



 Intercorp Financial Services

Investor Update

September 2020



Agenda

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messages

Financial
highlights

Takeaways

Agenda

Key
messages

Financial
highlights

Takeaways

Key messages

1



Strong liquidity and capital position

2



Activity recovering from COVID-19 lows

3



Digital trends continue to support IFS' strategy

4



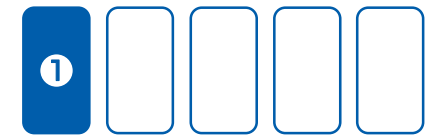
High provisions following a precautionary approach in the expected loss model

5



Double-digit reduction in expenses due to cost containment measures

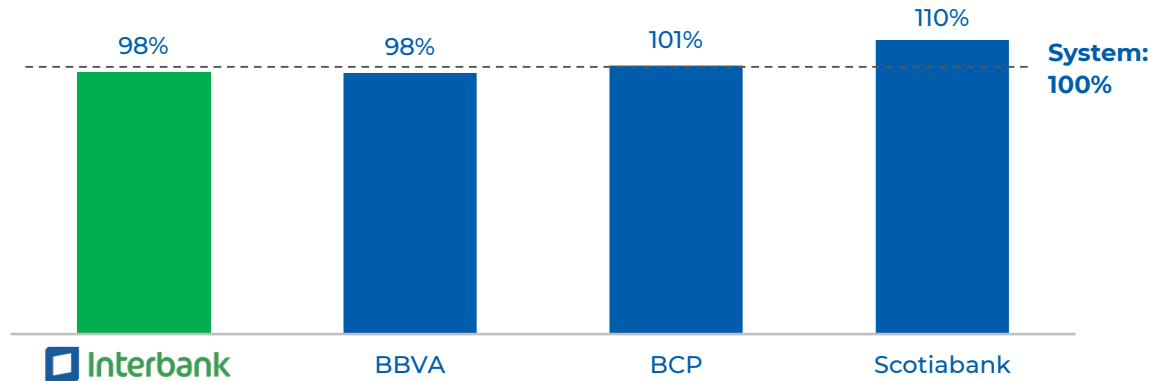
Strong liquidity levels in 2Q20 with market share gains in deposits at Interbank



Interbank - Loan to deposit ratio (LDR)

% as of July 31st, 2020

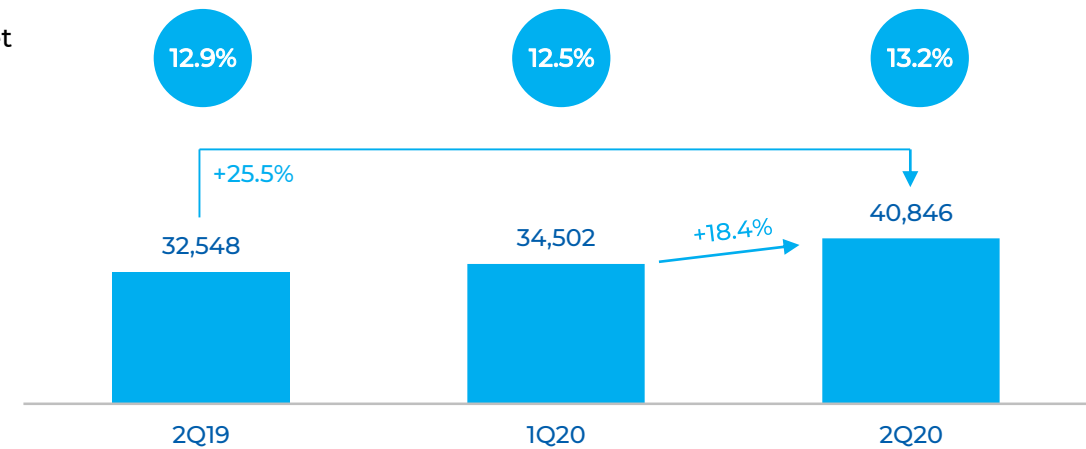
Total LDR



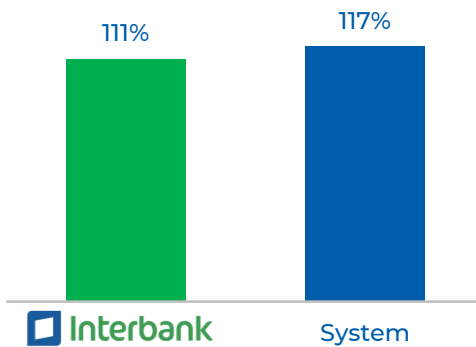
Interbank - Total deposits

S/ million

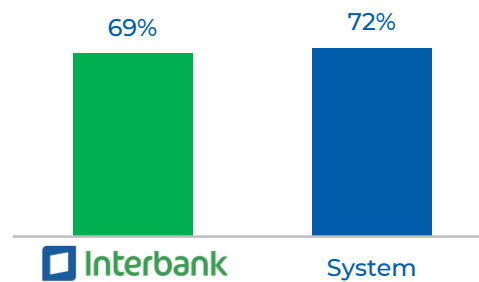
Market Share



LDR S/

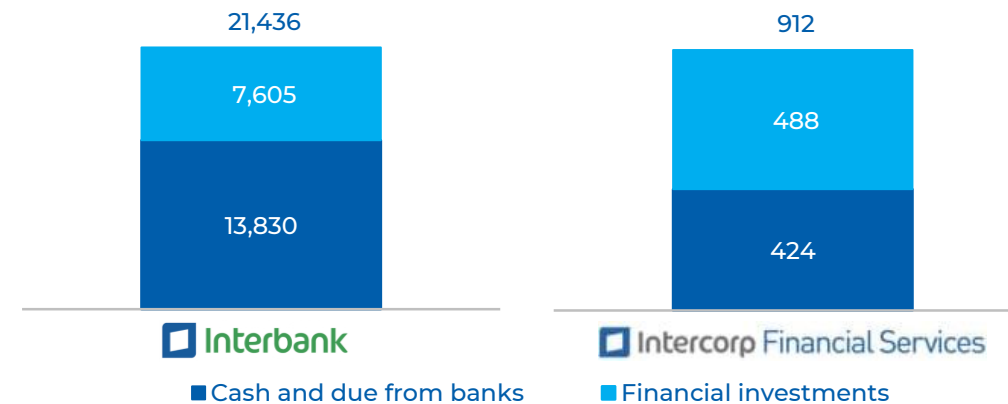


LDR USD

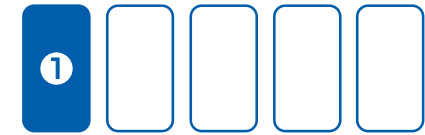


Interbank & IFS Stand-alone – Liquid assets

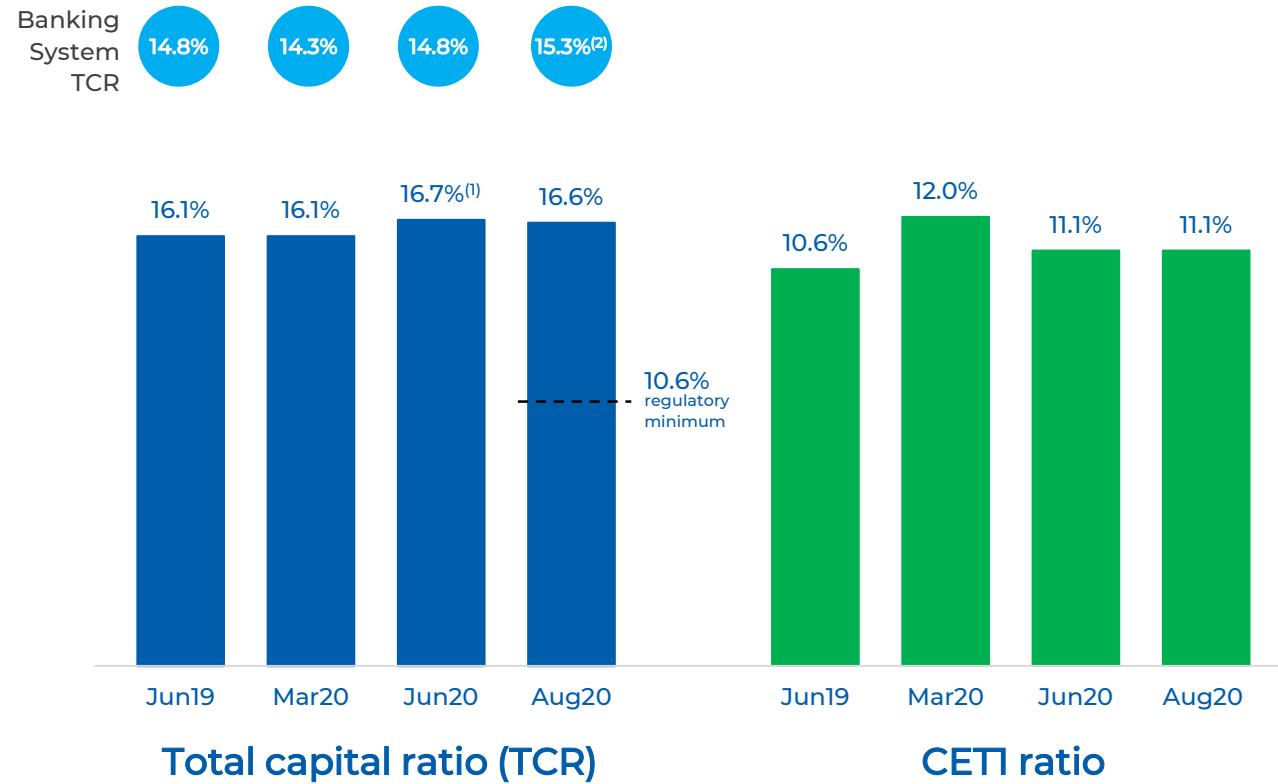
S/ million as of June 30th, 2020



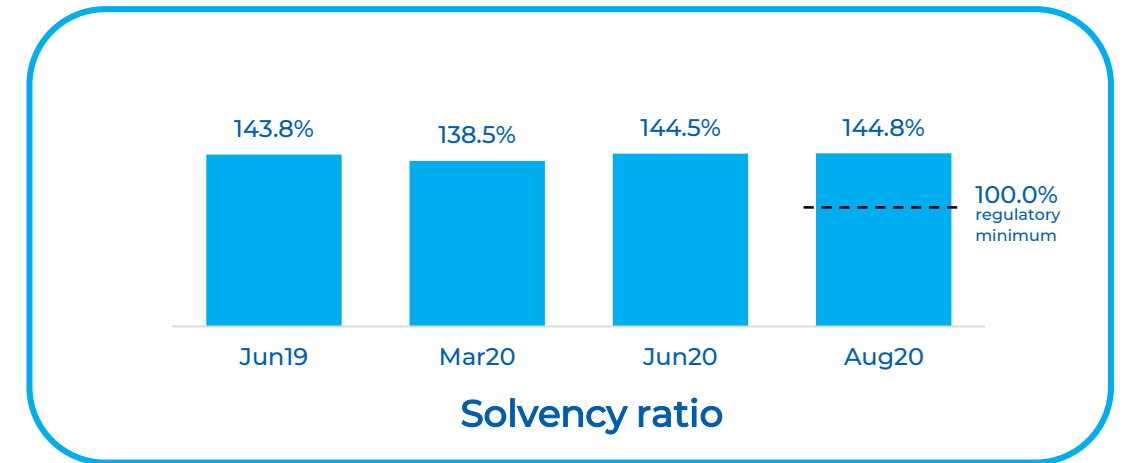
Solid capital ratios at all IFS' segments



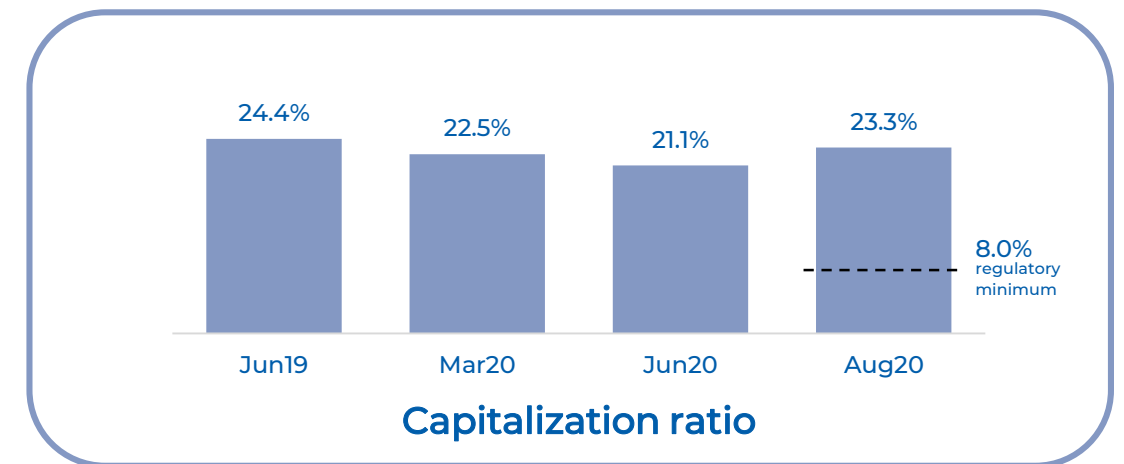
Interbank



Interseguro

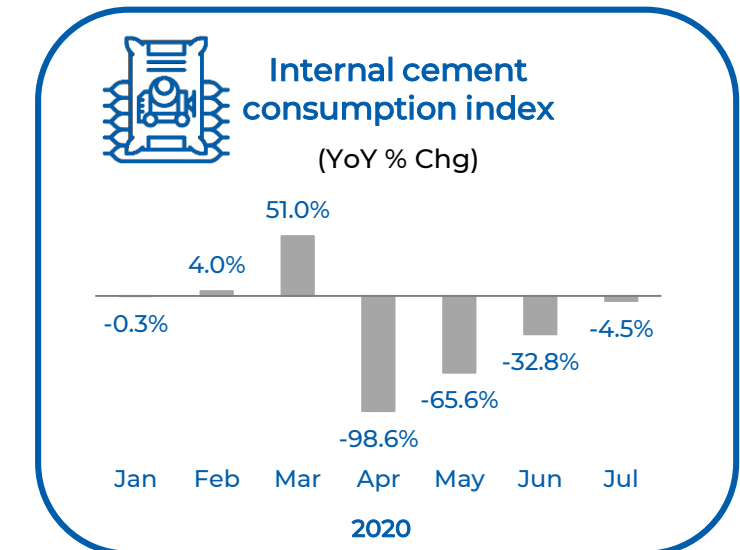
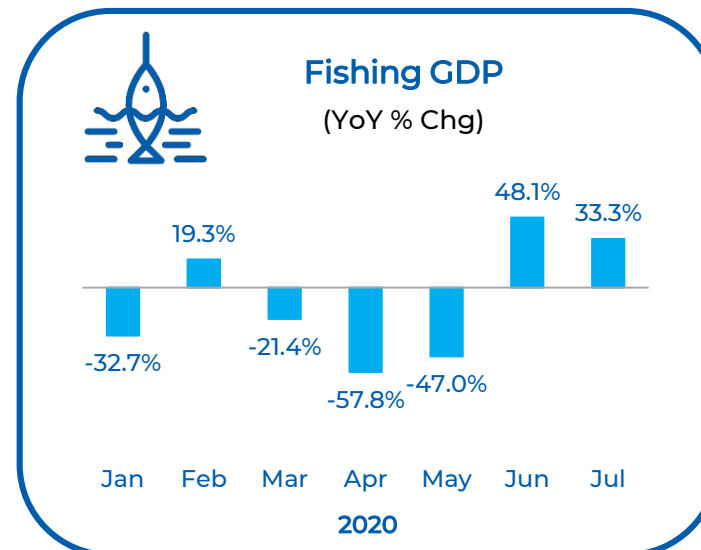
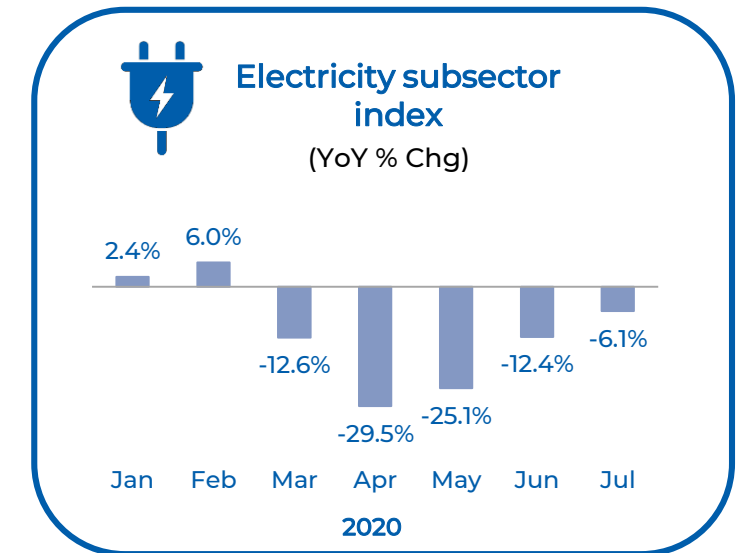
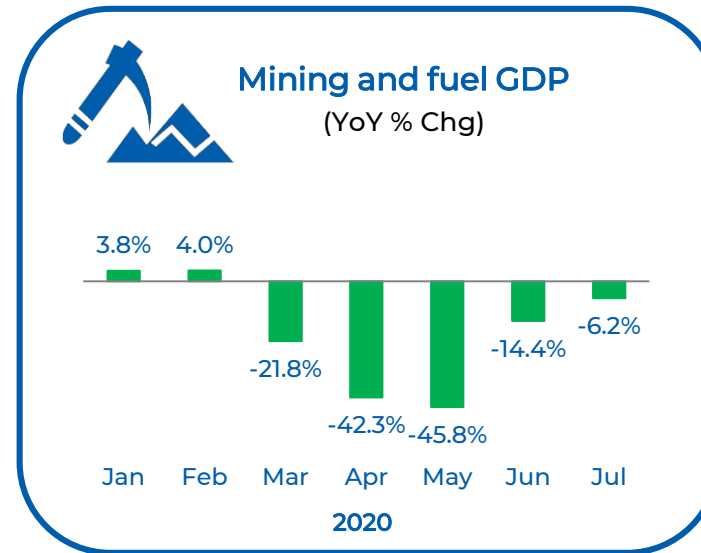
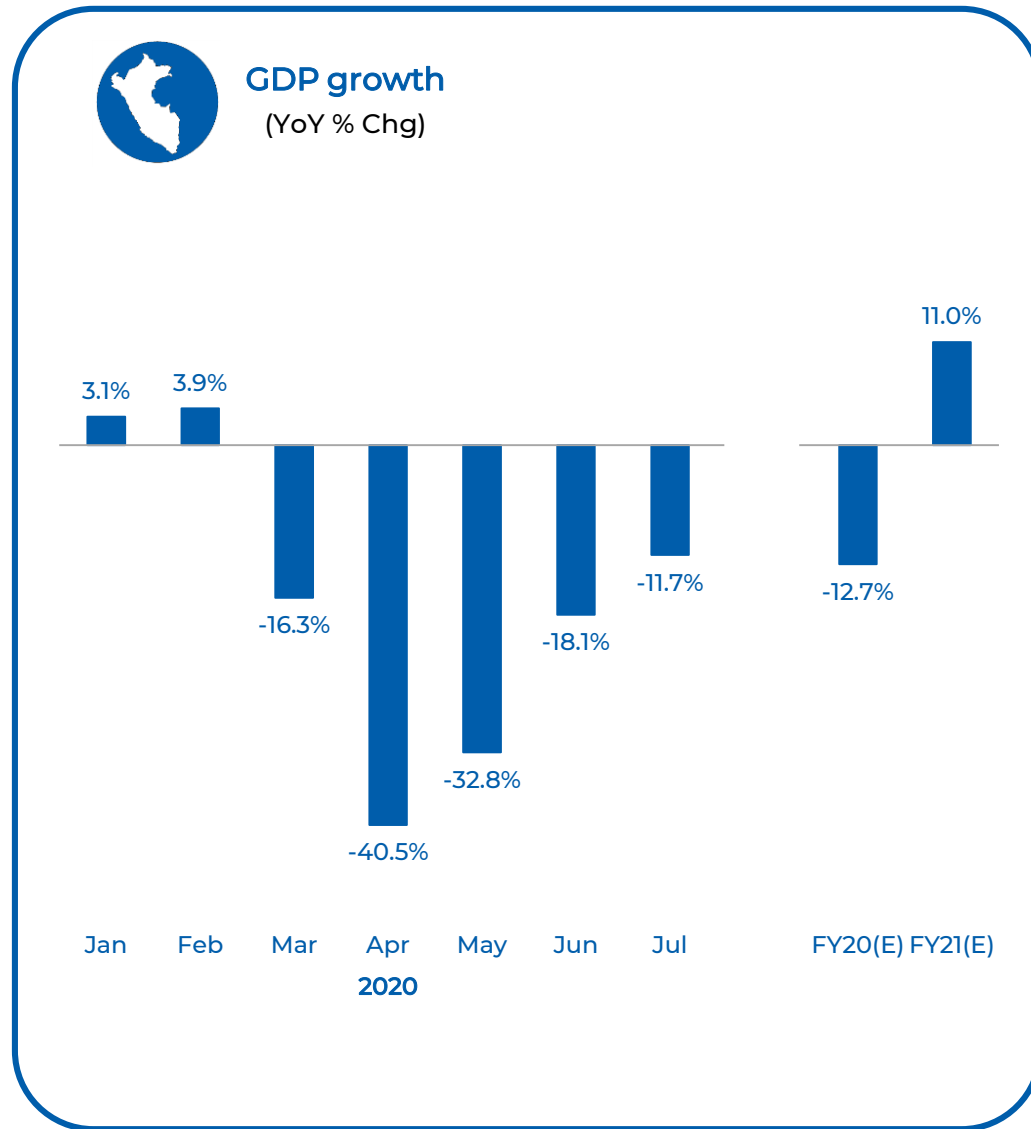


INTELIGO BANK

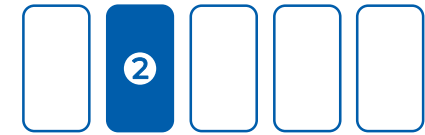


1) Proforma to include the USD 300 million subordinated bond placed in June 2020 and issued in July 2020. Excluding this effect, total capital ratio was 14.7% as of June 30, 2020
 2) As of July 31, 2020

Economic activity in Peru recovering from low levels due to lockdown

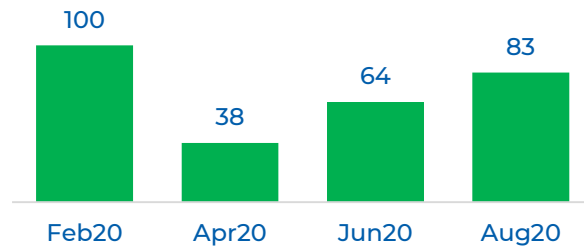


Monthly operating trends indicate positive developments in activity for 3Q20

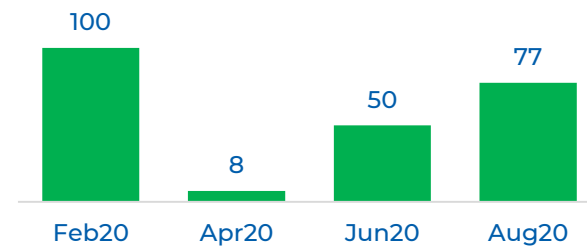


Interbank

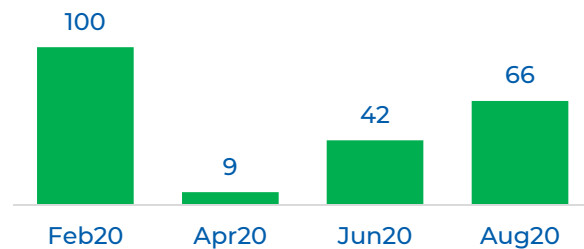
Credit and debit cards turnover
(Index; 100 = Feb20)



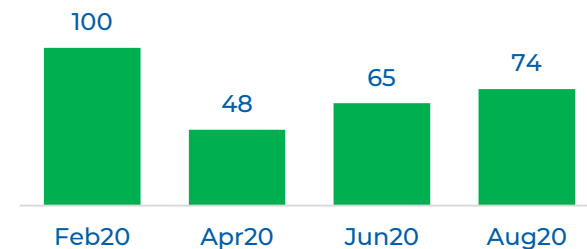
Payroll deduction loans disbursements
(Index; 100 = Feb20)



Mortgages disbursements
(Index; 100 = Feb20)

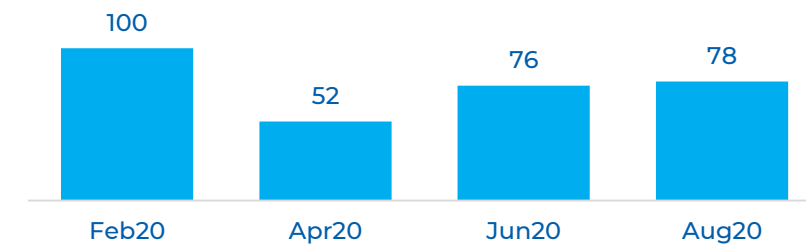


Net fee income
(Index; 100 = Feb20)



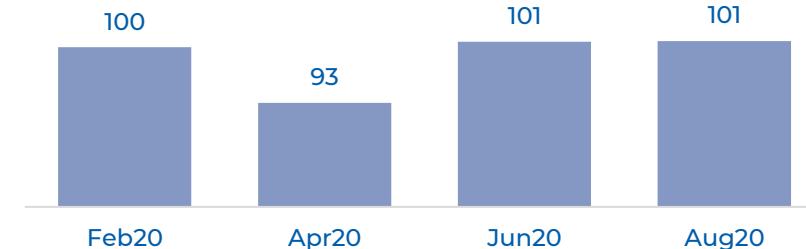
Interseguro

Gross premiums plus collections
(Index; 100 = Feb20)

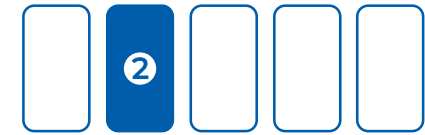


INTELIGO

AUM
(Index; 100 = Feb20)

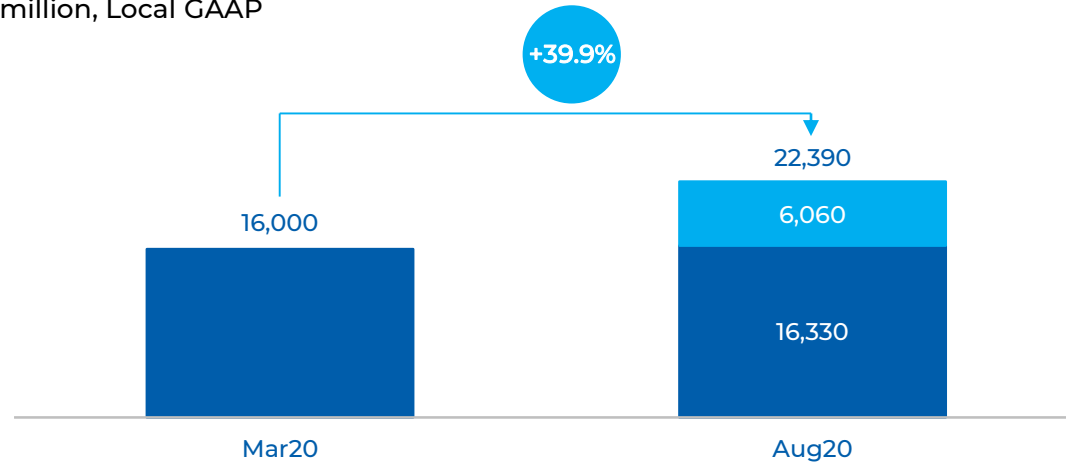


We have helped our customers through the Reactiva Peru Program



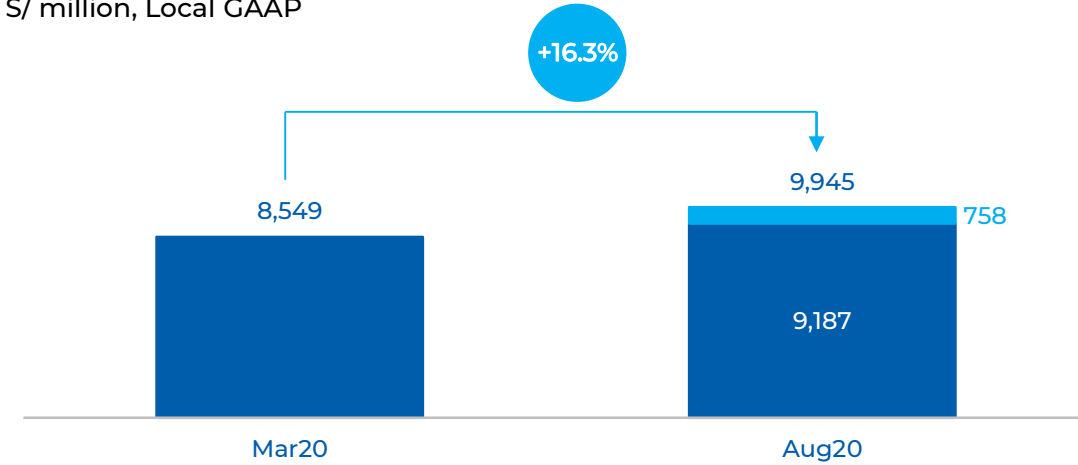
Commercial loans

S/ million, Local GAAP



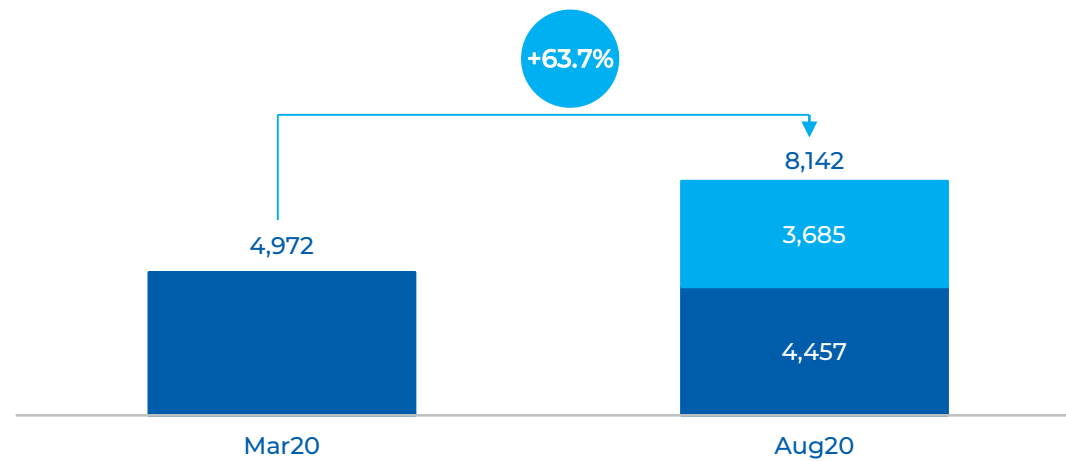
Corporate loans

S/ million, Local GAAP



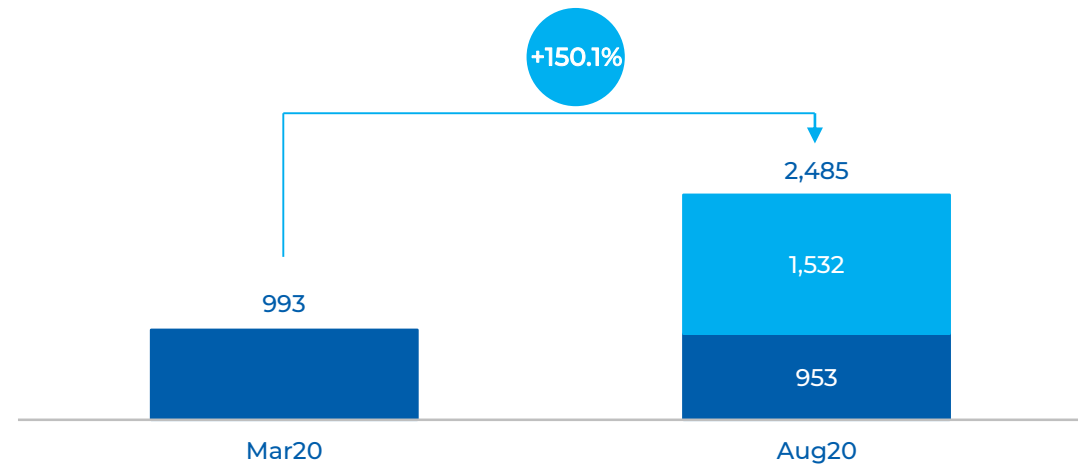
Mid-sized loans

S/ million, Local GAAP



SME loans

S/ million, Local GAAP



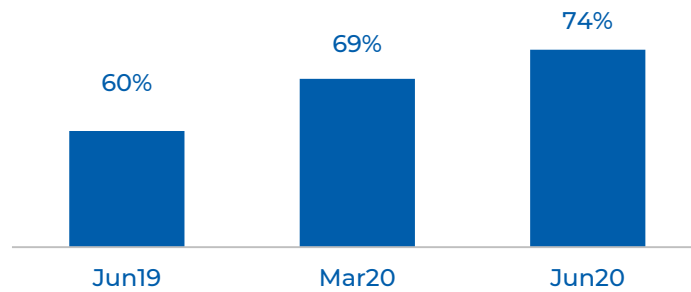
■ Reactiva Peru

Digital KPIs continue to show positive trends



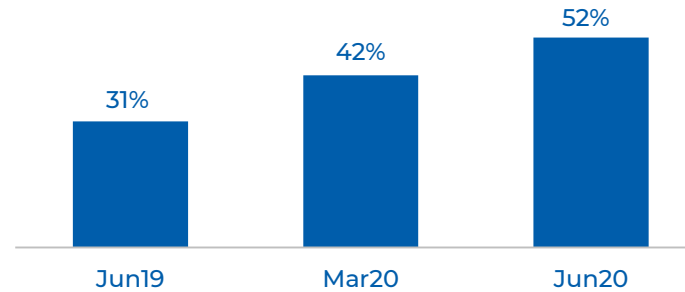
Interbank - Digital users

% of digital users



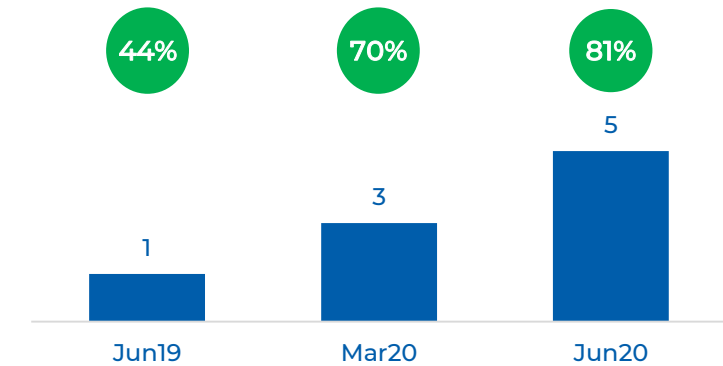
Interbank - 100% digital customers

100% digital customers



Interbank - Business accounts

N° and % of business accounts opened digitally (thousand)

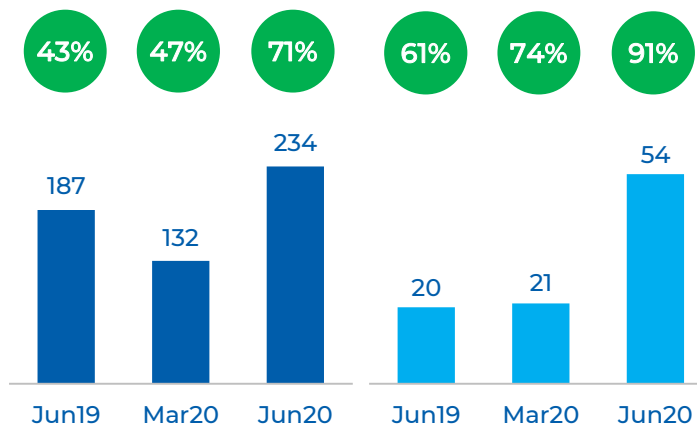


Interbank & Interseguro - Digital sales

N° and % of products sold digitally (thousand)

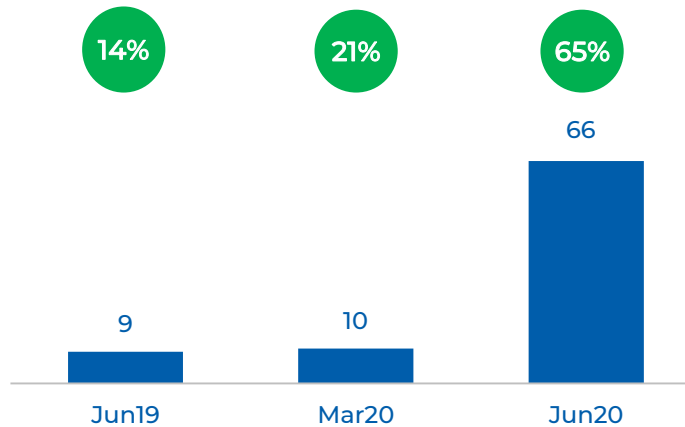
Interbank

Interseguro (SOAT)



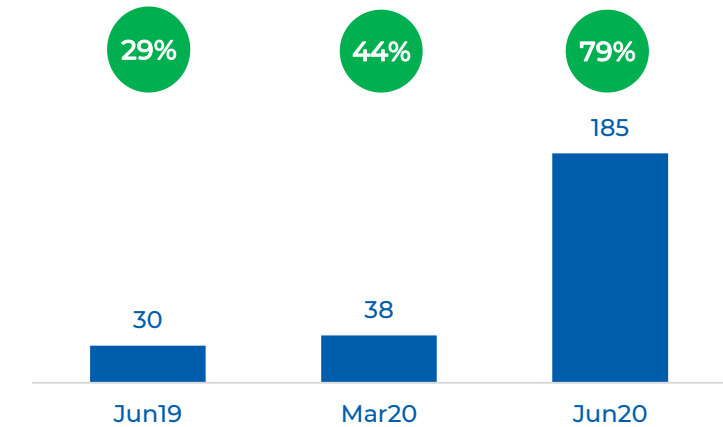
Interbank - Retail digital acquisition

N° and % of monthly retail customers "born digitally" (thousand)



Interbank - Savings accounts

N° and % of savings accounts opened digitally (thousand)

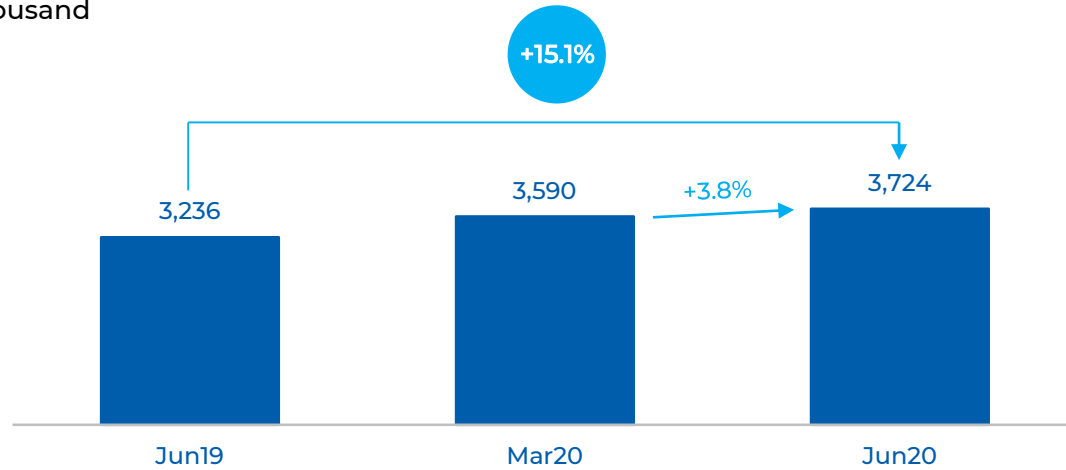


3.7 mm retail customers and 1 mm 100% digital customers with improving NPS at Interbank



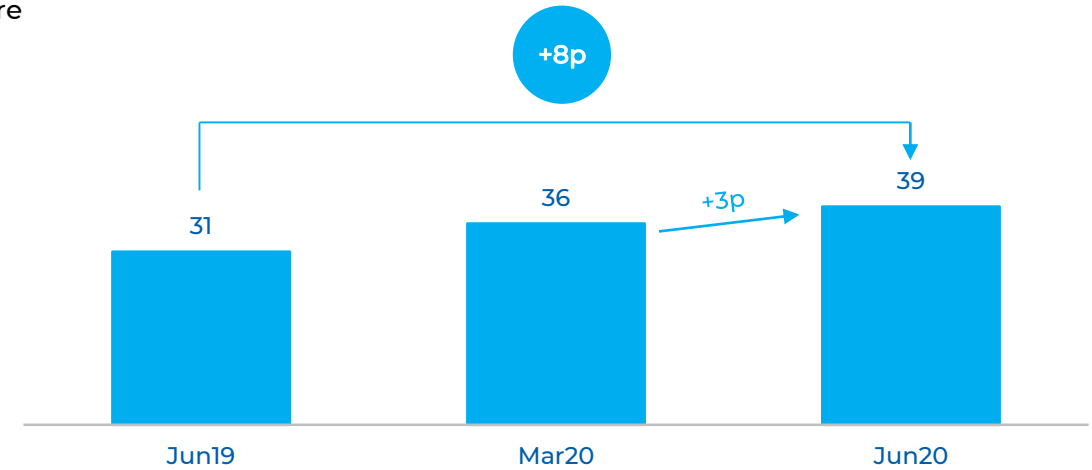
Retail customers

Thousand



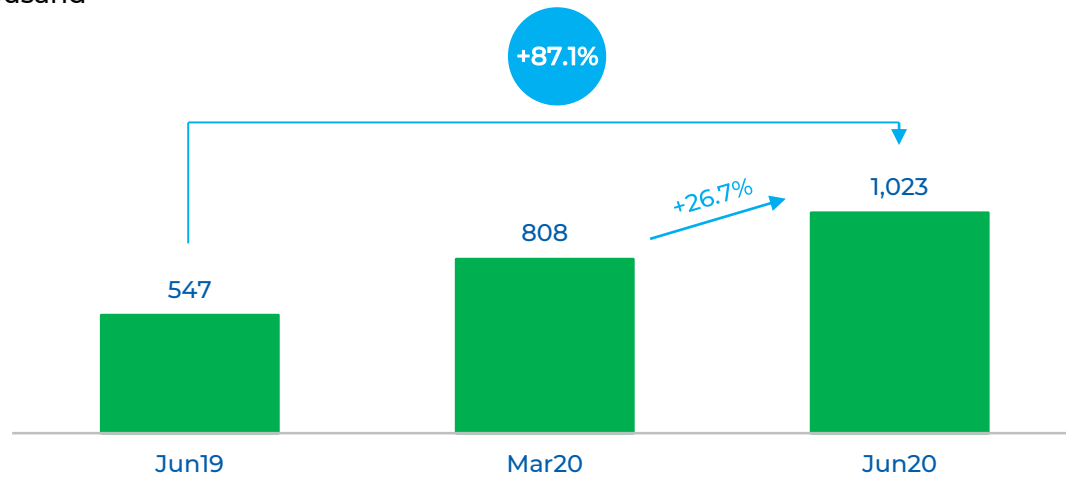
Net promoter score (NPS)

Score



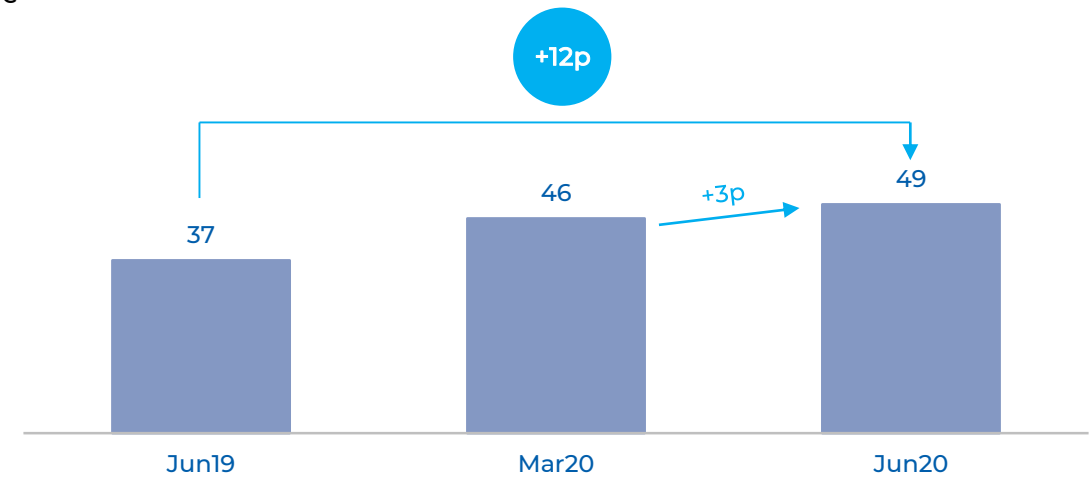
100% digital customers

Thousand



NPS 100% digital customers

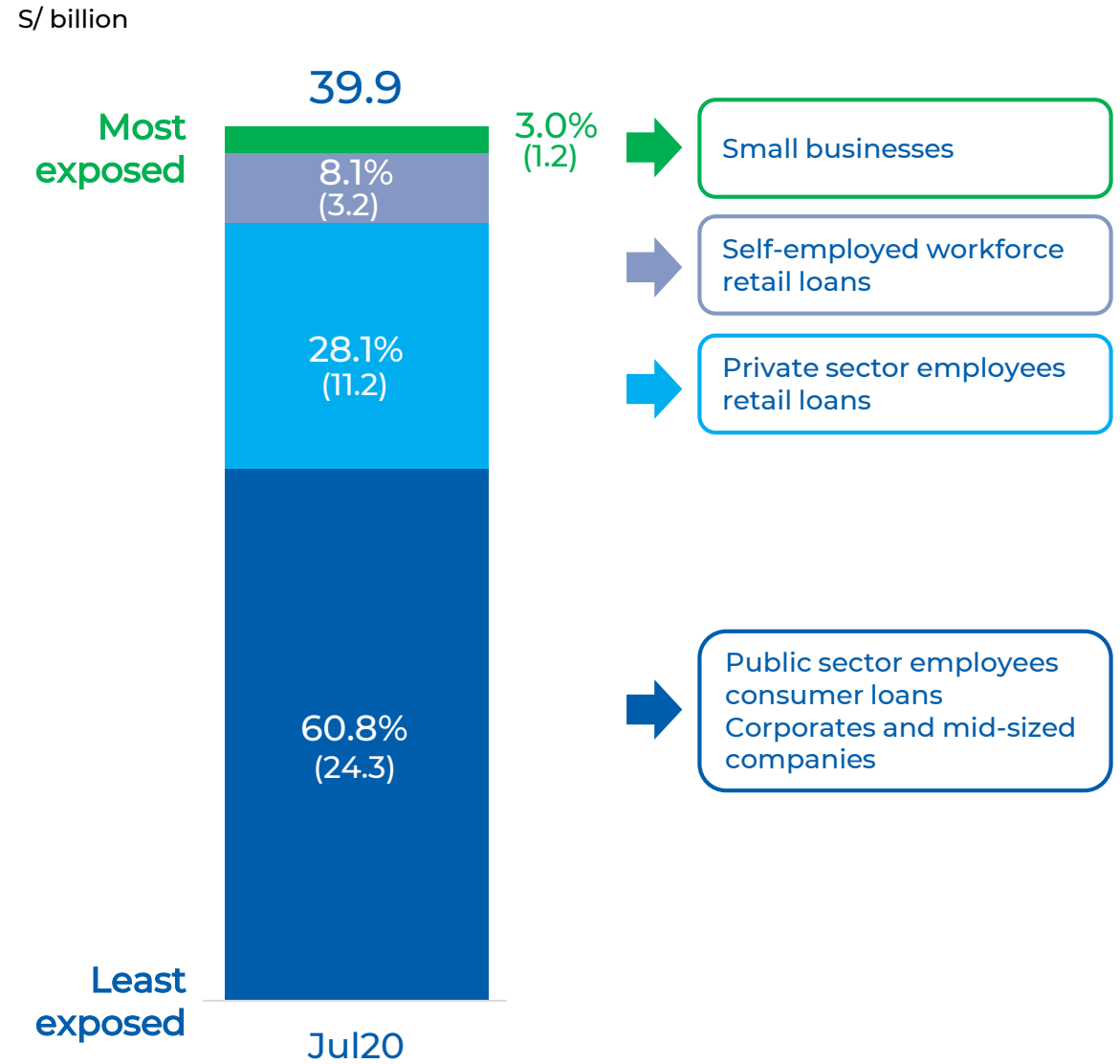
Score



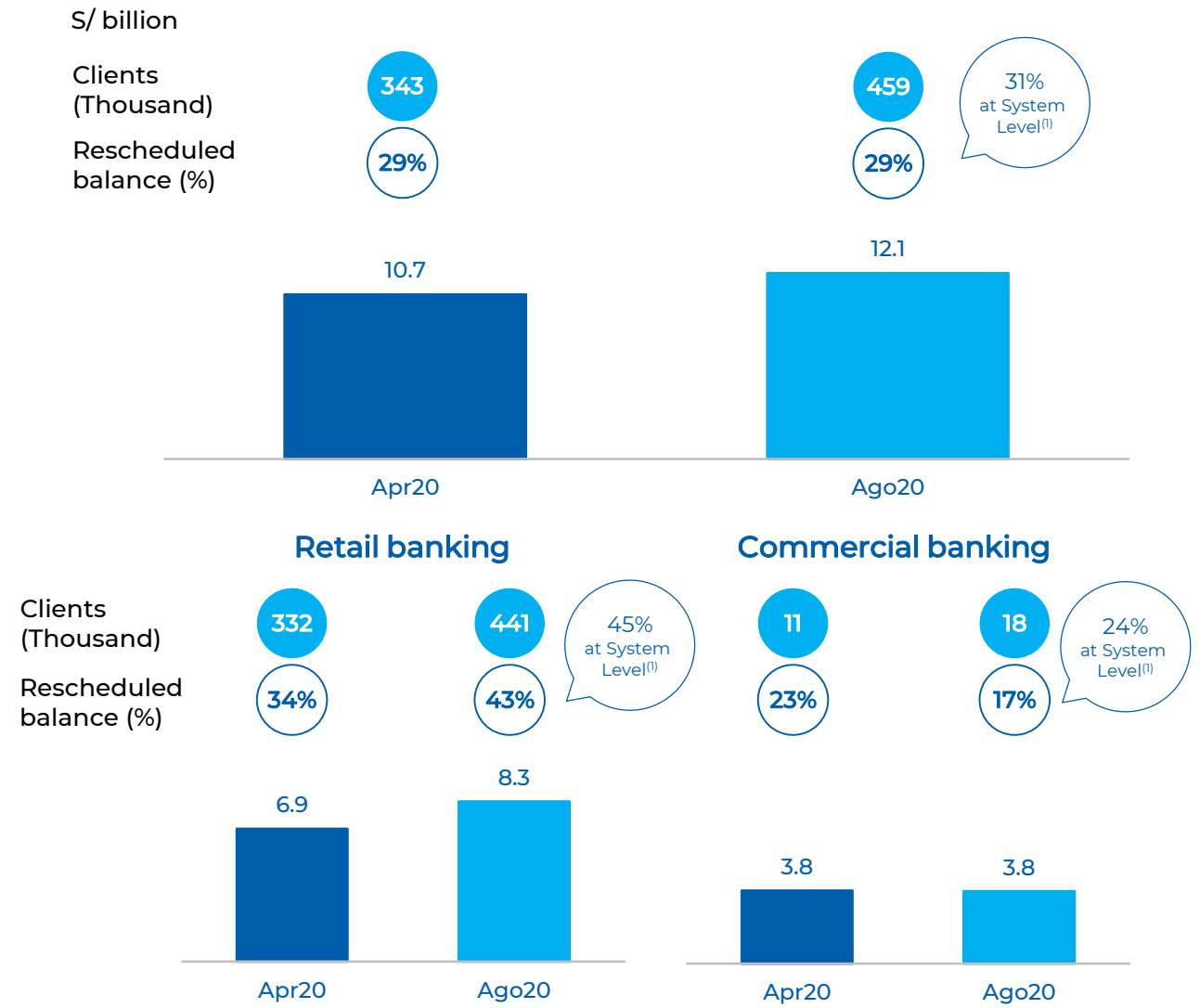
We have rescheduled ~30% of our loan portfolio at Interbank



Interbank - Performing loans

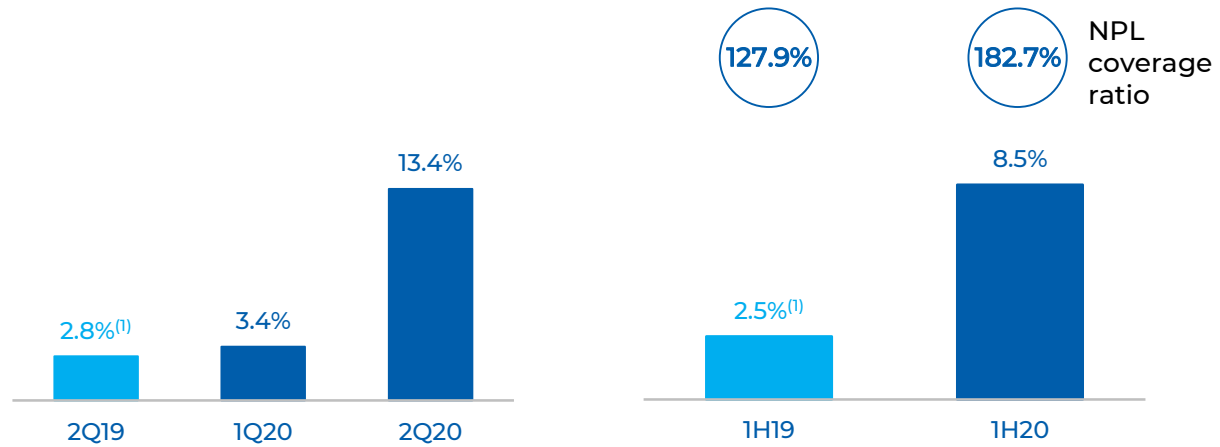


Interbank - Loan rescheduling

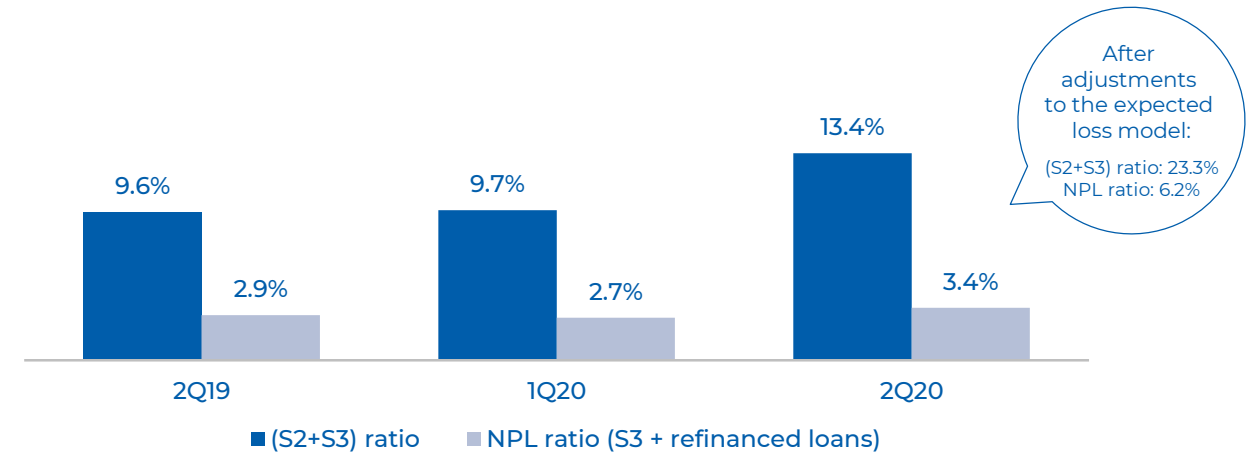


High provisions following a precautionary approach in the expected loss model

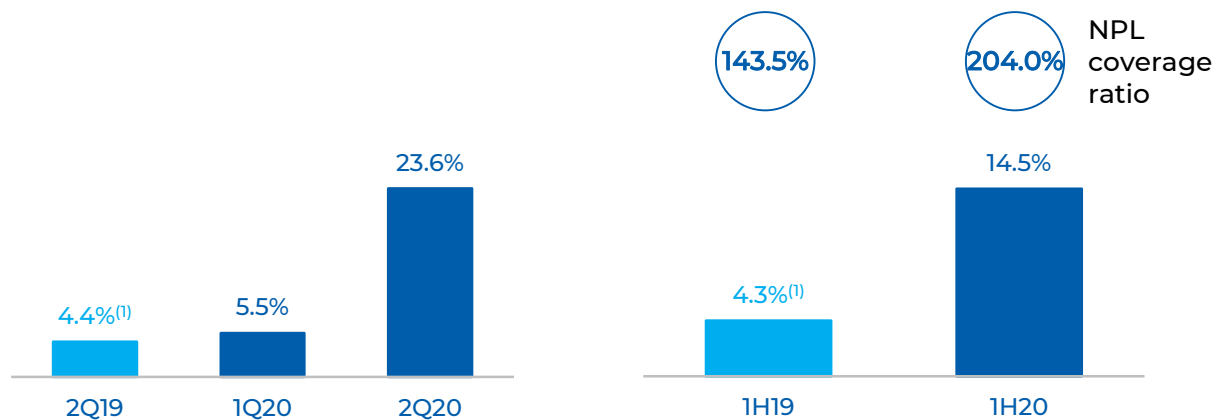
Interbank - Cost of risk



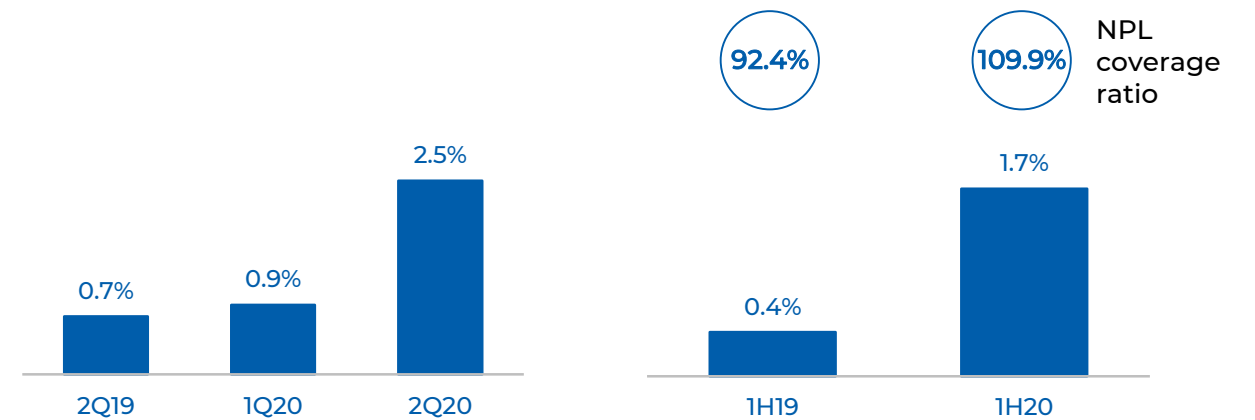
Interbank - Non-performing exposure



Cost of risk – Retail banking



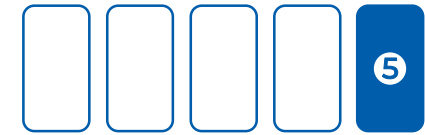
Cost of risk – Commercial banking



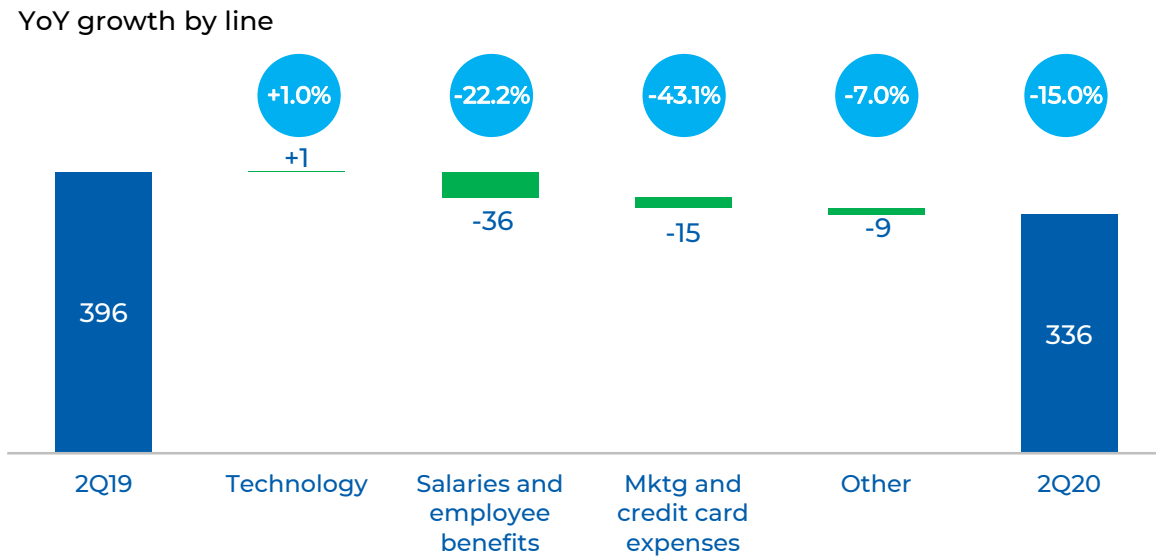
■ Reported figures ■ Adjusted figures

1) Excluding reversion of payroll deduction loan provisions for S/ 38.8 million in 2Q19. Including this effect cost of risk was 2.3% in 2Q19 and 1H19, while commercial cost of risk was 3.6% and 3.9% in 2Q19 and 1H19, respectively.

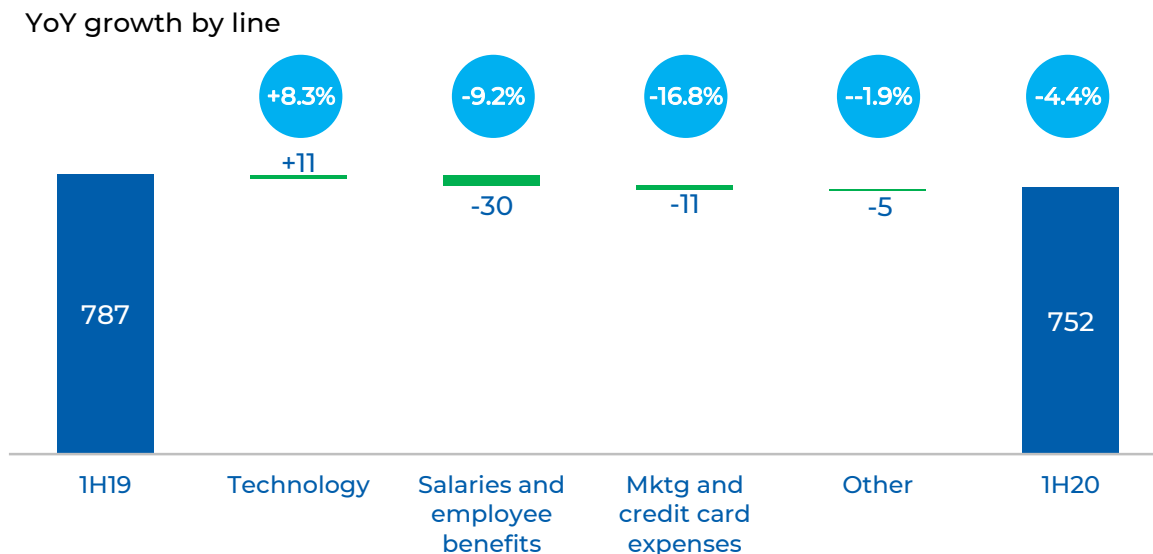
Double-digit reduction in expenses due to cost containment measures



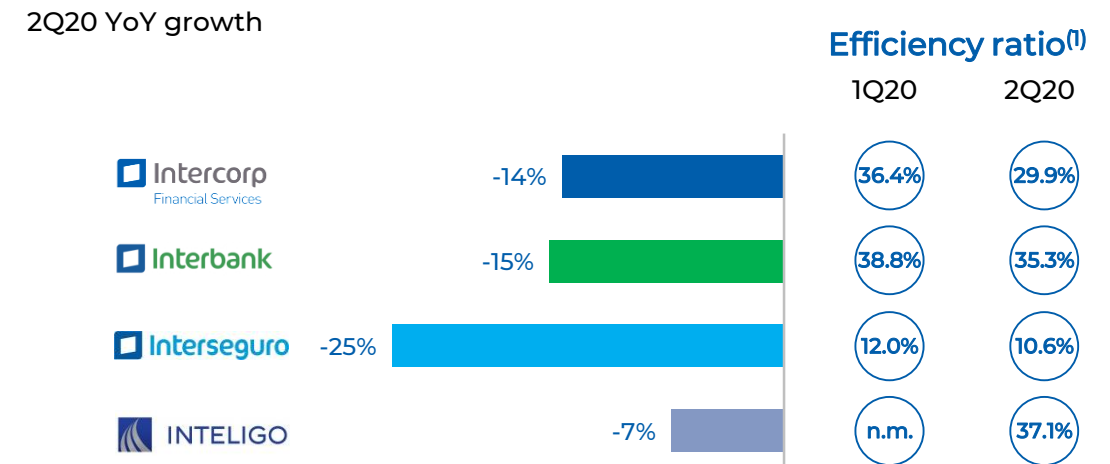
Interbank - Other expenses bridge from 2Q19 to 2Q20



Interbank - Other expenses bridge from 1H19 to 1H20



IFS & subsidiaries - Other expenses



Main actions and impacts

- During 2020 we have closed 22 branches, accumulating almost a 20% reduction from its peak in 2016, down to 233 branches
- Lower credit card and marketing variable expenses
- Lower HR variable expenses
- Implementation of specific cost containment programs

1) Excluding the one-off impact from the modification of contractual cash flows due to the loan rescheduling schemes offered to customers affected by the COVID-19 pandemic at IFS and at our banking segment for S/ 136.7 million in 2Q20

Agenda

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Highlights

Banking

2Q20 earnings affected by higher provisions from COVID-19 and low activity during lockdown

- Loans outgrowing the system, market share up to 12.6% boosted by our participation in Reactiva Peru Program
- Strong growth in deposits drove market share up to 13.2%, cost of funds down 50 bps QoQ
- 8.5% CoR in 1H20, based on adjustments to the expected loss model
- Double-digit reduction in expenses due to cost containment measures

Insurance

Solid quarter as a result of a recovery in investment portfolio

- Top line impact from the COVID-19 pandemic offset by lower claims, benefits and tight control of expenses
- Results from investments increased 50.0% QoQ and 6.5% YoY, with ROIP reaching 6.3%
- Continued as market leader in annuities with a 27.0% share YTD

Wealth Management

Sound quarter with recovery from investments and fees

- Strong revenues in 2Q20, positively affected by M2M on the investment portfolio
- Fee generation remained solid despite economic turmoil in the region
- AUM and loans grew 7.2% and 3.2% QoQ, respectively
- Significant bottom-line recovery, with ROAE at 17.2% after a challenging first-quarter

Intercorp Financial Services

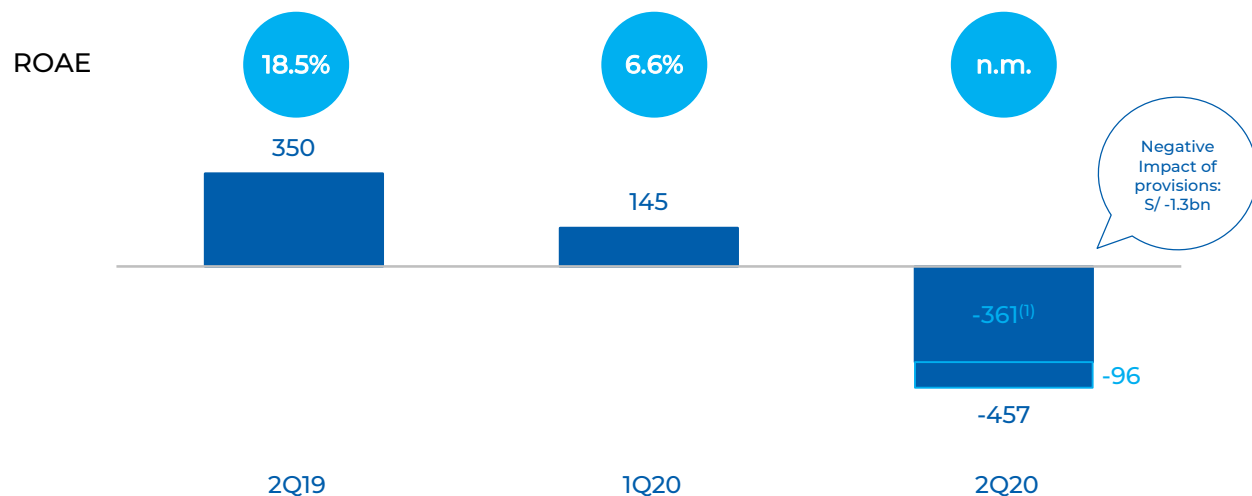
2Q20 earnings affected by higher provisions at Interbank, partially offset by positive results from investments at Interseguro and Inteligo

- Strong liquidity and capital position across all subsidiaries
- Adjusted efficiency ratio at 29.9%, an improvement of 650 bps QoQ and 510 pbs YoY
- Activity recovering from COVID-19 lows
- Digital trends continue to support IFS' strategy

2Q20 earnings affected by higher provisions, partially offset by positive results from investments

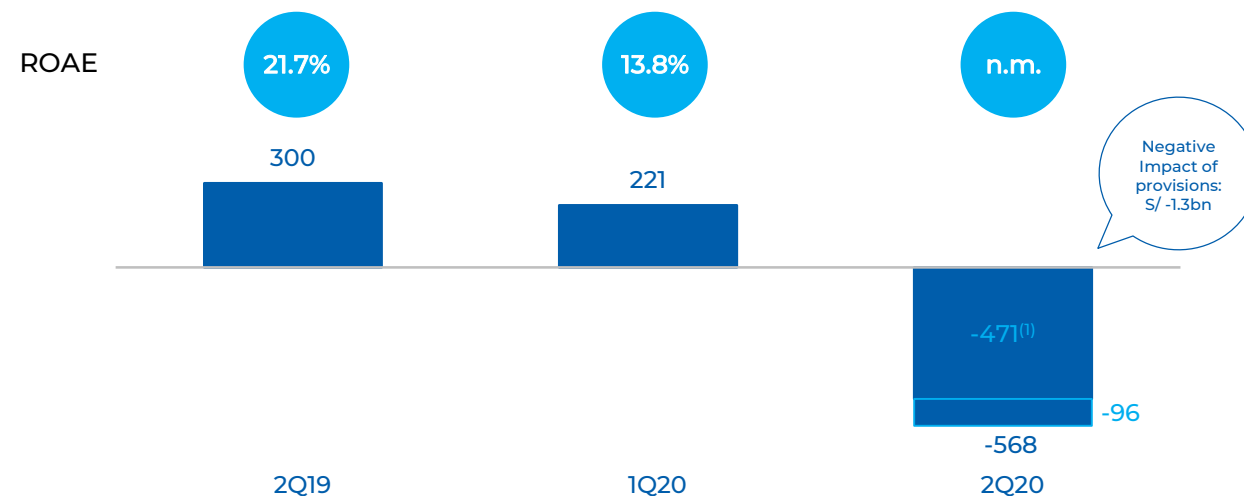
Intercorp Financial Services

Net profit in S/ million



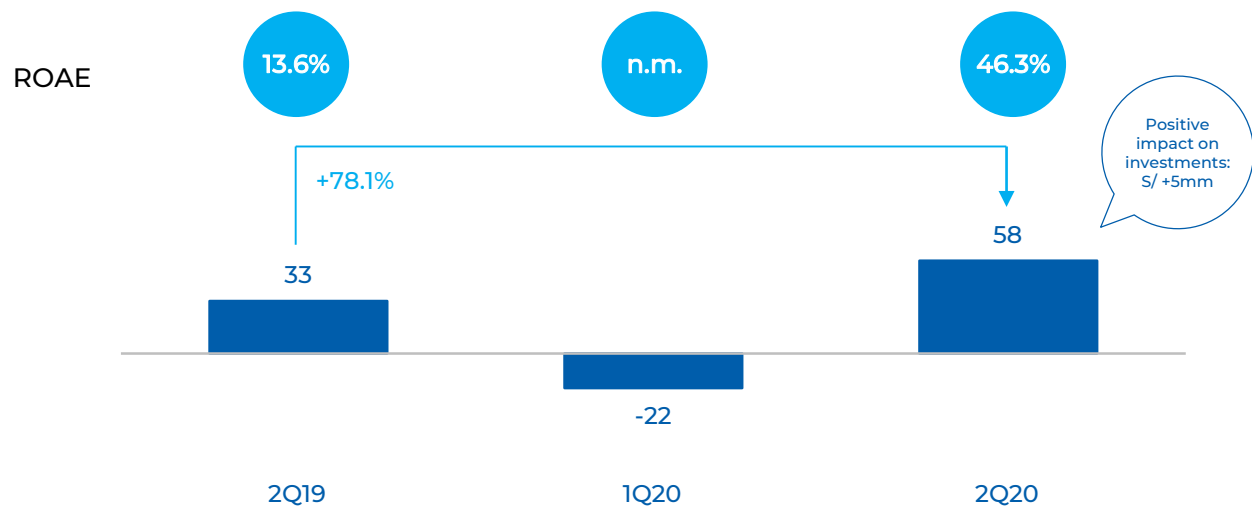
Banking

Net profit in S/ million



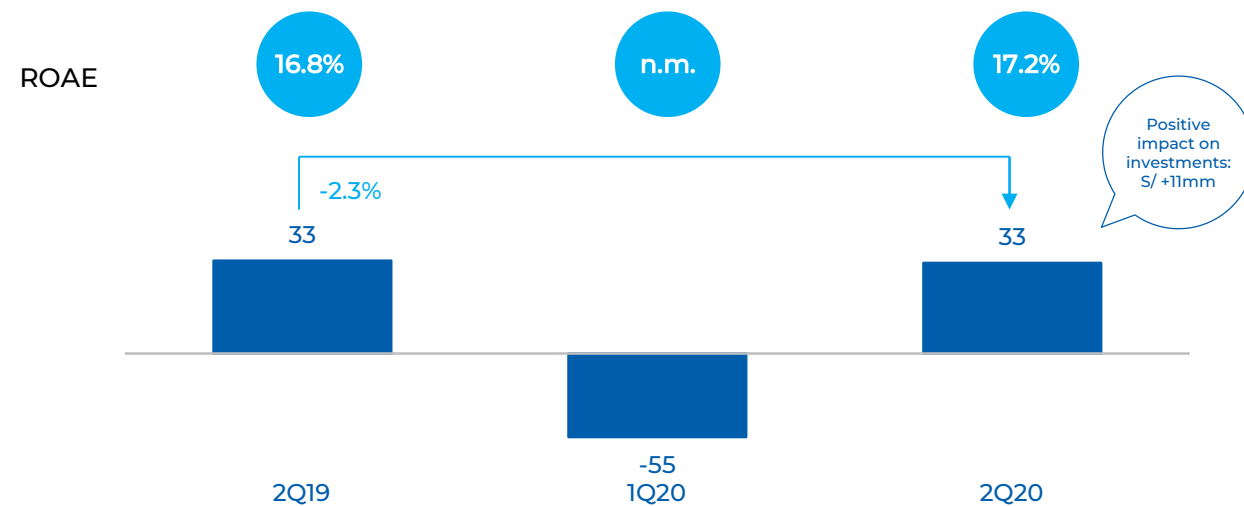
Insurance

Net profit in S/ million



Wealth Management

Net profit in S/ million



■ Reported figures □ Adjustments → Growth

1) Excluding the one-off impact from the modification of contractual cash flows due to the loan rescheduling schemes offered to customers affected by the COVID-19 pandemic in our banking segment for S/ 136.7 million or S/ 96.3 million after taxes in 2Q20

IFS key indicators 2Q20

S/ million		2Q19	1Q20	2Q20	%chg QoQ	%chg YoY
IFS	Total revenues ⁽¹⁾	1,304.9	1,292.8	1,315.2	1.7%	0.8%
	Net interest and similar income ⁽¹⁾	856.4	908.7	870.5	-4.2%	1.6%
	Efficiency ratio ⁽¹⁾	35.0%	36.4%	29.9%	-650 bps	-510 bps
	Profit for the period	350.1	144.9	-457.3	n.m.	n.m.
	Adjusted profit for the period ⁽¹⁾	350.1	144.9	-361.0	n.m.	n.m.
	ROAE	18.5%	6.6%	n.m.	n.m.	n.m.
	ROAA	2.1%	0.8%	n.m.	n.m.	n.m.
	EPS	3.14	1.24	n.m.	n.m.	n.m.
Banking	NIM ⁽¹⁾	5.8%	5.6%	5.0%	-60 bps	-80 bps
	Adjusted NIM after provisions	3.9%	3.2%	n.m.	n.m.	n.m.
	Cost of Risk	2.3%	3.4%	13.4%	n.m.	n.m.
	Adjusted Cost of Risk ⁽²⁾	2.8%	3.4%	13.4%	n.m.	n.m.
	Fees from financial services	200.6	190.4	113.0	-40.6%	-43.7%
	Total capital ratio ⁽³⁾	16.1%	16.1%	16.7%	60 bps	60 bps
	CET1	10.6%	12.0%	11.1%	-90 bps	50 bps
Insurance	Gross premiums plus collections	219.6	208.1	135.4	-34.9%	-38.3%
	Adjustment of technical reserves	67.9	48.4	2.8	-94.2%	-95.8%
	ROIP ⁽⁴⁾	6.0%	4.2%	6.3%	210 bps	30 bps
Wealth Management	AUM (USD)	5,622	5,239	5,456	4.1%	-3.0%
	Fees from financial services	37.1	43.0	40.4	-6.0%	9.0%

1) Excluding the one-off impact from the modification of contractual cash flows due to the loan rescheduling schemes offered to customers affected by the COVID-19 pandemic in our banking segment for S/ 136.7 million or S/ 96.3 million after taxes in 2Q20

2) Excluding the effects of reversion of payroll deduction loan provisions for S/ 38.8 million in 2Q19

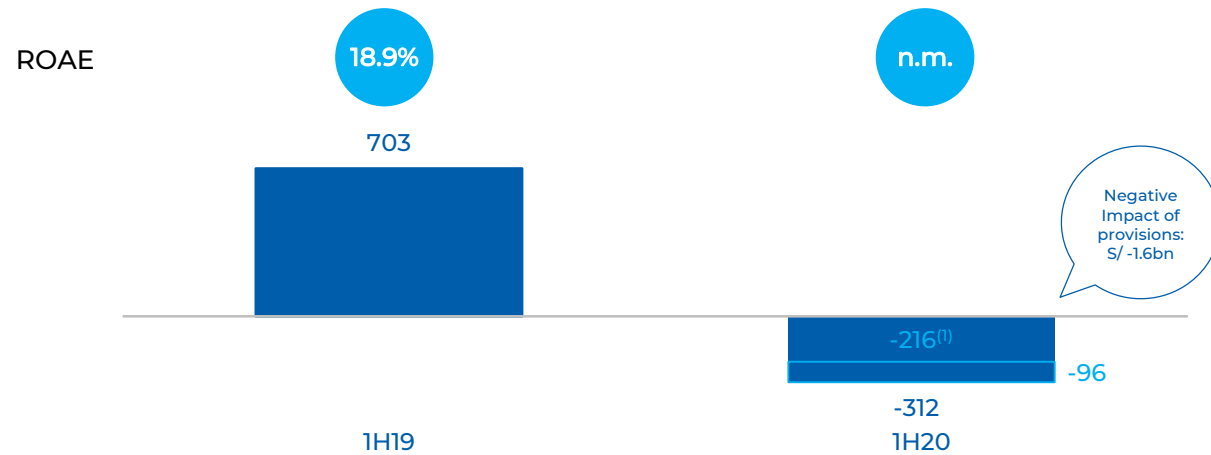
3) Proforma to include the USD 300 million subordinated bond placed in June 2020 and issued in July 2020. Excluding this effect, total capital ratio was 14.7% in 2Q20

4) ROIP excluding the impact on investments was 6.7% in 2Q19, 6.1% in 1Q20 and 6.1% in 2Q20

1H20 earnings affected by higher provisions

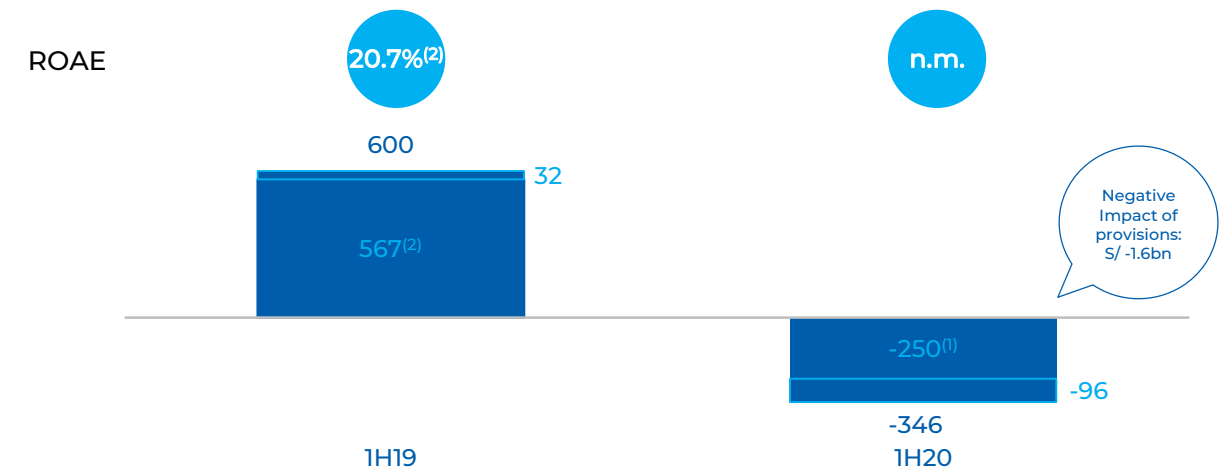
Intercorp Financial Services

Net profit in S/ million



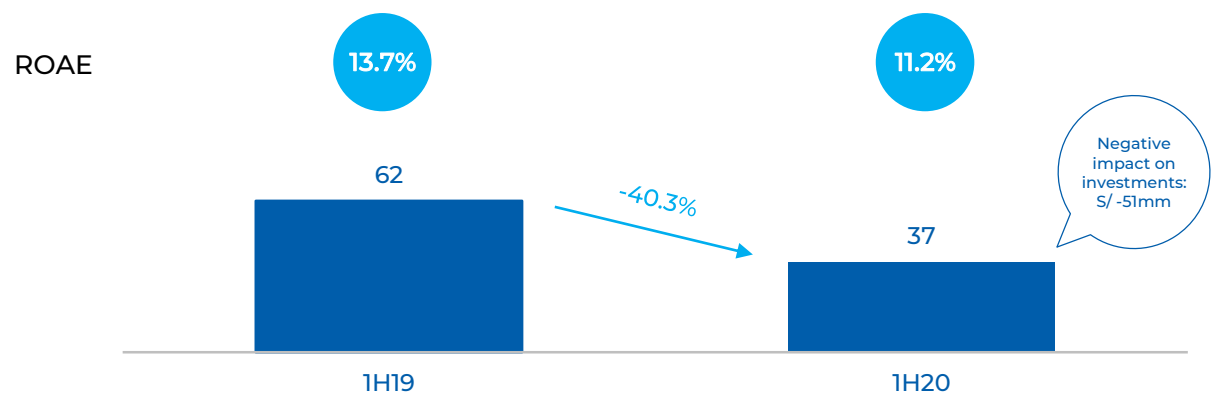
Banking

Net profit in S/ million



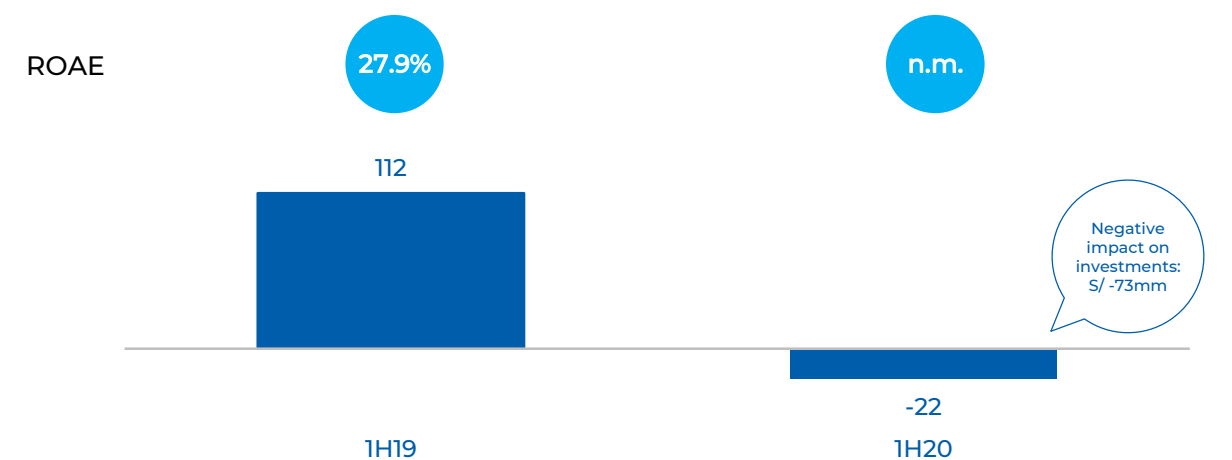
Insurance

Net profit in S/ million



Wealth Management

Net profit in S/ million



■ Reported figures □ Adjustments → Growth

1) Excluding the one-off impact from the modification of contractual cash flows due to the loan rescheduling schemes offered to customers affected by the COVID-19 pandemic in our banking segment for S/ 136.7 million or S/ 96.3 million after taxes in 1H20
 2) Excluding the gain on sale of Interfondos from Interbank to Inteligo for S/ 32.4 million after taxes in 1H19

IFS key indicators 1H20

S/ million		1H19	1H20	%chg YoY
IFS	Total revenues ⁽¹⁾	2,588.9	2,608.0	0.7%
	Net interest and similar income ⁽¹⁾	1,680.6	1,779.2	5.9%
	Efficiency ratio ⁽¹⁾	34.4%	33.1%	-130 bps
	Profit for the period	702.8	-312.4	n.m.
	Adjusted profit for the period ⁽¹⁾	702.8	-216.1	n.m.
	ROAE	18.9%	n.m.	n.m.
	ROAA	1.8%	n.m.	n.m.
	EPS	6.31	n.m.	
Banking	NIM ⁽¹⁾	5.7%	5.2%	-50 bps
	Adjusted NIM after provisions	3.9%	n.m.	n.m.
	Cost of Risk	2.3%	8.5%	n.m.
	Adjusted Cost of Risk ⁽²⁾	2.5%	8.5%	n.m.
	Fees from financial services	393.9	303.4	-23.0%
	Total capital ratio ⁽³⁾	16.1%	16.7%	60 bps
	CET1	10.6%	11.1%	50 bps
Insurance	Gross premiums plus collections	446.9	343.5	-23.1%
	Adjustment of technical reserves	141.2	51.2	-63.7%
	ROIP ⁽⁴⁾	5.9%	5.2%	-70 bps
Wealth Management	AUM (USD)	5,622	5,456	-3.0%
	Fees from financial services	76.0	83.4	9.8%

1) Excluding the one-off impact from the modification of contractual cash flows due to the loan rescheduling schemes offered to customers affected by the COVID-19 pandemic in our banking segment for S/ 136.7 million or S/ 96.3 million after taxes in 1H20

2) Excluding the effects of reversion of payroll deduction loan provisions for S/ 38.8 million in 1H19

3) Proforma to include the USD 300 million subordinated bond placed in June 2020 and issued in July 2020. Excluding this effect, total capital ratio was 14.7% in 1H20

4) ROIP excluding the impact on investments was 6.1% in 1H19 and 6.0% in 1H20

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Takeaways

We foresee positive trends in 2H20 vs. 1H20

Capital and liquidity
to remain at sound
levels and well above
regulatory requirements

Overall activity
should continue to recover

Reactiva 2 loans
to continue to
boost commercial loans

NIM will continue to be
impacted despite
lower cost of funds

Lower cost of risk
after peak in 2Q20

Recovery of fees
from low 2Q20 levels

Strict cost containment
measures will continue
to be in place

Summary

1



Strong liquidity and capital position

2



Activity recovering from COVID-19 lows

3



Digital trends continue to support IFS' strategy

4



High provisions following a precautionary approach in the expected loss model

5



Double-digit reduction in expenses due to cost containment measures



Intercorp Financial Services

