

## Intercorp Financial Services Inc. Second Quarter 2019 Earnings

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Lima, Peru, August 12, 2019. Intercorp Financial Services Inc. (Lima Stock Exchange/NYSE: IFS) announced today its unaudited results for the second quarter 2019. These results are reported on a consolidated basis under IFRS in nominal Peruvian soles.

### Intercorp Financial Services: Stable earnings in 2Q19 with 18.5% ROAE, despite negative mark-to-market after a strong 1Q19 at Inteligo

- Strong results in 1H19, with profits increasing 9.9% YoY and 18.9% ROAE
- IFS' reported earnings increased 70.8% YoY in 2Q19 and 42.0% in 1H19
- Total revenues increased 8.4% in 1H19 with efficiency ratio relatively stable at 34.3%
- Positive evolution of digital transformation indicators

### Interbank: Strong quarter with 21.7% ROAE

- Net profit, adjusted from gain on sale of Interfondos, increased 12.3% QoQ and 5.1% YoY
- 12.7% YoY loan growth, with a 17.3% increase in retail loans and a slower growth in commercial loans
- Retail deposits grew 14.5% YoY, gaining 80 bps in market share in the year
- NIM up 30 bps QoQ and 20 bps YoY

### Interseguro: Solid quarter in earnings with ROAE at 13.6%

- Net profit, adjusted from the effect of adoption of new mortality tables, increased 13.4% QoQ and 5.5% YoY
- Gross premiums plus collections grew 9.6% YoY
- Market leader in annuities with 32.2% share YTD
- Results from investments increased 5.5% QoQ and 22.3% YoY, with ROIP reaching 6.1%

### Inteligo: Quarterly results of S/ 33 million impacted by S/ -14.9 million mark-to-market in investments

- Net profit increasing 19.9% YoY and 27.9% ROAE in 1H19
- Sustained AUM growth of 4.0% QoQ and 8.9% YoY

## Intercorp Financial Services

### SUMMARY

| Intercorp Financial Services' Statement of financial position |                 |                 |                 |                               |                               |
|---|-----------------|-----------------|-----------------|-------------------------------|-------------------------------|
| S/ million  | 06.30.18        | 03.31.19        | 06.30.19        | %chg<br>06.30.19/<br>03.31.19 | %chg<br>06.30.19/<br>06.30.18 |
| <b>Assets</b>   |                 |                 |                 |                               |                               |
| Cash and due from banks and inter-bank funds                  | 7,941.3         | 9,730.6         | 10,823.0        | 11.2%                         | 36.3%                         |
| Financial investments   | 17,803.5        | 17,852.8        | 17,835.5        | -0.1%                         | 0.2%                          |
| Loans, net of unearned interest                               | 31,596.6        | 35,019.0        | 35,647.0        | 1.8%                          | 12.8%                         |
| Impairment allowance for loans                                | -1,273.6        | -1,396.2        | -1,411.9        | 1.1%                          | 10.9%                         |
| Property, furniture and equipment, net                        | 598.0           | 948.5           | 900.2           | -5.1%                         | 50.5%                         |
| Other assets  | 3,399.3         | 3,601.6         | 3,378.4         | -6.2%                         | -0.6%                         |
| <b>Total assets</b>   | <b>60,065.1</b> | <b>65,756.2</b> | <b>67,172.2</b> | <b>2.2%</b>                   | <b>11.8%</b>                  |
| <b>Liabilities and equity</b>                                 |                 |                 |                 |                               |                               |
| Deposits and obligations                                      | 30,910.2        | 34,790.0        | 35,373.8        | 1.7%                          | 14.4%                         |
| Due to banks and correspondents and inter-bank funds          | 4,592.9         | 3,832.6         | 4,647.0         | 21.2%                         | 1.2%                          |
| Bonds, notes and other obligations                            | 6,306.7         | 6,663.2         | 6,606.2         | -0.9%                         | 4.7%                          |
| Insurance contract liabilities                                | 9,914.9         | 10,407.2        | 10,935.1        | 5.1%                          | 10.3%                         |
| Other liabilities   | 1,820.5         | 2,336.4         | 2,167.0         | -7.3%                         | 19.0%                         |
| <b>Total liabilities</b>                                      | <b>53,545.2</b> | <b>58,029.4</b> | <b>59,729.0</b> | <b>2.9%</b>                   | <b>11.5%</b>                  |
| <b>Equity, net</b>  |                 |                 |                 |                               |                               |
| Equity attributable to IFS' shareholders                      | 6,483.1         | 7,686.8         | 7,401.2         | -3.7%                         | 14.2%                         |
| Non-controlling interest                                      | 36.8            | 40.0            | 42.0            | 5.1%                          | 14.2%                         |
| <b>Total equity, net</b>                                      | <b>6,519.9</b>  | <b>7,726.8</b>  | <b>7,443.2</b>  | <b>-3.7%</b>                  | <b>14.2%</b>                  |
| <b>Total liabilities and equity net</b>                       | <b>60,065.1</b> | <b>65,756.2</b> | <b>67,172.2</b> | <b>2.2%</b>                   | <b>11.8%</b>                  |

Intercorp Financial Services' net profit was S/ 350.1 million in 2Q19, relatively stable QoQ, but a 70.8% increase YoY. IFS annualized ROAE was 18.5% in 2Q19, lower than the 19.0% registered in 1Q19, but higher than the 12.7% reported in 2Q18.

When excluding the aggregate negative effect of the adoption of new mortality tables in our insurance segment for S/ 144.8 million in 2Q18, IFS' profits remained stable YoY. Accordingly, ROAE excluding this effect was 21.4% in 2Q18.

| InterCorp Financial Services' P&L statement                  |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|
| S/ million   | 2Q18         | 1Q19         | 2Q19         | %chg<br>QoQ  | %chg<br>YoY  |
| Interest and similar income                                  | 1,070.2      | 1,166.7      | 1,201.7      | 3.0%         | 12.3%        |
| Interest and similar expenses                                | -286.0       | -335.8       | -342.3       | 2.0%         | 19.7%        |
| <b>Net interest and similar income</b>                       | <b>784.2</b> | <b>831.0</b> | <b>859.4</b> | <b>3.4%</b>  | <b>9.6%</b>  |
| Impairment loss on loans, net of recoveries                  | -112.6       | -186.4       | -192.9       | 3.5%         | 71.4%        |
| Recovery (loss) due to impairment of financial investments   | 1.3          | 1.9          | 0.8          | -58.2%       | -39.3%       |
| <b>Net interest and similar income after impairment loss</b> | <b>672.9</b> | <b>646.4</b> | <b>667.2</b> | <b>3.2%</b>  | <b>-0.8%</b> |
| Fee income from financial services, net                      | 220.4        | 223.0        | 222.7        | -0.1%        | 1.1%         |
| Other income   | 75.0         | 138.9        | 129.4        | -6.9%        | 72.4%        |
| Total premiums earned minus claims and benefits              | -186.2       | -74.1        | -79.4        | 7.2%         | -57.3%       |
| Net Premiums   | 160.5        | 171.2        | 164.4        | -4.0%        | 2.4%         |
| Adjustment of technical reserves                             | -163.7       | -73.3        | -63.6        | -13.2%       | -61.2%       |
| Net claims and benefits incurred                             | -183.1       | -172.0       | -180.2       | 4.8%         | -1.6%        |
| Other expenses   | -450.7       | -481.7       | -484.7       | 0.6%         | 7.6%         |
| <b>Income before translation result and income tax</b>       | <b>331.4</b> | <b>452.5</b> | <b>455.2</b> | <b>0.6%</b>  | <b>37.3%</b> |
| Translation result   | -13.9        | 10.1         | 11.9         | 18.1%        | n.m.         |
| Income tax   | -112.6       | -109.9       | -117.0       | 6.4%         | 3.9%         |
| <b>Profit for the period</b>                                 | <b>204.9</b> | <b>352.7</b> | <b>350.1</b> | <b>-0.7%</b> | <b>70.8%</b> |
| <b>Attributable to IFS' shareholders</b>                     | <b>203.1</b> | <b>350.6</b> | <b>347.9</b> | <b>-0.7%</b> | <b>71.3%</b> |
| <b>EPS</b>   | <b>1.83</b>  | <b>3.17</b>  | <b>3.18</b>  |              |              |
| <b>ROAE</b>  | <b>12.7%</b> | <b>19.0%</b> | <b>18.5%</b> |              |              |
| <b>ROAA</b>  | <b>1.4%</b>  | <b>2.2%</b>  | <b>2.1%</b>  |              |              |
| <b>Efficiency ratio<sup>(1)</sup></b>                        | <b>38.7%</b> | <b>33.7%</b> | <b>34.8%</b> |              |              |

(1) 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).

## Quarter-on-quarter performance

Profits remained relatively stable QoQ as increases in net interest and similar income at Interbank and in other income at Interseguro were offset by reductions in other income at Inteligo and in total premiums earned minus claims and benefits at Interseguro, together with an increase in impairment loss on loans at Interbank and a higher effective tax rate.

Net interest and similar income grew 3.4% QoQ, mainly due to increases in interest on loans and interest on financial investments at Interbank, partially offset by lower interest on investments at both Inteligo and Interseguro.

Impairment loss on loans increased 3.5% due to higher requirements in credit cards and medium-sized companies, partially offset by a release of provisions in payroll deduction loans, all at Interbank.

Net fee income from financial services remained relatively stable QoQ, as holding eliminations and reductions in brokerage and custody service fees and product structuring activity at Inteligo were almost completely offset by growth in commissions from credit card services and fees from maintenance and mailing of accounts, transfer fees and commissions on debit card services at Interbank.

Other income decreased 6.9% QoQ mainly due to negative mark-to-market valuations on Inteligo's proprietary portfolio in 2Q19, partially offset by increases in net gain on sale of financial investments and net gain on investment property at Interseguro.

Total premiums earned minus claims and benefits at Interseguro showed a quarterly reduction of S/ 5.3 million, explained by an S/ 8.2 million increase in net claims and benefits incurred, as well as by a S/ 6.8 million reduction in net premiums, partially offset by a S/ 9.7 million decrease in adjustment of technical reserves.

Other expenses slightly increased 0.6% QoQ mainly due to higher administrative expenses related to IT services at Interbank, growth in administrative expenses and depreciation and amortization at Interseguro, and to one-off expenses at Inteligo. These effects were partially offset by a reversal of expenses related to fees for insurance activities upon consolidation.

IFS effective tax rate increased, from 23.8% in 1Q19 to 25.0% in 2Q19, attributed to a higher contribution from Interbank and Interseguro to IFS' profits, in addition to lower tax-exempt profits from Inteligo.

### Year-on-year performance

Profits increased 70.8% YoY mainly due to a reduction in adjustment of technical reserves at the insurance segment, explained by the effect of a one-time adjustment of S/ -144.8 million for the full adoption of new mortality tables in 2Q18, in addition to increases in net interest and similar income at Interbank, and in other income at both Interbank and Interseguro. Moreover, translation result changed from a negative figure in 2Q18 to positive in 2Q19, which also contributed to IFS' net profit increase with respect to 2Q18. These effects were partially offset by higher impairment loss on loans at Interbank and other expenses across all subsidiaries.

Net interest and similar income increased 9.6% YoY, mainly driven by higher interest on loans and interest on due from banks and inter-bank funds at Interbank, partially offset by lower interest on investments at Interseguro and Inteligo.

Impairment loss on loans grew 71.4% YoY mainly explained by the effect associated with the release of provisions for construction sector exposures in 2Q18, in addition to a higher volume of credit card loans, all at Interbank. These effects were partially compensated by a release of provisions in payroll deduction loans.

Net fee income from financial services increased 1.1% YoY mainly due to an increase in commissions from credit card services and lower expenses related to the sale of insurance products at Interbank. These effects were partially offset by lower brokerage and custody service fees and product structuring activity at Inteligo.

Other income increased 72.4% YoY mainly explained by better results on sale of financial investments at Interseguro and Interbank. This was partially offset by negative mark-to-market valuations on Inteligo's proprietary portfolio.

Total premiums earned minus claims and benefits at Interseguro increased S/ 106.8 million due to reductions of S/ 100.1 million in adjustment of technical reserves and S/ 2.9 million in net claims and benefits incurred, in addition to a S/ 3.9 million increase in net premiums.

Other expenses increased across all subsidiaries, mainly at Interbank due to higher variable costs related to credit cards and IT services.

IFS effective tax rate decreased, from 35.5% in 2Q18 to 25.0% in 2Q19, due to a positive contribution from Interseguro to IFS' profits.

### CONTRIBUTION BY SEGMENTS

The following table shows the contribution of Interbank, Interseguro and Inteligo 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 segment |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|
| S/ million                                      | 2Q18         | 1Q19         | 2Q19         | %chg<br>QoQ  | %chg<br>YoY  |
| Interbank                                       | 285.6        | 299.7        | 300.2        | 0.2%         | 5.1%         |
| Interseguro                                     | -113.7       | 28.9         | 32.8         | 13.4%        | n.m.         |
| Inteligo  | 49.2         | 78.3         | 33.4         | -57.4%       | -32.2%       |
| Corporate and eliminations                      | -16.2        | -54.2        | -16.3        | -70.0%       | 0.5%         |
| <b>IFS profit for the period</b>                | <b>204.9</b> | <b>352.7</b> | <b>350.1</b> | <b>-0.7%</b> | <b>70.8%</b> |

## Interbank

### SUMMARY

Interbank's profits reached S/ 300.2 million in 2Q19, relatively stable QoQ and an increase of S/ 14.6 million YoY. The quarterly result was mainly due to increases of S/ 46.7 million in net interest and similar income, and S/ 7.2 million in net fee income from financial services, offset by a S/ 37.8 million decrease in other income, as well as by growth of S/ 6.7 million in impairment loss on loans and S/ 5.0 million in other expenses. It is worth mentioning that the reduction in other income was mainly explained by the sale of Interfondos, our mutual funds subsidiary, to Inteligo Group in January 2019, which resulted in gains for S/ 52.6 million in 1Q19.

The annual increase in net profit was mainly a result of growth of S/ 85.4 million in net interest and similar income, S/ 27.5 million in other income and S/ 13.5 million in net fee income from financial services. Conversely, impairment loss on loans grew S/ 80.0 million and other expenses increased S/ 30.9 million. Furthermore, the effective tax rate was 26.4% in 2Q19, compared to 27.2% in 2Q18.

Interbank's ROAE was 21.7% in 2Q19, lower than the 22.1% registered in 1Q19 and the 23.9% reported in 2Q18. However, it was higher than the 19.8% adjusted ROAE from the gain on sale of Interfondos in 1Q19.

| Banking Segment's P&L Statement                              |              |              |              |             |              |
|--|--------------|--------------|--------------|-------------|--------------|
| S/ million   | 2Q18         | 1Q19         | 2Q19         | %chg<br>QoQ | %chg<br>YoY  |
| Interest and similar income                                  | 879.9        | 965.0        | 1,019.1      | 5.6%        | 15.8%        |
| Interest and similar expenses                                | -261.0       | -307.4       | -314.9       | 2.4%        | 20.6%        |
| <b>Net interest and similar income</b>                       | <b>618.9</b> | <b>657.6</b> | <b>704.3</b> | <b>7.1%</b> | <b>13.8%</b> |
| Impairment loss on loans, net of recoveries                  | -113.0       | -186.3       | -193.0       | 3.5%        | 70.8%        |
| Recovery (loss) due to impairment of financial investments   | 0.1          | -0.0         | 0.1          | n.m.        | n.m.         |
| <b>Net interest and similar income after impairment loss</b> | <b>506.0</b> | <b>471.2</b> | <b>511.4</b> | <b>8.5%</b> | <b>1.1%</b>  |
| Fee income from financial services, net                      | 187.1        | 193.4        | 200.6        | 3.7%        | 7.2%         |
| Other income   | 67.8         | 133.1        | 95.3         | -28.3%      | 40.6%        |
| Other expenses   | -364.9       | -390.8       | -395.8       | 1.3%        | 8.5%         |
| <b>Income before translation result and income tax</b>       | <b>396.1</b> | <b>406.9</b> | <b>411.5</b> | <b>1.1%</b> | <b>3.9%</b>  |
| Translation result   | -3.5         | 0.2          | -3.7         | n.m.        | 3.8%         |
| Income tax   | -106.9       | -107.4       | -107.6       | 0.2%        | 0.7%         |
| <b>Profit for the period</b>                                 | <b>285.6</b> | <b>299.7</b> | <b>300.2</b> | <b>0.2%</b> | <b>5.1%</b>  |
| <b>ROAE</b>  | <b>23.9%</b> | <b>22.1%</b> | <b>21.7%</b> |             |              |
| <b>Efficiency ratio<sup>(1)</sup></b>                        | <b>40.7%</b> | <b>38.2%</b> | <b>39.1%</b> |             |              |
| <b>NIM</b>   | <b>5.6%</b>  | <b>5.5%</b>  | <b>5.8%</b>  |             |              |
| <b>NIM on loans</b>  | <b>9.1%</b>  | <b>8.6%</b>  | <b>8.9%</b>  |             |              |

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

### INTEREST-EARNING ASSETS

Interbank's interest-earning assets reached S/ 48,102.7 million as of June 30, 2019, an increase of 2.6% QoQ and 12.1% YoY.

The quarterly growth in interest-earning assets was due to increases of 9.9% in cash and due from banks and inter-bank funds, and 1.7% in loans, partially offset by a decrease of 4.7% in financial investments. The growth in cash and due from banks and inter-bank funds was mainly explained by higher deposits at the Central Bank, while the reduction in financial investments was mainly a result of lower volumes of global bonds and corporate bonds.

The YoY increase in interest-earning assets was attributed to growth of 32.8% in cash and due from banks and inter-bank funds, and 12.6% in loans, partially offset by a reduction of 15.7% in financial investments. The increase in cash and due from banks and inter-bank funds was mainly due to higher deposits and reserves at the Central Bank, while the decrease in financial investments was mainly explained by lower volumes of global bonds, sovereign bonds and corporate bonds.

| Interest-earning assets                      |                 |                 |                 |                               |                               |
|--|-----------------|-----------------|-----------------|-------------------------------|-------------------------------|
| S/ million                                   | 06.30.18        | 03.31.19        | 06.30.19        | %chg<br>06.30.19/<br>03.31.19 | %chg<br>06.30.19/<br>06.30.18 |
| Cash and due from banks and inter-bank funds | 7,627.6         | 9,217.9         | 10,131.0        | 9.9%                          | 32.8%                         |
| Financial investments                        | 6,232.7         | 5,511.4         | 5,254.5         | -4.7%                         | -15.7%                        |
| Loans  | 29,058.3        | 32,159.2        | 32,717.3        | 1.7%                          | 12.6%                         |
| <b>Total Interest-earning assets</b>         | <b>42,918.6</b> | <b>46,888.5</b> | <b>48,102.7</b> | <b>2.6%</b>                   | <b>12.1%</b>                  |

| Loan portfolio                    |                 |                 |                 |                               |                               |
|-----------------------------------|-----------------|-----------------|-----------------|-------------------------------|-------------------------------|
| S/ million                        | 06.30.18        | 03.31.19        | 06.30.19        | %chg<br>06.30.19/<br>03.31.19 | %chg<br>06.30.19/<br>06.30.18 |
| Performing loans                  |                 |                 |                 |                               |                               |
| Retail                            | 15,304.1        | 17,205.6        | 17,958.8        | 4.4%                          | 17.3%                         |
| Commercial                        | 13,761.7        | 14,994.8        | 14,790.5        | -1.4%                         | 7.5%                          |
| <b>Total Performing loans</b>     | <b>29,065.8</b> | <b>32,200.5</b> | <b>32,749.3</b> | <b>1.7%</b>                   | <b>12.7%</b>                  |
| Restructured and refinanced loans | 238.2           | 213.7           | 211.1           | -1.2%                         | -11.4%                        |
| Past due loans                    | 819.5           | 867.2           | 906.1           | 4.5%                          | 10.6%                         |
| <b>Total gross loans</b>          | <b>30,123.5</b> | <b>33,281.4</b> | <b>33,866.5</b> | <b>1.8%</b>                   | <b>12.4%</b>                  |
| Add (less)                        |                 |                 |                 |                               |                               |
| Accrued and deferred interest     | 208.3           | 273.8           | 262.5           | -4.1%                         | 26.0%                         |
| Impairment allowance for loans    | -1,273.5        | -1,396.1        | -1,411.7        | 1.1%                          | 10.9%                         |
| <b>Total direct loans, net</b>    | <b>29,058.3</b> | <b>32,159.2</b> | <b>32,717.3</b> | <b>1.7%</b>                   | <b>12.6%</b>                  |

Performing loans grew 1.7% QoQ due to a 4.4% increase in retail loans, partially offset by a slight 1.4% reduction in commercial loans.

Growth in retail loans was explained by increases of 5.3% in credit cards, 4.3% in other consumer loans and 3.7% in mortgages. Growth in other consumer loans was mainly explained by higher payroll deduction loans, cash loans and car loans, while the increase in mortgages was due to a higher demand in both traditional and MiVivienda products.

The quarterly decrease in commercial loans was due to lower short and medium-term loans, mostly in the corporate segment.

Performing loans grew 12.7% YoY due to increases of 17.3% in retail loans and 7.5% in commercial loans.

The annual growth in retail loans was mainly due to increases of 24.6% in credit cards, 15.5% in other consumer loans and 13.6% in mortgages. Other consumer loans grew as a result of higher payroll deduction loans, cash loans and car loans; while mortgages increased due to a higher demand in traditional products.

The YoY increase in commercial loans was mainly explained by higher short and medium-term lending in the corporate and medium-enterprise segments, as well as higher leasing operations in the corporate segment.

| Breakdown of retail loans   |                 |                 |                 |                               |                               |
|-----------------------------|-----------------|-----------------|-----------------|-------------------------------|-------------------------------|
| S/ million                  | 06.30.18        | 03.31.19        | 06.30.19        | %chg<br>06.30.19/<br>03.31.19 | %chg<br>06.30.19/<br>06.30.18 |
| <b>Consumer loans:</b>      |                 |                 |                 |                               |                               |
| Credit cards                | 4,330.9         | 5,125.0         | 5,396.9         | 5.3%                          | 24.6%                         |
| Other consumer              | 5,209.9         | 5,769.5         | 6,016.6         | 4.3%                          | 15.5%                         |
| <b>Total consumer loans</b> | <b>9,540.7</b>  | <b>10,894.6</b> | <b>11,413.6</b> | <b>4.8%</b>                   | <b>19.6%</b>                  |
| Mortgages                   | 5,763.3         | 6,311.1         | 6,545.3         | 3.7%                          | 13.6%                         |
| <b>Total retail loans</b>   | <b>15,304.1</b> | <b>17,205.6</b> | <b>17,958.8</b> | <b>4.4%</b>                   | <b>17.3%</b>                  |

## FUNDING STRUCTURE

| Funding structure                                    |                 |                 |                 |                               |                               |
|--|-----------------|-----------------|-----------------|-------------------------------|-------------------------------|
| S/ million   | 06.30.18        | 03.31.19        | 06.30.19        | %chg<br>06.30.19/<br>03.31.19 | %chg<br>06.30.19/<br>06.30.18 |
| Deposits and obligations                             | 28,995.0        | 32,561.7        | 33,112.4        | 1.7%                          | 14.2%                         |
| Due to banks and correspondents and inter-bank funds | 4,272.7         | 3,512.6         | 4,312.9         | 22.8%                         | 0.9%                          |
| Bonds, notes and other obligations                   | 5,227.6         | 5,610.9         | 5,569.9         | -0.7%                         | 6.5%                          |
| <b>Total</b>   | <b>38,495.3</b> | <b>41,685.3</b> | <b>42,995.3</b> | <b>3.1%</b>                   | <b>11.7%</b>                  |
| <b>% of funding</b>                                  |                 |                 |                 |                               |                               |
| Deposits and obligations                             | 75.3%           | 78.1%           | 77.0%           |                               |                               |
| Due to banks and correspondents and inter-bank funds | 11.1%           | 8.4%            | 10.0%           |                               |                               |
| Bonds, notes and other obligations                   | 13.6%           | 13.5%           | 13.0%           |                               |                               |

Interbank's total funding base increased 3.1% QoQ, above the performance of interest-earning assets. This was explained by increases in due to banks and correspondents and inter-bank funds, in addition to higher deposits and obligations, while bonds, notes and other obligations remained relatively stable. Growth in due to banks and correspondents and inter-bank funds was mainly explained by higher long-term funding from the Central Bank. The increase in deposits and obligations was mainly due to growth of 13.8% in institutional deposits and 1.7% in retail deposits, partially offset by a 2.7% decrease in commercial deposits.

The bank's total funding base increased 11.7% YoY, below the annual growth in interest-earning assets, and was mainly explained by growth of 14.2% in deposits and obligations, and 6.5% in bonds, notes and other obligations, while due to banks and correspondents and inter-bank funds remained relatively stable. The YoY growth in deposits and obligations was explained by increases of 15.8% in commercial deposits, 14.5% in retail deposits and 11.1% in institutional deposits.



The annual increase in bonds, notes and other obligations was attributable to the following issuances in the local market in March 2019: (i) Certificates of Deposit for S/ 150 million due March 2020 and (ii) Corporate Bonds for S/ 150 million due March 2029.

As of June 30, 2019, the proportion of deposits and obligations to total funding was 77.0%, higher than the 75.3% reported as of June 30, 2018. Likewise, the proportion of institutional deposits to total deposits decreased from 17.9% as of June 30, 2018 to 17.4% as of June 30, 2019.

| Breakdown of deposits |                 |                 |                 |                               |                               |
|-----------------------|-----------------|-----------------|-----------------|-------------------------------|-------------------------------|
| S/ million            | 06.30.18        | 03.31.19        | 06.30.19        | %chg<br>06.30.19/<br>03.31.19 | %chg<br>06.30.19/<br>06.30.18 |
| By customer service:  |                 |                 |                 |                               |                               |
| Retail                | 12,992.6        | 14,626.0        | 14,878.8        | 1.7%                          | 14.5%                         |
| Commercial            | 10,452.8        | 12,440.9        | 12,099.2        | -2.7%                         | 15.8%                         |
| Institutional         | 5,190.6         | 5,069.2         | 5,768.9         | 13.8%                         | 11.1%                         |
| Other                 | 359.0           | 425.6           | 365.5           | -14.1%                        | 1.8%                          |
| <b>Total</b>          | <b>28,995.0</b> | <b>32,561.7</b> | <b>33,112.4</b> | <b>1.7%</b>                   | <b>14.2%</b>                  |
| By type:              |                 |                 |                 |                               |                               |
| Demand                | 9,030.9         | 10,779.4        | 10,342.2        | -4.1%                         | 14.5%                         |
| Savings               | 9,494.2         | 10,680.3        | 10,750.8        | 0.7%                          | 13.2%                         |
| Time                  | 10,464.3        | 11,087.6        | 12,013.5        | 8.4%                          | 14.8%                         |
| Other                 | 5.6             | 14.4            | 6.0             | -58.1%                        | 7.9%                          |
| <b>Total</b>          | <b>28,995.0</b> | <b>32,561.7</b> | <b>33,112.4</b> | <b>1.7%</b>                   | <b>14.2%</b>                  |

## NET INTEREST AND SIMILAR INCOME

| Net interest and similar income        |              |              |              |               |               |
|--|--------------|--------------|--------------|---------------|---------------|
| S/ million                             | 2Q18         | 1Q19         | 2Q19         | %chg<br>QoQ   | %chg<br>YoY   |
| Interest and similar income            | 879.9        | 965.0        | 1,019.1      | 5.6%          | 15.8%         |
| Interest and similar expenses          | -261.0       | -307.4       | -314.9       | 2.4%          | 20.6%         |
| <b>Net interest and similar income</b> | <b>618.9</b> | <b>657.6</b> | <b>704.3</b> | <b>7.1%</b>   | <b>13.8%</b>  |
| <b>NIM<sup>(1)</sup></b>               | <b>5.6%</b>  | <b>5.5%</b>  | <b>5.8%</b>  | <b>30 bps</b> | <b>20 bps</b> |

(1) Annualized. Net interest and similar income / Average interest-earning assets.

| Interest and similar income              |              |              |                |             |              |
|--|--------------|--------------|----------------|-------------|--------------|
| S/ million                               | 2Q18         | 1Q19         | 2Q19           | %chg<br>QoQ | %chg<br>YoY  |
| <b>Interest and similar income</b>       |              |              |                |             |              |
| Due from banks and inter-bank funds      | 8.7          | 25.2         | 29.3           | 16.2%       | n.m.         |
| Financial investments                    | 62.4         | 51.8         | 58.9           | 13.8%       | -5.6%        |
| Loans                                    | 808.7        | 888.0        | 930.9          | 4.8%        | 15.1%        |
| <b>Total Interest and similar income</b> | <b>879.9</b> | <b>965.0</b> | <b>1,019.1</b> | <b>5.6%</b> | <b>15.8%</b> |
| Average interest-earning assets          | 44,225.3     | 47,530.3     | 48,899.5       | 2.9%        | 10.6%        |
| Average yield on assets (annualized)     | 8.0%         | 8.1%         | 8.3%           | 20 bps      | 30 bps       |

| Interest and similar expense                         |               |               |               |             |              |
|--|---------------|---------------|---------------|-------------|--------------|
| S/ million   | 2Q18          | 1Q19          | 2Q19          | %chg<br>QoQ | %chg<br>YoY  |
| <b>Interest and similar expense</b>                  |               |               |               |             |              |
| Deposits and obligations                             | -131.9        | -179.1        | -173.9        | -2.9%       | 31.8%        |
| Due to banks and correspondents and inter-bank funds | -43.3         | -39.0         | -43.0         | 10.3%       | -0.7%        |
| Bonds, notes and other obligations                   | -85.8         | -89.3         | -98.0         | 9.7%        | 14.2%        |
| <b>Total Interest and similar expense</b>            | <b>-261.0</b> | <b>-307.4</b> | <b>-314.9</b> | <b>2.4%</b> | <b>20.6%</b> |
| Average interest-bearing liabilities                 | 38,461.7      | 41,166.4      | 42,340.3      | 2.9%        | 10.1%        |
| Average cost of funding (annualized)                 | 2.7%          | 3.0%          | 3.0%          | 0 bps       | 30 bps       |

### QoQ Performance

Net interest and similar income grew 7.1% QoQ due to a 5.6% increase in interest and similar income, partially offset by a 2.4% growth in interest and similar expense.

The higher interest and similar income was due to growth of 16.2% in interest on due from banks and inter-bank funds, 13.8% in interest on financial investments and 4.8% in interest on loans.

Interest on due from banks and inter-bank funds grew S/ 4.1 million, or 16.2% QoQ, explained by an 11.0% increase in the average volume, while the nominal average rate remained stable. The average volume grew due to higher balances of deposits and reserve requirements at the Central Bank, while the average rate sustained as higher returns on inter-bank funds were offset by lower returns on deposits at the Central Bank.

The increase in interest on financial investments was explained by a 70 basis point growth in the nominal average rate, partially offset by a 4.9% decrease in the average volume. The increase in the nominal average rate, from 3.7% in 1Q19 to 4.4% in 2Q19, was mainly a result of higher income from dividends received for shares owned on IFS, which are eliminated upon consolidation; while the reduction in the average volume was the result of lower investments in global and corporate bonds.

The higher in interest on loans was due to growth of 30 basis points in the average yield and 2.1% in the average loan portfolio.

The increase in the average rate, from 10.7% in 1Q19 to 11.0% in 2Q19, was mainly explained by yield growth of 30 basis points in retail loans and 10 basis points in commercial loans. The increase in retail loans was due to higher average rates on consumer loans, while mortgage rates declined. In the commercial portfolio, rates increased mainly as the result of higher yields on trade finance loans.

The higher average volume of loans was attributed to a growth of 4.2% in retail loans, as commercial loans remained relatively stable. In the retail portfolio, average volumes increased 5.1% in credit cards and 3.3% in both payroll loans and mortgages. The average volume of commercial loans remained relatively stable as decreases of 3.1% in leasing operations and 1.5% in short and medium-term loans were offset by a 4.8% growth in trade finance loans.

The nominal average yield on interest-earning assets increased 20 basis points, from 8.1% in 1Q19 to 8.3% in 2Q19, as a result of higher returns on financial investments and loans.

Growth in interest and similar expenses was due to increases of 10.3% in interest on due to banks and correspondents, and 9.7% in interest on bonds, notes and other obligations, partially offset by a 2.9% reduction in interest on deposits and obligations.

The S/ 4.0 million, or 10.3% QoQ, increase in interest on due to banks and correspondents was the result of growth of 20 basis points in the nominal average cost and 4.6% in the average volume. The increase in the average cost was attributed to higher rates paid on funding provided by the Central Bank and COFIDE, while the higher average volume was explained by growth in funding provided by the Central Bank and inter-bank funds.

Interest on bonds, notes and other obligations grew S/ 8.7 million, or 9.7% QoQ, as a result of the issuances of senior bonds by the end of March 2019, whose quarterly interest was not recorded completely in 1Q19 as it was in 2Q19.

Interest on deposits and obligations decreased S/ 5.2 million, or 2.9% QoQ, due to a reduction of 10 basis points in the average cost, partially offset by a 2.9% growth in the average volume. The lower average cost was mainly a result of decreases in rates paid to institutional and commercial deposits, partially offset by a higher average cost of retail deposits. The higher average volume was explained by growth in commercial, institutional and retail deposits. By currency, average balances of dollar-denominated deposits grew 4.4% while average soles-denominated deposits increased 1.9%.

The average cost of funding remained stable QoQ, at 3.0%, as the lower cost on deposits offset the higher rates paid on due to banks and correspondents, and bonds, notes and other obligations.

As a result of the above, the net interest margin was 5.8% in 2Q19, 30 basis points above the 5.5% reported in 1Q19.

### YoY Performance

Net interest and similar income grew 13.8% YoY due to a 15.8% increase in interest and similar income, partially offset by a 20.6% growth in interest and similar expense.

Growth in interest and similar income was mainly due to increases of more than three-fold in interest on due from banks and inter-bank funds, and 15.1% in interest on loans, partially offset by a 5.6% decrease in interest on financial investments.

Interest on due from banks and inter-bank funds grew S/ 20.6 million, explained by increases of 80 basis points in the nominal average rate and 14.9% in the average volume. The increase in the nominal average rate was due to higher returns on reserve funds at the Central Bank, as well as on inter-bank funds. The higher average volume was due to growth in deposits and reserve requirements at the Central Bank.

The increase in interest on loans was due to a 14.6% growth in the average volume of loans, while the average yield remained stable YoY, at 11.0%.

The higher average volume of loans was attributed to growth of 17.2% in retail loans and 11.7% in commercial loans. In the retail portfolio, volumes increased 24.0% in

credit cards, 14.3% in payroll loans and 13.3% in mortgages. In the commercial portfolio, the higher average volume was mainly due to increases of 14.4% in short and medium-term loans and 12.4% in trade finance loans, while leasing operations reduced 4.2%.

The average rate on loans remained stable as a 10 basis point increase in commercial loans was offset by a 20 basis point decrease in retail loans. The growth in commercial loans was mainly due to higher yields on trade finance loans, while the reduction in retail loans was due to lower average rates on consumer loans and mortgages.

The lower interest on financial investments was explained by a 14.3% reduction in the average volume, partially offset by a 40 basis point increase in the average rate, from 4.0% in 2Q18 to 4.4% in 2Q19. The decrease in the average volume was the result of lower balances of global bonds, sovereign bonds and CDBCR, while the increase in the average rate was due to higher returns on global bonds, corporate bonds from financial institutions and sovereign bonds.

The nominal average yield on interest-earning assets increased 30 basis points YoY, from 8.0% in 2Q18 to 8.3% in 2Q19, mainly explained by higher nominal average rates on due from banks and investments, as well as by a higher proportion of loans within interest-earning assets, since they contribute with a higher average yield than the rest of components, even if their nominal average rate remained stable when compared to 2Q18.

Growth in interest and similar expense was due to increases of 31.8% in interest on deposits and obligations, and 14.2% in interest on bonds, notes and other obligations; while interest on due to banks and correspondents remained relatively stable YoY.

Interest on deposits and obligations increased S/ 42.0 million, or 31.8% YoY, explained by growth of 30 basis points in the nominal average cost and 12.9% in the average volume. The increase in the average cost, from 1.8% in 2Q18 to 2.1% in 2Q19, was due to higher rates paid to institutional, commercial and retail deposits. The higher average volume was explained by growth in commercial, retail and institutional deposits. By currency, average balances of dollar-denominated deposits grew 14.0% while average soles-denominated deposits increased 12.2%.

Interest on bonds, notes and other obligations grew S/ 12.2 million, or 14.2% YoY, as a result of the issuances of senior bonds in March 2019, in addition to a 1.6% depreciation of the exchange rate with respect to 2Q18, which increased the value of bonds issued in dollars.

Interest on due to banks and correspondents remained relatively stable as a 6.4% reduction in the average volume was almost completely offset by a 30 basis point increase in the average cost.

The average cost of funds increased 30 basis points YoY, from 2.7% in 2Q18 to 3.0% in 2Q19, mainly due to the higher average costs of deposits and due to banks and correspondents.

As a result of the above, net interest margin was 5.8% in 2Q19, 20 basis points higher than the 5.6% reported in 2Q18.

## IMPAIRMENT LOSS ON LOANS, NET OF RECOVERIES

Impairment loss on loans, net of recoveries increased 3.5% QoQ and 70.8% YoY. The quarterly increase was mainly due to higher requirements in credit cards and medium-sized companies, partially offset by a release of provisions in payroll deduction loans for S/ 38.8 million.

The YoY growth was mainly explained by a base effect associated with the release of provisions for construction sector exposures for S/ 62.9 million in 2Q18, in addition to a higher volume of credit card loans, which require the highest level of provisions among all products even at performing stages. These effects were partially compensated by the release of provisions in payroll deduction loans mentioned above.

As a result of the above, the annualized ratio of impairment loss on loans to average loans was 2.3% in 2Q19, in line with that reported in 1Q19 and higher than the 1.5% registered in 2Q18. However, excluding the release of provisions for payroll deduction loans in 2Q19 and for construction sector exposures in 2Q18, the annualized ratio of impairment loss on loans to average loans was 2.8% in 2Q19, compared to 2.4% in 2Q18.

| Impairment loss on loans, net of recoveries  |                     |         |                     |             |             |
|--|---------------------|---------|---------------------|-------------|-------------|
| S/ million                                   | 2Q18                | 1Q19    | 2Q19                | %chg<br>QoQ | %chg<br>YoY |
| impairment loss on loans, net of recoveries  | -113.0              | -186.3  | -193.0              | 3.5%        | 70.8%       |
| Impairment loss on loans/average gross loans | 1.5% <sup>(1)</sup> | 2.3%    | 2.3% <sup>(2)</sup> | 0 bps       | 80 bps      |
| NPL ratio (at end of period) <sup>(3)</sup>  | 3.1%                | 2.9%    | 2.9%                | 0 bps       | -20 bps     |
| NPL coverage ratio (at end of period)        | 126.0%              | 131.4%  | 127.9%              | -350 bps    | 190 bps     |
| Impairment allowance for loans               | 1,273.5             | 1,396.1 | 1,411.7             | 1.1%        | 10.9%       |

(1) Excluding the reversion of impairment loss on loans for construction sector exposures, cost of risk was 2.4% in 2Q18.

(2) Excluding the reversion of impairment loss on loans for payroll deduction loans, cost of risk was 2.8% in 2Q19.

(3) NPL ratio: Exposure under Stage 3 and refinanced loans / Total exposure (IFRS 9).

The NPL ratio remained stable QoQ, at 2.9%, yet it decreased 20 basis points YoY, as the result of improvements in NPLs in both retail and commercial loans. Additionally, the NPL coverage ratio was 127.9% as of June 30, 2019, lower than the 131.4% reported as of March 31, 2019, but higher than the 126.0% registered as of June 30, 2018. The quarterly reduction in impairment allowance for loans was mainly explained by the release of payroll deduction loan provisions, while the annual increase was mainly a result of higher provision requirements in credit cards.

## FEE INCOME FROM FINANCIAL SERVICES, NET

Net fee income from financial services increased S/ 7.2 million QoQ, or 3.7%, mainly explained by growth of S/ 3.8 million in commissions from credit card services and S/ 3.0 million in fees from maintenance and mailing of accounts, transfer fees and commissions on debit card services.

Net fee income from financial services grew S/ 13.5 million YoY, or 7.2%, mainly due to an S/ 8.0 million increase in commissions from credit card services, in addition to lower expenses related to the sale of insurance products.

| Fee income from financial services, net   |              |              |              |             |              |
|---|--------------|--------------|--------------|-------------|--------------|
| S/ million  | 2Q18         | 1Q19         | 2Q19         | %chg<br>QoQ | %chg<br>YoY  |
| <b>Income</b>   |              |              |              |             |              |
| Commissions from credit card services   | 93.3         | 97.5         | 101.3        | 3.9%        | 8.5%         |
| Commissions from banking services   | 76.6         | 76.5         | 77.1         | 0.8%        | 0.7%         |
| Maintenance and mailing of accounts, transfer fees and commissions on debit card services | 58.4         | 57.1         | 60.1         | 5.4%        | 2.9%         |
| Fees from indirect loans  | 16.3         | 13.8         | 14.3         | 3.5%        | -12.2%       |
| Collection services   | 9.8          | 9.9          | 10.1         | 2.2%        | 2.7%         |
| Other   | 8.0          | 8.3          | 9.9          | 19.4%       | 24.1%        |
| <b>Total income</b>   | <b>262.5</b> | <b>263.0</b> | <b>272.8</b> | <b>3.7%</b> | <b>3.9%</b>  |
| <b>Expenses</b>   |              |              |              |             |              |
| Insurance   | -35.1        | -27.1        | -23.9        | -11.7%      | -31.8%       |
| Fees paid to foreign banks  | -4.1         | -3.7         | -4.4         | 20.3%       | 7.6%         |
| Other   | -36.1        | -38.9        | -43.9        | 12.8%       | 21.5%        |
| <b>Total expenses</b>   | <b>-75.3</b> | <b>-69.7</b> | <b>-72.2</b> | <b>3.7%</b> | <b>-4.1%</b> |
| <b>Fee income from financial services, net</b>  | <b>187.1</b> | <b>193.4</b> | <b>200.6</b> | <b>3.7%</b> | <b>7.2%</b>  |

## OTHER INCOME

Other income decreased S/ 37.8 million QoQ mainly due to a base effect, explained by the S/ 52.6 million gain from the sale of Interfondos to Inteligo in 1Q19.

Other income grew S/ 27.5 million YoY mainly explained by an S/ 18.4 million net gain on sale of financial investments.

| Other income                                      |             |              |             |               |              |
|---|-------------|--------------|-------------|---------------|--------------|
| S/ million  | 2Q18        | 1Q19         | 2Q19        | %chg<br>QoQ   | %chg<br>YoY  |
| Net gain on foreign exchange transactions         | 67.1        | 41.3         | 35.8        | -13.3%        | -46.6%       |
| Net gain on sale of financial investments         | 0.0         | 11.5         | 18.4        | 59.3%         | n.m.         |
| Net gain (loss) on financial assets at fair value | -9.7        | 8.0          | 27.8        | n.m.          | n.m.         |
| Other   | 10.4        | 72.2         | 13.3        | -81.5%        | 28.8%        |
| <b>Total other income</b>                         | <b>67.8</b> | <b>133.1</b> | <b>95.3</b> | <b>-28.3%</b> | <b>40.6%</b> |

## OTHER EXPENSES

Other expenses increased S/ 5.0 million QoQ, or 1.3%, and S/ 30.9 million YoY, or 8.5%. The quarterly increase was mainly due to higher administrative expenses related to IT services.

The annual growth in other expenses was explained by increases in variable costs related to credit cards and IT services. Furthermore, Interbank adopted IFRS 16 which modified the presentation of our operating leases, principally branches. In 2Q19, instead of recognizing an expense for rental of these leases, the bank recognized the associated depreciation. The impact of this change resulted in lower administrative expenses and higher depreciation and amortization totaling approximately S/18.8 million.

The efficiency ratio was 39.1% in 2Q19, compared to the 38.2% reported in 1Q19 and the 40.7% registered in 2Q18. However, excluding the gain from the sale of Interfondos for S/ 52.6 million in 1Q19, the efficiency ratio was 40.3% in 1Q19.

| Other expenses                 |               |                             |               |               |                 |
|--------------------------------|---------------|-----------------------------|---------------|---------------|-----------------|
| S/ million                     | 2Q18          | 1Q19                        | 2Q19          | %chg<br>QoQ   | %chg<br>YoY     |
| Salaries and employee benefits | -156.1        | -162.3                      | -163.6        | 0.8%          | 4.8%            |
| Administrative expenses        | -167.3        | -157.9                      | -172.4        | 9.2%          | 3.1%            |
| Depreciation and amortization  | -32.2         | -55.4                       | -54.8         | -1.2%         | 69.9%           |
| Other                          | -9.3          | -15.3                       | -5.0          | -67.2%        | -45.9%          |
| <b>Total other expenses</b>    | <b>-364.9</b> | <b>-390.8</b>               | <b>-395.8</b> | <b>1.3%</b>   | <b>8.5%</b>     |
| <b>Efficiency ratio</b>        | <b>40.7%</b>  | <b>38.2%</b> <sup>(1)</sup> | <b>39.1%</b>  | <b>90 bps</b> | <b>-160 bps</b> |

(1) Adjusting from the gain on sale of Interfondos, efficiency ratio was 40.3% in 1Q19.

## REGULATORY CAPITAL

The ratio of regulatory capital to risk-weighted assets (RWA) was 16.1% as of June 30, 2019, lower than the 16.4% registered as of March 31, 2019 and the 16.7% reported as of June 30, 2018.

In 2Q19, regulatory capital decreased 0.6% QoQ, while RWA grew 1.6% mainly due to higher capital requirements for credit and market risks.

The annual reduction in the capital ratio was due to a 11.5% growth in RWA, partially offset by a 7.5% increase in regulatory capital. The YoY increase in RWA was mostly attributed to loan growth. The annual increase in regulatory capital was mainly a result of the addition of S/ 573.3 million in capital, reserves and earnings with capitalization agreement during the last twelve months.

It is worth mentioning that the SBS has initiated the implementation of an additional set of Basel III standards, in effect between 2017 and 2026. Among these, it stands out that there will be an annual 10% phase out of existing Tier I instruments, yet allowing its eligibility as Tier II capital. This is why, despite the annual increase in capital and reserves, S/ 63.3 million of the US\$ 200.0 million junior subordinated bond issued in April 2010 no longer count as primary capital. As of June 30, 2019, 70.0% of this issuance was considered as primary capital, in line with the percentage registered as of March 31, 2019.

As of June 30, 2019, Interbank's capital ratio of 16.1% was significantly higher than its risk-adjusted minimum capital ratio requirement, established at 11.6%. The minimum regulatory capital ratio requirement was 10.0%, while the additional capital requirement for Interbank was 1.6% as of June 30, 2019. Furthermore, Core Equity Tier 1 (CET1 as required by the Peruvian regulatory entity) as of June 30, 2019 increased 30 basis points YoY, to 10.6%, despite loan growth of 12.4% and RWA growth of 11.5% YoY.

| Regulatory capital                           |              |              |              |                               |                               |
|--|--------------|--------------|--------------|-------------------------------|-------------------------------|
| S/ million                                   | 06.30.18     | 03.31.19     | 06.30.19     | %chg<br>06.30.19/<br>03.31.19 | %chg<br>06.30.19/<br>06.30.18 |
| Tier I capital                               | 4,912.4      | 5,452.8      | 5,447.8      | -0.1%                         | 10.9%                         |
| Tier II capital                              | 1,996.8      | 2,014.1      | 1,976.9      | -1.8%                         | -1.0%                         |
| Total regulatory capital                     | 6,909.2      | 7,466.9      | 7,424.8      | -0.6%                         | 7.5%                          |
| Risk-weighted assets                         | 41,430.4     | 45,446.8     | 46,186.2     | 1.6%                          | 11.5%                         |
| <b>BIS ratio</b>                             | <b>16.7%</b> | <b>16.4%</b> | <b>16.1%</b> | <b>-30 bps</b>                | <b>-60 bps</b>                |
| <b>Tier I capital / risk-weighted assets</b> | <b>11.9%</b> | <b>12.0%</b> | <b>11.8%</b> | <b>-20 bps</b>                | <b>-10 bps</b>                |
| <b>CET1</b>                                  | <b>10.3%</b> | <b>10.2%</b> | <b>10.6%</b> | <b>40 bps</b>                 | <b>30 bps</b>                 |



## Interseguro

### SUMMARY

Interseguro's profits reached S/ 32.8 million in 2Q19, an increase of S/ 3.9 million QoQ and S/ 146.5 million YoY.

The quarterly growth was mainly explained by a S/ 13.9 million increase in other income, partially offset by reductions of S/ 5.3 million in total premiums earned minus claims and benefits and S/ 3.4 million in net interest and similar income, as well as by a S/ 3.7 million growth in other expenses.

The annual increase in net profit was mainly a result of growth of S/ 106.8 million in total premiums earned minus claims and benefits, and S/ 38.1 million in other income, partially offset by a S/ 4.8 million decrease in net interest and similar income, in addition to a S/ 4.7 million increase in other expenses.

It is worth mentioning that the annual increase in total premiums earned minus claims and benefits was mainly explained by the effect related to a one-time adjustment of S/ -144.8 million in technical reserves in 2Q18, as a result of the full adoption of new mortality tables published in March 2018 by the Peruvian regulatory entity (Superintendencia de Banca y Seguros). Excluding such adjustment, net profit increased S/ 1.7 million YoY.

Interseguro's ROAE was 13.6% in 2Q19, above the 12.8% reported in 1Q19, but below the 14.9% adjusted ROAE registered in 2Q18.

| Insurance Segment's P&L Statement                            |               |              |              |              |              |
|--|---------------|--------------|--------------|--------------|--------------|
| S/ million   | 2Q18          | 1Q19         | 2Q19         | %chg<br>QoQ  | %chg<br>YoY  |
| Interest and similar income                                  | 157.5         | 156.8        | 152.2        | -3.0%        | -3.4%        |
| Interest and similar expenses                                | -12.9         | -13.6        | -12.3        | -9.6%        | -4.6%        |
| <b>Net Interest and similar income</b>                       | <b>144.6</b>  | <b>143.2</b> | <b>139.8</b> | <b>-2.3%</b> | <b>-3.3%</b> |
| Recovery (loss) due to impairment of financial investments   | 1.7           | 2.4          | 0.4          | -82.4%       | -75.5%       |
| <b>Net Interest and similar income after impairment loss</b> | <b>146.3</b>  | <b>145.5</b> | <b>140.2</b> | <b>-3.6%</b> | <b>-4.1%</b> |
| Fee income from financial services, net                      | -0.8          | -1.0         | -1.0         | -4.7%        | 25.3%        |
| Other income   | 0.6           | 24.8         | 38.7         | 55.9%        | n.m.         |
| Total premiums earned minus claims and benefits              | -186.2        | -74.1        | -79.4        | 7.2%         | -57.3%       |
| Net premiums   | 160.5         | 171.2        | 164.4        | -4.0%        | 2.4%         |
| Adjustment of technical reserves                             | -163.7        | -73.3        | -63.6        | -13.2%       | -61.2%       |
| Net claims and benefits incurred                             | -183.1        | -172.0       | -180.2       | 4.8%         | -1.6%        |
| Other expenses   | -69.7         | -70.7        | -74.4        | 5.2%         | 6.8%         |
| <b>Income before translation result and income tax</b>       | <b>-109.8</b> | <b>24.6</b>  | <b>24.2</b>  | <b>-1.7%</b> | <b>n.m.</b>  |
| Translation result   | -3.9          | 4.4          | 8.6          | 98.6%        | n.m.         |
| Income tax   | -             | -            | -            | n.m.         | n.m.         |
| <b>Profit for the period</b>                                 | <b>-113.7</b> | <b>28.9</b>  | <b>32.8</b>  | <b>13.4%</b> | <b>n.m.</b>  |
| <b>ROAE</b>  | <b>n.m.</b>   | <b>12.8%</b> | <b>13.6%</b> |              |              |
| <b>Efficiency ratio<sup>(1)</sup></b>                        | <b>24.7%</b>  | <b>12.9%</b> | <b>13.8%</b> |              |              |

(1) 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).

## RESULTS FROM INVESTMENTS

| Results from Investments <sup>(1)</sup>                      |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|
| S/ million   | 2Q18         | 1Q19         | 2Q19         | %chg<br>QoQ  | %chg<br>YoY  |
| Interest and similar income                                  | 157.5        | 156.8        | 152.2        | -3.0%        | -3.4%        |
| Interest and similar expenses                                | -2.7         | -2.8         | -2.0         | -26.7%       | -25.8%       |
| <b>Net interest and similar income</b>                       | <b>154.8</b> | <b>154.0</b> | <b>150.1</b> | <b>-2.5%</b> | <b>-3.0%</b> |
| Recovery (loss) due to impairment of financial investments   | 1.7          | 2.4          | 0.4          | -82.4%       | -75.5%       |
| <b>Net Interest and similar income after impairment loss</b> | <b>156.5</b> | <b>156.4</b> | <b>150.5</b> | <b>-3.7%</b> | <b>-3.8%</b> |
| Net gain (loss) on sale of financial investments or loss     | -3.7         | -6.2         | 14.3         | n.m.         | n.m.         |
| Rental income  | -18.5        | 15.5         | -9.7         | n.m.         | -47.5%       |
| Gain on sale of investment property                          | 6.4          | 9.0          | 11.7         | 30.4%        | 84.2%        |
| Valuation gain (loss) from investment property               | -            | -            | -1.6         | n.m.         | n.m.         |
| Other <sup>(1)</sup>   | 11.5         | 1.3          | 20.7         | n.m.         | 79.0%        |
| <b>Other income</b>  | <b>-3.0</b>  | <b>-3.2</b>  | <b>-3.6</b>  | <b>11.3%</b> | <b>19.1%</b> |
| <b>Results from investments</b>                              | <b>149.2</b> | <b>172.8</b> | <b>182.4</b> | <b>5.5%</b>  | <b>22.3%</b> |

(1) Only includes transactions related to investments.

### NET INTEREST AND SIMILAR INCOME

Net interest and similar income related to investments was S/ 150.1 million in 2Q19, a decrease of S/ 3.9 million, or 2.5%, QoQ and S/ 4.7 million, or 3.0%, YoY.

The quarterly and annual decreases were explained by reductions in interest and similar income of S/ 4.6 million and S/ 5.3 million, respectively, attributed to a lower inflation rate that had a negative impact on returns of the fixed income portfolio. Additionally, certain accounting adjustments in certain fixed income securities explained the lower net interest and similar income related to investments.

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

Recovery due to impairment of financial investments reached S/ 0.4 million in 2Q19, a decrease of S/ 2.0 million QoQ and S/ 1.3 million YoY. The quarterly decrease was mainly due to reductions in the amortized cost of non-investment grade instruments, while the annual reduction was mainly explained by lower reversal of provisions as certain impaired investments were sold in the interim period.

### OTHER INCOME

Other income related to investments was S/ 31.8 million in 2Q19, an increase of S/ 15.3 million QoQ and S/ 39.1 million YoY.

The quarterly growth was mainly due to increases of S/ 20.5 million in net gain on sale of financial investments and S/ 19.4 million in valuation gain from investment property, partially offset by a negative reversion in net result on financial assets at fair value.

The annual increase was mainly explained by a positive reversion in net result on sale of financial investments, as well as growth of S/ 9.2 million in valuation gain from

investment property and \$/ 5.3 million in rental income, in addition to a lower net loss on financial assets at fair value.

## TOTAL PREMIUMS EARNED MINUS CLAIMS AND BENEFITS

| Total Premiums Earned Minus Claims And Benefits        |               |              |              |             |               |
|--|---------------|--------------|--------------|-------------|---------------|
| S/ million   | 2Q18          | 1Q19         | 2Q19         | %chg<br>QoQ | %chg<br>YoY   |
| Net premiums   | 160.5         | 171.2        | 164.4        | -4.0%       | 2.4%          |
| Adjustment of technical reserves                       | -163.7        | -73.3        | -63.6        | -13.2%      | -61.2%        |
| Net claims and benefits incurred                       | -183.1        | -172.0       | -180.2       | 4.8%        | -1.6%         |
| <b>Total premiums earned minus claims and benefits</b> | <b>-186.2</b> | <b>-74.1</b> | <b>-79.4</b> | <b>7.2%</b> | <b>-57.3%</b> |

Total premiums earned minus claims and benefits were \$/ -79.4 million in 2Q19, a decrease of \$/ 5.3 million QoQ, but an increase of \$/ 106.8 million YoY.

The quarterly decrease was due to an \$/ 8.2 million growth in net claims and benefits incurred, as well as a \$/ 6.8 million reduction in net premiums, partially offset by a \$/ 9.7 million decrease in adjustment of technical reserves.

The annual growth was explained by reductions of \$/ 100.1 million in adjustment of technical reserves and \$/ 2.9 million in net claims and benefits incurred, as well as a \$/ 3.9 million increase in net premiums. The reduction in adjustment of technical reserves was a result of the effect of the adoption of new mortality tables.

## NET PREMIUMS

| Net Premiums by Business Line |              |              |              |              |             |
|-------------------------------|--------------|--------------|--------------|--------------|-------------|
| S/ million                    | 2Q18         | 1Q19         | 2Q19         | %chg<br>QoQ  | %chg<br>YoY |
| Annuities                     | 66.1         | 80.9         | 75.7         | -6.5%        | 14.6%       |
| D&S                           | 13.1         | 0.7          | 0.4          | -34.2%       | -96.7%      |
| Individual Life               | 30.5         | 32.1         | 32.1         | -0.3%        | 5.2%        |
| Retail Insurance              | 50.9         | 57.5         | 56.2         | -2.3%        | 10.3%       |
| <b>Net Premiums</b>           | <b>160.5</b> | <b>171.2</b> | <b>164.4</b> | <b>-4.0%</b> | <b>2.4%</b> |

Net premiums was \$/ 164.4 million in 2Q19, a 4.0% decrease QoQ and a 2.4% increase YoY.

The quarterly reduction was mainly explained by decreases of \$/ 5.2 million in annuities and \$/ 1.3 million in retail insurance, while individual life premiums remained stable.

The annual increase in net premiums was mainly due to growth of \$/ 9.6 million in annuities, \$/ 5.3 million in retail insurance and \$/ 1.6 million in individual life, partially offset by a \$/ 12.7 million decrease in disability and survivorship premiums due to the expiration of Seguros Sura's disability and survivorship contract in December 2018.

## ADJUSTMENT OF TECHNICAL RESERVES

| Adjustment of Technical Reserves by Business Line |               |              |              |               |               |
|---|---------------|--------------|--------------|---------------|---------------|
| S/ million  | 2Q18          | 1Q19         | 2Q19         | %chg<br>QoQ   | %chg<br>YoY   |
| Annuities   | -151.2        | -49.6        | -39.9        | -19.6%        | -73.6%        |
| Individual Life                                   | -9.5          | -21.9        | -21.3        | -3.0%         | 123.1%        |
| Retail Insurance                                  | -3.0          | -1.7         | -2.4         | 41.0%         | -18.9%        |
| <b>Adjustment of technical reserves</b>           | <b>-163.7</b> | <b>-73.3</b> | <b>-63.6</b> | <b>-13.2%</b> | <b>-61.2%</b> |

Adjustment of technical reserves was S/ 63.6 million in 2Q19, a decrease of S/ 9.7 million QoQ and S/ 100.1 million YoY.

The quarterly reduction was mainly due to a S/ 9.7 million decrease in annuities, while the annual decrease was explained by a reduction of S/ 111.3 million in annuities, partially offset by an S/ 11.8 million increase in individual life.

The annual reduction in adjustment of technical reserves for annuities was mainly explained by the effect related to a one-time adjustment of S/ -144.8 million in 2Q18, as a result of the full adoption of new mortality tables published in March 2018 by the Peruvian regulatory entity (Superintendencia de Banca y Seguros).

## NET CLAIMS AND BENEFITS INCURRED

| Net Claims and Benefits Incurred by Business Line |               |               |               |             |              |
|---|---------------|---------------|---------------|-------------|--------------|
| S/ million  | 2Q18          | 1Q19          | 2Q19          | %chg<br>QoQ | %chg<br>YoY  |
| Annuities   | -156.3        | -156.8        | -162.2        | 3.5%        | 3.8%         |
| D&S   | -10.6         | 0.6           | 0.9           | 53.8%       | n.m.         |
| Individual Life                                   | -1.2          | 0.8           | -2.6          | n.m.        | 107.3%       |
| Retail Insurance                                  | -14.9         | -16.6         | -16.4         | -1.8%       | 9.5%         |
| <b>Net claims and benefits incurred</b>           | <b>-183.1</b> | <b>-172.0</b> | <b>-180.2</b> | <b>4.8%</b> | <b>-1.6%</b> |

Net claims and benefits incurred reached S/ 180.2 million in 2Q19, an increase of S/ 8.2 million QoQ and a decrease of S/ 2.9 million YoY.

The quarterly growth was the result of increases of S/ 5.4 million in annuity benefits and S/ 3.4 million in individual life claims.

The annual reduction in net claims and benefits incurred was explained by an S/ 11.5 million decrease in disability and survivorship claims, associated with the expiration of Seguros Sura's disability and survivorship contract in December 2018, partially offset by growth of S/ 5.9 million in annuity benefits, S/ 1.5 million in retail insurance claims and S/ 1.4 million in individual life claims.

## OTHER EXPENSES

| Other Expenses                    |              |              |              |             |             |
|-----------------------------------|--------------|--------------|--------------|-------------|-------------|
| S/ million                        | 2Q18         | 1Q19         | 2Q19         | %chg<br>QoQ | %chg<br>YoY |
| Salaries and employee benefits    | -19.0        | -18.0        | -18.1        | 0.8%        | -4.5%       |
| Administrative expenses           | -11.2        | -11.1        | -13.4        | 21.0%       | 19.1%       |
| Depreciation and amortization     | -4.7         | -5.0         | -6.9         | 36.2%       | 46.4%       |
| Expenses related to rental income | -1.0         | -1.5         | 0.3          | n.m.        | n.m.        |
| Other                             | -33.8        | -35.1        | -36.3        | 3.6%        | 7.6%        |
| <b>Other expenses</b>             | <b>-69.7</b> | <b>-70.7</b> | <b>-74.4</b> | <b>5.2%</b> | <b>6.8%</b> |

Other expenses increased S/ 3.7 million QoQ, or 5.2%, and S/ 4.7 million YoY, or 6.8%.

The quarterly growth in other expenses was mainly attributed to increases of S/ 2.3 million in administrative expenses and S/ 1.9 million in depreciation and amortization, partially offset by a decrease of S/ 1.8 million in expenses related to rental income.

The annual increase in other expenses was mainly due to growth of S/ 2.2 million in administrative expenses and S/ 2.2 million in depreciation and amortization, partially offset by a decrease of S/ 1.3 million in expenses related to rental income.

## Inteligo

### SUMMARY

Inteligo's net profit in 2Q19 was S/ 33.4 million, a decrease of S/ 44.9 million, or 57.4%, QoQ and S/ 15.9 million, or 32.2%, YoY.

The main driver of these results was a reduction of 98.6% QoQ and 88.0% YoY in other income, as a consequence of the deterioration of investment portfolio valuations in the quarter.

On the commercial front, Inteligo's prospecting process continued to show positive results in terms of new account openings and assets under management. Accordingly, Inteligo's AUM grew 4.0% QoQ and 8.9% YoY as of June 30, 2019.

Inteligo's ROAE was 16.8% in 2Q19, lower than the 38.1% reported in 1Q19 and the 26.3% registered in 2Q18.

| Wealth Management Segment's P&L Statement                    |              |              |              |               |               |
|--|--------------|--------------|--------------|---------------|---------------|
| S/ million   | 2Q18         | 1Q19         | 2Q19         | %chg<br>QoQ   | %chg<br>YoY   |
| Interest and similar income                                  | 40.0         | 45.6         | 38.9         | -14.6%        | -2.7%         |
| Interest and similar expenses                                | -10.8        | -14.9        | -14.4        | -2.9%         | 33.4%         |
| <b>Net interest and similar income</b>                       | <b>29.2</b>  | <b>30.7</b>  | <b>24.5</b>  | <b>-20.2%</b> | <b>-16.1%</b> |
| Impairment loss on loans, net of recoveries                  | 0.4          | -0.1         | 0.0          | n.m.          | n.m.          |
| Recovery (loss) due to impairment of financial investments   | -0.5         | -0.5         | 0.3          | n.m.          | n.m.          |
| <b>Net interest and similar income after impairment loss</b> | <b>29.1</b>  | <b>30.2</b>  | <b>24.8</b>  | <b>-17.7%</b> | <b>-14.6%</b> |
| Fee income from financial services, net                      | 42.6         | 38.9         | 37.1         | -4.6%         | -12.9%        |
| Other income   | 4.2          | 36.8         | 0.5          | -98.6%        | -88.0%        |
| Other expenses   | -24.6        | -26.9        | -28.7        | 6.6%          | 16.5%         |
| <b>Income before translation result and income tax</b>       | <b>51.3</b>  | <b>79.0</b>  | <b>33.8</b>  | <b>-57.2%</b> | <b>-34.1%</b> |
| Translation result   | -0.9         | 0.7          | 1.6          | n.m.          | n.m.          |
| Income tax   | -1.2         | -1.4         | -2.1         | 45.8%         | 72.8%         |
| <b>Profit for the period</b>                                 | <b>49.2</b>  | <b>78.3</b>  | <b>33.4</b>  | <b>-57.4%</b> | <b>-32.2%</b> |
| <b>ROAE</b>  | <b>26.3%</b> | <b>38.1%</b> | <b>16.8%</b> |               |               |
| <b>Efficiency ratio<sup>(1)</sup></b>                        | <b>34.9%</b> | <b>25.2%</b> | <b>45.9%</b> |               |               |

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

### ASSETS UNDER MANAGEMENT & DEPOSITS

AUM reached S/ 18,479.4 million as of June 30, 2019, an increase of S/ 710.4 million, or 4.0%, QoQ and S/ 1,510.6 million, or 8.9%, YoY, mostly due to new account openings, generating an influx of funds as a result of a strengthened prospecting and client conversion strategies at Inteligo.

Client deposits reached S/ 2,474.9 million as of June 30, 2019, a S/ 58.2 million, or 2.3%, decrease QoQ, but a S/ 374.4 million, or 17.8%, increase YoY. The annual growth was mainly generated by funding obtained from new account openings.

## NET INTEREST AND SIMILAR INCOME

| Net interest and similar income            |              |              |              |               |               |
|--|--------------|--------------|--------------|---------------|---------------|
| S/ million                                 | 2Q18         | 1Q19         | 2Q19         | %chg<br>QoQ   | %chg<br>YoY   |
| <b>Interest and similar income</b>         |              |              |              |               |               |
| Due from banks and inter-bank funds        | 1.3          | 2.1          | 2.1          | -0.4%         | 60.6%         |
| Financial Investments                      | 22.6         | 25.3         | 18.8         | -25.7%        | -16.6%        |
| Loans                                      | 16.2         | 18.2         | 18.1         | -0.6%         | 11.5%         |
| <b>Total interest and similar income</b>   | <b>40.0</b>  | <b>45.6</b>  | <b>38.9</b>  | <b>-14.6%</b> | <b>-2.7%</b>  |
| <b>Interest and similar expenses</b>       |              |              |              |               |               |
| Deposits and obligations                   | -9.3         | -11.5        | -11.3        | -2.0%         | 21.1%         |
| Due to banks and correspondents            | -1.5         | -3.4         | -3.2         | -6.1%         | n.m.          |
| <b>Total interest and similar expenses</b> | <b>-10.8</b> | <b>-14.9</b> | <b>-14.4</b> | <b>-2.9%</b>  | <b>33.4%</b>  |
| <b>Net interest and similar income</b>     | <b>29.2</b>  | <b>30.7</b>  | <b>24.5</b>  | <b>-20.2%</b> | <b>-16.1%</b> |

Inteligo's net interest and similar income in 2Q19 was S/ 24.5 million, a S/ 6.2 million, or 20.2%, decrease when compared with 1Q19, explained by lower dividend distributions from portfolio investments in 2Q19.

Net interest and similar income decreased S/ 4.7 million, or 16.1%, YoY. This reduction was a consequence of portfolio rebalancing strategies implemented during 2Q19.

## FEE INCOME FROM FINANCIAL SERVICES

| Fee income from financial services, net        |             |             |             |              |               |
|--|-------------|-------------|-------------|--------------|---------------|
| S/ million                                     | 2Q18        | 1Q19        | 2Q19        | %chg<br>QoQ  | %chg<br>YoY   |
| <b>Income</b>                                  |             |             |             |              |               |
| Brokerage and custody services                 | 4.1         | 3.9         | 3.4         | -13.3%       | -18.1%        |
| Funds management                               | 39.0        | 35.4        | 34.3        | -3.0%        | -12.0%        |
| <b>Total income</b>                            | <b>43.1</b> | <b>39.3</b> | <b>37.7</b> | <b>-4.0%</b> | <b>-12.6%</b> |
| <b>Expenses</b>                                |             |             |             |              |               |
| Brokerage and custody services                 | -0.4        | -0.2        | -0.4        | 85.6%        | 0.6%          |
| Others   | -0.1        | -0.1        | -0.2        | 13.1%        | 50.2%         |
| <b>Total expenses</b>                          | <b>-0.5</b> | <b>-0.4</b> | <b>-0.6</b> | <b>59.2%</b> | <b>10.0%</b>  |
| <b>Fee income from financial services, net</b> | <b>42.6</b> | <b>38.9</b> | <b>37.1</b> | <b>-4.6%</b> | <b>-12.9%</b> |

Net fee income from financial services was S/ 37.1 million in 2Q19, a decrease of S/ 1.8 million, or 4.6%, compared to the previous quarter. On a yearly basis, net fee income from financial services decreased S/ 5.5 million, or 12.9%. The quarterly and annual decreases were explained by lower brokerage and custody service fees amid higher price volatility in global markets, as well as lower product structuring activity during the quarter.

## OTHER INCOME

| Other income                              |            |             |            |               |               |
|---|------------|-------------|------------|---------------|---------------|
| S/ million                                | 2Q18       | 1Q19        | 2Q19       | %chg<br>QoQ   | %chg<br>YoY   |
| Net gain on sale of financial investments | 0.2        | 24.5        | 13.5       | -44.8%        | n.m.          |
| Net trading gain (loss)                   | 7.2        | 14.8        | -13.1      | n.m.          | n.m.          |
| Other                                     | -3.2       | -2.5        | 0.1        | n.m.          | n.m.          |
| <b>Total other income</b>                 | <b>4.2</b> | <b>36.8</b> | <b>0.5</b> | <b>-98.6%</b> | <b>-88.0%</b> |

Other income reached S/ 0.5 million in 2Q19, a decrease of S/ 36.3 million QoQ and S/ 3.7 million YoY, attributable to negative mark-to-market valuations on Inteligo's proprietary portfolio during 2Q19.

## OTHER EXPENSES

| Other expenses                 |              |              |              |             |              |
|--------------------------------|--------------|--------------|--------------|-------------|--------------|
| S/ million                     | 2Q18         | 1Q19         | 2Q19         | %chg<br>QoQ | %chg<br>YoY  |
| Salaries and employee benefits | -13.9        | -15.1        | -15.2        | 0.4%        | 8.8%         |
| Administrative expenses        | -10.4        | -9.2         | -9.5         | 2.4%        | -8.6%        |
| Depreciation and amortization  | -2.2         | -2.5         | -3.9         | 56.3%       | 73.1%        |
| Other                          | 1.9          | -0.1         | -0.2         | n.m.        | n.m.         |
| <b>Total other expenses</b>    | <b>-24.6</b> | <b>-26.9</b> | <b>-28.7</b> | <b>6.6%</b> | <b>16.5%</b> |
| <b>Efficiency ratio</b>        | <b>34.9%</b> | <b>25.2%</b> | <b>45.9%</b> |             |              |

Other expenses reached S/ 28.7 million in 2Q19, an increase of S/ 1.8 million, or 6.6%, QoQ and S/ 4.1 million, or 16.5%, YoY. The increase in non-core expenses for the period was related to one-off legal expenses.