

Intercorp Financial Services

Third Quarter 2016

Earnings Presentation

Highlights 3Q16

IFRS

Intercorp Financial Services

- 3Q16 net profit was S/ 208.7 million, a 17.2% growth QoQ but a 48.9% reduction YoY
- The QoQ performance was mostly explained by a 10.9% growth in profits at Interbank, resulting from lower provision expenses
- The YoY decline in profits was mainly a result of higher requirements of technical reserves at Interseguro due to a lower discount rate on annuities, and a decrease in foreign exchange gains at Interbank due to a particularly high trading activity in 3Q15 that was not repeated in 3Q16
- Excluding discount rate impact on technical reserves, IFS 3Q16 profits grew 23.1% QoQ and 2.3% YoY; and excluding also the negative impact of lower trading activity in FX at Interbank, IFS 3Q16 net profit would have increased 25.3% YoY

Interbank

- 3Q16 net profit was S/ 221.5 million, a 10.9% increase QoQ but an 8.6% decrease YoY due to lower net gains on foreign exchange transactions which resulted in a 39.4% YoY contraction in other income. Excluding such effect, profits would have grown 16.0% YoY
- Performing loans and deposits grew 5.7% and 8.5% YoY, respectively, while retail deposits increased 13.0% YoY
- NIM remained relatively stable QoQ and YoY at 5.9%, as a more profitable mix of interest-earning assets offset an increase in the average cost of funding
- Cost of risk decreased by 30 bps QoQ and stabilized YoY, at 2.8% in 3Q16; while the PDL ratio improved by 10 bps QoQ to 2.6% and remained below system's average
- 3Q16 annualized ROAE was 22.0%

Interseguro

- 3Q16 result was S/ -54.3 million or S/ 24.5 million excluding discount rate impact on technical reserves, which represents a recovery of S/ 25.6 million QoQ and a decline of S/ 4.1 million YoY
- Net premiums in 3Q16 increased 4.7% QoQ as the annuity market recovered after regulation changes; but still decreased 36.4% YoY affected by the new law that entered in force in April 2016 allowing retirees to cash out a significant portion of their pension funds. All in all, Interseguro remained as market leader in annuities with a 23.3% share YTD
- Interseguro's investment portfolio grew 5.7% QoQ and 20.9% YoY

Inteligo

- 3Q16 net profit was S/ 48.4 million, a 9.8% decrease QoQ but a significant recovery YoY. The quarterly performance was attributed to a seasonal 15.8% decrease in interest and similar income, partially compensated by an 8.6% growth in other income and lower other expenses
- AuM + deposits increased 5.9% QoQ and 18.2% YoY
- 3Q16 annualized ROAE was 33.7%

IFS key indicators 3Q16

IFRS

Intercorp Financial Services' key indicators

S/ million

		3Q15	2Q16	3Q16	%chg QoQ	%chg YoY
Results	Net interest and similar income	623.9	645.8	657.5	1.8%	5.4%
	Fee income from financial services, net	214.8	215.4	219.0	1.7%	2.0%
	Profit for the period	408.6	178.0	208.7	17.2%	-48.9%
	<i>Profit excl. discount rate impact on technical reserves</i>	281.0	233.5	287.5	23.1%	2.3%
Profitability	NIM ⁽¹⁾	5.9%	5.6%	5.6%	0 bps	-30 bps
	ROAE	39.2%	15.1%	17.3%	220 bps	n.m.
	<i>ROAE excl. discount rate impact on technical reserves</i>	27.7%	19.5%	23.5%	400 bps	-420 bps
	ROAA	3.6%	1.5%	1.7%	20 bps	-190 bps
	EPS	3.72	1.62	1.89		
Asset quality	PDL ratio	2.2%	2.5%	2.5%	0 bps	30 bps
	PLL / Avg. loans	2.2%	3.1%	2.6%	-50 bps	40 bps
	Coverage ratio	174.2%	164.3%	165.8%		
Insurance	Net Premiums ⁽²⁾	214.0	130.1	136.2	4.7%	-36.4%
	Discount rate impact on technical reserves	127.7	-55.5	-78.8	42.1%	n.m.
	Total premiums earned less claims and benefits excl. discount rate impact	-29.2	-24.9	-27.3	9.4%	-6.4%
	ROIP	8.0%	5.1%	7.8%	270 bps	-20 bps
Other ratios	Efficiency ratio ⁽³⁾	33.3%	39.4%	40.9%	150 bps	760 bps
	<i>Efficiency ratio excl. discount rate impact on technical reserves</i>	37.3%	37.3%	37.9%	60 bps	60 bps
	BIS ratio (Interbank)	15.6%	16.2%	16.1%	-10 bps	50 bps
	Gross loans / Deposits (Interbank)	104.4%	110.8%	102.2%		

(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

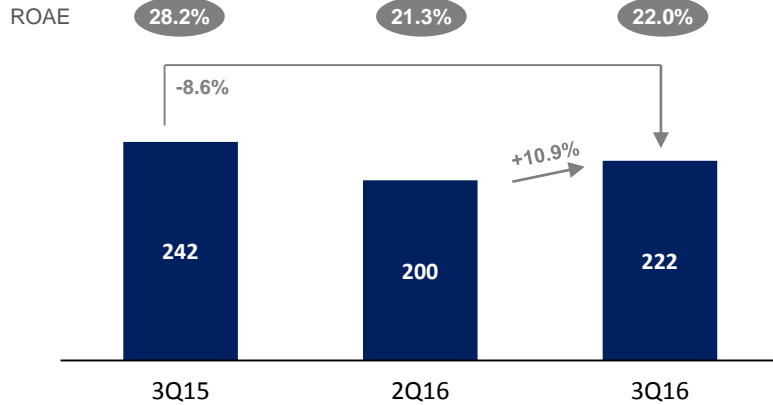
(3) Efficiency ratio is defined as (Salaries and employee benefits + Administrative expenses + Depreciation and amortization) / (Net interest and similar income + Fee income + Other income + Net premiums earned)

IFS 3Q16 net profit increased 17.2% QoQ

IFRS

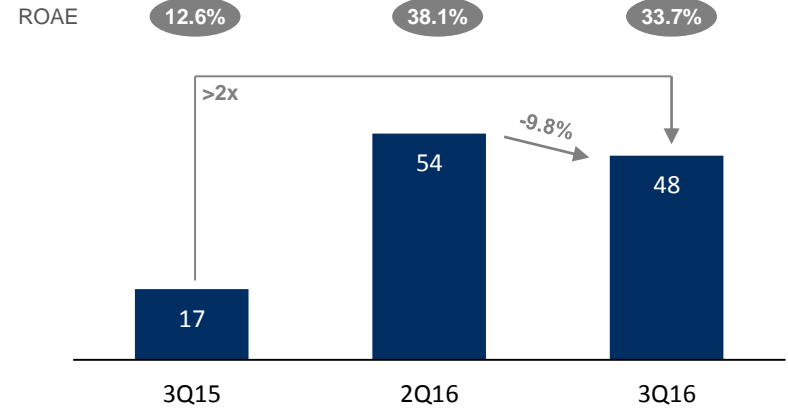
Interbank

Net profit in S/ million



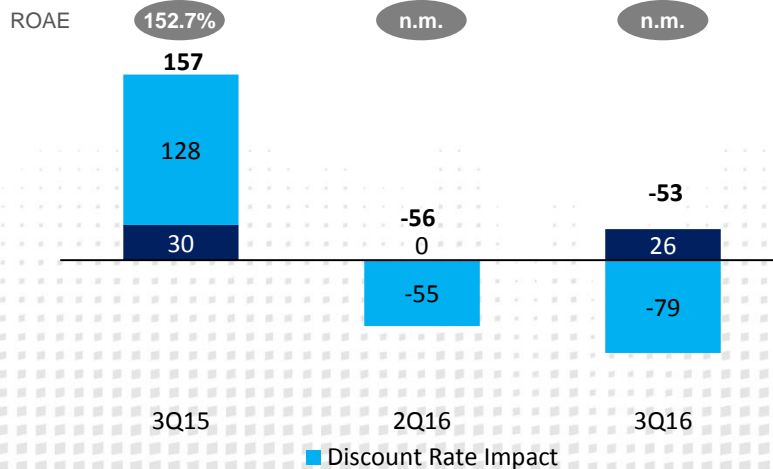
Inteligo

Net profit in S/ million



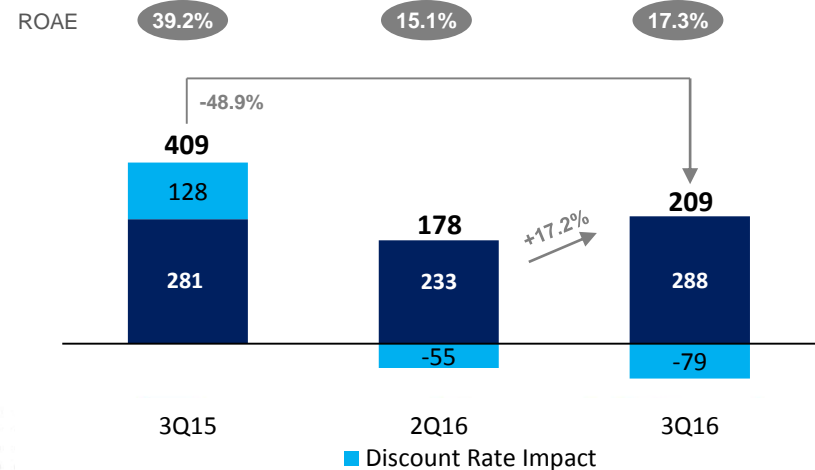
Interseguro

Net profit in S/ million



IFS

Net profit in S/ million



Interbank

Interbank's profits increased 10.9% QoQ

IFRS

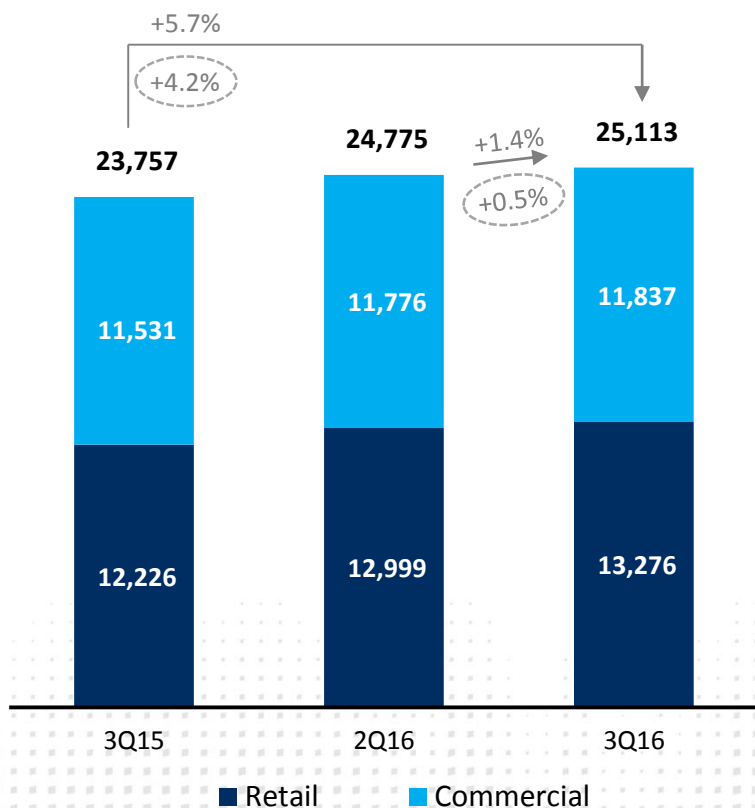
Banking Segment's P&L Statement					
S/ million	3Q15	2Q16	3Q16	%chg QoQ	%chg YoY
Interest and similar income	757.4	819.2	830.5	1.4%	9.6%
Interest and similar expenses	-220.5	-250.5	-260.2	3.9%	18.0%
Net interest and similar income	536.9	568.7	570.3	0.3%	6.2%
Provision for loan losses, net of recoveries	-140.4	-210.2	-179.8	-14.4%	28.1%
Net interest and similar income after provision for loan losses	396.6	358.5	390.5	8.9%	-1.5%
Fee income from financial services, net	187.5	192.7	202.6	5.2%	8.1%
Other income	141.1	84.8	85.6	0.9%	-39.4%
Other expenses	-376.0	-362.2	-369.2	1.9%	-1.8%
Income before translation result and income tax	349.2	273.7	309.5	13.1%	-11.4%
Translation result	-6.6	2.2	-11.9	n.m.	n.m.
Income tax	-100.2	-76.1	-76.1	0.1%	-24.1%
Profit for the period	242.4	199.8	221.5	10.9%	-8.6%
ROAE	28.2%	21.3%	22.0%		
Efficiency ratio	40.5%	41.7%	41.3%		
NIM⁽¹⁾	6.0%	6.0%	5.9%		
NIM on loans	10.0%	9.8%	9.9%		

(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

Performing loans grew 1.4% QoQ and 5.7% YoY

Performing loans

S/ million



%

%chg excluding exchange rate effect

Breakdown of loans

S/ million

	3Q15	2Q16	3Q16	%chg QoQ	%chg YoY
Consumer loans:					
Credit cards	3,677.3	3,805.1	3,953.9	3.9%	7.5%
Other consumer	4,117.6	4,417.7	4,476.4	1.3%	8.7%
Total consumer loans	7,794.9	8,222.7	8,430.3	2.5%	8.2%
Mortgages	4,430.7	4,776.3	4,845.4	1.4%	9.4%
Total retail loans	12,225.6	12,999.1	13,275.7	2.1%	8.6%
Total commercial	11,531.0	11,776.3	11,837.2	0.5%	2.7%
Total loans	23,756.5	24,775.3	25,112.9	1.4%	5.7%

Market share in loans ⁽¹⁾

S/ million

	3Q15	2Q16	3Q16	bps QoQ	bps YoY
Consumer loans:					
Credit cards	24.7%	23.6%	24.1%	50	-60
Other consumer	19.7%	20.1%	20.0%	-10	30
Total consumer loans	21.8%	21.6%	21.8%	20	0
Mortgages	12.7%	13.0%	13.0%	0	30
Total retail loans	17.4%	17.5%	17.5%	0	10
Total commercial	8.0%	8.0%	7.9%	-10	-10
Total loans	11.2%	11.3%	11.2%	-10	0

⁽¹⁾ Based on Local GAAP figures

Interbank's retail deposits increased 3.2% QoQ and 13.0% YoY

Funding structure

S/ million	3Q15	2Q16	3Q16	%chg QoQ	%chg YoY
Deposits*	23,528.9	23,240.9	25,529.9	9.8%	8.5%
Retail	9,975.4	10,915.2	11,269.1	3.2%	13.0%
Commercial ⁽¹⁾	13,553.6	12,325.7	14,260.8	15.7%	5.2%
Due to banks	6,558.9	5,906.5	6,153.1	4.2%	-6.2%
Central Bank	3,266.6	3,257.7	3,039.2	-6.7%	-7.0%
Other	3,292.3	2,648.8	3,114.0	17.6%	-5.4%
Bonds	4,488.5	4,525.5	4,683.2	3.5%	4.3%
Total	34,576.4	33,672.9	36,366.2	8.0%	5.2%
AUM (Interfondos)	2,797.1	3,039.8	3,340.0	9.9%	19.4%
Average cost of funding	-2.7%	-2.9%	-3.0%	-10 bps	-30 bps

(* Excluding exchange rate effect: +8.2% QoQ and +6.0% YoY

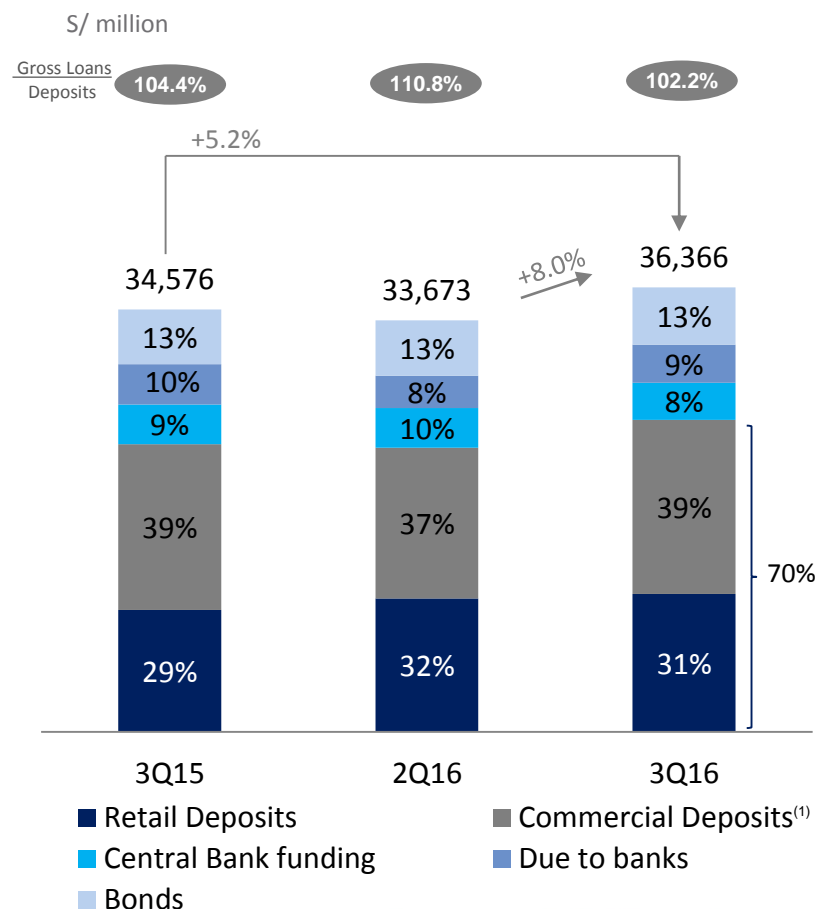
Market share in deposits⁽²⁾

S/ million	3Q15	2Q16	3Q16	bps QoQ	bps YoY
Retail Deposits	12.2%	12.7%	12.8%	10	60
Commercial Deposits	11.1%	10.0%	11.3%	130	20
Total Deposits	11.5%	11.1%	11.9%	80	40

⁽¹⁾ Includes Institutional and others

⁽²⁾ Based on Local GAAP figures

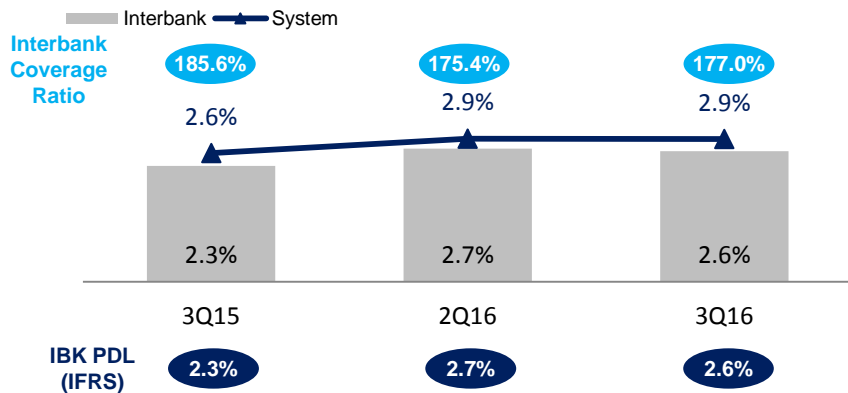
Funding breakdown



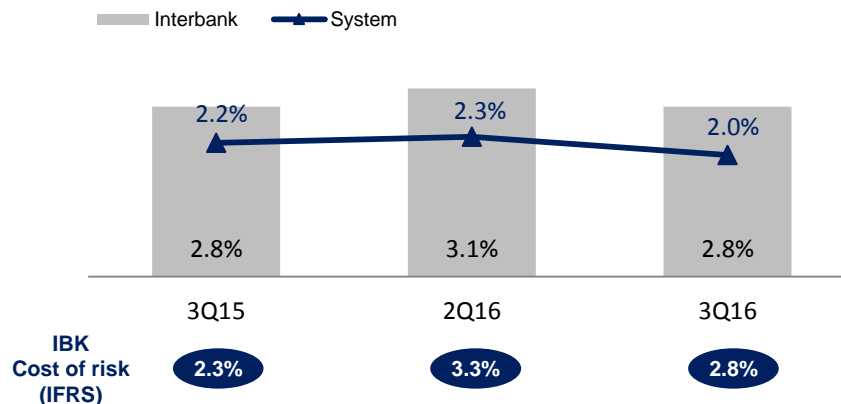
Total PDL ratio remained below system's average in 3Q16

Local GAAP & IFRS figures

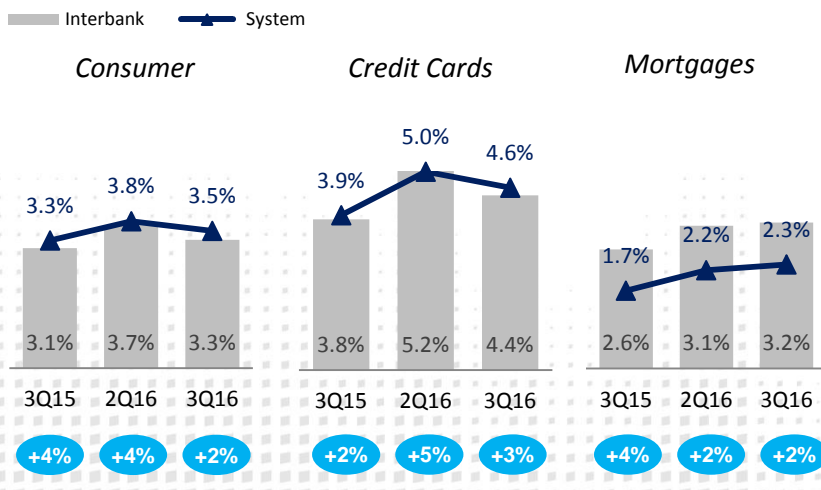
PDL vs. System



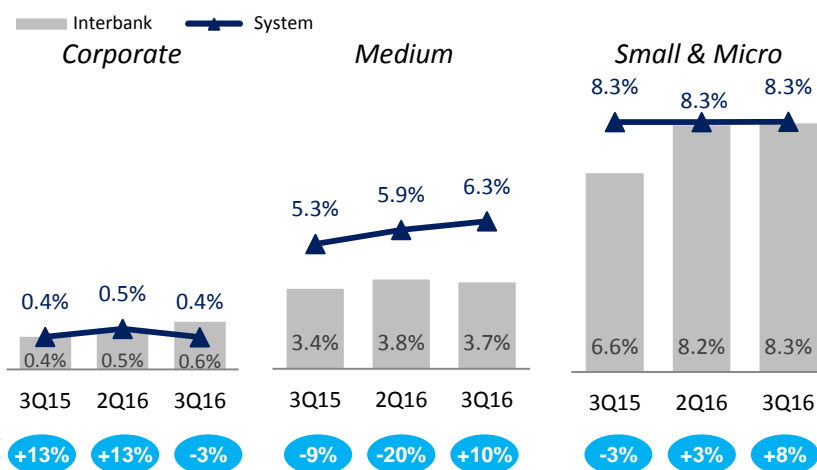
Loan provision expense vs. System



PDL retail banking vs. System

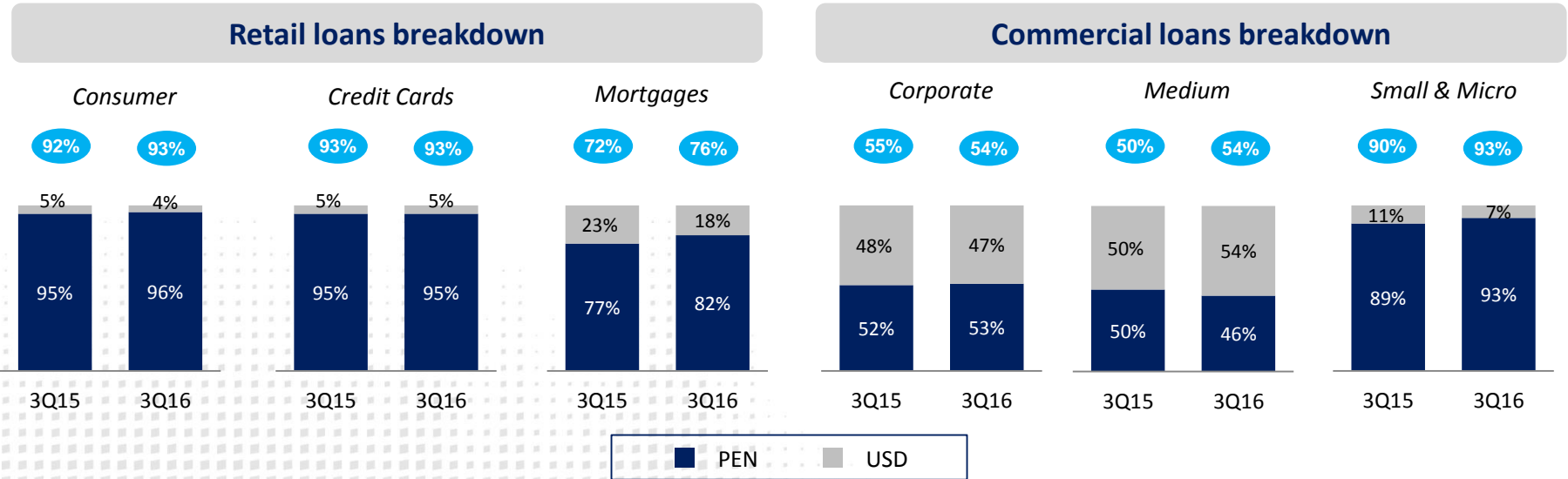
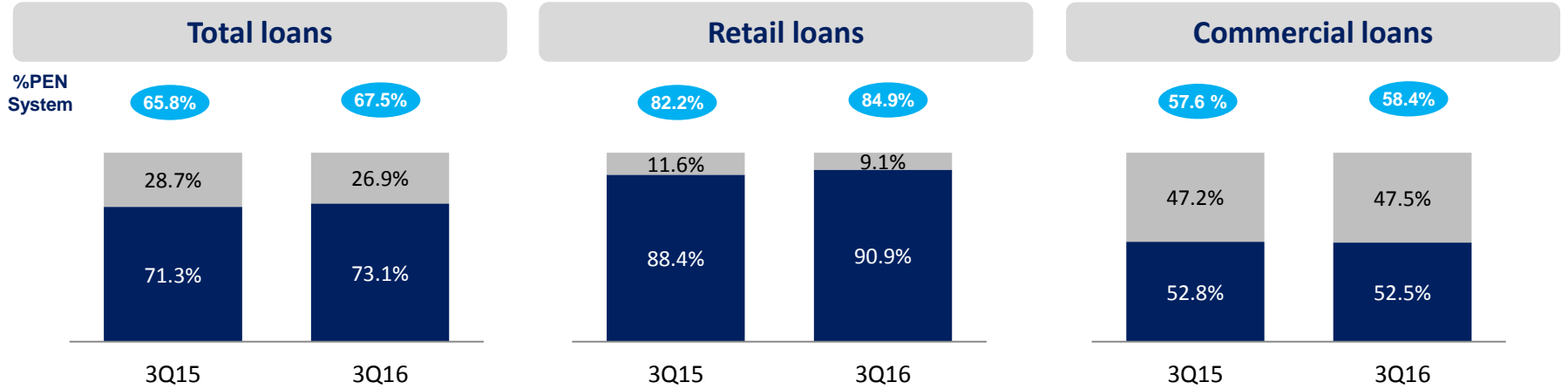


PDL commercial banking vs. System



De-dollarization trends start to stabilize YoY

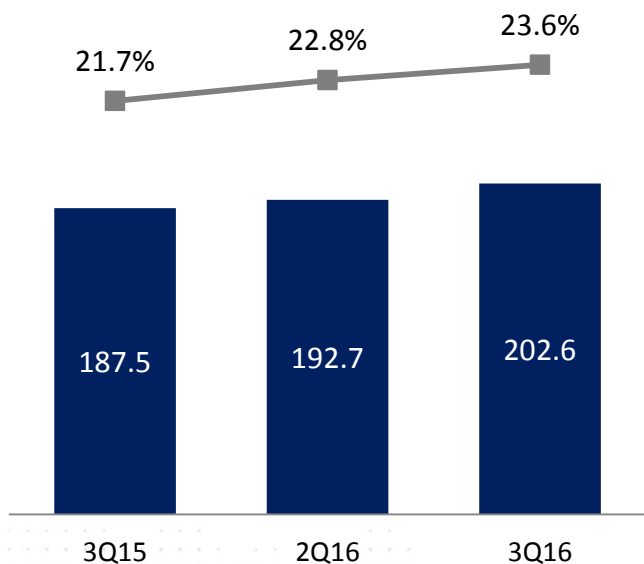
Local GAAP figures



Fee income increased 5.2% and efficiency ratio slightly improved QoQ

Fee income

S/ million

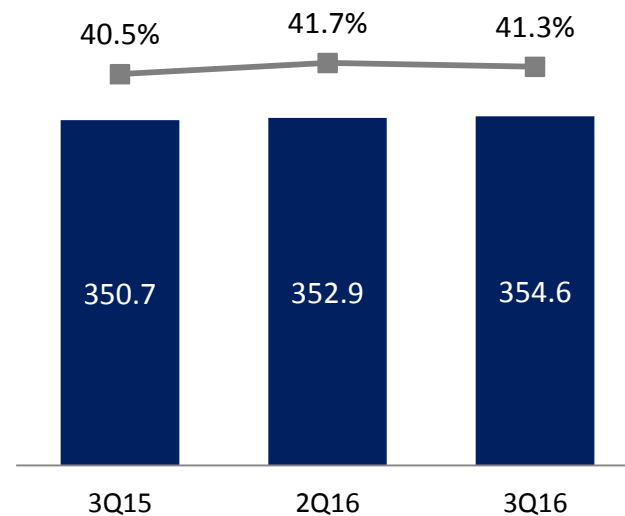


■ Net Fee income

■ Fee income / (Net interest income + Fee income + Other income)

Operating expenses

S/ million

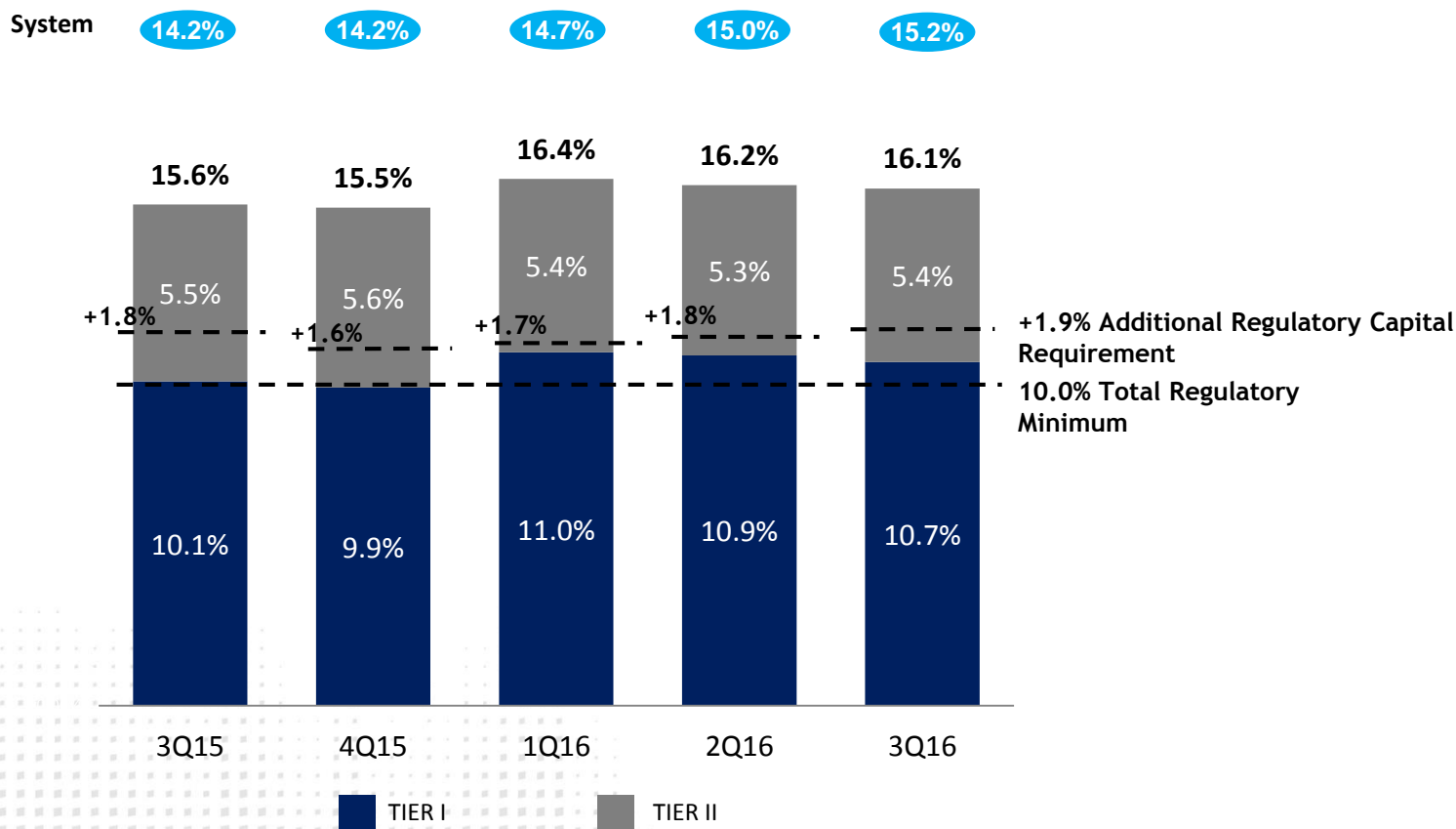


■ Salaries, administrative and D&A expenses

■ Efficiency ratio ⁽¹⁾

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

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



Interseguro

Interseguro's results excluding discount rate impacts improved QoQ, but decreased YoY mainly due to a negative translation result in 3Q16

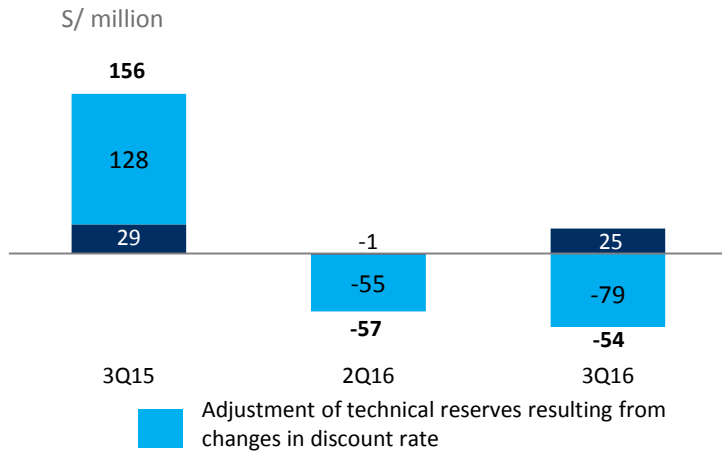
Insurance Segment's P&L Statement

S/ million	3Q15	2Q16	3Q16	%chg QoQ	%chg YoY
Net Interest and similar income	64.1	68.3	67.4	-1.3%	5.1%
Fee income from financial services, net	-1.0	-0.7	-0.7	-1.5%	-28.8%
Other income	64.4	61.3	30.7	-49.8%	-52.3%
Total premiums earned less claims and benefits	98.5	-80.4	-106.1	31.9%	n.m.
Other expenses	-75.8	-104.9	-38.7	-63.1%	-49.0%
Income before translation result and income tax	150.2	-56.5	-47.3	-16.2%	n.m.
Translation result	7.6	0.9	-4.6	n.m.	n.m.
Income tax	-0.4	-0.2	-0.8	246.4%	91.1%
Profit for the period	157.4	-55.8	-52.6	-5.7%	n.m.
Attributable to non-controlling interest ⁽¹⁾	-1.2	-0.7	-1.7	126.9%	45.3%
Profit attributable to shareholders	156.2	-56.6	-54.3	-4.0%	n.m.
Discount rate impacts on technical reserves	127.7	-55.5	-78.8	42.1%	n.m.
Profit excluding discount rate impacts	28.6	-1.1	24.5	n.m.	-14.2%
ROAE	152.7%	n.m.	n.m.		
Efficiency ratio⁽²⁾	8.7%	19.7%	37.7%		
Efficiency ratio excl. discount rate impact	15.3%	13.6%	17.7%		

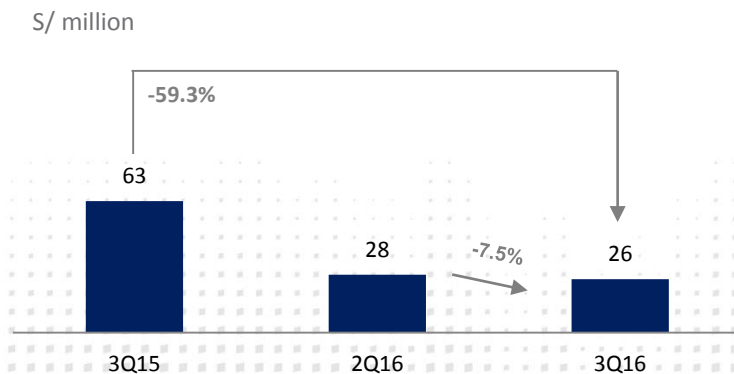
(1) Starting 4Q14, Interseguro began consolidating a real estate investment shared by Interseguro and Intercorp Real Estate Inc., a subsidiary of Intercorp Peru Ltd. Intercorp RE's part is then reported as attributable to non-controlling interest
(2) Efficiency ratio is defined as (Salaries and employee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

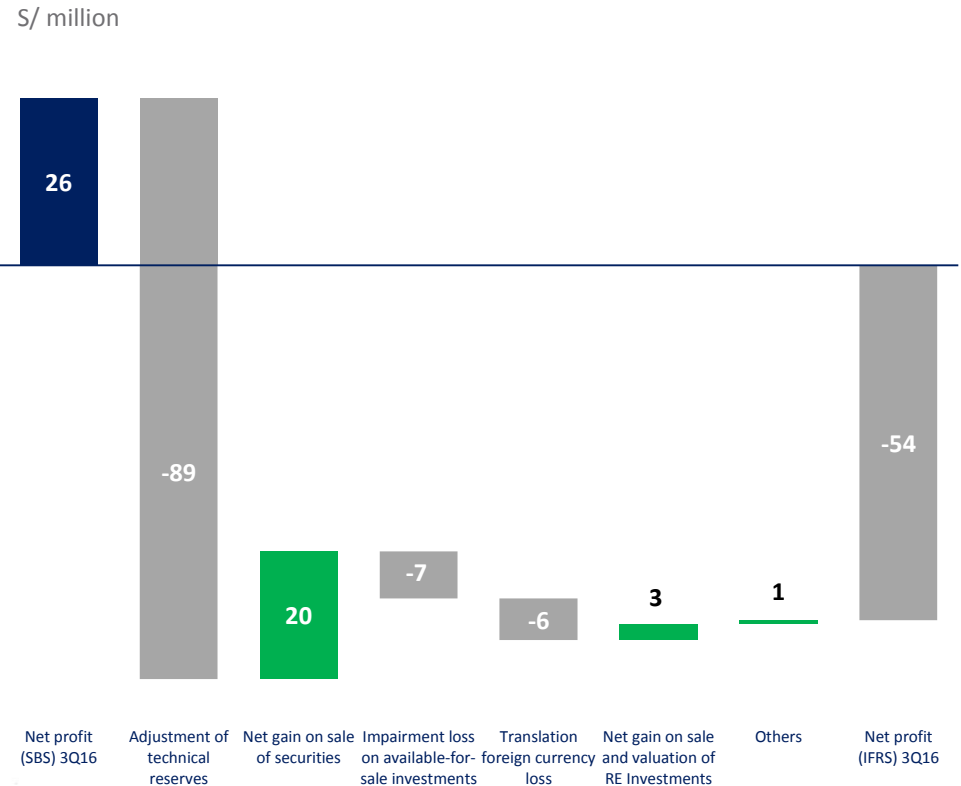
Net profit – IFRS*



Net profit – Local GAAP



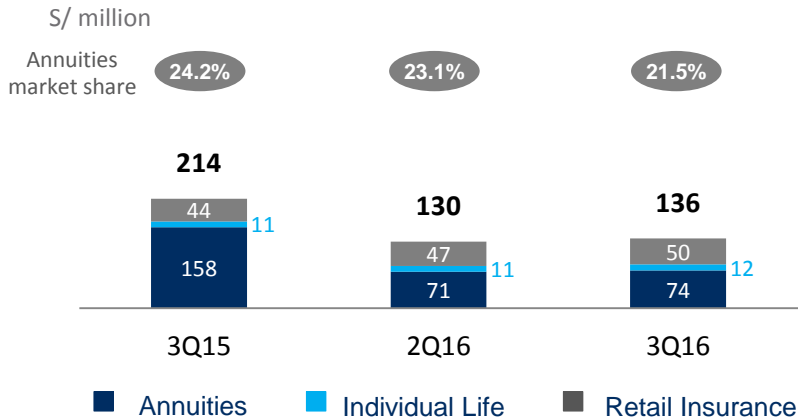
Net profit bridge from Local GAAP to IFRS (3Q16)



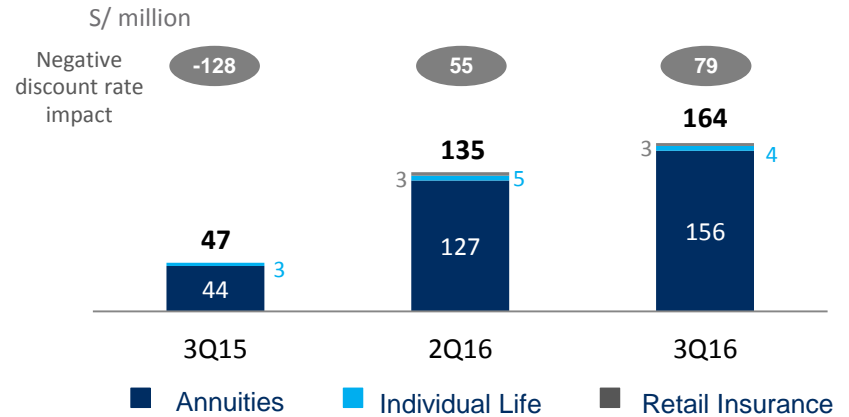
*Attributable to shareholders

Net premiums improved QoQ as the annuity market recovered after regulatory changes, yet still below the previous year's levels

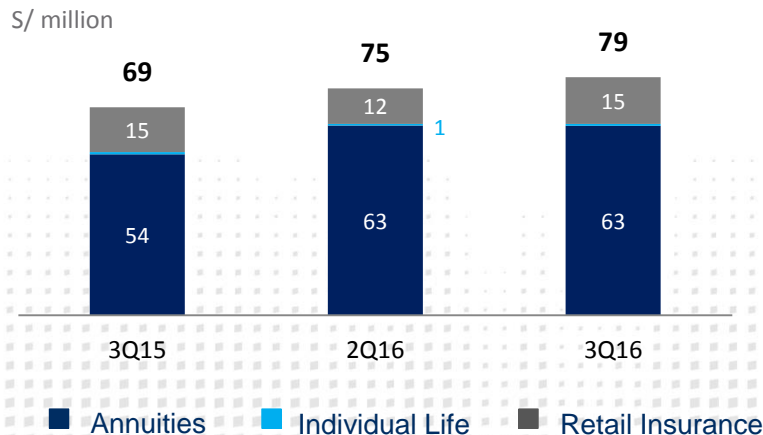
Net premiums



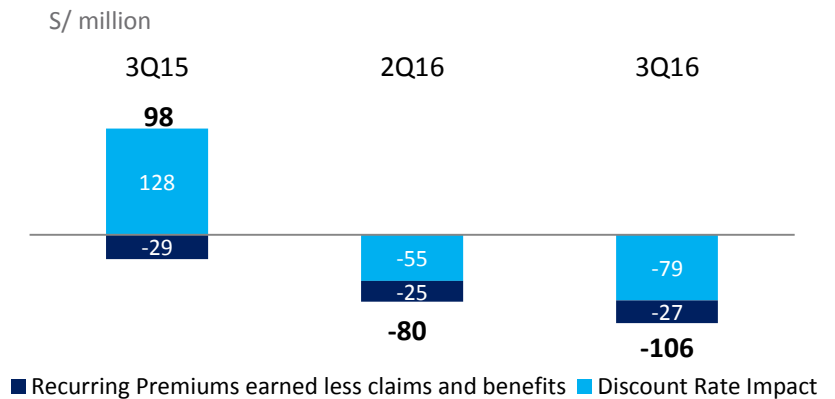
Adjustment of technical reserves



Net claims and benefits incurred



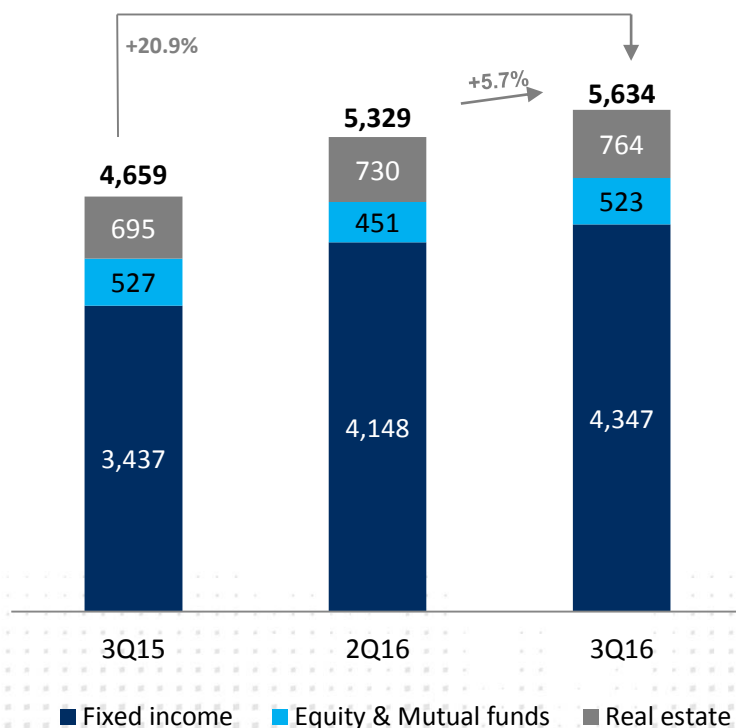
Total premiums earned less claims and benefits



Interseguro's investment portfolio grew 5.7% QoQ and 20.9% YoY

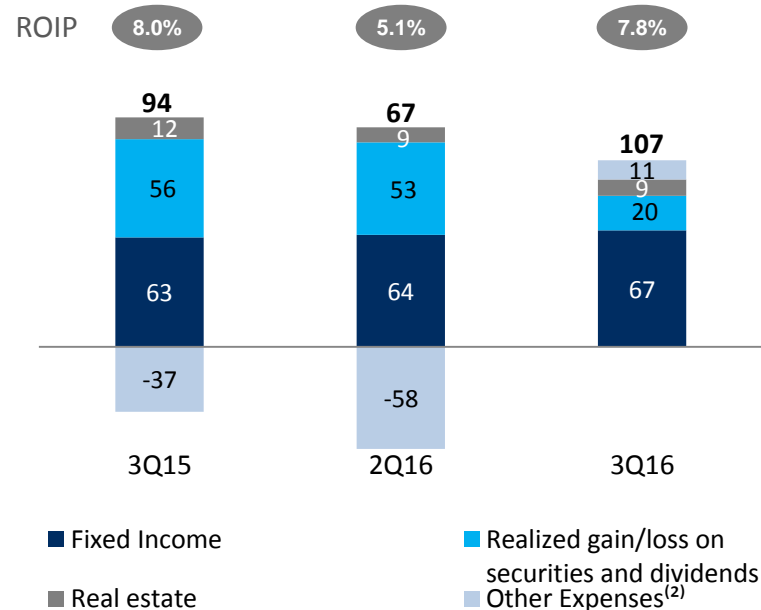
Investment portfolio

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

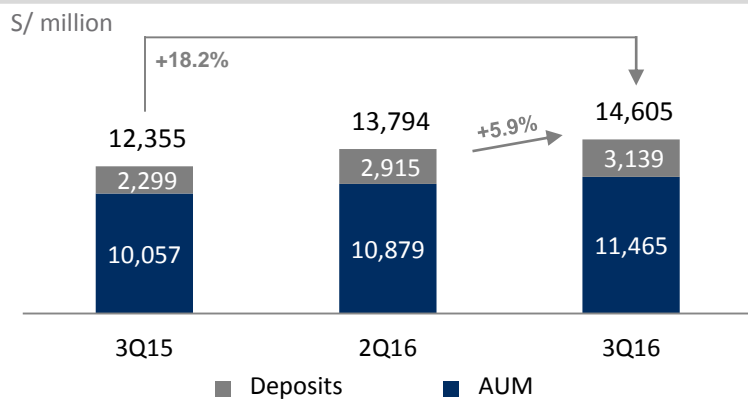
Inteligo's net profit decreased 9.8% QoQ but increased more than twofold YoY

Wealth Management Segment's P&L Statement

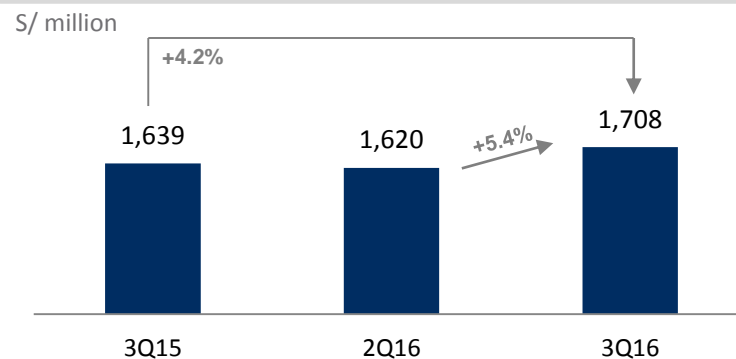
S/ million	3Q15	2Q16	3Q16	%chg QoQ	%chg YoY
Interest and similar income	35.6	41.2	34.7	-15.8%	-2.6%
Interest and similar expenses	-12.8	-14.2	-14.9	4.9%	16.3%
Net interest and similar income	22.8	27.0	19.8	-26.7%	-13.3%
Provision for loan losses, net of recoveries	-1.9	0.0	0.0	n.m.	n.m.
Net interest and similar income after provision for loan losses	20.9	27.0	19.8	-26.7%	-5.5%
Fee income from financial services, net	37.3	31.2	31.0	-0.8%	-16.9%
Other income	-13.8	16.4	17.8	8.6%	n.m.
Other expenses	-27.5	-20.7	-20.2	-2.2%	-26.6%
Income before translation result and income tax	16.8	53.9	48.3	-10.4%	n.m.
Translation result	0.2	-0.3	-0.2	n.m.	n.m.
Income tax	-0.3	0.1	0.3	n.m.	n.m.
Profit for the period	16.7	53.7	48.4	-9.8%	n.m.
ROAE	12.6%	38.1%	33.7%		
Efficiency ratio	46.2%	27.7%	29.5%		

Inteligo's key indicators

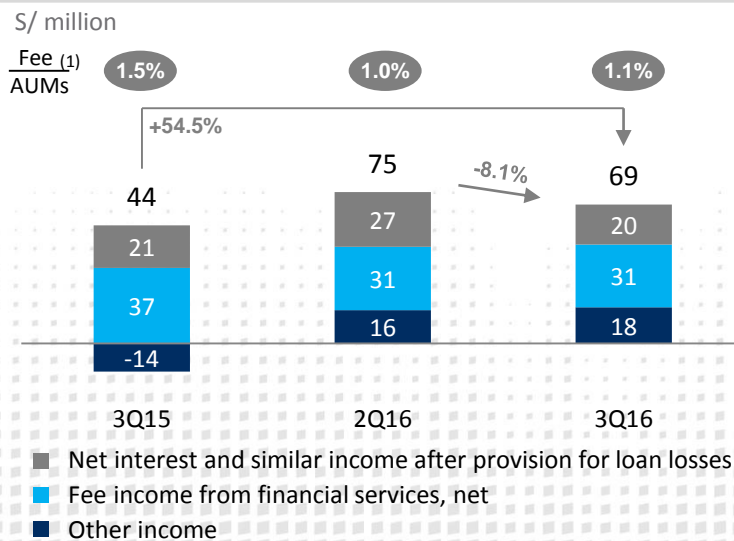
AUM + Deposits



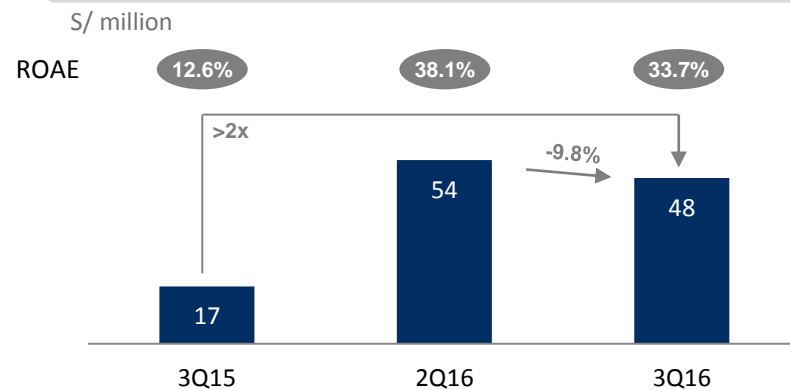
Loans



Revenues



Net profit



Summary

3Q16 Takeaways

✓ Interbank

- Slower growth given current market environment
- 13.0% YoY growth in retail deposits led to a 60 bps gain in market share on such segment
- PDL ratio improved by 10 bps QoQ to 2.6%, remaining below the system's average of 2.9% in 3Q16

✓ Interseguro

- Premiums recovered QoQ after the annuity market stabilized upon the new regulatory environment, however still below the last year's levels
- Results from investments improved QoQ and YoY mainly due to sale gains on available-for-sale investments as impaired securities recovered
- Strong, double-digit annualized growth of the investment portfolio, both QoQ and YoY

✓ Inteligo

- AuM + deposits increased 5.9% QoQ and 18.2% YoY
- Normalized results on the investment portfolio drove revenues up 54.5% YoY
- Net profit increased more than twofold YoY

✓ IFS

- Profits increased 17.2% QoQ due to strong core results at Interbank and Inteligo, while Interseguro improved its investment profile
- On a YoY basis, net income continued to be negatively impacted by higher requirements of technical reserves at Interseguro due to a lower discount rate on annuities; in addition to lower net gains on foreign exchange transactions at Interbank

Appendix

IFS 3Q16 P&L

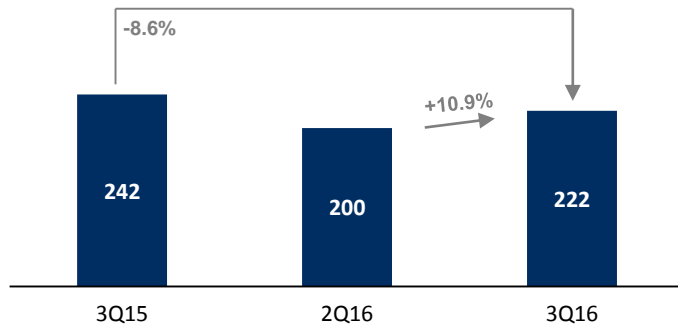
IFRS

Intercorp Financial Services' P&L statement					
S/ million	3Q15	2Q16	3Q16	%chg QoQ	%chg YoY
Interest and similar income	860.1	914.2	935.5	2.3%	8.8%
Interest and similar expense	-236.1	-268.4	-278.0	3.6%	17.7%
Net interest and similar income	623.9	645.8	657.5	1.8%	5.4%
Provision for loan losses, net of recoveries	-142.2	-210.2	-179.8	-14.4%	26.4%
Net interest and similar income after provision for loan losses	481.7	435.6	477.7	9.6%	-0.8%
Fee income from financial services, net	214.8	215.4	219.0	1.7%	2.0%
Other income	191.4	156.2	133.9	-14.3%	-30.1%
Total premiums earned less claims and benefits	98.5	-80.4	-106.1	31.9%	n.m.
Net Premiums	214.0	130.1	136.2	4.7%	-36.4%
Adjustment of technical reserves	-46.7	-135.5	-163.6	20.7%	250.4%
Net claims and benefits incurred	-68.8	-75.0	-78.7	4.9%	14.3%
Other expenses	-472.0	-480.7	-415.8	-13.5%	-11.9%
Income before translation result and income tax	514.4	246.1	308.7	25.4%	-40.0%
Translation result	2.5	15.9	-16.9	n.m.	n.m.
Income tax	-108.3	-84.0	-83.1	-1.1%	-23.3%
Profit for the period	408.6	178.0	208.7	17.2%	-48.9%
Attributable to equity holders of the group	405.8	175.9	205.5	16.8%	-49.4%
EPS	3.72	1.62	1.89		
ROAE	39.2%	15.1%	17.3%		
ROAA	3.6%	1.5%	1.7%		

Interbank's net profit IFRS vs. Local GAAP

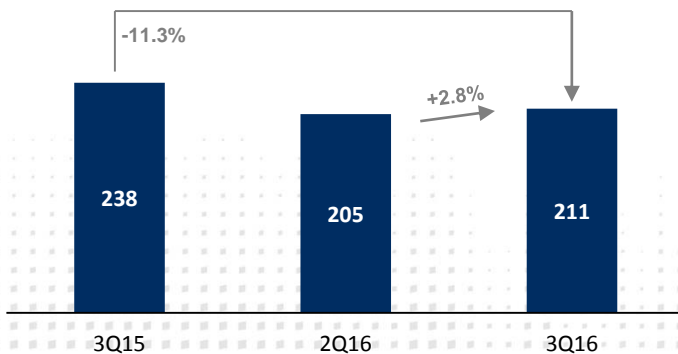
Net profit – IFRS

S/ million



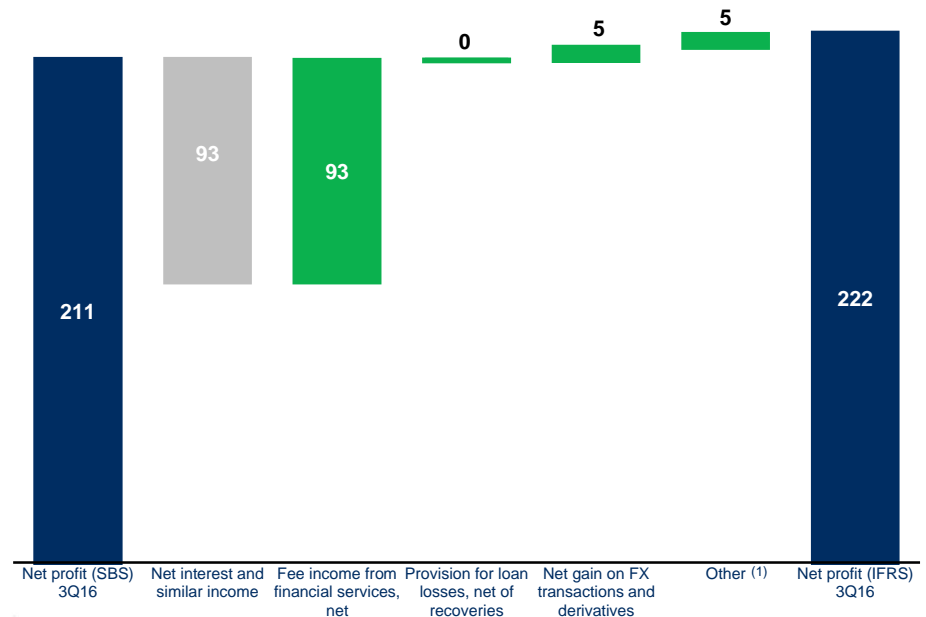
Net profit – Local GAAP

S/ million



Net profit bridge from Local GAAP to IFRS (3Q16)

S/ million

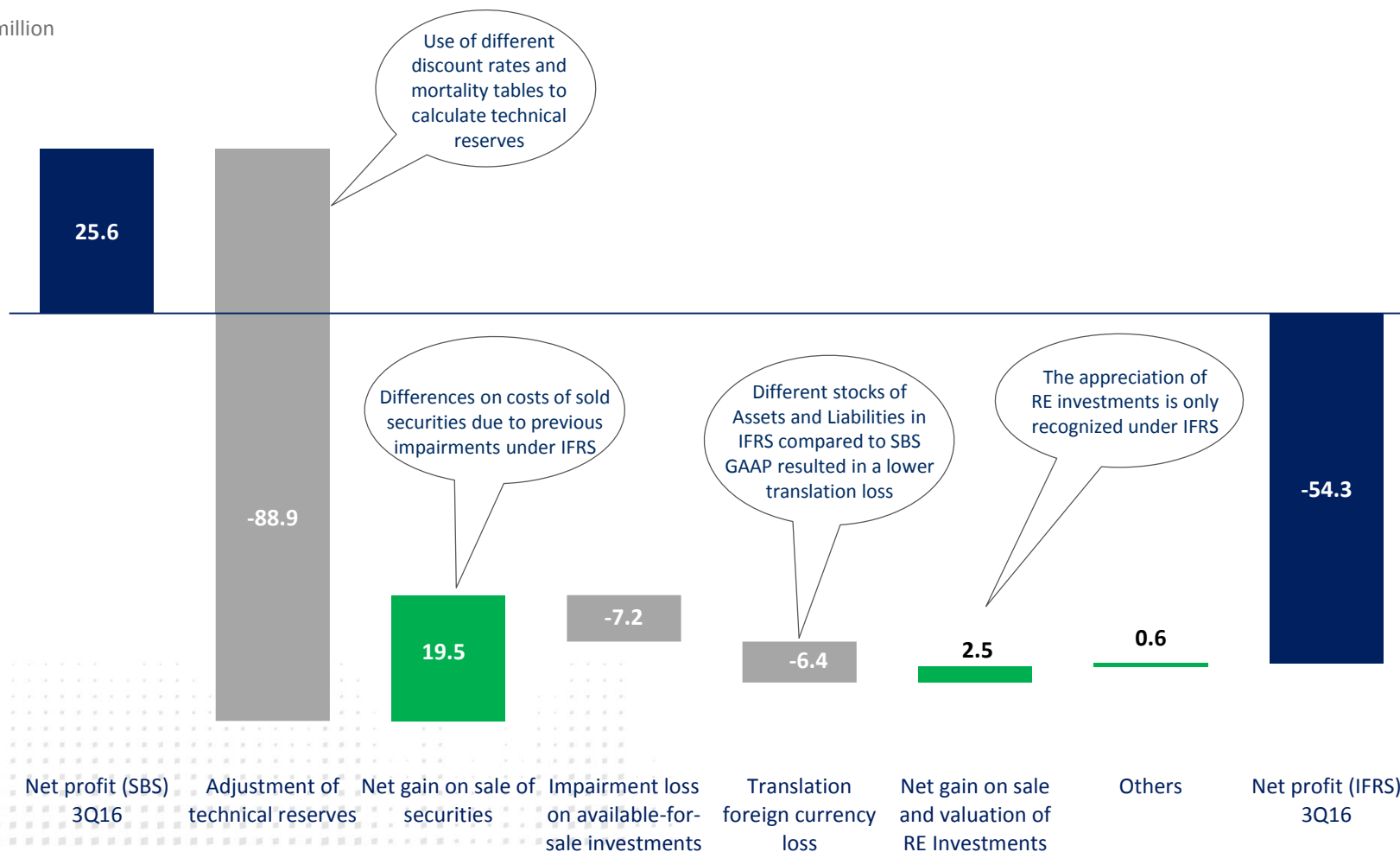


(1) Includes taxes (S/ -1.8 million), administrative expenses & depreciation (S/ +9.7 million), subsidiaries consolidation and others (S/ -2.5 million)

Interseguro's 3Q16 net profit bridge to IFRS

Local GAAP vs. IFRS

S/ million



■ Reductions ■ Gains

 **Intercorp** Financial Services