

## Intercorp Financial Services Inc. First Quarter 2016 Earnings

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Lima, Peru, May 11, 2016. Intercorp Financial Services Inc. (Bolsa de Valores de Lima: IFS) announced today its unaudited results for the first quarter 2016. These results are reported on a consolidated basis under IFRS in nominal Peruvian soles.

### Quarterly Highlights:

#### Intercorp Financial Services:

- 1Q16 net profit was S/ 60.7 million, a 72.5% decrease QoQ and 76.9% YoY
- The bottom-line result was mainly affected by higher requirements of technical reserves due to a lower discount rate, and by a negative impact on the investment portfolio at Interseguro. Moreover, foreign exchange volatility had also a negative impact in results
- Interbank and Inteligo continued to deliver strong core results

#### Interbank:

- 1Q16 net profit was S/ 201.8 million, an 8.2% decrease QoQ and 1.7% YoY, mainly due to lower net gains on foreign exchange transactions which decreased more than 40% QoQ and YoY
- Performing loans and deposits grew 10.6% and 14.3% YoY, respectively, while retail deposits increased 15.8% YoY
- Efficiency ratio improved 110 bps YoY, to 41.2%, with expenses decreasing 9.0% QoQ due to strong cost control measures
- 1Q16 annualized ROAE was 21.9%

#### Interseguro:

- 1Q16 result was S/ -135.5 million, compared to profits of S/ 3.6 million in 4Q15 and S/ 33.6 million in 1Q15. The bottom-line result was mainly affected by a negative discount rate impact on technical reserves of S/ 87.9 million and by a negative impact on investments of S/ 35.5 million
- Net premiums in 1Q16 remained stable QoQ and decreased 13.3% YoY. The YoY decrease was due to a market contraction in annuities in 4Q15 due to the announcement of new regulation that will allow the withdrawal of AFP's funds
- Interseguro's investment portfolio grew 4.4% QoQ and 10.7% YoY

#### Inteligo:

- 1Q16 net profit was S/ 30.4 million, a significant recovery QoQ but a 15.9% decrease YoY. The quarterly performance was attributed to lower other expenses and higher fee income and other income
- Fee income grew 4.1% QoQ while other income reverted positively to S/ 1.9 million in 1Q16
- AuM + deposits increased 1.4% QoQ and 17.5% YoY
- 1Q16 annualized ROAE was 20.5%

## Intercorp Financial Services

Net profit was S/ 60.7 million in 1Q16, a 72.5% decrease QoQ and 76.9% YoY. IFS annualized ROAE was 5.3% in 1Q16, below the 20.5% registered in 4Q15 and the 23.9% reported in 1Q15.

Intercorp Financial Services' P&L statement					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
Interest and similar income	753.5	912.0	903.7	-0.9%	19.9%
Interest and similar expense	-207.7	-259.9	-259.7	-0.1%	25.0%
<b>Net interest and similar income</b>	<b>545.8</b>	<b>652.1</b>	<b>643.9</b>	<b>-1.3%</b>	<b>18.0%</b>
Provision for loan losses, net of recoveries	-148.8	-182.5	-199.6	9.4%	34.1%
<b>Net interest and similar income after provision for loan losses</b>	<b>397.0</b>	<b>469.6</b>	<b>444.3</b>	<b>-5.4%</b>	<b>11.9%</b>
Fee income from financial services, net	194.8	214.7	206.6	-3.8%	6.0%
Other income	171.7	145.8	48.9	-66.4%	-71.5%
Total premiums earned less claims and benefits	-12.0	-43.8	-127.5	n.m.	n.m.
Net Premiums	204.3	177.1	177.1	0.0%	-13.3%
Adjustment of technical reserves	-156.5	-151.0	-228.0	51.0%	45.7%
Net claims and benefits incurred	-59.9	-69.9	-76.6	9.5%	27.9%
Other expenses	-399.9	-470.9	-437.9	-7.0%	9.5%
<b>Income before translation result and income tax</b>	<b>351.6</b>	<b>315.4</b>	<b>134.4</b>	<b>-57.4%</b>	<b>-61.8%</b>
Translation result	-10.6	-8.8	9.6	n.m.	n.m.
Income tax	-78.1	-85.7	-83.3	-2.8%	6.7%
<b>Profit for the period</b>	<b>262.9</b>	<b>220.9</b>	<b>60.7</b>	<b>-72.5%</b>	<b>-76.9%</b>
<b>Attributable to equity holders of the group <sup>(1)</sup></b>	<b>261.2</b>	<b>219.5</b>	<b>60.6</b>	<b>-72.4%</b>	<b>-76.8%</b>
<b>EPS</b>	<b>2.39</b>	<b>2.02</b>	<b>0.56</b>		
<b>ROAE</b>	<b>23.9%</b>	<b>20.5%</b>	<b>5.3%</b>		
<b>ROAA</b>	<b>2.5%</b>	<b>1.8%</b>	<b>0.5%</b>		

(1) Starting 4Q14, IFS 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.

InterCorp Financial Services' Statement of financial position					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
<b>Assets</b>					
Cash and due from banks and inter-bank funds	8,492.9	12,676.8	12,155.7	-4.1%	43.1%
Trading securities and investments available for sale	7,932.6	8,651.9	8,574.8	-0.9%	8.1%
Loans, net of unearned income	24,362.2	27,035.8	27,174.1	0.5%	11.5%
Allowance for loan losses	-886.1	-1,041.6	-1,088.7	4.5%	22.9%
Property, furniture and equipment, net	570.1	579.2	601.3	3.8%	5.5%
Other assets	2,089.4	2,098.7	2,271.0	8.2%	8.7%
<b>Total assets</b>	<b>42,561.1</b>	<b>50,000.9</b>	<b>49,688.1</b>	<b>-0.6%</b>	<b>16.7%</b>
<b>Liabilities and equity</b>					
Deposits and obligations	24,118.8	28,487.7	27,792.1	-2.4%	15.2%
Due to banks and correspondents	3,904.6	6,191.7	6,150.3	-0.7%	57.5%
Bonds, notes and other obligations	4,712.9	4,925.4	4,817.9	-2.2%	2.2%
Insurance contract liabilities	3,996.8	4,477.1	4,674.7	4.4%	17.0%
Other liabilities	1,341.8	1,458.0	1,481.6	1.6%	10.4%
<b>Total liabilities</b>	<b>38,074.9</b>	<b>45,539.9</b>	<b>44,916.6</b>	<b>-1.4%</b>	<b>18.0%</b>
<b>Equity</b>					
Equity holders of IFS	4,375.6	4,345.6	4,642.5	6.8%	6.1%
Non-controlling interest	110.6	115.4	129.0	11.8%	16.7%
<b>Total equity</b>	<b>4,486.2</b>	<b>4,460.9</b>	<b>4,771.5</b>	<b>7.0%</b>	<b>6.4%</b>
<b>Total liabilities and equity</b>	<b>42,561.1</b>	<b>50,000.9</b>	<b>49,688.1</b>	<b>-0.6%</b>	<b>16.7%</b>

### Quarter-on-quarter performance

Profits decreased 72.5% QoQ mainly due to a higher adjustment of technical reserves as a result of a lower discount rate in 1Q16, in addition to a 66.4% decrease in other income and a 9.4% increase in provision for loan losses. Such effects were partially offset by a 7.0% reduction in other expenses.

Net interest and similar income decreased 1.3% QoQ mainly explained by reductions of 1.5% in interest on loans at Interbank, and 14.8% in income on investments available-for-sale at Inteligo.

Provision expenses increased 9.4% mainly as a result of higher provisioning in payroll loans and cash loans, partially offset by lower requirements in commercial loans. Credit cards saw a 20 bps deterioration in its PDL ratio in 1Q16, to 4.8%, partly an effect of the negative growth QoQ in such product.

Fee income from financial services decreased 3.8% QoQ mainly explained by a 6.2% reduction in fee income at Interbank, which was partially offset by a 4.1% growth at Inteligo. The lower fee income at Interbank was mainly explained by lower fees from maintenance and mailing of accounts, interchange fees, transfers and credit and debit card service fees; as well as lower fees which are seasonal in the fourth quarter of the year, such as commissions from real estate business and advisory fees. The higher fee income at Inteligo was explained by higher net fees from brokerage and custody services.

Interseguro's total premiums earned less claims and benefits in 1Q16 was S/ -127.5 million, a decrease of S/ 83.7 million QoQ. This was mainly due to a higher

adjustment of technical reserves on annuities as a result of a worse discount rate impact.

Other income decreased by S/ 96.9 million QoQ mainly due to a S/ 43.5 million decrease at Interbank, as a result of lower gains on foreign exchange transactions; and a S/ 34.1 million decrease at Interseguro, which was largely explained by lower income from gain on sale of securities and valuation gains from investment property.

Other expenses decreased 7.0% QoQ mainly explained by decreases of 9.0% and 54.2% at Interbank and Inteligo, respectively; which were partially offset by a 45.0% growth at Interseguro. The quarterly decrease at Interbank was mainly due to a 14.0% reduction in administrative expenses, while the reduction at Inteligo was explained by a S/ 23.3 million impairment loss on available for sale investments that was reported in the previous quarter. In turn, the quarterly growth at Interseguro was mainly due to a higher impairment loss on available-for-sale investments in 1Q16.

IFS effective tax rate increased QoQ, from 28.0% in 4Q15 to 57.9% in 1Q16, as a consequence of the negative result at Interseguro.

### Year-on-year performance

Profits decreased 76.9% YoY mainly due to a 71.5% decline in other income and a higher adjustment of technical reserves on annuities; in addition to a 34.1% growth in provisions and a 13.3% decrease in net premiums. These effects were partially offset by growths of 18.0% in net interest and similar income and 6.0% in fee income from financial services.

Net interest and similar income rose 18.0% YoY mainly explained by growths of 16.9% and 14.0% in interest on loans at Interbank and Inteligo, respectively; in addition to a 30.4% increase in income on investments available-for-sale at Interseguro. These factors were partially offset by increases of 56.3% in interest due to banks and correspondents and 25.5% in interest on deposits and obligations, at Interbank.

Provision expenses increased 34.1% mainly as a result of higher provisioning in retail loans, particularly in credit cards and payroll loans. This was partially offset by lower provision requirements related to the commercial loan portfolio.

Fee income from financial services increased 6.0% YoY as a result of a 9.2% growth at Interbank, partially offset by a 22.3% reduction at Inteligo. The increase in fee income at Interbank was mainly explained by higher fees from maintenance and mailing of accounts, interchange fees, transfers and credit and debit card services. On the contrary, the reduction of fees at Inteligo was attributable to a lower activity in the rebalancing of clients' portfolios.

Interseguro's total premiums earned less claims and benefits decreased by S/ 115.5 million, mainly explained by a higher adjustment of technical reserves as a result of different discount rate impacts. In 1Q15 the adjustment of technical reserves had a positive discount rate impact of S/ 28.0 million whereas in 1Q16 the discount rate impact was S/-87.9 million (negative). Furthermore, net premiums decreased 13.3% at Interseguro attributable to a market contraction in annuities.

Other income decreased 71.5% YoY mainly due to reductions of S/ 55.6 million and S/ 39.8 million at Interseguro and Interbank, respectively. At Interseguro, the reduction

was largely explained by lower income from gain on sale of securities and valuation gains from investment property; while at Interbank, the decrease was mainly due to lower gains on foreign exchange transactions.

Other expenses grew 9.5% YoY mainly due to increases of 42.7% and 12.6% at Interseguro and Inteligo, respectively. At Interseguro, the increase was mainly due to higher impairment losses on available-for-sale investments; while at Inteligo, growth was mainly attributable to an increase in administrative expenses due to higher third-party related services. At Interbank, other expenses were well contained, posting a 3.9% growth YoY.

IFS effective tax rate increased YoY, from 22.9% in 1Q15 to 57.9% in 1Q16, as a consequence of the negative result at Interseguro.

### CONTRIBUTION BY SEGMENTS

The following table shows the contribution of Interbank, Interseguro and Inteligo to Intercorp Financial Services' net profit. The performance of each of the three segments is discussed in detail in the following sections.

Intercorp Financial Services' Profit by segment					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
Interbank	205.2	219.9	201.8	-8.2%	-1.7%
Interseguro	33.8	3.5	-136.9	n.m.	n.m.
Inteligo	36.1	2.6	30.4	n.m.	-15.9%
Corporate and eliminations	-12.2	-5.1	-34.6	n.m.	n.m.
<b>IFS profit for the period</b>	<b>262.9</b>	<b>220.9</b>	<b>60.7</b>	<b>-72.5%</b>	<b>-76.9%</b>

## Interbank

### SUMMARY

Interbank's profits reached S/ 201.8 million in 1Q16, a decrease of S/ 18.1 million QoQ, or 8.2%, and S/ 3.4 million YoY, or 1.7%. The quarterly decrease was mainly due to reductions of S/ 43.5 million in other income, S/ 12.4 million in fee income from financial services and S/ 10.4 million in net interest and similar income; in addition to a S/ 17.1 million increase in provisions. These factors were partially offset by a S/ 35.1 million reduction in other expenses.

The annual decrease in net profit was explained by growths of S/ 50.8 million in provisions and S/ 13.4 million in other expenses, together with a S/ 39.8 million reduction in other income. These factors were partially offset by growths of S/ 72.3 million in net interest and similar income, and S/ 16.0 million in fee income from financial services.

Interbank's ROAE was 21.9% in 1Q16, lower than the 24.2% reported in 4Q15 and the 25.5% registered in 1Q15.

Banking Segment's P&L Statement					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
Interest and similar income	668.6	802.5	792.4	-1.3%	18.5%
Interest and similar expenses	-191.5	-242.7	-243.0	0.1%	26.9%
<b>Net interest and similar income</b>	<b>477.1</b>	<b>559.8</b>	<b>549.4</b>	<b>-1.9%</b>	<b>15.1%</b>
Provision for loan losses, net of recoveries	-148.8	-182.5	-199.6	9.4%	34.1%
<b>Net interest and similar income after provision for loan losses</b>	<b>328.3</b>	<b>377.4</b>	<b>349.8</b>	<b>-7.3%</b>	<b>6.5%</b>
Fee income from financial services, net	173.2	201.6	189.2	-6.2%	9.2%
Other income	125.1	128.8	85.3	-33.7%	-31.8%
Other expenses	-340.3	-388.8	-353.7	-9.0%	3.9%
<b>Income before translation result and income tax</b>	<b>286.2</b>	<b>319.0</b>	<b>270.6</b>	<b>-15.2%</b>	<b>-5.5%</b>
Translation result	-12.4	-20.5	7.5	n.m.	n.m.
Income tax	-68.6	-78.6	-76.4	-2.9%	11.2%
<b>Profit for the period</b>	<b>205.2</b>	<b>219.9</b>	<b>201.8</b>	<b>-8.2%</b>	<b>-1.7%</b>
<b>ROAE</b>	<b>25.5%</b>	<b>24.2%</b>	<b>21.9%</b>		
<b>Efficiency ratio</b>	<b>42.3%</b>	<b>40.8%</b>	<b>41.2%</b>		
<b>NIM</b>	<b>5.9%</b>	<b>5.8%</b>	<b>5.5%</b>		
<b>NIM on loans</b>	<b>9.6%</b>	<b>10.2%</b>	<b>9.9%</b>		

### INTEREST-EARNING ASSETS

Interbank's interest-earning assets reached S/ 39,447.9 million in 1Q16, a decline of 1.5% QoQ and an increase of 18.3% YoY.

The quarterly decline in interest-earning assets was due to reductions of 5.3% in investments available for sale and 4.3% in cash and due from banks; partially offset by a 0.4% growth in loans. The decrease in investments was mainly explained by lower volumes of Central Bank Certificates of Deposit (CDBCR) and lower positions in global bonds. The decrease in cash and due from banks was mainly a result of lower

repo transaction with the Central Bank, while loan growth was mostly focused in mortgages and other consumer loans.

The annual growth in interest-earning assets was attributed to increases of 44.1% in cash and due from banks, 11.0% in loans and 4.5% in investments available for sale. The increase in cash and due from banks was a result of higher repo transactions with the Central Bank, while growth in loans was explained by increases in both retail and commercial portfolios. The increase in investments was mainly explained by higher positions in sovereign bonds.

Interest-earning assets					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
Cash and due from banks and inter-bank funds	8,034.4	12,101.4	11,577.8	-4.3%	44.1%
Investments available for sale	3,311.3	3,652.8	3,458.8	-5.3%	4.5%
Loans	21,986.8	24,308.7	24,411.3	0.4%	11.0%
<b>Total Interest-earning assets</b>	<b>33,332.5</b>	<b>40,062.9</b>	<b>39,447.9</b>	<b>-1.5%</b>	<b>18.3%</b>

Loan portfolio					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
Performing loans					
Retail	11,243.5	12,560.1	12,666.8	0.8%	12.7%
Commercial	10,754.4	11,701.4	11,672.9	-0.2%	8.5%
<b>Total Performing loans</b>	<b>21,997.9</b>	<b>24,261.5</b>	<b>24,339.6</b>	<b>0.3%</b>	<b>10.6%</b>
Restructured and refinanced loans	145.7	249.2	275.0	10.3%	88.8%
Past due loans	516.1	589.1	628.4	6.7%	21.8%
<b>Total gross loans</b>	<b>22,659.7</b>	<b>25,099.9</b>	<b>25,243.0</b>	<b>0.6%</b>	<b>11.4%</b>
Add (less)					
Accrued and deferred interest	211.7	246.8	253.4	2.7%	19.7%
Allowance for loan losses	-884.6	-1,037.9	-1,085.1	4.5%	22.7%
<b>Total direct loans, net</b>	<b>21,986.8</b>	<b>24,308.7</b>	<b>24,411.3</b>	<b>0.4%</b>	<b>11.0%</b>

Performing loans grew modestly by 0.3% QoQ as a result of a 0.8% growth in retail loans, partially offset by a 0.2% decline in commercial loans. Retail loans increased due to growths of 1.6% in mortgages and 1.5% in other consumer loans, partially offset by a 0.8% reduction in credit cards. The reduction in commercial loans was mainly due to lower volumes of trade loans and leasing operations; partially offset by a slight increase in short and medium-term lending.

Performing loans grew 10.6% YoY due to increases of 12.7% in retail loans and 8.5% in commercial loans. Retail loans growth was driven by increases of 14.7% in other consumer loans, 13.2% in mortgages and 9.7% in credit cards. Commercial loans grew mainly due to increases in short and medium-term lending within the corporate and middle market businesses, partially offset by lower leasing operations.

Breakdown of retail loans					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
<b>Consumer loans:</b>					
Credit cards	3,347.2	3,703.1	3,671.8	-0.8%	9.7%
Other consumer	3,741.7	4,229.9	4,292.4	1.5%	14.7%
<b>Total consumer loans</b>	<b>7,089.0</b>	<b>7,933.0</b>	<b>7,964.2</b>	<b>0.4%</b>	<b>12.3%</b>
Mortgages	4,154.5	4,627.1	4,702.6	1.6%	13.2%
<b>Total retail loans</b>	<b>11,243.5</b>	<b>12,560.1</b>	<b>12,666.8</b>	<b>0.8%</b>	<b>12.7%</b>

## FUNDING STRUCTURE

Funding structure					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
Deposits	22,099.6	25,880.9	25,268.7	-2.4%	14.3%
Due to banks and inter-bank funds	3,974.0	6,138.5	5,990.8	-2.4%	50.8%
Bonds	4,377.4	4,689.9	4,617.2	-1.6%	5.5%
<b>Total</b>	<b>30,451.0</b>	<b>36,709.4</b>	<b>35,876.7</b>	<b>-2.3%</b>	<b>17.8%</b>
<b>% of funding</b>					
Deposits	72.6%	70.5%	70.4%		
Due to banks and inter-bank funds	13.1%	16.7%	16.7%		
Bonds	14.4%	12.8%	12.9%		

Interbank's total funding base decreased 2.3% QoQ, in line with the performance of interest-earning assets. The quarterly decline was due to decreases of 2.4% in deposits, 2.4% in due to banks and inter-bank funds, and 1.6% in bonds.

The decline in deposits was mainly explained by reductions of 10.6% in institutional deposits and 1.2% in commercial deposits; partially offset by a 0.4% growth in retail deposits. The proportion of deposits to total funding remained relatively stable QoQ, at 70.4% in 1Q16.

The QoQ decrease in due to banks and inter-bank funds was due to lower funding from Central Bank and a decrease in short term funding from foreign correspondent banks.

The bank's total funding base increased 17.8% YoY, slightly below the growth in interest-earning assets. The increase was due to growths of 50.8% in due to banks and inter-bank funds, 14.3% in deposits and 5.5% in bonds.

The yearly growth in due to banks and inter-bank funds was mainly due to a sharp increase in the funding provided by the Central Bank, while the increase in deposits was explained by growths of 38.1% in commercial deposits and 15.8% in retail deposits, partially offset by a 14.3% decline in institutional deposits. As a result, the proportion of institutional deposits to total deposits decreased from 24.9% in 1Q15 to 18.7% in 1Q16.

The YoY growth in bonds was mainly attributed to a 7.4% depreciation of the exchange rate which originated an increase in the value of bonds issued in dollars.



Breakdown of deposits					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
By customer service:					
Retail	9,271.6	10,685.9	10,733.4	0.4%	15.8%
Commercial	6,909.7	9,659.9	9,539.3	-1.2%	38.1%
Institutional	5,501.4	5,269.5	4,713.3	-10.6%	-14.3%
Other	417.0	265.6	282.7	6.4%	-32.2%
<b>Total</b>	<b>22,099.6</b>	<b>25,880.9</b>	<b>25,268.7</b>	<b>-2.4%</b>	<b>14.3%</b>
By type:					
Demand	6,001.7	8,129.8	7,750.0	-4.7%	29.1%
Savings	6,853.2	8,198.6	8,562.4	4.4%	24.9%
Time	9,231.7	9,546.7	8,942.8	-6.3%	-3.1%
Other	13.0	5.8	13.4	129.6%	3.0%
<b>Total</b>	<b>22,099.6</b>	<b>25,880.9</b>	<b>25,268.7</b>	<b>-2.4%</b>	<b>14.3%</b>

## NET INTEREST AND SIMILAR INCOME

Net interest and similar income					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
Interest and similar income	668.6	802.5	792.4	-1.3%	18.5%
Interest and similar expense	-191.5	-242.7	-243.0	0.1%	26.9%
<b>Net interest and similar income</b>	<b>477.1</b>	<b>559.8</b>	<b>549.4</b>	<b>-1.9%</b>	<b>15.1%</b>
<b>NIM*</b>	<b>5.9%</b>	<b>5.8%</b>	<b>5.5%</b>	<b>-30 bps</b>	<b>-40 bps</b>

\*Annualized. Net interest and similar income / Average interest-earning assets.

Interest and similar income					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
<b>Interest and similar income</b>					
Due from banks and inter-bank funds	1.6	5.6	4.6	-18.0%	189.4%
Investments available for sale	21.6	30.7	33.1	7.8%	53.4%
Loans	645.4	766.2	754.7	-1.5%	16.9%
<b>Total Interest and similar income</b>	<b>668.6</b>	<b>802.5</b>	<b>792.4</b>	<b>-1.3%</b>	<b>18.5%</b>
Average interest-earning assets	32,245.9	38,830.1	39,755.4	2.4%	23.3%
Average yield on assets (annualized)	8.3%	8.3%	8.0%	-30 bps	-30 bps

Interest and similar expense					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
<b>Interest and similar expense</b>					
Deposits and obligations	-78.4	-97.5	-98.4	1.0%	25.5%
Due to banks and correspondents	-40.8	-67.3	-63.8	-5.3%	56.3%
Bonds, notes and other obligations	-72.3	-77.9	-80.8	3.8%	11.8%
<b>Total Interest and similar expense</b>	<b>-191.5</b>	<b>-242.7</b>	<b>-243.0</b>	<b>0.1%</b>	<b>26.9%</b>
Average interest-bearing liabilities	29,495.7	35,642.9	36,293.0	1.8%	23.0%
Average cost of funding (annualized)	-2.6%	-2.7%	-2.7%	0 bps	-10 bps

## QoQ Performance

Net interest and similar income decreased 1.9% QoQ as the result of a 1.3% decline in interest and similar income, while interest and similar expense remained relatively stable.

The lower interest and similar income was mainly due to decreases of 1.5% in interest on loans and 18.0% in interest due from banks and inter-bank funds, partially offset by a 7.8% increase in interest on investments available for sale.

The decline in interest on loans was due to a 30 basis point decline in the average yield, from 12.7% in 4Q15 to 12.4% in 1Q16, partially offset by a 1.3% increase in the average volume of the loan portfolio. The lower average rate was explained by a decrease of 50 basis points in the yield of the retail portfolio, while the return on the commercial portfolio remained relatively stable. The lower yield on retail loans was mainly driven by lower rates in credit cards and other consumer loans. The higher average volume of loans was attributed to increases of 1.8% in retail loans and 0.6% in commercial loans. In the retail portfolio, higher volume was due to growths of 3.0% in mortgages and 2.1% in other consumer loans. In the commercial portfolio, volumes increased 5.2% in short and medium-term loans, partially offset by decreases of 19.0% in trade finance loans and 2.8% in leasing.

The decrease in interest due from banks and inter-bank funds was mainly explained by a decline in the nominal average rate, partially offset by a 9.7% increase in the average volume. The lower yield was attributed to lower rates in time deposits in soles, while growth in average volume was mainly due to an increase of reserve requirements at the Central Bank.

Interest on investments available for sale increased by S/ 2.4 million, or 7.8%, mainly explained by a 60 basis point increase in the nominal average rate, partially offset by a 10.8% decline in the average volume. The higher average rate was mainly attributed to higher yields in CDBCR and sovereign bonds. While the decline in average volume was a result of lower investments in CDBCR, and corporate and global bonds.

The nominal average yield on interest-earning assets<sup>1</sup> decreased by 30 basis points QoQ, from 8.3% in 4Q15 to 8.0% in 1Q16, mainly attributable to lower returns on the loan portfolio and on cash and due from banks and inter-bank funds.

Interest and similar expense remained relatively stable QoQ as increases of 1.0% in interest on deposits and obligations, and 3.8% in interest on bonds, notes and other obligations; were offset by a 5.3% decrease in interest due to banks and correspondents.

The increase in interest on deposits and obligations was mainly due to a 3.5% growth in the average volume, while the average cost remained relatively stable. The rise in average volume was explained by growth in commercial and retail deposits, partially offset by a decline in institutional deposits.

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<sup>1</sup> For a more accurate reporting of the nominal average yield on interest-earning assets, since 4Q15 total cash and due from banks and inter-bank funds are considered as interest-earning assets on the rate calculation; on reports previous to 4Q15 only the strictly interest-earning portion was considered.

Interest on bonds, notes and other obligations rose by S/ 2.9 million in 1Q16 mainly as a result of a 1.4% growth in the average volume. The higher average volume was attributable to a 2.5% depreciation of the average exchange rate of the sol against the U.S. dollar that resulted in a higher value of bonds denominated in dollars, which represented 90.6% of total bonds.

The decrease in interest due to banks and correspondents was explained by a 4.5% decline in the average volume, while the nominal average cost remained relatively stable. The lower average volume was attributed to decreases of 5.4% in foreign funding and 4.1% in local funding from the Central Bank.

The average cost of funds<sup>2</sup> remained relatively stable QoQ, at 2.7% in 1Q16, as a result of stable costs among the different funding sources.

As a result of the above, net interest margin was 5.5% in 1Q16, 30 basis points lower than the 5.8% reported in 4Q15.

### YoY Performance

Net interest and similar income grew 15.1% YoY due to an increase of 18.5% in interest and similar income, partially offset by a 26.9% rise in interest and similar expense.

The growth in interest and similar income was due to increases of 16.9% in interest on loans, 53.4% in interest on investments available for sale and a close to three-fold increase in interest due from banks and inter-bank funds.

The S/ 109.3 million growth in interest on loans was explained by increases of 12.8% in the average loan volume and 40 basis points in the average yield, from 12.0% in 1Q15 to 12.4% in 1Q16. Growth in average volume was due to increases of 14.3% in the retail portfolio and 11.1% in the commercial portfolio. The higher average volume of retail loans was due to growths of 16.4% in other consumer, 13.5% in mortgages and 12.9% in credit cards. In the commercial portfolio, volumes grew 24.6% in short and medium-term loans, partially offset by declines of 9.8% in leasing and 4.7% in trade finance loans. The higher average yield was explained by increases of 40 basis points in the average rate of the retail portfolio and 20 basis points in the commercial portfolio. The higher yield on the retail portfolio was mainly attributed to higher rates on credit cards and other consumer loans, while the increase in commercial loans was attributed to higher yields on trade finance loans and leasing, partially offset by lower returns in short and medium-term loans.

Interest on investments available for sale increased by S/ 11.5 million YoY, or 53.4%, as a result of a 120 basis point increase in the nominal average rate and a 3.5% growth in the average volume. The higher average rate, which accounted for S/ 10.4 million of the increase in interest on the investment portfolio, was due to higher returns in CDBCR and sovereign bond portfolios. The growth in volume accounted for S/ 1.1 million of the increase and was a result of higher investments in sovereign and corporate bonds.

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<sup>2</sup> For a more accurate reporting of the average cost of funds, since 4Q15 total deposits are considered as interest-bearing liabilities on the rate calculation; on reports previous to 4Q15 only the strictly interest-bearing portion was considered.

The S/ 3.0 million increase in interest due from banks and inter-bank funds was explained by a 63.9% growth in the average volume and a 10 basis point increase in the nominal average rate. The higher volume was mainly attributable to an increase of dollar funds at the Central Bank, which are related to repo transactions for local currency funding. The higher average rate was mainly attributed to higher yields on time deposits at the Central Bank.

The nominal average yield on interest-earning assets<sup>3</sup> was 8.0% in 1Q16, a 30 basis point decrease from the 8.3% registered in 1Q15, basically as a result of the greater proportion of cash and due from banks over total interest-earning assets, as they bear a much lower yield compared to the other components. Such impact was partially offset by higher returns on loans and on the investment portfolio.

Interest and similar expense increased 26.9% YoY due to growths of 56.3% in interest due to banks and correspondents, 25.5% in interest on deposits and obligations, and 11.8% in interest on bonds, notes and other obligations.

The increase in interest due to banks and correspondents was explained by a 68.8% growth in the average volume, partially offset by a 30 basis point decline in the average cost. The higher average volume accounted for a S/ 25.9 million increase in interest expense and was due to a significant increase in local funding from the Central Bank through repo operations. The lower nominal average cost accounted for a S/ 2.9 million decrease in interest expense and was explained by a decline in the proportion of funding from COFIDE, which bears a higher average cost within total due to banks and correspondents, as well as by a decline in the nominal average cost of foreign funding.

Interest on deposits and obligations increased by S/ 20.0 million, or 25.5%, mainly attributable to a 18.3% increase in the average volume while the nominal average cost remained relatively stable. The higher average volume was a result of higher commercial and retail deposits, partially offset by a decline in institutional deposits.

Interest on bonds, notes and other obligations increased by S/ 8.5 million, or 11.8%, mainly as a result of an 8.5% increase in the average volume. The growth in volume was explained by an 11.6% depreciation of the average exchange rate that resulted in a higher value of bonds issued in dollars, which represent the majority of total bonds.

The average cost of funds<sup>4</sup> increased by 10 basis points YoY, from 2.6% in 1Q15 to 2.7% in 1Q16, mainly due to the greater proportion of due to banks and correspondents over the total funding base, as they bear a much higher average cost compared to deposits.

As a result of the above, net interest margin declined by 40 basis points YoY, from 5.9% in 1Q15 to 5.5% in 1Q16.

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<sup>3</sup> For a more accurate reporting of the nominal average yield on interest-earning assets, since 4Q15 total cash and due from banks and inter-bank funds are considered as interest-earning assets on the rate calculation; on reports previous to 4Q15 only the strictly interest-earning portion was considered.

<sup>4</sup> For a more accurate reporting of the average cost of funds, since 4Q15 total deposits are considered as interest-bearing liabilities on the rate calculation; on reports previous to 4Q15 only the strictly interest-bearing portion was considered.

## PROVISION FOR LOAN LOSSES, NET OF RECOVERIES

Provision for loan losses, net of recoveries increased 9.4% QoQ and 34.1% YoY. As a result, the annualized ratio of provision expense to average loans was 3.2% in 1Q16, above the 2.9% reported in 4Q15 and the 2.7% registered in 1Q15.

The quarterly growth was a result of higher provisioning in payroll loans and cash loans, partially offset by lower requirements in commercial loans. Credit cards saw a 20 bps deterioration in its PDL ratio in 1Q16, to 4.8%, partly an effect of the negative growth QoQ in such product.

The annual increase in provisions was a result of higher provisioning in retail loans, particularly in credit cards and payroll loans. This was partially offset by lower provision requirements related to the commercial loan portfolio.

Provision for loan losses, net of recoveries					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
Provision for loan losses, net of recoveries	-148.8	-182.5	-199.6	9.4%	34.1%
Past-due-loan ratio (at end of period)	2.3%	2.3%	2.5%	20 bps	20 bps
Provision for loan losses/average gross loans	2.7%	2.9%	3.2%	30 bps	50 bps
Coverage ratio (at end of period)	171.4%	176.2%	172.7%	-350 bps	130 bps
Allowance for loan losses (at end of period)	884.6	1,037.9	1,085.1	4.5%	22.7%

The past-due-loan ratio increased by 20 basis points, from 2.3% in 4Q15 and 1Q15 to 2.5% in 1Q16. The total past-due-loan ratio increased as a result of higher PDL ratios in credit cards, mortgages and small business loans; which were partially offset by a lower PDL ratio in medium-sized business loans.

As a consequence, the coverage ratio of the past-due loan portfolio was 172.7% in 1Q16, below the 176.2% reported in 4Q15, but above the 171.4% registered in 1Q15.

## FEE INCOME FROM FINANCIAL SERVICES, NET

Fee income from financial services, net decreased by S/ 12.4 million QoQ, or 6.2%, mainly explained by a S/ 5.6 million decrease in maintenance and mailing of accounts, interchange fees, transfers and credit and debit card service fees; as well as lower fees which are seasonal in the fourth quarter of the year, such as commissions from real estate business and advisory fees. These effects were partially offset by a S/ 5.5 million increase in commissions from banking services.

Fee income from financial services, net increased by S/ 16.0 million YoY, or 9.2%, mainly due to increases of S/ 16.8 million in fees from maintenance and mailing of accounts, interchange fees, transfers and credit and debit card services; and S/ 5.8 million in commissions from banking services. The increase in maintenance and mailing of accounts, interchange fees, transfers and credit and debit card service fees was a result of higher volumes of credit cards and saving accounts, while the increase in commissions from banking services was explained by higher income from insurance premiums sold for Interseguro.

Fee income from financial services, net					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
<b>Income</b>					
Maintenance and mailing of accounts, interchange fees, transfers and credit and debit card services	119.3	141.7	136.1	-4.0%	14.0%
Commissions from banking services	68.3	68.6	74.1	7.9%	8.4%
Fees for indirect loans	14.0	15.3	14.9	-2.5%	6.4%
Funds management	7.0	7.3	7.1	-2.3%	1.9%
Collection services	6.9	6.8	7.0	3.1%	2.0%
Other	7.3	10.9	6.9	-37.0%	-5.4%
<b>Total income</b>	<b>222.8</b>	<b>250.6</b>	<b>246.1</b>	<b>-1.8%</b>	<b>10.5%</b>
<b>Expenses</b>					
Insurance	-35.9	-39.4	-42.0	6.7%	17.1%
Fees paid to foreign banks	-2.1	-2.6	-2.5	-6.1%	19.0%
Other	-11.6	-7.0	-12.4	76.5%	6.9%
<b>Total expenses</b>	<b>-49.6</b>	<b>-49.0</b>	<b>-56.9</b>	<b>16.0%</b>	<b>14.8%</b>
<b>Fee income from financial services, net</b>	<b>173.2</b>	<b>201.6</b>	<b>189.2</b>	<b>-6.2%</b>	<b>9.2%</b>

## OTHER INCOME

Other income decreased by S/ 43.5 million QoQ as a result of a S/ 44.1 million reduction in net gain on foreign exchange transactions; in addition to the sale of a written-off loan portfolio, worth S/ 12.0 million accounted as other in 4Q15, which was not repeated in 1Q16. This was partially offset by a S/ 7.8 million higher net gain on sale of securities.

Other income decreased by S/ 39.8 million YoY, mainly due to a reduction of S/ 36.5 million in net gain on foreign exchange transactions; in addition to the sale of a written-off loan portfolio, worth S/ 8.6 million accounted as other in 1Q15, which was not repeated in 1Q16.

Other income					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
Net gain on foreign exchange transactions and derivatives	87.7	95.3	51.2	-46.3%	-41.6%
Net gain on sale of securities	6.7	-0.0	7.8	n.m.	n.m.
Other	30.7	33.5	26.4	-21.3%	-14.0%
<b>Total other income</b>	<b>125.1</b>	<b>128.8</b>	<b>85.3</b>	<b>-33.7%</b>	<b>-31.8%</b>

## OTHER EXPENSES

Other expenses decreased by S/ 35.1 million QoQ, or 9.0%, and increased by S/ 13.4 million YoY, or 3.9%. The quarterly decrease in other expenses was mainly due to a 14.0% reduction in administrative expenses driven by lower supply costs and advertisement expenses; as well as by lower provisions for tax and legal contingencies. These effects were partially offset by increases of 10.5% in depreciation and amortization and 0.8% in salaries and employee benefits.

The annual growth in other expenses was explained by increases of 13.9% in depreciation and amortization, and 7.6% in administrative expenses; partially offset by 2.8% lower salaries and employee benefits.

The efficiency ratio was 41.2% in 1Q16, slightly above the 40.8% registered in 4Q15, but below the 42.3% reported in 1Q15.

Other expenses					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
Salaries and employee benefits	-145.6	-140.5	-141.5	0.8%	-2.8%
Administrative expenses	-157.4	-197.0	-169.4	-14.0%	7.6%
Depreciation and amortization	-24.8	-25.5	-28.2	10.5%	13.9%
Other	-12.5	-25.7	-14.5	-43.5%	16.1%
<b>Total other expenses</b>	<b>-340.3</b>	<b>-388.8</b>	<b>-353.7</b>	<b>-9.0%</b>	<b>3.9%</b>
<b>Efficiency ratio</b>	<b>42.3%</b>	<b>40.8%</b>	<b>41.2%</b>	<b>40 bps</b>	<b>-110 bps</b>

## REGULATORY CAPITAL

The ratio of regulatory capital to risk-weighted assets (RWA) was 16.4% in 1Q16, above the 15.5% registered in 4Q15, but slightly below the 16.7% reported in 1Q15.

The annual decrease in the capital ratio was due to a 12.3% increase in RWA, partially offset by a 10.4% growth in regulatory capital. The YoY increase in RWA was mostly attributed to loan growth; while the increase in regulatory capital was mainly a result of the addition of S/ 461.1 million in capital, reserves and earnings with capitalization agreement during the last twelve months.

As of 1Q16, Interbank's capital ratio of 16.4% was 470 basis points above its risk-adjusted minimum capital ratio requirement, established at 11.7%. The minimum regulatory capital ratio requirement was 10.0%, while the additional capital requirement for Interbank was 1.7% as of 1Q16.

Regulatory capital					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
Tier I capital	3,340.7	3,454.2	3,853.9	11.6%	15.4%
Tier II capital	1,874.5	1,973.7	1,902.3	-3.6%	1.5%
Total regulatory capital	5,215.2	5,427.9	5,756.1	6.0%	10.4%
Risk-weighted assets	31,264.3	34,951.5	35,125.3	0.5%	12.3%
<b>BIS ratio</b>	<b>16.7%</b>	<b>15.5%</b>	<b>16.4%</b>	<b>90 bps</b>	<b>-30 bps</b>
<b>Tier I capital / risk-weighted assets</b>	<b>10.7%</b>	<b>9.9%</b>	<b>11.0%</b>	<b>110 bps</b>	<b>30 bps</b>

## Interseguro

### SUMMARY

Interseguro's profit attributable to shareholders in 1Q16 was S/ -135.5 million, a decrease of S/ 139.1 million QoQ and S/ 169.1 million YoY.

The QoQ reduction in profits was explained by an S/ 83.7 million decrease in total premiums earned less claims and benefits, a S/ 22.7 million reduction in net gain on sale of securities (other income), a S/ 19.5 million increase in impairment loss on available-for-sale investments (other expenses) and an S/ 8.3 million decrease in valuation gain from investment property (other income).

Likewise, the YoY decline was mainly due to decreases of S/ 115.5 million in total premiums earned less claims and benefits, S/ 36.6 million in net gain on sale of securities, as well as a S/ 16.8 million increase in impairment loss on available-for-sale investments and a S/ 15.4 million decrease in valuation gain from investment property. These factors were partially offset by a S/ 16.6 million growth in net interest and similar income.

Interseguro's profit excluding discount rate impacts decreased by S/ 73.8 million QoQ and S/ 53.2 million YoY, mainly due to lower income related to investments.

Insurance Segment's P&L Statement					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
Interest and similar income	56.3	69.0	73.5	6.5%	30.4%
Interest and similar expenses	-3.0	-3.6	-3.7	2.6%	24.6%
<b>Net Interest and similar income</b>	<b>53.3</b>	<b>65.3</b>	<b>69.7</b>	<b>6.7%</b>	<b>30.7%</b>
Fee income from financial services, net	-0.7	-0.5	-0.7	39.4%	-5.7%
Other income	41.0	20.6	-14.6	n.m.	n.m.
Total premiums earned less claims and benefits	-12.0	-43.8	-127.5	n.m.	n.m.
Net premiums	204.3	177.1	177.1	0.0%	-13.3%
Adjustment of technical reserves	-156.5	-151.0	-228.0	51.0%	45.7%
Net claims and benefits incurred	-59.9	-69.9	-76.6	9.5%	27.9%
Other expenses	-47.4	-46.7	-67.7	45.0%	42.7%
<b>Income before translation result and income tax</b>	<b>34.2</b>	<b>-5.0</b>	<b>-140.6</b>	<b>n.m.</b>	<b>n.m.</b>
Translation result	-0.7	8.5	3.2	-62.4%	n.m.
Income tax	0.2	0.0	0.6	n.m.	147.3%
<b>Profit for the period</b>	<b>33.8</b>	<b>3.5</b>	<b>-136.9</b>	<b>n.m.</b>	<b>n.m.</b>
Attributable to non-controlling interest <sup>(1)</sup>	-0.2	0.1	1.4	n.m.	n.m.
<b>Profit attributable to shareholders</b>	<b>33.6</b>	<b>3.6</b>	<b>-135.5</b>	<b>n.m.</b>	<b>n.m.</b>
Discount rate impacts on technical reserves	28.0	-22.6	-87.9	n.m.	n.m.
<b>Profit excluding discount rate impacts</b>	<b>5.6</b>	<b>26.2</b>	<b>-47.6</b>	<b>n.m.</b>	<b>n.m.</b>
<b>ROAE</b>	<b>23.3%</b>	<b>4.3%</b>	<b>n.m.</b>		
<b>ROAE excl. discount rate impacts</b>	<b>4.4%</b>	<b>118.8%</b>	<b>n.m.</b>		
<b>Efficiency ratio</b>	<b>17.0%</b>	<b>21.3%</b>	<b>n.m.</b>		

(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.



## RESULT FROM INVESTMENTS

Results from Investments <sup>(1)</sup>					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
Interest and similar income	56.3	69.0	73.5	6.5%	30.4%
Interest and similar expenses	-3.0	-3.6	-3.7	2.6%	24.6%
<b>Net interest and similar income</b>	<b>53.3</b>	<b>65.3</b>	<b>69.7</b>	<b>6.7%</b>	<b>30.7%</b>
Fee income from financial services, net	-0.3	-0.4	-0.4	1.3%	13.0%
Net gain on sale of securities	22.4	8.5	-14.2	n.m.	n.m.
Net trading loss (income)	0.8	2.5	-1.5	n.m.	n.m.
Rental income	4.8	4.2	4.8	15.1%	-0.4%
Profit from sale of investment property	-	-	-	n.m.	n.m.
Valuation gain from investment property	9.5	2.4	-5.9	n.m.	n.m.
Other <sup>(1)</sup>	0.4	-0.1	0.1	n.m.	-73.3%
<b>Other income</b>	<b>37.6</b>	<b>17.1</b>	<b>-17.0</b>	<b>n.m.</b>	<b>n.m.</b>
Expenses related to rental income	-0.1	-0.3	-0.0	-90.6%	-51.1%
Other <sup>(1)</sup>	-6.6	-3.0	-22.1	n.m.	n.m.
<b>Expenses</b>	<b>-6.7</b>	<b>-3.4</b>	<b>-22.1</b>	<b>n.m.</b>	<b>n.m.</b>
<b>Results from investments</b>	<b>84.2</b>	<b>79.1</b>	<b>30.6</b>	<b>-61.3%</b>	<b>-63.6%</b>

(1) Only includes transactions related to investments.

## NET INTEREST AND SIMILAR INCOME

Net interest and similar income was S/ 69.7 million in 1Q16, an increase of S/ 4.4 million or 6.7% QoQ, and S/ 16.4 million or 30.7% YoY.

The QoQ growth was mainly due to a S/ 4.5 million increase in interest and similar income, partially offset by a S/ 0.1 million increase in interest and similar expenses.

The YoY growth was mainly due to a S/ 17.2 million increase in interest and similar income, partially offset by a S/ 0.7 million increase in interest and similar expenses. This was mainly explained by an increase of 6.1% in the average volume of the investment portfolio.

## OTHER INCOME

Other income was S/ -17.0 million in 1Q16, a decrease of S/ 34.1 million QoQ and S/ 54.6 million YoY.

The QoQ decline was largely explained by decreases of S/ 22.7 million in net gain on sale of securities and S/ 8.3 million in valuation gain from investment property.

The YoY decrease was largely explained by reductions of S/ 36.6 million in net gain on sale of securities and S/ 15.4 million in valuation gain from investment property.

## TOTAL PREMIUMS EARNED LESS CLAIMS AND BENEFITS

Total Premiums Earned Less Claims And Benefits					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
Net premiums	204.3	177.1	177.1	0.0%	-13.3%
Adjustment of technical reserves	-156.5	-151.0	-228.0	51.0%	45.7%
Net claims and benefits incurred	-59.9	-69.9	-76.6	9.5%	27.9%
<b>Total premiums earned less claims and benefits</b>	<b>-12.0</b>	<b>-43.8</b>	<b>-127.5</b>	<b>n.m.</b>	<b>n.m.</b>

Interseguro's total premiums earned less claims and benefits in 1Q16 was S/ -127.5 million, a decrease of S/ 83.7 million QoQ and S/ 115.5 million YoY.

The QoQ decline was mainly due to a higher adjustment of technical reserves on annuities as a result of different discount rate impacts. In 4Q15 the adjustment of technical reserves had a negative discount rate impact of S/-22.6 million whereas in 1Q16 the discount rate impact was significantly more negative, S/-87.9 million.

The YoY decrease was also explained by a higher adjustment of technical reserves as a result of different discount rate impacts. In 1Q15 the adjustment of technical reserves had a positive discount rate impact of S/ 28.0 million whereas in 1Q16 the discount rate impact was S/-87.9 million (negative).

## NET PREMIUMS

Net Premiums by Business Line					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
Annuities	152.1	120.0	117.8	-1.9%	-22.6%
Individual Life	9.2	10.7	11.5	7.6%	25.2%
Retail Insurance	43.0	46.4	47.8	3.0%	11.2%
Credit Life Insurance	23.2	29.0	30.7	5.7%	32.5%
Mandatory Traffic Accident (SOAT)	8.3	7.3	7.9	7.7%	-4.9%
Card Protection	4.5	8.1	6.6	-18.8%	46.6%
Other	7.1	1.9	2.7	37.3%	-62.3%
<b>Net Premiums</b>	<b>204.3</b>	<b>177.1</b>	<b>177.1</b>	<b>0.0%</b>	<b>-13.3%</b>

Annuities include premiums from disability and survivorship insurance

Net premiums were S/ 177.1 million in 1Q16, the same level QoQ and a decrease of S/ 27.2 million YoY.

The YoY decrease in net premiums was mainly attributable to a market contraction in annuities due to a recently passed law which will allow retirees from the private pension fund system to withdraw up to 95.5% of their retirement funds upon retirement.

## ADJUSTMENT OF TECHNICAL RESERVES

Adjustment of Technical Reserves by Business Line					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
Annuities	-151.7	-145.4	-222.9	53.3%	46.9%
Individual Life	-3.6	-5.3	-5.7	6.9%	57.5%
Retail Insurance	-1.1	-0.3	0.5	n.m.	n.m.
<b>Adjustment of technical reserves</b>	<b>-156.5</b>	<b>-151.0</b>	<b>-228.0</b>	<b>51.0%</b>	<b>45.7%</b>

Annuities include adjustment of technical reserves from disability and survivorship insurance

Interseguro's adjustment of technical reserves was S/ 228.0 million in 1Q16, an increase of S/ 77.0 million QoQ and S/ 71.5 million YoY.

The QoQ decline was mainly due to a higher adjustment of technical reserves as a result of different discount rate impacts. This rate decreased by 3 basis points in 4Q15 and by 21 basis points in 1Q16.

The YoY decrease was also explained by a higher adjustment of technical reserves as a result of different discount rate impacts. This rate increased by 7 basis points in 1Q15 while it decreased by 21 basis points in 1Q16.

## NET CLAIMS AND BENEFITS INCURRED

Net Claims and Benefits Incurred by Business Line					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
Annuities	-47.9	-57.5	-62.4	8.6%	30.2%
Individual Life	-0.4	-0.2	-0.7	230.6%	56.1%
Retail Insurance	-11.5	-12.2	-13.5	10.2%	17.0%
Credit Life Insurance	-8.3	-7.9	-9.4	19.1%	13.6%
Mandatory Traffic Accident (SOAT)	-3.0	-3.4	-3.0	-10.7%	0.9%
Card Protection	-0.1	-0.1	-0.2	79.8%	212.2%
Other	-0.2	-0.9	-0.9	3.0%	n.m.
<b>Net claims and benefits incurred</b>	<b>-59.9</b>	<b>-69.9</b>	<b>-76.6</b>	<b>9.5%</b>	<b>27.9%</b>

Annuities include net claims and benefits incurred from disability and survivorship insurance

Net claims and benefits incurred were S/ 76.6 million in 1Q16, an increase of S/ 6.7 million QoQ and S/ 16.7 million YoY.

The QoQ growth was due to increases of S/ 4.9 million in net claims and benefits related to Annuities, due to a higher number of pensioners, as well as S/ 1.3 million higher claims in Retail Insurance.

The YoY growth in net claims and benefits incurred was explained by increases of S/ 14.5 million in Annuities, due to a higher number of pensioners and a higher exchange rate, as well as S/ 2.0 million higher claims in Retail Insurance.

## OTHER EXPENSES

Other Expenses					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
Salaries and employee benefits	-16.1	-14.8	-15.7	6.0%	-3.0%
Administrative expenses	-6.8	-7.8	-6.8	-13.0%	0.1%
Depreciation and amortization	-1.1	-1.2	-1.1	-10.8%	-2.2%
Third-party commissions	-12.4	-15.5	-17.5	13.0%	41.2%
Expenses related to rental income	-0.1	-0.3	-0.0	-90.6%	-51.1%
Other	-10.9	-7.1	-26.6	276.5%	143.4%
<b>Other expenses</b>	<b>-47.4</b>	<b>-46.7</b>	<b>-67.7</b>	<b>45.0%</b>	<b>42.7%</b>

Other expenses were S/ 67.7 million in 1Q16, an increase of S/ 21.0 million QoQ and S/ 20.3 million YoY.

The QoQ increase was mainly due to a S/ 19.5 million increase in impairment loss on available-for-sale investments (other) and a S/ 2.0 million increase in Third-party commissions.

The YoY increase was mainly due to a S/ 16.8 million increase in impairment loss on available-for-sale investments (other) and a S/ 5.1 million increase in Third-party commissions.

## Inteligo

### SUMMARY

Inteligo's net profit in 1Q16 was S/ 30.4 million, a S/ 27.8 million or more than tenfold increase QoQ but a S/ 5.7 million or 15.9% decrease YoY. The quarterly increase was mainly attributable to lower other expenses and higher fee income and other income.

Assets under Management (AuMs) plus client deposits reached S/ 13,375.9 million in 1Q16, higher by S/ 183.6 million or 1.4% when compared to the previous quarter, and also higher by S/ 1,992.0 million or 17.5% when compared to 1Q15.

Inteligo's annualized ROAE for 1Q16 was 20.5%, higher than the 1.9% reported in 4Q15 but lower than the 29.1% registered in 1Q15.

Wealth Management Segment's P&L Statement					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
Interest and similar income	27.7	40.6	37.8	-6.9%	36.3%
Interest and similar expenses	-13.4	-13.7	-13.2	-3.9%	-1.3%
<b>Net interest and similar income</b>	<b>14.3</b>	<b>26.8</b>	<b>24.6</b>	<b>-8.5%</b>	<b>71.4%</b>
Fee income from financial services, net	31.2	23.3	24.3	4.1%	-22.3%
Other income	8.5	-3.5	1.9	n.m.	-77.5%
Other expenses	-17.9	-44.0	-20.2	-54.2%	12.6%
<b>Income before translation result and income tax</b>	<b>36.2</b>	<b>2.6</b>	<b>30.6</b>	<b>n.m.</b>	<b>-15.4%</b>
Translation result	0.0	-0.3	-0.2	-42.1%	n.m.
Income tax	0.0	0.4	0.0	n.m.	n.m.
<b>Profit for the period</b>	<b>36.1</b>	<b>2.6</b>	<b>30.4</b>	<b>n.m.</b>	<b>-15.9%</b>
<b>ROAE</b>	<b>29.1%</b>	<b>1.9%</b>	<b>20.5%</b>		
<b>Efficiency ratio</b>	<b>33.1%</b>	<b>44.4%</b>	<b>39.7%</b>		

### ASSETS UNDER MANAGEMENT & DEPOSITS

AuMs reached S/ 10,796.7 million in 1Q16, a S/ 112.0 million or 1.0% increase QoQ and a S/ 1,973.3 million or 22.4% increase YoY.

Client deposits reached S/ 2,579.2 million in 1Q16, a S/ 71.6 million or 2.9% increase QoQ and an S/ 18.6 million or 0.7% increase YoY.

### NET INTEREST AND SIMILAR INCOME

Inteligo's net interest and similar income in 1Q16 was S/ 24.6 million, a S/ 2.2 million or 8.5% decrease when compared with 4Q15. Net interest and similar income increased by S/ 10.3 million or 71.4% when compared to the same period in the previous year.

Interest and similar income decreased by S/ 2.8 million or 6.9% QoQ due to lower income and dividends on investments available for sale.

Interest and similar expenses decreased by S/ 0.5 million or 3.9% QoQ, mainly as a result of lower interest on deposits and obligations.

Interest and similar income increased by S/ 10.1 million or 36.3% YoY in 1Q16, mainly attributable to higher income on available for sale investments and also higher interest on loans as a result of an increase in the average volume of Inteligo's loan portfolio.

Interest and similar expenses decreased by S/ 0.2 million or 1.3% when compared with 1Q15.

Net interest and similar income					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
<b>Interest and similar income</b>					
Due from banks and inter-bank funds	0.0	0.1	0.1	-0.7%	n.m.
Investments available for sale	8.8	19.0	16.2	-14.8%	83.1%
Loans	18.8	21.5	21.5	0.0%	14.0%
<b>Total interest and similar income</b>	<b>27.7</b>	<b>40.6</b>	<b>37.8</b>	<b>-6.9%</b>	<b>36.3%</b>
<b>Interest and similar expenses</b>					
Deposits and obligations	-13.1	-13.7	-13.0	-4.5%	-0.7%
Due to banks and correspondents	-0.2	-0.1	-0.2	n.m.	-32.5%
<b>Total interest and similar expenses</b>	<b>-13.4</b>	<b>-13.7</b>	<b>-13.2</b>	<b>-3.9%</b>	<b>-1.3%</b>
<b>Net interest and similar income</b>	<b>14.3</b>	<b>26.8</b>	<b>24.6</b>	<b>-8.5%</b>	<b>71.4%</b>

## FEE INCOME FROM FINANCIAL SERVICES

Fee income from financial services, net					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
<b>Income</b>					
Brokerage and custody services	1.8	1.7	1.8	3.5%	-2.3%
Funds management	30.3	24.2	24.2	-0.1%	-20.1%
<b>Total income</b>	<b>32.1</b>	<b>25.9</b>	<b>26.0</b>	<b>0.1%</b>	<b>-19.1%</b>
<b>Expenses</b>					
Brokerage and custody services	-0.5	-0.5	-0.2	-54.9%	-53.8%
Others	-0.4	-2.1	-1.5	-30.4%	n.m.
<b>Total expenses</b>	<b>-0.9</b>	<b>-2.6</b>	<b>-1.7</b>	<b>-34.9%</b>	<b>94.7%</b>
<b>Fee income from financial services, net</b>	<b>31.2</b>	<b>23.3</b>	<b>24.3</b>	<b>4.1%</b>	<b>-22.3%</b>

Fee income from financial services reached S/ 26.0 million in 1Q16, an increase of S/ 0.1 million or 0.1% QoQ due to higher brokerage and custody services.

Expenses related to fee income from financial services decreased by S/ 0.9 million or 34.9% QoQ.

Inteligo's net fee income from financial services reached S/ 24.3 million, a S/ 1.0 million or 4.1% increase when compared to the previous quarter.

When compared with 1Q15, fee income from financial services decreased by S/ 6.1 million or 19.1%. The result was attributable to a lower activity in the rebalancing of clients' portfolios.

Expenses related to fee income from financial services increased by S/ 0.8 million YoY in 1Q16.

As a result of the above, net fee income from financial services decreased by S/ 6.9 million or 22.3% YoY in 1Q16.

## OTHER INCOME

Other income					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
Net gain on sale of securities	-3.1	-7.0	-0.4	-94.8%	-88.2%
Net trading gain (loss)	11.6	3.5	2.3	-35.0%	-80.4%
Other	0.0	0.0	0.0	n.m.	n.m.
<b>Total other income</b>	<b>8.5</b>	<b>-3.5</b>	<b>1.9</b>	<b>n.m.</b>	<b>-77.5%</b>

Inteligo's other income reverted positively to S/ 1.9 million in 1Q16. This result was attributable to a S/ 2.3 million net trading gain, partially offset by a S/ 0.4 million loss in net gain on sale of securities on the investment portfolio.

Other income decreased by S/ 6.6 million YoY in 1Q16, mainly attributable to a lower net trading gain.

## OTHER EXPENSES

Other expenses					
S/ million	1Q15	4Q15	1Q16	%chg QoQ	%chg YoY
Salaries and employee benefits	-10.2	-10.2	-10.9	7.2%	6.9%
Administrative expenses	-6.5	-8.9	-7.4	-16.8%	14.8%
Depreciation and amortization	-1.2	-1.6	-1.8	11.2%	47.2%
Impairment loss on available for sale investments	0.0	-23.3	0.0	n.m.	n.m.
Other	0.0	0.0	0.0	n.m.	n.m.
<b>Total other expenses</b>	<b>-17.9</b>	<b>-44.0</b>	<b>-20.2</b>	<b>-54.2%</b>	<b>12.6%</b>
<b>Efficiency ratio</b>	<b>33.1%</b>	<b>44.4%</b>	<b>39.7%</b>		

Other expenses in 1Q16 decreased by S/ 23.8 million or 54.2% when compared to 4Q15. The result was mainly due to the S/ 23.3 million impairment loss on available for sale investments reported in the previous quarter.

Inteligo's other expenses increased by S/ 2.3 million or 12.6% YoY. This was mainly attributable to higher administrative expenses, which increased by S/ 0.9 million YoY in 1Q16 due to higher third-party related services.