

Intercorp Financial Services

Second Quarter 2017

Earnings Presentation

Highlights 2Q17

IFRS

Interbank

Loan portfolio growth higher than the industry, 2Q17 Earnings up 7.5%

- 2Q17 net profit was S/ 209.1 million, an increase of 7.5% QoQ and 4.7% YoY; mainly due to higher net interest and similar income, as well as relatively stable provisions and administrative expenses
- Performing loans grew 3.3% YoY, reaching an 11.4% market share in 2Q17; while deposits increased 11.1% YoY, with an 11.8% market share in 2Q17
- NIM was 6.0% in 2Q17, 40 bps above the 5.6% reported in 1Q17 and in line with 2Q16
- Cost of risk was 3.2% in 2Q17, a decline of 20 bps QoQ and 10 bps YoY; while the PDL ratio remained 30 bps below the system's average, at 2.8%
- 2Q17 annualized ROAE was 19.6%

Interseguro

Strong increase in premiums after the launch of new products

- 2Q17 profit excluding discount rate impact on technical reserves was S/ 17.2 million, compared to S/ 3.8 million in 1Q17 and S/ -1.1 million in 2Q16
- Net premiums in 2Q17 increased 8.4% QoQ and 12.3% YoY after a market stabilization in annuities, where Interseguro recovered the market leadership with a 23.2% share, along with the introduction of new products
- Interseguro's investment portfolio grew 5.4% QoQ and 10.9% YoY

Inteligo

Strong quarter in revenues and profitability

- 2Q17 net profit was S/ 55.6 million, a 13.9% increase QoQ and a 3.5% growth YoY. The quarterly performance was mainly attributed to a more than two-fold growth in other income, as a result of higher net gain on sale of securities
- AuM + deposits increased 1.1% QoQ and 6.5% YoY
- 2Q17 annualized ROAE was 32.8%

Intercorp Financial Services

- 2Q17 net profit was S/ 215.0 million, an increase of 36.1% QoQ and 20.8% YoY
- Excluding discount rate impact on technical reserves, IFS 2Q17 profits grew 2.8% QoQ and 4.6% YoY, supported by improving bottom-line contribution from its three subsidiaries
- ROAE excluding discount rate impact on technical reserves remained stable QoQ at 18.4%

IFS key indicators 2Q17

IFRS

InterCorp Financial Services' key indicators

S/ million

		2Q16	1Q17	2Q17	%chg QoQ	%chg YoY
Results	Net interest and similar income	645.8	669.3	642.1	-4.1%	-0.6%
	Fee income from financial services, net	215.4	220.7	218.2	-1.1%	1.3%
	Profit for the period	178.0	158.0	215.0	36.1%	20.8%
	<i>Profit excl. discount rate impact on technical reserves</i>	233.5	237.7	244.2	2.8%	4.6%
Profitability	NIM ⁽¹⁾	5.6%	5.6%	5.5%	-10 bps	-10 bps
	ROAE	15.1%	12.2%	16.4%	420 bps	130 bps
	<i>ROAE excl. discount rate impact on technical reserves</i>	19.5%	18.4%	18.4%	0 bps	-110 bps
	ROAA	1.5%	1.3%	1.7%	40 bps	20 bps
	EPS	1.62	1.48	2.02		
Asset quality	PDL ratio	2.5%	2.6%	2.7%	10 bps	20 bps
	PLL / Avg. loans	3.1%	3.2%	3.0%	-20 bps	-10 bps
	Coverage ratio	164.3%	164.1%	163.4%		
Insurance	Net Premiums ⁽²⁾	130.1	134.7	146.1	8.4%	12.3%
	Discount rate impact on technical reserves	-55.5	-79.7	-29.2	-63.4%	-47.4%
	ROIP	5.1%	6.3%	5.3%	-100 bps	20 bps
Other ratios	Efficiency ratio ⁽³⁾	39.7%	42.8%	40.0%	-280 bps	30 bps
	<i>Efficiency ratio excl. discount rate impact on technical reserves</i>	37.6%	39.5%	38.9%	-60 bps	130 bps
	BIS ratio (Interbank)	16.2%	17.1%	16.6%	-50 bps	40 bps

(1) NIM is defined as (Net interest and similar income / Average interest-earning assets). Interest earning assets consider total loans, total investment available for sale and total cash and due from banks funds

(2) Net of premiums ceded to reinsurers

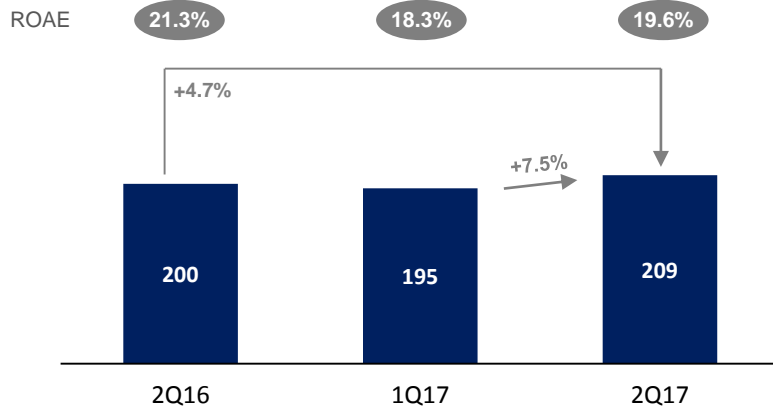
(3) Efficiency ratio is defined as (Salaries and employee benefits + Administrative expenses + Depreciation and amortization) / (Net interest and similar income + Fee income + Other income + Net premiums earned)

IFS 2Q17 net profit increased 36.1% QoQ and 20.8% YoY

IFRS

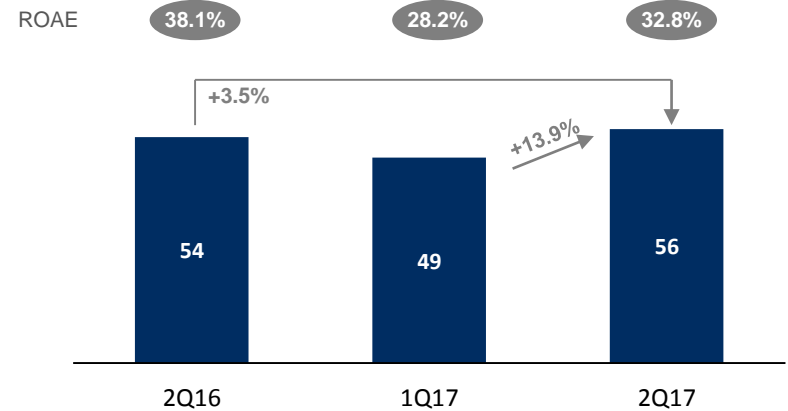
Interbank

Net profit in S/ million



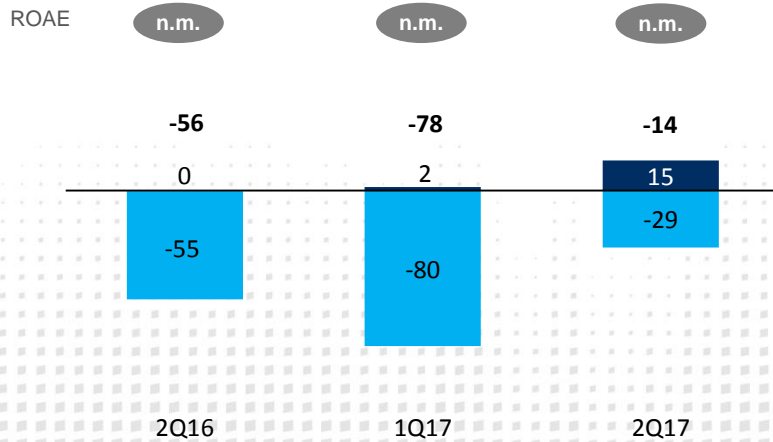
Inteligo

Net profit in S/ million



Interseguro

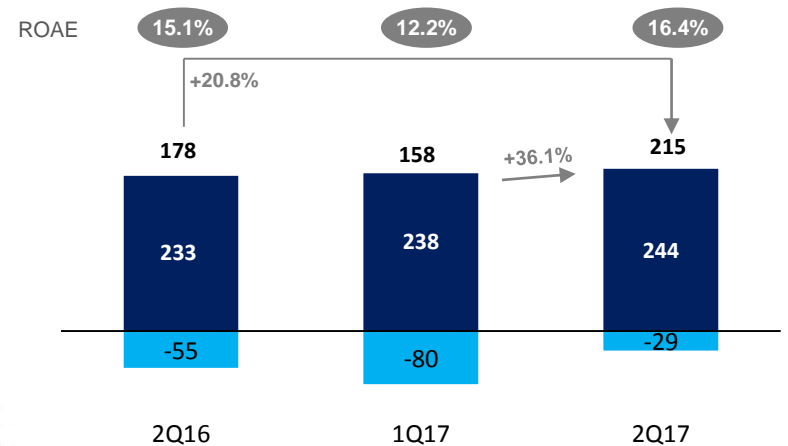
Net profit in S/ million



■ Discount Rate Impact

IFS

Net profit in S/ million



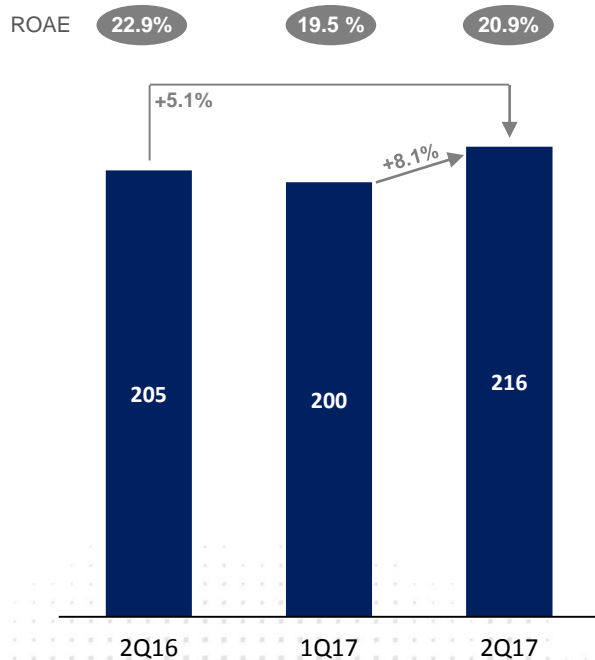
■ Discount Rate Impact

Relevant net income*

Local GAAP & IFRS

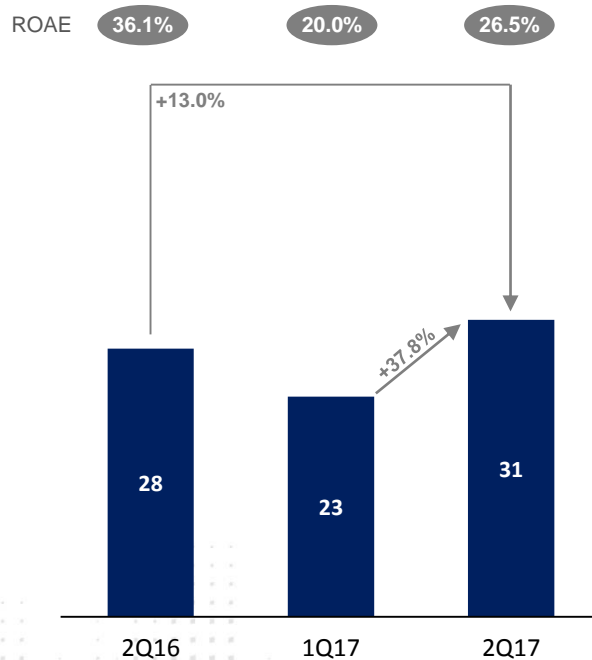
Interbank - Local GAAP

Net profit in S/ million



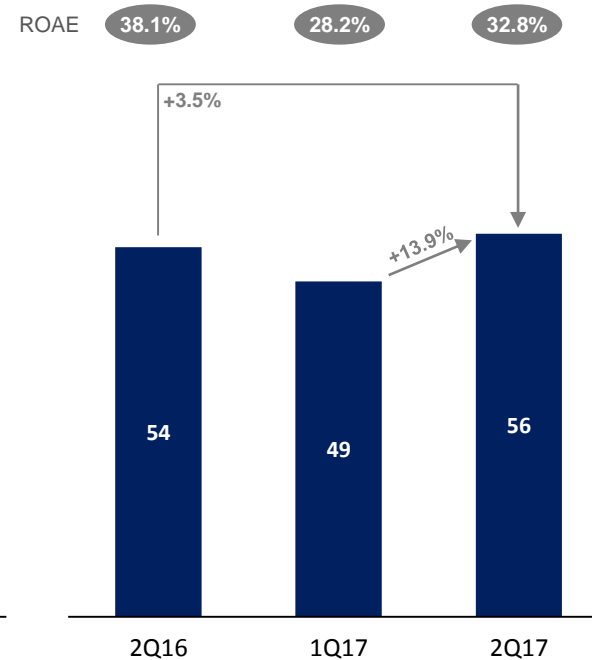
Interseguro - Local GAAP

Net profit in S/ million



Inteligo - IFRS

Net profit in S/ million



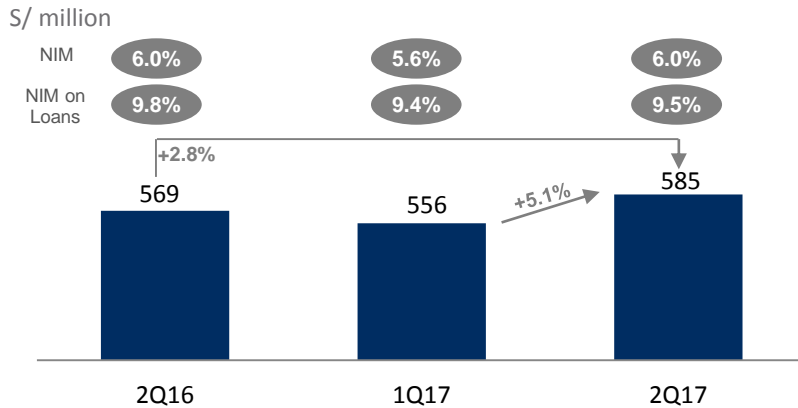
* Relevant net income for dividend payments

Interbank

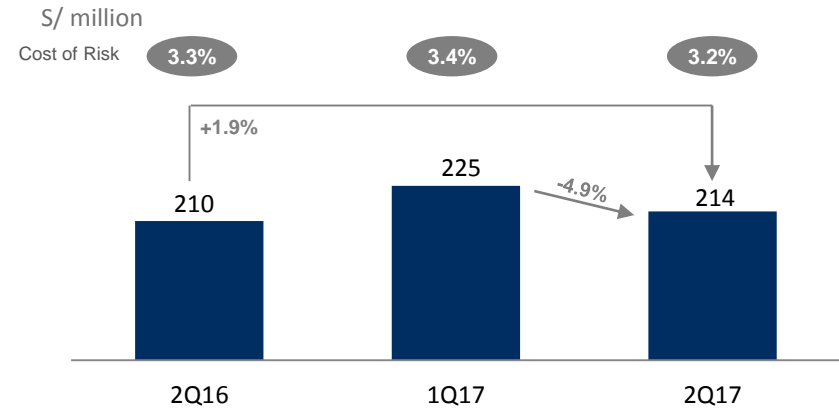
Interbank's 2Q17 P&L analysis

IFRS

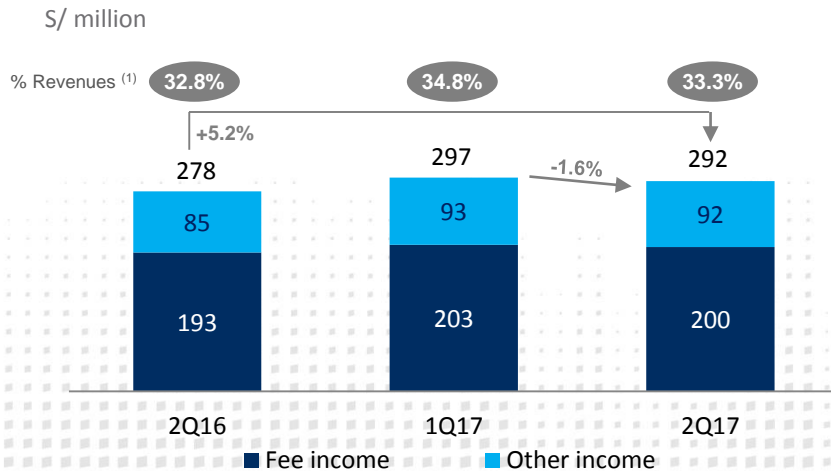
Net interest and similar income



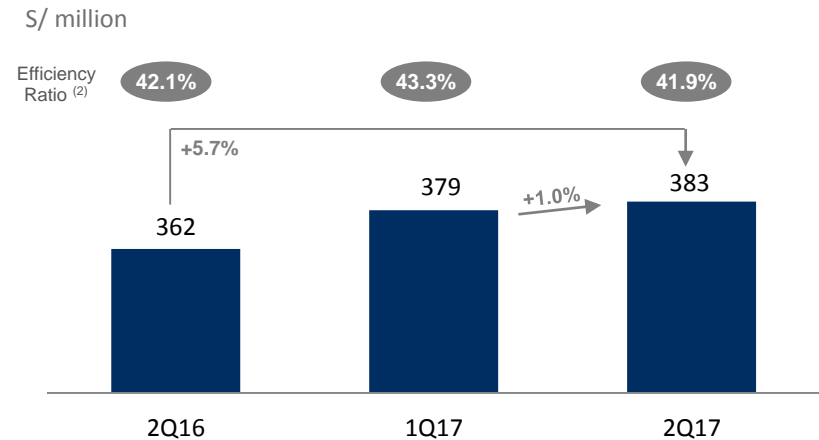
Loan provision expense



Total other income



Other expenses

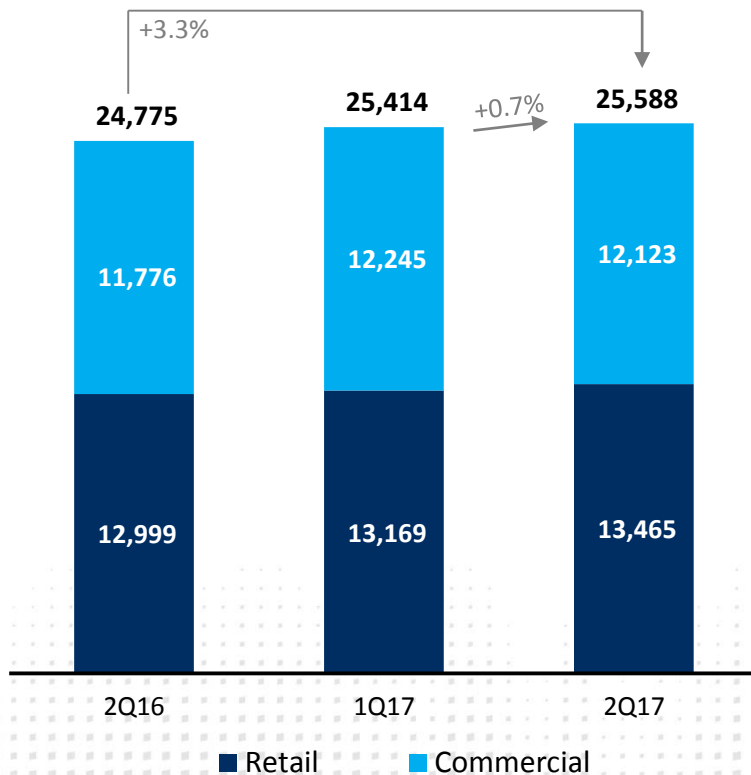


(1) Ratio is defined as (Fee income + Other income) / (Net interest income + Fee income + Other income)
 (2) Efficiency ratio is defined as (Salaries and employee benefits + Administrative expenses + Depreciation and amortization) / (Net interest and similar income + Fee income + Other income)

Performing loans grew 3.3% YoY, ahead of the system's growth

Performing loans

S/ million



Breakdown of loans

S/ million

	2Q16	1Q17	2Q17	%chg QoQ	%chg YoY
Consumer loans:					
Credit cards	3,805.1	3,709.7	3,759.6	1.3%	-1.2%
Other consumer	4,417.7	4,531.7	4,660.5	2.8%	5.5%
Total consumer loans	8,222.7	8,241.4	8,420.1	2.2%	2.4%
Mortgages	4,776.3	4,927.9	5,045.0	2.4%	5.6%
Total retail loans	12,999.1	13,169.3	13,465.1	2.2%	3.6%
Total commercial	11,776.3	12,244.8	12,123.2	-1.0%	2.9%
Total loans	24,775.3	25,414.2	25,588.3	0.7%	3.3%

Market share in loans ⁽¹⁾

S/ million

	2Q16	1Q17	2Q17	bps QoQ	bps YoY
Consumer loans:					
Credit cards	23.6%	22.8%	22.7%	-10	-90
Other consumer	20.1%	19.6%	19.8%	20	-30
Total consumer loans	21.6%	21.0%	21.0%	0	-60
Mortgages	13.0%	13.2%	13.2%	0	20
Total retail loans	17.5%	17.2%	17.3%	10	-20
Total commercial	8.0%	8.2%	8.2%	0	20
Total loans	11.3%	11.3%	11.4%	10	10

⁽¹⁾ Based on Local GAAP figures

Deposits grew 11.1% YoY, representing 72% of total funding

Funding structure

S/ million	2Q16	1Q17	2Q17	%chg QoQ	%chg YoY
Deposits	23,240.8	24,956.6	25,813.6	3.4%	11.1%
Retail	10,915.2	11,542.7	11,654.9	1.0%	6.8%
Commercial ⁽¹⁾	12,325.7	13,413.9	14,158.7	5.6%	14.9%
Due to banks	5,906.5	4,994.6	5,565.1	11.4%	-5.8%
Central Bank	3,257.7	2,695.3	3,026.8	12.3%	-7.1%
Other	2,648.8	2,299.3	2,538.2	10.4%	-4.2%
Bonds	4,525.5	4,486.2	4,490.3	0.1%	-0.8%
Total	33,672.8	34,437.5	35,869.0	4.2%	6.5%
AUM (Interfondos)	3,039.8	3,597.3	3,630.7	0.9%	19.4%
Average cost of funding	-2.9%	-2.9%	-3.0%	-10 bps	-10 bps

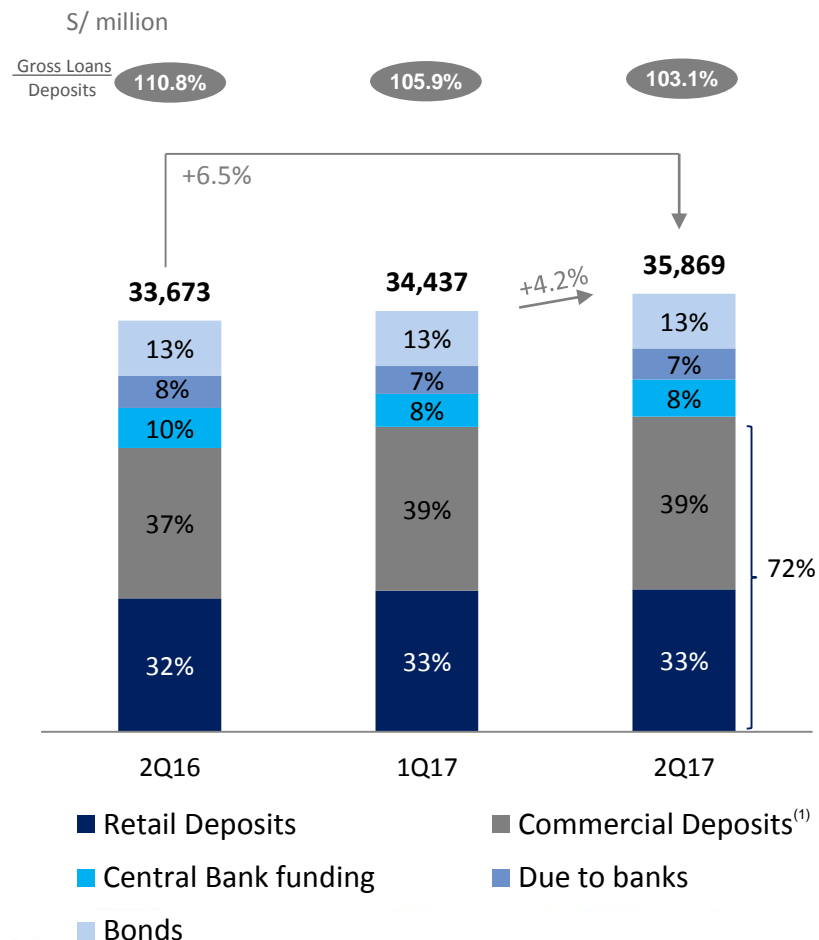
Market share in deposits⁽²⁾

S/ million	2Q16	1Q17	2Q17	bps QoQ	bps YoY
Retail Deposits	12.7%	12.7%	12.7%	0	0
Commercial Deposits	10.0%	10.5%	11.1%	60	110
Total Deposits	11.1%	11.5%	11.8%	30	70

⁽¹⁾ Includes Institutional and others

⁽²⁾ Based on Local GAAP figures

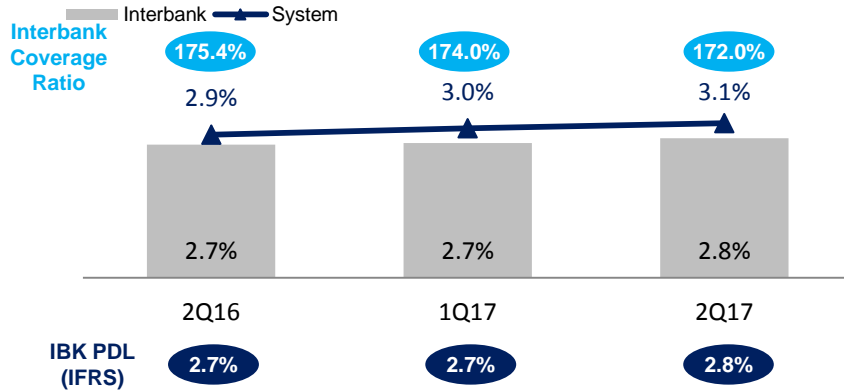
Funding breakdown



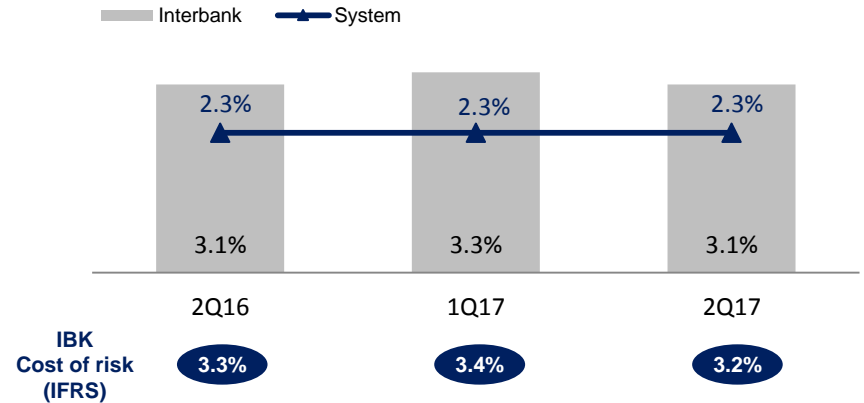
Total PDL ratio remained below the system's average in 2Q17

Local GAAP & IFRS figures

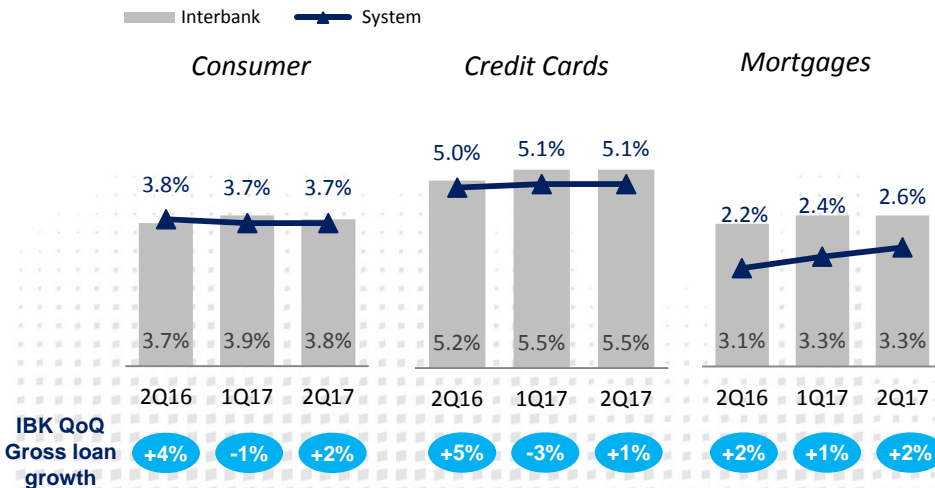
PDL vs. System



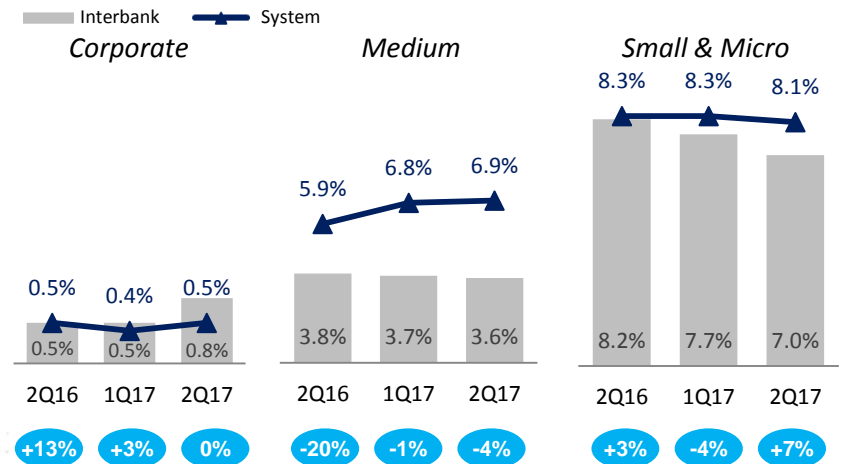
Loan provision expense vs. System



PDL retail banking vs. System

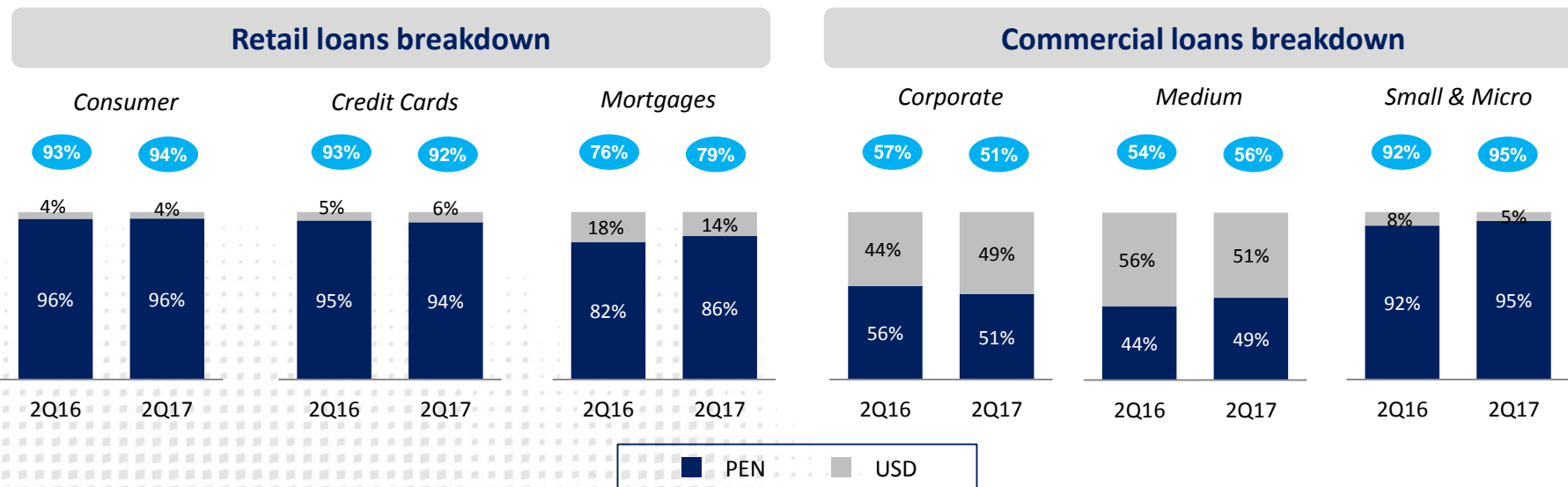
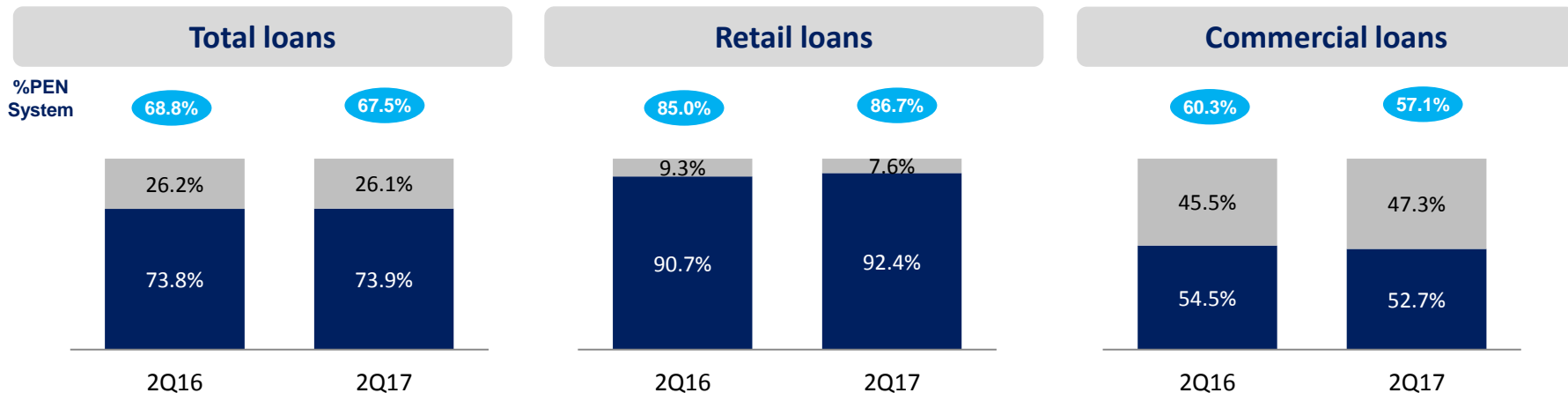


PDL commercial banking vs. System

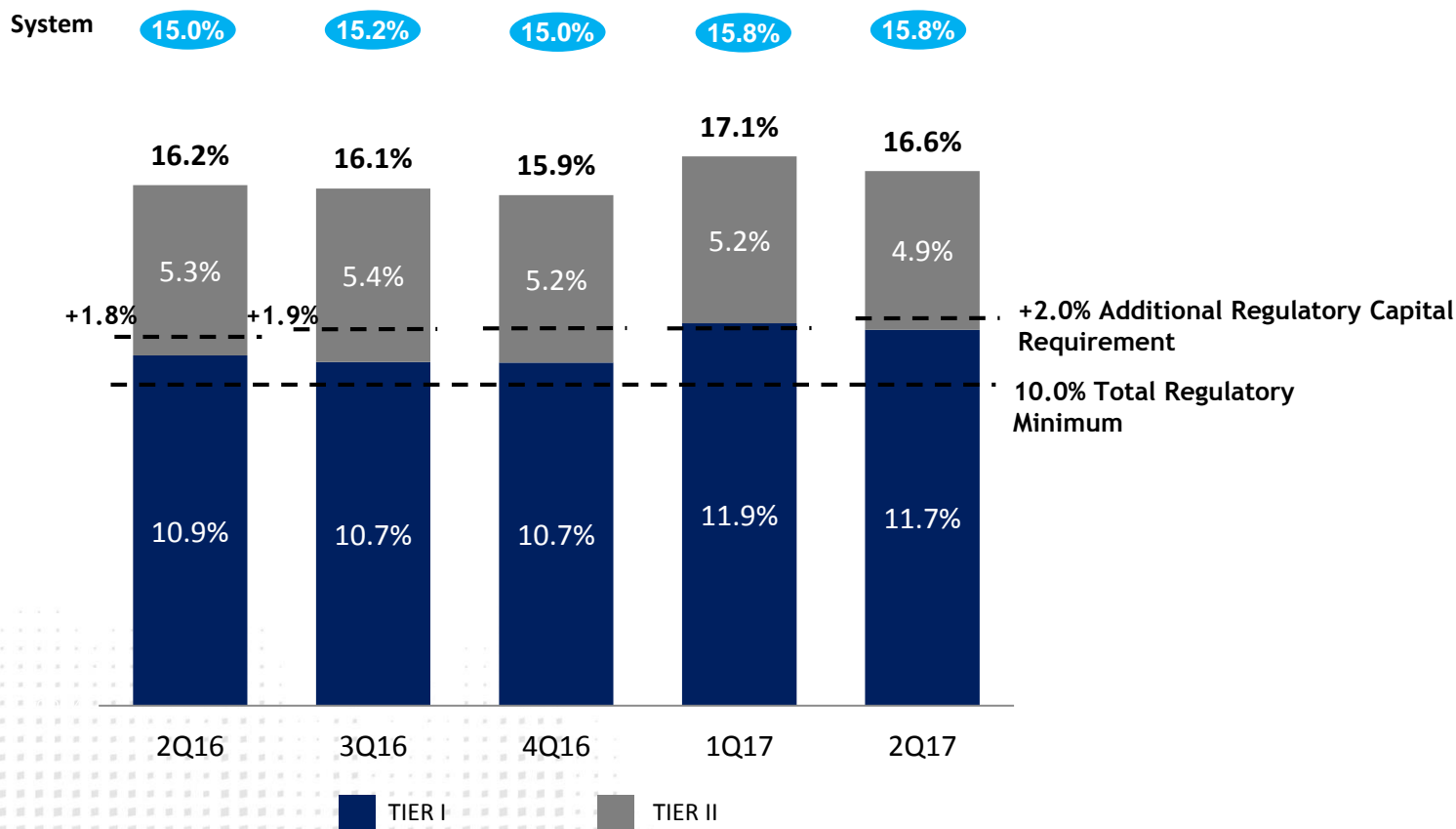


De-dollarization continued in the retail portfolio and SMEs

Local GAAP figures



Interbank's BIS ratio remained above regulatory requirements and the system average



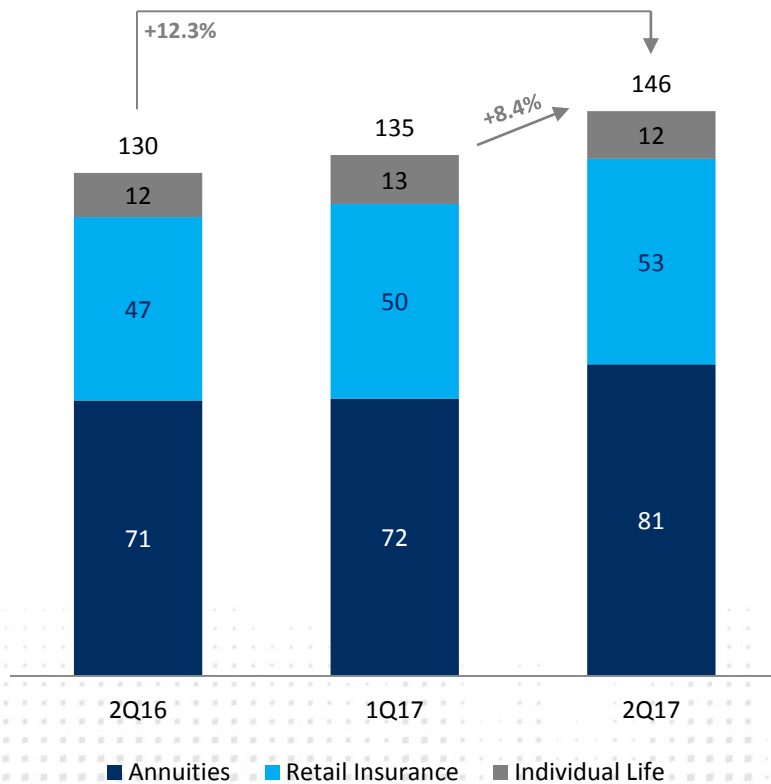
Interseguro

Interseguro's 2Q17 premiums analysis

IFRS

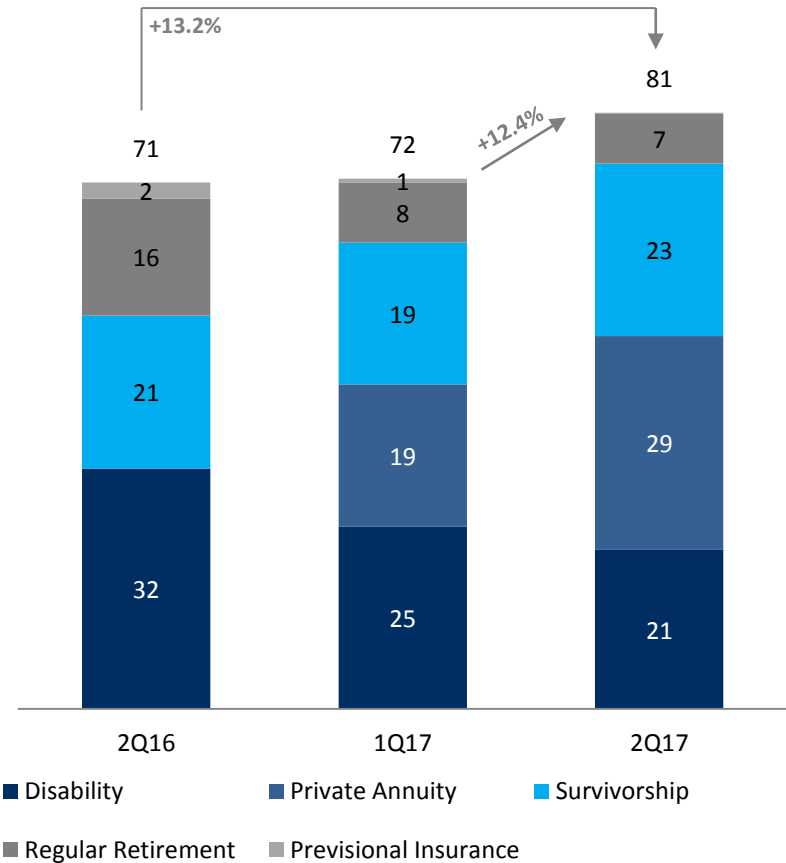
Net premiums by business unit

S/ million



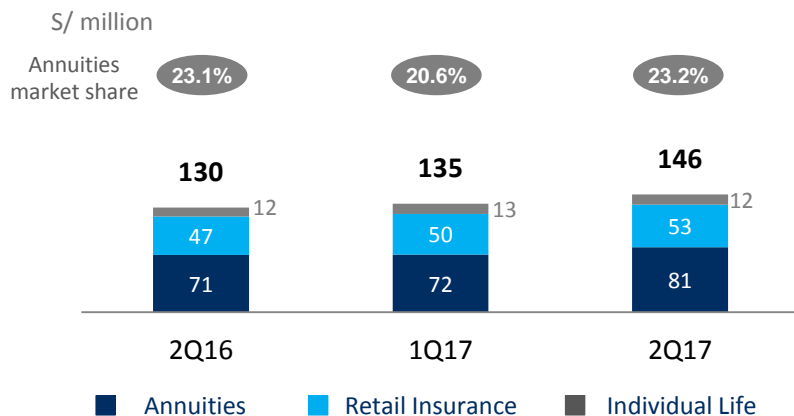
Annuities net premiums

S/ million

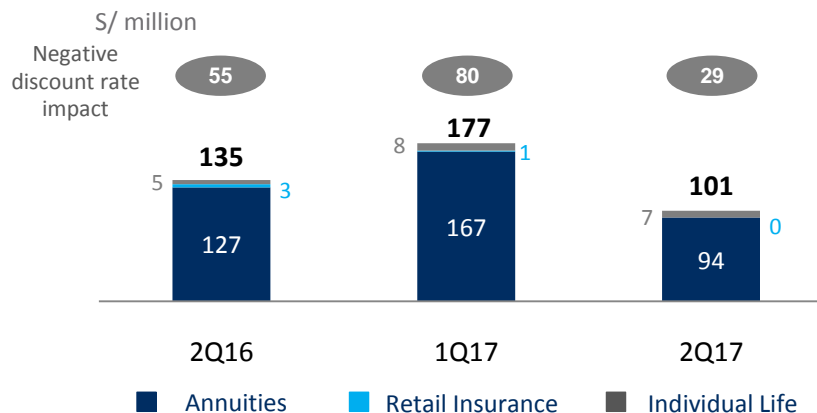


Net premiums increased QoQ and YoY after a market stabilization in annuities

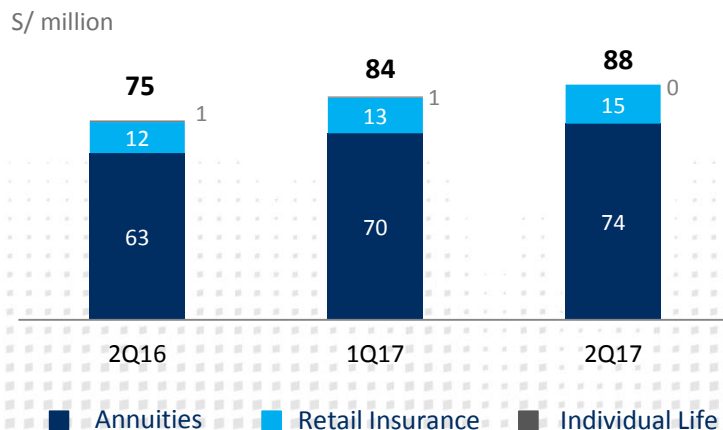
Net premiums



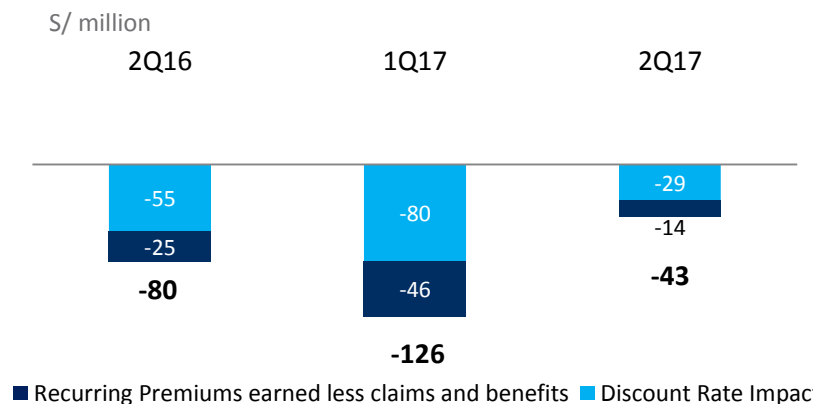
Adjustment of technical reserves



Net claims and benefits incurred



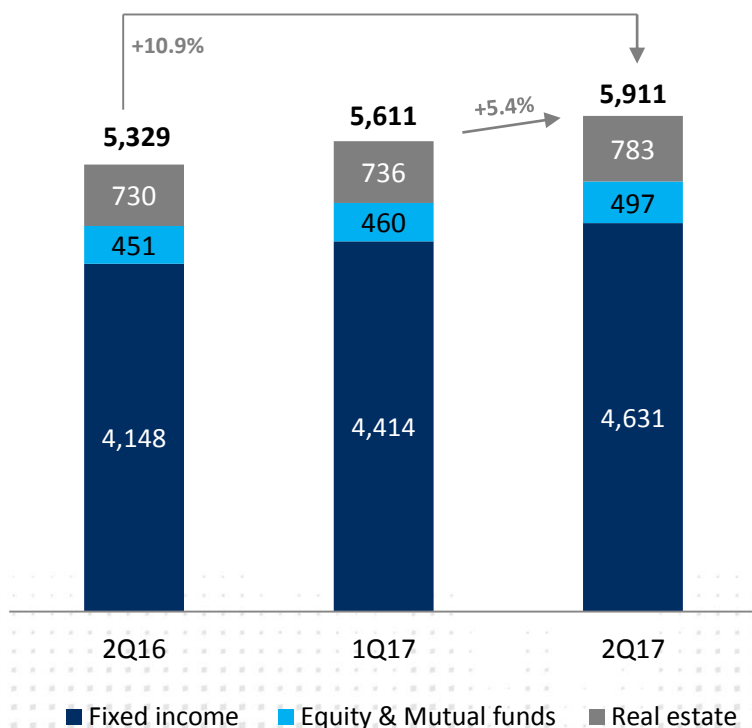
Total premiums earned less claims and benefits



Interseguro's investment portfolio grew 5.4% QoQ and 10.9% YoY

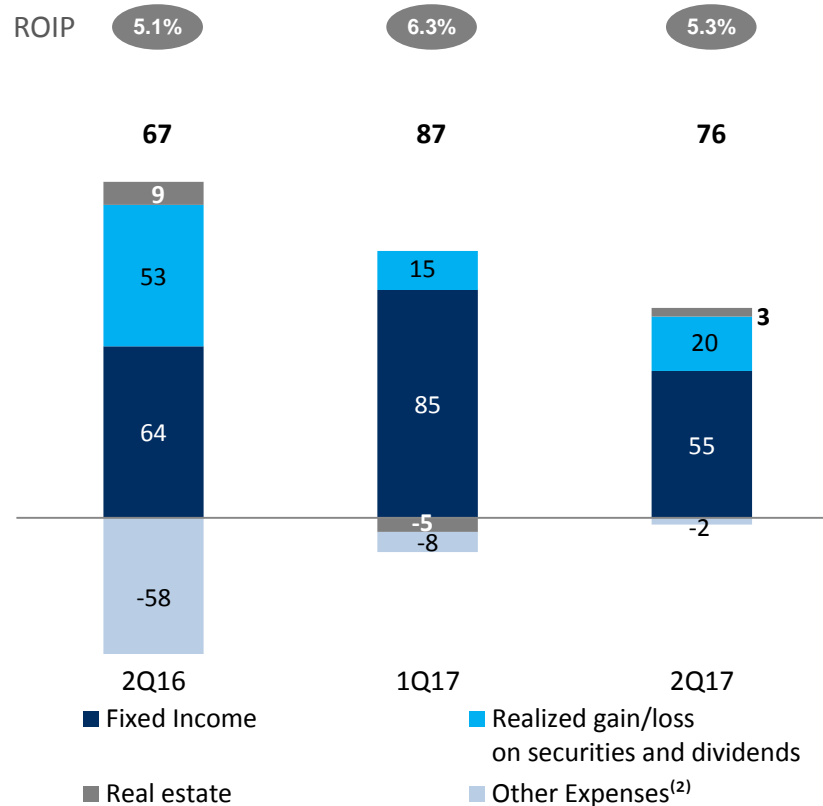
Investment portfolio

S/ million



Results from investments⁽¹⁾

S/ million



(1) Only includes transactions related to investments
 (2) Other expenses includes impairment loss on available-for-sale investments

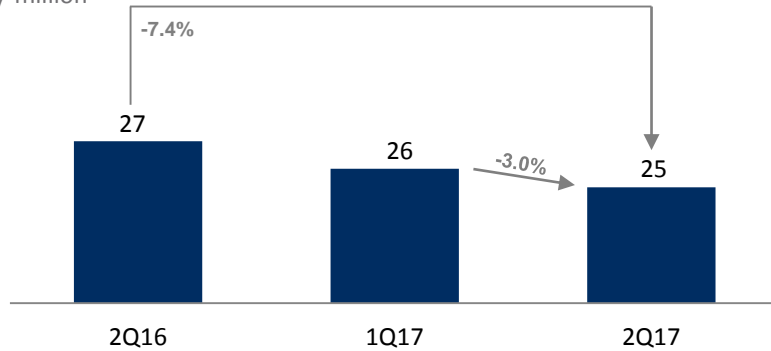
Inteligo

Inteligo's 2Q17 P&L analysis

IFRS

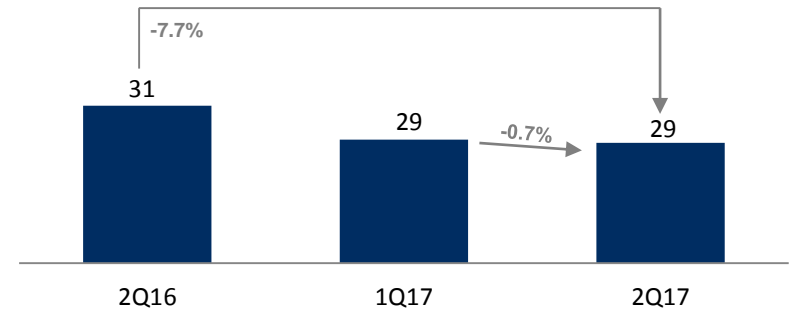
Net interest and similar income

S/ million



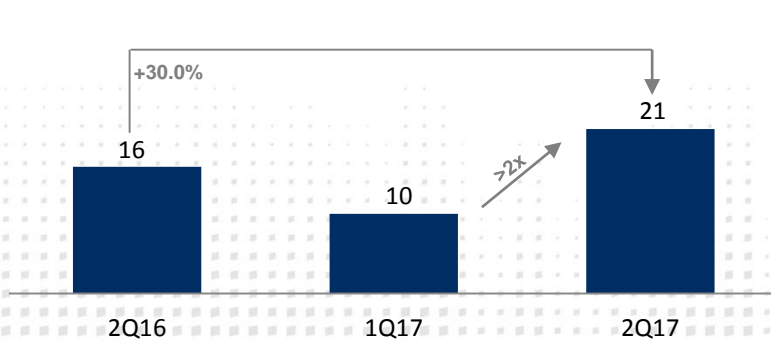
Fees from financial services

S/ million



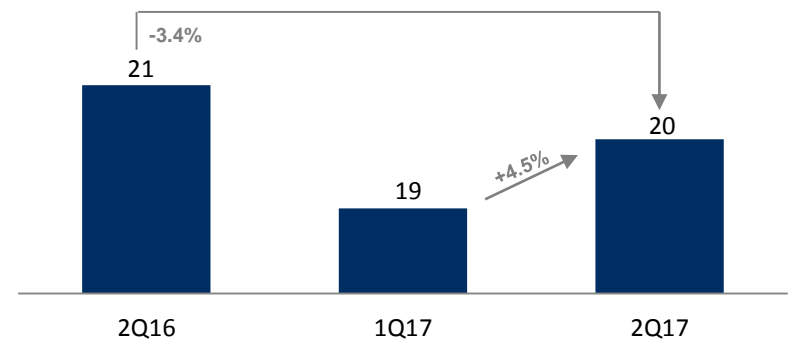
Other income

S/ million



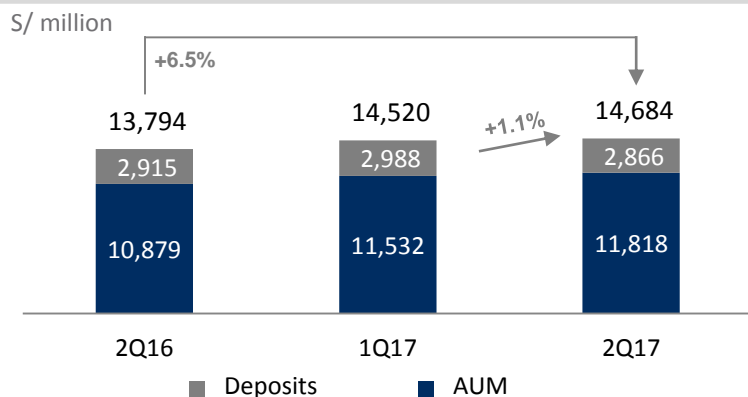
Other expenses

S/ million

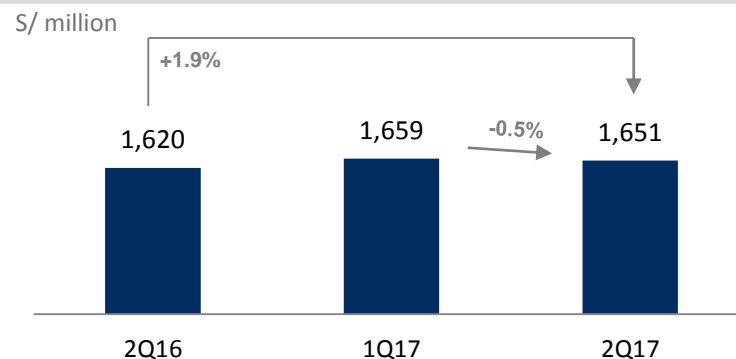


Inteligo's key indicators

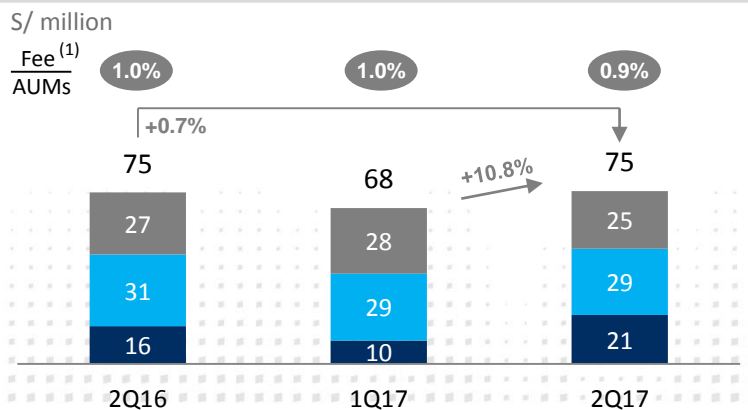
AUM + Deposits



Loans

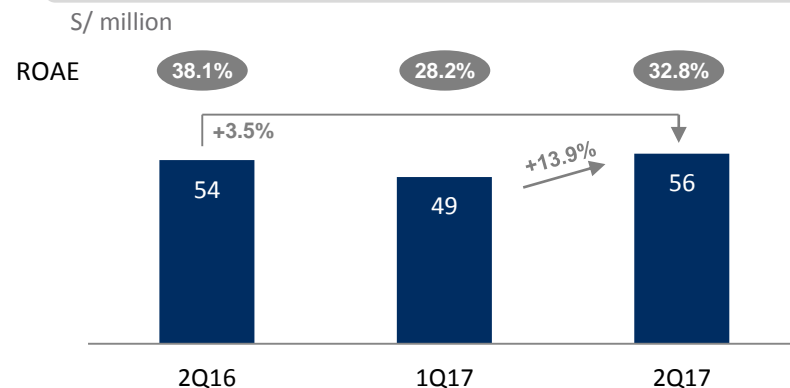


Revenues



- Net interest and similar income after provision for loan losses
- Fee income from financial services, net
- Other income

Net profit



(1) Corresponds to Inteligo Bank

Summary

Takeaways

✓ **Interbank: Loan portfolio growth higher than the industry, 2Q17 Earnings up 7.5%**

- 1.3% QoQ growth in credit cards, after two consecutive quarters of contraction
- 3.3% YoY growth in total performing loans led to a 10 bps gain in market share, to 11.4%
- 11.1% YoY growth in total deposits led to a 70 bps gain in market share, to 11.8%
- Cost of risk was 3.2% in 2Q17, a decline of 20 bps QoQ and 10 bps YoY; while the PDL ratio remained 30 bps below the system's average, at 2.8%

✓ **Interseguro: Strong increase in premiums after the launch of new products**

- Results excluding discount rate impacts on technical reserves have been on positive ground for the fourth consecutive quarter
- Annuities market stabilizing one year after regulatory changes were introduced in the private pension fund system in April 2016
- Strong growth of the investment portfolio QoQ and YoY

✓ **Inteligo: Strong quarter in revenues and profitability**

- AuM + deposits increased 1.1% QoQ and 6.5% YoY
- Revenues grew 10.8% QoQ and 0.7% YoY
- Net profit increased 13.9% QoQ and 3.5% YoY

✓ **IFS**

- Profits increased significantly QoQ and YoY, driven by a lower, yet negative, impact of the discount rate on technical reserves for annuities at Interseguro; in addition to higher net interest margin and relatively stable provisions at Interbank, while Inteligo remained delivering strong results from investments
- ROAE excluding discount rate impact on technical reserves remained stable QoQ at 18.4%

Update of Sura acquisition

Update of Sura acquisition

Structure



Proforma consolidated profile

As of Dec-16 in S/ MM	Sura	Interseguro	New Interseguro
Assets	4,957	5,612	10,569
Investment portfolio	4,675	5,239	9,914
Technical reserves	4,320	+ 4,763	= 9,083
Equity	465	432	897

Timeline

- ✓ Announcement of agreement to acquire 100% of Seguros Sura and Hipotecaria Sura (SPA signed May 31, 2017)
- ✓ Filing of documentation with SBS (June 5, 2017)
 - SBS approval expected in 3Q17
 - Closing date (subject to SBS approval) 4Q17
 - Integration into IFS 1H18

Rationale

- ✓ Consolidation of IFS leadership in life insurance business
 - #1 in AuM (life)
 - #1 in retirement annuities
 - #3 in life insurance
- ✓ Increased size and scale in an underpenetrated insurance market
- ✓ Potential to capture synergies through efficiency gains and economies of scale, as well as from improved investment performance
- ✓ Accretive transaction after expected synergies and transaction financing costs

Appendix

IFS 2Q17 P&L

IFRS

Intercorp Financial Services' P&L statement					
S/ million	2Q16	1Q17	2Q17	%chg QoQ	%chg YoY
Interest and similar income	914.1	944.5	919.3	-2.7%	0.6%
Interest and similar expense	-268.3	-275.2	-277.2	0.7%	3.3%
Net interest and similar income	645.8	669.3	642.1	-4.1%	-0.6%
Provision for loan losses, net of recoveries	-210.2	-222.7	-214.3	-3.8%	1.9%
Net interest and similar income after provision for loan losses	435.6	446.5	427.8	-4.2%	-1.8%
Fee income from financial services, net	215.4	220.7	218.2	-1.1%	1.3%
Other income	156.2	115.2	137.2	19.2%	-12.1%
Total premiums earned less claims and benefits	-80.4	-125.8	-42.9	-65.9%	-46.6%
Net Premiums	130.1	134.7	146.1	8.4%	12.3%
Adjustment of technical reserves	-135.5	-176.6	-101.0	-42.8%	-25.5%
Net claims and benefits incurred	-75.0	-83.9	-88.0	4.9%	17.4%
Other expenses	-480.7	-448.2	-448.2	0.0%	-6.8%
Income before translation result and income tax	246.1	208.4	292.2	40.2%	18.7%
Translation result	15.9	23.1	-2.3	n.m.	n.m.
Income tax	-84.0	-73.6	-74.9	1.8%	-10.9%
Profit for the period	178.0	158.0	215.0	36.1%	20.8%
Attributable to equity holders of the group	175.9	158.6	215.4	35.8%	22.5%
EPS	1.62	1.48	2.02		
ROAE	15.1%	12.2%	16.4%		
ROAA	1.5%	1.3%	1.7%		

Interbank's profits increased 7.5% QoQ and 4.7% YoY mainly due to higher net interest and similar income

IFRS

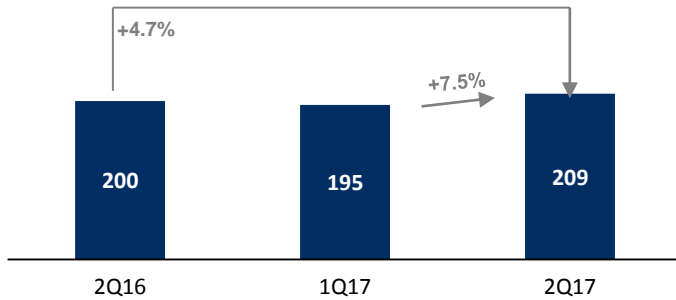
Banking Segment's P&L Statement					
S/ million	2Q16	1Q17	2Q17	%chg QoQ	%chg YoY
Interest and similar income	819.1	815.0	845.1	3.7%	3.2%
Interest and similar expenses	-250.5	-258.8	-260.6	0.7%	4.0%
Net interest and similar income	568.6	556.2	584.6	5.1%	2.8%
Provision for loan losses, net of recoveries	-210.2	-225.4	-214.3	-4.9%	1.9%
Net interest and similar income after provision for loan losses	358.4	330.7	370.3	12.0%	3.3%
Fee income from financial services, net	192.7	203.3	200.2	-1.5%	3.9%
Other income	84.8	93.4	91.7	-1.8%	8.2%
Other expenses	-362.2	-379.0	-382.7	1.0%	5.7%
Income before translation result and income tax	273.7	248.4	279.5	12.5%	2.1%
Translation result	2.2	14.6	-1.0	n.m.	n.m.
Income tax	-76.1	-68.5	-69.4	1.3%	-8.8%
Profit for the period	199.8	194.5	209.1	7.5%	4.7%
ROAE	21.3%	18.3%	19.6%		
Efficiency ratio	42.1%	43.3%	41.9%		
NIM⁽¹⁾	6.0%	5.6%	6.0%		
NIM on loans	9.8%	9.4%	9.5%		

(1) NIM is defined as (Net interest and similar income / Average interest-earning assets). Interest earning assets consider total loans, total investment available for sale and total cash and due from banks funds

Interbank's net profit IFRS vs. Local GAAP

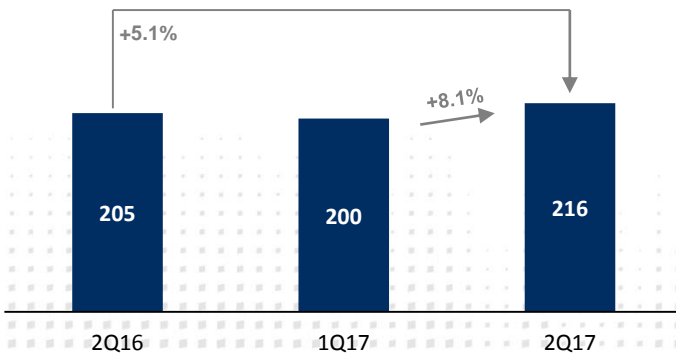
Net profit – IFRS

S/ million



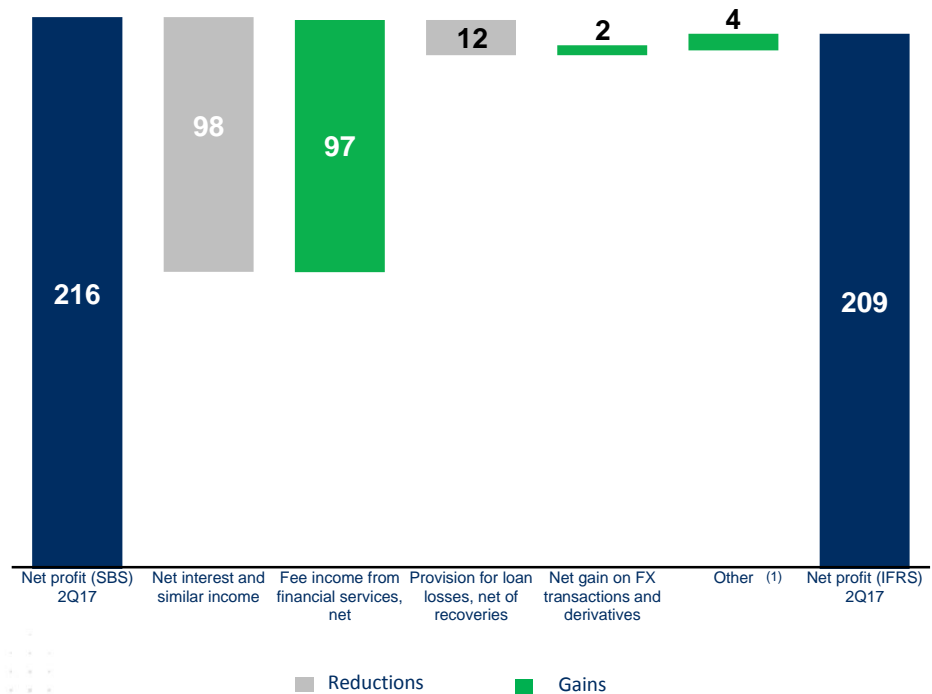
Net profit – Local GAAP

S/ million



Net profit bridge from Local GAAP to IFRS (2Q17)

S/ million



(1) Includes taxes (S/ +3.4 million), administrative expenses & depreciation (S/ +1.4 million), subsidiaries consolidation and others (S/ -0.4 million)

Interseguro's results improved QoQ and YoY, yet still negatively impacted by discount rate impacts on technical reserves

Insurance Segment's P&L Statement

S/ million	2Q16	1Q17	2Q17	%chg QoQ	%chg YoY
Net Interest and similar income	68.3	85.8	56.3	-34.4%	-17.5%
Fee income from financial services, net	-0.7	-1.2	-0.7	-44.4%	-4.5%
Other income	61.3	11.8	25.5	117.1%	-58.3%
Total premiums earned less claims and benefits	-80.4	-125.8	-42.9	-65.9%	-46.6%
Other expenses	-104.9	-57.8	-50.7	-12.3%	-51.7%
Income before translation result and income tax	-56.5	-87.2	-12.5	-85.7%	-77.9%
Translation result	0.9	8.4	-2.1	n.m.	n.m.
Income tax	-0.2	0.9	0.8	-11.4%	n.m.
Profit for the period	-55.8	-78.0	-13.8	-82.3%	-75.3%
Attributable to non-controlling interest ⁽¹⁾	-0.7	2.0	1.8	-11.8%	n.m.
Profit attributable to shareholders	-56.6	-75.9	-12.0	-84.2%	-78.7%
Discount rate impact on technical reserves	-55.5	-79.7	-29.2	-63.4%	-47.4%
Profit excluding discount rate impact	-1.1	3.8	17.2	n.m.	n.m.
ROAE	n.m.	n.m.	n.m.		
ROAE excl. discount rate impact	n.m.	1.2%	9.3%		
Efficiency ratio⁽²⁾	19.7%	42.7%	18.9%		
Efficiency ratio excl. discount rate impact	13.6%	17.3%	15.4%		

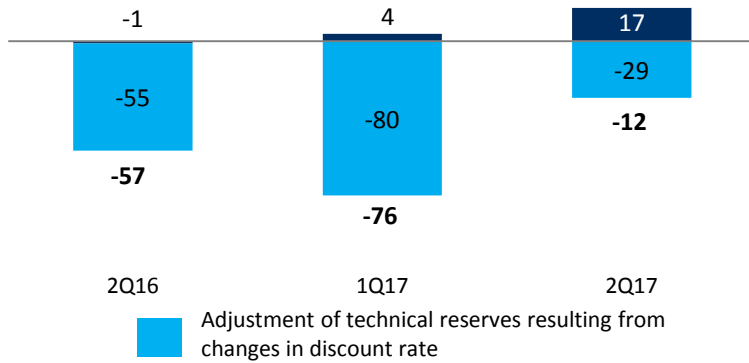
(1) Starting 4Q14, Interseguro began consolidating a real estate investment shared by Interseguro and Intercorp Real Estate Inc., a subsidiary of Intercorp Peru Ltd. Intercorp RE's part is then reported as attributable to non-controlling interest

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

Interseguro's net profit IFRS vs. Local GAAP

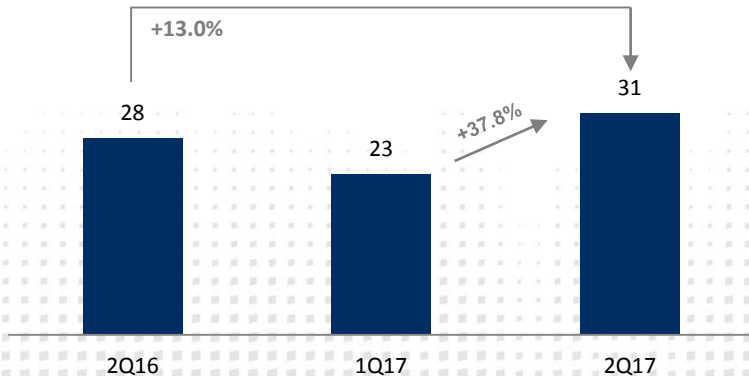
Net profit – IFRS*

S/ million



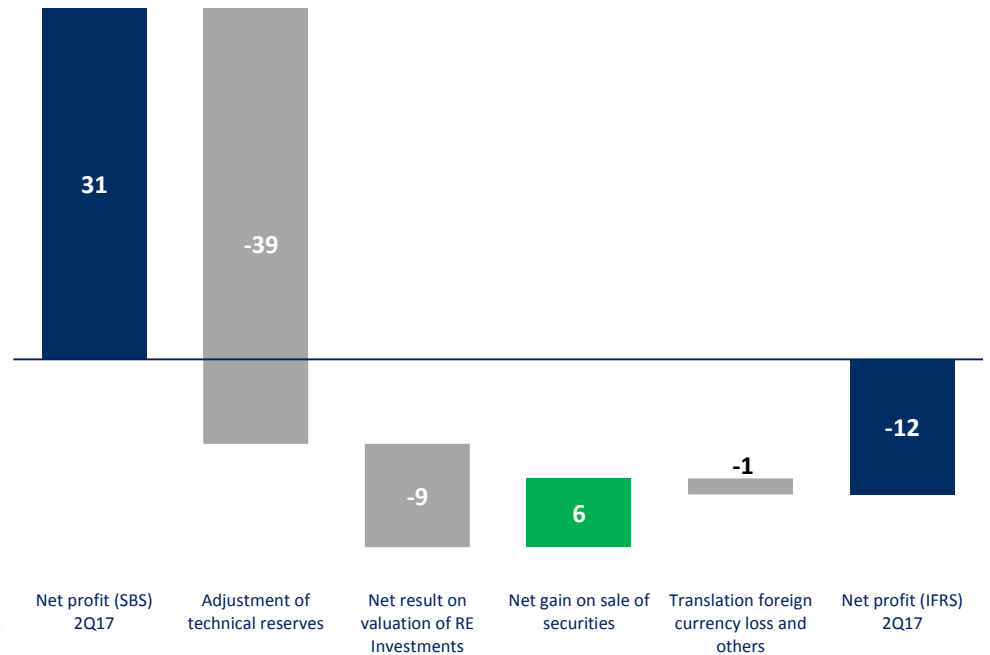
Net profit – Local GAAP

S/ million



Net profit bridge from Local GAAP to IFRS (2Q17)

S/ million

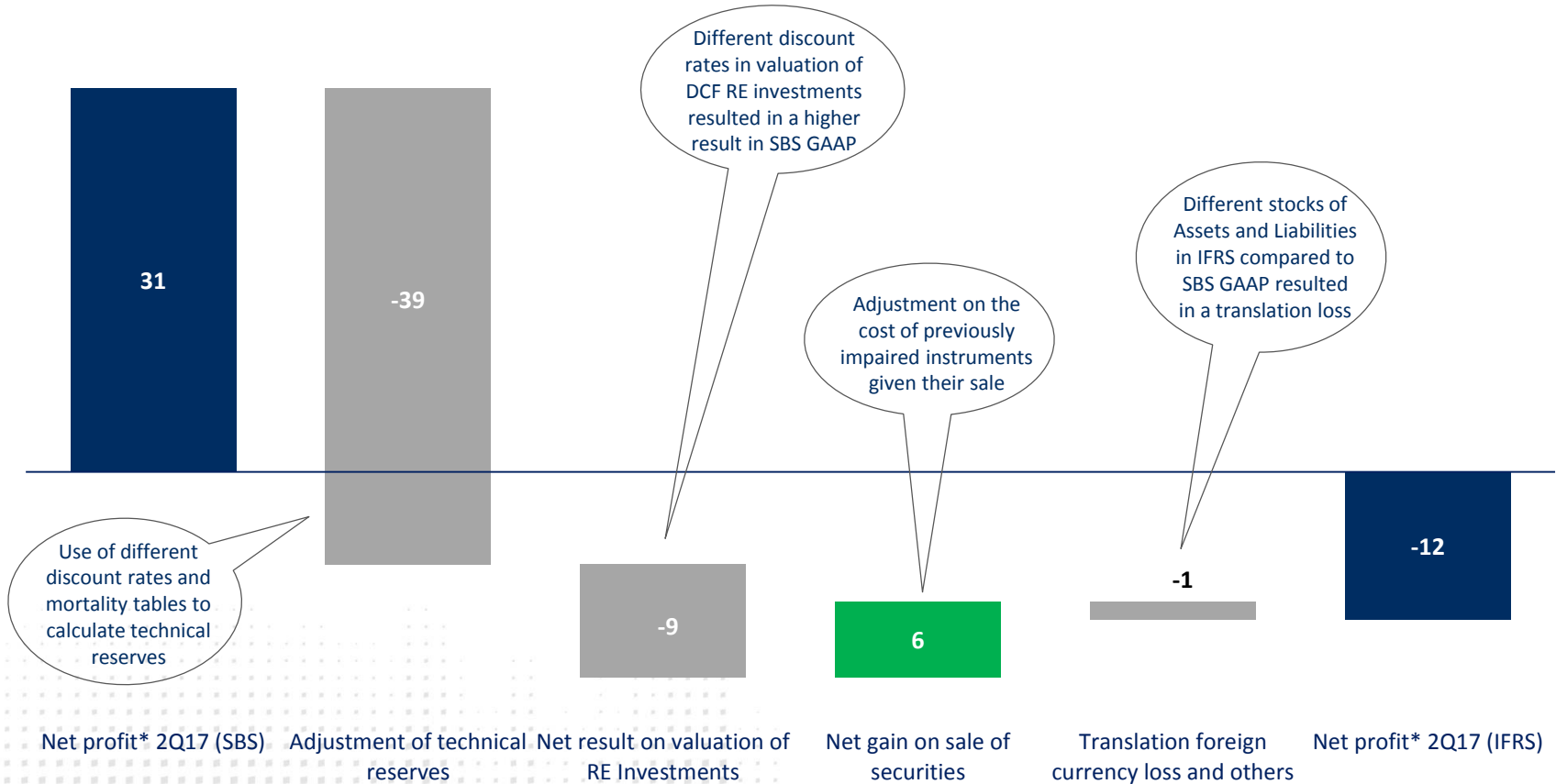


*Attributable to shareholders

Interseguro's 2Q17 net profit bridge to IFRS

Local GAAP vs. IFRS

S/ million



■ Reductions ■ Gains

*Attributable to shareholders

Inteligo's 2Q17 net profit increased 13.9% QoQ and 3.5% YoY

Wealth Management Segment's P&L Statement

S/ million	2Q16	1Q17	2Q17	%chg QoQ	%chg YoY
Interest and similar income	41.2	39.7	39.2	-1.1%	-4.7%
Interest and similar expenses	-14.2	-13.9	-14.2	2.4%	0.3%
Net interest and similar income	27.0	25.8	25.0	-3.0%	-7.4%
Provision for loan losses, net of recoveries	0.0	2.7	0.0	n.m.	n.m.
Net interest and similar income after provision for loan losses	27.0	28.5	25.0	-12.3%	-7.4%
Fee income from financial services, net	31.2	29.0	28.8	-0.7%	-7.7%
Other income	16.4	10.3	21.3	n.m.	30.0%
Other expenses	-20.7	-19.1	-20.0	4.5%	-3.4%
Income before translation result and income tax	53.9	48.6	55.1	13.3%	2.2%
Translation result	-0.3	0.0	0.5	n.m.	n.m.
Income tax	0.1	0.1	0.0	n.m.	n.m.
Profit for the period	53.7	48.8	55.6	13.9%	3.5%
ROAE	38.1%	28.2%	32.8%		
Efficiency ratio	27.7%	29.2%	26.6%		



Intercorp Financial Services