

Intercorp Financial Services

Second Quarter 2016

Earnings Presentation

Highlights 2Q16

IFRS

Intercorp Financial Services

- 2Q16 net profit was S/ 178.0 million, an almost three-fold growth QoQ but a 48.6% reduction YoY
- The QoQ performance was explained by a lower, yet negative, discount rate impact on technical reserves for annuities, and by a recovery in results from investments at Interseguro and Inteligo
- The YoY decline in profits was mainly a result of higher requirements of technical reserves due to a lower discount rate, and a negative impact from impairments at Interseguro
- Excluding discount rate impact on technical reserves, IFS 2Q16 profits grew 57.2% QoQ and decreased 8.0% YoY

Interbank

- 2Q16 net profit was S/ 199.8 million, relatively stable QoQ and YoY, affected by lower net gains on foreign exchange transactions
- Performing loans and deposits grew 8.1% and 10.3% YoY, respectively, while retail deposits increased 13.4% YoY
- NIM improved by 50 bps QoQ to 6.0%, supported by a more profitable mix of interest-earning assets, despite a 20 bps increase in the average cost of funding
- Efficiency ratio remained stable YoY, at 41.7%, with operating expenses increasing only 4.2% YoY
- 2Q16 annualized ROAE was 21.3%

Interseguro

- 2Q16 result was S/ -56.6 million, compared to S/ -135.5 million in 1Q16 and S/ 117.5 million in 2Q15. The bottom-line result was mainly affected by a negative discount rate impact on technical reserves of S/ -55.5 million and by certain impairments
- Net premiums in 2Q16 decreased 26.6% QoQ and 27.6% YoY due to a market contraction in annuities, where Interseguro remained as market leader with a 23.1% share
- Interseguro's investment portfolio grew 4.3% QoQ and 12.3% YoY

Inteligo

- 2Q16 net profit was S/ 53.7 million, a 76.7% increase QoQ and 7.3% YoY. The quarterly performance was attributed to increases of 9.9% in net interest and similar income, 28.7% in net fee income, and a more than eight-fold growth in other income
- AuM + deposits increased 3.1% QoQ and 15.1% YoY
- 2Q16 annualized ROAE was 38.1%

Excluding extraordinary items, IFS 2Q16 net profit increased 10.6% QoQ and 9.7% YoY

IFRS

Intercorp Financial Services' Profit by segment

S/ million	2Q15	1Q16	2Q16	%chg QoQ	%chg YoY
Interbank	201.0	201.8	199.8	-1.0%	-0.6%
Interseguro	117.2	-136.9	-55.8	-59.2%	n.m.
<i>Negative impact from investments</i>	18.7	-35.5	-5.8 ⁽²⁾	n.m.	n.m.
<i>Discount rate impacts</i>	92.7	-87.9	-55.5	n.m.	n.m.
Inteligo	50.0	30.4	53.7	76.7%	7.3%
<i>Negative impact from investments</i>	23.6	-0.4	15.3	n.m.	n.m.
Corporate and eliminations	-21.9	-34.6	-19.7	-43.1%	-9.9%
<i>FX losses</i>	1.9	-23.5	-6.0	n.m.	n.m.
IFS profit for the period	346.4	60.7	178.0	193.4%	-48.6%
<i>Total extraordinary items⁽¹⁾</i>	136.8	-147.2	-51.9	n.m.	n.m.
IFS profit for the period (excl. extraordinary items)	209.6	207.9	229.9	10.6%	9.7%

(1) Extraordinary items include: Negative impacts from investments at Interseguro and Inteligo, discount rate impacts at Interseguro and FX losses

(2) Includes S/ 49.8 million related to net gain on sale of securities and S/ -55.6 million related to impairment loss on available-for-sale investments

IFS key indicators 2Q16

IFRS

InterCorp Financial Services' key indicators

S/ million

		2Q15	1Q16	2Q16	%chg QoQ	%chg YoY
Results	Net interest and similar income	599.1	643.9	645.8	0.3%	7.8%
	Fee income from financial services, net	194.0	206.6	215.4	4.3%	11.1%
	Profit for the period	346.4	60.7	178.0	193.4%	-48.6%
	<i>Profit excl. discount rate impact on technical reserves</i>	253.7	148.5	233.5	57.2%	-8.0%
Profitability	NIM ⁽¹⁾	5.9%	5.5%	5.6%	10 bps	-30 bps
	ROAE	32.0%	5.3%	15.1%	n.m.	n.m.
	<i>ROAE excl. discount rate impact on technical reserves</i>	23.7%	12.7%	19.5%	n.m.	n.m.
	ROAA	3.2%	0.5%	1.5%	100 bps	-170 bps
	EPS	3.16	0.56	2.17		
Asset quality	PDL ratio	2.3%	2.3%	2.5%	20 bps	20 bps
	PLL / Avg. loans	2.8%	3.0%	3.1%	10 bps	30 bps
	Coverage ratio	168.8%	173.3%	164.3%		
Insurance	Net Premiums ⁽²⁾	179.6	177.1	130.1	-26.6%	-27.6%
	Adjustment of technical reserves	-56.5	-228.0	-135.5	-40.6%	139.9%
	Net claims and benefits incurred	-60.3	-76.6	-75.0	-2.0%	24.4%
	Discount rate impact on technical reserves	92.7	-87.9	-55.5	-36.9%	n.m.
Other ratios	Efficiency ratio ⁽³⁾	35.3%	45.2%	39.4%	-580 bps	410 bps
	<i>Efficiency ratio excl. discount rate impact on technical reserves</i>	38.6%	40.9%	37.3%	-360 bps	-130 bps
	BIS ratio (Interbank)	16.5%	16.4%	16.2%	-20 bps	-30 bps
	Gross loans / Deposits (Interbank)	112.3%	99.9%	110.8%		

(1) NIM is defined as (Net interest and similar income / Average interest-earning assets). Interest earning assets consider total loans, total investment available for sale and total cash and due from banks funds

(2) Net of premiums ceded to reinsurers

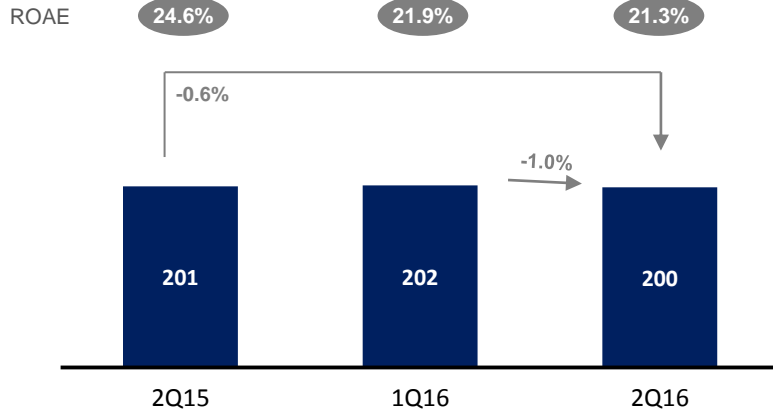
(3) Efficiency ratio is defined as (Salaries and employee benefits + Administrative expenses + Depreciation and amortization) / (Net interest and similar income + Fee income + Other income + Net premiums earned)

IFS 2Q16 net profit increased 193.4% QoQ

IFRS

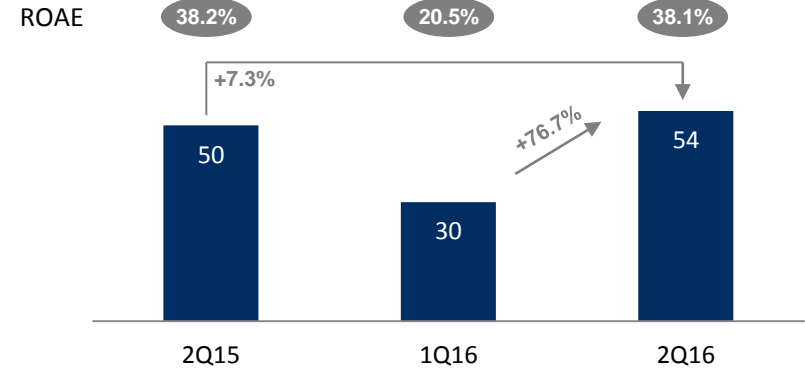
Interbank

Net profit in S/ million



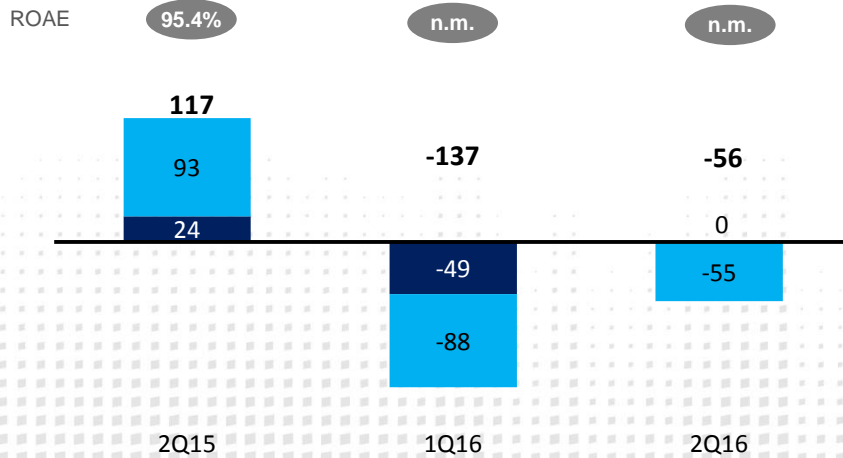
Inteligo

Net profit in S/ million



Interseguro

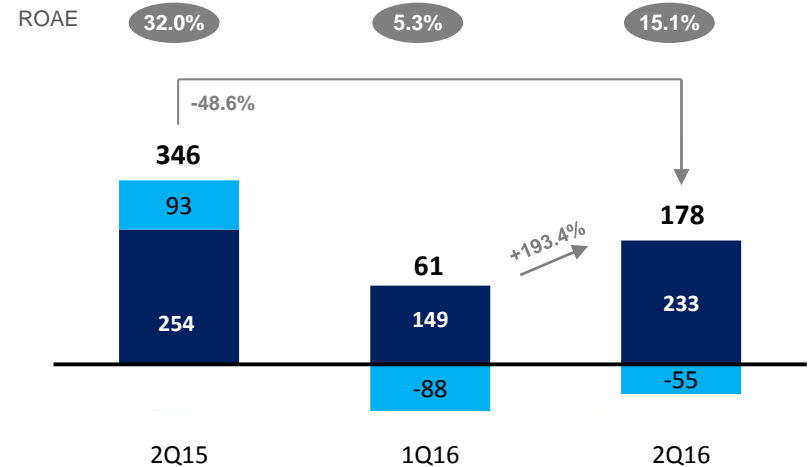
Net profit in S/ million



■ Discount Rate Impact

IFS

Net profit in S/ million



■ Discount Rate Impact

Interbank

Interbank's profits relatively stable QoQ and YoY mainly due to lower gains on foreign exchange transactions

IFRS

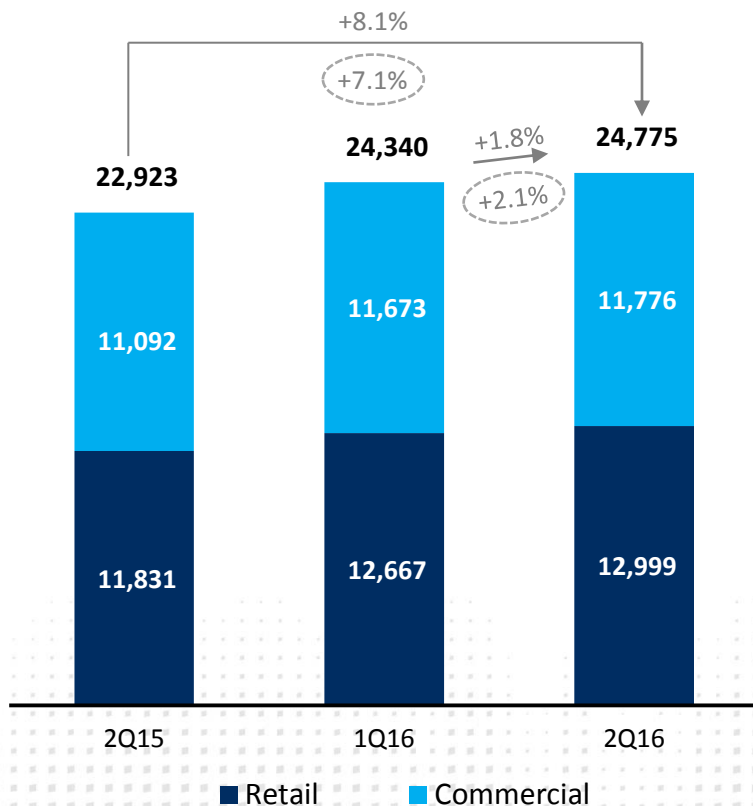
Banking Segment's P&L Statement					
S/ million	2Q15	1Q16	2Q16	%chg QoQ	%chg YoY
Interest and similar income	732.8	792.4	819.2	3.4%	11.8%
Interest and similar expenses	-203.8	-243.0	-250.5	3.1%	22.9%
Net interest and similar income	529.0	549.4	568.7	3.5%	7.5%
Provision for loan losses, net of recoveries	-172.2	-199.6	-210.2	5.3%	22.0%
Net interest and similar income after provision for loan losses	356.7	349.8	358.5	2.5%	0.5%
Fee income from financial services, net	171.4	189.2	192.7	1.8%	12.4%
Other income	111.9	85.3	84.8	-0.7%	-24.2%
Other expenses	-355.8	-353.7	-362.2	2.4%	1.8%
Income before translation result and income tax	284.2	270.6	273.7	1.1%	-3.7%
Translation result	-10.0	7.5	2.2	n.m.	n.m.
Income tax	-73.2	-76.4	-76.1	-0.4%	3.9%
Profit for the period	201.0	201.8	199.8	-1.0%	-0.6%
ROAE	24.6%	21.9%	21.3%		
Efficiency ratio	41.7%	41.2%	41.7%		
NIM⁽¹⁾	6.3%	5.5%	6.0%		
NIM on loans	9.8%	9.9%	9.8%		

(1) NIM is defined as (Net interest and similar income / Average interest-earning assets). Interest earning assets consider total loans, total investment available for sale and total cash and due from banks funds

Performing loans grew 1.8% QoQ and 8.1% YoY

Performing loans

S/ million



%

%chg excluding exchange rate effect

Breakdown of loans

S/ million

	2Q15	1Q16	2Q16	%chg QoQ	%chg YoY
Consumer loans:					
Credit cards	3,632.7	3,671.8	3,805.1	3.6%	4.7%
Other consumer	3,924.4	4,292.4	4,417.7	2.9%	12.6%
Total consumer loans	7,557.2	7,964.2	8,222.7	3.2%	8.8%
Mortgages	4,274.1	4,702.6	4,776.3	1.6%	11.7%
Total retail loans	11,831.3	12,666.8	12,999.1	2.6%	9.9%
Total commercial	11,092.0	11,672.9	11,776.3	0.9%	6.2%
Total loans	22,923.3	24,339.6	24,775.3	1.8%	8.1%

Market share in loans ⁽¹⁾

S/ million

	2Q15	1Q16	2Q16	bps QoQ	bps YoY
Consumer loans:					
Credit cards	24.9%	23.3%	23.6%	30	-130
Other consumer	19.2%	20.0%	20.1%	10	90
Total consumer loans	21.6%	21.5%	21.6%	10	0
Mortgages	12.6%	13.0%	13.0%	0	40
Total retail loans	17.2%	17.3%	17.5%	20	30
Total commercial	8.1%	7.9%	8.0%	10	-10
Total loans	11.2%	11.1%	11.3%	20	10

⁽¹⁾ Based on Local GAAP figures

Interbank's retail deposits increased 1.7% QoQ and 13.4% YoY

Funding structure

S/ million				%chg	%chg
	2Q15	1Q16	2Q16	QoQ	YoY
Deposits*	21,061.9	25,268.7	23,240.9	-8.0%	10.3%
Retail	9,625.6	10,733.4	10,915.2	1.7%	13.4%
Commercial ⁽¹⁾	11,436.3	14,535.3	12,325.7	-15.2%	7.8%
Due to banks	5,649.6	5,990.8	5,906.5	-1.4%	4.5%
Central Bank	2,665.2	3,009.7	3,257.7	8.2%	22.2%
Other	2,984.5	2,981.1	2,648.8	-11.1%	-11.2%
Bonds	4,400.3	4,617.2	4,525.5	-2.0%	2.8%
Total	31,111.8	35,876.7	33,672.9	-6.1%	8.2%
AUM (Interfondos)	2,696.5	2,937.9	3,039.8	3.5%	12.7%
Average cost of funding	-2.6%	-2.7%	-2.9%	-20 bps	-30 bps

(*) Excluding exchange rate effect: -7.6% QoQ and +8.7% YoY

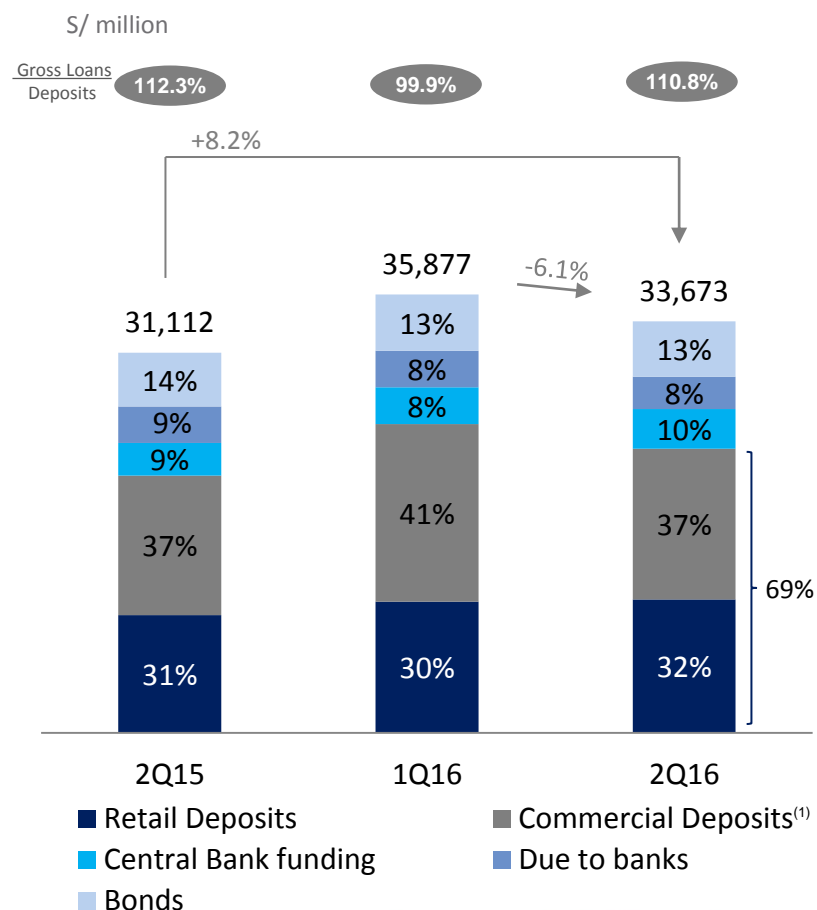
Market share in deposits⁽²⁾

S/ million				bps	bps
	2Q15	1Q16	2Q16	QoQ	YoY
Retail Deposits	12.3%	12.6%	12.7%	10	40
Commercial Deposits	9.9%	11.2%	10.0%	-120	10
Total Deposits	10.9%	11.8%	11.1%	-70	20

⁽¹⁾ Includes Institutional and others

⁽²⁾ Based on Local GAAP figures

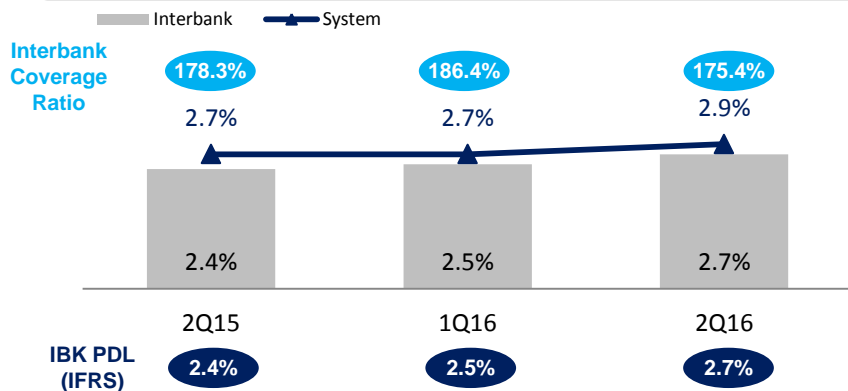
Funding breakdown



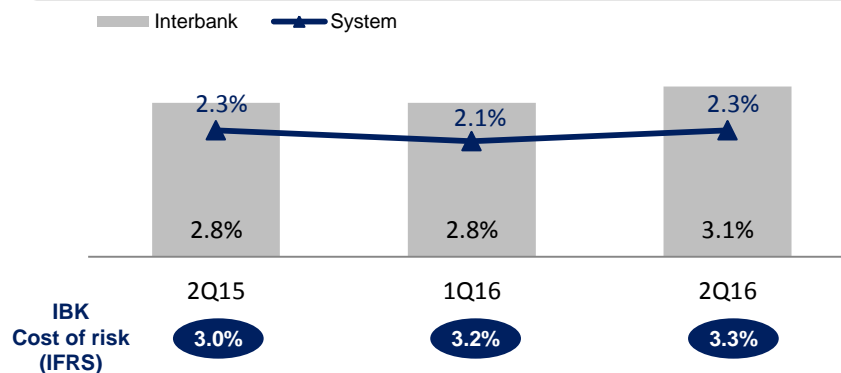
Total PDL ratio remained below system's average in 2Q16

Local GAAP & IFRS figures

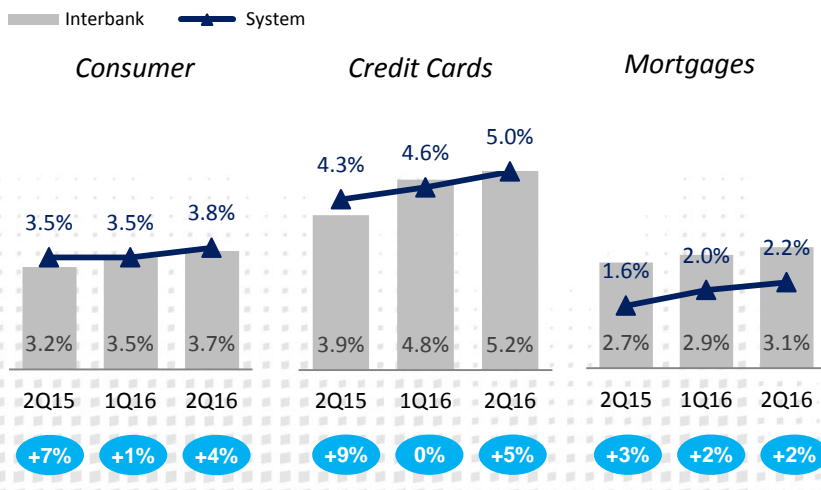
PDL vs. System



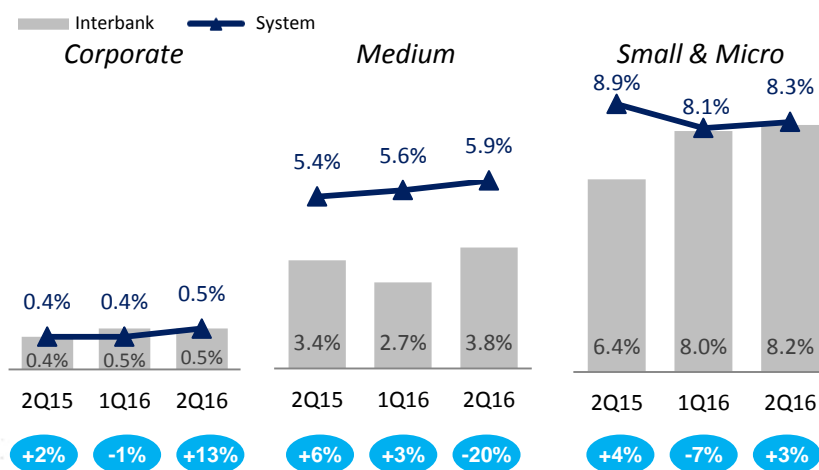
Loan provision expense vs. System



PDL retail banking vs. System

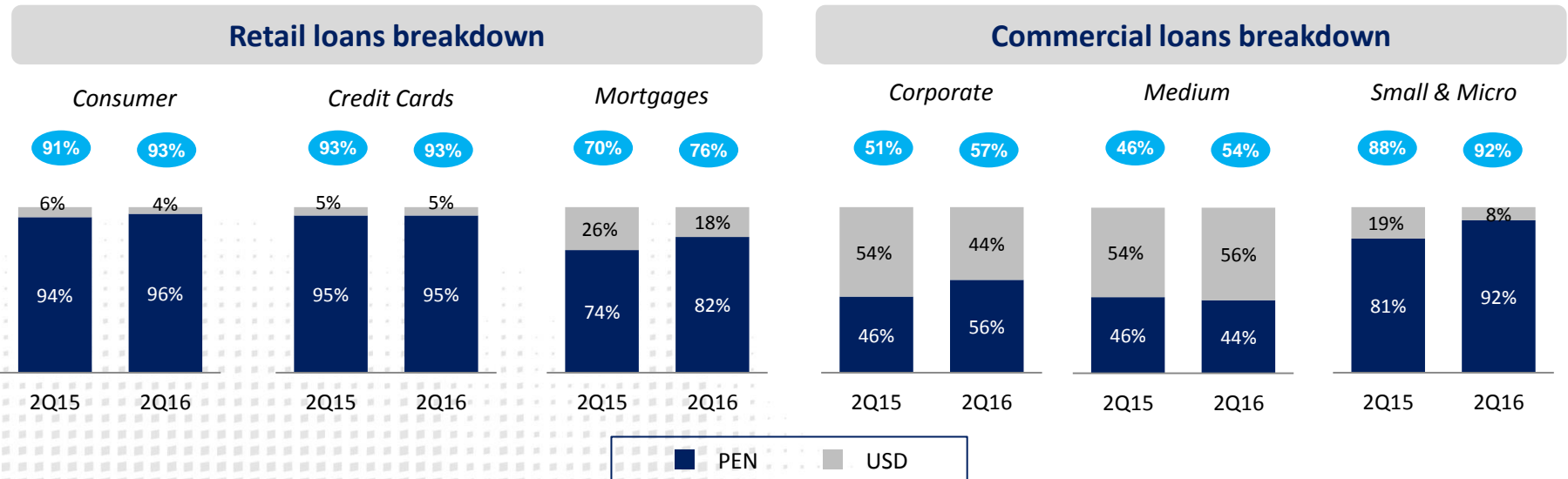
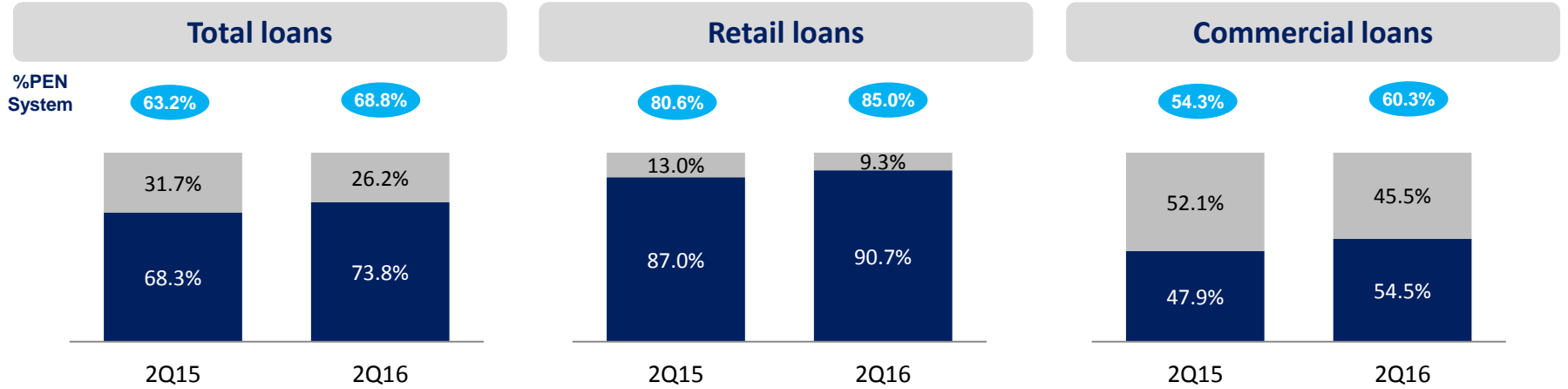


PDL commercial banking vs. System



Strong de-dollarization trend in the last year

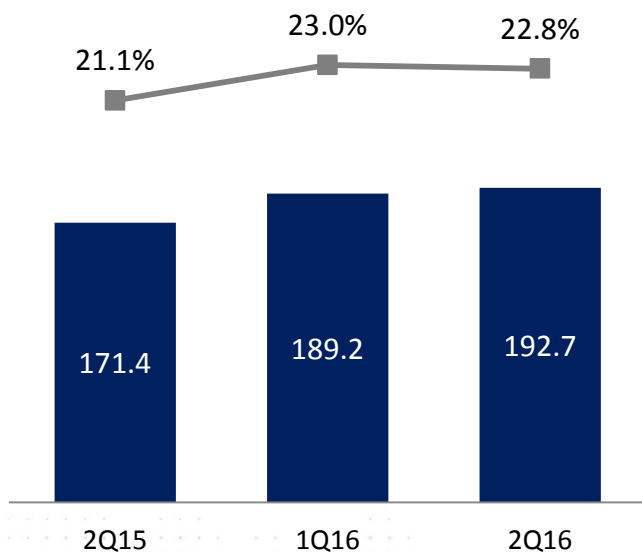
Local GAAP figures



Fee income increased 12.4% YoY and efficiency ratio remained stable YoY

Fee income

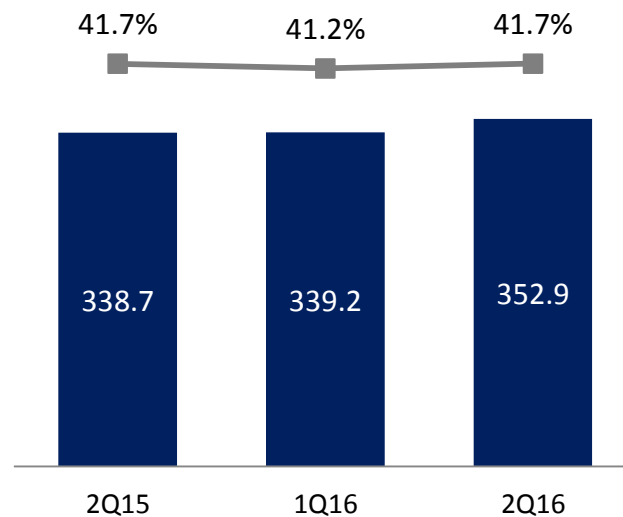
S/ million



- Net Fee income
- Fee income / (Net interest income + Fee income + Other income)

Operating expenses

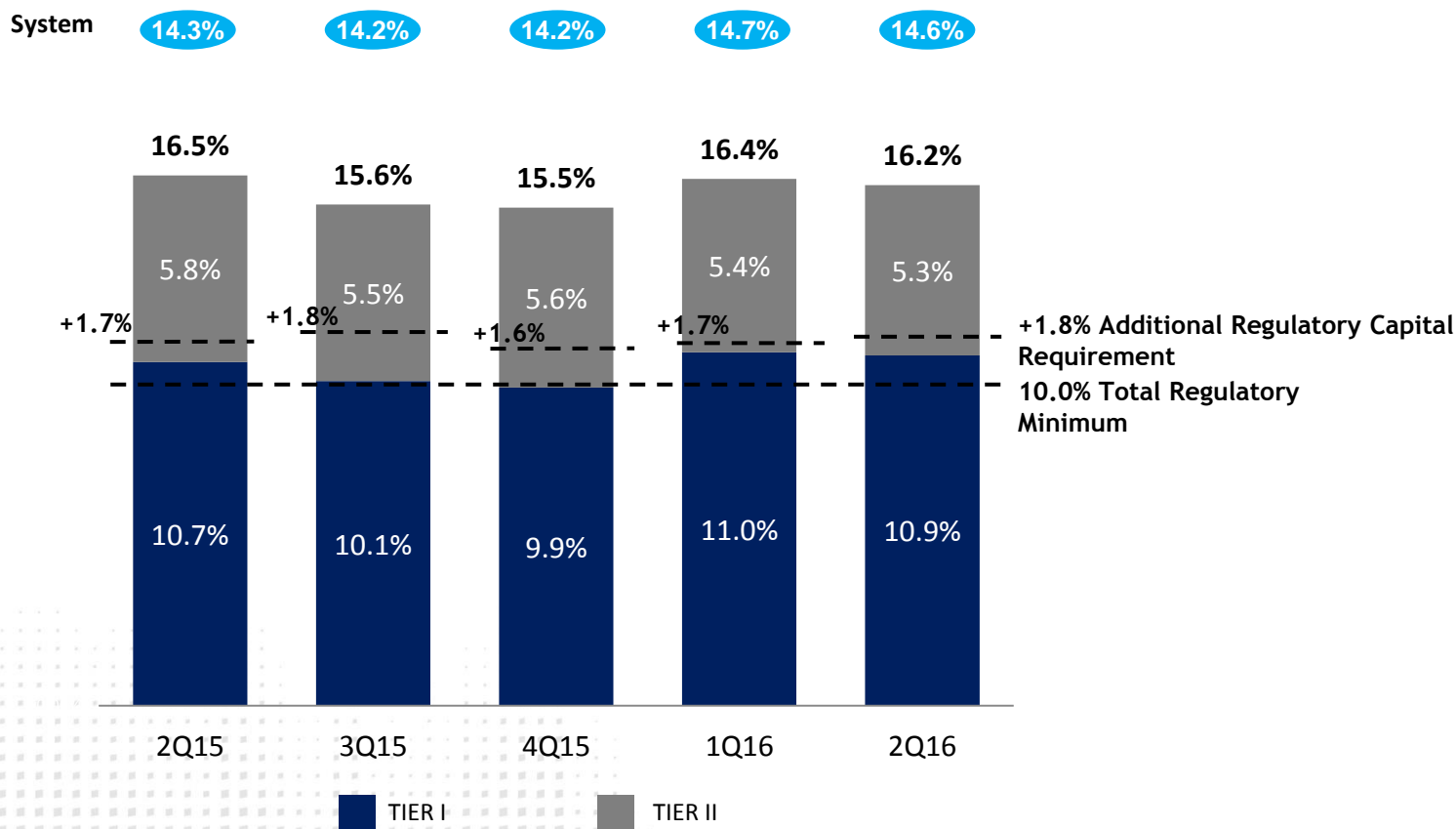
S/ million



- Salaries, administrative and D&A expenses
- Efficiency ratio ⁽¹⁾

(1) Efficiency ratio is defined as (Salaries and employee benefits + Administrative expenses + Depreciation and amortization) / (Net interest and similar income + Fee income + Other income)

Interbank's BIS ratio remained above regulatory requirements and the system average



Interseguro

Interseguro's results in 2Q16 were negatively affected by discount rate impacts on technical reserves and impairments

Insurance Segment's P&L Statement					
S/ million	2Q15	1Q16	2Q16	%chg QoQ	%chg YoY
Net Interest and similar income	64.9	69.7	68.3	-2.0%	5.2%
Fee income from financial services, net	-1.1	-0.7	-0.7	9.2%	-33.0%
Other income	44.4	-14.6	61.3	n.m.	38.0%
Total premiums earned less claims and benefits	62.9	-127.5	-80.4	-36.9%	n.m.
Other expenses	-53.4	-67.7	-104.9	55.1%	96.6%
Income before translation result and income tax	117.7	-140.6	-56.5	-59.9%	n.m.
Translation result	-0.6	3.2	0.9	-72.8%	n.m.
Income tax	0.1	0.6	-0.2	n.m.	n.m.
Profit for the period	117.2	-136.9	-55.8	-59.2%	n.m.
Attributable to non-controlling interest ⁽¹⁾	0.3	1.4	-0.7	n.m.	n.m.
Profit attributable to shareholders	117.5	-135.5	-56.6	-58.3%	n.m.
Discount rate impacts on technical reserves	92.7	-87.9	-55.5	-36.9%	n.m.
Profit excluding discount rate impacts and extr.⁽²⁾	5.9	-13.5	5.5	n.m.	-7.7%
ROAE	95.4%	n.m.	n.m.		
Efficiency ratio⁽³⁾	10.4%	n.m.	19.7%		
Efficiency ratio excl. discount rate impact	17.4%	25.7%	13.6%		

(1) Starting 4Q14, Interseguro began consolidating a real estate investment shared by Interseguro and Intercorp Real Estate Inc., a subsidiary of Intercorp Peru Ltd. Intercorp RE's part is then reported as attributable to non-controlling interest

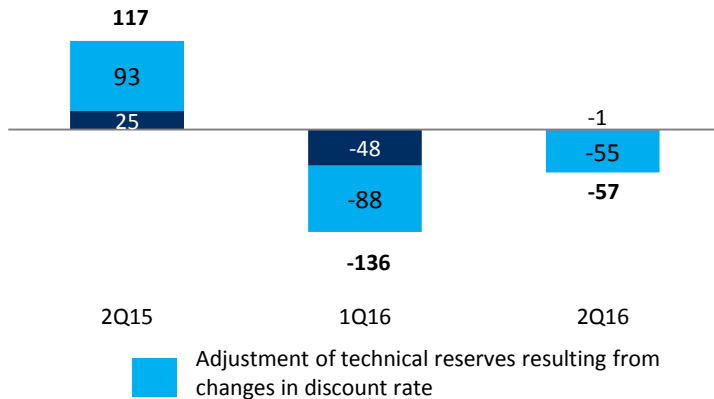
(2) Profit excluding discount rate impacts, net gain on sale of securities and impairment loss on available-for-sale investments

(3) Efficiency ratio is defined as (Salaries and employee benefits + Administrative expenses + Depreciation and amortization) / (Net interest and similar income + Fee income + Other income + Net premiums earned)

Interseguro's net profit IFRS vs. Local GAAP

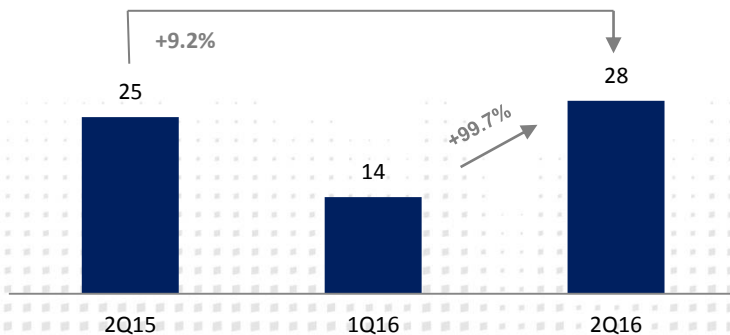
Net profit – IFRS*

S/ million



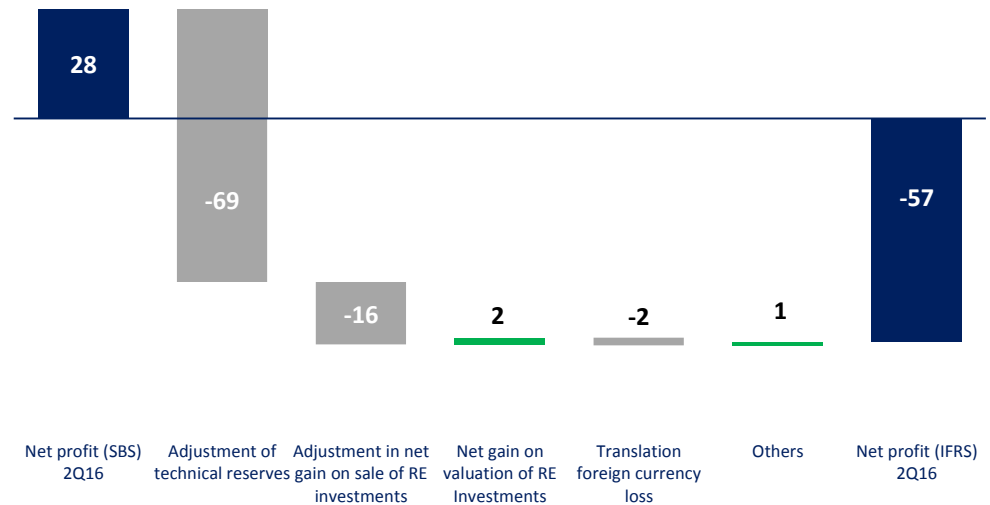
Net profit – Local GAAP

S/ million



Net profit bridge from Local GAAP to IFRS (2Q16)

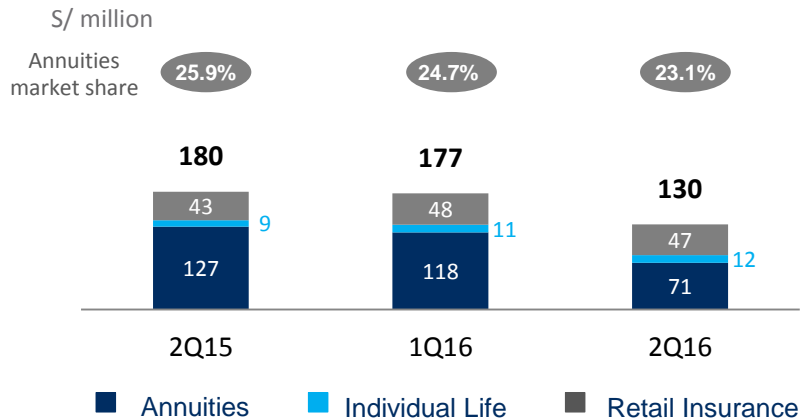
S/ million



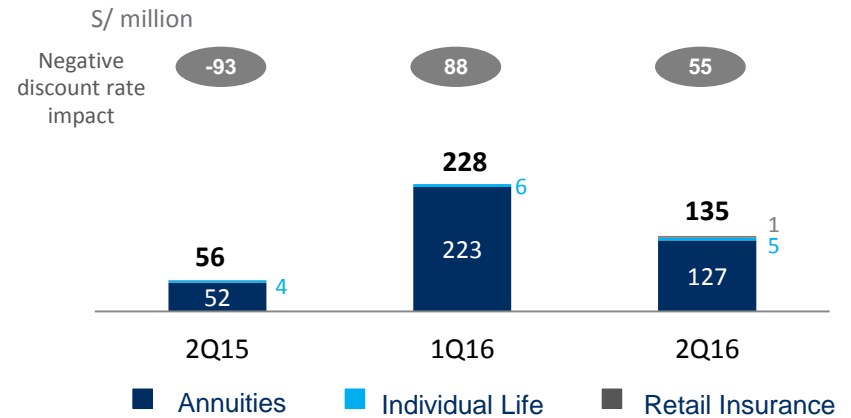
*Attributable to shareholders

Net premiums decreased QoQ and YoY as a result of the new regulatory environment in annuities

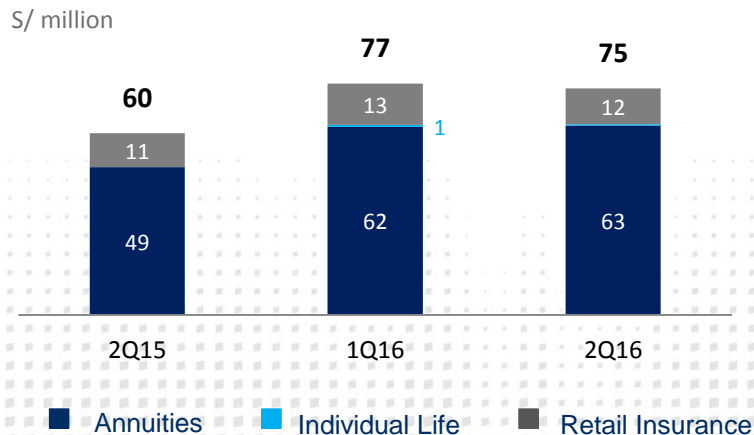
Net premiums



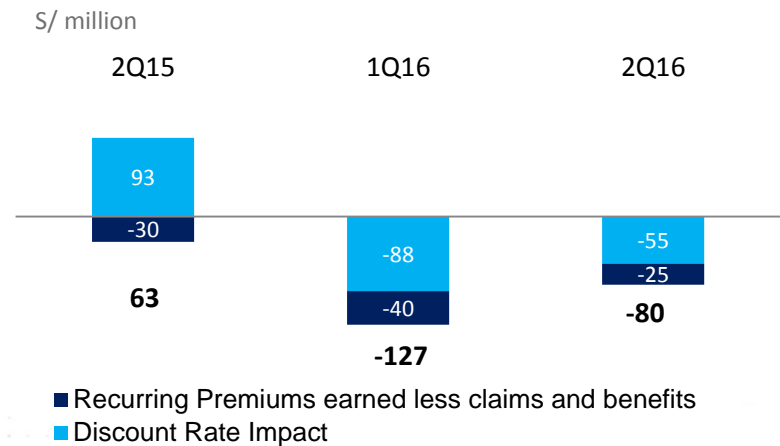
Adjustment of technical reserves



Net claims and benefits incurred



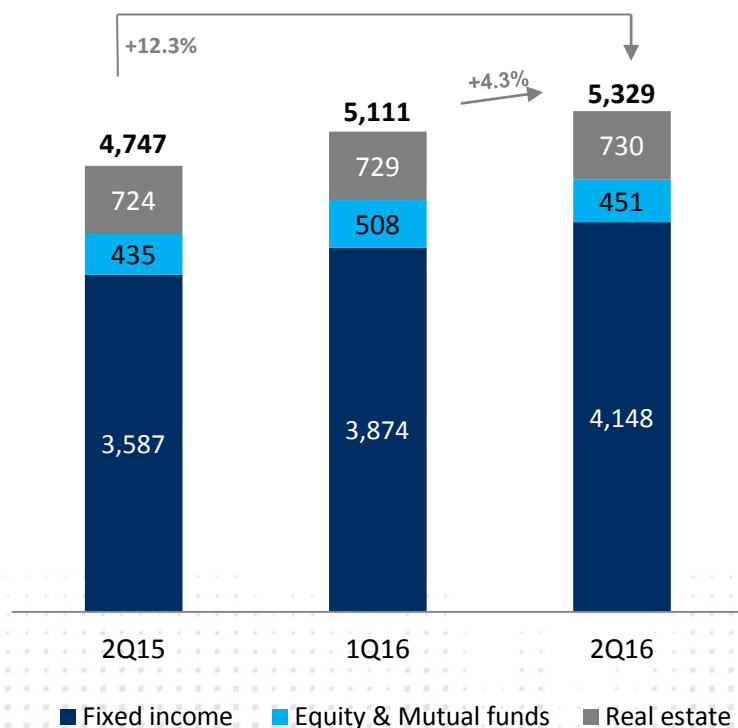
Total premiums earned less claims and benefits



Interseguro's investment portfolio grew 4.3% QoQ and 12.3% YoY

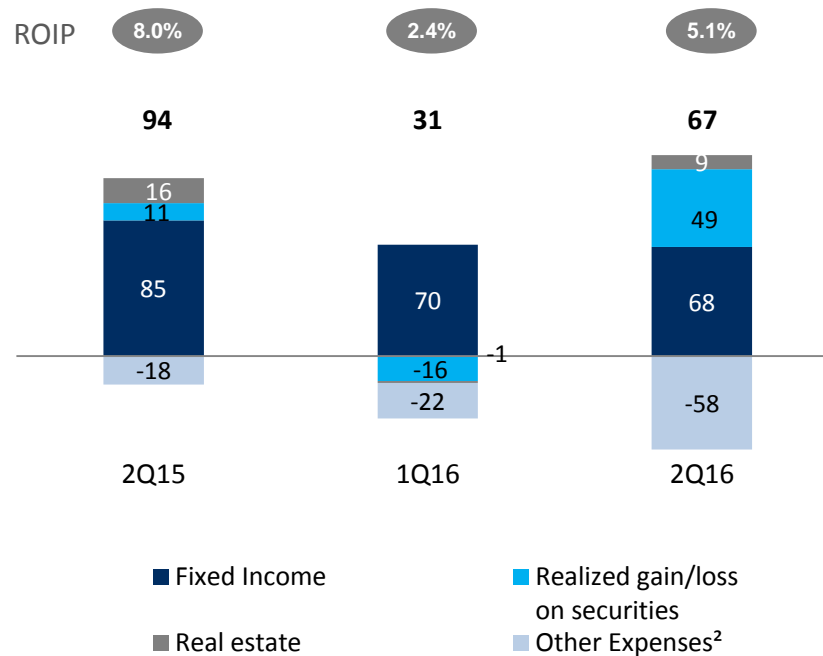
Investment portfolio

S/ million



Results from investments⁽¹⁾

S/ million



(1) Only includes transactions related to investments

(2) Other expenses includes impairment loss on available-for-sale investments

Inteligo

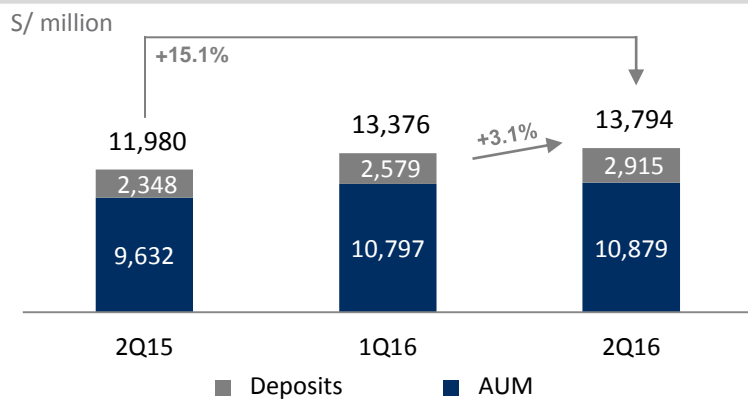
Inteligo's net profit increased 76.7% QoQ and 7.3% YoY

Wealth Management Segment's P&L Statement

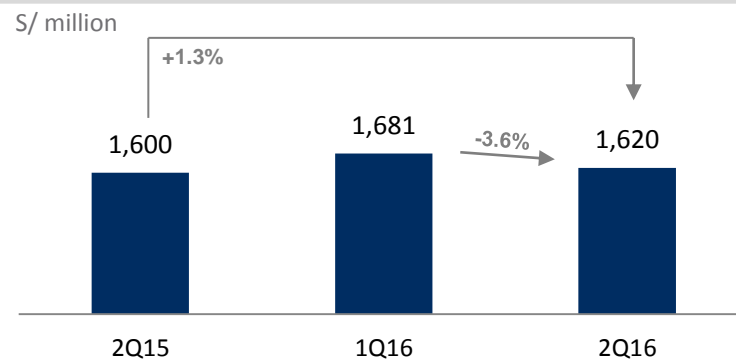
S/ million	2Q15	1Q16	2Q16	%chg QoQ	%chg YoY
Interest and similar income	35.9	37.8	41.2	9.1%	14.9%
Interest and similar expenses	-12.8	-13.2	-14.2	7.5%	11.2%
Net interest and similar income	23.1	24.6	27.0	9.9%	16.9%
Fee income from financial services, net	30.1	24.3	31.2	28.7%	3.6%
Other income	18.8	1.9	16.4	n.m.	-12.9%
Other expenses	-22.2	-20.2	-20.7	2.6%	-6.8%
Income before translation result and income tax	49.9	30.6	53.9	76.3%	8.1%
Translation result	0.2	-0.2	-0.3	n.m.	n.m.
Income tax	0.0	0.0	0.1	n.m.	n.m.
Profit for the period	50.0	30.4	53.7	76.7%	7.3%
ROAE	38.2%	20.5%	38.1%		
Efficiency ratio	30.7%	39.7%	27.7%		

Inteligo's key indicators

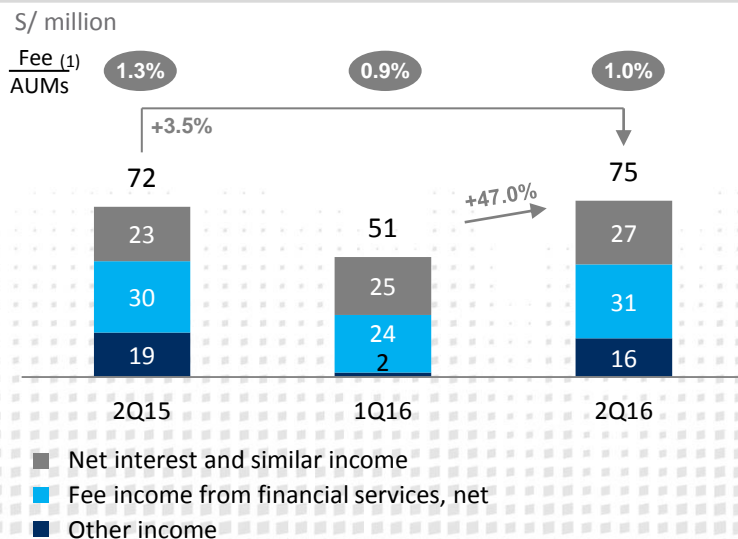
AUM + Deposits



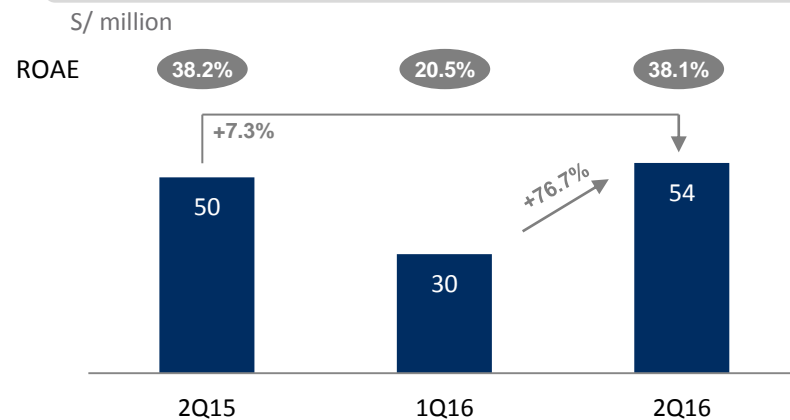
Loans



Revenues



Net profit



(1) Corresponds to Inteligo Bank

Summary

2Q16 Takeaways

✓ Interbank

- Slower growth given current market environment
- Credit cards and commercial loans resumed growth QoQ, leading to a 20 bps gain in market share of total loans
- 13.4% YoY growth in retail deposits
- NIM improved by 50 bps QoQ to 6.0%
- Dollar exposure within the loan book reduced by 550 bps YoY, with retail loans already more than 90% in local currency

✓ Interseguro

- Premiums decreased 26.6% QoQ and 27.6% YoY due to the new regulatory environment in annuities
- Investment portfolio grew 4.3% QoQ and 12.3% YoY

✓ Inteligo

- AuM + deposits increased 3.1% QoQ and 15.1% YoY
- Revenues grew 47.0% QoQ and 3.5% YoY
- Net profit increased 76.7% QoQ and 7.3% YoY

✓ IFS

- Profits excluding discount rate impact on technical reserves increased 57.2% QoQ due to strong core results at Interbank and Inteligo, while Interseguro improved its investment profile
- On a YoY basis, net income continued to be negatively impacted by higher requirements of technical reserves at Interseguro due to a lower discount rate on annuities

Appendix

IFS 2Q16 P&L

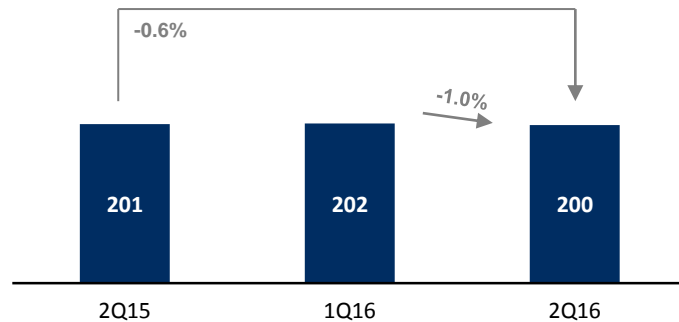
IFRS

Intercorp Financial Services' P&L statement					
S/ million	2Q15	1Q16	2Q16	%chg QoQ	%chg YoY
Interest and similar income	817.1	903.7	914.2	1.2%	11.9%
Interest and similar expense	-218.0	-259.7	-268.4	3.3%	23.1%
Net interest and similar income	599.1	643.9	645.8	0.3%	7.8%
Provision for loan losses, net of recoveries	-172.2	-199.6	-210.2	5.3%	22.0%
Net interest and similar income after provision for loan losses	426.9	444.3	435.6	-2.0%	2.1%
Fee income from financial services, net	194.0	206.6	215.4	4.3%	11.1%
Other income	178.7	48.9	156.2	219.2%	-12.6%
Total premiums earned less claims and benefits	62.9	-127.5	-80.4	-36.9%	n.m.
Net Premiums	179.6	177.1	130.1	-26.6%	-27.6%
Adjustment of technical reserves	-56.5	-228.0	-135.5	-40.6%	139.9%
Net claims and benefits incurred	-60.3	-76.6	-75.0	-2.0%	24.4%
Other expenses	-427.3	-437.9	-480.7	9.8%	12.5%
Income before translation result and income tax	435.1	134.4	246.1	83.1%	-43.4%
Translation result	-8.3	9.6	15.9	n.m.	n.m.
Income tax	-80.4	-83.3	-84.0	0.8%	4.4%
Profit for the period	346.4	60.7	178.0	193.4%	-48.6%
Attributable to equity holders of the group	345.2	60.6	175.9	190.0%	-49.1%
EPS	3.16	0.56	2.17		
ROAE	32.0%	5.3%	15.1%		
ROAA	3.2%	0.5%	1.5%		

Interbank's net profit IFRS vs. Local GAAP

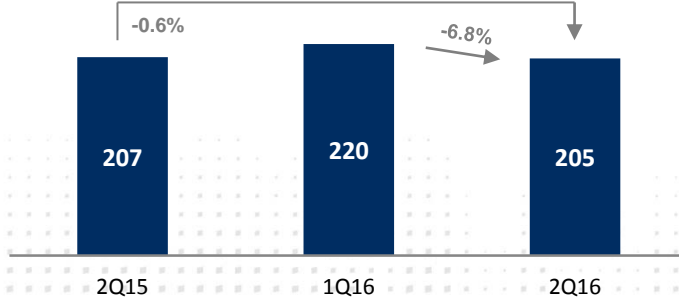
Net profit – IFRS

S/ million



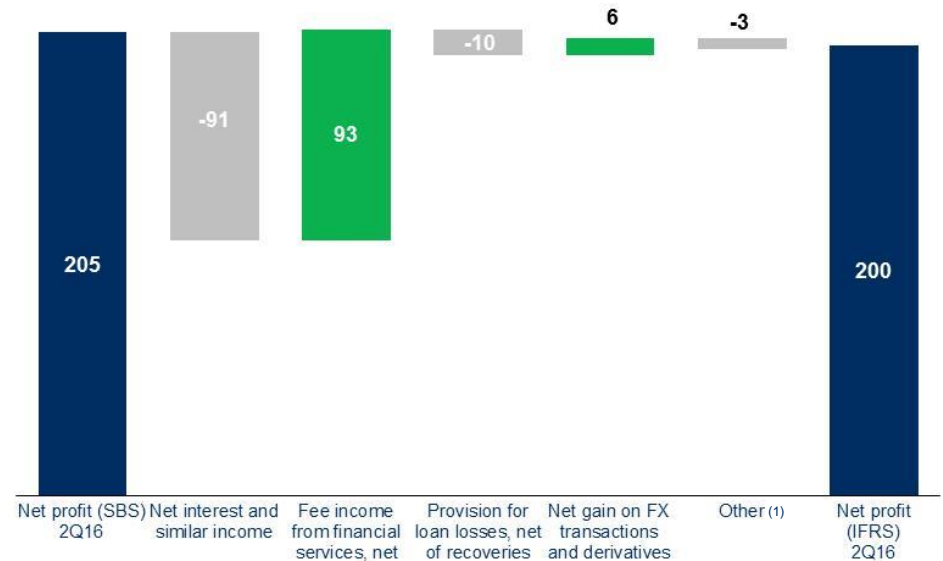
Net profit – Local GAAP

S/ million



Net profit bridge from Local GAAP to IFRS (2Q16)

S/ million

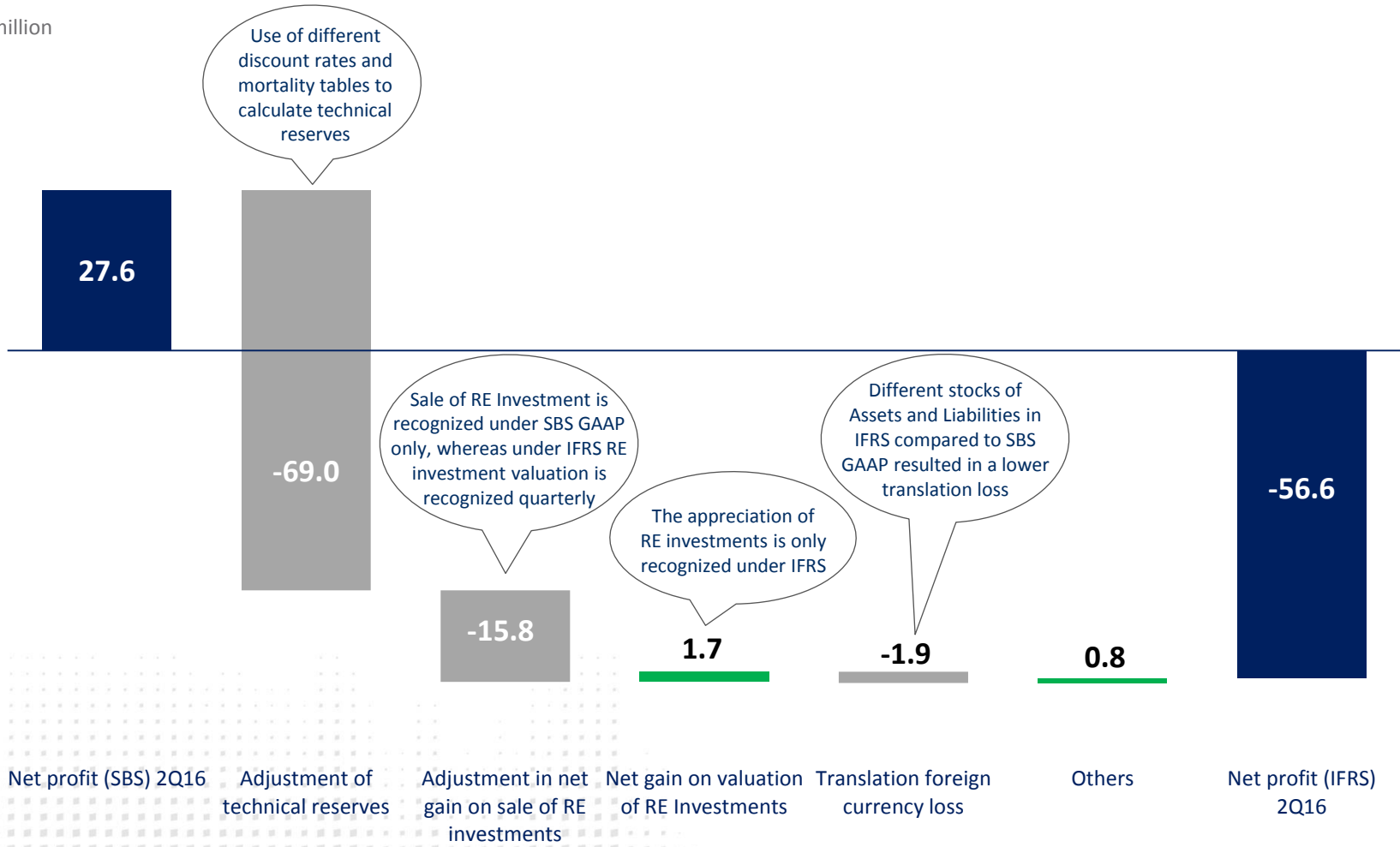


(1) Includes taxes (S/ +1.8 million), administrative expenses & depreciation (S/ -1.2 million), subsidiaries consolidation and others (S/ -3.5 million)

Interseguro's 2Q16 net profit bridge to IFRS

Local GAAP vs. IFRS

S/ million



■ Reductions ■ Gains