Intercorp Financial Services Inc.
Third Quarter 2020 Earnings

Lima, Peru, November 12, 2020. Intercorp Financial Services Inc. (Lima Stock Exchange/NYSE: IFS) announced today its unaudited results for the third quarter 2020. These results are reported on a consolidated basis under IFRS in nominal Peruvian soles.

Intercorp Financial Services: Improving performance in 3Q20, adjusted quarterly ROAE up to 16.3%

- 3Q20 earnings positively impacted by lower provisions at Interbank and strong results at Interseguro and Inteligo
- Interbank back to profits while Interseguro and Inteligo posted high profitability
- Strengthened capital ratios at all segments
- Adjusted efficiency ratio at 27.9%, an improvement of 200 bps QoQ and 680 pbs YoY
- Digital trends and new alliances continue to support IFS' strategy

Interbank: 3Q20 earnings positively impacted by lower provisions and top line recovery

- 12.9% market share in loans, boosted by Reactiva Peru disbursements
- Quarterly recovery in revenues with adjusted NII growing 5.7% and total other income 26.8%
- 50 bps QoQ reduction in cost of funds, down to 1.7%
- Quarterly decrease in provisions, yet still above pre COVID-19 levels; 4.5% CoR in 3Q20
- 450 bps YoY improvement in adjusted efficiency ratio

Interseguro: Solid profits in 3Q20 drove ROAE up to 19.4% in 9M20

- Top line recovery and positive adjustment of technical reserves offset higher net claims and benefits
- Cost containment measures resulted in 14.6% YoY reduction in other expenses
- Results from investments increased 5.5% QoQ and 8.1% YoY, with ROIP reaching 6.2%
- Market leader in annuities with a 27.2% share YTD

Inteligo: Earnings boost driven by positive investment results, 9M20 ROAE recovered to 14.5%

- Three-fold QoQ and five-fold YoY growth in net profit
- Revenues positively affected by mark-to-market on investment portfolio
- Continued growth in AUM: 3.0% QoQ and 9.9% YoY

Intercorp Financial Services

SUMMARY

Intercorp Financial Services' Statement of financial position					
S/ million	09.30.19	06.30.20	09.30.20	%chg 09.30.20/ 06.30.20	%chg 09.30.20/ 09.30.19
Assets					
Cash and due from banks and inter-bank funds	11,710.7	15,156.3	17,573.1	15.9%	50.1%
Financial investments	18,353.2	21,198.7	22,787.9	7.5%	24.2%
Loans, net of unearned interest	36,880.4	42,061.8	43,962.9	4.5%	19.2%
Impairment allowance for loans	-1,465.1	-2,731.3	-3,116.5	14.1%	n.m.
Property, furniture and equipment, net	879.8	899.3	875.0	-2.7%	-0.6%
Other assets	5,045.8	5,195.1	3,930.0	-24.4%	-22.1%
Total assets	**71,404.9**	**81,779.8**	**86,012.4**	**5.2%**	**20.5%**
Liabilities and equity					
Deposits and obligations	36,277.2	44,144.7	45,208.9	2.4%	24.6%
Due to banks and correspondents and inter-bank funds	4,468.8	7,997.7	10,555.0	32.0%	n.m.
Bonds, notes and other obligations	8,339.3	7,495.4	7,696.1	2.7%	-7.7%
Insurance contract liabilities	11,453.3	11,708.2	11,793.3	0.7%	3.0%
Other liabilities	2,385.7	2,596.9	2,424.0	-6.7%	1.6%
Total liabilities	**62,924.2**	**73,943.0**	**77,677.2**	**5.1%**	**23.4%**
Equity, net					
Equity attributable to IFS' shareholders	8,436.2	7,795.0	8,291.7	6.4%	-1.7%
Non-controlling interest	44.4	41.8	43.5	4.0%	-2.0%
Total equity, net	**8,480.6**	**7,836.8**	**8,335.2**	**6.4%**	**-1.7%**
Total liabilities and equity net	**71,404.9**	**81,779.8**	**86,012.4**	**5.2%**	**20.5%**

Intercorp Financial Services' profits were S/ 318.5 million in 3Q20, compared to a loss of S/ -457.3 million in 2Q20 and net profit of S/ 334.5 million in 3Q19. However, it is worth noting that IFS' results in 3Q20 were negatively impacted by the modification of contractual cash flows due to the loan rescheduling schemes offered to customers affected by the COVID-19 pandemic, for S/ 14.5 million or S/ 10.2 million after taxes.

IFS annualized ROAE was 15.8% in 3Q20, a recovery from the previous quarter, but still below the 16.8% annualized ROAE reported in 3Q19. However, when excluding the previously mentioned impact, 3Q20 annualized ROAE was 16.3%.

Intercorp Financial Services' P&L statement					
S/ million	3Q19	2Q20	3Q20	%chg QoQ	%chg YoY
Interest and similar income	1,228.9	1,043.5	1,186.1	13.7%	-3.5%
Interest and similar expenses	-349.5	-309.7	-281.0	-9.3%	-19.6%
Net interest and similar income	**879.4**	**733.8**	**905.1**	**23.3%**	**2.9%**
Impairment loss on loans, net of recoveries	-223.6	-1,290.5	-463.3	-64.1%	n.m.
Recovery (loss) due to impairment of financial investments	-1.1	-11.9	-2.8	-76.4%	n.m.
Net interest and similar income after impairment loss	**654.7**	**-568.6**	**439.0**	**n.m.**	**-32.9%**
Fee income from financial services, net	229.8	142.6	174.7	22.5%	-24.0%
Other income	141.9	187.3	267.8	43.0%	88.7%
Total premiums earned minus claims and benefits	-58.1	-63.9	-61.7	-3.4%	6.3%
Net Premiums	157.5	117.7	130.7	11.1%	-17.0%
Adjustment of technical reserves	-39.5	-2.8	17.6	n.m.	n.m.
Net claims and benefits incurred	-176.1	-178.7	-210.0	17.5%	19.3%
Other expenses	-498.0	-415.9	-446.7	7.4%	-10.3%
Income before translation result and income tax	**470.4**	**-718.5**	**373.1**	**n.m.**	**-20.7%**
Translation result	-16.8	-5.7	-12.5	n.m.	-25.6%
Income tax	-119.1	266.9	-42.1	n.m.	-64.7%
Profit for the period	**334.5**	**-457.3**	**318.5**	**n.m.**	**-4.8%**
Attributable to IFS' shareholders	**332.4**	**-453.5**	**317.4**	**n.m.**	**-4.5%**
EPS	**2.94**	**n.m.**	**2.75**		
ROAE	**16.8%**	**n.m.**	**15.8%**		
ROAA	**1.9%**	**n.m.**	**1.5%**		
Efficiency ratio	**34.7%**	**33.4%**	**28.2%**		

Quarter-on-quarter performance

IFS' quarterly performance was mainly due to lower impairment loss on loans at Interbank, in addition to higher net interest and similar income across all subsidiaries and growth in other income at Inteligo and Interbank. These effects were partially offset by resumed income tax payments at Interbank, as well as higher other expenses mostly at Interbank and Interseguro.

Net interest and similar income increased S/ 171.3 million, or 23.3% QoQ, mainly due to higher interest on loans and on financial investments at Interbank. Additionally, a positive impact from a higher inflation rate on Interseguro's fixed income portfolio and incremental dividends received from investments at Inteligo, also contributed to the quarterly increase in net interest and similar income.

Impairment loss on loans decreased 64.1% QoQ, mainly due to a base effect related to the adjustments of the bank's expected loss models to address the impact of the COVID-19 pandemic, which were first implemented in 2Q20. These adjustments included: (i) the update of macroeconomic variables used in our forward-looking risk models; (ii) the migration within stages of retail exposures subject to multiple installments or total debt rescheduling; and (iii) a case-by-case risk analysis within our commercial loan book.

Net fee income from financial services increased S/ 32.1 million, or 22.5% QoQ, mainly explained by higher commissions from credit card services, fees from maintenance and mailing of accounts, transfer fees and commissions on debit card services, and commissions from banking services, all at Interbank. These effects were partially offset by lower brokerage and custody fees at Inteligo.

Other income increased S/ 80.5 million, or 43.0% QoQ, mainly due to higher net trading gains at Inteligo, mostly related to positive mark-to-market valuations on its proprietary investment portfolio. Additionally, growth in extraordinary revenue items at Interbank also contributed to the quarterly increase in other income. These effects were partially compensated by reductions in net gain on sale of financial investments and in net gain on financial assets at fair value at Interseguro.

Total premiums earned minus claims and benefits at Interseguro showed a quarterly growth of S/ 2.2 million, explained by a S/ 20.4 million release in adjustment of technical reserves and a S/ 13.0 million increase in net premiums, partially offset by S/ 31.3 million growth in net claims and benefits incurred.

Other expenses increased S/ 30.8 million, or 7.4% QoQ, mainly due to higher third-party commissions at Interbank and Interseguro, net expenses related to rental income at Interseguro, and salaries and employee benefits at Inteligo and Interseguro. It is worth mentioning that these increases were related to a moderate recovery in business activity.

Finally, resumed income tax payments at Interbank and a negative effect in translation result partially offset the quarterly growth in profits.

Year-on-year performance

The annual decrease in IFS' profits was mainly due to higher impairment loss on loans at Interbank, in addition to reductions in net fee income from financial services at all subsidiaries. Moreover, lower total premiums earned minus claims and benefits at Interseguro also contributed to the YoY reduction in bottom-line. These effects were partially offset by increases in other income across all subsidiaries and in net interest and similar income at Interbank and Interseguro. Additionally, reductions in the effective tax rate at Interbank and in other expenses at all three business segments also contributed to offset the annual reduction in earnings.

Net interest and similar income increased S/ 25.7 million, or 2.9% YoY, mainly due to lower interest expense on deposits and obligations, and on bonds, notes and other obligations, both at Interbank. Additionally, a positive impact from a higher inflation rate on Interseguro's fixed income portfolio also contributed to the annual increase in net interest and similar income. These effects were partially offset by a contraction in the spread between the loan rate and the deposit rate at Inteligo.

Impairment loss on loans grew more than two-fold YoY, explained by higher provision requirements in cash loans, credit cards and mortgages, as well as in all segments of the commercial loan book. All this was mainly attributed to the adjustments of the bank's expected loss models to address the impact of the COVID-19 pandemic.

Net fee income from financial services decreased S/ 55.1 million, or 24.0% YoY, mainly due to lower commissions from credit card services, commissions from banking services, and fees from maintenance and mailing of accounts, transfer fees and commissions on debit card services, all at Interbank. Additionally, lower brokerage fees at Inteligo also contributed to the lower result.

Other income increased S/ 125.9 million, or 88.7% YoY, mainly due to positive mark-to-market valuations on proprietary portfolio investments at Inteligo and higher net gain on sale of financial investments at Interbank. Moreover, growth in net gain on financial assets at fair value, and net gain on sale of financial investments, in addition to a favorable effect in gain on sale of investment property at Interseguro, also contributed to the annual performance in other income.

On a yearly basis, total premiums earned minus claims and benefits at Interseguro decreased S/ 3.6 million explained by a S/ 33.9 million increase in net claims and benefits incurred, and a S/ 26.8 million decrease in net premiums, partially offset by a S/ 57.1 million reduction in adjustment of technical reserves.

Other expenses decreased double-digit across all subsidiaries, as a result of cost containment measures implemented to offset the impacts of the COVID-19 pandemic on revenues.

IFS effective tax rate decreased, from 26.3% in 3Q19 to 11.7% in 3Q20, mainly attributed to a lower effective tax rate at Interbank and higher tax-exempt profits from Inteligo and Interseguro.

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	3Q19	2Q20	3Q20	%chg QoQ	%chg YoY
Interbank	291.2	-567.7	146.7	n.m.	-49.6%
Interseguro	34.0	58.5	66.5	13.8%	96.0%
Inteligo	18.9	32.6	110.5	n.m.	n.m.
Corporate and eliminations	-9.6	19.3	-5.3	n.m.	-44.9%
IFS profit for the period	**334.5**	**-457.3**	**318.5**	**n.m.**	**-4.8%**

Interbank

SUMMARY

Interbank's profits were S/ 146.7 million in 3Q20, compared to a loss of S/ -567.7 million in 2Q20 and net profit of S/ 291.2 million in 3Q19. The quarterly result was mainly attributed to an S/ 827.3 million reduction in impairment loss on loans, in addition to growth of S/ 162.8 million in net interest and similar income, S/ 40.1 million in net fee income from financial services, and S/ 17.5 million in other income. These effects were partially offset by resumed income tax payments and a S/ 31.0 million increase in other expenses.

The annual performance in net profit was mainly due to a S/ 239.6 million growth in impairment loss on loans and a S/ 60.3 million reduction in net fee income from financial services. These effects were partially compensated by a lower effective tax rate and a S/ 44.5 million decrease in other expenses, as well as by increases of S/ 21.1 million in other income and S/ 18.5 million in net interest and similar income.

It is worth mentioning that interest and similar income, and net interest and similar income were negatively affected by the modification of contractual cash flows due to the loan rescheduling schemes offered to customers affected by the COVID-19 pandemic for S/ 136.6 million or S/ 96.3 million after taxes in 2Q20, and for S/ 14.5 million or S/ 10.2 million after taxes in 3Q20.

Interbank's ROAE was 10.1% in 3Q20, an improvement compared to the situation in 2Q20, but still lower than the 19.8% reported in 3Q19. Excluding the impact from the modification of contractual cash flows, the bank's ROAE was 10.8% in 3Q20.

Banking Segment's P&L Statement					
S/ million				%chg	%chg
	3Q19	2Q20	3Q20	QoQ	YoY
Interest and similar income	1,038.2	853.1	987.0	15.7%	-4.9%
Interest and similar expense	-314.6	-273.8	-244.8	-10.6%	-22.2%
Net interest and similar income	**723.6**	**579.3**	**742.1**	**28.1%**	**2.6%**
Impairment loss on loans, net of recoveries	-223.6	-1,290.5	-463.2	-64.1%	n.m.
Recovery (loss) due to impairment of financial investments	-0.0	0.2	-0.1	n.m.	n.m.
Net interest and similar income after impairment loss	**500.0**	**-711.1**	**278.8**	**n.m.**	**-44.2%**
Fee income from financial services, net	213.4	113.0	153.1	35.5%	-28.2%
Other income	98.6	102.2	119.7	17.1%	21.4%
Other expenses	-411.8	-336.3	-367.3	9.2%	-10.8%
Income before translation result and income tax	**400.2**	**-832.2**	**184.3**	**n.m.**	**-53.9%**
Translation result	1.2	1.1	-3.0	n.m.	n.m.
Income tax	-110.2	263.3	-34.6	n.m.	-68.6%
Profit for the period	**291.2**	**-567.7**	**146.7**	**n.m.**	**-49.6%**
ROAE	**19.8%**	**n.m.**	**10.1%**		
Efficiency ratio	**39.2%**	**41.4%**	**35.2%**		
NIM	**5.8%**	**4.0%**	**4.6%**		
NIM on loans	**9.0%**	**6.8%**	**8.0%**		

INTEREST-EARNING ASSETS

Interbank's interest-earning assets reached S/ 64,031.6 million as of September 30, 2020, an increase of 8.3% QoQ and 30.9% YoY.

The quarterly growth in interest-earning assets was attributed to increases of 18.1% in cash and due from banks and inter-bank funds, 11.4% in financial investments and 4.1% in loans. Growth in cash and due from banks and inter-bank funds was due to higher reserve requirements and deposits at the Central Bank, partially offset by lower restricted funds. The increase in financial investments was mainly a result of higher balances of sovereign bonds, Central Bank Certificates of Deposits (CDBCR) and global bonds, partially compensated by reductions in corporate bonds from financial and non-financial institutions.

The YoY increase in interest-earning assets was attributed to growth of 67.5% in financial investments, 63.0% in cash and due from banks and inter-bank funds, and 15.9% in loans. The increase in financial investments was mainly due to higher volumes of sovereign bonds, global bonds, corporate bonds from financial institutions and CDBCR. Growth in cash and due from banks and inter-bank funds resulted from higher deposits and reserve requirements at the Central Bank.

Interest-earning assets					
S/ million	09.30.19	06.30.20	09.30.20	%chg 09.30.20/ 06.30.20	%chg 09.30.20/ 09.30.19
Cash and due from banks and inter-bank funds	10,025.3	13,830.4	16,338.4	18.1%	63.0%
Financial investments	5,056.4	7,605.2	8,470.4	11.4%	67.5%
Loans	33,846.1	37,668.1	39,222.8	4.1%	15.9%
Total interest-earning assets	**48,927.8**	**59,103.7**	**64,031.6**	**8.3%**	**30.9%**

Loan portfolio					
S/ million	09.30.19	06.30.20	09.30.20	%chg 09.30.20/ 06.30.20	%chg 09.30.20/ 09.30.19
Performing loans					
Retail	18,575.5	18,706.1	18,272.0	-2.3%	-1.6%
Commercial	15,263.8	20,221.2	22,269.3	10.1%	45.9%
Total performing loans	**33,839.3**	**38,927.4**	**40,541.2**	**4.1%**	**19.8%**
Restructured and refinanced loans	223.5	258.6	272.8	5.5%	22.1%
Past due loans	975.2	977.6	1,147.0	17.3%	17.6%
Total gross loans	**35,037.9**	**40,163.7**	**41,961.0**	**4.5%**	**19.8%**
Add (less)					
Accrued and deferred interest	273.1	235.6	378.0	60.4%	38.4%
Impairment allowance for loans	-1,464.9	-2,731.2	-3,116.2	14.1%	n.m.
Total direct loans, net	**33,846.1**	**37,668.1**	**39,222.8**	**4.1%**	**15.9%**

The QoQ and YoY increase in the loan portfolio was mostly explained by disbursements related to the origination of commercial loans under the Reactiva Peru Program. As of September 30, 2020, these loans amounted S/ 6,709.4 million, of which S/ 2,876.8 million were disbursed during 3Q20.

Performing loans increased 4.1% QoQ due to 10.1% growth in commercial loans, partially offset by a 2.3% reduction in retail loans. Excluding the effect of the Reactiva

Peru Program in the comparing periods, performing loans and commercial loans would have decreased 3.6% and 5.1% QoQ, respectively.

The quarterly increase in commercial loans was mainly explained by higher short and medium-term lending, mostly to small and medium-sized companies. As mentioned above, this increase was driven by the bank's participation in the Reactiva Peru Program.

The QoQ decrease in retail loans was due to reductions of 7.4% in credit cards and 2.2% in other consumer loans, partially offset by 1.3% growth in mortgages. Reduction in other consumer loans was explained by lower cash loans and vehicle loans, while the increase in mortgages, by higher demand in traditional products.

Performing loans grew 19.8% YoY explained by a 45.9% increase in commercial loans, partially compensated by a 1.6% reduction in retail loans. Excluding the effect of the Reactiva Peru Program, performing loans would have maintained relatively stable YoY, while commercial loans would have grown 1.9% YoY.

The annual increase in commercial loans was mainly explained by higher short and medium-term lending in all client segments.

The YoY decrease in retail loans was due to a 13.5% reduction in credit cards, partially compensated by increases of 6.4% in mortgages and 0.5% in other consumer loans. Growth in mortgages was due to a higher demand in both traditional and MiVivienda products, while the increase in other consumer loans was a result of higher payroll deduction loans and cash loans.

It is worth mentioning that, as of September 30, 2020, and in line with the measures implemented to help our customers to overcome the impacts from the COVID-19 pandemic, 447 thousand clients had their loans rescheduled, out of which approximately 431 thousand were retail clients and around 17 thousand, commercial clients. Loans that were subject to some kind of rescheduling represented S/ 11.8 billion or 27.9% of our total portfolio. Of these, S/ 8.3 billion were retail loans (42.4% of total retail loans), and the remaining S/ 3.5 billion were commercial loans (15.4% of total commercial loans).

Breakdown of retail loans

S/ million	09.30.19	06.30.20	09.30.20	%chg 09.30.20/ 06.30.20	%chg 09.30.20/ 09.30.19
Consumer loans:					
Credit cards	5,662.4	5,285.0	4,895.4	-7.4%	-13.5%
Other consumer	6,189.2	6,360.5	6,221.2	-2.2%	0.5%
Total consumer loans	**11,851.6**	**11,645.5**	**11,116.6**	**-4.5%**	**-6.2%**
Mortgages	6,723.8	7,060.6	7,155.4	1.3%	6.4%
Total retail loans	**18,575.5**	**18,706.1**	**18,272.0**	**-2.3%**	**-1.6%**

FUNDING STRUCTURE

Funding structure					
S/ million	09.30.19	06.30.20	09.30.20	%chg 09.30.20/ 06.30.20	%chg 09.30.20/ 09.30.19
Deposits and obligations	33,741.8	41,449.4	42,538.2	2.6%	26.1%
Due to banks and correspondents and inter-bank funds	4,125.9	7,681.6	10,254.6	33.5%	n.m.
Bonds, notes and other obligations	7,226.5	6,336.9	6,412.2	1.2%	-11.3%
Total	**45,094.3**	**55,467.9**	**59,205.0**	**6.7%**	**31.3%**
% of funding					
Deposits and obligations	74.9%	74.7%	71.9%		
Due to banks and correspondents and inter-bank funds	9.1%	13.9%	17.3%		
Bonds, notes and other obligations	16.0%	11.4%	10.8%		

Interbank's funding base continued to grow strongly on inflows of long-term debt provided by the Central Bank, associated with the bank's active involvement in the auctions of funds for the Reactiva Peru Program. As of September 30, 2020, the balance of such special funding was S/ 5,713.6 million, of which S/ 3,180.1 million were recorded in 3Q20.

The bank's total funding base increased 6.7% QoQ, below the performance of interest-earning assets. This was explained by growth of 33.5% in due to banks and correspondents and inter-bank funds, 2.6% in deposits and obligations, and 1.2% in bonds, notes and other obligations. Excluding the effect of the Reactiva Peru Program's funds, the bank's total funding base would have increased 1.1% QoQ, while due to banks and correspondents and inter-bank funds would have decreased 11.8%.

The quarterly increase in due to banks and correspondents and inter-bank funds was the result of higher long-term funding from the Central Bank, associated with the bank's participation in the auctions of funds for the Reactiva Peru Program. This effect was partially offset by lower funding from correspondent banks abroad and COFIDE.

The QoQ increase in deposits and obligations was mainly due to increases of 8.0% in commercial deposits and 3.9% in retail deposits, partially compensated by a 12.1% decrease in institutional deposits.

The quarterly growth in bonds, notes and other obligations was mainly attributable to a 1.7% depreciation of the foreign exchange rate with respect to 2Q20.

The bank's total funding base increased 31.3% YoY, above the annual growth in interest-earning assets, and was explained by increases of more than two-fold in due to banks and correspondents and inter-bank funds, and 26.1% in deposits and obligations, partially compensated by an 11.3% reduction in bonds, notes and other obligations. Excluding the effect of the Reactiva Peru Program's funds, the bank's total funding base would have increased 18.6% YoY, while due to banks and correspondents and inter-bank funds, 10.1%.

The YoY increase in due to banks and correspondents and inter-bank funds was the result of higher long-term funding from the Central Bank, associated with the bank's participation in the auctions of funds for the Reactiva Peru Program. Higher funding from correspondent banks abroad and COFIDE also contributed to the growth in due to banks and correspondents and inter-bank funds when compared to 3Q19.

The annual growth in deposits and obligations was mainly explained by increases of 32.3% in institutional deposits, 27.7% in retail deposits and 22.4% in commercial deposits.

The YoY decrease in bonds, notes and other obligations was mainly attributable to the execution of (i) an optional redemption of the prevailing "5.75% Senior Notes due 2020" corporate bonds in October 2019; and (ii) an optional redemption of the prevailing hybrid bonds "8.50% Junior Subordinated Notes due 2070" for US$ 200 million in April 2020. It is worth mentioning that these effects were partially compensated by the placement in the international market of a US$ 300 million subordinated bond in June 2020 and by a 6.3% depreciation of the foreign exchange rate with respect to 3Q19.

As of September 30, 2020, the proportion of deposits and obligations to total funding was 71.9%, lower than the 74.9% reported as of September 30, 2019. Likewise, the proportion of institutional deposits to total deposits increased from 14.1% as of September 30, 2019 to 14.8% as of September 30, 2020.

Breakdown of deposits					
S/ million	09.30.19	06.30.20	09.30.20	%chg 09.30.20/ 06.30.20	%chg 09.30.20/ 09.30.19
By customer service:					
Retail	15,316.3	18,834.4	19,561.2	3.9%	27.7%
Commercial	13,299.7	15,067.7	16,272.8	8.0%	22.4%
Institutional	4,771.5	7,179.8	6,313.7	-12.1%	32.3%
Other	354.3	367.6	390.5	6.2%	10.2%
Total	**33,741.8**	**41,449.4**	**42,538.2**	**2.6%**	**26.1%**
By type:					
Demand	10,922.8	12,660.8	13,801.8	9.0%	26.4%
Savings	11,708.9	15,232.8	16,067.0	5.5%	37.2%
Time	11,095.9	13,551.2	12,655.4	-6.6%	14.1%
Other	14.2	4.7	14.0	n.m.	-1.4%
Total	**33,741.8**	**41,449.4**	**42,538.2**	**2.6%**	**26.1%**

NET INTEREST AND SIMILAR INCOME

Net interest and similar income					
S/ million	3Q19	2Q20	3Q20	%chg QoQ	%chg YoY
Interest and similar income	1,038.2	853.1	987.0	15.7%	-4.9%
Interest and similar expense	-314.6	-273.8	-244.8	-10.6%	-22.2%
Net interest and similar income	**723.6**	**579.3**	**742.1**	**28.1%**	**2.6%**
NIM	**5.8%**	**4.0%**	**4.6%**	**60 bps**	**-120 bps**

Interest and similar income					
S/ million	3Q19	2Q20	3Q20	%chg QoQ	%chg YoY
Interest and similar income					
Due from banks and inter-bank funds	29.0	2.0	3.9	93.2%	-86.4%
Financial investments	47.7	57.7	64.8	12.3%	35.8%
Loans	961.5	793.4	918.2	15.7%	-4.5%
Total Interest and similar income	**1,038.2**	**853.1**	**987.0**	**15.7%**	**-4.9%**
Average interest-earning assets	49,953.6	57,564.2	64,491.4	12.0%	29.1%
Average yield on assets (annualized)	8.3%	5.9%	6.1%	20 bps	-220 bps

Interest and similar expense					
S/ million	3Q19	2Q20	3Q20	%chg QoQ	%chg YoY
Interest and similar expense					
Deposits and obligations	-177.9	-145.6	-113.6	-22.0%	-36.1%
Due to banks and correspondents and inter-bank funds	-43.0	-47.6	-45.5	-4.5%	5.7%
Bonds, notes and other obligations	-93.7	-80.6	-85.7	6.4%	-8.5%
Total Interest and similar expense	**-314.6**	**-273.8**	**-244.8**	**-10.6%**	**-22.2%**
Average interest-bearing liabilities	44,044.8	50,725.0	57,336.5	13.0%	30.2%
Average cost of funding (annualized)	2.9%	2.2%	1.7%	-50 bps	-120 bps

QoQ Performance

Net interest and similar income grew 28.1% QoQ due to a 15.7% increase in interest and similar income and a 10.6% decrease in interest and similar expense. However, excluding the impact from the modification of contractual cash flows due to the loan rescheduling schemes offered to customers affected by the COVID-19 pandemic for S/ 136.6 million in 2Q20 and S/ 14.5 million in 3Q20, interest and similar income, and net interest and similar income would have grown 1.2% and 5.7% QoQ, respectively.

The higher interest and similar income was due to growth of 93.2% in interest on due from banks and inter-bank funds, 15.7% in interest on loans and 12.3% in interest on financial investments.

Interest on due from banks and inter-bank funds grew S/ 1.9 million, or 93.2% QoQ, explained by a slight increase in the nominal average rate and 25.0% growth in the average volume. The increase in the nominal average rate was due to higher returns on deposits at the Central Bank, while the growth in the average volume, to higher deposits and reserve funds at the Central Bank.

Interest on loans increased S/ 124.8 million, or 15.7% QoQ, as the result of growth of 70 basis points in the average yield and 7.0% in the average loan portfolio. However, excluding the previously mentioned impact from the modification of contractual cash flows due to the loan rescheduling schemes offered to customers affected by the COVID-19 pandemic in 2Q20 and 3Q20, interest on loans would have grown 0.3% QoQ.

The higher average rate on loans, from 8.2% in 2Q20 to 8.9% in 3Q20, was explained by a yield growth of 210 basis points in retail loans, partially compensated by a 20 basis point reduction in commercial loans. The increase in retail loans was mainly explained by higher rates on credit cards and mortgages, partially compensated by lower average yields on other consumer loans. In the commercial portfolio, rates decreased in trade finance loans and short and medium-term loans, partially compensated by an increase in leasing operations. It is worth mentioning that, as a result of the loan rescheduling carried out as part of the measures implemented to deal with the COVID-19 pandemic, a portion of the interest on loans to be recorded between April and September 2020 was rescheduled, affecting the average yield on loans in 2Q20 and 3Q20. Additionally, the incidence of the low-return loans offered to a number of commercial clients as part of the Reactiva Peru Program also had an impact on the average rate on loans.

The higher average volume of loans was attributed to a 16.8% increase in commercial loans, partially offset by a 2.1% decrease in retail loans. In the commercial portfolio, the higher average volume was mostly due to 27.5% growth in short and medium-term loans, attributed to the disbursement of loans under the Reactiva Peru Program. In the retail portfolio, average volumes decreased due to reductions of 6.7% in credit cards and 1.3% in other consumer loans, partially offset by a 0.9% increase in mortgages.

Interest on financial investments increased S/ 7.1 million, or 12.3% QoQ, due to 17.7% growth in the average volume, partially compensated by a 20 basis point reduction in the average yield. The increase in the average volume was a consequence of higher investments in sovereign bonds, global bonds and CDBCR, partially offset by lower balances of corporate bonds from financial and non-financial institutions. The lower average yield was due to decreases in returns on CDBCR, corporate bonds from non-financial institutions, global bonds and sovereign bonds, partially offset by higher returns on corporate bonds from financial institutions.

The nominal average yield on interest-earning assets grew 20 basis points QoQ, from 5.9% in 2Q20 to 6.1% in 3Q20, as a consequence of the higher returns on loans and due from banks and inter-bank funds. However, excluding the impact from the modification of contractual cash flows due to the loan rescheduling schemes offered to customers affected by the COVID-19 pandemic, the nominal average yield on interest-earning assets would have decreased 70 basis points, from 6.9% in 2Q20 to 6.2% in 3Q20.

The lower interest and similar expense was due to reductions of 22.0% in interest on deposits and obligations, and 4.5% in interest on due to banks and correspondents, partially compensated by a 6.4% increase in interest on bonds, notes and other obligations.

The quarterly decrease in interest on deposits and obligations was due to a 40 basis point reduction in the average cost, partially compensated by 9.8% growth in the average volume. The decrease in the average cost was due to lower rates paid to institutional, commercial and retail deposits, associated with the low interest rate environment. The higher average volume was explained by growth in all segments of deposits. By currency, average balances of soles-denominated deposits grew 11.3% while average dollar-denominated deposits increased 6.5%.

Interest on due to banks and correspondents decreased S/ 2.1 million, or 4.5% QoQ, due to a 100 basis point reduction in the average cost, partially offset by 40.5% growth in the average volume. On one hand, the lower average cost was due to reductions in rates paid to funding provided by the Central Bank in the context of the Reactiva Peru Program, partially offset by higher rates on funds from correspondent banks abroad and COFIDE. On the other hand, the increase in the average volume was mostly attributed to higher funding from the Central Bank, related to the bank’s participation in the Reactiva Peru Program.

The increase in interest on bonds, notes and other obligations was mainly due to 4.8% growth in the average volume of these obligations, in part explained by a 2.3% depreciation of the average foreign exchange rate with respect to 2Q20.

The average cost of funding decreased 50 basis points QoQ, from 2.2% in 2Q20 to 1.7% in 3Q20, in line with the lower implicit cost of deposits and due to banks and correspondents.

As a result of the above, net interest margin was 4.6% in 3Q20, 60 basis points higher than the 4.0% reported in 2Q20. However, excluding the impact from the modification of contractual cash flows due to the loan rescheduling schemes offered to customers affected by the COVID-19 pandemic, net interest margin would have decreased 30 basis points, from 5.0% in 2Q20 to 4.7% in 3Q20.

YoY Performance

Net interest and similar income increased 2.6% YoY due to a 22.2% reduction in interest and similar expense, partially offset by a 4.9% decrease in interest and similar income. However, excluding the impact from the modification of contractual cash flows due to the loan rescheduling schemes offered to customers affected by the COVID-19 pandemic for S/ 14.5 million in 3Q20, interest and similar income would have decreased 3.5% YoY, and net interest and similar income would have grown 4.6% YoY.

The lower interest and similar expense was due to reductions of 36.1% in interest on deposits and obligations, and 8.5% in interest on bonds, notes and other obligations, partially offset by a 5.7% increase in interest on due to banks and correspondents.

Interest on deposits and obligations decreased S/ 64.3 million, or 36.1% YoY, explained by a 100 basis point reduction in the average cost, from 2.1% in 3Q19 to 1.1% in 3Q20, partially offset by 25.6% growth in the average volume. The lower average cost was due to reductions in rates paid to institutional, commercial and retail deposits. Growth in volumes came across all client segments. By currency, average balances of soles-denominated deposits increased 35.7% while average dollar-denominated deposits grew 8.2%.

The reduction in interest on bonds, notes and other obligations was the result of higher efficiencies in this component of interest-bearing liabilities, associated with liability management transactions executed throughout 2020, such as the redemption of international hybrid bonds in April 2020, partially compensated by the issuance of a new international subordinated bond in July 2020. Additionally, the maturity of Certificates of Deposit for S/ 150 million in March 2020 also contributed to the lower interest expense of this component of the funding base.

The S/ 2.5 million, or 5.7% YoY, increase in interest on due to banks and correspondents was the result of a more than two-fold growth in the average volume, partially compensated by a 210 basis point reduction in the average cost, from 4.1% in 3Q19 to 2.0% in 3Q20. The increase in the average volume was due to higher funding provided by the Central Bank, related to the bank's participation in the Reactiva Peru Program, while the reduction in the average cost, to lower rates paid to correspondent banks abroad.

The average cost of funding decreased 120 basis points YoY, from 2.9% in 3Q19 to 1.7% in 3Q20, in line with the lower implicit cost of all interest-bearing liabilities.

The lower interest and similar income was due to reductions of 86.4% in interest on due from banks and inter-bank funds, and 4.5% in interest on loans, partially offset by 35.8% growth in interest on financial investments.

Interest on due from banks and inter-bank funds decreased S/ 25.1 million, or 86.4% YoY, explained by a 110 basis point reduction in the average yield, partially compensated by 49.7% growth in the average volume. On one hand, the decrease in the nominal average rate was mainly related to a lower rate on inter-bank funds, as well as to lower returns on deposits and reserve funds at the Central Bank. On the other hand, the increase in the average volume was explained by higher deposits and reserve funds at the Central Bank, partially offset by a lower average balance of inter-bank funds.

Interest on loans decreased S/ 43.3 million, or 4.5% YoY, due to a 220 basis point reduction in the average yield, partially offset by 19.2% growth in the average volume. However, excluding the previously mentioned impact from the modification of contractual cash flows due to the loan rescheduling schemes offered to customers affected by the COVID-19 pandemic in 3Q20, interest on loans would have decreased 3.0% YoY.

The annual decrease in the average rate on loans, from 11.1% in 3Q19 to 8.9% in 3Q20, was due to reductions of 160 basis points in retail loans and 150 basis points in commercial loans. The decrease in retail loans was explained by lower rates on credit cards and other consumer loans, as yields on mortgages remained relatively stable. In the commercial portfolio, rates decreased on all types of loans. It is worth mentioning that, as a result of the loan rescheduling carried out as part of the measures implemented to deal with the COVID-19 pandemic, a portion of the interest on loans to be recorded between April and September 2020 was rescheduled, affecting the average yield on loans in 3Q20. Additionally, the incidence of the low-return loans offered to a number of commercial clients as part of the Reactiva Peru Program also had an impact on the average rate on loans.

The higher average volume of loans was attributed to growth of 40.3% in commercial loans and 2.1% in retail loans. In the commercial portfolio, the higher average volume was mainly due to a 67.7% increase in short and medium-term loans, attributed to the disbursement of loans under the Reactiva Peru Program. In the retail portfolio, average volumes grew mainly due to increases of 7.0% in mortgages and 4.4% in other consumer loans, partially compensated by a 6.1% decrease in credit cards.

Interest on financial investments increased S/ 17.1 million, or 35.8% YoY, due to 55.9% growth in the average volume, partially offset by a 50 basis point reduction in the average yield. The increase in the average volume was mainly the result of higher average balances of sovereign bonds, global bonds and corporate bonds from financial institutions. The decrease in the nominal average rate, from 3.7% in 3Q19 to 3.2% in 3Q20, was mainly explained by lower returns on global bonds, corporate bonds from non-financial institutions, sovereign bonds and bonds from financial institutions.

The nominal average yield on interest-earning assets decreased 220 basis points YoY, from 8.3% in 3Q19 to 6.1% in 3Q20, in line with the lower returns on all components of interest-earning assets. However, excluding the impact from the modification of contractual cash flows due to the loan rescheduling schemes offered to customers affected by the COVID-19 pandemic, the nominal average yield on interest-earning assets would have decreased 210 basis points YoY, from 8.3% in 3Q19 to 6.2% in 3Q20.

As a result of the above, net interest margin was 4.6% in 3Q20, 120 basis points lower than the 5.8% reported in 3Q19. However, excluding the impact from the modification of contractual cash flows due to the loan rescheduling schemes offered to customers affected by the COVID-19 pandemic, net interest margin would have decreased 110 basis points YoY, from 5.8% in 3Q19 to 4.7% in 3Q20.

IMPAIRMENT LOSS ON LOANS, NET OF RECOVERIES

Impairment loss on loans, net of recoveries decreased 64.1% QoQ and grew more than two-fold YoY.

The quarterly reduction was due to a base effect related to the adjustments of the bank's expected loss models to address the impact of the COVID-19 pandemic, which were first implemented in 2Q20. These adjustments included: (i) the update of macroeconomic variables used in our forward-looking risk models; (ii) the migration within stages of retail exposures subject to multiple installments or total debt rescheduling; and (iii) a case-by-case risk analysis within our commercial loan book.

The annual increase in provisions was explained by higher requirements in cash loans, credit cards and mortgages, as well as in all segments of the commercial loan book. All this was mainly attributed to the adjustments of the bank's expected loss models to address the impact of the COVID-19 pandemic.

As a result of the above, the annualized ratio of impairment loss on loans to average loans was 4.5% in 3Q20, lower than the 13.4% reported in 2Q20, but higher than the 2.6% registered in 3Q19.

Impairment loss on loans, net of recoveries					
S/ million				%chg	%chg
	3Q19	2Q20	3Q20	QoQ	YoY
Impairment loss on loans, net of recoveries	-223.6	-1,290.5	-463.2	-64.1%	n.m.
Impairment loss on loans/average gross loans	2.6%	13.4%	4.5%	-890 bps	190 bps
NPL ratio (at end of period)	3.0%	3.4%	3.4%	0 bps	40 bps
NPL coverage ratio (at end of period)	126.4%	182.7%	196.6%	n.m.	n.m.
Impairment allowance for loans	1,464.9	2,731.2	3,116.2	14.1%	n.m.

The NPL ratio remained stable QoQ and grew 40 basis points YoY, to 3.4%. The annual growth was mainly due to increases in stage 3 and refinanced exposures in credit cards, cash loans and mortgages. However, including the adjustments of the bank's expected loss models to address the impact of the COVID-19 pandemic, the NPL ratio would have resulted in 5.7% as of September 30, 2020. The higher NPL ratio when considering the adjustments of the expected loss models would result from the reclassification of a larger portion of the bank's total exposure to stage 3.

Furthermore, the NPL coverage ratio was 196.6% as of September 30, 2020, higher than the 182.7% reported as of June 30, 2020, and the 126.4% registered as of September 30, 2019. NPL coverage ratio in credit cards was 328.6% as of September 30, 2020. It is worth noting that, including the previously mentioned adjustments of the bank's expected loss models, the NPL coverage ratio would have resulted in 119.1% as of September 30, 2020.

FEE INCOME FROM FINANCIAL SERVICES, NET

Net fee income from financial services grew S/ 40.1 million QoQ, or 35.5%, mainly explained by increases of S/ 19.4 million in commissions from credit card services, S/ 16.7 million in fees from maintenance and mailing of accounts, transfer fees and commissions on debit card services, and S/ 11.6 million in commissions from banking services.

Net fee income from financial services decreased S/ 60.3 million YoY, or 28.2%, mainly due to reductions of S/ 33.2 million in commissions from credit card services, S/ 14.7 million in commissions from banking services, and S/ 11.4 million in fees from maintenance and mailing of accounts, transfer fees and commissions on debit card services.

Fee income from financial services, net					
S/ million	3Q19	2Q20	3Q20	%chg QoQ	%chg YoY
Income					
Commissions from credit card services	101.4	48.8	68.2	39.7%	-32.8%
Commissions from banking services	84.4	58.1	69.7	19.8%	-17.5%
Maintenance and mailing of accounts, transfer fees and commissions on debit card services	62.1	34.0	50.7	49.0%	-18.3%
Fees from indirect loans	14.7	11.4	13.3	16.7%	-9.1%
Collection services	10.8	8.4	11.4	35.3%	5.9%
Other	9.6	11.3	7.9	-29.9%	-17.2%
Total income	**282.9**	**172.0**	**221.1**	**28.5%**	**-21.8%**
Expenses					
Insurance	-24.0	-24.8	-24.3	-2.1%	1.2%
Fees paid to foreign banks	-4.7	-3.0	-4.0	36.7%	-13.4%
Other	-40.8	-31.2	-39.7	26.9%	-2.7%
Total expenses	**-69.4**	**-59.0**	**-68.0**	**15.2%**	**-2.1%**
Fee income from financial services, net	**213.4**	**113.0**	**153.1**	**35.5%**	**-28.2%**

OTHER INCOME

Other income increased S/ 17.5 million QoQ, mainly explained by extraordinary revenue items registered in 3Q20, partially offset by a reduction in net gain on sale of financial investments.

Other income grew S/ 21.1 million YoY mainly due to a S/ 21.0 million increase in net gain on sale of financial investments.

Other income					
S/ million	3Q19	2Q20	3Q20	%chg QoQ	%chg YoY
Net gain on foreign exchange transactions and on financial assets at fair value through profit or loss	75.4	70.1	71.0 (1)	1.3%	-5.8%
Net gain on sale of financial investments	7.3	30.3	28.3	-6.5%	n.m.
Other	16.0	1.8	20.4	n.m.	27.7%
Total other income	**98.6**	**102.2**	**119.7**	**17.1%**	**21.4%**

(1) Includes S/ 63.7 million of net gain (loss) on financial assets at fair value though profit or loss (derivatives) and S/ 7.3 million of net gain on foreign exchange transactions.

OTHER EXPENSES

Other expenses increased S/ 31.0 million QoQ, or 9.2%, but decreased S/ 44.5 million YoY, or 10.8%.

On one hand, the quarterly growth in other expenses was mainly explained by a moderate recovery in activity, translated into higher third-party charges within administrative expenses. On the other hand, the annual decrease was the result of reductions in salaries and employee benefits, and marketing and credit card expenses, driven by cost containment measures implemented to offset the impacts of the COVID-19 pandemic on revenues.

The efficiency ratio was 35.2% in 3Q20, below the 41.4% reported in 2Q20 and the 39.2% registered in 3Q19. However, excluding the impact from the modification of contractual cash flows due to the loan rescheduling schemes offered to customers affected by the COVID-19 pandemic in the corresponding periods, the efficiency ratio would have been 35.3% in 2Q20 and 34.7% in 3Q20.

Other expenses					
S/ million	3Q19	2Q20	3Q20	%chg QoQ	%chg YoY
Salaries and employee benefits	-169.5	-127.4	-128.3	0.7%	-24.3%
Administrative expenses	-177.7	-144.8	-173.0	19.4%	-2.6%
Depreciation and amortization	-58.6	-56.8	-55.9	-1.6%	-4.6%
Other	-6.0	-7.4	-10.1	37.7%	68.6%
Total other expenses	**-411.8**	**-336.3**	**-367.3**	**9.2%**	**-10.8%**
Efficiency ratio	**39.2%**	**41.4%**	**35.2%**	**-620 bps**	**-400 bps**

REGULATORY CAPITAL

The ratio of regulatory capital to risk-weighted assets (RWA) was 17.0% as of September 30, 2020, higher than the 14.7% reported as of June 30, 2020, and the 15.4% registered as of September 30, 2019.

In 3Q20, regulatory capital grew 13.7% QoQ, mainly explained by the issuance of US$300 million subordinated bonds in July 2020. Meanwhile, RWA decreased 1.7% QoQ due to lower capital requirements for credit risk, given the reduction in retail loans.

The annual increase in the total capital ratio was due to 16.0% growth in regulatory capital, partially offset by a 5.3% increase in RWA. Regulatory capital increased as a result of the addition of S/ 852.0 million in capital, reserves and earnings with capitalization agreement during the last twelve months, as well as the “4.00% Subordinated Notes due 2030” for US$300 million issued in July 2020. These effects were partially compensated by the execution of an optional redemption of US$ 200 million hybrid bonds in April 2020. The YoY increase in RWA was mostly attributed to loan growth and the higher risk weights applied to intangible assets by disposition of the SBS, with impact on the bank’s increasing digital investments.

As of September 30, 2020, Interbank’s capital ratio of 17.0% was significantly higher than its risk-adjusted minimum capital ratio requirement, established at 10.6%. The minimum regulatory capital ratio requirement was 10.0%, while the additional capital requirement for Interbank was 0.6% as of September 30, 2020. Furthermore, Core

Equity Tier 1 (CET1) was 11.4% as of September 30, 2020, in line with that reported as of September 30, 2019.

Regulatory capital					
S/ million				%chg	%chg
	09.30.19	06.30.20	09.30.20	09.30.20/ 06.30.20	09.30.20/ 09.30.19
Tier I capital	5,552.3	5,932.7	5,932.3	0.0%	6.8%
Tier II capital	2,010.3	1,780.3	2,840.2	59.5%	41.3%
Total regulatory capital	7,562.5	7,712.9	8,772.6	13.7%	16.0%
Risk-weighted assets (RWA)	49,088.1	52,552.2	51,680.2	-1.7%	5.3%
Total capital ratio	**15.4%**	**14.7%**	**17.0%**	**230 bps**	**160 bps**
Tier I capital / RWA	**11.3%**	**11.3%**	**11.5%**	**20 bps**	**20 bps**
CET1	**11.4%**	**11.1%**	**11.4%**	**30 bps**	**0 bps**

Interseguro

SUMMARY

Interseguro's profits reached S/ 66.5 million in 3Q20, an increase of S/ 8.0 million QoQ and S/ 32.5 million YoY.

The quarterly growth was mainly explained by a S/ 9.9 million increase in net interest and similar income, as well as by improvements of S/ 2.8 million in translation result and S/ 2.6 million in loss due to impairment of financial investments. These factors were partially offset by an S/ 8.2 million growth in other expenses.

The annual increase in net profit was mainly a result of growth of S/ 9.6 million in net interest and similar income, and S/ 7.6 million in other income, in addition to a S/ 10.9 million decrease in other expenses and a S/ 10.2 million improvement in translation result. These effects were partially offset by a decrease of S/ 3.6 million in total premiums earned minus claims and benefits, and a worsening of S/ 1.9 million in loss due to impairment of financial investments.

Insurance Segment's P&L Statement					
S/ million	3Q19	2Q20	3Q20	%chg QoQ	%chg YoY
Interest and similar income	148.0	150.5	160.5	6.7%	8.5%
Interest and similar expenses	-19.3	-22.1	-22.3	0.8%	15.4%
Net Interest and similar income	**128.7**	**128.4**	**138.3**	**7.7%**	**7.4%**
Recovery (loss) due to impairment of financial investments	-0.6	-5.1	-2.5	-51.2%	n.m.
Net Interest and similar income after impairment loss	**128.0**	**123.3**	**135.8**	**10.1%**	**6.0%**
Fee income from financial services, net	-1.2	-1.3	-1.5	19.3%	27.1%
Other income	54.9	63.6	62.5	-1.6%	14.0%
Total premiums earned minus claims and benefits	-58.1	-63.9	-61.7	-3.4%	6.3%
Net premiums	157.5	117.7	130.7	11.1%	-17.0%
Adjustment of technical reserves	-39.5	-2.8	17.6	n.m.	n.m.
Net claims and benefits incurred	-176.1	-178.7	-210.0	17.5%	19.3%
Other expenses	-74.8	-55.7	-63.9	14.5%	-14.6%
Income before translation result and income tax	**48.8**	**65.9**	**71.2**	**8.0%**	**45.8%**
Translation result	-14.9	-7.5	-4.7	-37.5%	-68.6%
Income tax	-	-	-	n.m.	n.m.
Profit for the period	**34.0**	**58.5**	**66.5**	**13.8%**	**96.0%**
ROAE	**14.9%**	**46.3%**	**35.7%**		
Efficiency ratio	**12.2%**	**10.6%**	**9.6%**		

RESULTS FROM INVESTMENTS

Results from Investments [(1)]					
S/ million	3Q19	2Q20	3Q20	%chg QoQ	%chg YoY
Interest and similar income	148.0	150.5	160.5	6.7%	8.5%
Interest and similar expenses	-8.1	-10.9	-10.7	-2.0%	32.1%
Net interest and similar income	**139.9**	**139.6**	**149.9**	**7.3%**	**7.1%**
Recovery (loss) due to impairment of financial investments	-0.6	-5.1	-2.5	-51.2%	n.m.
Net Interest and similar income after impairment loss	**139.3**	**134.5**	**147.4**	**9.6%**	**5.8%**
Net gain (loss) on sale of financial investments	17.7	34.2	25.7	-24.9%	45.6%
Net gain (loss) on financial assets at fair value through profit or loss	0.5	22.5	18.0	-20.2%	n.m.
Rental income	13.7	9.7	9.6	-1.9%	-30.1%
Gain on sale of investment property	-4.4	-	-	n.m.	n.m.
Valuation gain (loss) from investment property	22.7	-5.0	5.4	n.m.	-76.0%
Other[(1)]	-3.1	-5.0	-4.6	-7.6%	49.5%
Other income	**47.0**	**56.5**	**54.1**	**-4.3%**	**15.0%**
Results from investments	**186.3**	**191.0**	**201.4**	**5.5%**	**8.1%**

(1) Only includes transactions related to investments.

NET INTEREST AND SIMILAR INCOME

Net interest and similar income related to investments was S/ 149.9 million in 3Q20, an increase of S/ 10.3 million, or 7.3%, QoQ and S/ 10.0 million, or 7.1%, YoY.

The quarterly and annual performances were mainly explained by increases of S/ 10.0 million and S/ 12.5 million in interest and similar income, respectively, mostly attributed to a higher inflation rate that had a positive impact on returns of the fixed income portfolio.

RECOVERY (LOSS) DUE TO IMPAIRMENT OF FINANCIAL INVESTMENTS

Loss due to impairment of financial investments was S/ 2.5 million in 3Q20, compared to losses of S/ 5.1 million in 2Q20 and S/ 0.6 million in 3Q19.

The positive QoQ performance was mainly due to lower amortized cost of certain investments, while the YoY deterioration was explained by increases in the amortized cost of non-investment grade instruments.

OTHER INCOME

Other income related to investments was S/ 54.1 million in 3Q20, a decrease of S/ 2.4 million QoQ, but an increase of S/ 7.1 million YoY.

The quarterly result was mainly explained by decreases of S/ 8.5 million in net gain on sale of financial investments, and S/ 4.5 million in net gain on financial assets at fair value. These factors were partially compensated by a positive effect in valuation gain from investment property, related to a depreciation of the foreign exchange rate which increased the value of the dollar-denominated real estate portfolio.

The annual performance in other income was mainly due to growth in net gain on financial assets at fair value, and net gain on sale of financial investments, in addition to a favorable effect in gain on sale of investment property. These effects were partially offset by lower income in valuation gain from investment property and rental income.

TOTAL PREMIUMS EARNED MINUS CLAIMS AND BENEFITS

Total Premiums Earned Minus Claims And Benefits					
S/ million				%chg	%chg
	3Q19	2Q20	3Q20	QoQ	YoY
Net premiums	157.5	117.7	130.7	11.1%	-17.0%
Adjustment of technical reserves	-39.5	-2.8	17.6	n.m.	n.m.
Net claims and benefits incurred	-176.1	-178.7	-210.0	17.5%	19.3%
Total premiums earned minus claims and benefits	**-58.1**	**-63.9**	**-61.7**	**-3.4%**	**6.3%**

Total premiums earned minus claims and benefits were S/ -61.7 million in 3Q20, an increase of S/ 2.2 million QoQ, but a decrease of S/ 3.6 million YoY.

The quarterly increase was the result of a S/ 20.4 million release in adjustment of technical reserves and a S/ 13.0 million increase in net premiums, partially offset by S/ 31.3 million growth in net claims and benefits incurred.

The annual performance was explained by a S/ 33.9 million increase in net claims and benefits incurred, and a S/ 26.8 million decrease in net premiums, partially offset by a S/ 57.1 million reduction in adjustment of technical reserves.

NET PREMIUMS

Net Premiums by Business Line					
S/ million				%chg	%chg
	3Q19	2Q20	3Q20	QoQ	YoY
Annuities	64.0	40.4	41.2	2.0%	-35.6%
D&S	0.1	0.0	0.1	24.3%	-55.5%
Individual Life	32.9	29.5	34.9	18.6%	6.1%
Retail Insurance	60.5	47.8	54.5	14.1%	-10.0%
Net Premiums	**157.5**	**117.7**	**130.7**	**11.1%**	**-17.0%**

Net premiums were S/ 130.7 million in 3Q20, an increase of S/ 13.0 million, or 11.1%, QoQ and a reduction of S/ 26.8 million, or 17.0%, YoY.

The quarterly growth was mainly due to increases of S/ 6.7 million in retail insurance, S/ 5.4 million in individual life and S/ 0.8 million in annuity premiums.

The annual result in net premiums was mainly due to reductions of S/ 22.8 million in annuities and S/ 6.0 million in retail insurance, partially offset by a S/ 2.0 million increase in individual life premiums.

It is worth mentioning that in 3Q20 the overall activity in net premiums showed recovery trends in all segments when compared to the beginning of the COVID-19 pandemic.

ADJUSTMENT OF TECHNICAL RESERVES

Adjustment of Technical Reserves by Business Line					
S/ million				%chg	%chg
	3Q19	2Q20	3Q20	QoQ	YoY
Annuities	-21.9	17.9	30.5	70.5%	n.m.
Individual Life	-15.6	-26.3	-19.4	-26.1%	24.4%
Retail Insurance	-2.0	5.6	6.6	17.9%	n.m.
Adjustment of technical reserves	**-39.5**	**-2.8**	**17.6**	**n.m.**	**n.m.**

Adjustment of technical reserves showed a S/ 17.6 million release in 3Q20, compared to requirements of S/ 2.8 million in 2Q20 and S/ 39.5 million in 3Q19.

The quarterly and annual performances were mainly explained by a release of technical reserves for annuities, mostly related to the COVID-19 mortality in Peru. Likewise, the quarterly performance was also the result of a release of technical reserves for individual life, in turn associated with a lower profitability of flex life products, which are linked to equity investments on behalf of clients.

Additionally, the annual performance in the adjustment of technical reserves was also explained by an S/ 8.6 million release in retail insurance, partially offset by a S/ 3.8 million higher requirement in individual life.

NET CLAIMS AND BENEFITS INCURRED

Net Claims and Benefits Incurred by Business Line					
S/ million				%chg	%chg
	3Q19	2Q20	3Q20	QoQ	YoY
Annuities	-156.8	-161.2	-163.9	1.7%	4.5%
D&S	0.3	0.1	-0.1	n.m.	n.m.
Individual Life	-1.6	-3.4	-6.3	86.1%	n.m.
Retail Insurance	-17.9	-14.2	-39.7	n.m.	n.m.
Net claims and benefits incurred	**-176.1**	**-178.7**	**-210.0**	**17.5%**	**19.3%**

Net claims and benefits incurred reached S/ 210.0 million in 3Q20, a growth of S/ 31.3 million QoQ and S/ 33.9 million YoY.

The quarterly performance was mainly explained by increases of S/ 25.5 million in retail insurance and S/ 2.9 million in individual life.

The annual growth in net claims and benefits incurred was explained by increases of S/ 21.8 million in retail insurance claims, S/ 7.1 million in annuity benefits and S/ 4.7 million in individual life.

It is worth noting that quarterly and annual growth in retail insurance were mostly related to higher claims in credit life insurance, related to the COVID-19 mortality in Peru.

OTHER EXPENSES

Other Expenses					
S/ million	3Q19	2Q20	3Q20	%chg QoQ	%chg YoY
Salaries and employee benefits	-17.9	-17.1	-17.7	3.1%	-1.4%
Administrative expenses	-13.9	-8.7	-9.3	6.6%	-32.6%
Depreciation and amortization	-4.8	-6.4	-6.4	-0.9%	33.0%
Expenses related to rental income	-1.1	0.8	-0.3	n.m.	-68.3%
Other	-37.1	-24.3	-30.1	24.2%	-18.8%
Other expenses	**-74.8**	**-55.7**	**-63.9**	**14.5%**	**-14.6%**

Other expenses grew S/ 8.2 million QoQ, or 14.5%, but decreased S/ 10.9 million YoY, or 14.6%.

The quarterly result was mainly due to increases of S/ 2.6 million in third-party commissions, related to a higher sale of net premiums, S/ 1.1 million in net expenses related to rental income, and S/ 0.6 million in salaries and employee benefits.

The annual reduction in other expenses was mainly due to decreases of S/ 6.3 million in third-party commissions, S/ 4.6 million in administrative expenses, mostly associated to cost containment measures implemented to deal with the COVID-19 pandemic, and S/ 0.8 million in expenses related to rental income.

Inteligo

SUMMARY

Inteligo's net profit in 3Q20 was S/ 110.5 million, an increase of S/ 77.9 million QoQ and S/ 91.6 million YoY.

The main driver of the positive performance in 3Q20 was the contribution of other income, which showed strong gains for the period, mainly associated with positive mark-to-market conditions in Inteligo's proprietary portfolio. A S/ 4.3 million QoQ increase in net interest and similar income helped further the quarterly performance.

From a business development perspective, Inteligo's prospection process continued to show positive results in terms of new account openings and higher assets under management. Accordingly, Inteligo's AUM grew 3.0% QoQ and 9.9% YoY as of September 30, 2020.

Consequently, Inteligo's ROAE was 53.5% in 3Q20, higher than the 17.2% reported in 2Q20 and the 9.7% registered in 3Q19. Furthermore, the efficiency ratio improved to 19.5% in 3Q20.

Wealth Management Segment's P&L Statement					
S/ million	3Q19	2Q20	3Q20	%chg QoQ	%chg YoY
Interest and similar income	42.5	33.3	37.9	13.9%	-10.7%
Interest and similar expenses	-15.9	-12.5	-12.8	2.7%	-19.3%
Net interest and similar income	**26.6**	**20.8**	**25.1**	**20.7%**	**-5.6%**
Impairment loss on loans, net of recoveries	0.0	0.0	0.0	n.m.	n.m.
Recovery (loss) due to impairment of financial investments	-0.5	-6.9	-0.2	-97.4%	-62.4%
Net interest and similar income after impairment loss	**26.1**	**13.8**	**24.8**	**79.9%**	**-4.7%**
Fee income from financial services, net	41.3	40.4	40.1	-0.9%	-3.0%
Other income	-8.9	10.3	75.2	n.m.	n.m.
Other expenses	-34.6	-26.6	-27.3	2.8%	-20.9%
Income before translation result and income tax	**23.9**	**37.9**	**112.7**	**n.m.**	**n.m.**
Translation result	-3.2	-2.6	-0.2	-93.9%	-95.0%
Income tax	-1.7	-2.7	-2.1	-22.7%	22.1%
Profit for the period	**18.9**	**32.6**	**110.5**	**n.m.**	**n.m.**
ROAE	**9.7%**	**17.2%**	**53.5%**		
Efficiency ratio	**58.6%**	**37.1%**	**19.5%**		

ASSETS UNDER MANAGEMENT & DEPOSITS

AUM reached S/ 19,879.9 million in 3Q20, a S/ 577.9 million or 3.0% increase QoQ and a S/ 1,793.2 million or 9.9% growth YoY; mostly due to strengthened mark-to-market valuations from the appreciation of client assets and the foreign exchange rate, as well as to the execution of adequate client prospection and conversion strategies throughout the year.

Client deposits were S/ 3,164.9 million in 3Q20, a S/ 25.0 million or 0.8% decrease QoQ, but an S/ 89.2 million or 2.9% increase YoY. The yearly growth was mainly due to the appreciation of the foreign exchange rate during the period.

NET INTEREST AND SIMILAR INCOME

Net interest and similar income					
S/ million	3Q19	2Q20	3Q20	%chg QoQ	%chg YoY
Interest and similar income					
Due from banks and inter-bank funds	5.4	1.7	1.4	-20.5%	-74.6%
Financial Investments	18.3	15.2	20.8	36.9%	13.1%
Loans	18.8	16.4	15.8	-3.7%	-15.8%
Total interest and similar income	**42.5**	**33.3**	**37.9**	**13.9%**	**-10.7%**
Interest and similar expenses					
Deposits and obligations	-12.5	-11.8	-11.2	-4.9%	-10.2%
Due to banks and correspondents	-3.4	-0.7	-1.6	n.m.	-52.9%
Total interest and similar expenses	**-15.9**	**-12.5**	**-12.8**	**2.7%**	**-19.3%**
Net interest and similar income	**26.6**	**20.8**	**25.1**	**20.7%**	**-5.6%**

Inteligo' s net interest and similar income was S/ 25.1 million in 3Q20, a S/ 4.3 million, or 20.7% increase when compared with 2Q20. This was mainly explained by incremental dividends received from investments during the quarter.

Net interest and similar income decreased S/ 1.5 million or 5.6% YoY. This reduction was due to a contraction in the spread between the loan rate and the deposit rate, in addition to lower average returns on due from banks and inter-bank funds, in turn explained by lower overnight rates for excess treasury funds.

FEE INCOME FROM FINANCIAL SERVICES

Fee income from financial services, net					
S/ million	3Q19	2Q20	3Q20	%chg QoQ	%chg YoY
Income					
Brokerage and custody services	6.3	2.8	2.2	-20.3%	-64.9%
Funds management	35.4	38.0	38.2	0.5%	7.8%
Total income	**41.7**	**40.8**	**40.4**	**-0.9%**	**-3.2%**
Expenses					
Brokerage and custody services	-0.3	-0.1	-0.1	5.1%	-56.0%
Others	-0.1	-0.2	-0.2	-4.2%	71.8%
Total expenses	**-0.4**	**-0.3**	**-0.3**	**-0.4%**	**-23.4%**
Fee income from financial services, net	**41.3**	**40.4**	**40.1**	**-0.9%**	**-3.0%**

Net fee income from financial services was S/ 40.1 million in 3Q20, a decrease of S/ 0.3 million, or 0.9% when compared to the previous quarter. This was mainly attributable to reduced brokerage and custody fees.

On a YoY basis, net fee income from financial services decreased S/ 1.2 million, or 3.0%, mainly explained by lower brokerage fees, partly offset by an increase in funds management fees.

OTHER INCOME

Other income					
S/ million	3Q19	2Q20	3Q20	%chg QoQ	%chg YoY
Net gain on sale of financial investments	4.2	-7.4	-6.3	-14.9%	n.m.
Net trading gain (loss)	-11.2	18.8	82.8	n.m.	n.m.
Other	-1.9	-1.1	-1.4	24.9%	-26.9%
Total other income	**-8.9**	**10.3**	**75.2**	**n.m.**	**n.m.**

Inteligo's other income reached S/ 75.2 million in 3Q20, an increase of S/ 64.9 million QoQ and S/ 84.1 million YoY, mainly attributable to the effect of positive mark-to-market valuations on proprietary portfolio investments albeit the sale of certain underperforming assets at a loss throughout the year.

OTHER EXPENSES

Other expenses					
S/ million	3Q19	2Q20	3Q20	%chg QoQ	%chg YoY
Salaries and employee benefits	-16.7	-14.8	-15.4	3.5%	-7.9%
Administrative expenses	-10.5	-8.1	-8.6	6.2%	-17.9%
Depreciation and amortization	-7.4	-3.5	-3.4	-4.3%	-54.2%
Other	0.0	-0.1	0.0	n.m.	n.m.
Total other expenses	**-34.6**	**-26.6**	**-27.3**	**2.8%**	**-20.9%**
Efficiency ratio	**58.6%**	**37.1%**	**19.5%**		

Other expenses reached S/ 27.3 million in 3Q20, an increase of S/ 0.7 million, or 2.8% QoQ, mainly due to slightly higher salaries and employee benefits, as well as administrative expenses for the period given the increased activity. On a yearly basis, however, other expenses decreased S/ 7.3 million, or 20.9% YoY, as a result of a lower depreciation of fixed assets and expense containment initiatives implemented after the COVID-19 pandemic breakout in March 2020.