

Intercorp Financial Services

Third Quarter 2025 Conference Call

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CORPORATE PARTICIPANTS

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PRESENTATION

Operator

Good morning, and welcome to Intercorp Financial Services Third Quarter 2025 Conference Call. [Operator Instructions].

It is now my pleasure to turn the call over to Ivan Peill from InspIR Group. Sir, you may begin.

Ivan Peill

Thank you, and good morning, everyone. On today's call, Intercorp Financial Services will discuss its third quarter 2025 earnings. We are very pleased to have with us Mr. Luis Felipe Castellanos, Chief Executive Officer, Intercorp Financial Services; Ms. Michela Casassa, Chief Financial Officer, Intercorp Financial Services; Mr. Carlos Tori, Chief Executive Officer, Interbank; Mr. Gonzalo Basadre, Chief Executive Officer, Interseguro; Mr. Bruno Ferreccio, Chief Executive Officer, Inteligo.

They will be discussing the results that were distributed by the company yesterday. There is also a webcast video presentation to accompany the discussion during this call. If you didn't receive the copy of the presentation or the earnings report, they are now available on the company's website, ifs.com.pe. Otherwise, if you need any assistance today, please call InspIR Group in New York on (646) 940-8843.

I would like to remind you that today's call is for investors and analysts only. Therefore, questions from the media will not be taken. Please be advised that forward-looking statements may be made during this conference call. These do not account for future economic circumstances, industry conditions, the company's financial performance or financial results. As such, statements made are based on several assumptions and factors that could change causing actual results to materially differ from the current expectations. For a complete note on forward-looking statements, please refer to the earnings presentation and report issued yesterday.

It is now my pleasure to turn the call over to Mr. Luis Felipe Castellanos, Chief Executive Officer of Intercorp Financial Services, for his opening remarks. Mr. Castellanos, please go ahead, sir.

Luis Felipe Castellanos

Thank you. Good morning, and thank you all for joining our third quarter 2025 earnings call. Thank you all for your interest and trust in IFS. We appreciate your continued support. We have continued to observe positive performance in Peru's economy with cumulative growth of 3.3% as of August.

This momentum has been driven by increased activity in consumption-related sectors and sustained private investment, which is projected to grow by 6.5% by year-end. While we are maintaining a cautious outlook, given the international context and the pre-election period, Peru continues to benefit from a low inflation environment and a solid exchange rate which has appreciated close to 10% this year.

The country risk remains low. Even with the latest presidential transition, we haven't seen additional volatility. These factors reinforce Peru's position as one of the most dynamic and stable economies in the region. The political transition expected in 2026 does not suggest any major changes in financial stability. Prudent monetary management and strong institutions allow us to forecast continued growth supported by the resilience of the local market and investors' confidence.

This quarter, IFS has sustained strong core results and profitability with an ROE of around 16%, even after a specific investment impact related to Rutas de Lima with a provision of PEN78 million this quarter. As you may be aware, the Rutas de Lima concession has become an ongoing issue between the municipality of Lima and the concessioner. What is currently reflected in our books corresponds to information available as of the reporting date. We're closely monitoring the situation as new developments unfold.

Local and international legal proceedings will continue in the following months with final resolution not expected in the short-term. Our total remaining exposure after in payments today amounts to approximately \$60 million in soles equivalent, which represents less than 1% of our investment book at IFS. These results confirm our ability to adapt quickly and keep generating value in a challenging environment, reaffirming our commitment to long-term sustainability and profitability.

Interbank continues to grow in higher yielding loans, particularly in consumer and small business segments, now representing 22% of our loan portfolio. Stronger net interest margin and better-than-expected cost of risk have driven a solid improvement in risk-adjusted NIM, highlighting our discipline in effective risk and profitability management.

Izipay and Interbank continue to capture joint business opportunities, while PLIN deepens user engagement, fostering more primary banking relationships and driving growth. Interseguro continues to grow its core business with solid performance in private annuities and life insurance, even after the negative impact from Rutas de Lima this quarter.

In addition, Interseguro continues to leverage synergies with Inteligo to expand private annuity sales and collaborating with Interbank to advance integrated bank assurance solutions that deliver greater value for our customers. Inteligo, our Wealth Management segment also continues to grow in double-digit, achieving new record high in assets under management, thanks to our client, trust and consistent engagement.

IFS remains committed to our strategy of focused and profitable growth, keeping our clients at the center of every decision. Our priority is to achieve digital excellence and deepen primary client relationships through comprehensive data-driven services and a differentiated experience, powered by our innovation and advanced analytic capabilities as our competitive advantage.

Looking ahead, we remain optimistic about IFS's and Peru's outlook. The company has demonstrated resilience in downturns and is well-positioned to continue executing its growth strategy, maintaining profitability and reinforcing our leadership in the Peruvian market.

Now let me pass it on to Michela for further explanation of this quarter's results. Thank you.

Michela Casassa

Thank you, Luis Felipe. Good morning, and welcome, everyone, to InterCorp Financial Services third quarter earnings call. We would like to start with our key messages for the quarter. We had a very good third quarter as business momentum remains strong. Our accumulated net income is up by 81% compared to the same period last year, accumulating 17.4% ROE, which would have been 18.3%, excluding the one-off from Rutas de Lima. Net income from the quarter was PEN456 million with an ROE of around 16%.

Second key message, higher-yielding loans accelerated, showing a 7% growth in a year-over-year basis and 3% in the last quarter. Third, risk-adjusted NIM continues with a positive strength,

increasing 40 basis points in the last quarter, now at 3.8%, still with a low cost of risk of 2.1% and with some positive signs in the NIM recovering 10 basis points in the quarter.

Fourth, we continue to strengthen primary banking relationships. And as a result, our retail primary banking customers grew 6% last year. Fifth, we had double-digit growth in our core business in wealth management and insurance with written premiums growing by 58% year-over-year due to the growth in private annuities and life insurance, and wealth management assets under management are at new record highs with continued double-digit growth quarter-to-quarter.

Let's start with our first key message. Let me share an overview of the macroeconomic environment. Peru's GDP growth accelerated in the third quarter with the Central Bank revising its 2025 estimate upward to 3.2%, supported by strong non-primary sector activity such as agriculture and mining.

August growth reached 3.2%, bringing the year-to-date expansion to 3.3%. Agriculture grew by 6.4%, fueled by high international demand and mining remains strong. Construction services and commerce also saw growth above 5%, demonstrating solid domestic momentum. Private spending has been a key factor behind the economic growth throughout the year.

Macroeconomic fundamentals remain stable with inflation contained near 1.7% for 2025. The Peruvian sol has strengthened around 10% this year and the reference rate lowered to 4.25%, maintaining favorable financial conditions for ongoing growth.

Overall, with a GDP growth projection of 2.9% for 2026 by the Central Bank, Peru is establishing itself as one of the fastest-growing economies in the region despite internal and external challenges. The Peruvian economy holds positive prospects for the coming years as it is well positioned to meet the global demand for commodities. Nevertheless, risks remain, particularly those related to political uncertainty and global market volatility.

On Slide 5, high prices for copper and gold continue to be one of the key drivers of Peru's economic growth, boosting export revenues, encouraging investment in mining and related sectors and supporting job creation. As a result, Peru's stance of trade are expected to remain at historic highs.

In line with the positive economic environment, business expectations remain stable with seeing optimistic ranges and consumer confidence continues to improve, supporting domestic demand. The internal demand projection for 2025 has been revised upward by the Central Bank to 5.1%, driven mainly by solid growth in private investment and consumption.

In the first six months of the year, internal demand expanded by 6.2%, with private investments up 9% led by double-digit growth in non-mining investments and private consumption rising by 3.7%. Looking ahead to 2026, internal demand is expected to moderate to 2.9%, with private consumption stabilizing at 2.9% and private investment reaching 3.5%.

Additionally, there is an extensive pipeline of projects in mining and infrastructure scheduled for the coming years. In this environment, while we observed an acceleration in retail lending during the third quarter, we anticipate that this pace will likely moderate during the last quarter of the year, given the expected outflows from the private pension funds.

On Slide 6, during the third quarter, we achieved a 17% year-over-year increase in earnings, reaching an ROE close to 16%. That said, this ROE marked a slight decrease from the previous

quarter, mainly due to two factors. First, the last quarter, Inteligo delivered results related to investment portfolio that surpass expectations. And second, this quarter, Interseguro registered the impact of the Rutas de Lima provision of PEN78 million, as previously mentioned.

On a positive note, the bank saw a reversal of provisions related to Integratel, previously Telefonica for PEN20 million. If we exclude Rutas de Lima and Integratel, IFS ROE would stand at 17.5%, which brings us closer to our medium-term target.

I want to particularly highlight the bank's strong performance this quarter, which is not only attributed to a lower cost of risk, but also to an improved net interest margin in line with growth of higher-yielding loans, fee income and positive results from the investment portfolio.

Excluding the effect from Integratel, the bank's ROE would have been 16%, which represents an improvement both year-over-year and compared to the previous quarter. Furthermore, the core business of Interseguro and Inteligo continued to post double-digit growth.

On Slide 7, I would like to highlight the positive strength of our ROE throughout the year. For the first 9 months of 2025, our ROE stands at 17.4%. And excluding the Rutas de Lima effect, ROE would have reached 18.3%. This has been a solid quarter across all IFS business lines with our core operations as the main drivers of profitability. This performance positions us well to continue advancing towards our medium-term goals.

On Slide 8, our accumulated earnings are up 81% compared to the same period last year with an accumulated ROE at 17.4%. Both Interbank and Interseguro have achieved relevant growth, each posting increases of more than 60% year-over-year. Inteligo, in particular, has seen its earning more than triple, which speaks to the strength and resilience of our diversified portfolio.

Another positive highlight is the growing diversification of IFS earnings. In the first 9 months of the year, the bank contributed around 70% of total earnings, showing the increasing relevance of our other segments.

Now let's turn to Slide 9, where we take a closer look at IFS revenues, which grew 9% year-over-year. At the bank level, top line is growing 4% in the quarter as we are beginning to see a recovery in our net interest margin on top of good results in fee income. This is driven primarily by accelerated growth in the higher-yielding loans, which starts to positively impact our average yield.

Interseguro continued to demonstrate strong revenue trends in line with high investment valuations while insurance results improved, thanks to growth in annuities. Finally, at Inteligo, fee income continues to grow and the portfolio results have returned to more normalized levels.

On Slide 10, we wanted to double click on the fee income evolution, which continues to demonstrate good dynamics with a cumulative 8% increase year-over-year. At the bank level, this growth is supported by retail on one hand, given the increased debit and credit card activity and by commercial banking on the other, reflecting results from our strategy of deepening client relationships and strengthening our ecosystem. Wealth management also posted notable growth with fee income increasing 17% year-over-year as a result of the ongoing expansion in assets under management.

In line with our strategy, the transformation of our acquiring business model continues, positioning Izipay as a key complementary component within our commercial banking product suite. This has enabled us to strengthen client relationships and increase float balances, although it has resulted

in a compression of merchant margins impacting fee income. These developments are taking place and the growing competition in the market and the fast adoption of QR codes with no fees.

On Slide 11, IFS expenses increased by 6% year-over-year as we continue to make strategic investments to support our long-term growth ambitions. This includes accelerated investments in technology to strengthen resilience, enhance user experience, improve cybersecurity, expand our capacity and develop AI capabilities alongside ongoing efforts to strengthen leadership within key teams, reflecting a recognition of the pivotal role talent plays in delivering our strategy. Consequently, the cost-to-income ratio at IFS level stands at 37.7%.

Now let's move on to the second key message. On Slide 13, we see a positive trend in higher-yielding loans. Our total loan portfolio expanded by over 5% year-over-year, outperforming the market. This positive momentum was driven by the acceleration in higher-yielding loans, which grew 7% over the past year and 3% in the last quarter.

The robust macroeconomic activity is reflected in increased disbursement by 34% in cash loans and by 56% in small businesses. In this last case, most of our current disbursements are now traditional loans, which include sales financing, collateralized loans and unsecured loans, which have higher rates compared to last year's Impulso My Peru loans.

This segment continues to expand with average rates increasing by over 150 basis points in the past year. Overall, in retail banking, the affluent segment was the one which started the recovery in growth with an 8% growth year-over-year and 2% in the last quarter. But now the mass market segment has now grown for two straight quarters, increasing 3% in the last quarter and beginning to regain scale.

On the commercial side, the decline in the quarter is mainly attributable to the corporate segment, impacted by loan maturities and by some companies turning to the capital markets. However, midsized companies continue to perform well up 5% year-over-year, and small businesses up 33% year-over-year now representing almost 4% of our total portfolio.

On Slide 14, we wanted to double click on the consumer portfolio, which accelerated in the last quarter. In personal loans, we've seen a significant uplift in digital channel performance, driven by enhanced personalization of communication journeys and continuous improvements to our website. Disbursement rose 51% supported by increased lead generation and additional loans to existing customers.

We also redesigned our pricing strategy with a customer-centric approach, enhancing our value proposition and driving higher conversion rates. The current mix starts to shift towards higher-yielding segments, supported by growth in the mass market clients with good risk profile. Still, the retail cost of risk is at very low levels.

In credit cards, transactional activity continues to grow as turnover rose 9% year-over-year. Looking ahead, we remain optimistic about our growth prospects, although we recognize that challenges persist. In particular, pension fund withdrawals would likely affect consumer loan disbursements in the coming quarters.

Nevertheless, our continuous focus on higher-yielding segments and prudent portfolio management position us well to navigate these market conditions. As part of our strategy, we continue to strengthen our payments ecosystem with PLIN and Izipay.

On Slide 15, we have continued working to generate further synergies as we drive the growth of our payment ecosystem, focusing on increasing transactional volumes, offering value-added services and leveraging Izipay as both a distribution network for Interbank products and a source to increase growth.

In particular, the commercial teams from both Izipay and the bank are collaborating more efficiently, allowing us to deliver integrated solutions and maximize the value we bring to our clients. PLIN transactions grew 38% over the last year, and our digital retail customers reached 83%.

We introduced PLIN Corredores, extending our digital payment services to the transport sector through Metropolitano Corredores, and we recently launched PLIN WhatsApp offering a new digital experience for our clients, which allows them to pay without using the app directly from WhatsApp, both by typing the instructions and through voice, boosted by AI. This is our first example of conversational banking, and we will continue to evolve this offering with new features in the near future.

Continuing with our strategy, Izipay continues to show strong momentum in the small business segment with flows from Izipay up 60% over the past year. This growth has contributed to the 20% increase in deposits which now accounts for 10% of wholesale deposits or 26% of wholesale low-cost deposits. The float from Izipay expanded by 31% in the same period as interim share of Izipay flow is around 39%. Following with the third message, we see improvement in risk-adjusted NIM.

On Slide 17, let me share a quick update on asset quality. Our quarterly cost of risk continues on a low level at 2.1% in the quarter or 2.3%, including the one-off impact related to the Integratel provision reversal, previously Telefonica.

On the retail segment, the cost of risk continues to decrease, now standing at 4% representing a decline of 130 basis points compared to the prior year, still below our risk appetite. Our consumer lending portfolio is performing well with cost of risk dropping from around 9% to 7% year-over-year, supported by healthier customers with new loans, while new loans are showing a good performance in the new vintages.

On the commercial side, asset quality remains robust. The cost of risk stands at approximately 0.4% excluding Integratel and performance has been stable throughout the year. Looking ahead, as our consumer and small business portfolios keep expanding, now representing 22% of our total portfolio, we should expect the cost of risk to gradually increase.

Still, our nonperforming loan ratios are holding steady, and our coverage levels are solid above 140%. All in all, these results underscore an improving operating environment and demonstrate that our prudent approach to portfolio management is enabling us to deliver sustainable growth.

On Slide 18, there are some good news to highlight in terms of yields and risk-adjusted NIM. Over the past quarter, our risk-adjusted NIM improved by 60 basis points with a notable 40 basis points increase in the last quarter, in line with the lower cost of risk as previously mentioned.

The good news is that yields started to recover last quarter, rising by 10 basis points. This recovery was driven by higher rates in both Retail and Commercial Banking, especially with the higher yielding loans where we observed more than a 30 basis points improvement in the average year.

Additionally, part of the improvement in yield can also be attributed to the acceleration in growth of our mass market segment, which continues to gain momentum and contribute positively to our results. As a result, NIM saw a 10-basis-point increase quarter-over-quarter.

On Slide 19, the cost of deposits declined by 40 basis points year-over-year and 10 additional basis points in the quarter, supported by lower market rates and a healthier funding mix with a focus on low-cost funds.

Deposits have also become a more relevant part of our funding structure, representing around 81%. Although there is a seasonal decrease in total deposits, we are expecting a recovery towards year-end, as we expect to capture a nice part of the pension funds withdrawals, similar with what we achieved in the previous withdrawals.

Cost of deposits continues to show a clearly positive trend, as we see further potential for reduction going forward as the portion of efficient funding, now at 36%, continues to improve. As a result, our overall cost of funds fell by 50 basis points compared to last year and 10 basis points during the quarter, with a loan-to-deposit ratio of 96% in line with the industry average.

Moving on to our digital strategy, we continue to drive meaningful value and strengthen primary banking relationships through our digital initiative, particularly with PLIN. Over the past year, we have grown a retail primary banking customer base by 6%, now representing more than 34% of our total retail clients. Monthly active PLIN users reached 2.5 million, each completing an average of 27 transactions, for a total of 38% more transactions versus last year.

P2M payments remains a core driver of engagement, now accounting for 71% of all transactions. Within this segment, QR POS payments expanded to 2.6 million monthly transactions, up 44% year over year.

Finally, we believe we have solid key performance indicators that continue to improve. For example, our inflow payroll accounts hold around 13% market share, retail deposits are at approximately 15% and credit cards accounts for about 26%. All of these metrics are supported by an NPS of 56, reflecting our commitment to customer satisfaction and loyalty.

On Slide 22, we continue to see good trends in our digital indicators compared to last year, as we remain focused on developing solutions that meet our customers' evolving needs. As a result, we've seen steady growth in digital adoption. Our retail digital customer base increased from 80% to 83%, while commercial digital clients now stand at 73%. We've also made progress in self-service and digital sales. Our self-service indicator reached 82% and digital sales climbed to 68%.

While the latest NPS reading we have shown an improvement to 56, and our internal data reflects a clear recovery all year. This progress was reinforced by contextual and automated communications. Also, we developed predictive models with personalized outreach. Finally, we introduced a fully digital onboarding flow through interbank.pe, empowering seamless user and password creation for the app.

Finally, solid results with double-digit growth in the core businesses of Wealth Management and Insurance. On Slide 24, we highlight the strong performance in our Wealth Management business this quarter.

Inteligo continues to show solid momentum. Assets under management have grown at a double-digit pace, reaching new highs, and now totaling \$8.1 billion. Fee income continues to improve, up 16% year-over-year, adding to the positive trend in results. And there is a slight improvement in fees over asset under management.

Additionally, we would like to highlight the progress we are making in synergies with the bank. We have now launched a dedicated My Investment sections within the Interbank app, enabling clients to conveniently manage their investments directly from the same platform. This integration marks another step forward in delivering a unified experience for our customers with offerings converging within business segments.

On the digital front, we continue to enhance our Interfondos app with the goal of shifting its role from a transactional platform to a true digital advisor for our mutual fund clients. As a result, we have seen a sustained increase in both the app adoption with a 5-point year-over-year increase in digital transactions, which grew by 2 points annually and represents more than half of all client transactions.

Now, moving to Insurance on Slide 26, we continue to see good results in the contractual service margin, which grew 19% year-over-year, mainly driven by individual life. In the third quarter, reserves for individual life and annuities increased by 36% and 15%, respectively, supported by strong new business generation that more than offset the monthly amortization of the CSM.

Individual life remains a key focus for us, given its low market penetration. Although traditional channels keep growing at high rates, we've been also diversifying our distribution strategy to include digital ones and simplifying the product to reach new segments and keep supporting growth. Additionally, short-term Insurance premiums grew by over 110% driven by disability and survivorship premiums acquired through a two-year bidding process from the Peruvian private pension system.

On the investment side, as mentioned before, results were impacted by PEN78 million impairment from Rutas de Lima. The return on the investment portfolio decreased to 4.1%, it would have been 6.1% without this effect. There is still uncertainty around the timing and amount of recovery as legal proceedings continue to develop. As of today, we have provisioned around 40%. Hence, our exposure net of impairment is around PEN200 million or \$60 million.

In Insurance, we continue to focus on enhancing the digital experience as well and expanding ourselves from digital channels. The development of internal capability has allowed us to increase digital self-service to 71% from 65% of the previous year and the direct sales to grow 19% in the last year.

Now, let me move to the final part of the presentation where we provide some takeaways. Before we move on to our operating trends, we'd like to summarize where we are focusing our growth efforts. In Commercial Banking, we have seen important growth in small business, which increased by 33% year-over-year, now with a market share of around 4%. The commercial portfolio as a whole grew 7% year-over-year, gaining 30 basis points of market share.

This strong performance is supported by three main strategies. First, deepening relationships with key mid-sized company clients where we continue to gain share of wallet and unlock additional cross-sell opportunities. Second, expanding our position in sales financing where we have become the second largest player in the system. And third, leveraging synergies with Izipay to

enhance our value proposition, especially in the small business segment where our digital and payment capabilities set us apart.

In this quarter, the consumer portfolio began to show signs of growth. At the same time, the mortgage segment continued its positive trajectory, achieving a market share of 16%. In Insurance, we are maintaining our focus on long-term products as individual life has shown encouraging growth this past quarter.

Finally, in Wealth Management, asset under management continue to grow at a healthy pace up 13%, reaching new record levels, a reflection on both market performance and continued client engagement.

On Slide 30, let me give a review of the operating trends of the accumulated numbers as of September. Capital ratios remain at sound levels with a total capital ratio of around 16% and core equity Tier 1 ratio above 12%.

Our ROE for the first nine months of the year was 17.4%, above our guidance for 2025. As mentioned before, we expect the last quarter to go back to more normal levels and year-end ROE could be closer to 17%, although it remains dependent on the impact of Rutas de Lima and its potential impact on the fourth quarter, if any. For loan growth, we grew 5% year-over-year, a bit below our guidance, but still above the system. Year-end growth will likely remain at similar levels.

We expect a slight recovery in NIM over the remainder of the year. On the positive side, cost of risk is expected to remain well below guidance, helping to offset lower margins. As a result, we anticipate a slight improvement in our risk-adjusted NIM for the full year. Finally, we continue to focus on efficiency at IFS as our cost income was around 37% within guidance.

On Slide 31, we highlight our strong sustainability performance for the third quarter of 2025. On the environmental front, we have made significant progress. Our sustainable loan portfolio now exceeds or is around \$350 million, supporting projects with a measurable positive impact, especially in the industrial and agricultural sectors.

We enhance internal capabilities by providing climate technology training to 30 executives, boosting green finance across agriculture, fishing, energy and mining. For the first time, we measure finance emissions in Interbank's commercial portfolio, following the PCAF standard, focusing on agriculture, fishing and energy, which represent 18% of the portfolio.

On the social side, we keep promoting inclusive growth and workplace diversity. Interbank was ranked number five in the Great Place to Work Sustainable Management ranking with Interseguro, Inteligo Group, and Izipay also among the best workplaces. Interbank's anti-harassment program, Voces, was recognized by the UN Global Compact as a best practice. In governance, Interseguro, Inteligo Group published their 2024 sustainability reports, and we strengthened our participation in key ESG assessments.

Let me finalize the presentation with some key takeaways. First, the business momentum remains strong. Second, we see higher yielding loans accelerating. Third, we have an improving risk-adjusted NIM. Fourth, we continue to strengthen primary banking relationships. Fifth, Wealth Management and Insurance, both core businesses growing double-digit.

Thank you very much. Now we welcome any questions you may have.

QUESTION AND ANSWER

Operator

Thank you. At this time, we will open the floor to your questions. [Operator Instructions] And your first question comes from Yuri Fernandes from JPMorgan. Please go ahead with your question.

Yuri Fernandes

Hi, Michela, Luis, everybody. I have a question regarding Rutas de Lima, I think this is a broader process, right, Brookfield, total collections, concession. It's a broad topic. I would like to understand a little bit the level of impairment you did on your exposure in the Insurance company. Because I think Michela mentioned in the end that this could or could not be a problem in the fourth quarter. So I'd like to understand how much of the impairment reflects your exposure already or not and what is your outlook for that case?

And then a second question regarding the growth for retail in light of the pension withdraw. How much the pension withdraw may impact the growth? What is your growth expectations for maybe, like, especially I think in retail, but if you can comment a little bit more broadly, how much that can impact your growth outlook for the year, near-term? Thank you.

Luis Felipe Castellanos

Okay, Yuri. Well, thanks very much for your two questions. I'm going to give a part of the answers and then I'm going to pass it on to the team to complement. As Michela mentioned, our exposure right now considers around 40% of impairment already. It's tough to give you an outlook given that this, as you mentioned, this is broader thing between Brookfield and the Municipality. There's legal procedures going around. That 40% I mentioned was booked with all the information we had at the moment of the closing of the quarter. Then things have evolved since then. So I think it's early to really give you an expectation. However, we are closely monitoring that situation.

And regarding the retail growth, it's -- the pension has a couple of effects. It's not only that it curtails growth, but it has short-term positive impacts regarding funding and people bringing money from those funds to Intebank. So it has an offset -- a positive offset in the cost of funds and the activity. But for number one, I'm going to pass it on to Gonzalo to see if he wants to complement anything. And then for number two, I'm going to pass it on to Carlos so he can give you a little bit more of his view on the potential specific growth impact of the pension fund release. Gonzalo?

Gonzalo Basadre

Sure. Thanks, Luis Felipe. As Luis Felipe mentioned, we have already reduced the value of our holdings in Rutas de Lima in 40%. We're still waiting on what happens with the recurso de amparo that Rutas de Lima has placed. We'll have more information before the end of the fourth quarter, were we'll be able to give a more precise value of those holdings. Still, the total position of Rutas de Lima represents less than 1% of the whole IFS investment holdings. So even though we take a lot of -- we take a lot of time to sort this out, its impact will be -- will not be -- it's not important in the total IFS.

Luis Felipe Castellanos

Thank you, Gonzalo. And Carlos, can you help us in the growth question?

Carlos Tori

Yes. Hello, Yuri, and everyone. As Luis Felipe mentioned, the AFP withdrawals have several impacts. But to answer your question and then I'll go a little bit deeper. The last few withdrawals

have flattened growth or even made the consumer loans in the market decrease 1% or 2%. That has been the effect in the past.

This one might be a little bit different because there're other factors going on. The first one is in Peru, all salary workers get a double salary in December. So December traditionally is very liquid and that helps obviously consumption, reduces a little bit of outstandings, but helps with collections. So this year in December, we will have that and we will have a portion, a large portion of the AFP. So it will be a very liquid. We expect a lot of transactions. We don't know exactly if the amount of loans will increase or stay flat, but for sure it will have a good impact in collections and cost of risk in December.

The AFP withdrawals have four parts, right? You get it in four different months, but the first month is the largest in terms of the system, because the people that don't have the full amount to withdraw, get it in the first one. So the first one is the largest one. And in addition to all of that, in November, salaried workers in Peru also get a long-term compensation, let's call it, and that has also been released. So there will be liquidity in November and December.

So there's a lot of moving parts, but again, it will be liquid. That is good for collections and for funding. There will be a lot of consumption and transactions, and then the effect on the amount of loans probably is flat or negative for one month or two months, and then we will resume growth.

Luis Felipe Castellanos

Thank you, Carlos.

Yuri Fernandes

No. Thank you, guys. Thank you, Carlos, Gonzalo, Luis Felipe. So basically, marginal negative, good asset quality, good for deposits, maybe 1%, 2% down, and then we should see a recovery in retail, right? That's basically the message.

Luis Felipe Castellanos

Yes. I don't know if it's 1% or 2% or flat. To tell you the truth, we'll see. It depends on the amount of consumption. But yeah, that's the ballpark. It's a short-term effect, though.

Yuri Fernandes

Perfect. Thank you very much, everyone.

Operator

[Operator Instructions] And at this time, we will take the webcast questions. I would like to turn the floor over to Mr. Ivan Peill from InspIR Group.

Ivan Peill

Thank you, operator. The first question comes from Daniel Mora of Credicorp Capital. Can you provide more details about the expected loan growth for 2025 and 2026? Specifically, I want to understand whether the acceleration of credit card loans this quarter should be maintained throughout 2026. What is the expected growth of credit cards for the next year and the effects on the net interest margin?

Luis Felipe Castellanos

Okay. Great. Thank you, Daniel, for your question. Let me pass straight to Carlos. Actually, he's working on the budget right now. I don't know if he is going to be able to answer all the questions, but probably he has more deep sense on that front right now.

Carlos Tori

Exactly. We're working on our budget. We -- so bottom-line is on the third quarter, we accelerated growth in credit cards and consumer finance, and we expect to continue accelerating. Having -- I mean, having the impact of the AFPs in the short-term, but in 2026, we expect to continue to accelerate. The way we look at it or the way we look at this is, usually the system grows at 2x -- 2.5x GDP, no? So consumer loans grow at 2 times GDP as a multiplier and we want to gain market share. So we'll probably grow a little bit ahead of that.

Our risk appetite has also increased slightly due to the good performance of our portfolio over the last few quarters, but also due to the expectations of the macro environment in Peru. So that's kind of what we expect. The -- this will not be linear, as I just explained. The AFPs will have a short-term effect, probably, the end of November, a little bit, definitely in December and some in January, but then growth should resume. And then NIM will be -- will grow in line with our growth in credit cards and SMEs, and also will be positively affected marginally by lower cost of funds. So that's kind of the expectation.

Luis Felipe Castellanos

Thank you, Carlos. So I think we're done.

Michela Casassa

There is one more question in the webcast. InspIR, if you can help us.

Ivan Peill

The next question comes from Ilan Comitre. Good morning. What is your expectation for corporate level disbursements in Peru regarding 2026 as a presidential election year? Thank you.

Luis Felipe Castellanos

Okay. So if I understand correctly, the expectations is of corporate level disbursements. I'm trying to understand that corporate banking activity. Again, it's an election year activity, depending on how the situation evolves, should continue to pick up if the continued investment perspective materialize.

So I guess that loan book growth and corporate activity should continue on a milestone. We don't see any big project coming in line in the coming months. So it's going to be probably more replenishment of working capital or small CapEx and some refinancings. So probably growth is not going to be great in that front. But let me pass it on to Carlos so he can complement to see what he's seeing.

Carlos Tori

No. I agree. I agree. There's no large projects coming in line. There has been some bond offerings over the last couple of weeks of Peruvian corporate. So that obviously becomes prepayment for the banks. Interest rates are more attractive for corporate and they have been. They've evolved downwards. So there's a lot of refinancing of short-term loans to longer. We don't foresee a high growth in that segment for the next few quarters.

Luis Felipe Castellanos

Great. Thank you, Carlos.

Ivan Peill

At this time, there are no further questions from the webcast. I would like to turn the call over to the operator.

Conclusion**Operator**

And there appear to be no further audio questions at this time. I'd like to turn the floor over to management for closing remarks.

Michela Casassa

Okay. Thank you very much, and thanks again, everybody, for joining the call and we'll see each other back again to discuss our year-end results for 2025. Thanks, again. Stay safe. Bye.

Operator

This concludes today's conference call. You may now disconnect your lines.