Intercorp Financial Services Inc.
Reports Third Quarter 2013 Earnings

Lima, Peru, October 30, 2013. Intercorp Financial Services Inc. (Bolsa de Valores de Lima: IFS) announced today its unaudited results for the third quarter 2013. 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/. 146.9 million in 3Q13, a 12.4% decrease QoQ and a 7.3% decline YoY
- Excluding non-recurring items, net earnings would have increased 15.3% QoQ and decreased 11.9% YoY
- Gross financial margin increased while loan growth outpaced that of provisions, but this was offset by lower results from financial operations and higher administrative expenses
- IFS ROE was 21.3% in 3Q13, below the 23.2% in 2Q13 and the 25.0% in 3Q12

Interbank:

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

Interseguro:

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

Intercorp Financial Services

Net earnings (attributable to IFS shareholders) were S/. 146.9 million in 3Q13, a 12.4% decrease QoQ and a 7.3% decline YoY. When excluding non-recurring items, net earnings increased 15.3% QoQ and decreased 11.9% YoY. IFS ROE was 21.3% in 3Q13, below the 23.2% in 2Q13 and the 25.0% in 3Q12.

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

Intercorp Financial Services' Recurring Statement of Comprehensive Income Summary					
S/. million	3Q12	2Q13	3Q13	%chg QoQ	%chg YoY
Reported net eanings	**158.5**	**167.7**	**146.9**	**-12.4%**	**-7.3%**
Non-recurring income:					
IFS	15.5	-4.9	0.0	n.m.	n.m.
Interbank	-7.2	-35.3	0.0	n.m.	n.m.
Interseguro	0.0	0.0	0.0	n.m.	n.m.
Total non-recurring income	**8.3**	**-40.2**	**0.0**	**n.m.**	**n.m.**
Recurring net earnings	**166.8**	**127.4**	**146.9**	**15.3%**	**-11.9%**
Recurring ROE*	**27.8%**	**20.2%**	**21.6%**		

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

Intercorp Financial Services' Statement of Financial Position					
S/. million				%chg	%chg
	3Q12	2Q13	3Q13	QoQ	YoY
Cash and due from banks	5,560.1	6,997.0	6,981.9	-0.2%	25.6%
Investments, net	4,635.2	5,182.4	5,379.1	3.8%	16.0%
Loan portfolio, net	14,546.3	16,666.4	18,006.2	8.0%	23.8%
Fixed assets, net	441.0	441.2	435.4	-1.3%	-1.3%
Other assets	905.1	1,252.3	1,055.9	-15.7%	16.7%
Total Assets	**26,087.8**	**30,539.2**	**31,858.6**	**4.3%**	**22.1%**
Deposits and obligations	14,573.5	17,210.1	18,755.2	9.0%	28.7%
Due to banks	2,485.9	3,313.8	3,048.2	-8.0%	22.6%
Bonds and obligations	3,266.7	3,397.1	3,397.7	0.0%	4.0%
Technical reserves for premiums and claims	2,402.2	2,811.1	2,918.1	3.8%	21.5%
Other liabilities	715.2	1,095.5	887.9	-19.0%	24.2%
Total Liabilities	**23,443.5**	**27,827.7**	**29,007.1**	**4.2%**	**23.7%**
IFS shareholders' equity	2,628.1	2,694.5	2,833.4	5.2%	7.8%
Minority interest	16.1	17.1	18.0	5.8%	11.9%
Total shareholders' equity	**2,644.3**	**2,711.6**	**2,851.4**	**5.2%**	**7.8%**

Quarter-on-quarter performance

Net earnings decreased 12.4% QoQ due to a 26.9% decline in results from financial operations, a 4.9% increase in administrative expenses and a 12.7% decrease in fee income from financial services, partially offset by a 4.7% increase in gross financial margin.

Financial income increased 4.9% mainly due to higher interest on loans at Interbank, partially offset by lower interest on available-for-sale investments at Interseguro.

Financial expenses increased 5.7% QoQ due to higher interests on deposits and bonds at Interbank.

Provision expenses remained relatively stable despite an 8.0% growth in performing loans.

Fee income decreased 12.7% QoQ as a result of a S/. 8.2 million increase in the elimination of commissions charged by Interbank to Interseguro, related to the sale of premiums.

Interseguro's loss from insurance underwriting decreased 2.3% as a result of higher elimination of commissions paid by Interseguro to Interbank, as previously mentioned, partially offset by an increase in the technical margin loss at Interseguro. The higher technical margin loss was explained by higher reserves in non-life and life insurance products, higher fees related to life insurance for credit cards, and higher claims due to pensions related to the annuity business, partially offset by higher premiums in non-life and life insurance.

Results from financial operations declined 26.9% QoQ mainly due to non-recurring gains on the sale of investments that were registered at Interbank in 2Q13 but were not repeated in 3Q13.

Administrative expenses increased 4.9% due to higher expenses in advertisement and property leases at Interbank.

Other income decreased 26.5% QoQ due to a reduction in extraordinary income and the voluntary constitution of provisions for doubtful commercial loans in 3Q13, compared to a reversal of provisions for foreign exchange risk in 2Q13 at Interbank.

IFS effective tax rate increased from 28.1% in 2Q13 to 29.4% in 3Q13 as a result of two factors. The first was a lower contribution to net earnings from Interseguro, whose investment income is tax-exempt. The second was an increase in Interbank's effective tax rate, from 27.0% in 2Q13 to 27.3% in 3Q13, due to lower tax-exempt income.

Year-on-year performance

Net earnings decreased 7.3% YoY due to a S/. 45.2 million increase in administrative expenses, a S/. 15.9 million decline in results from financial operations and a S/. 16.0 million decrease in fee income, partially offset by a S/. 59.6 million increase in gross financial margin and a S/. 18.2 million growth in other income.

Financial income rose 14.7%, mainly explained by higher interest on loans at Interbank and interest on available-for-sale investments at Interseguro.

Financial expenses increased 20.8% YoY mainly due to increases in interest on deposits and bonds at Interbank, as a result of higher volumes in such liabilities.

Provision expenses grew 10.0%, a rate below loan growth of 23.6%.

Fee income decreased 23.6% YoY as a result of lower fees from contingent operations, real estate financing and credit card account statement delivery fees, partially offset by an increase in corporate finance fees at Interbank, as well as higher elimination of fees charged by Interbank to Interseguro in relation to the sale of premiums.

Interseguro's loss from insurance underwriting decreased 21.6% due to higher elimination of fees paid by Interseguro to Interbank, as previously mentioned, as well as higher premiums in all products, partially offset by increases in reserves and claims.

Results from financial operations decreased 19.3% YoY as a result of lower gains on the sale of investments and income from forwards at IFS, lower investment income at Interseguro and lower investment gains at Interbank, partially offset by higher exchange and derivative gains at the bank.

Administrative expenses increased 17.7% YoY, due to growth in expenses related to property leases, advertising, maintenance and personnel costs at Interbank. Higher administrative expenses in 3Q13 were also the result of a particularly low level of such expenses in 3Q12, resulting from a S/. 26.6 million expense reversal produced by the transfer of two subsidiaries from Interseguro to InRetail.

Other income reverted to a positive figure in 3Q13, after having contributed to expenses in 3Q12 due to the elimination of accumulated other income from the transferred subsidiaries of Interseguro in such quarter. This was partially offset by lower results from Expressnet, a subsidiary of Interbank.

IFS effective tax rate increased from 25.4% in 3Q12 to 29.4% in 3Q13, as a result of a lower contribution to net earnings from Interseguro, whose investment income is tax-exempt, as well as an increase in Interbank's effective tax rate, from 24.5% in 3Q12 to 27.3% in 3Q13 due to lower deferred taxes.

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	3Q12	2Q13	3Q13	%chg QoQ	%chg YoY
Interbank	158.1	168.1	155.7	-7.3%	-1.5%
Interseguro	17.2	17.1	6.9	-59.5%	-59.6%
IFS accounts:					
Return on investment portfolio	7.6	17.7	0.9	-95.2%	-88.8%
Exchange gains (loss)	4.2	-13.8	-0.3	-98.0%	n.m.
Taxes on dividends	-3.8	-4.1	-4.1	0.0%	7.1%
Other income (expenses)	-10.0	-10.3	-11.7	13.4%	16.8%
Consolidation adjustments	-14.8	-7.0	-0.6	-91.7%	-96.0%
Total	**158.5**	**167.7**	**146.9**	**-12.4%**	**-7.3%**

Interbank

SUMMARY

Interbank's net earnings were S/. 156.9 million in 3Q13, a decrease of 7.3% QoQ and 1.5% YoY. The QoQ reduction was mainly due to a 30.2% decline in results from financial operations and a 4.4% growth in administrative expenses, partially offset by a 7.7% increase in gross financial margin. In 2Q13, non-recurring, after-tax gains of S/. 35.6 million in results from financial operations were reported. Excluding said amount, 3Q13 net earnings would have grown 17.3% QoQ.

The slight YoY decrease in 3Q13 net earnings was due to 9.2% growth in administrative expenses, a 12.5% decline in fee income and a 10.0% increase in provisions, partially offset by a 9.8% increase in gross financial margin. In 3Q12, S/. 7.3 million in non-recurring, after-tax earnings were reported. Excluding said amount, 3Q13 net earnings would have grown 3.2% YoY.

The annualized ROE was 25.9% in 3Q13, below the 29.3% reported in 2Q13 and the 29.8% registered in 3Q12.

Interbank's Statement of Comprehensive Income

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

Summary of Non-Recurring Items					
S/. million				**% chg**	**% chg**
Net of taxes	**3Q12**	**2Q13**	**3Q13**	**QoQ**	**YoY**
Net Income	**159.2**	**169.3**	**156.9**	**-7.3%**	**-1.5%**
Result from financial operations, net:					
Gains on sale of investments, net	-7.3	-35.6	0.0	n.m.	n.m.
Exchange and derivative gains (losses)	0.0	4.4	0.0	n.m.	n.m.
Other provisions	0.0	-4.4	0.0	n.m.	n.m.
Total Non-Recurring Items	**-7.3**	**-35.6**	**0.0**	**n.m.**	**n.m.**
Recurring Net Income	**152.0**	**133.7**	**156.9**	**17.3%**	**3.2%**
Recurring ROE*	**29.1%**	**23.7%**	**25.7%**	**200 bps**	**-340 bps**

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

INTEREST-EARNING ASSETS

Interbank's interest-earning assets reached S/. 27,017.9 million in 3Q13, an increase of 5.1% QoQ and 23.7% YoY.

The QoQ increase was mainly due to 8.0% loan growth whereas cash and investments remained relatively stable.

The YoY growth in interest-earning assets was due to increases of 23.8% in loans, 26.6% in cash and 14.7% in investments. The growth in cash was attributed to higher reserve requirements, which increased 150 basis points for domestic currency and 375 basis points for foreign currency since October 2012, partially offset by higher overnight deposits at the Central Bank. The increase in investments was mainly due to higher volumes of Central Bank certificates of deposit (CDBCR) and Republic of Peru sovereign bonds, partially offset by a reduction in equity investments and corporate bonds.

Interest-Earning Assets					
S/. million				**% chg**	**% chg**
	3Q12	**2Q13**	**3Q13**	**QoQ**	**YoY**
Cash and due from banks	5,475.0	6,984.3	6,928.7	-0.8%	26.6%
Investments, net	1,815.3	2,061.1	2,083.0	1.1%	14.7%
Loan portfolio, net	14,546.4	16,666.5	18,006.3	8.0%	23.8%
Total interest-earning assets	**21,836.7**	**25,711.9**	**27,017.9**	**5.1%**	**23.7%**

Loan Portfolio					
S/. million				% chg	% chg
	3Q12	2Q13	3Q13	QoQ	YoY
Performing loans:					
Retail	7,713.2	8,414.8	8,919.4	6.0%	15.6%
Commercial	6,986.3	8,405.2	9,247.5	10.0%	32.4%
Total performing loans	**14,699.5**	**16,820.0**	**18,166.9**	**8.0%**	**23.6%**
Restructured and refinanced loans	96.2	113.5	118.3	4.2%	23.0%
Past due loans	280.2	322.5	330.6	2.5%	18.0%
Gross loans	**15,075.9**	**17,256.0**	**18,615.8**	**7.9%**	**23.5%**
Add (less)					
Accrued and deferred interest	129.4	139.0	144.7	4.1%	11.8%
Allowance for loan losses	-658.9	-728.5	-754.2	3.5%	14.5%
Total direct loans, net	**14,546.4**	**16,666.5**	**18,006.3**	**8.0%**	**23.8%**

Performing loans grew 8.0% QoQ. Commercial loans increased 10.0% in 3Q13, the highest quarterly growth since 2008. Growth in the commercial portfolio was mainly driven by medium-term loans, particularly in the corporate segment. Retail loans increased 6.0%, the highest rate in the past seven quarters, due to growth of 10.8% in credit cards, 4.9% in mortgage loans and 3.8% in other consumer loans. In credit cards, solid loan growth continued for the second quarter after four consecutive quarters of reductions, during which period Interbank maintained more rigorous credit standards regarding the acquisition of new clients.

Performing loans increased 23.6% YoY. Commercial loans rose 32.4%, mainly due to an increase in medium-term loans. Retail loans grew 15.6%, driven by increases of 26.8% in mortgage loans, 9.7% in credit cards and 8.9% in other consumer loans. In 3Q13, credit card volumes reached a record level for Interbank, with a stable past due loan ratio of 4.1% in said product.

Breakdown of Performing Retail Loans					
S/. million				% chg	% chg
	3Q12	2Q13	3Q13	QoQ	YoY
Consumer loans:					
Credit cards	2,124.4	2,103.2	2,331.4	10.8%	9.7%
Other consumer	2,786.8	2,922.3	3,034.3	3.8%	8.9%
Total consumer loans	**4,911.2**	**5,025.5**	**5,365.7**	**6.8%**	**9.3%**
Mortgages	2,802.0	3,389.3	3,553.7	4.9%	26.8%
Total retail loans	**7,713.2**	**8,414.8**	**8,919.4**	**6.0%**	**15.6%**

FUNDING STRUCTURE

Funding Structure					
S/. million				% chg	% chg
	3Q12	2Q13	3Q13	QoQ	YoY
Deposits	14,743.9	17,643.9	19,025.5	7.8%	29.0%
Due to banks	2,814.8	3,398.0	2,994.3	-11.9%	6.4%
Bonds	2,752.6	2,960.8	3,001.4	1.4%	9.0%
Inter-bank funds	35.0	186.8	239.3	28.1%	n.m.
Total	**20,346.4**	**24,189.5**	**25,260.4**	**4.4%**	**24.2%**
AUM (Interfondos)	2,550.0	2,865.8	2,489.8	-13.1%	-2.4%
% of funding					
Deposits	72.5%	72.9%	75.3%		
Due to banks and inter-bank funds	14.0%	14.8%	12.8%		
Bonds	13.5%	12.3%	11.9%		

Interbank's funding base grew 4.4% QoQ, in line with the increase in interest-earning assets. Deposits rose 7.8% due to increases of 28.7% in commercial deposits and 5.5% in retail deposits, partially offset by an 8.3% decline in institutional deposits. As a result, the proportion of institutional deposits to total deposits was lowered from 30.0% in 2Q13 to 25.5% in 3Q13. Due to banks decreased 11.9% as the result of a 57.8% reduction in the utilization of short-term lines of credit with correspondent banks, partially offset by the disbursement of a US$200 million syndicated loan granted to Interbank. This new medium-term funding was arranged in July 2013 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.

The bank's total funding increased 24.2% YoY, mainly due to growths of 29.0% in deposits and 9.0% in bonds. Deposits grew due to increases of 58.0% in commercial deposits, 22.4% in retail deposits and 11.5% in institutional deposits. As a result, the proportion of deposits within Interbank's overall funding structure rose from 72.5% in 3Q12 to 75.3% in 3Q13.

The YoY growth in bonds was explained by two factors, partially offset by two additional factors. The first factor was a S/. 150.0 million local subordinated bond issue placed in January 2013. The second was a 7.1% depreciation of the Nuevo Sol against the U.S. dollar, which led to an increase in the value of bonds issued in dollars. The third factor was the maturity of a S/. 136.5 million leasing bond in March 2013. The final factor was the payment of US$1.9 million in mortgage bonds over the last 12 months.

Breakdown of Deposits					
S/. million				% chg	% chg
	3Q12	2Q13	3Q13	QoQ	YoY
By Customer Segment					
Retail	5,990.2	6,949.3	7,334.8	5.5%	22.4%
Commercial	4,180.9	5,134.2	6,605.7	28.7%	58.0%
Institutional	4,347.2	5,289.1	4,848.8	-8.3%	11.5%
Other	225.7	271.2	236.2	-12.9%	4.7%
Total	**14,743.9**	**17,643.9**	**19,025.5**	**7.8%**	**29.0%**
By Type:					
Demand	3,091.7	4,079.7	5,414.9	32.7%	75.1%
Savings	4,211.2	4,870.9	5,230.1	7.4%	24.2%
Time	6,482.7	7,802.0	7,421.8	-4.9%	14.5%
Other	958.3	891.4	958.8	7.6%	0.0%
Total	**14,743.9**	**17,643.9**	**19,025.5**	**7.8%**	**29.0%**

FINANCIAL MARGIN

Financial Margin					
S/. million				% chg	% chg
	3Q12	2Q13	3Q13	QoQ	YoY
Financial income	543.6	572.1	612.7	7.1%	12.7%
Financial expenses	-123.9	-143.9	-151.7	5.4%	22.5%
Gross financial margin	**419.8**	**428.2**	**460.9**	**7.7%**	**9.8%**

Financial Income					
S/. million				% chg	% chg
	3Q12	2Q13	3Q13	QoQ	YoY
Interest on loans	450.2	482.5	526.7	9.1%	17.0%
Fees on loans	67.3	63.2	63.5	0.5%	-5.7%
Investment income	18.8	11.8	16.1	36.9%	-14.5%
Interest on due from banks and inter-bank funds	6.9	14.4	6.2	-56.8%	-9.5%
Other	0.4	0.2	0.2	8.7%	-42.3%
Total financial income	**543.6**	**572.1**	**612.7**	**7.1%**	**12.7%**
Average interest-earning assets	21,775.9	24,840.7	26,364.9	6.1%	21.1%
Average yield on assets (annualized)	10.3%	9.6%	9.5%	-10 bps	-80 bps

Financial Expenses					
S/. million				% chg	% chg
	3Q12	2Q13	3Q13	QoQ	YoY
Interest and fees on deposits	52.4	60.0	64.1	6.8%	22.3%
Interest on due to banks and inter-bank funds	33.4	37.4	38.6	3.0%	15.5%
Interest on bonds	36.4	44.7	47.3	5.7%	29.7%
Other	1.6	1.8	1.8	3.1%	11.4%
Financial expenses	**123.9**	**143.9**	**151.7**	**5.4%**	**22.5%**
Average interest-bearing liabilites	20,388.5	23,257.4	24,724.9	6.3%	21.3%
Average cost of funding (annualized)	2.4%	2.5%	2.4%	-10 bps	0 bps

QoQ Performance

Gross financial margin increased 7.7% QoQ as the result of 7.1% growth in financial income, partially offset by a 5.4% increase in financial expenses.

Higher financial income was due to increases of 9.1% in interest on loans and 36.9% in investment income, partially offset by a 56.8% decrease in interest on cash.

Interest on loans grew due to increases of 7.6% in the average loan volume and 10 basis points in the average yield, from 12.1% in 2Q13 to 12.2% in 3Q13. The higher average volume was attributed to loan growth of 9.8% in the commercial portfolio and 5.8% in the retail portfolio. In the commercial portfolio, volumes grew by 13.1% in medium-term loans, 9.5% in trade finance loans and 4.7% in leasing. In the retail portfolio, the higher volume was due to increases of 6.7% in mortgages, 7.6% in credit cards and 3.5% in other consumer loans. The higher average yield was explained by a 70 basis points increase in the retail portfolio, partially offset by a 10 basis point decrease in the commercial portfolio. The higher yield on retail loans was mainly due to higher rates in credit cards and a growing proportion of said loans within the retail portfolio. The lower average yield on the commercial portfolio was mainly due to lower rates in key loan products with the exception of leasing, in which the average rate rose.

Investment income grew due to increases of 20.0% in the average volume and 40 basis points in the average yield. The higher volume was due to growths of 31.4% in CDBCR and 97.0% in sovereign bonds. The yield increase was a result of higher returns on the corporate and sovereign bond portfolio.

Interest on cash decreased mainly due to reductions of 51.1% in the average volume of overnight deposits at the Central Bank and 210 basis points in the yield on said deposits. Interest on cash also declined as the result of a 10 basis point decrease in the yield on reserve requirement funds, despite a 6.5% increase in the average volume of said funds, in line with growth in deposits.

The return on average interest-earning assets was 9.5% in 3Q13, a 10 basis point decrease with respect to the 9.6% registered in 2Q13, due to the lower yield on cash, whose proportion within interest-earning assets remained elevated in 3Q13.

Financial expenses rose 5.4% QoQ due to increases of 6.8% in interest on deposits, 5.7% in interest on bonds and 3.0% in interest on due to banks.

Interest on deposits increased due to 8.8% growth in the average volume, while the average cost remained stable. The higher volume was explained by increases of 25.3% in commercial deposits and 5.8% in retail deposits, partially offset by a 1.9% reduction in institutional deposits. The average cost remained stable, as a 10 basis point increase in the rate on institutional deposits was offset by a 20 basis point decline in the rate on commercial deposits. The average rate on retail deposits remained unchanged.

Interest on bonds grew in 3Q13 due to the effect of a higher average exchange rate on the cost of bonds issued in dollars, which represented 85.9% of total bonds.

Interest on due to banks and inter-bank funds increased due to a 20 basis point rise in the average cost, partially offset by a 3.2% decrease in the average volume. The higher average cost was the result of higher rates, both on local and foreign funding. The lower volume was due to a 12.1% reduction in foreign funding, partially offset by increases of 79.9% in inter-bank funds and 6.2% in local funding. The latter of these was mainly used to fund mortgage loans granted under government-sponsored housing programs.

The average cost of funding decreased from 2.5% in 2Q13 to 2.4% in 3Q13, mainly due to a higher proportion of deposits within the bank's overall funding structure.

YoY Performance

Gross financial margin grew 9.8% YoY due to a 12.7% rise in financial income, partially offset by a 22.5% increase in financial expenses.

Financial income increased due to 17.0% growth in interest on loans, partially offset by reductions of 5.7% in fees on loans and 14.5% in investment income.

Interest on loans grew due to a 20.8% increase in the average loan volume, partially offset by a 40 basis point decrease in the average yield, from 12.6% in 3Q12 to 12.2% in 3Q13. Growth in the average volume was due to rises of 28.7% in the commercial portfolio and 13.7% in the retail portfolio. In the commercial portfolio, volumes grew by 43.2% in medium-term loans, 19.1% in leasing and 6.4% in trade finance loans. In the retail portfolio, the higher volume was due to increases of 27.9% in mortgages, 8.8% in other consumer loans and 2.1% in credit cards. The lower average yield was due to a 30 basis point reduction in the commercial portfolio, partially offset by a 40 basis point increase in the retail portfolio. The yield decrease in the commercial portfolio was attributed to lower rates in the majority of products. The yield on retail loans increased mainly due to higher rates on credit cards.

The YoY reduction in fees on loans was due to the elimination of certain fees, including various credit card-related fees, by the Peruvian banking regulator starting January 1, 2013.

Investment income declined mainly due to decreases of 9.5% in the average volume and 20 basis points in the average yield. The lower volume was the result of reductions in equity investments and corporate bonds, partially offset by an increase in sovereign bonds. The lower yield was mainly due to a 100 basis point decline in the average yield on CDBCR, whose proportion within the investment portfolio remained elevated in 3Q13.

The return on average interest-earning assets was 9.5% in 3Q13, 80 basis points below the 10.3% registered in 3Q12, mainly due to the lower yield on loans and the higher proportion of cash within interest-earning assets.

Financial expenses rose 22.5% YoY due to increases of 22.3% in interest on deposits, 29.7% in interest on bonds and 15.5% in interest on due to banks.

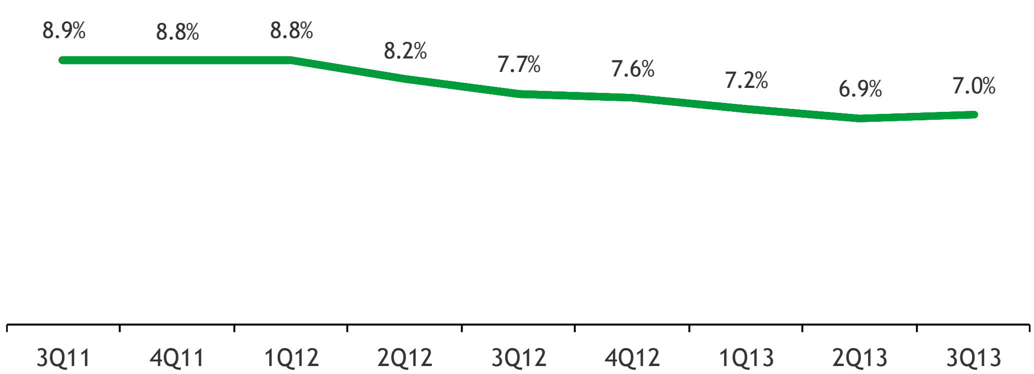
Interest on deposits increased due to a 21.8% growth in the average volume, while the average cost remained stable. The higher average volume was due to increases of 39.6% in commercial deposits, 18.5% in retail deposits and 10.0% in institutional deposits. The average cost remained stable as a 30 basis point rise in the rate on institutional deposits was offset by a 20 basis point decline in the rate on commercial deposits.

Interest on bonds grew due to increases of 21.2% in the average volume and 30 basis points in the average cost. The higher average volume was explained by two bond issues, the first for US$250 million in senior bonds, placed in September 2012, and the second for S/. 150.0 million in subordinated bonds, placed in January 2013, partially offset by the maturity of S/. 136.5 million in leasing bonds in March 2013 and the payment of US$1.9 million in mortgage bonds over the last 12 months. The increase in the average cost was mainly attributed to the senior bond issue previously mentioned, given that it was carried out towards the end of 3Q12 and therefore did not generate interest during most of said period, unlike 3Q13.

The growth in interest on due to banks was mainly due to a 28.5% increase in the average volume of local funding, partially offset by a 20 basis point reduction in the cost of said funding. Local funding was mainly used to fund mortgages granted under government-sponsored housings programs, the reason for which such growth was in line with that of mortgage loans.

The average cost of funding remained stable YoY, at 2.4%.

Net Interest Margin*



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

Net interest margin was 7.0% in 3Q13, higher than the 6.9% in 2Q13, but lower than the 7.7% in 3Q12.

PROVISIONS

Provision expenses grew 0.6% QoQ and 10.0% YoY, growth rates below those of the loan portfolio. As a result, the annualized ratio of provision expense to average loans was 2.0% in 3Q13, lower than the 2.1% reported in 2Q13 and the 2.3% registered in 3Q12.

The slight increase QoQ was due to a decline in provision recoveries, partially offset by a lower requirement for new provisions in credit cards.

The YoY growth in provision expenses was mainly due to lower provision recoveries, despite a decrease in provisions recognized as expense.

Composition of Provision Expense					
S/. million				% chg	% chg
	3Q12	2Q13	3Q13	QoQ	YoY
Provisions recognized as expense	-102.9	-113.2	-99.4	-12.1%	-3.4%
Provision recoveries	21.7	24.3	10.1	-58.6%	-53.5%
Total provision expense	**-81.2**	**-88.9**	**-89.4**	**0.6%**	**10.0%**
Provision expense / Average loans	**2.3%**	**2.1%**	**2.0%**	**-10 bps**	**-30 bps**

Provision for Loan Losses					
S/. million				% chg	% chg
	3Q12	2Q13	3Q13	QoQ	YoY
Balance at the beginning of the quarter	-716.2	-765.3	-787.7	2.9%	10.0%
Provision recognized as expense for the period	-102.9	-113.2	-99.4	-12.1%	-3.4%
Recovery of write-off accounts	-22.7	-24.6	-24.8	0.8%	8.9%
Provision recoveries	21.7	24.3	10.1	-58.6%	-53.5%
Write-offs, extinguishment of debt and sales	99.0	104.1	90.5	-13.0%	-8.5%
Provision of acquired portfolio	-0.2	0.0	0.0	n.m.	n.m.
Exchange result, net	4.4	-13.1	0.1	n.m.	-97.3%
Balance at the end of the quarter	**-717.0**	**-787.7**	**-811.2**	**3.0%**	**13.1%**
Past due loans / Total loans	**1.9%**	**1.9%**	**1.8%**	**-10 bps**	**-10 bps**
Coverage ratio	**235.5%**	**225.9%**	**228.1%**		

The ratio of past due loans to total loans decreased from 1.9% in both 3Q12 and 2Q13, to 1.8% in 3Q13. The coverage ratio of the past-due loan portfolio increased from 225.9% in 2Q13 to 228.1% in 3Q13, although it decreased with respect to the 235.5% registered in 3Q12.

FEE INCOME FROM FINANCIAL SERVICES

Fee income remained stable QoQ, as the reductions in fees from contingent operations and services were offset by an increase in structuring fees from corporate finance operations and lower expenses relating to financial services. The decline in fees from contingent operations was due to lower fees from letters of guarantee, mainly explained by a new accounting principle which required that these fees were not to be recognized at the moment of origination, but rather are to be accrued throughout the life of the operation. This change became effective as of June 2013 and as a result 3Q13 was the first quarter in which the new rule was in effect for the entire period.

Fee income declined 12.5% YoY as a result of lower fees from contingent operations, real estate financing and credit card account statement delivery fees, partially offset by higher corporate finance fees. The decrease in fees from contingent operations was a product of lower fees from letters of guarantee due to the accounting change previously mentioned.

Fee Income from Financial Services, Net					
S/. million				% chg	% chg
	3Q12	2Q13	3Q13	QoQ	YoY
Fees from services	66.6	79.2	76.7	-3.1%	15.2%
Contingent operations	13.1	11.0	8.0	-27.8%	-39.1%
Fees from collections and payment services	4.8	4.5	5.2	16.0%	9.4%
Other fees	27.3	21.3	24.3	14.1%	-11.1%
Total	**111.7**	**116.0**	**114.1**	**-1.6%**	**2.2%**
Expenses relating to financial services	-37.8	-51.4	-49.4	-3.8%	30.8%
Fee income from financial services, net	**73.9**	**64.6**	**64.7**	**0.2%**	**-12.5%**

RESULTS FROM FINANCIAL OPERATIONS

Results from financial operations decreased by S/. 33.4 million QoQ mainly due to a S/. 60.2 million decline in gains on the sale of investments, partially offset by a S/. 25.3 million growth in exchange and derivative gains.

Gains on the sale of investments declined QoQ, mainly due to non-recurring operations that were registered in 2Q13 but were not repeated in 3Q13. Said operations resulted in before-tax gains of S/. 43.5 million on the sale of equity investments and S/. 9.8 million in dividends received on the investment portfolio.

Exchange and derivative gains rose QoQ due to increases of S/. 50.7 million in income from forwards and S/. 24.7 million on Interbank's own exchange position, partially offset by S/. 47.8 million in losses from foreign currency derivatives.

Results from financial operations grew by S/. 5.5 million YoY as a result of a S/. 18.1 million increase in exchange and derivative gains, partially offset by a S/. 13.1 million decrease in gains on the sale of investments.

The YoY growth in exchange and derivative gains was due to S/. 16.4 million in income from forwards.

Gains on the sale of investments declined YoY, explained by non-recurring gains of S/. 8.3 million before taxes that were generated on the sale of sovereign bonds during 3Q12, which were not repeated in 3Q13, and lower dividends received on the equity investment portfolio, as a result of a reduction in the size of said position over the last 12 months.

Result from Financial Operations, Net					
S/. million				% chg	% chg
	3Q12	2Q13	3Q13	QoQ	YoY
Gains on sale of investments, net	14.5	61.7	1.5	-97.6%	-89.9%
Exchange and derivative gains (losses)	45.8	38.5	63.8	65.6%	39.5%
Income from participation in subsidiaries	11.4	10.4	11.8	12.9%	3.0%
Other	-0.1	-0.1	0.1	n.m.	n.m.
Result from financial operations, net	**71.6**	**110.6**	**77.2**	**-30.2%**	**7.7%**

ADMINISTRATIVE EXPENSES

Administrative expenses increased 4.4% QoQ and 9.2% YoY. The QoQ growth was mainly due to a 7.7% increase in services received from third parties. The rise in expenses for such services was explained by higher expenses related to advertising and property leases.

The YoY growth was mainly attributed to increases of 8.9% in services received from third parties and 9.5% in personnel expenses. Higher expenses for third-party services were due to growth in expenses related to property leases, advertising, and maintenance. The increase in personnel expenses was due to a rise in expenses for wages and salaries, as the result of higher variable compensation costs and an increase in total headcount.

The efficiency ratio was 50.0% in 3Q13, above the 47.9% reported in 2Q13 and the 48.9% registered in 3Q12.

Administrative Expenses					
S/. million	3Q12	2Q13	3Q13	% chg QoQ	% chg YoY
Personnel and board of directors expenses	-115.2	-125.0	-126.2	0.9%	9.5%
Services received from third parties	-130.5	-132.0	-142.1	7.7%	8.9%
Taxes and contributions	-6.1	-6.5	-6.9	6.0%	11.8%
Total	**-251.9**	**-263.5**	**-275.2**	**4.4%**	**9.2%**
Efficiency ratio	**48.9%**	**47.9%**	**50.0%**	**210 bps**	**110 bps**

OTHERS

Depreciation and amortization expenses increased 1.9% QoQ and 5.5% YoY. The QoQ and YoY growth was mainly due to higher expenses for amortization of software systems and depreciation of real estate and equipment.

Other income decreased 45.0% QoQ due to a reduction in extraordinary income and the voluntary constitution of provisions for doubtful commercial loans in 3Q13, compared to a reversal of provisions for foreign exchange risk in 2Q13.

Other income remained stable YoY, as lower extraordinary income was offset by lower provisions for foreign exchange risk. The decrease in extraordinary income was due to the reversal of a provision constituted in a previous period, after the sale of a foreclosed property in 3Q12, which was not repeated in 3Q13.

Other Income (Expenses)					
S/. million	3Q12	2Q13	3Q13	% chg QoQ	% chg YoY
Depreciation	-17.1	-17.3	-17.5	1.2%	2.3%
Amortization	-7.7	-8.4	-8.7	3.4%	12.7%
Total depreciation and amortization	**-24.8**	**-25.7**	**-26.2**	**1.9%**	**5.5%**
Income (expenses) from recoveries	10.6	5.8	5.0	-14.3%	-53.2%
Provisions for contingencies and other provisions	-7.0	0.8	-1.3	n.m.	-80.9%
Other income (expenses)	**3.6**	**6.6**	**3.6**	**-45.0%**	**0.4%**
Total	**-21.2**	**-19.1**	**-22.5**	**18.0%**	**6.4%**

CAPITALIZATION

The ratio of regulatory capital to risk-weighted assets was 13.7% in 3Q13, lower than the 14.5% reported in 2Q13 and the 13.9% registered in 3Q12. The QoQ decrease was due to 9.6% growth in risk-weighted assets (RWA), partially offset by a 3.0% increase in regulatory capital.

The QoQ increase in RWA was explained by scheduled regulatory adjustments to the calculation of RWA and by sustained loan growth. Due to the regulatory adjustments, as of September 2013 the risk weights assigned to retail loans increased, as a function of product type and term remaining. It should be noted that initially this measure only affects new loans disbursed as of January 1, 2013. The remainder of the loan portfolio will be adjusted gradually to the new risk weightings each December in the years 2013, 2014 and 2015. The quarterly increase in regulatory capital was due to the accumulation of earnings with capitalization agreements, a higher stock of provisions, and lower deductions for investments in subsidiaries.

The YoY reduction in the capital ratio was due to a 21.4% growth in RWA, partially offset by a 19.3% increase in regulatory capital. Higher RWA were mainly attributed to loan growth. The YoY increase in regulatory capital was the result of three factors. The first was the capitalization of S/. 313.7 million in capital and reserves over the last 12 months. The second factor was the issuance of a S/. 150.0 million subordinated bond in January 2013. The third factor was the accumulation of S/. 46.6 million in additional generic provisions. These factors were partially offset by a difference of S/. 25.7 million in the amount of accumulated earnings with capitalization agreements in 3Q13 with regard to 3Q12.

The YoY increase in capital and reserves allowed for an additional S/. 57.0 million from Interbank's US$200 million junior subordinated bond issue to be incorporated as Tier I capital. As of 3Q13, 69.4% of this issuance qualified as Tier I capital and the remainder was considered Tier II capital.

As of 3Q13, Interbank's capital ratio of 13.7% was 220 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 3Q13.

Capitalization

S/. million	3Q12	2Q13	3Q13	% chg QoQ	% chg YoY
Tier I capital	2,169.3	2,433.7	2,509.2	3.1%	15.7%
Tier II capital	633.7	812.2	835.1	2.8%	31.8%
Total regulatory capital	2,802.9	3,245.9	3,344.3	3.0%	19.3%
Risk-weighted assets	20,185.1	22,354.5	24,497.6	9.6%	21.4%
BIS ratio	**13.9%**	**14.5%**	**13.7%**	**-80 bps**	**-20 bps**
Tier I capital / risk-weighted assets	**10.7%**	**10.9%**	**10.2%**	**-70 bps**	**-50 bps**

Interseguro

SUMMARY

Interseguro's net earnings reached S/. 6.9 million in 3Q13, a S/. 10.2 million decrease QoQ and a S/. 10.3 million decline YoY. The annualized ROE was 7.0% in 3Q13, below the 15.6% reported in 2Q13 and the 14.8% registered in 3Q12.

The QoQ decrease in net earnings was attributable to a S/. 7.2 million increase in the technical margin loss and a S/. 3.8 million decrease in investment income. The technical margin loss increased due to higher reserves in non-life and life insurance products, higher fees related to life insurance for credit cards, and higher claims due to pensions related to the annuity business, partially offset by higher premiums in non-life and life insurance. The decrease in investment income was mostly due to lower returns on equity and mutual funds, and lower yields in the fixed income portfolio, partially offset by a lower loss from exchange rate difference.

The YoY decline in net earnings was due to a S/. 5.9 million decrease in investment income, a S/. 2.4 million increase in administrative expenses and a S/. 2.0 million increase in the technical margin loss.

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

* Includes exchange rate difference

PREMIUMS

Premiums in 3Q13 were S/. 141.1 million, a S/. 4.3 million increase QoQ and a S/. 22.3 million rise YoY.

The QoQ growth was mainly explained by increases of S/. 5.0 million in non-life insurance premiums and S/. 2.3 million in individual life premiums, partially offset by a S/. 4.1 million decrease in group life premiums. The higher sales in non-life insurance premiums were mainly due to the launch of the Robbery and Assault Shield Plus product in June 2013. Higher premiums in individual life were due to the Savings Insurance policy renewals. Group life premiums decreased from an unusually high level in 2Q13 when S/. 7.0 million of such premiums related to the credit card business accumulated since the beginning of the year were recognized.

The YoY increase was attributable to higher sales in all business lines, mainly annuities, group life, non-life and individual life. The increase in annuities was due to a 8.8% market expansion. Additionally, group life premiums increased due to higher activity in credit cards insurance. Finally, non-life insurance premiums increased due to the launch of the Robbery and Assault Shield Plus and Payment Protection products targeted to the credit card business.

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

RESERVES, CLAIMS AND OPERATING EXPENSES

Change in reserves increased S/. 5.7 million QoQ and S/. 8.5 million YoY.

The increase QoQ was mainly explained by higher reserves for non-life and life insurance premiums.

The increase YoY was due to higher reserves for non-life premiums and annuities.

Change in Reserves by Business Line					
S/. million				% chg	% chg
	3Q12	2Q13	3Q13	QoQ	YoY
Individual Life	2.8	1.4	3.5	140.4%	22.7%
Annuities	95.9	99.2	97.8	-1.4%	2.0%
Group Life	-0.1	0.3	0.5	93.3%	n.m.
Mandatory traffic accident	-0.5	0.1	0.4	145.0%	n.m.
Non Life Insurance	0.5	0.5	5.1	n.m.	n.m.
TOTAL	**98.7**	**101.5**	**107.2**	**5.6%**	**8.6%**

Claims increased S/. 2.0 million QoQ and S/. 5.5 million YoY. Both increases were basically explained by higher pensions related to the annuity business.

Claims by Business Line					
S/. million				% chg	% chg
	3Q12	2Q13	3Q13	QoQ	YoY
Individual Life	0.7	0.8	0.1	-86.7%	-83.8%
Annuities	26.7	30.4	33.4	9.8%	25.1%
Group Life	6.0	6.9	5.6	-18.6%	-7.5%
Disability and survivor benefits	3.1	1.9	3.0	56.0%	-4.2%
Mandatory traffic accident	2.5	2.4	2.4	0.4%	-3.0%
Non Life Insurance	0.1	0.2	0.1	-18.4%	1.5%
TOTAL	**39.1**	**42.6**	**44.6**	**4.8%**	**14.0%**

As a result of the factors described above, the technical margin was S/. -27.5 million in 3Q13, compared to S /. -20.3 million in 2Q13 and S /. -25.5 million in 3Q12.

Administrative expenses decreased S/. 0.7 million QoQ, but increased S/. 2.4 million YoY. The YoY growth was explained by higher personnel expenses due to an increase of Interseguro's workforce in line with business growth, as well as higher investments in information technology.

INVESTMENT INCOME

Investment income decreased S/. 3.8 million QoQ and S/. 5.9 million YoY.

The QoQ decline was due to decreases of S/. 14.3 million in returns on equity and mutual fund investments and S/. 3.6 million in fixed income investments, partially offset by a S/. 13.4 million lower loss from exchange rate difference.

The YoY decrease was explained by a S/. 4.8 million higher loss from exchange rate difference and a S/. 4.1 million lower return on the fixed income portfolio, partially offset by a S/. 4.0 million increase in returns on equity and mutual fund investments.

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

Interseguro's investment portfolio grew 2.8% QoQ and 17.8% YoY driven by higher annuity sales and the price appreciation of Interseguro's overall portfolio.

In the case of the real estate portfolio, the 15.4% increase QoQ was due to a capital contribution in Interproperties' certificates for investments in Pucallpa and an increase of CAPEX in Sullana's Real Plaza property.

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

*The 3Q13 real estate figure includes a S/. 6 million investment in Interseguro's headquarters.