

# Second Quarter 2014 Earnings Presentation

# Intercorp Financial Services

# Highlights

## Intercorp Financial Services:

- IFS net earnings were S/. 197.0 million in 2Q14, a 28.7% increase QoQ and 17.5% YoY
- Excluding non-recurring items, IFS net earnings increased 5.5% QoQ and 26.6% YoY
- The QoQ increase was driven by growths of 25.6% in fee income and 47.6% in results from financial operations
- YoY net earnings growth was mainly due to a 17.3% increase in gross financial margin, partially offset by a 40.7% rise in provision expenses
- IFS recurring ROE was 23.2% in 2Q14, above the 21.7% in 1Q14 and the 20.2% in 2Q13

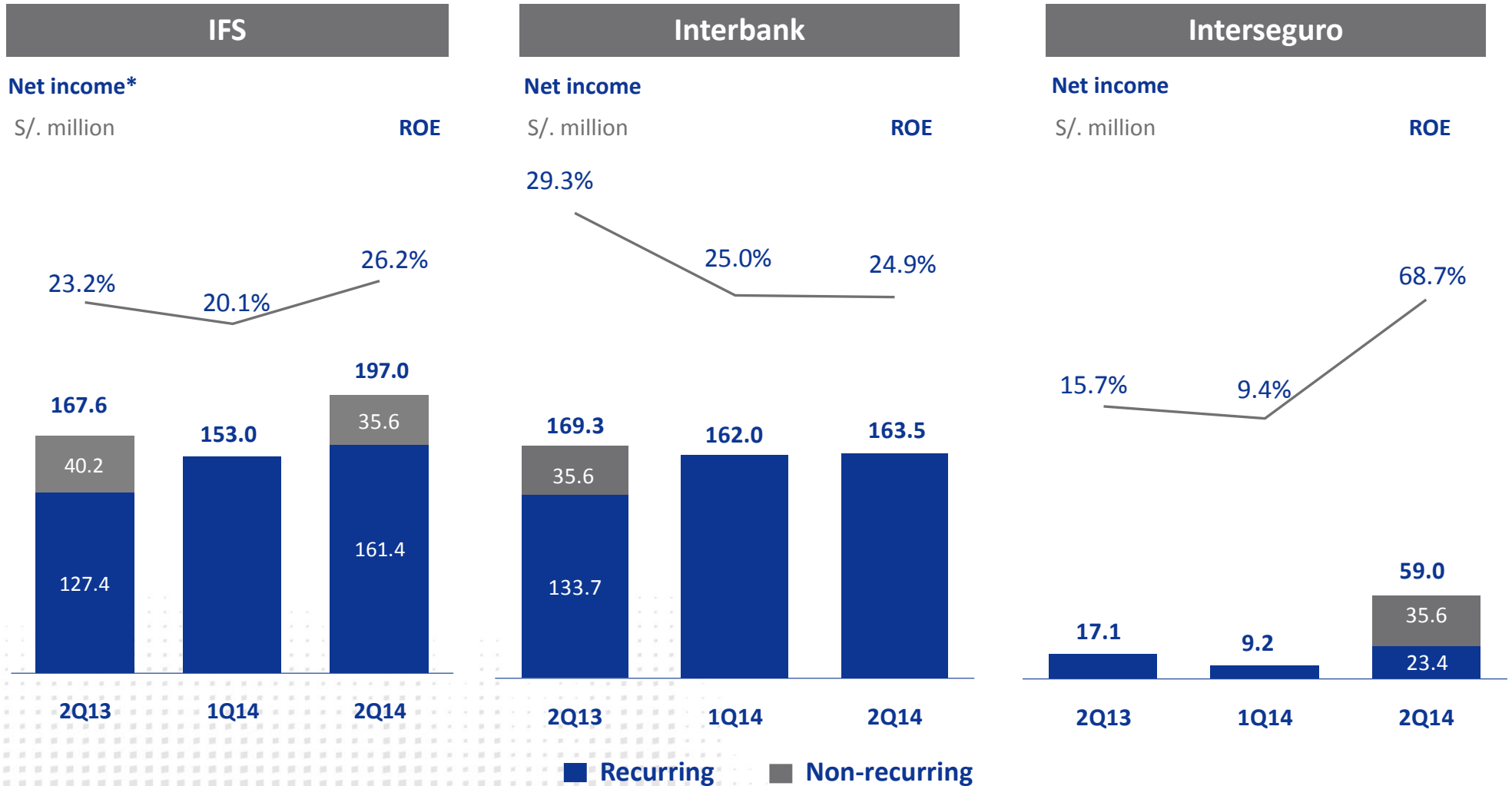
## Interbank:

- Interbank's net earnings reached S/. 163.5 million in 2Q14, a S/. 1.5 million increase QoQ and a S/. 5.9 million decrease YoY
- The quarterly increase was mainly due to a S/. 12.3 million growth in net fee income and a S/. 31.7 million increase in other income due to the constitution of a voluntary provision in 1Q14, which was not repeated in 2Q14.
- Excluding non-recurring factors, 2Q14 net earnings increased 22.2% YoY, in line with a 17.6% growth in gross financial margin
- Interbank's recurring ROE remained stable QoQ at 24.7% and increased 100 bps YoY
- The loan portfolio expanded 4.1% QoQ and 23.2% YoY, driven by growth in credit cards, mortgages and commercial loans
- The past due loan ratio remained stable QoQ and YoY, at 1.9%
- The efficiency ratio improved from 47.9% in 2Q13 to 47.2% in 2Q14 supported by 9.3% growth in fee income while administrative expenses grew 5.9%
- The BIS ratio was 15.8% in 2Q14, well above regulatory requirements

## Interseguro:

- Interseguro's net earnings were S/. 59.0 million in 2Q14, supported by an extraordinary gain of S/. 35.6 million from the sale of a real estate property
- Excluding non-recurring factors, Interseguro's net earnings increased 153.8% QoQ and 36.6% YoY
- Interseguro's recurring ROE was 27.2% in 2Q14, above the 9.4% in 1Q14 and the 15.7% in 2Q13
- Interseguro's investment portfolio grew 3.5% QoQ and 17.7% YoY driven by higher annuity sales

# IFS 2Q14 net earnings increased 28.7% QoQ and 17.5% YoY



\*Attributable to IFS shareholders

# IFS net earnings were S/. 197.0 million in 2Q14

Intercorp Financial Services' Statement of Comprehensive Income					
S/. million	2Q13	1Q14	2Q14	%chg QoQ	%chg YoY
Financial income	611.8	711.4	730.2	2.6%	19.4%
Financial expenses	-144.0	-166.3	-181.3	9.0%	25.9%
<b>Gross financial margin</b>	<b>467.8</b>	<b>545.1</b>	<b>548.9</b>	<b>0.7%</b>	<b>17.3%</b>
Provisions	-88.9	-95.3	-125.0	31.2%	40.7%
<b>Net financial margin</b>	<b>378.9</b>	<b>449.8</b>	<b>423.8</b>	<b>-5.8%</b>	<b>11.9%</b>
Fee income from financial services, net	59.4	49.6	62.3	25.6%	4.8%
Result from insurance underwriting, net	-15.9	-17.8	-14.0	-21.0%	-11.5%
Result from financial operations	119.3	77.8	114.8	47.6%	-3.7%
Administrative expenses	-289.8	-296.7	-307.8	3.7%	6.2%
<b>Operating margin</b>	<b>251.9</b>	<b>262.7</b>	<b>279.1</b>	<b>6.2%</b>	<b>10.8%</b>
Depreciation and amortization	-26.5	-27.4	-27.2	-0.4%	2.6%
Other income (expenses)	9.4	-19.9	10.1	n.m.	8.2%
<b>Income before tax</b>	<b>234.8</b>	<b>215.5</b>	<b>262.0</b>	<b>21.6%</b>	<b>11.6%</b>
Income tax	-65.9	-61.3	-63.9	4.2%	-3.0%
<b>Net income</b>	<b>168.9</b>	<b>154.2</b>	<b>198.1</b>	<b>28.5%</b>	<b>17.3%</b>
<b>Attributable to IFS shareholders</b>	<b>167.6</b>	<b>153.0</b>	<b>197.0</b>	<b>28.7%</b>	<b>17.5%</b>
<b>EPS</b>	<b>1.79</b>	<b>1.63</b>	<b>2.10</b>		
<b>ROE</b>	<b>23.2%</b>	<b>20.1%</b>	<b>26.2%</b>		
<b>Recurring ROE</b>	<b>20.2%</b>	<b>21.7%</b>	<b>23.2%</b>		

# Interbank

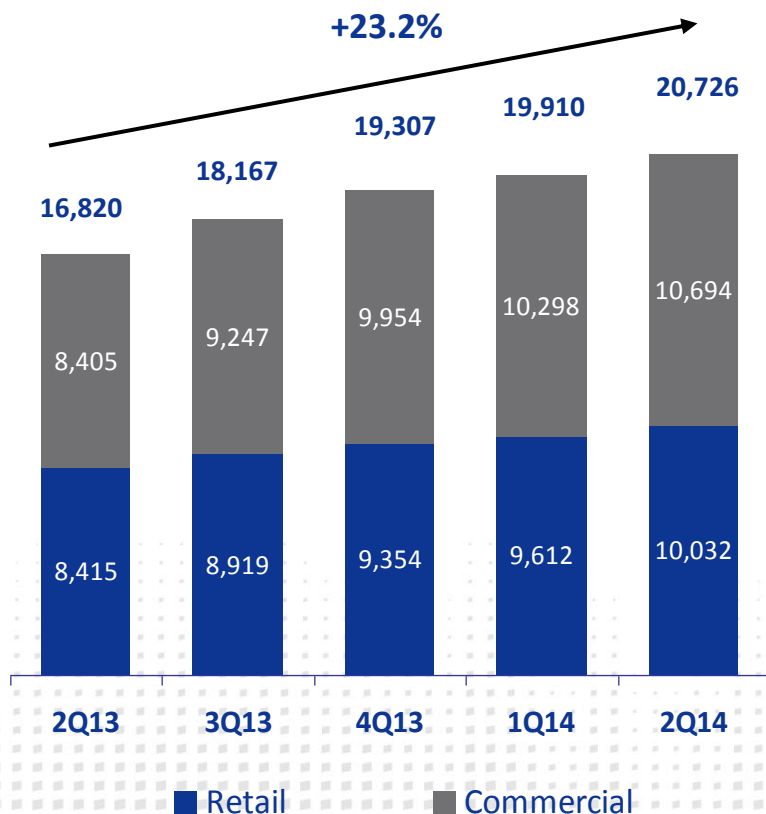
# Interbank's net income was S/. 163.5 million in 2Q14

Interbank's Statement of Comprehensive Income					
S/. million	2Q13	1Q14	2Q14	% chg QoQ	% chg YoY
Financial income	572.1	666.7	683.0	2.5%	19.4%
Financial expenses	-143.9	-165.3	-179.4	8.5%	24.7%
<b>Gross financial margin</b>	<b>428.2</b>	<b>501.4</b>	<b>503.6</b>	<b>0.4%</b>	<b>17.6%</b>
Provisions	-88.9	-95.3	-125.0	31.2%	40.7%
<b>Net financial margin</b>	<b>339.3</b>	<b>406.1</b>	<b>378.6</b>	<b>-6.8%</b>	<b>11.6%</b>
Fee income from financial services, net	64.6	58.4	70.6	21.0%	9.3%
Result from financial operations, net	110.6	74.0	72.8	-1.6%	-34.1%
Administrative expenses	-263.5	-267.6	-278.9	4.2%	5.9%
<b>Operating margin</b>	<b>251.0</b>	<b>270.9</b>	<b>243.1</b>	<b>-10.3%</b>	<b>-3.1%</b>
Depreciation and amortization	-25.7	-26.6	-26.4	-0.6%	2.9%
Other income (expenses)	6.6	-23.3	8.4	n.m.	27.8%
<b>Income before taxes</b>	<b>231.9</b>	<b>221.0</b>	<b>225.1</b>	<b>1.9%</b>	<b>-2.9%</b>
Income tax	-62.6	-59.0	-61.6	4.5%	-1.5%
<b>Net income</b>	<b>169.3</b>	<b>162.0</b>	<b>163.5</b>	<b>0.9%</b>	<b>-3.5%</b>
<b>ROE</b>	<b>29.3%</b>	<b>25.0%</b>	<b>24.9%</b>	<b>-10 bps</b>	<b>-440 bps</b>

# Loan growth remained strong at 4.1% QoQ and 23.2% YoY

## Performing loans

S/. million



## Breakdown of loans

S/. million	2Q13	1Q14	2Q14	% chg QoQ	% chg YoY
<b>Consumer loans:</b>					
Credit cards	2,103	2,637	2,838	7.6%	34.9%
Other consumer	2,922	3,198	3,339	4.4%	14.3%
<b>Total consumer loans</b>	<b>5,026</b>	<b>5,836</b>	<b>6,176</b>	<b>5.8%</b>	<b>22.9%</b>
Mortgages	3,389	3,776	3,856	2.1%	13.8%
<b>Total retail loans</b>	<b>8,415</b>	<b>9,612</b>	<b>10,032</b>	<b>4.4%</b>	<b>19.2%</b>
<b>Total commercial</b>	<b>8,405</b>	<b>10,298</b>	<b>10,694</b>	<b>3.8%</b>	<b>27.2%</b>
<b>Total loans</b>	<b>16,820</b>	<b>19,910</b>	<b>20,726</b>	<b>4.1%</b>	<b>23.2%</b>

## Market share in loans

	2Q13	1Q14	2Q14	bps QoQ	bps YoY
<b>Consumer loans:</b>					
Credit cards	17.9%	21.2%	21.7%	50	380
Other consumer	18.5%	18.5%	18.9%	40	40
<b>Total consumer loans</b>	<b>19.1%</b>	<b>20.4%</b>	<b>20.9%</b>	<b>50</b>	<b>180</b>
Mortgages	12.8%	13.0%	12.8%	-20	0
<b>Total retail loans</b>	<b>16.0%</b>	<b>16.7%</b>	<b>16.8%</b>	<b>10</b>	<b>80</b>
<b>Total commercial</b>	<b>8.6%</b>	<b>9.3%</b>	<b>9.3%</b>	<b>0</b>	<b>70</b>
<b>Total loans</b>	<b>11.2%</b>	<b>11.8%</b>	<b>11.9%</b>	<b>10</b>	<b>70</b>



# Interbank's deposits decreased 4.5% QoQ, but grew 14.7% YoY

## Funding Structure

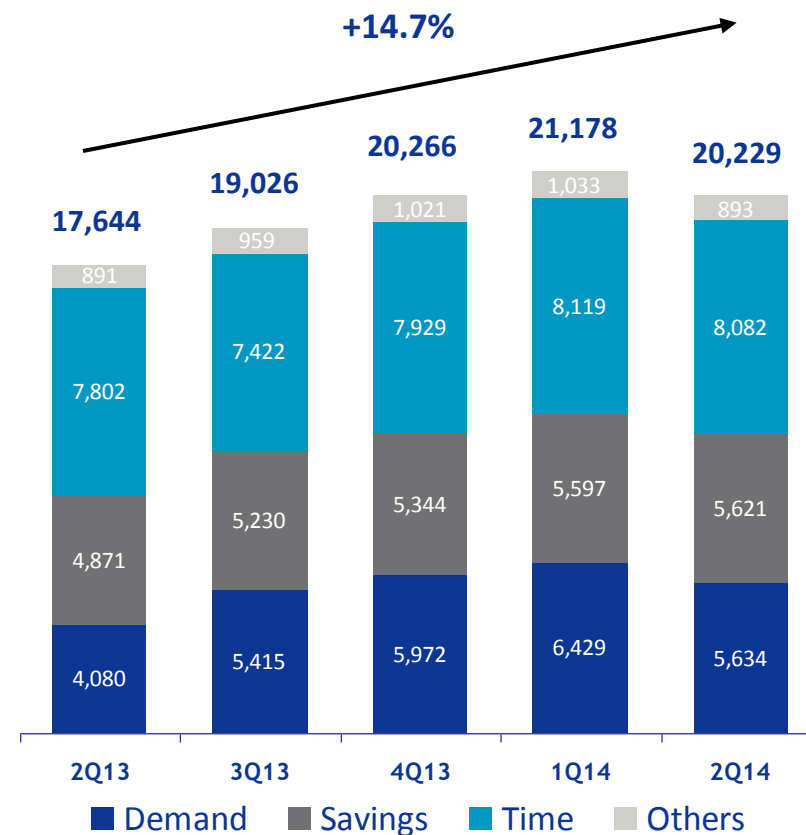
S/. million				% chg	% chg
	2Q13	1Q14	2Q14	QoQ	YoY
Deposits	17,644	21,178	20,229	-4.5%	14.7%
Due to banks	3,398	2,767	2,642	-4.5%	-22.2%
Bonds	2,961	3,950	3,964	0.4%	33.9%
Inter-bank funds	187	0	234	n.m.	25.3%
<b>Total</b>	<b>24,189</b>	<b>27,895</b>	<b>27,070</b>	<b>-3.0%</b>	<b>11.9%</b>
AUM (Interfondos)	2,866	2,381	2,497	4.8%	-12.9%

## Market Share in Deposits

				bps	bps
	2Q13	1Q14	2Q14	QoQ	YoY
Retail Deposits	11.4%	11.9%	12.0%	10	60
Commercial Deposits <sup>(1)</sup>	10.1%	12.0%	10.4%	-160	30

<sup>(1)</sup> Includes demand and savings deposits

## Deposit Breakdown

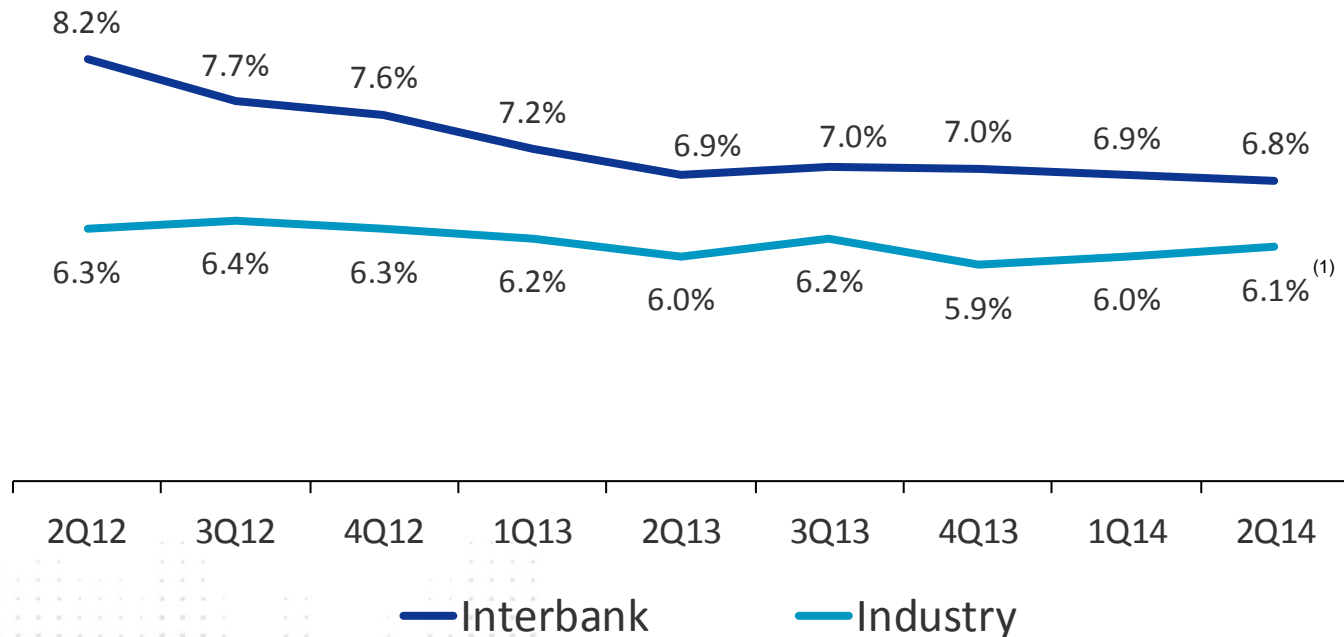


# Gross financial margin increased 0.4% QoQ and 17.6% YoY

Interbank's Gross Financial Margin					
S/. million	2Q13	1Q14	2Q14	% chg QoQ	% chg YoY
<b>Financial income:</b>					
Interest on loans	482.5	570.7	591.4	3.6%	22.6%
Fees on loans	63.2	74.0	72.2	-2.4%	14.3%
Investment income	11.8	18.1	16.5	-8.9%	40.1%
Interest on cash and inter-bank funds	14.4	3.7	2.6	-28.8%	-81.9%
Other	0.2	0.2	0.4	113.3%	79.1%
<b>Total financial income</b>	<b>572.1</b>	<b>666.7</b>	<b>683.0</b>	<b>2.5%</b>	<b>19.4%</b>
<b>Financial expenses:</b>					
Interest and fees on deposits	60.0	75.2	78.5	4.4%	30.8%
Interest on due to banks and inter-bank funds	37.4	37.5	33.9	-9.8%	-9.5%
Interest on bonds	44.7	51.0	65.4	28.1%	46.2%
Other	1.8	1.5	1.7	8.5%	-5.8%
<b>Financial expenses</b>	<b>143.9</b>	<b>165.3</b>	<b>179.4</b>	<b>8.5%</b>	<b>24.7%</b>
<b>Gross financial margin</b>	<b>428.2</b>	<b>501.4</b>	<b>503.6</b>	<b>0.4%</b>	<b>17.6%</b>

# NIM remains above the industry's average

## Net Interest Margin (%) \*

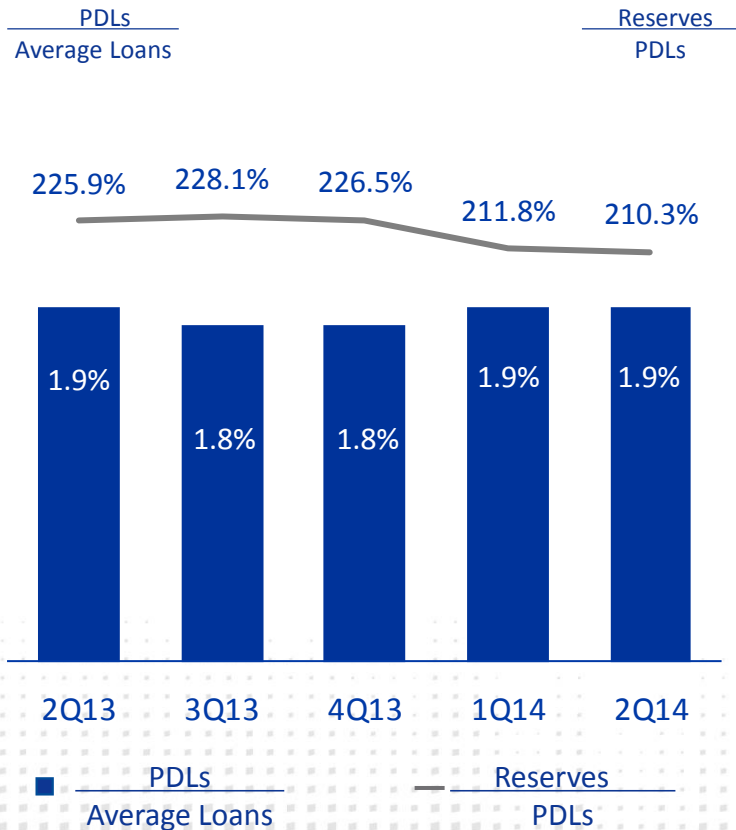


\* Gross financial margin / Average interest-earning assets. The gross financial margin includes fees on loans.

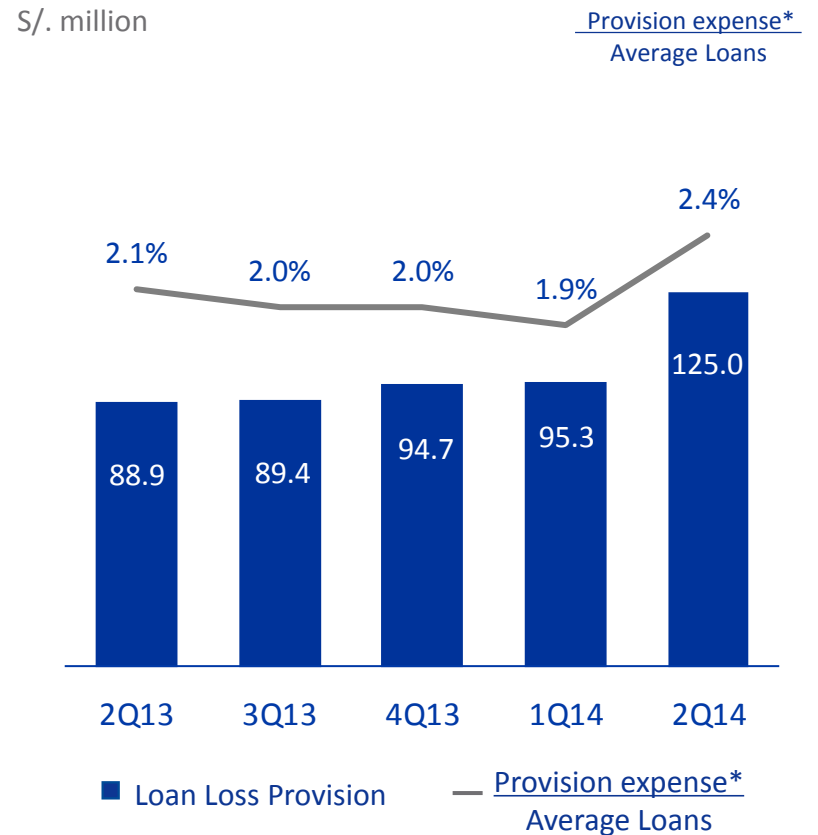
(1) Industry's NIM for the period Apr-May 2014

# Provisions increased 31.2% QoQ despite the PDL ratio remained stable at 1.9%

## PDL & Coverage Ratios



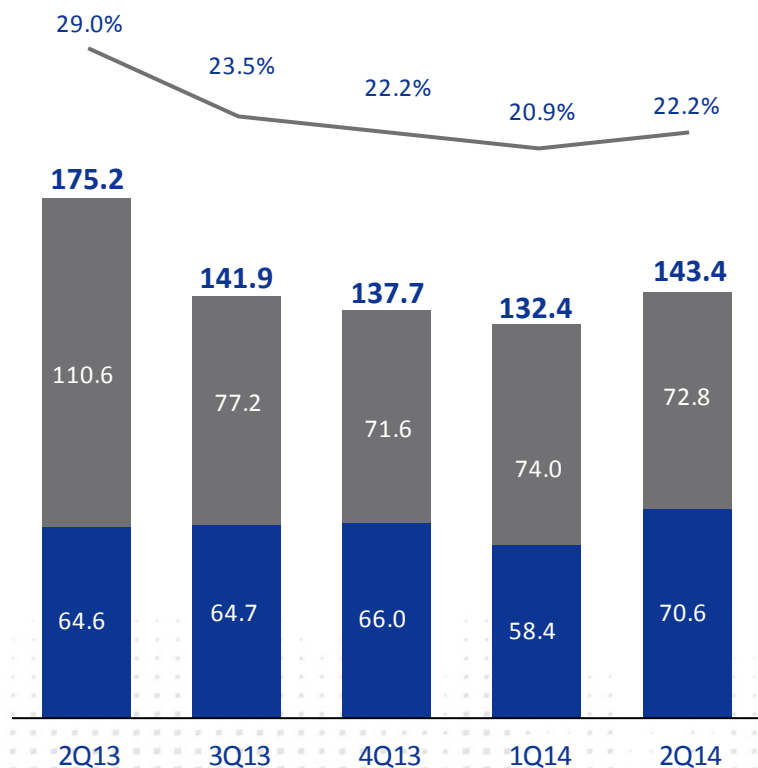
## Loan Provision Expense



# Fee income and results from financial operations (ROF) increased 8.4%, while operating expenses increased 3.8% QoQ

## Fee income & ROF

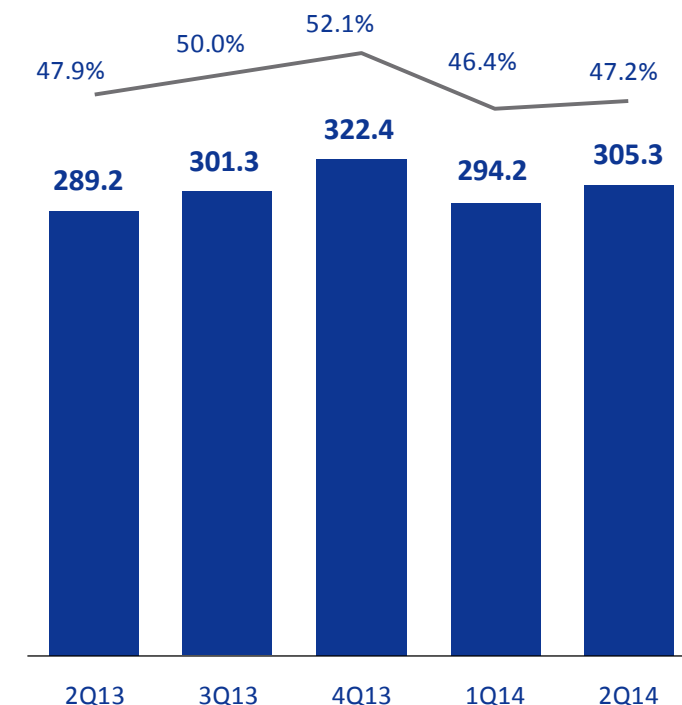
S/. million



— (Fee income + ROF) / operating revenues  
 ■ ROF  
 ■ Net fee income

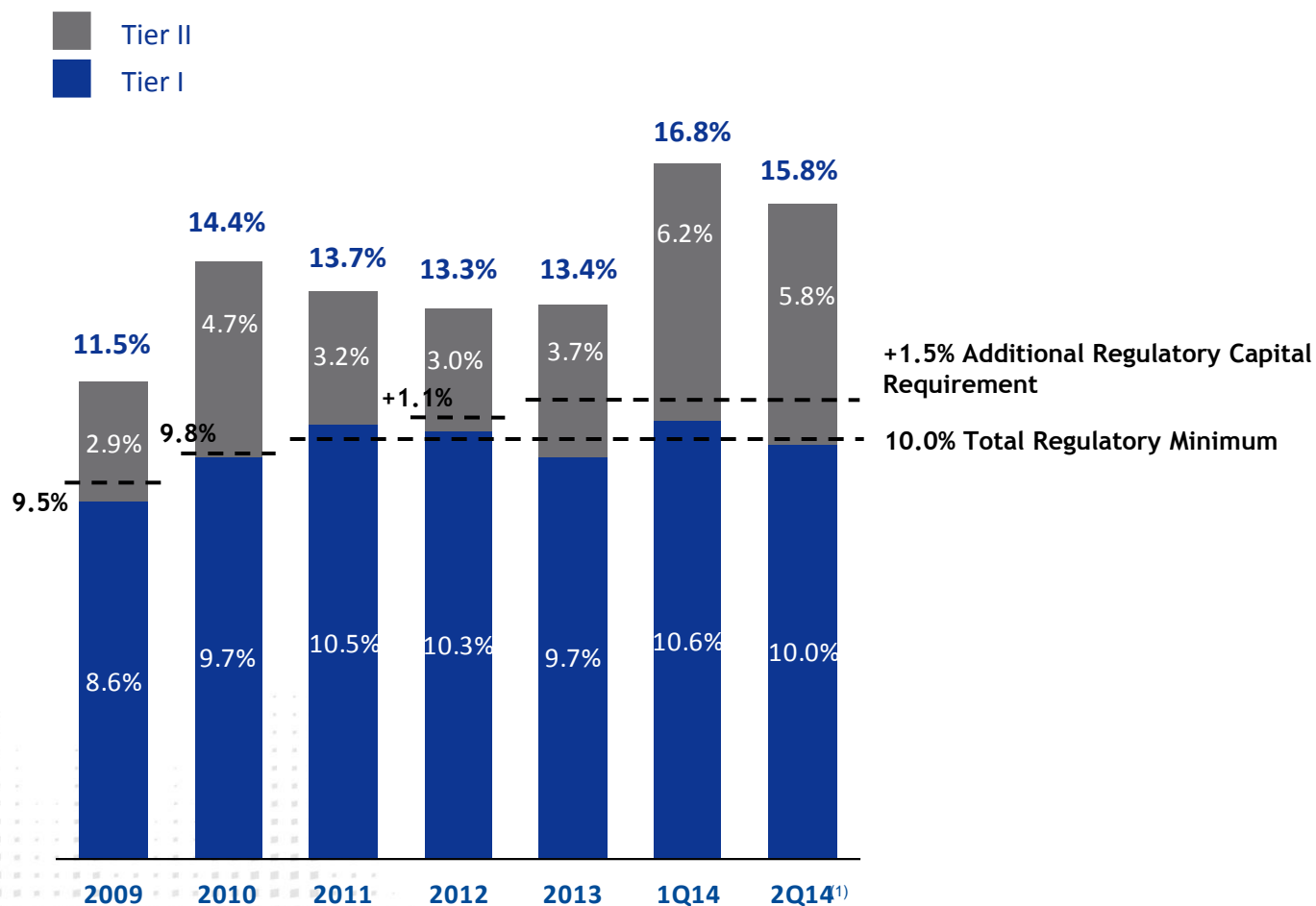
## Operating expenses

S/. million



— Efficiency ratio (Cost / Income) ■ Operating expenses

# Interbank's BIS ratio remained well above regulatory requirements



(1) In April 2010, Interbank issued US\$200 million in non-cumulative junior subordinated notes, which are considered Tier I and Tier II capital. Under Peruvian regulation, junior subordinated notes that receive Tier I capital treatment are capped at 17.65% of capital and reserves. As of June 30, 2014, 80.8% of the notes qualified as Tier I while the remaining 19.2% qualified as Tier II.

# Interseguro

# Interseguro's net income was S/. 59.0 million in 2Q14

## Profit and Loss Statement Summary

S/. million	2Q13	1Q14	2Q14	% chg QoQ	% chg YoY
Premiums	136.8	166.8	177.8	6.6%	29.9%
Premiums ceded	-1.4	-1.5	-0.7	-51.0%	-48.4%
Fees	-11.7	-11.9	-13.2	11.6%	13.1%
Claims	-42.6	-50.9	-47.2	-7.4%	10.8%
Change in reserves	-101.5	-128.4	-140.3	9.3%	38.2%
Diverse Income, net	0.1	0.3	2.2	n.m.	n.m.
<b>Technical margin</b>	<b>-20.3</b>	<b>-25.6</b>	<b>-21.5</b>	<b>-16.0%</b>	<b>5.7%</b>
Administrative expenses	-19.8	-23.8	-27.2	14.3%	37.1%
Investment income, net*	57.3	58.6	107.6	83.8%	88.0%
<b>Net income</b>	<b>17.1</b>	<b>9.2</b>	<b>59.0</b>	<b>540.2%</b>	<b>244.6%</b>
<b>ROE</b>	<b>15.7%</b>	<b>9.4%</b>	<b>68.7%</b>		

\*Includes exchange rate difference



# Premiums grew 6.6% QoQ and 29.9% YoY mainly supported by higher sales in annuities and non life business

Premiums by Business Line					
S/. million	2Q13	1Q14	2Q14	% chg QoQ	% chg YoY
Individual Life	6.7	7.7	7.7	1.1%	16.0%
Annuities	93.6	117.6	127.0	8.0%	35.6%
Group Life	24.5	23.0	22.5	-2.4%	-8.4%
Disability and survivor benefits	0.0	0.1	0.1	n.m.	n.m.
Mandatory traffic accident	5.9	7.8	7.2	-8.1%	21.6%
Non Life	6.1	10.7	13.3	24.7%	119.3%
<b>TOTAL</b>	<b>136.8</b>	<b>166.8</b>	<b>177.8</b>	<b>6.6%</b>	<b>29.9%</b>

# Investment income increased mainly due to extraordinary gains from real estate investments in 2Q14

Investment Income, Net					
S/. million	2Q13	1Q14	2Q14	% chg QoQ	% chg YoY
<b>Income:</b>					
Fixed Income	56.2	43.6	55.1	26.3%	-2.0%
Interest	37.2	42.7	45.9	7.5%	23.3%
Realized Gains	19.0	0.9	9.2	n.m.	-51.5%
Equity and Mutual Funds	14.1	8.1	16.9	107.8%	19.8%
Real estate	4.5	10.2	40.0	n.m.	n.m.
Total Income	74.7	61.9	112.0	80.9%	49.8%
Expenses	-1.1	-1.9	-3.4	76.5%	n.m.
Exchange difference and others	-16.4	-1.4	-1.0	-31.5%	-94.1%
<b>Net investment income</b>	<b>57.3</b>	<b>58.6</b>	<b>107.6</b>	<b>83.8%</b>	<b>88.0%</b>

Investment Portfolio					
S/. million	2Q13	1Q14	2Q14	% chg QoQ	% chg YoY
Fixed Income	2,461.0	2,717.4	2,916.1	7.3%	18.5%
Equity and Mutual Funds	425.0	495.1	463.1	-6.5%	9.0%
Real estate	363.7	484.2	445.5	-8.0%	22.5%
Others	4.9	5.6	5.8	3.7%	18.4%
<b>TOTAL</b>	<b>3,254.6</b>	<b>3,702.2</b>	<b>3,830.5</b>	<b>3.5%</b>	<b>17.7%</b>

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**Intercorp** Financial Services