

# Fourth Quarter 2013 Earnings Presentation

# Intercorp Financial Services

# Highlights

## Intercorp Financial Services:

- In 2013, IFS earnings rose 2.8% due to higher gross financial margin and a decline in provisions, partially offset by an increase in administrative expenses and lower fee income. IFS ROE was 25.0% in 2013, below the 28.2% in 2012
- In 4Q13, net income increased 43.4% YoY due to higher gross financial margin and results from financial operations, partially offset by growth in administrative expenses
- Net earnings increased 41.3% QoQ driven by increases in results from financial operations and financial income, partially offset by growth in administrative expenses
- IFS ROE was 28.4% in 4Q13, above the 21.3% in 3Q13 and the 21.0% in 4Q12

## Interbank:

- In 2013, Interbank's net earnings rose 13.4% to a record S/. 647.1 million, driven by sustained loan growth, higher results from financial operations and a decline in provision expenses
- The loan portfolio grew 26.9% during 2013, registering significant increases of 35.9% in commercial loans, 24.8% in mortgages and 20.4% in credit cards
- In 4Q13, net earnings were S/. 157.1 million, a 24.9% increase over 4Q12, driven by higher interest on loans and a decline in provision expenses
- NIM remained stable QoQ at 7.0%, while fee income posted the third consecutive quarterly growth
- The past due loan ratio remained stable QoQ at 1.8%
- The BIS ratio remained well above regulatory requirements at 13.4% in 4Q13

## Interseguro:

- In 2013, Interseguro's earnings reached S/. 152.4 million, a 19.5% decline compared to 2012, due to lower investment income and higher administrative expenses
- In 4Q13, net income increased S/. 65.6 million QoQ and S/. 51.0 million YoY due mainly to extraordinary income reported by year-end 2013
- Annuity sales increased strongly 9.7% QoQ and 29.9% YoY, supported by market expansion
- Interseguro remained the market leader in annuities with a market share of approximately 25.0%

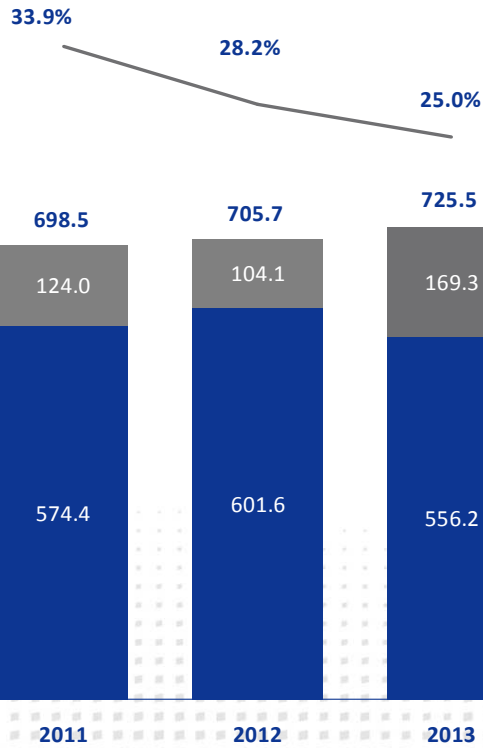
# IFS net earnings increased 2.8% in 2013

## IFS

### Net income\*

S/. million

ROE

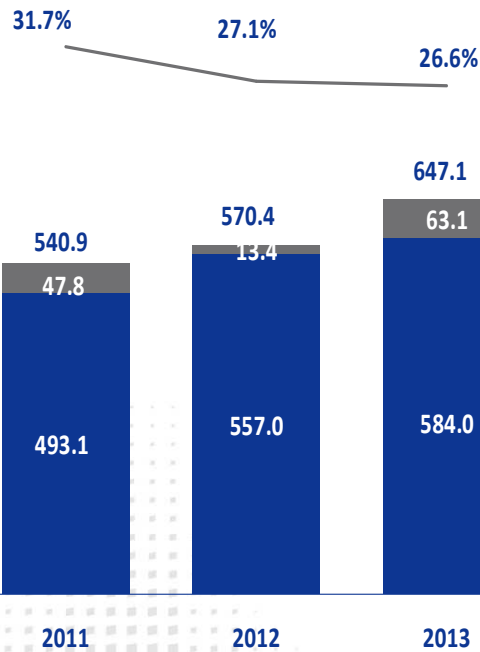


## Interbank

### Net income

S/. million

ROE

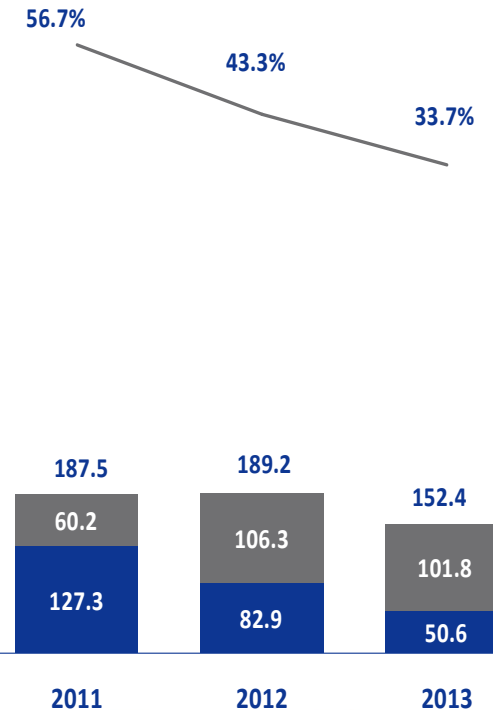


## Interseguro

### Net income

S/. million

ROE



\*Attributable to IFS shareholders

■ Recurring ■ Non-recurring

# IFS 4Q13 net earnings increased 41.3% QoQ and 43.4% YoY

## IFS

Net income\*

S/. million

ROE

## Interbank

Net income

S/. million

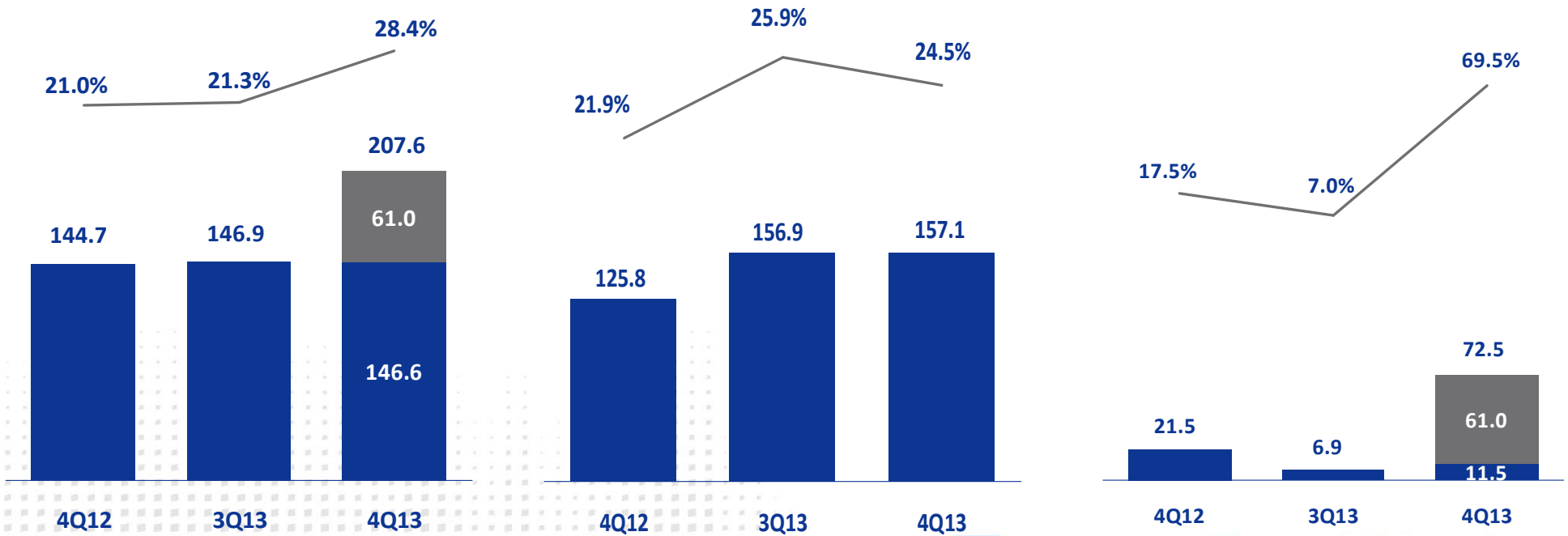
ROE

## Interseguro

Net income

S/. million

ROE



\*Attributable to IFS shareholders

■ Recurring ■ Non-recurring

# IFS net earnings were S/. 207.6 million in 4Q13

InterCorp Financial Services' Statement of Comprehensive Income					
S/. million	4Q12	3Q13	4Q13	%chg QoQ	%chg YoY
Financial income	604.5	669.2	696.3	4.0%	15.2%
Financial expenses	-137.2	-151.9	-156.4	3.0%	14.0%
<b>Gross financial margin</b>	<b>467.3</b>	<b>517.3</b>	<b>539.9</b>	<b>4.4%</b>	<b>15.5%</b>
Provisions	-116.7	-89.4	-94.7	5.9%	-18.9%
<b>Net financial margin</b>	<b>350.6</b>	<b>428.0</b>	<b>445.3</b>	<b>4.0%</b>	<b>27.0%</b>
Fee income from financial services, net	68.3	51.7	55.6	7.6%	-18.5%
Result from insurance underwriting, net	-9.4	-15.5	-3.8	-75.2%	-59.2%
Result from financial operations	90.6	66.7	123.9	85.9%	36.8%
Administrative expenses	-294.4	-300.8	-329.8	9.6%	12.0%
<b>Operating margin</b>	<b>205.6</b>	<b>230.0</b>	<b>291.2</b>	<b>26.6%</b>	<b>41.6%</b>
Depreciation and amortization	-26.0	-26.6	-27.3	2.6%	5.0%
Other income (expenses)	16.4	6.2	4.9	-21.6%	-70.4%
<b>Income before tax</b>	<b>196.0</b>	<b>209.6</b>	<b>268.8</b>	<b>28.2%</b>	<b>37.1%</b>
Income tax	-50.5	-61.6	-60.1	-2.4%	19.1%
<b>Net income</b>	<b>145.5</b>	<b>148.0</b>	<b>208.7</b>	<b>41.0%</b>	<b>43.4%</b>
<b>Attributable to IFS shareholders</b>	<b>144.7</b>	<b>146.9</b>	<b>207.6</b>	<b>41.3%</b>	<b>43.4%</b>
<b>EPS</b>	<b>1.55</b>	<b>1.57</b>	<b>2.22</b>		
<b>ROE</b>	<b>21.0%</b>	<b>21.3%</b>	<b>28.4%</b>		

# Interbank

# Interbank's net income was S/. 157.1 million in 4Q13

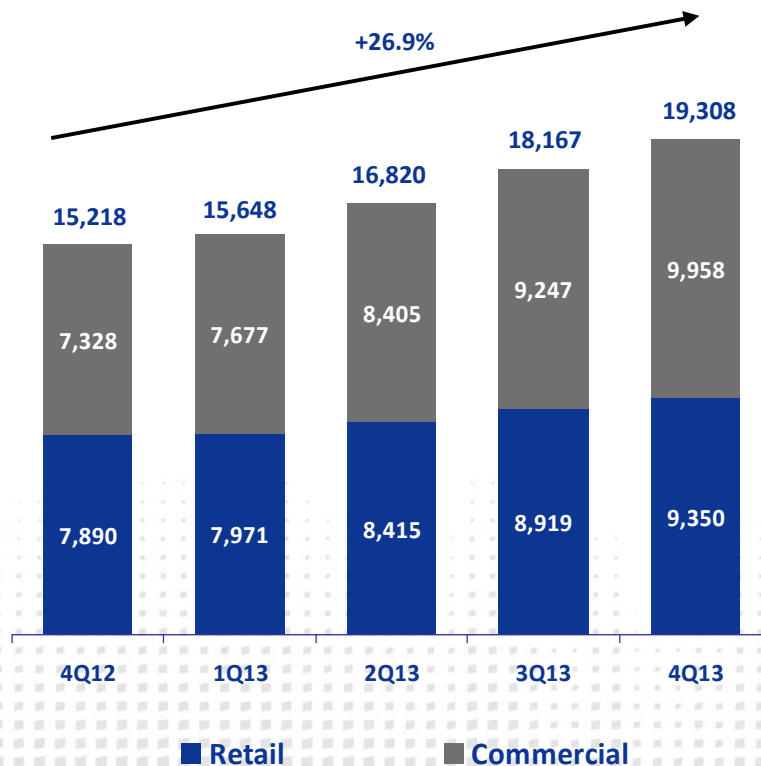
Interbank's Statement of Comprehensive Income					
S/. million	4Q12	3Q13	4Q13	% chg QoQ	% chg YoY
Financial income	554.3	612.7	637.2	4.0%	15.0%
Financial expenses	-138.1	-151.7	-156.0	2.8%	12.9%
<b>Gross financial margin</b>	<b>416.1</b>	<b>460.9</b>	<b>481.3</b>	<b>4.4%</b>	<b>15.6%</b>
Provisions	-116.7	-89.4	-94.7	5.9%	-18.9%
<b>Net financial margin</b>	<b>299.4</b>	<b>371.6</b>	<b>386.6</b>	<b>4.0%</b>	<b>29.1%</b>
Fee income from financial services, net	74.4	64.7	66.0	2.1%	-11.2%
Result from financial operations, net	72.1	77.2	71.6	-7.1%	-0.7%
Administrative expenses	-259.3	-275.2	-295.7	7.5%	14.1%
<b>Operating margin</b>	<b>186.7</b>	<b>238.3</b>	<b>228.6</b>	<b>-4.1%</b>	<b>22.4%</b>
Depreciation and amortization	-25.3	-26.2	-26.6	1.8%	5.2%
Other income (expenses)	11.2	3.6	12.9	n.m.	14.8%
<b>Income before taxes</b>	<b>172.6</b>	<b>215.8</b>	<b>214.8</b>	<b>-0.4%</b>	<b>24.5%</b>
Income tax	-46.8	-58.9	-57.7	-2.1%	23.3%
<b>Net income</b>	<b>125.8</b>	<b>156.9</b>	<b>157.1</b>	<b>0.2%</b>	<b>24.9%</b>
<b>ROE</b>	<b>21.9%</b>	<b>25.9%</b>	<b>24.5%</b>	<b>-140 bps</b>	<b>260 bps</b>



# Loan growth remained strong at 6.3% QoQ and 26.9% YoY

## Performing loans

S/. million



## Breakdown of loans

S/. million

	4Q12	3Q13	4Q13	% chg QoQ	% chg YoY
<b>Consumer loans:</b>					
Credit cards	2,112	2,331	2,543	9.1%	20.4%
Other consumer	2,823	3,034	3,120	2.8%	10.5%
<b>Total consumer loans</b>	<b>4,935</b>	<b>5,366</b>	<b>5,663</b>	<b>5.5%</b>	<b>14.7%</b>
Mortgages	2,955	3,554	3,687	3.7%	24.8%
<b>Total retail loans</b>	<b>7,890</b>	<b>8,919</b>	<b>9,350</b>	<b>4.8%</b>	<b>18.5%</b>
<b>Total commercial</b>	<b>7,328</b>	<b>9,247</b>	<b>9,958</b>	<b>7.7%</b>	<b>35.9%</b>
<b>Total loans</b>	<b>15,218</b>	<b>18,167</b>	<b>19,308</b>	<b>6.3%</b>	<b>26.9%</b>

## Market share in loans

	4Q12	3Q13	4Q13	bps QoQ	bps YoY
<b>Consumer loans:</b>					
Credit cards	18.4%	19.6%	20.4%	80	200
Other consumer	19.1%	18.8%	18.5%	-30	-60
<b>Total consumer loans</b>	<b>19.7%</b>	<b>19.9%</b>	<b>20.1%</b>	<b>20</b>	<b>40</b>
Mortgages	12.7%	13.0%	13.1%	10	40
<b>Total retail loans</b>	<b>16.3%</b>	<b>16.5%</b>	<b>16.6%</b>	<b>10</b>	<b>30</b>
<b>Total commercial</b>	<b>8.2%</b>	<b>9.0%</b>	<b>9.2%</b>	<b>20</b>	<b>100</b>
<b>Total loans</b>	<b>11.0%</b>	<b>11.5%</b>	<b>11.7%</b>	<b>20</b>	<b>70</b>

# Interbank's deposits grew 6.5% QoQ and 38.5% YoY

## Funding Structure

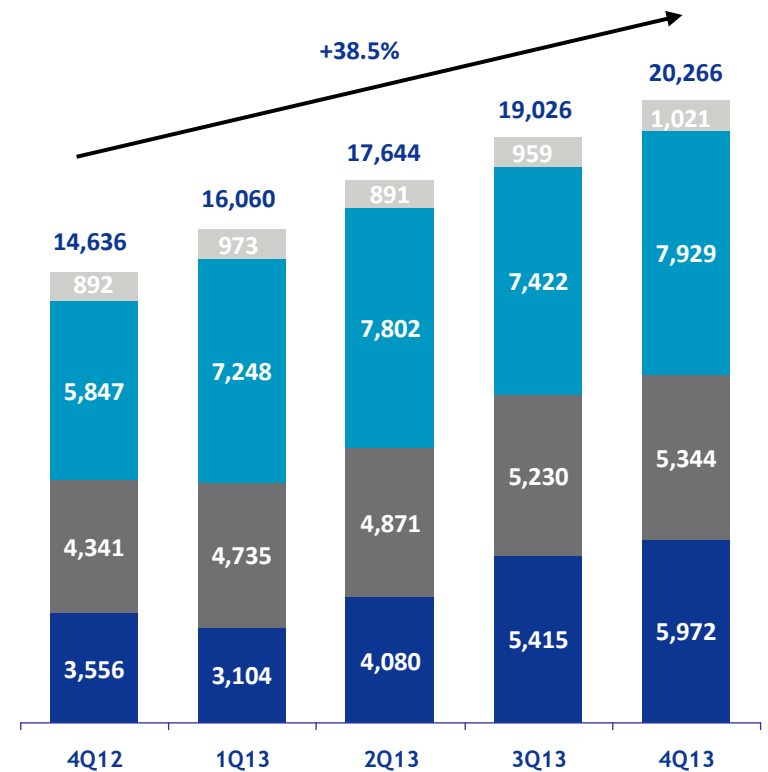
S/. million				% chg	% chg
	4Q12	3Q13	4Q13	QoQ	YoY
Deposits	14,636	19,026	20,266	6.5%	38.5%
Due to banks	3,171	2,986	2,881	-3.5%	-9.1%
Bonds	2,707	3,001	3,072	2.3%	13.5%
Inter-bank funds	9	239	100	-58.2%	n.m.
<b>Total</b>	<b>20,523</b>	<b>25,252</b>	<b>26,318</b>	<b>4.2%</b>	<b>28.2%</b>
AUM (Interfondos)	2,840	2,490	2,443	-1.9%	-14.0%

## Market Share in Deposits

				bps	bps
	4Q12	3Q13	4Q13 <sup>(1)</sup>	QoQ	YoY
Retail Deposits	11.1%	11.8%	11.9%	10	80
Commercial Deposits <sup>(1)</sup>	9.2%	11.9%	12.1%	20	290

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

## Deposit Breakdown

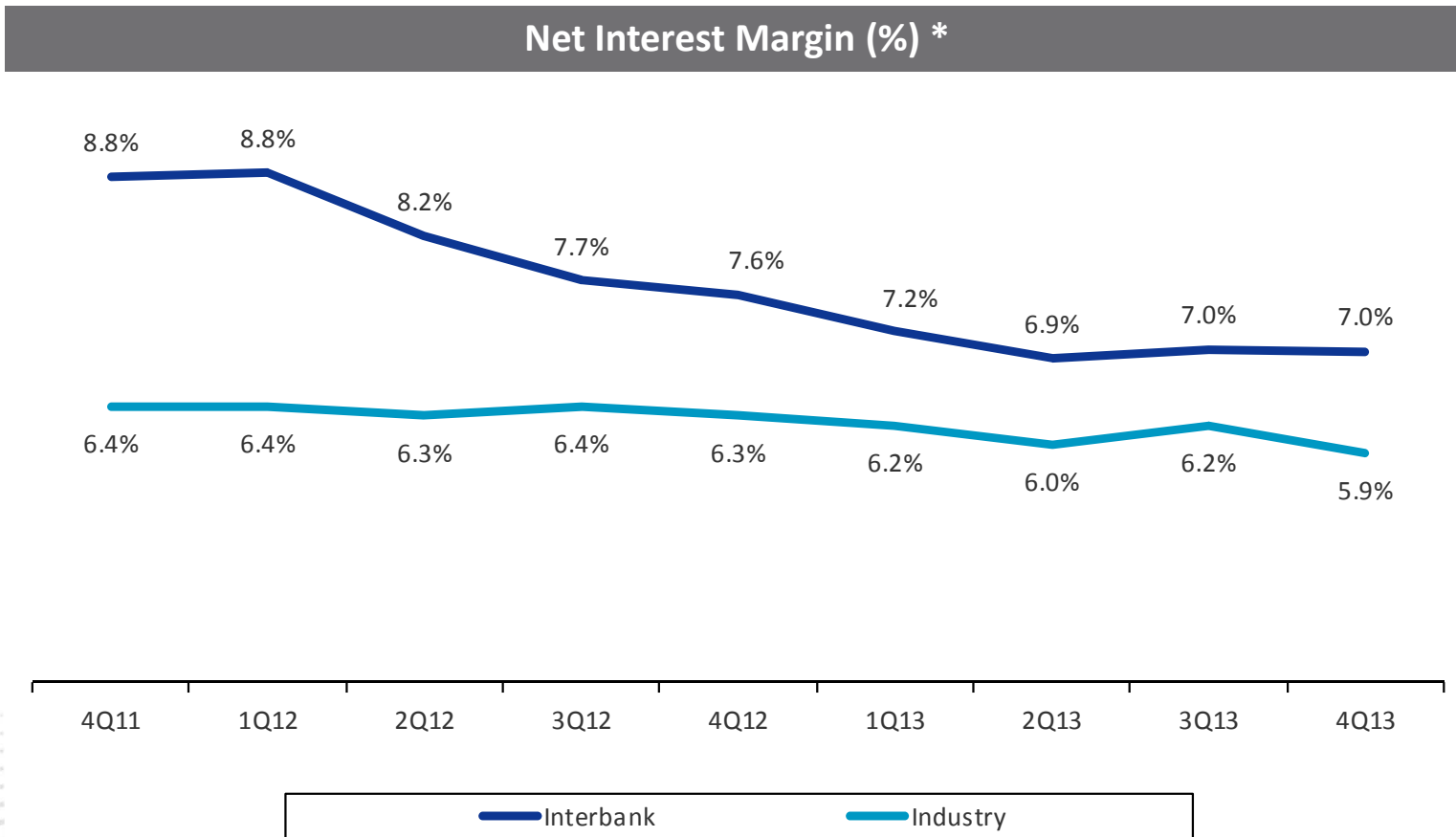


■ Demand ■ Savings ■ Time ■ Others  
**Intercorp Financial Services**

# Gross financial margin increased 4.4% QoQ and 15.6% YoY

Interbank's Gross Financial Margin					
S/. million	4Q12	3Q13	4Q13	% chg QoQ	% chg YoY
<b>Financial income:</b>					
Interest on loans	453.9	526.7	552.7	4.9%	21.8%
Fees on loans	72.2	63.5	64.6	1.8%	-10.5%
Investment income	13.6	16.1	14.9	-7.2%	10.2%
Interest on cash, inter-bank funds and others	14.5	6.2	4.6	-26.9%	-68.6%
Other	0.1	0.2	0.5	122.8%	n.m.
<b>Total financial income</b>	<b>554.3</b>	<b>612.7</b>	<b>637.2</b>	<b>4.0%</b>	<b>15.0%</b>
<b>Financial expenses:</b>					
Interest and fees on deposits	58.8	64.1	69.0	7.7%	17.5%
Interest on due to banks and inter-bank funds	33.7	38.6	38.8	0.5%	14.9%
Interest on bonds	44.0	47.3	46.5	-1.7%	5.6%
Other	1.6	1.8	1.7	-4.6%	6.9%
<b>Financial expenses</b>	<b>138.1</b>	<b>151.7</b>	<b>156.0</b>	<b>2.8%</b>	<b>12.9%</b>
<b>Gross financial margin</b>	<b>416.1</b>	<b>460.9</b>	<b>481.3</b>	<b>4.4%</b>	<b>15.6%</b>

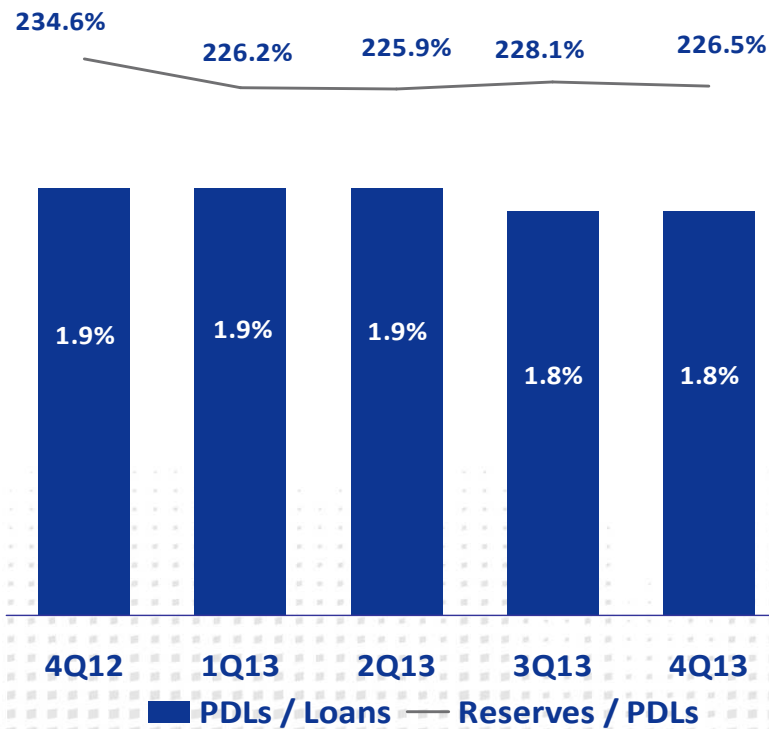
# NIM stabilizes QoQ and the gap above the industry's average widens



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

# Provision expenses increased 5.9% QoQ while PDLs remained stable at 1.8%

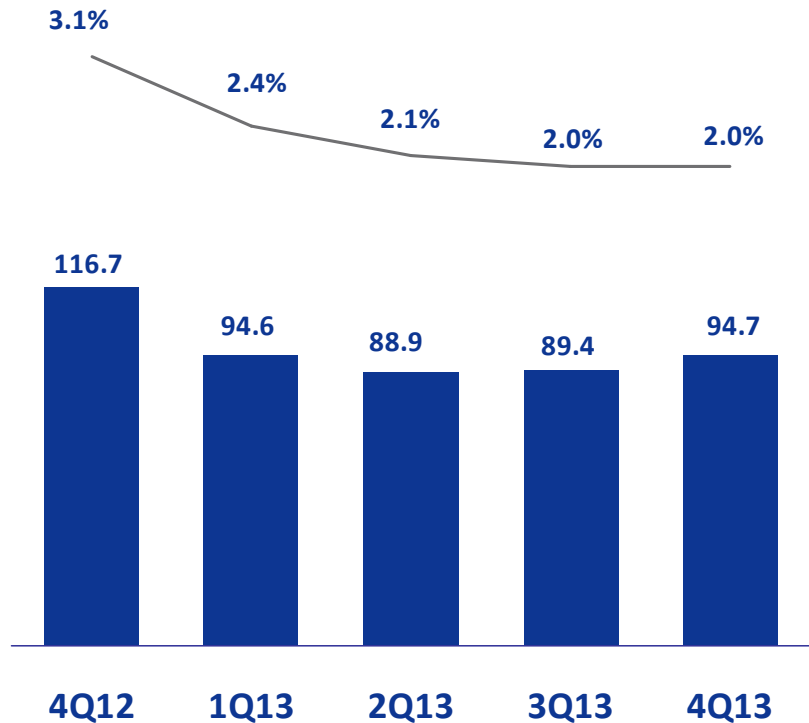
## PDL & Coverage Ratios



## Loan Provision Expense

S/. million

Provision expense\*  
Loans

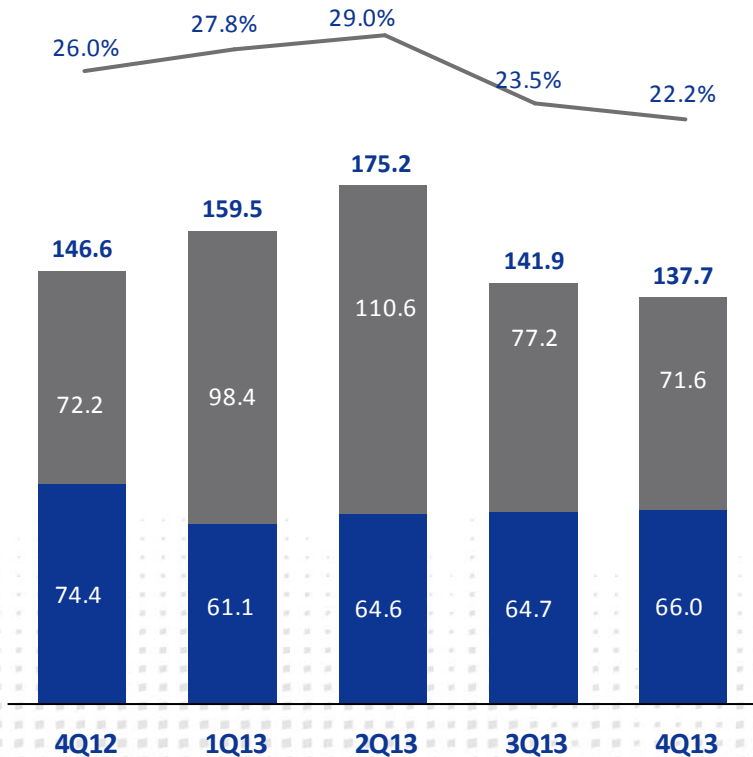


# Fee income and results from financial operations (ROF) failed to offset higher operating expenses

## Fee income & ROF

S/. million

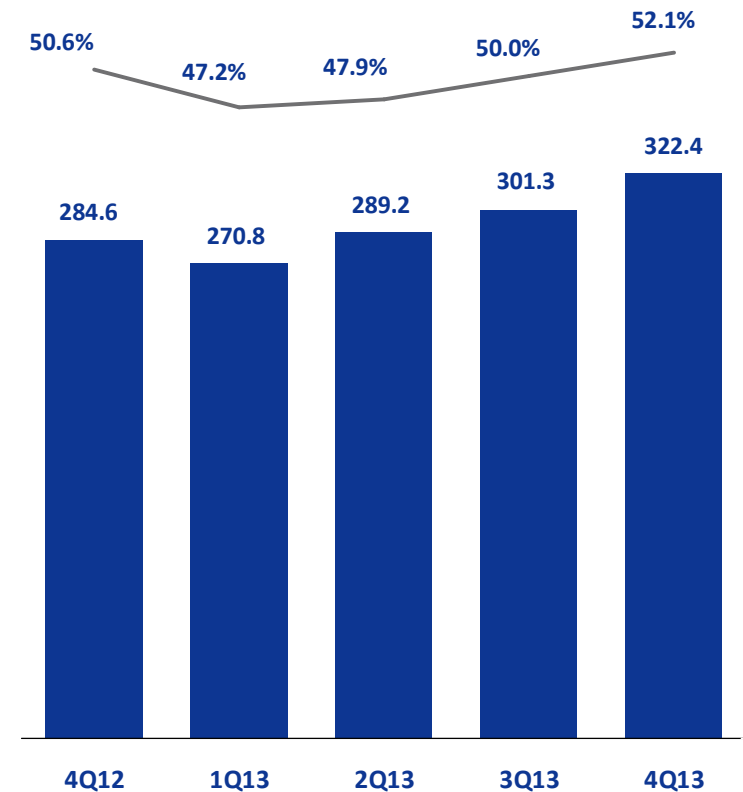
- (Fee income + ROF) / operating revenues
- ROF
- Net fee income



## Operating expenses

S/. million

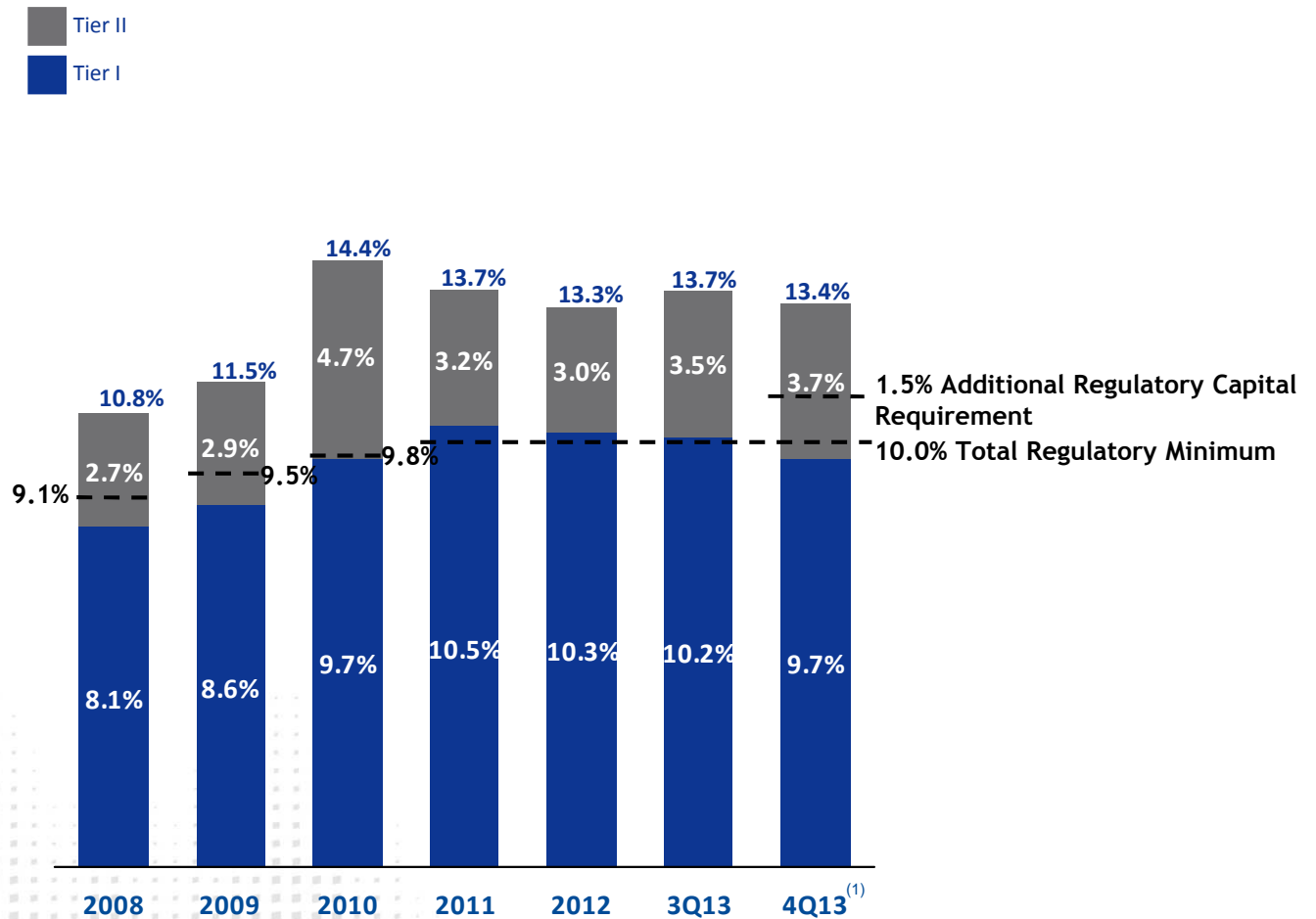
Efficiency ratio\*



**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 December 31, 2013, 73.7% of the notes qualified as Tier I while the remaining 26.3% qualified as Tier II.

# Interseguro



## Interseguro's net income improved in 4Q13 due to continued premiums growth and strong investment income

Profit and Loss Statement Summary					
S/. million	4Q12	3Q13	4Q13	% chg QoQ	% chg YoY
Premiums	111.3	141.1	152.4	8.0%	36.9%
Premiums ceded	-1.3	-1.6	-1.5	-3.3%	17.7%
Fees	-4.0	-14.0	-10.8	-23.3%	166.2%
Claims	-34.9	-44.6	-46.4	4.0%	32.9%
Change in reserves	-84.8	-107.2	-106.1	-1.1%	25.0%
Diverse Income, net	-0.5	-1.1	-0.8	-31.6%	40.6%
<b>Technical margin</b>	<b>-14.3</b>	<b>-27.5</b>	<b>-13.2</b>	<b>-52.0%</b>	<b>-8.0%</b>
Administrative expenses	-24.3	-19.1	-29.9	56.5%	23.3%
Investment income, net*	60.1	53.5	115.7	116.1%	92.5%
<b>Net income</b>	<b>21.5</b>	<b>6.9</b>	<b>72.5</b>	<b>946.5%</b>	<b>237.5%</b>
<b>ROE</b>	<b>17.5%</b>	<b>7.0%</b>	<b>69.5%</b>		

\*Includes exchange rate difference

## Premiums grew 8.0% QoQ and 36.9% YoY due mainly to higher sales in annuities

Premiums by Business Line					
S/. million	4Q12	3Q13	4Q13	% chg QoQ	% chg YoY
Individual Life	6.0	8.2	7.4	-9.4%	24.0%
Annuities	79.5	94.2	103.3	9.7%	29.9%
Group Life	15.9	20.7	22.0	6.4%	38.0%
Disability and survivor benefits	0.0	0.1	0.0	n.m.	n.m.
Mandatory traffic accident	5.1	6.2	6.4	3.1%	25.9%
Non Life Insurance	4.8	11.8	13.2	12.0%	177.2%
<b>TOTAL</b>	<b>111.3</b>	<b>141.1</b>	<b>152.4</b>	<b>8.0%</b>	<b>36.9%</b>

# Investment income expanded strongly on extraordinary gains from real estate investments

Investment Portfolio					
S/. million	4Q12	3Q13	4Q13	% chg QoQ	% chg YoY
Fixed Income	2,224.3	2,511.6	2,672.4	6.4%	20.1%
Equity and Mutual Funds	392.3	409.3	430.5	5.2%	9.7%
Real estate	433.6	419.6	427.4	1.9%	-1.4%
Other	5.0	5.2	5.4	3.8%	8.6%
<b>TOTAL</b>	<b>3,055.1</b>	<b>3,345.7</b>	<b>3,535.7</b>	<b>5.7%</b>	<b>15.7%</b>

Investment Income, Net					
S/. million	4Q12	3Q13	4Q13	% chg QoQ	% chg YoY
<b>Income:</b>					
Fixed Income	45.8	44.1	41.3	-6.3%	-9.8%
Interest	30.9	42.8	38.2	-10.8%	23.8%
Realized Gains	15.0	1.3	3.1	142.7%	-79.0%
Equity and Mutual Funds	6.9	8.2	11.3	38.1%	62.7%
Real estate	7.1	5.2	65.5	n.m.	n.m.
Total Income	59.8	57.4	118.1	105.8%	97.4%
Expenses	-0.9	-0.9	-1.1	21.1%	19.4%
Exchange difference and others	1.2	-3.0	-1.4	-54.2%	n.m.
<b>Net income</b>	<b>60.1</b>	<b>53.5</b>	<b>115.7</b>	<b>116.1%</b>	<b>92.5%</b>



 **Intercorp** Financial Services