - | n.m. | n.m. |
| **Profit for the period** | **87.9** | **-19.8** | **78.5** | **n.m.** | **-10.6%** |
| | | | | | |
| **ROE** | **130.5%** | **-15.4%** | **58.5%** | | |
| **Efficiency ratio** | **12.5%** | **14.4%** | **15.2%** | | |

## RESULTS FROM INVESTMENTS

| Results from Investments [1] | | | | | |
|---|---|---|---|---|---|
| S/ million | 2Q23 | 1Q24 | 2Q24 | %chg QoQ | %chg YoY |
| Interest and similar income | 214.2 | 239.1 | 205.9 | -13.9% | -3.9% |
| Interest and similar expenses | -17.0 | -28.6 | -22.9 | -20.1% | 34.8% |
| **Net interest and similar income** | **197.2** | **210.5** | **183.0** | **-13.1%** | **-7.2%** |
| Recovery (loss) due to impairment of financial investments | 1.0 | -38.9 | 6.1 | n.m. | n.m. |
| **Net Interest and similar income after impairment loss** | **198.2** | **171.6** | **189.1** | **10.2%** | **-4.6%** |
| Net gain (loss) on sale of financial investments | 2.6 | -12.4 | 5.9 | n.m. | n.m. |
| Net gain (loss) on financial assets at fair value through profit or loss | 15.1 | -18.8 | -12.2 | -35.0% | n.m. |
| Rental income | 17.1 | 17.1 | 17.7 | 3.4% | 3.4% |
| Gain on sale of investment property | - | - | -3.2 | n.m. | n.m. |
| Valuation gain (loss) from investment property | -30.5 | 18.3 | 33.9 | 85.4% | n.m. |
| Other[1] | -4.2 | -2.8 | -4.9 | 77.7% | 17.8% |
| **Other income** | **0.1** | **1.4** | **37.2** | **n.m.** | **n.m.** |
| **Results from investments** | **198.3** | **173.1** | **226.3** | **30.8%** | **14.1%** |

(1) Only includes transactions related to investments.

## NET INTEREST AND SIMILAR INCOME

Net interest and similar income related to investments was S/ 183.0 million in 2Q24, a decrease of S/ 27.5 million QoQ, or 13.1%, and a decrease of S/ 14.2 million YoY, or 7.2%.

The quarterly performance was mainly explained by a decrease of S/ 33.2 million in interest and similar income due to lower inflation rates, and a decrease of S/ 5.7 million in interest and similar expenses due to a reduction in adjustments of private annuities technical reserves.

The decrease in the yearly performance was due to an increase in interest and similar expenses of S/ 5.9 million explained by an increase in financial obligations, and a reduction of S/ 8.3 million in interest and similar income, resulting from lower inflation rates.

## RECOVERY (LOSS) DUE TO IMPAIRMENT OF FINANCIAL INVESTMENTS

Recovery due to impairment of financial investments was S/ 6.1 million in 2Q24 due to a recovery of a fixed income investment compared to a loss of S/ 38.9 million in 1Q24 and a recovery of S/ 1.0 million in 2Q23.

## OTHER INCOME

Other income related to investment was S/ 37.2 million in 2Q24, an increase of S/ 35.8 million QoQ and S/ 37.1 million YoY.

The quarterly increase was explained by a net profit on sale of financial investments of S/ 18.3 million, a valuation gains from investment property of S/ 15.6 million and a net profit of financial assets at fair value of S/ 6.6 million.

The annual performance in other income was mainly due to increases in valuation gain from investment property of S/ 64.4 million due to exchange rate fluctuations, in rental income of S/ 0.6 million, and a net profit on sale of financial investments of S/ 3.3 million. These factors were partially offset by a net loss on financial assets at a fair value of S/ 27.3 million.

## INSURANCE RESULTS

| Insurance Results | | | | | |
|---|---|---|---|---|---|
| S/ million | | | | %chg | %chg |
| | 2Q23 | 1Q24 | 2Q24 | QoQ | YoY |
| Insurance Income | 174.1 | 183.4 | 184.8 | 0.8% | 6.2% |
| Insurance Expenses | -208.3 | -266.7 | -203.0 | -23.9% | -2.6% |
| **Insurance Results** | **-34.2** | **-83.3** | **-18.1** | **n.m.** | **-47.0%** |

## INSURANCE INCOME

| Insurance Income | | | | | |
|---|---|---|---|---|---|
| S/ million | | | | %chg | %chg |
| | 2Q23 | 1Q24 | 2Q24 | QoQ | YoY |
| Annuities | 68.4 | 70.8 | 70.7 | -0.2% | 3.3% |
| Individual Life | 22.2 | 24.5 | 25.0 | 1.9% | 12.4% |
| Retail Insurance | 83.5 | 88.1 | 89.2 | 1.3% | 6.8% |
| **Total Insurance Income** | **174.1** | **183.4** | **184.8** | **0.8%** | **6.2%** |

Insurance income was S/ 184.8 million in 2Q24, an increase of S/ 1.4 million QoQ, or 0.8%, and a growth of S/ 10.7 million YoY, or 6.2%.

The quarterly performance was mainly explained by increases of S/ 1.1 million in retail insurance, due to higher PAA products premiums, and S/ 0.5 million in individual life explained by higher CSM release due to the growth of the life insurance portfolio, partially offset by a decrease of S/ 0.1 million in annuities.

The yearly increase was mainly explained by a growth in retail insurance of S/ 5.7 million, of S/ 2.8 million in individual life and of S/ 2.3 million in annuities. These increases were mainly explained by the higher BEL release, resulting from the growth of the business.

## INSURANCE EXPENSES

| Insurance Expenses | | | | | |
|---|---|---|---|---|---|
| S/ million | | | | %chg | %chg |
| | 2Q23 | 1Q24 | 2Q24 | QoQ | YoY |
| Annuities | -184.1 | -245.6 | -194.1 | -21.0% | 5.4% |
| Individual Life | 3.4 | 9.4 | 11.6 | 23.3% | n.m. |
| Retail Insurance | -27.5 | -30.5 | -20.5 | -32.6% | -25.4% |
| **Total Insurance Expenses** | **-208.3** | **-266.7** | **-203.0** | **-23.9%** | **-2.6%** |

Insurance expenses were S/ 203.0 million in 2Q24, a decrease of S/ 63.7 million QoQ, or -23.9%, and S/ 5.3 million YoY, or -2.6%.

The quarterly performance was mainly explained by lower expenses of S/ 51.5 million in annuities explained by a decrease in loss component due to lower inflation rates, a S/ 10.0 million decrease in retail insurance mainly explained by lower net claims and benefits and a reduction of S/ 2.2 million in individual life.

The yearly decrease was mainly explained by reductions of S/ 8.2 million in individual life due to lower net claims and benefits and S/ 7.0 million in retail insurance due to lower adjustment in technical reserves for incurred claims; partially offset by an increase of S/ 10 million in annuities explained by a loss component reversion in 2Q23 due to changes in future cash flow estimates.

## OTHER EXPENSES

| Other Expenses | | | | | |
|---|---|---|---|---|---|
| S/ million | | | | %chg | %chg |
| | 2Q23 | 1Q24 | 2Q24 | QoQ | YoY |
| Salaries and employee benefits | -23.5 | -29.9 | -37.9 | 26.4% | 61.0% |
| Administrative expenses | -16.3 | -20.0 | -17.5 | -12.5% | 6.9% |
| Depreciation and amortization | -5.3 | -5.5 | -5.4 | -1.2% | 1.9% |
| Expenses related to rental income | -1.8 | -1.6 | -3.6 | n.m. | n.m. |
| Other | -47.5 | -40.3 | -35.9 | -10.9% | -24.5% |
| **Other expenses** | **-94.5** | **-97.2** | **-100.2** | **3.1%** | **6.1%** |

Other expenses increased by S/ 3.0 million QoQ, or 3.1%, and by S/ 5.7 million YoY, or 6.1%.

## Inteligo

Inteligo's net profit was S/ 6.3 million in 2Q24, a S/ 19.7 million or 75.7% decrease QoQ and a S/ 15.2 million decrease YoY.

The quarterly performance was mainly attributable to mark-to-market losses on proprietary portfolio investments. Other effects that explained the QoQ results were a decrease of 16.6% in net interest and similar income and an increase of 1.5% in other expenses. This was partially offset by an increase of 10.5% in net fee income from financial services.

The annual performance was also mainly attributable to mark-to-market losses on proprietary portfolio investments. Other effects that explained the YoY results were a decrease of 33.4% in net interest and similar income and an increase of 11.1% in other expenses. This was partially offset by an increase of 22.4% in net fee income from financial services.

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 and mutual funds. Consequently, Inteligo's AUM increased 8.7% QoQ and 21.4% YoY as of June 30, 2024.

Inteligo's ROE was 2.7% in 2Q24, lower than the 11.2% reported in 1Q24.

**Wealth Management Segment's P&L Statement**

| S/ million | 2Q23 | 1Q24 | 2Q24 | %chg QoQ | %chg YoY |
|---|---|---|---|---|---|
| Interest and similar income | 47.6 | 48.0 | 44.3 | -7.8% | -6.9% |
| Interest and similar expenses | -21.9 | -27.6 | -27.2 | -1.2% | 24.1% |
| **Net interest and similar income** | **25.6** | **20.5** | **17.1** | **-16.6%** | **-33.4%** |
| Impairment loss on loans, net of recoveries | 0.1 | -0.2 | -0.3 | 94.7% | n.m. |
| Recovery (loss) due to impairment of financial investments | 0.0 | 0.2 | -0.3 | n.m. | n.m. |
| **Net interest and similar income after impairment loss** | **25.6** | **20.6** | **16.5** | **-19.6%** | **-35.6%** |
| Fee income from financial services, net | 34.6 | 38.3 | 42.4 | 10.5% | 22.4% |
| Other income | -3.4 | 8.1 | -12.1 | n.m. | n.m. |
| Other expenses | -34.6 | -37.8 | -38.4 | 1.5% | 11.1% |
| **Income before translation result and income tax** | **22.2** | **29.2** | **8.4** | **-71.3%** | **-62.3%** |
| Translation result | -0.3 | -0.8 | 0.8 | n.m. | n.m. |
| Income tax | -0.4 | -2.4 | -2.9 | 20.4% | n.m. |
| **Profit for the period** | **21.5** | **26.0** | **6.3** | **-75.7%** | **-70.7%** |
| **ROE** | **9.7%** | **11.2%** | **2.7%** | | |
| **Efficiency ratio** | **60.5%** | **55.5%** | **80.2%** | | |

### ASSETS UNDER MANAGEMENT & DEPOSITS

AUM reached S/ 26,115.3 million in 2Q24, a S/ 2,090.5 million or 8.7% increase QoQ and a S/ 4,600.3 million or 21.4% increase YoY, mostly explained by inflows in mutual funds and Private Wealth Management.

Client deposits were S/ 3,321.5 million in 2Q24, a S/ 132.4 million or 4.2% increase QoQ and a S/ 37.9 million or 1.1% increase YoY, mostly affected by a higher exchange rate.

## NET INTEREST AND SIMILAR INCOME

| Net interest and similar income | | | | | |
|---|---|---|---|---|---|
| S/ million | 2Q23 | 1Q24 | 2Q24 | %chg QoQ | %chg YoY |
| **Interest and similar income** | | | | | |
| Due from banks and inter-bank funds | 9.0 | 8.3 | 7.3 | -12.1% | -19.1% |
| Financial Investments | 15.4 | 16.5 | 13.5 | -18.1% | -11.9% |
| Loans | 23.2 | 23.2 | 23.4 | 1.1% | 1.2% |
| **Total interest and similar income** | **47.6** | **48.0** | **44.3** | **-7.8%** | **-6.9%** |
| **Interest and similar expenses** | | | | | |
| Deposits and obligations | -22.2 | -25.9 | -25.5 | -1.3% | 15.0% |
| Due to banks and correspondents | 0.3 | -1.7 | -1.7 | 0.7% | n.m. |
| **Total interest and similar expenses** | **-21.9** | **-27.6** | **-27.2** | **-1.2%** | **24.1%** |
| **Net interest and similar income** | **25.6** | **20.5** | **17.1** | **-16.6%** | **-33.4%** |

Inteligo's net interest and similar income was S/ 17.1 million in 2Q24, a S/ 3.4 million, or 16.6% decrease when compared with 4Q23, mainly explained by lower dividends received from proprietary portfolio investments and lower levels of excess liquidity during the quarter.

Net interest and similar income decreased S/ 8.5 million YoY, or 33.4%, as a result of a higher interest expense on deposits, which was attributed to the increases in the reference interest rate of the US Federal Reserve.

## FEE INCOME FROM FINANCIAL SERVICES

| Fee income from financial services, net | | | | | |
|---|---|---|---|---|---|
| S/ million | 2Q23 | 1Q24 | 2Q24 | %chg QoQ | %chg YoY |
| **Income** | | | | | |
| Brokerage and custody services | 2.2 | 2.8 | 3.7 | 31.1% | 65.5% |
| Funds management | 32.8 | 35.9 | 39.0 | 8.7% | 18.9% |
| **Total income** | **35.1** | **38.7** | **42.7** | **10.4%** | **21.8%** |
| **Expenses** | | | | | |
| Brokerage and custody services | -0.2 | -0.2 | -0.2 | 9.8% | 16.5% |
| Others | -0.3 | -0.2 | -0.2 | -16.0% | -40.5% |
| **Total expenses** | **-0.5** | **-0.4** | **-0.4** | **-4.5%** | **-20.5%** |
| **Fee income from financial services, net** | **34.6** | **38.3** | **42.4** | **10.5%** | **22.4%** |

Net fee income from financial services was S/ 42.4 million in 2Q24, an increase of S/ 4.0 million or 10.5% when compared to the previous quarter, mainly explained by higher fees from the wealth management segment.

On a YoY basis, net fee income from financial services increased S/ 7.8 million, or 22.4%, mainly due to higher fees from funds management. This was explained by assets under management growth in private wealth management and mutual funds.

## OTHER INCOME

| Other income | | | | | |
|---|---|---|---|---|---|
| S/ million | | | | %chg | %chg |
| | 2Q23 | 1Q24 | 2Q24 | QoQ | YoY |
| Net gain on sale of financial investments | 0.2 | -0.5 | -2.1 | n.m. | n.m. |
| Net trading gain (loss) | -2.8 | 7.3 | -9.0 | n.m. | n.m. |
| Other | -0.9 | 1.4 | -1.1 | n.m. | 19.7% |
| **Total other income** | **-3.4** | **8.1** | **-12.1** | **n.m.** | **n.m.** |

Inteligo's other income (loss) reached S/ -12.1 million in 2Q24, compared to losses of S/ -3.4 million in 2Q23, in both cases attributable to negative mark-to-market valuations on proprietary portfolio investments.

## OTHER EXPENSES

| Other expenses | | | | | |
|---|---|---|---|---|---|
| S/ million | | | | %chg | %chg |
| | 2Q23 | 1Q24 | 2Q24 | QoQ | YoY |
| Salaries and employee benefits | -20.8 | -23.8 | -23.8 | 0.0% | 14.6% |
| Administrative expenses | -9.9 | -11.2 | -11.9 | 6.4% | 20.6% |
| Depreciation and amortization | -3.7 | -2.2 | -2.2 | 2.1% | -39.5% |
| Other | -0.2 | -0.6 | -0.4 | -30.8% | 89.6% |
| **Total other expenses** | **-34.6** | **-37.8** | **-38.4** | **1.5%** | **11.1%** |
| | | | | | |
| **Efficiency ratio** | **60.5%** | **55.5%** | **80.2%** | | |

Other expenses reached S/ 38.4 million in 2Q24, an increase of S/ 0.6 million or 1.5% QoQ and of S/ 3.8 million or 11.1% YoY, mainly explained by higher salaries and employee benefits and administrative expenses.