Intercorp Financial Services Inc.
First Quarter 2014 Earnings

Lima, Peru, April 29, 2014. Intercorp Financial Services Inc. (Bolsa de Valores de Lima: IFS) announced today its unaudited results for the first quarter 2014. These results are reported on a consolidated basis in accordance with Peruvian GAAP in nominal Peruvian Nuevos Soles.

Intercorp Financial Services:

- IFS net earnings were S/. 153.0 million in 1Q14, a decrease of 32.5% QoQ and 24.8% YoY
- Excluding non-recurring items in both 4Q13 and 1Q13, IFS recurring net earnings increased 4.4% QoQ and 13.1% YoY
- The QoQ recurring increase was driven by 4.9% higher gross financial margin and 10.0% lower administrative expenses
- YoY recurring net earnings growth was mainly due to a 21.9% increase in gross financial margin, partially offset by 9.9% higher administrative expenses
- IFS recurring ROE was 21.9% in 1Q14, above the 20.3% in 4Q13 and the 21.2% in 1Q13

Interbank:

- Interbank's net earnings were S/. 162.0 million in 1Q14, a 3.1% increase QoQ
- The QoQ growth was driven by a 4.2% rise in gross financial margin and a 9.5% decline in administrative expenses
- Net earnings decreased 1.1% YoY, due to non-recurring investment income in 1Q13 which was not repeated in 1Q14
- Excluding non-recurring factors, earnings would have increased 18.8% YoY, as gross financial margin increased 21.2% while provision expenses remained relatively stable
- The loan portfolio expanded 3.1% QoQ and 27.2% YoY, driven by growth in credit cards, mortgages and commercial loans
- The ratio of past due loans to total loans increased from 1.8% in 4Q13 to 1.9% in 1Q14, in line with an expected seasoning of the loan portfolio
- The BIS ratio stood at 16.8% in 1Q14, well above regulatory requirements

Interseguro:

- Interseguro's net earnings were S/. 9.2 million in 1Q14, a decrease of 87.3% QoQ and 83.5% YoY
- Earnings declined QoQ and YoY due to lower investment income, as both 4Q13 and 1Q13 results included non-recurring gains in this respect
- Annuity sales increased 13.9% QoQ and 12.4% YoY supported by market expansion and gains in market share

Intercorp Financial Services

Net earnings (attributable to IFS shareholders) were S/. 153.0 million in 1Q14, a 32.5% decrease QoQ and a 24.8% decline YoY. When excluding non-recurring items reported in both 4Q13 and 1Q13, net earnings increased 4.4% QoQ and 13.1% YoY. IFS ROE was 20.1% in 1Q14, below the 31.0% in 4Q13 and the 27.2% in 1Q13.

Intercorp Financial Services' Statement of Comprehensive Income					
S/. million				%chg	%chg
	1Q13	4Q13	1Q14	QoQ	YoY
Financial income	585.9	675.9	711.4	5.2%	21.4%
Financial expenses	-138.9	-156.4	-166.3	6.3%	19.7%
Gross financial margin	**447.0**	**519.5**	**545.1**	**4.9%**	**21.9%**
Provisions	-94.6	-94.7	-95.3	0.7%	0.7%
Net financial margin	**352.4**	**424.9**	**449.8**	**5.9%**	**27.6%**
Fee income from financial services, net	57.3	55.6	49.6	-10.9%	-13.4%
Result from insurance underwriting, net	-21.4	-3.8	-17.8	362.8%	-17.0%
Result from financial operations	159.5	163.6	77.8	-52.5%	-51.2%
Administrative expenses	-269.9	-329.8	-296.7	-10.0%	9.9%
Operating margin	**277.8**	**310.4**	**262.7**	**-15.4%**	**-5.5%**
Depreciation and amortization	-26.5	-27.3	-27.4	0.1%	3.1%
Other income (expenses)	9.9	4.7	-19.9	n.m.	n.m.
Income before tax	**261.2**	**287.8**	**215.5**	**-25.1%**	**-17.5%**
Income tax	-56.6	-60.1	-61.3	2.0%	8.3%
Net income	**204.6**	**227.7**	**154.2**	**-32.3%**	**-24.7%**
Attributable to IFS shareholders	**203.4**	**226.7**	**153.0**	**-32.5%**	**-24.8%**
EPS	**2.17**	**2.42**	**1.64**		
ROE	**27.2%**	**31.0%**	**20.1%**		

Intercorp Financial Services' Recurring Statement of Comprehensive Income Summary					
S/. million				%chg	%chg
	1Q13	4Q13	1Q14	QoQ	YoY
Reported net earnings	**203.4**	**226.7**	**153.0**	**-32.5%**	**-24.8%**
Non-recurring income:					
Sale of properties	-40.8	-61.0	0.0	n.m.	n.m.
Sale of investments	-23.6	-19.1	0.0	n.m.	n.m.
Other income (expenses)	-3.6	0.0	0.0	n.m.	n.m.
Total non-recurring income	**-68.1**	**-80.1**	**0.0**	**n.m.**	**n.m.**
Recurring net earnings	**135.3**	**146.6**	**153.0**	**4.4%**	**13.1%**
Recurring ROE*	**21.2%**	**20.3%**	**21.9%**		

* IFS average shareholders' equity excludes unrealized results, declared dividends and non-recurring gains

Net income for 4Q13 was restated from S/. 207.6 million to S/. 226.7 million due to a post-audit adjustment attributable to inter-company income originated in previous years when IFS bought certain equity investments from its subsidiaries. In 2013 these investments were sold to third parties by IFS and the income was registered in accumulated earnings. However, auditors suggested this income should be considered in the statement of comprehensive income. Such S/. 19.1 million adjustment was made in 4Q13 in the form of additional non-recurring income. In addition, some changes in the accounting methodology of consolidation of Interseguro's accounts have been made starting this year due to a post-audit adjustment, which will have an impact in the way certain lines are presented in IFS statement of comprehensive income. Gains on the sale of investments, dividends and rentals are no longer part of the financial income, but are now considered part of results from financial operations at IFS level.

Intercorp Financial Services' Statement of Financial Position					
S/. million				%chg	%chg
	1Q13	4Q13	1Q14	QoQ	YoY
Cash and due from banks	7,221.6	7,175.0	7,653.6	6.7%	6.0%
Investments, net	4,490.1	5,368.4	6,005.6	11.9%	33.8%
Loan portfolio, net	15,511.2	19,151.4	19,783.1	3.3%	27.5%
Fixed assets, net	443.4	445.2	436.2	-2.0%	-1.6%
Other assets	1,037.9	1,079.0	1,327.7	23.0%	27.9%
Total Assets	**28,704.2**	**33,219.1**	**35,206.3**	**6.0%**	**22.7%**
Deposits and obligations	15,764.7	19,965.2	20,858.4	4.5%	32.3%
Due to banks	3,212.9	2,830.9	2,644.5	-6.6%	-17.7%
Bonds and obligations	3,250.1	3,426.8	4,361.3	27.3%	34.2%
Technical reserves for premiums and claims	2,594.1	3,042.0	3,180.0	4.5%	22.6%
Other liabilities	774.7	928.1	1,059.0	14.1%	36.7%
Total Liabilities	**25,596.4**	**30,193.0**	**32,103.2**	**6.3%**	**25.4%**
IFS shareholders' equity	3,091.3	3,006.9	3,085.0	2.6%	-0.2%
Minority interest	16.5	19.2	18.0	-5.9%	9.3%
Total shareholders' equity	**3,107.8**	**3,026.1**	**3,103.1**	**2.5%**	**-0.2%**

Quarter-on-quarter performance

Net earnings decreased 32.5% QoQ mainly due to a 52.5% decline in results from financial operations and a reversion from other income to other expenses, partially offset by a 10.0% decrease in administrative expenses and a 4.9% increase in gross financial margin.

Financial income increased 5.2% driven by a 4.5% increase in interest and fees on loans at Interbank.

Financial expenses grew 6.3% QoQ due to increases of 8.9% in interest on deposits and 9.8% in interest on bonds at Interbank.

Provision expenses rose 0.7% due to a higher requirement for new provisions for mortgage loans and lower income from loan recoveries, partially offset by higher provision reversals and a lower requirement for commercial loans.

Fee income decreased 10.9% QoQ mainly due to seasonally-driven lower fees from loan structuring and real estate lending at Interbank.

Interseguro's loss from insurance underwriting more than fourfold, mainly as a result of a 21.1% increase in reserves related to premium sales, as well as 9.7% higher claims.

Results from financial operations declined 52.5% QoQ due to non-recurring gains on the sale of real estate investments registered at Interseguro in 4Q13, as well as lower income from the sale of investment at IFS, related to the post-audit adjustment previously mentioned.

Administrative expenses decreased 10.0% due to declines in expenses related to miscellaneous services, public relations and publicity at Interbank, and a decrease in personnel expenses and a provision for a tax credit loss that was registered in 4Q13 at Interseguro.

The other income and expenses account reversed from an income of S/. 4.7 million in 4Q13 to an expense of S/. 19.9 million in 1Q14, mainly due to the constitution of a voluntary provision during 1Q14, compared to a reversal of voluntary provisions for commercial loans in 4Q13, in addition to higher reversals of interest and fees on loans and the non-recurring payment of commercial incentives offered by the principal credit card brands in 4Q13 at Interbank. This was partially offset by an increase of Interseguro's other income due to a provision for tax contingencies made in 4Q13, which was not repeated in 1Q14.

IFS effective tax rate increased from 20.9% in 4Q13 to 28.5% in 1Q14 as a result of a lower contribution to net earnings from Interseguro, whose investment income is tax-exempt.

Year-on-year performance

Net earnings declined 24.8% YoY, mainly due to an S/. 81.7 million reduction in results from financial operations, a reversion from other income to other expenses and a S/. 26.8 million increase in administrative expenses, partially offset by a S/. 98.1 million growth in gross financial margin.

Financial income rose 21.4% mainly explained by increases of 26.9% in the average loan volume, and 21.2% in fees on loans at Interbank.

Financial expenses increased 19.7% YoY due to higher interest on deposits, bonds and due to banks at Interbank. The rise in interest on deposits was explained by higher average volume. The growth in interest on bonds was attributed to two subordinated bond issues in the last 12 months. Finally the increase in interest on due to banks was due to an increase in the average cost.

Provisions grew 0.7% due to lower income from loan recoveries and higher provision requirements for mortgage loans, partially offset by lower requirements for commercial, indirect and consumer loans.

Fee income declined 13.4% YoY as a result of a S/. 4.6 million increase in the elimination of fees charged by Interbank to Interseguro, and lower fees from letters of guarantee and higher net expenses related to insurance at Interbank.

Interseguro's loss from insurance underwriting decreased 17.0% as a result of higher elimination of commissions paid by Interseguro to Interbank, related to the sale of premiums, partially offset by an increase in reserves and claims.

Results from financial operations declined 51.2% YoY due to non-recurring gains on the sale of real estate investments registered at Interseguro in 1Q13, as well as lower income from the sale of investments at Interbank and its subsidiary Interfondos.

Administrative expenses increased 9.9% as a result of higher expenses for maintenance, property leases and publicity, as well as a higher provision for workers' profit-sharing and an increase in average headcount at Interbank. Additionally, administrative expenses grew due to higher personnel and system's development expenses at Interseguro.

The other income and expenses account reversed from an income of S/. 9.9 million in 1Q13 to an expense of S/. 19.9 million in 1Q14, mainly due to the constitution of a voluntary provision, compared to a reversal of provisions for currency risk in 1Q13 at Interbank.

IFS effective tax rate increase from 21.7% in 1Q13 to 28.5% in 1Q14 as a result of a lower contribution to net earnings from Interseguro, whose investment income is tax-exempt. In addition, Interbank's effective tax rate increased from 24.2% in 1Q13 to 26.7% in 1Q14, due to lower tax-exempt income and higher non-deductible expenses as a percentage of income before taxes in 1Q14.

CONTRIBUTION OF SUBSIDARIES

The following table shows the contribution of Interbank and Interseguro to Intercorp Financial Services' net earnings. The performance of both subsidiaries is discussed in detail in the following two sections.

Intercorp Financial Services' Statement of Comprehensive Income Summary

S/. million	1Q13	4Q13	1Q14	%chg QoQ	%chg YoY
Interbank	162.6	156.0	160.8	3.1%	-1.1%
Interseguro	55.8	72.5	9.2	-87.3%	-83.5%
IFS accounts:					
Return on investment portfolio	6.0	0.3	0.9	230.9%	-85.6%
Exchange gains (loss)	-4.2	0.6	-1.2	n.m.	-71.6%
Taxes on dividends	-5.3	-4.5	-3.9	-12.5%	-25.9%
Other income (expenses)	-10.7	-16.2	-10.5	-35.7%	-2.1%
Consolidation adjustments	-0.8	18.0	-2.3	n.m.	176.8%
Total	**203.4**	**226.7**	**153.0**	**-32.5%**	**-24.8%**

Interbank

SUMMARY

Interbank's net earnings reached S/. 162.0 million in 1Q14, a S/. 4.8 million increase QoQ and a S/. 1.8 million decrease YoY. The quarterly increase was mainly due to a S/. 20.1 million growth in gross financial margin and a S/. 28.1 million decline in administrative expenses, factors which were partially offset by a S/. 36.2 million reversal in other income and expenses.

The annual decline in net earnings in 1Q14 was also due to a S/. 31.5 million reversal in other income and expenses, as well as a S/. 24.4 million decrease in results from financial operations and a S/. 22.6 million increase in administrative expenses. These factors, added to a higher effective tax rate, more than offset the S/. 87.6 million growth in gross financial margin.

In 1Q13, a non-recurring result of S/. 27.5 million net of taxes was reported. Excluding said amount, 1Q14 net earnings would have increased 18.8% YoY.

Interbank's ROE was 25.0% in 1Q14, above the 24.5% reported in 4Q13, but lower than the 28.2% registered in 1Q13.

Interbank's Statement of Comprehensive Income					
S/. million				% chg	% chg
	1Q13	4Q13	1Q14	QoQ	YoY
Financial income	552.5	637.2	666.7	4.6%	20.7%
Financial expenses	-138.7	-156.0	-165.3	6.0%	19.2%
Gross financial margin	**413.8**	**481.3**	**501.4**	**4.2%**	**21.2%**
Provisions	-94.6	-94.7	-95.3	0.7%	0.7%
Net financial margin	**319.2**	**386.6**	**406.1**	**5.0%**	**27.2%**
Fee income from financial services, net	61.1	66.0	58.4	-11.7%	-4.6%
Result from financial operations, net	98.4	71.6	74.0	3.3%	-24.8%
Administrative expenses	-245.0	-295.7	-267.6	-9.5%	9.2%
Operating margin	**233.7**	**228.6**	**270.9**	**18.5%**	**15.9%**
Depreciation and amortization	-25.8	-26.6	-26.6	-0.2%	3.1%
Other income (expenses)	8.2	12.9	-23.3	n.m.	n.m.
Income before taxes	**216.1**	**214.8**	**221.0**	**2.9%**	**2.2%**
Income tax	-52.3	-57.7	-59.0	2.3%	12.7%
Net income	**163.8**	**157.1**	**162.0**	**3.1%**	**-1.1%**
ROE	**28.2%**	**24.5%**	**25.0%**	**50 bps**	**-320 bps**

Summary of Non-Recurring Items					
S/. million				% chg	% chg
Net of taxes	1Q13	4Q13	1Q14	QoQ	YoY
Net Income	**163.8**	**157.1**	**162.0**	**3.1%**	**-1.1%**
Result from financial operations, net:					
Gains on sale of investments, net	-27.6	0.0	0.0	n.m.	n.m.
Exchange and derivative gains (losses)	3.8	0.0	0.0	n.m.	n.m.
Other provisions	-3.7	0.0	0.0	n.m.	n.m.
Total Non-Recurring Items	**-27.5**	**0.0**	**0.0**	**n.m.**	**n.m.**
Recurring Net Income	**136.3**	**157.1**	**162.0**	**3.1%**	**18.8%**
Recurring ROE*	**24.3%**	**24.1%**	**24.7%**	**60 bps**	**40 bps**

* Interbank's recurring average shareholders' equity excludes unrealized results, declared dividends and non-recurring gains

INTEREST-EARNING ASSETS

Interbank's interest-earning assets reached S/. 29,981.1 million in 1Q14, an increase of 6.5% QoQ and 25.1% YoY.

The quarterly increase was due to generalized increases of 3.3% in loans, 33.4% in investments and 7.7% in cash. The growth in investments was mainly due to higher volumes of Central Bank certificates of deposit (CDBCR), whereas the increase in cash was explained by higher overnight deposits in the same institution. Furthermore, US$300.0 million in subordinated bonds were issued in March 2014, which contributed to a temporary excess of liquidity.

The annual growth in interest-earning assets was attributed to increases of 27.5% in loans, 84.2% in investments and 8.0% in cash. The increase in investments was mainly due to higher volumes of CDBCR and Peruvian sovereign bonds, partially offset by a reduction in equity investments. The increase in cash was attributed to higher deposits in foreign financial institutions, a product of the higher dollar liquidity in general and higher balances in accounts related to foreign securities purchases.

Interest-Earning Assets					
S/. million				% chg	% chg
	1Q13	4Q13	1Q14	QoQ	YoY
Cash and due from banks	7,065.6	7,084.8	7,632.9	7.7%	8.0%
Investments, net	1,392.8	1,923.4	2,565.1	33.4%	84.2%
Loan portfolio, net	15,511.2	19,151.4	19,783.1	3.3%	27.5%
Total interest-earning assets	**23,969.6**	**28,159.6**	**29,981.1**	**6.5%**	**25.1%**

Loan Portfolio					
S/. million				% chg	% chg
	1Q13	4Q13	1Q14	QoQ	YoY
Performing loans:					
Retail	7,970.8	9,354.3	9,611.9	2.8%	20.6%
Commercial	7,677.1	9,953.6	10,297.9	3.5%	34.1%
Total performing loans	**15,647.9**	**19,307.8**	**19,909.8**	**3.1%**	**27.2%**
Restructured and refinanced loans	113.0	123.9	126.9	2.4%	12.3%
Past due loans	311.4	346.6	383.0	10.5%	23.0%
Gross loans	**16,072.3**	**19,778.4**	**20,419.6**	**3.2%**	**27.0%**
Add (less)					
Accrued and deferred interest	143.2	158.3	174.7	10.4%	22.0%
Allowance for loan losses	-704.2	-785.3	-811.3	3.3%	15.2%
Total direct loans, net	**15,511.2**	**19,151.4**	**19,783.1**	**3.3%**	**27.5%**

Performing loans grew 3.1% QoQ. Commercial loans grew 3.5% in 1Q14, mainly driven by factoring operations in the corporate segment and medium-term loans in the middle market segment, partially offset by a decrease in trade finance loans within the corporate segment. Retail loans increased 2.8% due to growths of 3.7% in credit cards, 2.4% in mortgage loans and 2.3% in other consumer loans. In credit cards, 1Q14 was the fourth consecutive quarter of solid growth following a similar period of reductions, during which time Interbank maintained more rigorous credit standards regarding the acquisition of new clients. As a result, the past due loan ratio in credit cards was 4.0% in 1Q14, lower than the 4.9% registered in 1Q13 and the 4.1% reported in 4Q13.

Performing loans increased 27.2% YoY. Commercial loans grew 34.1% mainly due to increases in medium-term loans in the middle market segment. Retail loans increased 20.6%, driven by growths of 30.8% in credit cards, 21.0% in mortgage loans and 12.9% in other consumer loans.

Breakdown of Performing Retail Loans					
S/. million				% chg	% chg
	1Q13	4Q13	1Q14	QoQ	YoY
Consumer loans:					
Credit cards	2,017.0	2,542.7	2,637.4	3.7%	30.8%
Other consumer	2,833.5	3,125.0	3,198.4	2.3%	12.9%
Total consumer loans	**4,850.5**	**5,667.6**	**5,835.8**	**3.0%**	**20.3%**
Mortgages	3,120.3	3,686.7	3,776.1	2.4%	21.0%
Total retail loans	**7,970.8**	**9,354.3**	**9,611.9**	**2.8%**	**20.6%**

FUNDING STRUCTURE

Funding Structure					
S/. million	1Q13	4Q13	1Q14	% chg QoQ	% chg YoY
Deposits	16,060.2	20,265.6	21,177.5	4.5%	31.9%
Due to banks	3,406.5	2,881.3	2,767.5	-3.9%	-18.8%
Bonds	2,808.7	3,071.5	3,950.3	28.6%	40.6%
Inter-bank funds	50.0	100.0	0.0	n.m.	n.m.
Total	**22,325.4**	**26,318.4**	**27,895.3**	**6.0%**	**24.9%**
AUM (Interfondos)	2,838.4	2,443.5	2,381.4	-2.5%	-16.1%
% of funding					
Deposits	71.9%	77.0%	75.9%		
Due to banks and inter-bank funds	15.5%	11.3%	9.9%		
Bonds	12.6%	11.7%	14.2%		

Interbank's funding base grew 6.0% QoQ, in line with the increase in interest-earning assets, mainly due to increases of 28.6% in bonds and 4.5% in deposits.

In March 2014, the bank issued US$300.0 million of subordinated bonds, which were placed in the international market. The issuance achieved a 6.625% coupon and will be used to finance loan growth in the following months while strengthening the bank's capitalization. The bonds have a maturity date of March 2029 and have a call option as of March 2024.

The increase in deposits was explained by growths of 7.9% in commercial deposits, 2.2% in retail deposits and 3.3% in institutional deposits. Inter-bank funds and due to banks decreased as short-term, dollar funding needs were covered to a greater extent by low-cost deposits, particularly current account deposits, which increased 7.7% QoQ.

The bank's total funding base increased 24.9% YoY, in line with interest-earning assets. The increase was due to growths of 31.9% in deposits and 40.6% in bonds, partially offset by an 18.8% decrease in due to banks. As a result, the proportion of deposits to total funding increased from 71.9% in 1Q13 to 75.9% in 1Q14. The increase in deposits was attributed mainly to growths of 83.6% in commercial deposits and 22.6% in retail deposits. Consequently, the proportion of institutional deposits to total deposits declined from 31.4% in 1Q13 to 24.3% in 1Q14.

The YoY growth in bonds was explained by three factors, partially offset by two additional factors. The first two factors were subordinated bond issuances, the first for US$50.0 million in December 2013, placed in the local market, and the second for US$300.0 million in March 2014, placed in the international market. The third factor was an 8.5% depreciation of the Nuevo Sol against the U.S. dollar, which led to an increase in the value of bonds issued in dollars, which represented 90.5% of total bonds in circulation as of 1Q14. The two attenuating factors included the maturity of a US$15.0 million subordinated bond in October 2013 and the payment of US$1.5 million in mortgage bonds over the last 12 months.

The decrease in due to banks was attributed to a 73.5% reduction in the use of short-term lines of credit with correspondent banks, partially offset by the disbursement of a US$200.0 million syndicated loan granted to Interbank in July 2013. This medium-term funding was arranged with a syndicate of 15 foreign financial institutions at a cost of LIBOR plus 185 basis points and with a maturity date in October 2016.

Breakdown of Deposits					
S/. million	1Q13	4Q13	1Q14	% chg QoQ	% chg YoY
By Customer Segment					
Retail	6,553.6	7,860.6	8,033.2	2.2%	22.6%
Commercial	4,234.5	7,204.5	7,774.9	7.9%	83.6%
Institutional	5,046.6	4,986.2	5,148.7	3.3%	2.0%
Other	225.5	214.3	220.7	3.0%	-2.1%
Total	**16,060.2**	**20,265.6**	**21,177.5**	**4.5%**	**31.9%**
By Type:					
Demand	3,104.1	5,971.5	6,429.3	7.7%	107.1%
Savings	4,735.0	5,343.9	5,596.5	4.7%	18.2%
Time	7,247.7	7,929.4	8,118.5	2.4%	12.0%
Other	973.3	1,020.8	1,033.2	1.2%	6.2%
Total	**16,060.2**	**20,265.6**	**21,177.5**	**4.5%**	**31.9%**

FINANCIAL MARGIN

Financial Margin					
S/. million	1Q13	4Q13	1Q14	% chg QoQ	% chg YoY
Financial income	552.5	637.2	666.7	4.6%	20.7%
Financial expenses	-138.7	-156.0	-165.3	6.0%	19.2%
Gross financial margin	**413.8**	**481.3**	**501.4**	**4.2%**	**21.2%**

Financial Income					
S/. million	1Q13	4Q13	1Q14	% chg QoQ	% chg YoY
Interest on loans	459.6	552.7	570.7	3.3%	24.2%
Fees on loans	61.1	64.6	74.0	14.6%	21.2%
Investment income	10.9	14.9	18.1	21.0%	66.4%
Interest on cash and inter-bank funds	19.6	4.6	3.7	-19.8%	-81.4%
Other	1.3	0.5	0.2	-65.3%	-87.0%
Total financial income	**552.5**	**637.2**	**666.7**	**4.6%**	**20.7%**
Average interest-earning assets	23,046.9	27,588.8	29,070.3	5.4%	26.1%
Average yield on assets (annualized)	10.1%	9.5%	9.6%	10 bps	-50 bps

Financial Expenses					
S/. million				% chg	% chg
	1Q13	4Q13	1Q14	QoQ	YoY
Interest and fees on deposits	58.3	69.0	75.2	8.9%	28.9%
Interest on due to banks and inter-bank funds	33.2	38.8	37.5	-3.1%	13.2%
Interest on bonds	45.6	46.5	51.0	9.8%	11.9%
Other	1.6	1.7	1.5	-11.7%	-4.8%
Financial expenses	**138.7**	**156.0**	**165.3**	**6.0%**	**19.2%**
Average interest-bearing liabilites	21,424.2	25,785.2	27,106.8	5.1%	26.5%
Average cost of funding (annualized)	2.6%	2.4%	2.5%	10 bps	-10 bps

QoQ Performance

Gross financial margin increased 4.2% QoQ as the result of a 4.6% growth in financial income, partially offset by a 6.0% increase in financial expenses.

The rise in financial income was due to increases of 3.3% in interest on loans, 14.6% in fees on loans and 21.0% in interest on investments.

The growth in interest on loans was due to increases of 4.7% in the average volume of the portfolio and 10 basis points in the average yield, from 11.9% in 4Q13 to 12.0% in 1Q14. The higher average volume was attributed to increases of 5.5% in commercial loans and 3.8% in retail loans. In the commercial portfolio, volumes grew by 5.1% in medium-terms loans and by 85.2% in factoring. In the retail portfolio, higher volume was due to growths of 6.3% in credit cards, 3.1% in mortgage loans and 2.7% in other consumer loans. The higher average yield was due to a 20 basis point increase in the retail portfolio, partially offset by a 10 basis point decrease in the commercial portfolio. The increase in yield on retail loans was mainly due to higher rates on credit cards and a higher proportion of these within said portfolio, partially offset by lower rates on mortgage loans and other consumer loans. The lower average yield on commercial loans was mainly due to decreases in rates on medium-term loans and leasing.

The increase in fees on loans recorded within financial income was attributed to a 16.2% increase in fees associated with retail loans, mainly comprised of merchant fees from purchases made with credit cards.

The growth in interest on investments was explained by increases of 12.0% in the average volume and 30 basis points in the average yield. The growth in volume was attributed to increases in global and sovereign bonds, equity investments and CDBCR holdings. The higher average yield was mainly due to increases in that of sovereign bonds and CDBCR.

The return on average interest-earning assets increased 10 basis points QoQ, from 9.5% in 4Q13 to 9.6% in 1Q14, due to higher yields on the retail loan portfolio and on investments.

Financial expenses rose 6.0% QoQ due to increases of 8.9% in interest on deposits and 9.8% in interest on bonds, partially offset by a 3.1% decrease in interest on due to banks.

The growth in interest on deposits was due to increases of 5.5% in the average volume and 10 basis points in the average cost. The higher volume was explained by increases of 8.5% in commercial deposits, 4.6% in retail deposit and 3.0% in institutional deposits. The higher average cost was due to a 30 basis point increase in the average rate paid on institutional deposits, while the rates on commercial and retail deposits showed no significant variation.

The increase in interest on bonds in 1Q14 was due to a 15.6% growth in the average volume, partially offset by a 10 basis point decline in the average cost. The higher volume was due to a US$300.0 million subordinated bond issue that was placed in the international market. The lower average cost was due to the fact that said issuance was realized in mid-March and therefore the associated interest expense was incurred during only a fraction of 1Q14. The full effect of this new issuance on the average cost of bonds and total funding will not be significant until the following quarter. Furthermore, in January a mortgage bond reached maturity and was redeemed, for which the interest on said bond was also incurred during a reduced period within the quarter.

The decrease in interest on due to banks was explained by a 7.4% decline in the average volume, partially offset by a 30 basis point increase in the average cost. Both of these effects occurred principally in foreign funding and inter-bank funds, while local funding grew 3.2% in volume and its average cost decreased 10 basis points.

The average cost of funds increased from 2.4% in 4Q13 to 2.5% in 1Q14, mainly due to the higher average cost of institutional deposits and due to banks.

<u>YoY Performance</u>

Gross financial margin grew 21.2% YoY due to increases of 20.7% in financial income, partially offset by a 19.2% rise in financial expenses.

The growth in financial income was due to increases of 24.2% in interest on loans, 21.2% in fees on loans and 66.4% in interest on investments, partially offset by an 81.4% reduction in interest on cash.

The increase in interest on loans was explained by a 26.9% growth in the average loan volume, partially offset by a 30 basis point decrease in the average yield, from 12.3% in 1Q13 to 12.0% in 1Q14. Growth in average volume was due to increases of 35.0% in the commercial portfolio and 19.5% in the retail portfolio. The higher volume of commercial loans was due to growths of 43.3% in medium-term loans, 35.3% in trade finance loans and 13.5% in leasing. In the retail portfolio, volumes rose by 22.8% in mortgage loans, 25.5% in credit cards and 11.7% in other consumer loans. The lower average yield was explained by a 30 basis point reduction in the commercial portfolio and a higher proportion of commercial and mortgage loans within the total loan portfolio, partially offset by a 50 basis point increase in the retail portfolio. The lower yield on the commercial portfolio was attributed to decreased rates in the majority of products, while the increase in the retail portfolio was mainly due to higher rates on credit cards.

The increase in fees on loans recorded within financial income was attributed to a 20.2% increase in fees associated with retail loans, mainly comprised of merchant fees from purchases made with credit cards.

The growth in interest on investments was explained by increases of 53.9% in average volume and 20 basis points in average yield. The growth in volume was due to higher investments in CDBCR and both sovereign and global bonds, partially offset by a decrease in equity investments. The higher average yield was mainly attributed to an increase in the yield on sovereign bonds.

The decrease in interest on cash was mainly explained by a 110 basis point decline in the average yield, partially offset by a 16.7% increase in the average volume. The lower yield was mainly due to a reduced yield on overnight deposits in the Central Bank, given that in 1Q13 these were mainly constituted in soles whereas in 1Q14 they were in dollars, which earn a significantly lower yield. The higher volume was mainly due to increased deposits with foreign banks and reserve requirements funds deposited at the Central Bank.

The return on interest-earning assets was 9.6% in 1Q14, a 50 basis point decrease with respect to the 10.1% registered in 1Q13, mainly as a result of lower yields on loans and cash.

Financial expenses increased 19.2% YoY due to growths of 28.9% in interest on deposits, 11.9% in interest on bonds and 13.2% in interest on due to banks.

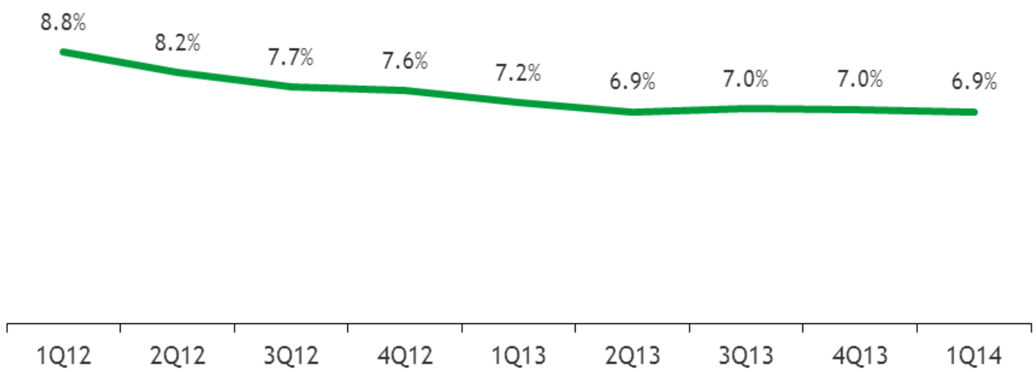
The rise in interest on deposits was attributed to a 35.0% increase in the average volume while the average cost remained stable. The higher average volume was due to growths of 69.7% in commercial deposits, 25.0% in retail deposits and 16.8% in institutional deposits. Notwithstanding these variations in deposit volumes, the average cost remained stable as the cost of institutional and retail deposits increased 20 and 10 basis points, respectively, whereas the average cost of commercial deposits decreased by 10 basis points.

The increase in interest on bonds was mainly due to a 27.3% growth in average volume, partially offset by an 80 basis point reduction in the average cost. The higher average volume was explained by two subordinated bond issues, the first for US$50.0 million in December 2013 and the second for US$300.0 million in March 2014, partially offset by the maturity of a US$15.0 million subordinated bond and the payment of US$1.5 million in mortgage bonds over the past 12 months. The lower average cost was due to the fact that said issuance was realized in mid-March and therefore the associated interest expense was incurred during only a fraction of 1Q14. The full effect of this new issuance on the average cost of bonds and total funding will not be significant until the following quarter. Furthermore, the maturity of the mortgage bond previously mentioned also contributed to the lower average cost in 1Q14.

The growth in interest on due to banks was due to a 120 basis point increase in the average cost, partially offset by a 13.4% reduction in the average volume. The higher cost was explained by increases of 80 and 70 basis point in the cost of both foreign and local funding, respectively. The decrease in the average volume was due to a 31.3% reduction in foreign funding, partially offset by a 22.5% increase in local funding.

The average cost of funding decreased from 2.6% in 1Q13 to 2.5% in 1Q14, mainly due to the increase in the proportion of deposits, particularly from commercial clients in current accounts, within the overall funding structure.

Net Interest Margin*



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

Net interest margin was 6.9% in 1Q14, 10 basis points lower than the 7.0% reported in 4Q13 and 30 basis points lower than the 7.2% registered in 1Q13.

PROVISIONS

Provision expenses increased slightly, both QoQ and YoY, by 0.7%. This occurred despite growths of 3.2% QoQ and 27.0% YoY in gross loans. As a result, the annualized ratio of provision expense to average loans was 1.9% in 1Q14, lower than the 2.0% registered in 4Q13 and the 2.4% reported in 1Q13.

The quarterly rise was due to a higher requirement for new provisions for mortgage loans and lower income from loan recoveries, partially offset by higher provision reversals and a lower requirement for commercial loans. The reversal of provisions was mainly driven by reversals of payroll-deduction loan provisions as the result of new regulation regarding salary deductions among public sector employees, who form the majority of our clients in said product, partially offset by lower reversals in other products. This newly-introduced regulation eliminated revolving lines in said product and fixed them to a maximum term of 6 years, which in turn led to lower requirements for pro-cyclical and over-indebtedness provisions.

The annual increase in provision expenses was explained by lower income from loan recoveries and higher provision requirements for mortgage loans, partially offset by lower requirements for commercial, indirect and consumer loans.

Composition of Provision Expense					
S/. million				% chg	% chg
	1Q13	4Q13	1Q14	QoQ	YoY
Provisions recognized as expense	-116.1	-110.4	-117.0	6.0%	0.8%
Provision recoveries	21.5	15.8	21.7	37.9%	1.2%
Total provision expense	**-94.6**	**-94.7**	**-95.3**	**0.7%**	**0.7%**
Provision expense / Average loans	**2.4%**	**2.0%**	**1.9%**	**-10 bps**	**-50 bps**

Provision for Loan Losses					
S/. million				% chg	% chg
	1Q13	4Q13	1Q14	QoQ	YoY
Balance at the beginning of the quarter	-743.1	-811.2	-838.9	3.4%	12.9%
Provision recognized as expense for the period	-116.1	-110.4	-117.0	6.0%	0.8%
Recovery of write-off accounts	-25.4	-21.4	-18.3	-14.7%	-28.1%
Provision recoveries	21.5	15.8	21.7	37.9%	1.2%
Write-offs, extinguishment of debt and sales	100.3	88.0	89.4	1.5%	-10.9%
Exchange result, net	-2.5	0.4	-0.9	n.m.	-62.0%
Balance at the end of the quarter	**-765.3**	**-838.9**	**-864.0**	**3.0%**	**12.9%**
Past due loans / Total loans	**1.9%**	**1.8%**	**1.9%**	**10 bps**	**0 bps**
Coverage ratio	**226.2%**	**226.5%**	**211.8%**		

The ratio of past due loans to total loans increased from 1.8% in 4Q13 to 1.9% in 1Q14 but remained stable with respect to 1Q13. The coverage ratio of the past-due loan portfolio decreased from 226.2% in 1Q13 and 226.5% in 4Q13 to 211.8% in 1Q14.

FEE INCOME FROM FINANCIAL SERVICES

Fee income decreased 11.7% QoQ due to lower fees from loan structuring and real estate lending, which were both affected by seasonality factors.

Fee income declined 4.6% YoY as a result of lower fees from contingent operations and higher net expenses related to insurance. The decrease in fees from contingent operations was due to lower fees from letters of guarantee, mainly explained by an accounting principle effective as of June 2013, which required that these fees not be recognized at the moment of origination, but rather, accrued throughout the life of the operation.

Fee Income from Financial Services, Net					
S/. million				% chg	% chg
	1Q13	4Q13	1Q14	QoQ	YoY
Fees from services	68.6	77.3	78.2	1.3%	14.1%
Contingent operations	12.9	10.9	12.1	11.5%	-5.9%
Fees from collections and payment services	4.9	4.9	5.1	3.8%	2.8%
Other fees	16.2	24.7	15.5	-37.4%	-4.3%
Total	**102.5**	**117.7**	**110.9**	**-5.8%**	**8.1%**
Expenses relating to financial services	-41.4	-51.7	-52.5	1.7%	26.9%
Fee income from financial services, net	**61.1**	**66.0**	**58.4**	**-11.7%**	**-4.6%**

RESULTS FROM FINANCIAL OPERATIONS

Results from financial operations increased S/. 2.4 million QoQ mainly due to a sale of previously written-off credit card assets that generated S/. 4.9 million in other income, partially offset by a S/. 2.3 million decrease in exchange and derivative gains.

Exchange and derivative gains fell QoQ due to a S/. 3.6 million higher expense for exchange differential in payments to suppliers and a S/. 3.0 million reduction in income from exchange activity with clients, partially offset by a S/. 2.8 million increase in income from arbitrage among distinct types of foreign currency.

Results from financial operations declined S/. 24.4 million YoY as a result of a S/. 45.3 million decrease in gains on the sale of investments, partially offset by a S/. 18.6 million increase in exchange and derivative gains.

Gains on the sale of investments decreased YoY due to non-recurring gains realized on the sale of investments in 1Q13 and a decrease in dividends received on the equity portfolio in 1Q14, as a result of a reduction in the volume of said portfolio during the last 12 months.

The YoY growth in exchange and derivative gains was due to increases of S/. 13.2 million in gains on Interbank's own exchange position and S/. 12.1 million in income from forwards, partially offset by a S/. 7.4 million reduction in income from negotiable derivatives.

Result from Financial Operations, Net

S/. million	1Q13	4Q13	1Q14	% chg QoQ	% chg YoY
Gains on sale of investments, net	47.8	3.1	2.5	-19.2%	-94.7%
Exchange and derivative gains (losses)	36.8	57.8	55.5	-4.0%	50.7%
Income from participation in subsidiaries	13.9	10.8	10.7	-0.6%	-22.6%
Other	-0.1	-0.1	5.3	n.m.	n.m.
Result from financial operations, net	**98.4**	**71.6**	**74.0**	**3.3%**	**-24.8%**

ADMINISTRATIVE EXPENSES

Administrative expenses decreased 9.5% QoQ but increased 9.2% YoY. The quarterly reduction was mainly due to an 18.0% decrease in expenses for third-party services. The lower expense for such services was explained by declines in expenses for miscellaneous services, public relations and publicity.

The YoY growth was mainly attributed to increases of 10.3% in expenses for services received from third parties and 7.7% in personnel expenses. The growth in third-party services was a product of higher expenses for maintenance, property leases and publicity. The increase in personnel expenses was due to a higher provision for workers' profit-sharing as well as an increase in average headcount.

The efficiency ratio was 46.4% in 1Q14, lower than the 52.1% reported in 4Q13 and the 47.2% registered in 1Q13.

Administrative Expenses					
S/. million	1Q13	4Q13	1Q14	% chg QoQ	% chg YoY
Personnel and board of directors expenses	-119.4	-127.7	-128.6	0.7%	7.7%
Services received from third parties	-119.5	-160.8	-131.8	-18.0%	10.3%
Taxes and contributions	-6.1	-7.2	-7.3	0.5%	18.3%
Total	**-245.0**	**-295.7**	**-267.6**	**-9.5%**	**9.2%**
Efficiency ratio	**47.2%**	**52.1%**	**46.4%**	**-570 bps**	**-80 bps**

OTHERS

Depreciation and amortization expenses remained stable QoQ and increased 3.1% YoY. The YoY growth was mainly due to higher expenses for amortization of software systems.

The other income and expenses account reversed from an income of S/. 12.9 million in 4Q13 to an expense of S/. 23.3 million in 1Q14, mainly due to the constitution of a voluntary provision during 1Q14, compared to a reversal of voluntary provisions for commercial loans in 4Q13. In addition, 1Q14 evidenced higher reversals of interest and fees on loans while in 4Q13 the bank benefitted from non-recurring income related to commercial incentives offered by the principal credit card brands.

The other income and expenses account reversed from an income of S/. 8.2 million in 1Q13 to an expense of S/. 23.3 million in 1Q14, due to the constitution of a voluntary provision previously mentioned, compared to a reversal of provisions for currency risk in 1Q13, as well as higher reversals of interest and fees on loans in 1Q14.

Other Income (Expenses)					
S/. million	1Q13	4Q13	1Q14	% chg QoQ	% chg YoY
Depreciation	-17.9	-17.4	-17.0	-2.6%	-5.0%
Amortization	-7.9	-9.2	-9.6	4.5%	21.4%
Total depreciation and amortization	**-25.8**	**-26.6**	**-26.6**	**-0.2%**	**3.1%**
Income (expenses) from recoveries	14.6	10.0	-3.0	n.m.	n.m.
Provisions for contingencies and other provisions	-6.5	2.9	-20.4	n.m.	n.m.
Other income (expenses)	**8.2**	**12.9**	**-23.3**	**n.m.**	**n.m.**
Total	**-17.6**	**-13.8**	**-49.9**	**n.m.**	**n.m.**

CAPITALIZATION

The ratio of regulatory capital to risk-weighted assets was 16.8% in 1Q14, above the 13.4% reported in 4Q13 and the 15.0% registered in 1Q13. The quarterly variation was due to 24.4% growth in regulatory capital and a 0.6% decrease in risk-weighted assets (RWA).

The quarterly increase in regulatory capital was due to three factors. The first factor was a US$300.0 million subordinated bond issuance in March 2014. The second was the accumulation of earnings from 1Q14 with capitalization agreements. The third factor was the constitution of S/ 64.7 million of earnings from 2013 as legal reserves. It should be noted that S/. 292.1 million of earnings from 2013 were also capitalized, but this had no effect on total regulatory capital as these earnings were already subject to capitalization agreements.

The QoQ decrease in RWA resulted from the application of the previously-mentioned regulation regarding salary deductions among public sector employees, eliminating revolving lines in said segment, which in turn led to a lower requirement for credit risk within the calculation of RWA.

The annual increase in the capital ratio was due to a 39.7% growth in regulatory capital, partially offset by a 25.3% increase in RWA. The YoY increase in regulatory capital was the result of four factors. The first two were subordinated bond issues for US$50.0 million in December 2013 and US$300.0 million in March 2014. The third factor was the incorporation of S/. 356.8 million in capital and reserves over the past 12 months. The final factor was the accumulation of S/. 53.6 million in additional generic provisions, a product of sustained YoY loan growth.

The increase in RWA was attributed to loan growth and two scheduled regulatory adjustments to the calculation of RWA. The first adjustment was an increase in the risk weightings assigned to retail loans, as a function of product type and term remaining, beginning September 2013. It should be noted that initially this measure only affected loans disbursed as of January 1st, 2013. The second adjustment affected the calculation of RWA, increasing the risk weighting, from 100% to 150%, assigned to certain consumer loans disbursed before 2013. The remainder of the consumer loan portfolio will be adjusted gradually to the new risk weightings each December in the years 2014 and 2015.

The YoY increase in capital and reserves allowed for an additional S/. 61.9 million from Interbank's US$200.0 million junior subordinated bond issue to be incorporated as Tier I capital. As of 1Q14, 80.4% of this issuance qualified as Tier I capital and the remainder was considered Tier II capital.

As of 1Q14, Interbank's capital ratio of 16.8% was 530 basis points above its risk-adjusted minimum capital ratio, established at 11.5%. The minimum regulatory capital ratio requirement was 10.0%, while the additional capital requirement for Interbank was 1.5% as of 1Q14.

Capitalization

S/. million	1Q13	4Q13	1Q14	% chg QoQ	% chg YoY
Tier I capital	2,433.5	2,590.9	2,821.8	8.9%	16.0%
Tier II capital	748.2	981.2	1,622.5	65.4%	116.9%
Total regulatory capital	3,181.7	3,572.1	4,444.3	24.4%	39.7%
Risk-weighted assets	21,161.7	26,684.0	26,523.8	-0.6%	25.3%
BIS ratio	**15.0%**	**13.4%**	**16.8%**	**340 bps**	**180 bps**
Tier I capital / risk-weighted assets	**11.5%**	**9.7%**	**10.6%**	**90 bps**	**-90 bps**

Interseguro

SUMMARY

Interseguro's net earnings reached S/. 9.2 million in 1Q14, a decrease of S/. 63.3 million QoQ and S/. 46.6 million YoY. The annualized ROE was 9.4%, below the 69.5% reported in 4Q13 and the 40.0% registered in 1Q13.

The QoQ decrease in net earnings was explained by a S/. 57.1 million decline in investment income, and a S/. 12.4 million increase in the technical margin loss, partially offset by a S/. 6.2 million decrease in administrative expenses. The decrease in investment income was mainly explained by an extraordinary gain from the sale of a real estate investment in 4Q13. The higher technical margin loss was due to reserves in annuities outpacing premiums growth. The decrease in administrative expenses was explained by an extraordinary provision for personnel incentives and a provision for a tax credit loss realized in 4Q13.

The YoY decline in net earnings was due to a S/. 43.3 million decrease in investment income, mostly explained by a S/. 40.8 million non-recurring gain on the sale of real estate investments reported in 1Q13, which included the Piura Mall and New Chimbote property.

Profit and Loss Statement Summary					
S/. million				% chg	% chg
	1Q13	4Q13	1Q14	QoQ	YoY
Premiums	134.0	152.4	166.8	9.5%	24.5%
Premiums ceded	-1.2	-1.5	-1.5	-1.6%	23.0%
Fees	-4.1	-10.8	-11.9	10.0%	192.7%
Claims	-39.1	-46.4	-50.9	9.7%	30.3%
Change in reserves	-113.8	-106.1	-128.4	21.1%	12.8%
Diverse Income, net	0.1	-0.8	0.3	n.m.	121.2%
Technical margin	**-24.0**	**-13.2**	**-25.6**	**94.2%**	**6.5%**
Administrative expenses	-22.1	-29.9	-23.8	-20.5%	7.6%
Investment income, net*	101.9	115.7	58.6	-49.3%	-42.5%
Net income	**55.8**	**72.5**	**9.2**	**-87.3%**	**-83.5%**
ROE	**40.0%**	**69.5%**	**9.4%**		

* Includes exchange rate difference

PREMIUMS

Premiums in 1Q14 were S/. 166.8 million, an increase of S/. 14.5 million QoQ and S/. 32.8 million YoY.

The QoQ growth was mainly explained by increases of S/. 14.3 million in annuities, S/. 1.4 million in mandatory traffic accident premiums and S/. 1.0 million in group life premiums, partially offset by a S/. 2.6 million decrease in non-life premiums. Increased sales in annuities were observed in special retirement, disability and survival premiums, explained by a 2.5% market expansion and a 260 bps increase of Interseguro's market share. The increase in mandatory traffic accident premiums was due to the recognition of a provision for premiums sold but not collected during the period. The higher sales in group life premiums were explained by higher premiums in Decreasing Term Life Insurance for credit cards and Legal Life insurance. Non-life insurance premiums decreased QoQ as these were unusually high in 4Q13 due to the successfully launch of a new car insurance product.

The YoY increase was attributable to higher sales across all business lines. The increase in annuities was due to a 19.4% market expansion as well as a 10 bps increase of Interseguro's market share. The increase in group life was explained by higher sales in Decreasing Term Life Insurance for credit cards due to a new commercial agreement with Interbank. Additionally, non-life premiums increased by a provision for card protection due to the new Insurance Contract Law, and by the recently launch of a new car insurance product. Growth in mandatory traffic accident premiums was due to the provision previously mentioned.

Premiums by Business Line

S/. million	1Q13	4Q13	1Q14	% chg QoQ	% chg YoY
Individual Life	6.2	7.4	7.7	3.4%	22.8%
Annuities	104.6	103.3	117.6	13.9%	12.4%
Group Life	12.2	22.0	23.0	4.7%	88.3%
Disability and survivor benefits	0.0	0.0	0.1	48.1%	28.4%
Mandatory traffic accident	6.2	6.4	7.8	21.7%	25.3%
Non Life	4.7	13.2	10.7	-19.3%	128.9%
TOTAL	**134.0**	**152.4**	**166.8**	**9.5%**	**24.5%**

RESERVES, CLAIMS AND OPERATING EXPENSES

Change in reserves increased S/. 22.3 million QoQ and S/. 14.6 million YoY.

The QoQ growth was mainly explained by higher reserves in annuities, partially offset by lower individual life reserves. The higher reserves in annuities were in line with higher annuity sales. Additionally, in 4Q13 reserves in annuities grew at a lower pace than annuity premiums due to deflationary pressures. The lower reserves in individual life were explained by a release of reserves due to negative returns associated with investment funds of Universal Life.

The YoY increase was attributable to higher reserves in annuities and in non-life insurance, offset by a decrease in individual life reserves. The higher reserves in annuities were explained by increased sales in disability and legal age. The increase in non-life was explained by a provision for card protection reserves due to the new Insurance Contract Law. The lower reserves in individual life were due to negative returns as previously mentioned.

Change in Reserves by Business Line					
S/. million				% chg	% chg
	1Q13	4Q13	1Q14	QoQ	YoY
Individual Life	2.3	3.0	1.9	-38.1%	-18.8%
Annuities	110.3	99.6	122.4	22.8%	10.9%
Group Life	0.5	-0.2	0.6	n.m.	6.9%
Disability and survivor benefits	0.0	-0.1	-0.8	n.m.	n.m.
Mandatory traffic accident	0.5	0.3	1.1	310.6%	122.8%
Non Life	0.2	3.5	3.4	-3.6%	n.m.
TOTAL	**113.8**	**106.1**	**128.4**	**21.1%**	**12.8%**

Claims increased S/. 4.5 million QoQ and S/. 11.8 million YoY.

The QoQ growth was explained by higher pensions related to annuities, in line with a higher number of pensioners, as well as an increase in claims on beneficiaries and disability pensions due to an accelerated rate of inflation.

The YoY increase was attributable to higher claims in annuities, group life and non-life insurance, as explained previously.

Claims by Business Line					
S/. million				% chg	% chg
	1Q13	4Q13	1Q14	QoQ	YoY
Individual Life	0.6	0.2	-0.1	n.m.	n.m.
Annuities	28.6	34.6	36.8	6.4%	28.7%
Group Life	4.7	7.1	6.7	-5.7%	43.5%
Disability and survivor benefits	2.5	0.6	3.4	453.5%	39.3%
Mandatory traffic accident	2.6	2.7	2.4	-10.4%	-8.1%
Non Life	0.1	1.2	1.6	31.7%	n.m.
TOTAL	**39.1**	**46.4**	**50.9**	**9.7%**	**30.3%**

As a result of the factors described above, the technical margin was S/. -25.6 million in 1Q14, compared to S/. -13.2 million in 4Q13 and S/. -24.0 million in 1Q13.

Administrative expenses decreased S/. 6.1 million QoQ but increased S/. 1.7 million YoY.

The QoQ decrease was related to personnel expenses and a provision for a tax credit loss that was registered in 4Q13.

The YoY increase was explained by higher personnel and system's development expenses.

INVESTMENT INCOME

Investment income decreased S/. 57.1 million QoQ and S/. 43.3 million YoY.

The QoQ decline was due to a S/. 61.0 million non-recurring gain registered in 4Q13, attributable to the sale of Lillingstone's certificate of participation.

The YoY decrease was explained by a S/. 40.8 million non-recurring gain on the sale of real estate investments reported in 1Q13, which included the Piura Mall and New Chimbote property.

Investment Income, Net					
S/. million	1Q13	4Q13	1Q14	% chg QoQ	% chg YoY
Income:					
Fixed Income	43.7	41.3	43.6	5.5%	-0.2%
Interest	33.4	38.2	42.7	11.7%	27.9%
Realized Gains	10.3	3.1	0.9	-70.5%	-91.0%
Equity and Mutual Funds	10.8	11.3	8.1	-27.8%	-24.8%
Real estate	51.5	65.5	10.2	-84.5%	-80.3%
Total Income	106.0	118.1	61.9	-47.6%	-41.6%
Expenses	-0.9	-1.1	-1.9	70.8%	110.5%
Exchange difference and others	-3.1	-1.4	-1.4	2.7%	-55.5%
Net investment income	**101.9**	**115.7**	**58.6**	**-49.3%**	**-42.5%**

Interseguro's investment portfolio grew 4.7% QoQ and 15.1% YoY driven by higher annuity sales and the price appreciation of Interseguro's overall portfolio. Fixed income investments represented 73.4% of the portfolio in 1Q14, compared to 75.6% in 4Q13 and 74.2% in 1Q13.

Investment Portfolio					
S/. million	1Q13	4Q13	1Q14	% chg QoQ	% chg YoY
Fixed Income	2,388.0	2,672.4	2,717.4	1.7%	13.8%
Equity and Mutual Funds	481.2	430.5	495.1	15.0%	2.9%
Real estate	343.3	427.4	484.2	13.3%	41.0%
Others	4.7	5.4	5.6	3.1%	20.0%
TOTAL	**3,217.2**	**3,535.7**	**3,702.2**	**4.7%**	**15.1%**