

# Third Quarter 2013 Earnings Presentation

# Intercorp Financial Services

# Highlights

## Intercorp Financial Services:

- IFS net earnings were S/. 146.9 million in 3Q13, a 12.4% decrease QoQ and a 7.3% decline YoY
- Excluding non-recurring items, net earnings would have increased 15.3% QoQ and decreased 11.9% YoY
- Gross financial margin increased while loan growth outpaced that of provisions, but this was offset by lower results from financial operations and higher administrative expenses
- IFS ROE was 21.3% in 3Q13, below the 23.2% in 2Q13 and the 25.0% in 3Q12

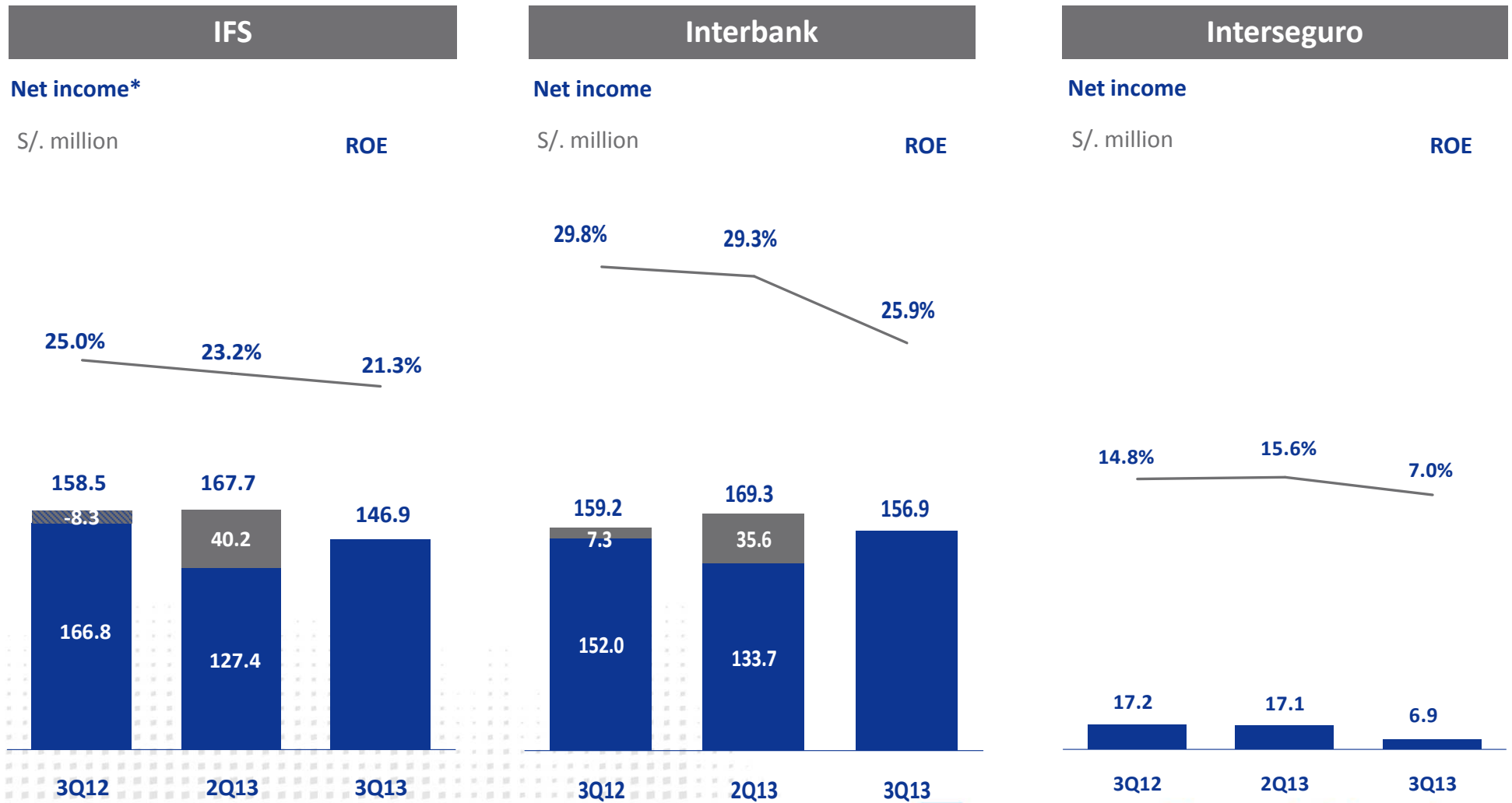
## Interbank:

- Interbank's recurring net earnings were S/. 156.9 million in 3Q13, an increase of 17.3% QoQ and 3.2% YoY
- The loan portfolio expanded 8.0% QoQ and 23.6% YoY due to sustained demand for commercial loans, mortgages and credit cards
- In 3Q13 credit card volumes reached a record level with a stable past due loan ratio
- Deposits grew 7.8% QoQ and 29.0% YoY driven by growth in both the retail the commercial segment
- NIM rose 10 basis points QoQ to 7.0% due to higher yields on retail loans and an increase in the proportion of deposits within the funding structure
- The past due loan ratio decreased 10 basis points QoQ to 1.8% in the overall loan portfolio while the coverage ratio improved to 228.1% in 3Q13
- The BIS ratio remained well above regulatory requirements at 13.7% in 3Q13

## Interseguro:

- Interseguro's net earnings were S/. 6.9 million in 3Q13, a decrease of 59.5% QoQ and 59.6% YoY
- Earnings reduced QoQ and YoY due to higher technical margin losses and lower investment income
- Premiums increased 3.1% QoQ and 18.8% YoY due to higher sales across all business lines
- Interseguro remained the market leader in annuities

# IFS 3Q13 recurring net earnings increased 15.3% QoQ



\*Attributable to IFS shareholders

■ Recurring ■ Non-recurring

# IFS net earnings were S/. 146.9 million in 3Q13

Intercorp Financial Services' Statement of Comprehensive Income					
S/. million	3Q12	2Q13	3Q13	%chg QoQ	%chg YoY
Financial income	583.5	637.8	669.2	4.9%	14.7%
Financial expenses	-125.8	-143.8	-151.9	5.7%	20.8%
<b>Gross financial margin</b>	<b>457.7</b>	<b>494.0</b>	<b>517.3</b>	<b>4.7%</b>	<b>13.0%</b>
Provisions	-81.2	-88.9	-89.4	0.6%	10.0%
<b>Net financial margin</b>	<b>376.5</b>	<b>405.1</b>	<b>428.0</b>	<b>5.6%</b>	<b>13.7%</b>
Fee income from financial services, net	67.7	59.2	51.7	-12.7%	-23.6%
Result from insurance underwriting, net	-19.8	-15.9	-15.5	-2.3%	-21.6%
Result from financial operations	82.6	91.1	66.7	-26.9%	-19.3%
Administrative expenses	-255.6	-286.7	-300.8	4.9%	17.7%
<b>Operating margin</b>	<b>251.4</b>	<b>252.9</b>	<b>230.0</b>	<b>-9.0%</b>	<b>-8.5%</b>
Depreciation and amortization	-25.1	-26.5	-26.6	0.3%	6.1%
Other income (expenses)	-12.0	8.4	6.2	-26.5%	n.m.
<b>Income before tax</b>	<b>214.2</b>	<b>234.8</b>	<b>209.6</b>	<b>-10.7%</b>	<b>-2.2%</b>
Income tax	-54.4	-65.9	-61.6	-6.5%	13.1%
<b>Net income</b>	<b>159.8</b>	<b>168.9</b>	<b>148.0</b>	<b>-12.4%</b>	<b>-7.4%</b>
<b>Attributable to IFS shareholders</b>	<b>158.5</b>	<b>167.7</b>	<b>146.9</b>	<b>-12.4%</b>	<b>-7.3%</b>
<b>EPS</b>	<b>1.69</b>	<b>1.79</b>	<b>1.57</b>		
<b>ROE</b>	<b>25.0%</b>	<b>23.2%</b>	<b>21.3%</b>		

# Interbank

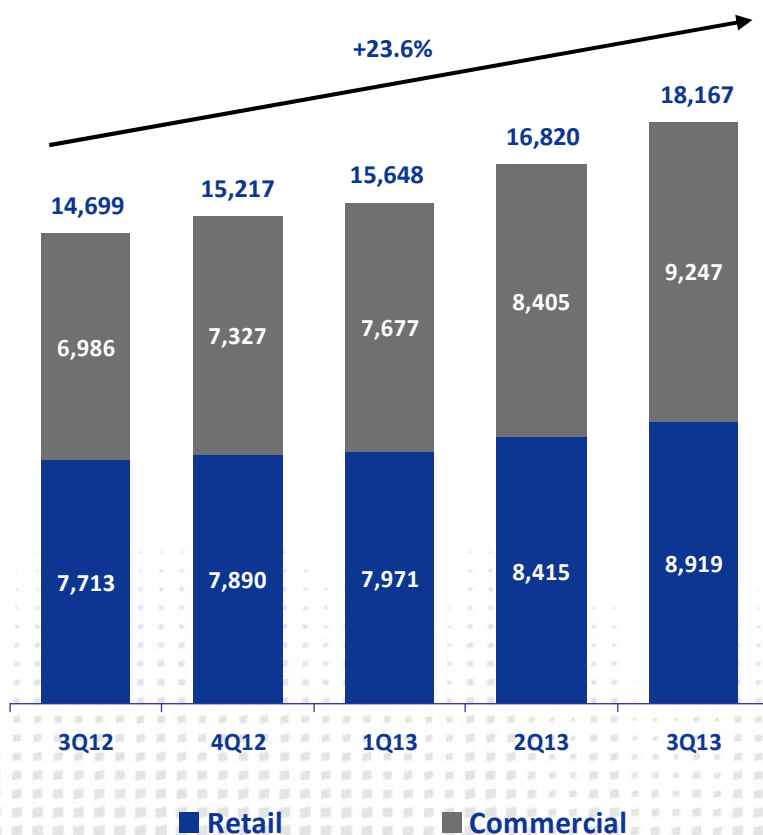
# Interbank's net income was S/. 156.9 million in 3Q13

Interbank's Statement of Comprehensive Income					
S/. million	3Q12	2Q13	3Q13	% chg QoQ	% chg YoY
Financial income	543.6	572.1	612.7	7.1%	12.7%
Financial expenses	-123.9	-143.9	-151.7	5.4%	22.5%
<b>Gross financial margin</b>	<b>419.8</b>	<b>428.2</b>	<b>460.9</b>	<b>7.7%</b>	<b>9.8%</b>
Provisions	-81.2	-88.9	-89.4	0.6%	10.0%
<b>Net financial margin</b>	<b>338.5</b>	<b>339.3</b>	<b>371.6</b>	<b>9.5%</b>	<b>9.8%</b>
Fee income from financial services, net	73.9	64.6	64.7	0.2%	-12.5%
Result from financial operations, net	71.6	110.6	77.2	-30.2%	7.7%
Administrative expenses	-251.9	-263.5	-275.2	4.4%	9.2%
<b>Operating margin</b>	<b>232.2</b>	<b>251.0</b>	<b>238.3</b>	<b>-5.1%</b>	<b>2.6%</b>
Depreciation and amortization	-24.8	-25.7	-26.2	1.9%	5.5%
Other income (expenses)	3.6	6.6	3.6	-45.0%	0.4%
<b>Income before taxes</b>	<b>211.0</b>	<b>231.9</b>	<b>215.8</b>	<b>-7.0%</b>	<b>2.2%</b>
Income tax	-51.8	-62.6	-58.9	-5.9%	13.7%
<b>Net income</b>	<b>159.2</b>	<b>169.3</b>	<b>156.9</b>	<b>-7.3%</b>	<b>-1.5%</b>
<b>ROE</b>	<b>29.8%</b>	<b>29.3%</b>	<b>25.9%</b>	<b>-340 bps</b>	<b>-390 bps</b>

# Loan growth strengthened to 8.0% QoQ and 23.6% YoY

## Performing loans

S/. million



## Breakdown of loans

S/. million

	3Q12	2Q13	3Q13	% chg QoQ	% chg YoY
<b>Consumer loans:</b>					
Credit cards	2,124	2,103	2,331	10.8%	9.7%
Other consumer	2,787	2,922	3,034	3.8%	8.9%
<b>Total consumer loans</b>	<b>4,911</b>	<b>5,026</b>	<b>5,366</b>	<b>6.8%</b>	<b>9.3%</b>
Mortgages	2,802	3,389	3,554	4.9%	26.8%
<b>Total retail loans</b>	<b>7,713</b>	<b>8,415</b>	<b>8,919</b>	<b>6.0%</b>	<b>15.6%</b>
<b>Total commercial</b>	<b>6,986</b>	<b>8,405</b>	<b>9,247</b>	<b>10.0%</b>	<b>32.4%</b>
<b>Total loans</b>	<b>14,699</b>	<b>16,820</b>	<b>18,167</b>	<b>8.0%</b>	<b>23.6%</b>

## Market share in loans

	3Q12	2Q13	3Q13	bps QoQ	bps YoY
<b>Consumer loans:</b>					
Credit cards	19.3%	17.9%	19.6%	170	30
Other consumer	19.4%	18.5%	18.8%	30	-60
<b>Total consumer loans</b>	<b>20.2%</b>	<b>19.1%</b>	<b>19.9%</b>	<b>80</b>	<b>-30</b>
Mortgages	12.6%	12.8%	13.0%	20	40
<b>Total retail loans</b>	<b>16.6%</b>	<b>16.0%</b>	<b>16.5%</b>	<b>50</b>	<b>-10</b>
<b>Total commercial</b>	<b>8.0%</b>	<b>8.6%</b>	<b>9.0%</b>	<b>40</b>	<b>100</b>
<b>Total loans</b>	<b>10.9%</b>	<b>11.2%</b>	<b>11.5%</b>	<b>30</b>	<b>60</b>



# Interbank's deposits grew 7.8% QoQ and 29.0% YoY

## Funding Structure

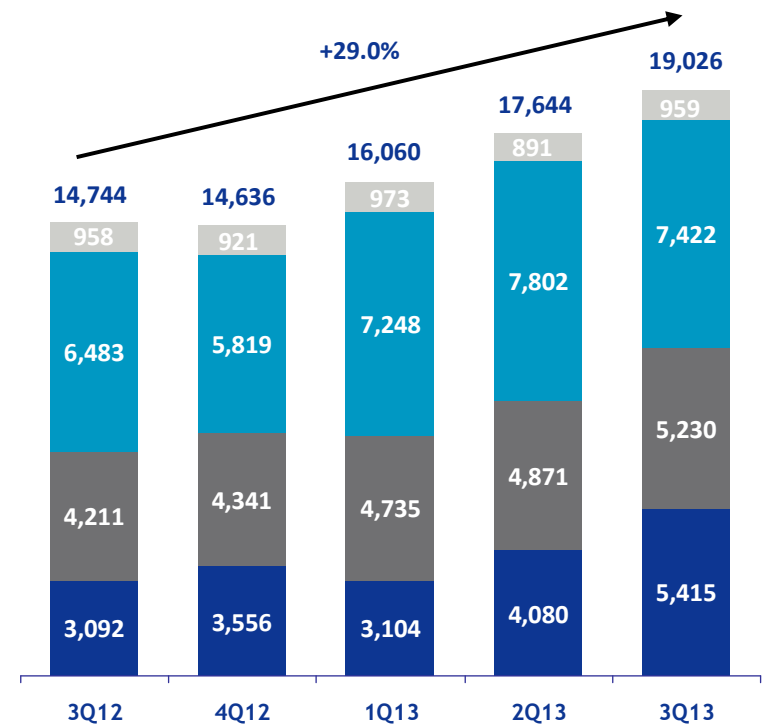
S/. million	3Q12	2Q13	3Q13	% chg QoQ	% chg YoY
Deposits	14,744	17,644	19,026	7.8%	29.0%
Due to banks	2,815	3,398	2,994	-11.9%	6.4%
Bonds	2,753	2,961	3,001	1.4%	9.0%
Inter-bank funds	35	187	239	28.1%	n.m.
<b>Total</b>	<b>20,346</b>	<b>24,189</b>	<b>25,260</b>	<b>4.4%</b>	<b>24.2%</b>
AUM (Interfondos)	2,550	2,866	2,490	-13.1%	-2.4%

## Market Share in Deposits

	3Q12	2Q13	3Q13 <sup>(1)</sup>	bps QoQ	bps YoY
Retail Deposits	11.4%	11.3%	11.8%	50	40
Commercial Deposits <sup>(1)</sup>	8.7%	9.9%	9.4%	-50	70

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

## Deposit Breakdown



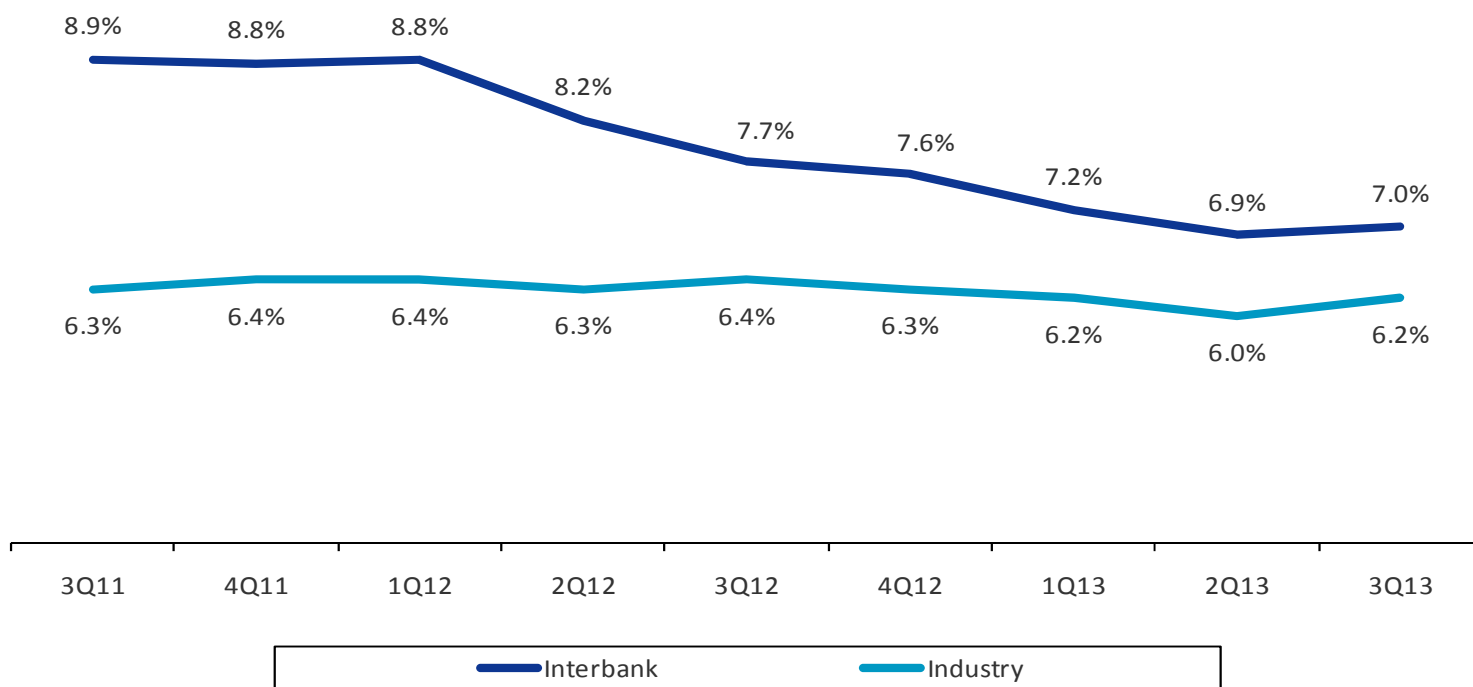
■ Demand ■ Savings ■ Time ■ Others  
**Intercorp Financial Services**

# Gross financial margin increased 7.7% QoQ and 9.8% YoY

Interbank's Gross Financial Margin					
S/. million	3Q12	2Q13	3Q13	% chg QoQ	% chg YoY
<b>Financial income:</b>					
Interest on loans	450.2	482.5	526.7	9.1%	17.0%
Fees on loans	67.3	63.2	63.5	0.5%	-5.7%
Investment income & interest on cash	25.7	26.2	22.3	-14.7%	-13.2%
Other	0.4	0.2	0.2	8.7%	-42.3%
<b>Total financial income</b>	<b>543.6</b>	<b>572.1</b>	<b>612.7</b>	<b>7.1%</b>	<b>12.7%</b>
<b>Financial expenses:</b>					
Interest and fees on deposits	52.4	60.0	64.1	6.8%	22.3%
Interest on due to banks and inter-bank funds	33.4	37.4	38.6	3.0%	15.5%
Interest on bonds	36.4	44.7	47.3	5.7%	29.7%
Other	1.6	1.8	1.8	3.1%	11.4%
<b>Financial expenses</b>	<b>123.9</b>	<b>143.9</b>	<b>151.7</b>	<b>5.4%</b>	<b>22.5%</b>
<b>Gross financial margin</b>	<b>419.8</b>	<b>428.2</b>	<b>460.9</b>	<b>7.7%</b>	<b>9.8%</b>

# NIM remains above the industry's average

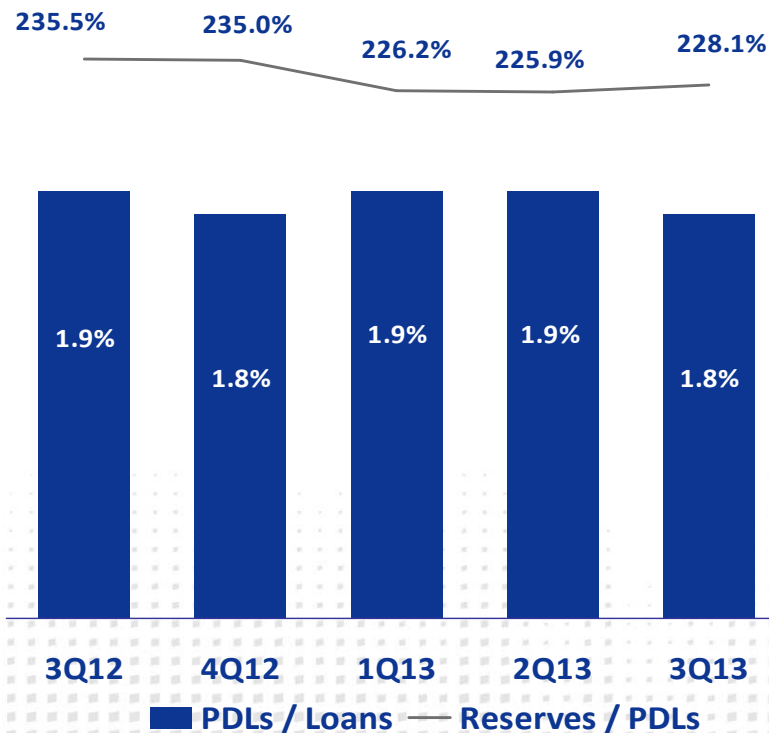
Net Interest Margin (%) \*



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

# Asset quality improved while provision expenses remained stable QoQ

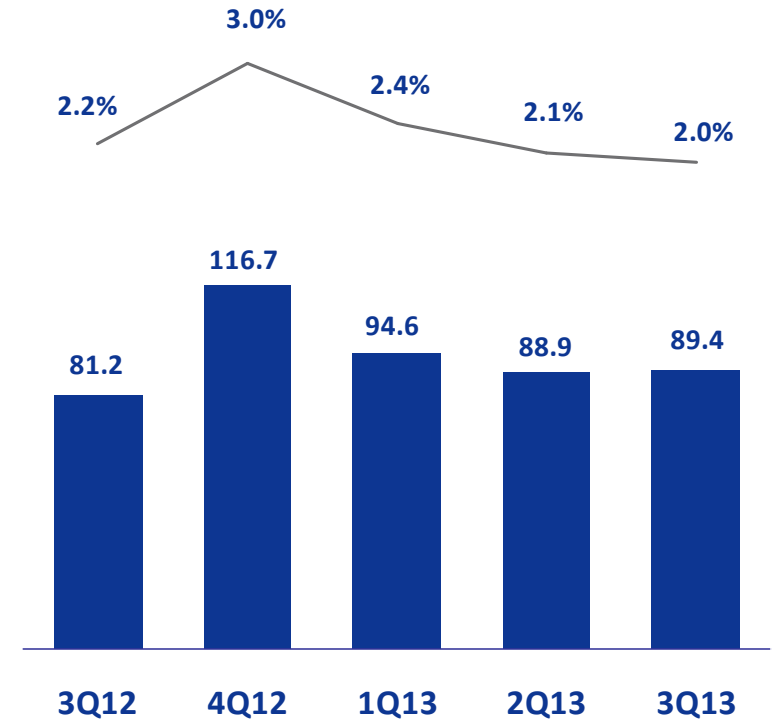
## PDL & Coverage Ratios



## Loan Provision Expense

S/. million

Provision expense\*  
Loans



 Intercorp Financial Services

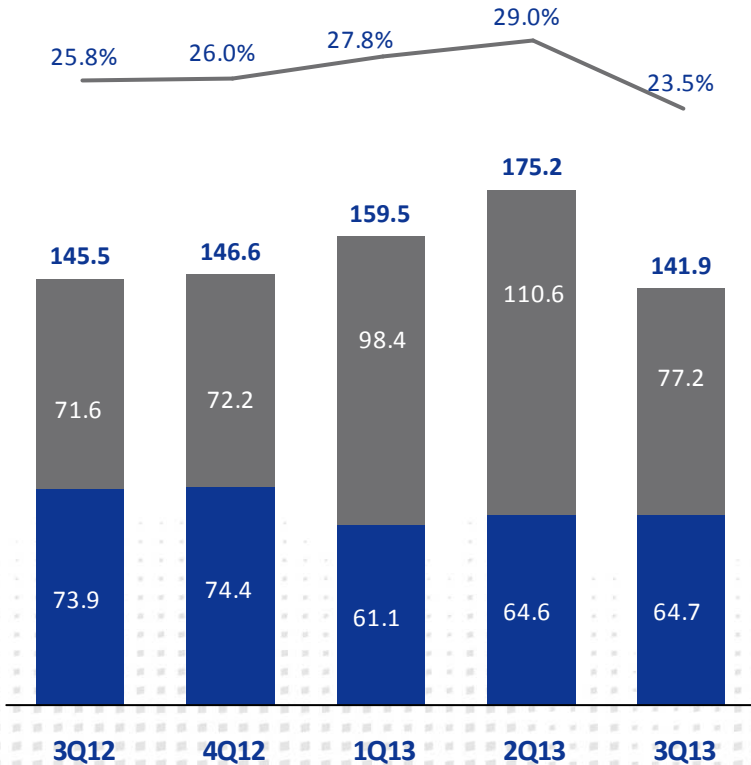
\*Annualized

# Fee income and results from financial operations (ROF) decreased 2.6% YoY

## Fee income & ROF

S/. million

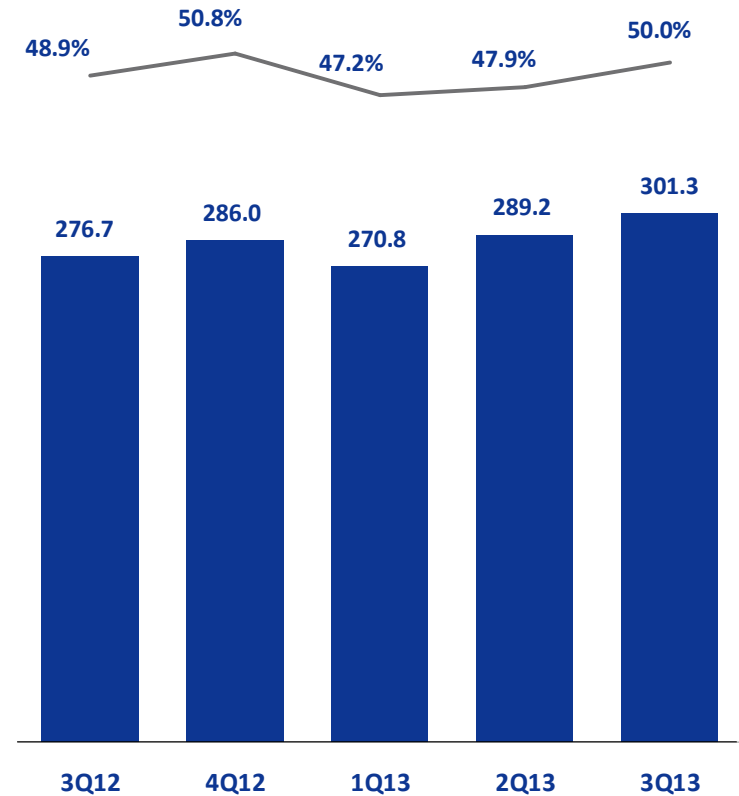
- (Fee income + ROF) / operating revenues
- ROF
- Net fee income



## Operating expenses

S/. million

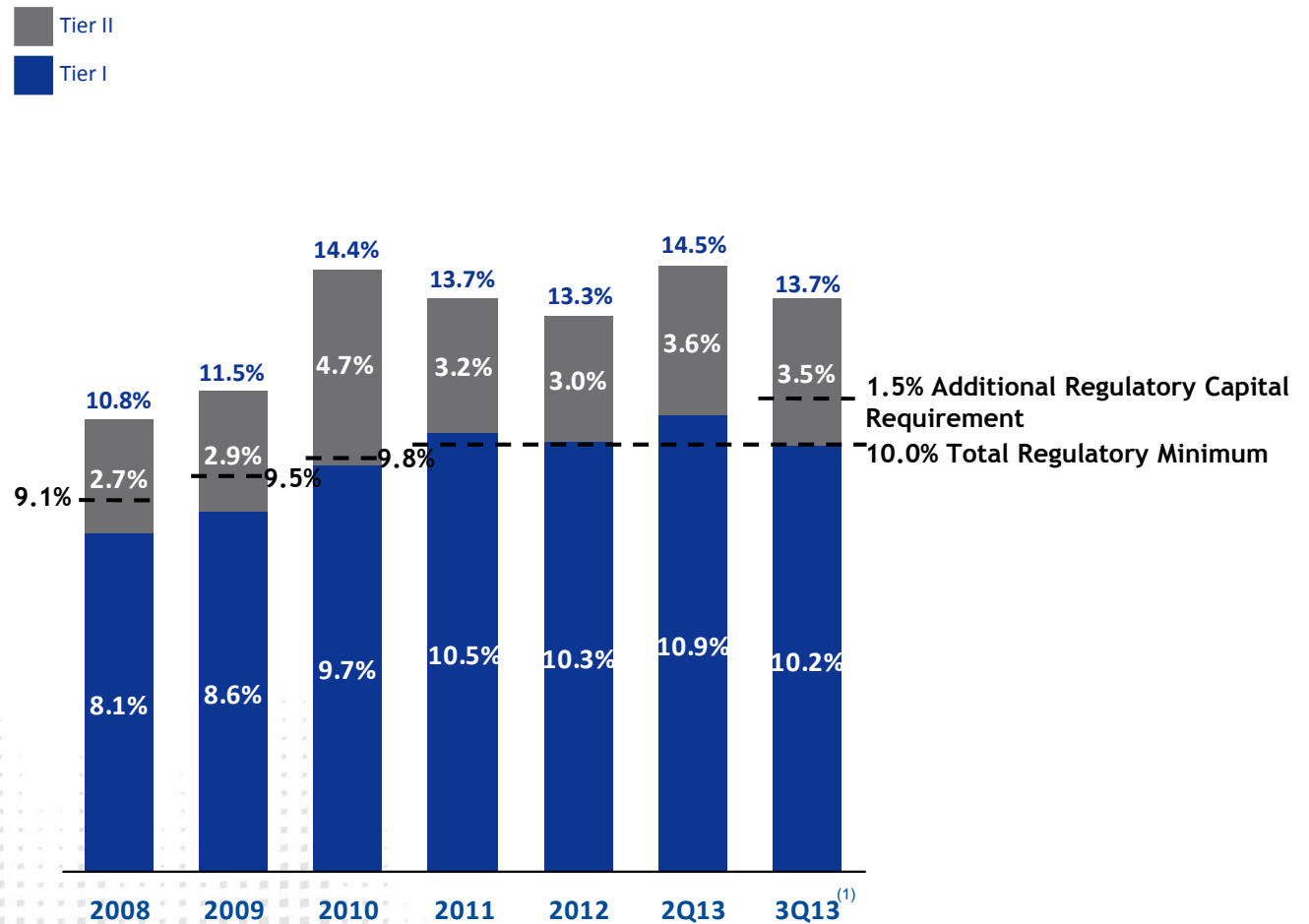
Efficiency ratio\*



Intercorp Financial Services

\* Cost / Income

# Interbank's BIS ratio remained strong



(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 September 30, 2013, 69.4% of the notes qualified as Tier I while the remaining 30.6% qualified as Tier II.

# Interseguro

## Interseguro's net income was S/. 6.9 million in 3Q13

Profit and Loss Statement Summary					
S/. million	3Q12	2Q13	3Q13	% chg QoQ	% chg YoY
Premiums	118.8	136.8	141.1	3.1%	18.8%
Premiums ceded	-1.2	-1.4	-1.6	10.6%	27.5%
Fees	-3.9	-11.7	-14.0	20.0%	261.2%
Claims	-39.1	-42.6	-44.6	4.8%	14.1%
Change in reserves	-98.7	-101.5	-107.2	5.6%	8.6%
Diverse Income, net	-1.4	0.1	-1.1	n.m.	-18.6%
<b>Technical margin</b>	<b>-25.5</b>	<b>-20.3</b>	<b>-27.5</b>	<b>35.1%</b>	<b>7.5%</b>
Administrative expenses	-16.7	-19.8	-19.1	-3.5%	14.5%
Investment income, net*	59.4	57.3	53.5	-6.5%	-9.9%
<b>Net income</b>	<b>17.2</b>	<b>17.1</b>	<b>6.9</b>	<b>-59.5%</b>	<b>-59.6%</b>
<b>ROE</b>	<b>14.8%</b>	<b>15.6%</b>	<b>7.0%</b>		

\*Includes exchange rate difference



## Premiums grew 3.1% QoQ and 18.8% YoY due to higher sales across all business lines

Premiums by Business Line						
S/. million				% chg	% chg	
	3Q12	2Q13	3Q13	QoQ	YoY	
Individual Life	7.8	9.5	11.8	25.0%	50.8%	
Annuities	87.7	93.6	94.2	0.6%	7.4%	
Group Life	14.5	24.4	20.3	-16.6%	40.3%	
Disability and survivor benefits	0.1	0.0	0.1	n.m.	n.m.	
Mandatory traffic accident	5.6	5.9	6.2	5.3%	10.9%	
Non Life Insurance	3.1	3.5	8.5	145.2%	173.4%	
<b>TOTAL</b>	<b>118.8</b>	<b>136.8</b>	<b>141.1</b>	<b>3.1%</b>	<b>18.8%</b>	

# Interseguro's real estate investments grew 15.4% QoQ

Investment Portfolio					
S/. million				% chg	% chg
	3Q12	2Q13	3Q13	QoQ	YoY
Fixed Income	2,050.9	2,461.0	2,511.6	2.1%	22.5%
Equity and Mutual Funds	351.0	425.0	409.3	-3.7%	16.6%
Real estate	434.5	363.7	419.6	15.4%	-3.4%
Other	4.9	4.9	5.2	6.3%	5.8%
<b>TOTAL</b>	<b>2,841.4</b>	<b>3,254.6</b>	<b>3,345.7</b>	<b>2.8%</b>	<b>17.8%</b>

Investment Income, Net					
S/. million				% chg	% chg
	3Q12	2Q13	3Q13	QoQ	YoY
<b>Income:</b>					
Fixed Income	48.2	47.7	44.1	-7.6%	-8.5%
Interest	30.8	37.2	42.8	15.1%	38.8%
Realized Gains	17.4	10.5	1.3	-87.7%	-92.6%
Equity and Mutual Funds	4.2	22.5	8.2	-63.8%	95.2%
Real estate	6.1	4.5	5.2	15.8%	-15.1%
Total Income	58.5	74.7	57.4	-23.2%	-1.8%
Expenses	-0.8	-1.1	-0.9	-18.3%	9.5%
Exchange difference and others	1.8	-16.4	-3.0	-81.8%	n.m.
<b>Net investment income</b>	<b>59.4</b>	<b>57.3</b>	<b>53.5</b>	<b>-6.6%</b>	<b>-9.9%</b>



 **Intercorp** Financial Services