IFS 1Q12
May 2, 2012
9:00AM CT

Operator: The following is a recording of the Pete Majeski teleconference with I-Advize, scheduled for Wednesday, May 2, 2012 at 10:00 a.m. Eastern time. Excuse me, everyone, and thank you for your patience in holding. We now have our speakers in conference. Please be aware that each of your lines is in a listen only mode. At the conclusion of the presentation, we will open the floor for questions. At that time, instructions will be given if you would like to ask a question. I would now like to turn the conference over to Peter Majeski. Mr. Majeski, please begin.

Peter Majeski: Thank you, Lindsay. Good morning, everyone. Welcome to Intergroup Financial Services first quarter 2012 earnings conference call on this, the second of May, 2012. We are pleased to have with us from Intergroup Mr. Jose Antonio Rosas, Intergroup's Chief Financial Officer, Mr. Gonzalo Basadre, Chief Executive Officer at Interseguro, Mr. Enrique Espinosa, Chief Investment Officer at Interseguro, and Ms. Claudia Valdivia, Chief Financial Officer at Interseguro. They will be discussing Intergroup's results per the press release distributed Monday evening. If you have not yet received a copy of the presentation or earnings release, please visit www.ifs.com.pe to download a copy, or call us in New York at 212.406.3695. It is now my pleasure to turn the call over to Mr. Jose Antonio Rosas, Intergroup's Chief Financial Officer. Mr. Rosas, you may begin.

Jose Antonio Rosas: Thank you, Pete. Good morning, everyone, and welcome to Intergroup's first quarter 2012 conference call. We will start with a brief discussion of the highlights of Intergroup's performance.

At Intergroup, net earnings were S/. 159.5 million in the first quarter of 2012, a 5.4% increase year on year, and a 23.6% decrease quarter on quarter. The yearly net earnings growth was due to higher financial income and fee income at Interbank. The quarter-on-quarter decrease on earnings was due mainly to non-recurring gains reported by Interseguro in the fourth quarter of 2011. Excluding these items, net earnings would have grown 5.8% quarter on quarter. Intergroup's recurring ROE was 28.1% in the first quarter of 2012.

Now looking at Interbank's performance, Interbank reported a strong performance in the first quarter, with net earnings growth of 13.2% year on year, and 12.8% quarter on quarter. The main drivers for earnings growth were sustained loan growth and a recovery in net interest margin. Loan growth was particularly strong in the Retail Segment, which increased 21% year on year, and 4% quarter on quarter. Recurring net interest margin has increased for the third consecutive quarter, and reached 7.9% in the first quarter. The capital ratio of Interbank rose from 13.7% in the fourth quarter to 14.9% in the first quarter of 2012. Interseguro's net earnings decreased 24% year on year, and 69% quarter on quarter, due to lower investment income. Particularly, in the quarter-on-quarter comparison, we had extraordinary gains in the fourth quarter of last year, which significantly increased investment income during that quarter. Annuity sales increased quarter on quarter, but declined year on year, as a result of the market contraction in the early retirement segment. Interseguro remains the market leader in annuities.

Please turn to the following page for a brief overview of the net earnings of Intergroup and its two subsidiaries. On page four, we can see a summary of the quarterly earnings of Intergroup, Interbank, and Interseguro. Operating trends were strong at Interbank, rising to double digit growth in earnings, both quarter on quarter and year on year. Interseguro's earnings declined, as mentioned earlier, affected mainly by non-recurring investment income reported in the previous quarter. In the following pages, we will go through detailed discussion of each company's quarterly performance.

Please turn to page 5 for a discussion of Intergroup's net earnings. There, we have a summary of Intergroup's Profit and Loss Statement, and we will start looking at the quarter-on-quarter performance. Net earnings decreased 24% quarter on quarter, driven mainly by a decline in non-recurring investment income at Interseguro. When excluding these items, net earnings rose 5.8%, mainly as a result of higher financial income, lower provisions and lower administrative expenses at Interbank. Gross financial margin decreased 9% quarter on quarter, as a result of declines of S/. 66 million in net investment income at Interseguro, and S/. 7 million in exchange gains at Interbank, and that was partially offset by increases of S/. 80 million in interest in loans, and S/. 10 million in investment income at Interbank. Provision expenses decreased 15%, due to reversals in generic and procyclical provisions, resulting from a volume contraction in the commercial loan portfolio, after a very strong growth rate in the fourth quarter of last year. Fee income decreased 11%, mainly as a result of seasonal decline in revenue from Interbank's Real Estate Division. Interseguro's loss from insurance underwriting rose 2%, mainly as a result of a 19% increase in reserves related to premium sales. Administrative expenses decreased 7% quarter on quarter, due mainly to lower expenses related to rewards and advertising, which are seasonally high in the last quarter at Interbank. Other income decreased 58%, driven by higher provisions for contingencies at Interbank, and a decline from unusually high extraordinary income reported in the fourth quarter. Intergroup's effective tax rate increased from 19% in the fourth quarter of 2011 to 26% in the first quarter of 2012, mainly as a result of a lower contribution to net earnings from Interseguro, whose investment income is tax exempt.

Now looking at the year-on-year performance, net earnings increased 5% year on year, due to higher financial income and fee income at Interbank, and partially offset by growth in provisions and administrative expense. Financial income rose 8.5%, driven by increases in interest on loans, exchange gains and investment income. Financial expenses grew only 1%, as a higher volume of interest bearing liabilities was offset by a lower average cost of funds. Provision expenses increased 33%, mainly due to robust growth in the retail loan portfolio, and a return to normal provisioning levels, after unusually low provisioning requirements in the first quarter of last year. Fee income grew 11% year on year, mainly driven by increases in fees from credit and debit cards, and structuring fees from corporate finance and leasing. Interseguro's loss from insurance underwriting rose 31% as a result of lower annuity premiums, partially offset by a decline in reserves. The decrease in annuities sales was a result of a market contraction in the early retirement segment. Administrative expenses rose 10%, mainly as a result of a higher volume of business at Interbank.

Now, please turn to page 7 for a discussion of Interbank's performance. Interbank's net earnings were S/. 142.5 million in the first quarter of 2012, an increase of 13% quarter on quarter and year on year. The quarter-on-quarter increase was mainly due to a 4% increase in financial income and decreases of 16% in provisions and 4% in administrative expenses. The year-on-year increase in net earnings was due to increases of 12.5% in financial income and 10% in fee income, partially offset by increases of 33% in provisions and 11% in expenses. The annualized return on equity was 29.4% in the first quarter of 2012.

Please turn to page 8 for a discussion of Interbank's loan growth. The performing loan portfolio declined 1.5% quarter on quarter and grew 12% year on year. The quarter-on-quarter decline was driven by a 6.6% decrease in commercial loans, which had grown at a very strong rate of 8.8% during the previous quarter. This quarter-on-quarter decrease was due to the payment of short-terms loans disbursed during the fourth quarter of last year. Commercial loans grew 3.2% year on year, and would have grown 10% if the Bank had decided to continue with a S/. 400 million loan to fund an infrastructure project, which it returned in the third quarter of last year.

Retail loans grew 3.6% quarter on quarter, driven by increases of 6% in mortgages, and 3.6% in credit cards. Growth in mortgage loans was a result of continuing demand for new housing and successful commercial efforts at Interbank, as we continue to gain market share. Growth in the credit card portfolio was in-line with previous first quarter results, when growth tends to slow for seasonal reasons after a strong fourth quarter expansion. However, Interbank outgrew the market, and remained as the leader in credit card financing in Peru. The year-on-year growth rate in retail loans was 20.7%, mainly due to strong growth rates of 27% in mortgages and 24% in credit cards.

Please turn to the following page. Deposits rose 1.2% quarter on quarter, due to increases of 5.5% in institutional deposits and 1% in retail deposits, partially offset by a 1.2% decrease in commercial deposits. This was the second consecutive quarter, in which institutional deposits grew at a faster pace than core retail and commercial deposits, after several quarters in which institutional deposits have declined. In fact, over the last twelve months, retail deposits have grown 14%, and commercial deposits have expanded by 7%, while institutional deposits have declined 8%. The proportion of institutional deposits to total deposits increased from 23.5% in the fourth quarter of 2011 to 24.5% this quarter, but it's still below the 28.2% registered in the first quarter of last year. Loans from other banks increased 24.7%, as a result of an increase in use of short-term lines of credit, mainly related to trade finance from correspondent banks. Funding from bonds remained stable during the first quarter.

Please turn to page 10, where we have a detailed discussion of Interbank's financial margins. First, let's discuss the quarter-on-quarter performance. Gross financial margin grew 5.6% quarter on quarter, due to a 4.1% increase in financial income, and a 0.5% decrease in financial expenses. Financial income increased, due to higher interest on loans and investments, and was partially offset by a decline in exchange gains. Interest on loans grew 4%, due to growth of 3% in the average volume of the loan portfolio, and a 30 basis point increase in the average yield, from 12.7% to 13% in the first quarter of this year. The rise in the average yield was due to an increase in commercial portfolio yields, and was partially offset by a lower yield in the retail portfolio, particularly in the credit card segment. The increase in commercial loan yields marks a reversal from a declining trend we had experienced throughout all of last year. Investment income grew 35%, due to increases of 100 basis points in the average yield, and 13% in the average volume. Exchange gains declined 7 million, mainly due to decreases of 3 million in exchange rate forwards and 6 million in gains on Interbank's own exchange position. The return on interest earning assets was 10.8% in the first quarter of 2012, above the 10.5% reported in the fourth quarter of 2011, and that was due to higher yields on loans and investments. Financial expenses declined 0.5%, despite an increase of 4% in the average volume of interest bearing liabilities, due to a slight decline in the average cost of funds. Interest on deposits grew 13.3%, due to increases of 4% in the average volume, and of 10 basis points in the average cost. The higher volume was mainly due to increases of 3% in retail deposits and 16% in institutional deposits, and was partially offset by a 2% decrease in commercial deposits. The increase in the average cost was due to a higher proportion of institutional deposits within Interbank's deposit base, from 23.5% in the fourth quarter, to 24.5% in the first quarter of 2012, as well as a 30 basis point rise in the average cost of such deposits. Interest on bank loans decreased 14%, despite a 12% increase in volume, as a result of a 120 basis point decline in the average cost. The lower average cost was mainly due to an increase in the proportion of short-term lines of credit within the funding mix.

Now, let's look at the year-on-year performance. Gross financial margin grew 15.1% year on year, due to a 12.5% increase in financial income, partially offset by a 4.8% increase in financial expense. Higher financial income resulted from increases of 33 million in interest on loans, 22 million in exchange gains, and 11 million in investment income. Interest on loans grew as a result of a 14.2% increase in the average volume of the loan portfolio, and was partially offset by an 80 basis point decrease in the average yield, from 13.8% in the first quarter of last year, to 13% in the first quarter of 2012. The increase in the average volume was due to growth rates of 21% in the retail portfolio and 8% in the average volume of the commercial portfolio. The yield on the retail portfolio decreased 110 basis points, due to lower average rates on credit cards and on consumer loans, as well as an increase in the proportion of mortgages within the portfolio, from 32% in the first quarter of last year, to 34% in the first quarter of this year. The commercial portfolio's yield declined 120 basis points, mainly due to competitive pressures, which drove rates down throughout 2011. As we have discussed earlier, this is the first quarter in five quarters, in which the yield in the commercial loan portfolio increased on a quarter-on-quarter basis, and as mentioned, that marks a reversal in this trend we're seeing now. Exchange gains rose S/. 22 million year on year, mainly due to increases of income from trading activity with clients, exchange rate forwards and gains on Interbank's exchange position. Financial expenses grew 6 million year on year, due to increases of 30 million in interest on deposits and 6 million in other financial expenses, and were partially offset by decreases of 11 million on interest on bank loans and 2 million in interest on bonds. The increase in interest on deposits was due to rises of 7.6% in the average volume and 30 basis points in the average cost. Higher volume was due to growth rates of 15% in retail deposits and 12% in commercial deposits, and was partially offset by a 7% decline in institutional deposits. The rise in the average cost of deposits was mainly due to the impact of higher Central Bank reference rate on institutional deposits, whose cost increased 110 basis points. The decrease in interest on bank loans was explained by declines of 9% in the average volume and 100 basis points in the average cost. The decline in the average volume was due to reductions of 18% in the local funding and 1% in short-term lines of credit from correspondent banks, which were replaced by local deposits at lower costs. The decline in interest on bonds was a result of a 7% decrease in the average volume. The Bank's average cost of funding decreased 10 basis points year on year, from 2.8% to 2.7%, due to a lower cost of bank loans.

On page 11, we have a chart showing the evolution of our net interest margin. Our net interest margin was 7.9% in the first quarter of 2012, above the 7.7% reported in the fourth quarter of 2011 and the 7.3% reported in the first quarter of last year. Recurring net interest margin at Interbank has followed an upward trend during the last three quarters, driven mainly by a lowering cost of funds.

Please turn to page 12. Provision expenses decreased 15% quarter on quarter, due to reversals in generic and procyclical provisions, and these reversals were the result of the contraction of volume in the commercial loan portfolio, as discussed earlier, after a very strong growth rate experienced in the first quarter of last year. Provisions increased 33% year on year, due to a return to normal provisioning levels, after unusually low provision expenses in the first quarter of last year. The ratio of provisions to average loans was 2.9%, slightly below the 3.1% we had as an average for last year, also below the 3.5% we registered in the fourth quarter of last year, but significantly above the 2.5% we registered, an unusually low level, in the first quarter of last year. The ratio of past due loans to total loans increased from 1.5% to 1.7% on a quarter-on-quarter basis, and that was mainly as a result of the above-mentioned decline in the volume of the commercial loan portfolio. The coverage ratio decreased from 274% to 268%, and 268% to 255%.

Please turn to page 13. Fee income declined 9% quarter on quarter, mainly due to a seasonal decline in revenue from the Real Estate Division, but grew 10% year on year, due to increases in credit and debit card fees, structuring fees from corporate finance and leasing, insurance fees and gains from the sales of assets. Administrative expenses fell 4% quarter on quarter, and increased 10.6% year on year. The quarter-on-quarter reduction was mainly due to the lower expense related to advertising and rewards, which are seasonally high in the last quarter of the year. The year-on-year increase was attributable to a higher overall level of business at

Interbank. The efficiency ratio improved from 49.4% in the fourth quarter of 2011 to 46.8% in the first quarter of this year.

Please turn to page 14. The ratio of regulatory capital to risk weighted assets was 14.9% in the first quarter of 2012, a significant growth from the 13.7% reported in the fourth quarter, and the 14.1% that was reported in the first quarter of 2011. During the first quarter of 2012, regulatory capital grew 8%, and risk weighted assets decreased 0.7%. The increase in regulatory capital was due to the capitalization of net earnings from the first quarter of 2012, totaling S/. 142 million, and the incorporation of S/. 54 million in earnings from 2011 into the legal reserves line of our equity.

This completes the discussion of Interbank. Now, I will hand it off to Claudia to discuss Interseguro's performance.

Claudia Valdivia: Thank you, Jose Antonio.

Please turn on page 15 of the presentation. The table shows a summary of Interseguro's P&L performance, where we can see a 3% increase quarter over quarter, and an 11.3% decrease in premiums year over year, driven mainly by annuity premiums due to the market contraction in the early retirement segment. This decrease in premiums also explains a higher technical margin loss year over year and quarter over quarter. Administrative expenses grew 6.2% quarter over quarter, but decreased 21% year over year, driven mainly by changes in personnel expenses and consulting fees, due to the implementation of technology projects during 2011. Investment income decreased 7.7% year over year and 51.4% quarter over quarter. The quarter-over-quarter decrease is explained by a S/. 58 million non-recurring gain on the sale of a real estate investment reported in the fourth quarter of 2011. As a result of the factors explained before, Interseguro's net income was S./ 28.1 million in the first quarter of 2012, a 69.5% decline quarter over quarter, and a 24% decrease year over year. When excluding the non-recurring investment gain mentioned, the earnings would have decreased 17.7% quarter over quarter.

Please turn to the next page of the presentation. The table shows in detail the performance of Interseguro's premiums. Premiums grew 3% quarter over quarter, and decreased 11.3% year over year. The quarter-over-quarter growth was attributable to increasing sales across nearly every Interseguro business line. The business lines with the highest growth were annuities in the regular retirement segment, and mandatory traffic accident, due to an aggressive marketing campaign. The year-over-year decrease was mainly explained by lower annuity premiums due to a 47.7% market contraction in the early retirement segment, due to the fact that the early retirement law will end by December 31, and the number of annuitants is significantly lower than the first quarter of 2011. Despite this market contraction, Interseguro remains the leading annuity provider, with an estimated 25.8% market share by the end of the first quarter of 2011.

Finally, on page 18, there are some details on Interseguro's investment portfolio and investment income. Investment income decreased 51.4% quarter over quarter and 7.7% year over year. The quarter-over-quarter decrease was explained by an 88.6% decline in real estate income, due mainly to a S/. 58 million non-recurring gain on the sale of properties reported in the fourth quarter of 2011. Excluding this sale, investment income would have decreased 11.4% quarter over quarter. The year-over-year decrease was due to a decline in realized gains on investments, attributable to lower realized gains in the equity portfolio. Interseguro's investment portfolio registered 3.7% quarter over quarter, and 16% year over year, totaling S/. 2,740 million. This increase is tied to higher annuity sales, as well as a price appreciation of Interseguro's overall performance. This ends the Interseguro discussion.

Jose Antonio Rosas: Thank you, Claudia. With this, we complete our conference call, and are now open to a question and answer session.

Operator: Thank you, sir. At this time, we will open the floor for questions. If you would like to ask a question, please press the star key, followed by the one key, on your telephone keypad now. Questions will be taken in the order in which they are received. If at any time, you would like to remove yourself from the questioning queue, press star two. Again, that is star one to ask a question. Our next question comes from Alonso Aramburu with BTG Pactual.

Alonso Aramburu: Hi, thank you. Good morning, everybody. Jose Antonio, I was wondering if you could touch a little bit on your past due loan ratio. It had been fairly stable for the last few quarters, and now it went up 20 basis points. Can you give us a little more color on what is going on there, and whether you think this level could continue over the next few months, and my second question would be on margins. Margins have gone up, as you mentioned, the last couple of quarters. We saw that the Central Bank raised reserve requirements, recently. What do you think the effect on margins will be from that, and what are your expectations for the rest of the year?

Jose Antonio Rosas: Good morning, Alonso. Yes, we did have a slight increase in past due loans after several quarters of past due loans being stable at 1.5%. As mentioned during the call, the main driver from that was a contraction in the commercial loan portfolio. Those were loans that had been disbursed at the end of the last quarter of 2011, so as a result of that, the lower base with the total absolute number of past due loans at constant, during the quarter, drove to this increase in the past due loan portfolio. It's more a statistical factor than a real deterioration in the asset quality, and we expect, too, the ratio to remain at around that level of 1.7% over the next couple of quarters.

Regarding margins, yes, as you mentioned, the Central Bank has increased reserve requirements this week. That was published on Monday. We're still running the exact numbers, but we expect the effect of this increase in reserve requirements to be marginal for Interbank, because it's a small increase in overall reserves, which should not affect our margins too much. Perhaps the rate at which the negative margin has been growing will slow down; perhaps it will remain stable, but we do not expect a reversal in the growth in our net interest margin.

Alonso Aramburu: Great, Jose Antonio. Thank you very much, and can you comment; you mentioned also on the margin during the call and in the report, that the yields on the commercial portfolio went up this quarter up after having pressure for several quarters, do you think it is a one-off event, or do you really see a change in the trend in spreads in the commercial portfolio?

Jose Antonio Rosas: What we see, I wouldn't say it's a change in trend. The market is still very competitive. We still see very low prices on quotes on financing operations, but what we see is that the competitive pressures drove margins significantly down last year, particularly for us, which were starting from a relatively high base in terms of margins. What we're seeing now is that we are not seeing a constant decline, or a constant pressure, for continuing to lower margins, as we saw throughout all of last year. So, we do not expect margins to start increasing from this point, but we don't expect any significant declines, as we saw last year, either.

Alonso Aramburu: Great. Thank you very much.

Jose Antonio Rosas: Sure.

Operator: Again, ladies and gentlemen, if you would like to ask a question, please press star one at this time. We have a question from Luis Guzman with Santander.

Luis Guzman: Hello. Good morning. Thank you for taking my question. I have two questions. The first one if could you give us some guidance on Interseguro, in terms of ROE? Last year, you had an extraordinary ROE, and if you would see the ROE return to 30% as it has been over the last year? And the second question is regarding Intergroup. Intergroup posted a high unrealized gain in the comprehensive income that was to shareholders' equity and not to the P&L. Could you comment a little bit on that, because it was very high, and I just wanted to have some color on that?

Gonzalo Basadre This is Gonzalo Basadre regarding the Interseguro question. Last year, we had an extraordinarily high ROE, because of the sale of property we did the last quarter. For this year, we expect to return to more normal levels, but having said that, we expect to surpass 30% ROE for the year.

Luis Guzman: Ok, thanks.

Jose Antonio Rosas: And Luis, could you please repeat the second part of your question, what specifically you are referring to?

Luis Guzman: Sure. I was looking at the unrealized gains that are marked-to-market, and are on the shareholders' equity, and do not pass through to the P&L. In the press release I have something like S/. 100 million, and I would like to know where did this comes from, or a general idea?

Jose Antonio Rosas: Those are, as you mentioned, mark-to-market pricing on investment portfolio's both of Interbank and Interseguro, and those are gains that have not been realized, that we register on the equity; they don't go to the P&L. They don't count as regulatory capital. They will only go to the P&L on account of regulatory capital, once realized. And those are unrealized gains on mainly our bond portfolio, some real estate, some equity, unrealized gains on the overall portfolio of both companies, of Interbank and Interseguro.

Luis Guzman: Ok, and you are saying that they come from both bonds and real estate, right?

Jose Antonio Rosas: Both real estate and equity.

Luis Guzman: Ok. Thank you very much.

Jose Antonio Rosas: Sure.

Operator: We have a question from Santiago Gutiérrez with Debtwire.

Santiago Gutiérrez: Yes, good morning. Thanks for taking my question. I was just wondering on your international expansion plans. There have been talks in Colombia of the Group going into the country. I was wondering if that makes sense, and that is something that the Group might want to do.

Jose Antonio Rosas: No, at the moment, we don't have any international expansion plans. We see a significant opportunity for continuing to grow in Peru in the segments in which we have a significant presence. Our strategy for now is to continue to expand only in Peru.

Operator: I'm showing that there are no further questions at this time. I will turn to call back over to Mr. Rosas for closing comments.

Jose Antonio Rosas: Thank you very much, everyone, for participating in this call, and we will talk to you during our second quarter conference call.

Operator: Thank you, ladies and gentlemen. This concludes today's teleconference. You may now disconnect.

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