

Intercorp Financial Services Inc. and Subsidiaries

Consolidated financial statements as of March, 31, 2015 and December, 31, 2014 and
for the three-month periods ended March 31, 2015 and 2014

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Intercorp Financial Services Inc. and Subsidiaries

Consolidated statements of financial position

As of March 31, 2015 (unaudited) and December 31, 2014 (audited)

	Note	As of March 31, 2015 S/.(000)	As of December 31, 2014 S/.(000)		Note	As of March 31, 2015 S/.(000)	As of December 31, 2014 S/.(000)
Assets				Liabilities and equity			
Cash and due from banks:	3			Deposits and obligations:	8		
Non-interest bearing		1,854,077	1,705,611	Non-interest bearing		6,166,862	4,366,859
Interest bearing		5,215,446	3,741,755	Interest bearing		17,951,949	19,014,568
Restricted funds		1,423,417	911,138			24,118,811	23,381,427
		8,492,940	6,358,504				
Inter-bank funds		-	310,030	Due to banks and correspondents	9	3,904,618	3,140,914
Trading securities		103,655	105,782	Bonds, notes and other obligations	10	4,712,921	4,565,288
Investments available-for-sale	4	7,539,022	8,303,176	Due from customers on acceptances		7,981	18,833
Held to maturity investments		289,957	-	Insurance contract liabilities	11	3,996,789	3,743,007
				Accounts payable, provisions and other liabilities	7	1,330,767	1,203,083
				Deferred income tax liability, net		3,030	10,401
				Total liabilities		38,074,917	36,062,953
Loans, net:	5						
Loans, net of unearned income		24,362,190	23,436,885	Equity	12		
Allowance for loan losses		(886,077)	(819,678)	Equity attributable to Group's shareholders:			
		23,476,113	22,617,207	Capital stock		963,446	963,446
Investment property	6	670,285	652,881	Treasury stock		(312,429)	(285,776)
Property, furniture and equipment, net		570,053	577,202	Capital surplus		268,077	268,077
Due from customers on acceptances		7,981	18,833	Reserves		2,000,000	-
Accounts receivable and other assets, net	7	1,380,721	1,411,312	Unrealized results, net		84,876	141,707
Deferred income tax asset, net		30,392	10,300	Retained earnings		1,371,659	3,103,600
						4,375,629	4,191,054
				Non-controlling interest		110,573	111,220
				Total equity		4,486,202	4,302,274
Total asset		42,561,119	40,365,227	Total liabilities and equity		42,561,119	40,365,227

Intercorp Financial Services Inc. and Subsidiaries

Consolidated income statements

For the three-month periods ended March 31, 2015 and 2014

	Note	2015 S/(000)	2014 S/(000)
Interest and similar income	14	753,518	660,909
Interest and similar expenses	14	<u>(207,710)</u>	<u>(185,333)</u>
Net interest and similar income		545,808	475,576
Provision for loan losses, net of recoveries	5(b)	<u>(148,840)</u>	<u>(103,838)</u>
Net interest and similar income after provision for loan losses		396,968	371,738
Other income			
Fee income from financial services, net	15	194,826	161,873
Net gain on foreign exchange transactions		113,974	46,425
Net gain on sale of securities		26,007	48,095
Net trading income		(16,201)	1,245
Rental income		4,416	9,058
Valuation gain and sale from investment property		9,497	3,435
Other	16	<u>34,015</u>	<u>19,577</u>
Total other income		366,534	289,708
Insurance premiums and claims			
Net premiums earned	17	47,886	(37,345)
Net claims and benefits incurred for life insurance contracts and others		<u>(59,878)</u>	<u>(50,928)</u>
Total premiums earned less claims and benefits		(11,992)	(88,273)
Other expenses			
Salaries and employee benefits		(171,940)	(157,561)
Administrative expenses		(173,410)	(153,571)
Depreciation and amortization		(27,089)	(25,410)
Impairment loss on available-for-sale investments	4(c)	(4,523)	-
Other	16	<u>(22,979)</u>	<u>(40,802)</u>
Total other expenses		(399,941)	(377,344)
Income before translation result and income tax		351,569	195,829
Translation result		(10,600)	(416)
Income tax	13(c)	<u>(78,071)</u>	<u>(60,663)</u>
Profit for the period		262,898	134,750
Attributable to:			
Equity holders of the Group		261,249	133,673
Non-controlling interest		<u>1,649</u>	<u>1,077</u>
		262,898	134,750
Basic and diluted earnings per share attributable to the Group (stated in Nuevos Soles)			
	18	<u>2.389</u>	<u>1.218</u>
Weighted average number of outstanding shares (in thousands)	18	<u>109,341</u>	<u>109,705</u>

The accompanying notes are an integral part of the interim consolidated financial statements.

Intercorp Financial Services Inc. and Subsidiaries

Consolidated statements of comprehensive income

For the three-month periods ended March 31, 2015 and 2014

	2015 S/(000)	2014 S/(000)
Profit for the period	262,898	134,750
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Unrealized loss on available-for-sale investments	(19,487)	(11,355)
Unrealized (loss) gain on cash flow hedges	(55,289)	18,971
Exchange differences on translation of foreign operations	17,945	2,485
Total comprehensive income	206,067	144,851
Attributable to:		
Equity holders of the Group	204,418	143,710
Non-controlling interest	1,649	1,141
	206,067	144,851

The accompanying notes are an integral part of the interim consolidated financial statements.

InterCorp Financial Services Inc. and Subsidiaries

Consolidated statements of changes in equity

For the three-month periods ended March 31, 2015 and 2014

	Number of shares (in thousands)		Attributable to IFS Group shareholders										Non-controlling interest	Total equity
	Issued	In treasury	Capital stock	Reserves	Treasury stock	Other paid in capital	Capital Surplus	Unrealized results, net			Retained earnings	Total		
								Available-for-sale investments	Derivatives Instruments designated as cash flow hedges	Foreign currency translation reserve				
(in thousands)	(in thousands)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	
Balances as of January 1, 2014	93,615	(3,315)	799,581	-	(227,707)	246,400	268,077	20,139	(10,607)	17,560	2,578,774	3,692,217	20,229	3,712,446
Comprehensive income														
Net income	-	-	-	-	-	-	-	-	-	-	133,673	133,673	1,077	134,750
Unrealized results														
Other comprehensive income	-	-	-	-	-	-	-	(11,419)	18,971	2,485	-	10,037	64	10,101
Total comprehensive income	-	-	-	-	-	-	-	(11,419)	18,971	2,485	133,673	143,710	1,141	144,851
Dividends paid to minority shareholders in Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(2,061)	(2,061)
Net variation of treasury stock held by Subsidiaries, Note 16(b)	-	(654)	-	-	(57,575)	-	-	-	-	-	-	(57,575)	-	(57,575)
Dividends received by Subsidiaries on treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	(1,043)	(1,043)	(236)	(1,279)
Balances as of March 31, 2014	93,615	(3,969)	799,581	-	(285,282)	246,400	268,077	8,720	8,364	20,045	2,711,404	3,777,309	19,073	3,796,382
Saldos al 01 de enero de 2015	113,110	(3,750)	963,446	-	(285,776)	-	268,077	100,559	(3,423)	44,571	3,103,600	4,191,054	111,220.00	4,302,274
Comprehensive income														
Net income	-	-	-	-	-	-	-	-	-	-	261,249	261,249	1,649	262,898
Unrealized results														
Other comprehensive income	-	-	-	-	-	-	-	(19,487)	(55,289)	17,945	-	(56,831)	-	(56,831)
Total comprehensive income	-	-	-	-	-	-	-	(19,487)	(55,289)	17,945	261,249	204,418	1,649	206,067
Dividends paid to minority shareholders in Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(2,232)	(2,232)
Net variation of treasury stock held by Subsidiaries, Note 16(b)	-	(173)	-	-	(26,653)	-	-	-	-	-	-	(26,653)	-	(26,653)
Reserves	-	-	-	2,000,000	-	-	-	-	-	-	(2,000,000)	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	6,810	6,810	(64)	6,746
Balances as of March 31, 2015	113,110	(3,923)	963,446	2,000,000	(312,429)	-	268,077	81,072	(58,712)	62,516	1,371,659	4,375,629	110,573	4,486,202

The accompanying notes are an integral part of the interim consolidated financial statements.

Intercorp Financial Services Inc. and Subsidiaries

Consolidated statements of cash flows

For the three-month periods ended March 31, 2015 and 2014

	2015	2014
	S/(000)	S/(000)
Cash flows operating activities		
Profit for the period	262,898	134,750
Add (deduct)		
Provision for loan losses, net of recoveries	148,840	103,838
Depreciation and amortization	27,089	25,410
Provision for sundry risk	3,734	11,347
Deferred income tax	17,917	12,203
Net gain on sale of securities	(26,007)	(48,095)
Impairment loss on available-for-sale investments	4,523	-
Valuation gain from investment property	(9,497)	(3,435)
Net trading income	16,201	(1,245)
Translation result	10,600	416
Purchase of trading securities, net	(14,105)	(16,080)
Decrease (Increase) in accrued interest receivable	4,158	(17,417)
Increase (Decrease) in accrued interest payable	42,899	(12,662)
Net changes in assets and liabilities		
Increase in loans	(1,001,378)	(840,270)
Decrease in other assets	105,551	383,001
Increase in deposits and obligations	703,390	966,081
Increase (decrease) in due to banks and correspondents	757,654	(67,036)
Increase in other liabilities	354,099	263,111
Net cash provided by operating activities	<u>1,408,566</u>	<u>893,917</u>

Intercorp Financial Services Inc. and Subsidiaries

Consolidated statements of cash flows (continued)

	2015 S/(000)	2014 S/(000)
Cash flows from investing activities		
Sale (Purchase) of available-for-sale investments	345,915	(596,037)
Purchase of property, furniture and equipment	(9,072)	(8,915)
Purchase of intangible assets	(45,698)	(4,916)
Proceeds from the sale of investment property	-	3,019
Purchase of investment property	<u>(7,907)</u>	<u>(7,267)</u>
Net cash used in investing activities	<u>283,238</u>	<u>(614,116)</u>
Cash flows from financing activities		
Issuance of bonds and notes	158,144	987,374
Redemption and payments of bonds and notes	(10,511)	(12,521)
Net decrease in receivable inter-bank funds	310,030	190,865
Net decrease in payable inter-bank funds	-	(100,022)
Payments of dividends to minority shareholders	(2,232)	(2,061)
Net cash provided by financing activities	<u>455,431</u>	<u>1,063,635</u>
Net increase in cash and cash equivalents	<u>2,147,235</u>	<u>1,343,436</u>
Translation loss on cash and cash equivalents	(12,799)	(6,152)
Cash and cash equivalents at the beginning of the period	<u>6,358,504</u>	<u>6,768,852</u>
Cash and cash equivalents at the end of the period	<u>8,492,940</u>	<u>8,106,136</u>

The accompanying notes are an integral part of the interim consolidated financial statements.

Intercorp Financial Services Inc. and Subsidiaries

Notes to the consolidated financial statements

As of March 31, 2015 and December 31, 2014

1. Business activity and Group reorganization

(a) Business activity -

Intercorp Financial Services Inc. and Subsidiaries, hereinafter "IFS" or "the Company", is a limited liability holding company incorporated in the Republic of Panama on September 19, 2006 and is subsidiary of Intercorp Perú Ltd., hereinafter "Intercorp Perú", a holding company incorporated in 1997 in the Commonwealth of the Bahamas. As of March 31, 2015 and December 31, 2014, Intercorp Perú owns 77.76% and 77.60%, of IFS's capital stock respectively.

As of March 31, 2015 and December 31, 2014, IFS held 99.30% of the capital stock of Banco Internacional del Peru S.A.A. – Interbank (hereinafter "Interbank") and 100% of Interseguro Compañía de Seguros S.A. (hereinafter "Interseguro") and Inteligo Group Corp; respectively. The operations of Interbank and Interseguro are concentrated in Peru and the operations in Inteligo Group are concentrated in Panama and Peru, see note 1(b).

IFS's legal domicile is located at Av. Carlos Villarán 140 Urb. Santa Catalina, La Victoria, Lima, Perú.

The main activities of IFS's Subsidiaries and their assets, liabilities and equity, are presented in Note 1 (c)

The consolidated financial statements of IFS and Subsidiaries as of December 31, 2014 were approved by the General Shareholders' Meeting held on April 14, 2015. The consolidated financial statements of IFS and Subsidiaries as of March 31, 2015 were approved by the Board of Directors held on May 13, 2015.

(b) Group reorganization -

As of December 31, 2013, Intercorp Perú held 100% of Inteligo Group Corp. capital stock. At that date, Inteligo Group Corp., a holding corporation incorporated in the Republic of Panama, held 100% of the capital stock of Inteligo Bank Ltd. (hereinafter "Inteligo Bank"), Inteligo Sociedad Agente de Bolsa S.A., Inteligo Real Estate Corp. and Inteligo Real Estate Perú S.A.C..

The reorganization of Inteligo Group Corp. and IFS was approved on July 16, and July 18, 2014. The effective date was August 1, 2014 and included: (i) the spin-off of Inteligo Group's real estate subsidiaries to Intercorp Perú Ltd.; and, (ii) the contribution of all of the outstanding shares of Inteligo Group to IFS in exchange of 19,495,413 new shares issued by IFS to Intercorp Perú. The exchange ratio was of 23.28 shares of IFS per one share of Inteligo Group Corp. and was fixed based on the Lima Stock Exchange quotation as of the date of the transaction.

After this reorganization IFS holds 100% of Inteligo Group Corp. and Subsidiaries and Intercorp Perú increased its holding of IFS capital stock to 77.60%.

Given that the reorganization did not lead to a change in Intercorp Perú's control of Inteligo Group Corp. and Subsidiaries, now grouped under IFS, in accordance with the IFRS, the reorganization is considered a transaction among entities under common control. As a result, the reorganization was accounted for using the pooling-of-interest method, thus giving retroactive effect to the reorganization as if it had occurred in the beginning of the earliest period presented; also, no fair value adjustment or goodwill was recognized and all amounts have been accounted for at their book values. The main effect of giving retroactive treatment to the reorganization under common control is that the "Capital stock" caption in these consolidated financial statements reflects only the balance related to IFS, the total equity amount remains the same, and Inteligo Group Corp's capital stock is presented as "Other paid-in capital" until August 1, 2014, which is the effective date of the reorganization, when it was then transferred to the caption "Capital stock" to reflect the new shares issued by IFS in order to perform the reorganization.

Under consolidated basis, total net assets of Inteligo Group Corp. as of August 1, 2014 amounted to S/.509,973,000, of which S/.80,594,000 were transferred to Intercorp Perú as a result of the afore mentioned spin-off and the remaining S/.429,379,000 were contributed to IFS.

(c) Subsidiaries

IFS's Subsidiaries are the following:

(i) Banco Internacional del Perú S.A.A. - Interbank and Subsidiaries -

Interbank is incorporated in Peru and is authorized by the Superintendence of Banking, Insurance and Private Pension Funds Administrators (hereafter "the SBS", for its Spanish acronym) to operate as a universal bank in accordance with Peruvian legislation. The Bank's operations are governed by the General Act of the Financial and Insurance System and the Organic Act of the Superintendence of Banks and Insurance SBS - Act 26702 (hereafter the "Banking and Insurance Act"), that establishes the requirements, rights, obligations, restrictions and other operating conditions that Peruvian financial and insurance entities must comply with.

As of March 31, 2015 and December 31, 2014 Interbank had 288 and 287 offices, respectively and a branch established in the Republic of Panama. Additionally, it holds 100% of the shares of the following Subsidiaries:

Entity	Activity
Interfondos S.A. Sociedad Administradora de Fondos	Manages mutual funds and investment funds.
Internacional de Títulos Sociedad Titulizadora S.A. – Intertítulos S.T.	Manages securitization funds.
Inversiones Huancavelica S.A.	Real estate activities.
Contacto Servicios Integrales de Crédito y Cobranzas S.A.	Collection services
Corporación Inmobiliaria de La Unión 600 S.A.	Real estate activities.
Compañía de Servicios Conexos S.A. – Expressnet	Services related to credit card transactions or products related to the brand "American Express".
IBK Securitizadora	A consolidated special purpose entity (SPE), by which Interbank issued negotiable long.

(ii) Interseguro Compañía de Seguros S.A. and Subsidiaries -

Interseguro is incorporated in Peru and its operations are governed by the Banking and Insurance Act. It is authorized by the SBS to issue life and general risk insurance contracts and owns the following Subsidiary:

Entity	Activity
Centro Comercial Estación Central S.A.	Administration of "Centro Comercial Estación Central", located in downtown Lima; as of March 31, 2015 and December 31, 2014 Interseguro holds 75 % of its shares.

Entity	Activity
Empresa Administradora Hipotecaria S.A.	Was established in February 2014 in Peru; does not have operations. As of March 31, 2015 and December 31, 2014, Interseguro holds 100 percent of its shares and has a paid in capital of S/.2,550

Patrimonio Fideicometido D.S.093-2002-EF, Interproperties Perú (herein after “the Patrimonio Fideicometido – Interproperties Perú”) is a structured entity, incorporated in April 2008, in which several investors contributed investment properties; each investor or investors have ownership of and controls the specific contributed investment property. The fair values of Interseguro include in this structured entity as of March 31, 2015 and December 31, 2014, amounted to S/.450,774,000 and S/.434,000,000, respectively, see Note 7 for further details. For accounting purposes these assets included in this structure are considered “silos” under IFRS 10 because they are ring-fenced parts of the wider structured entity (the Patrimonio Fideicometido - Interproperties Perú). The Group has ownership of and decision making power over these properties, and the Group has the exposure or rights to their returns; therefore, the Group has consolidated the silos containing the investment properties that it controls.

(iii) Inteligo Group Corp. and Subsidiaries

Inteligo Group Corp. is a holding corporation incorporated in the Republic of Panama. as of March 31, 2015 and December 31, 2014, it holds 100 percent of the shares of the following Subsidiaries:

Entity	Activity
Inteligo Bank Ltd.	It is incorporated in The Commonwealth of the Bahamas and has a branch established in the Republic of Panama that operates under an international license issued by the Superintendence of Banks of the Republic of Panama. Its main activities are private banking services.
Inteligo Sociedad Agente de Bolsa S.A. -	It is incorporated in Peru and provides brokerage services.

Until August 1, 2014, Inteligo Group Corp. held 100 percent of the capital stock of Inteligo Real Estate Corp. and Inteligo Real Estate Perú S.A.C. At said date, Inteligo Group Corp. performed a spin-off of these Subsidiaries to Intercorp Perú, as explained in Note 1(b).

- (iv) San Borja Global Opportunities S.A.C. (previously AFP Interactiva S.A.)
Company for acquisition and holding of shares and securities. as of March 31, 2015, it did not have operations and maintains paid in capital amounting to S/.1,000.

The table below presents a summary of the financial statements of the main Subsidiaries, before adjustments and eliminations for consolidation, as March 31, 2015 and December 31, 2014, in accordance with the IFRS:

	Interbank and Subsidiaries		Interseguro Compañía de Seguros S.A. and Subsidiaries		Inteligo Group Corp. and Subsidiaries	
	2015	2014	2015	2014	2015	2014
	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Consolidated statements of financial position						
Trading securities and available-for-sale investments	3,311,280	3,560,366	3,738,655	3,912,047	1,116,272	1,138,862
Loans, net	21,986,765	21,186,928	-	-	1,489,402	1,430,304
Investment property	-	-	670,285	652,881	-	-
Total assets	35,072,142	32,904,861	4,849,139	4,743,443	3,202,644	2,934,118
Deposits and obligations	22,099,647	21,124,096	2,915	-	2,580,622	2,314,548
Due to banks and correspondents	3,973,988	3,219,075	2,103	-	93,310	119,726
Bonds, notes and other obligations	4,377,402	4,197,227	172,471	167,492	-	-
Insurance contracts liabilities	-	-	3,996,789	3,743,007	-	-
Total liabilities	31,903,283	29,628,640	4,379,597	4,052,058	2,687,160	2,455,471
Equity attributable to Group's shareholders	3,168,856	3,276,221	381,009	603,073	515,484	478,647
Non-controlling interest – equity	-	-	88,533	88,312	-	-

For the three month periods ended March, 31

	Interbank and Subsidiaries		Interseguro Compañía de Seguros S.A. and Subsidiaries		Inteligo Group Corp. and Subsidiaries	
	2015	2014	2015	2014	2015	2014
	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Consolidated income statements						
Interest and similar income and expenses, net	477,116	421,594	53,332	42,639	14,322	10,435
Allowance for loan losses, net of recoveries	(148,840)	(103,838)	-	-	-	-
Valuation gain and gain from sale of investment properties	-	-	9,497	14,383	-	-
Total premiums earned minus claims and benefits	-	-	(11,992)	(88,273)	-	-
Profit for the year attributable to Group's shareholders	205,177	158,339	33,608	(57,065)	36,118	48,159
Non-controlling interest	-	-	214	33	-	-

2. Accounting principles and practices

The consolidated financial statements have been prepared in accordance with the IFRS as issued by the International Accounting Standards Board (henceforth “IASB”).

The main accounting practices and principles to March 31, 2015 are unchanged from those applied with respect to December 31, 2014 and summarized in the audited report dated March 23, 2014.

These financial statements do not include all the information and disclosures required for the annual financial statements, and should be read in conjunction with the Group’s annual Consolidated financial statements as of December 31, 2014 and 2013 dated March 23, 2015.

3. Cash and due from banks

This item is made up as follows:

	2015	2014
	S/.(000)	S/.(000)
Cash and clearing	1,473,319	1,488,881
Deposits in Central Reserve Bank of Peru – BCRP	4,696,733	3,269,683
Deposits in banks	899,343	688,677
Restricted funds	1,423,411	911,138
	<u>8,492,806</u>	<u>6,358,379</u>
Accrued interest	134	125
Total	<u>8,492,940</u>	<u>6,358,504</u>

As of March 31, 2015 the “Cash and due from banks” caption includes approximately US\$1,667,658,000 and S/.838,507,000 (US\$1,274,503,000 and S/.811,605,000 as of December 31, 2014), which represent the legal reserve that Interbank must maintain for its obligations with the public. These funds are kept in Interbank’s vaults and in the Central Reserve Bank of Peru (henceforth “BCRP”, for its Spanish acronym) and are within the limits required by prevailing Peruvian regulations at those dates.

The legal reserve funds maintained at the BCRP are non-interest bearing, except for the part that exceeds the minimum reserve required in Nuevos Soles and US Dollars. As of December 31, 2014, the excess in US Dollars amounted to approximately US\$317,877,000, equivalent to approximately S/.984,147,000, and bear interest at an annual average rate of 0.04 percent (US\$313,121,000, equivalent to S/.934,980,000, and an annual average rate of 0.04 percent as of December 31, 2014). The excess amount in Nuevos Soles amounted to approximately S/.252,392,000 and did not accrued interest (S/.243,092,000 and an annual average rate of 0.35 percent as of December 31, 2014).

Deposits in banks are mainly in Nuevos Soles and US Dollars. All amounts bear interests at market rates. As of March 31, 2015 and December 31, 2014, the Group does not have significant deposits in any specific financial institution.

As of March 31, 2015, the balance of restricted funds included US\$366,960 000 equivalent to S/.1,136,108,000) (US\$224,423,000 equivalent to S/.670,127,000 as of December 31, 2014) that correspond to deposits in BCRP, as a guarantee for loans received from this entity; see Note 9. Additionally, as of March 31, 2015 and December 31, 2014, this caption included S/.286,990,000 and S/.240,715,000, respectively, which mainly relate to requirements from counterparties of derivative financial instruments transactions (see Note 7d).

Notes to the consolidated financial statements (continued)

4. Available-for-sale investment

(a) This item is made up as follow:

	As of March 31, 2015				As of December 31, 2014			
	Amortized Cost S/.(000)	Unrealized gross amount		Estimated fair value S/.(000)	Amortized Cost S/.(000)	Unrealized gross amount		Estimated fair value S/.(000)
		Gains S/.(000)	Losses S/.(000)			Gains S/.(000)	Losses S/.(000)	
Debt Investments								
Corporate, leasing and subordinated bonds	3,432,504	59,729	(143,624)	3,348,609	3,351,642	73,979	(126,912)	3,298,709
Peruvian sovereign bonds	948,376	443	(78,700)	870,119	1,163,727	1,247	(83,273)	1,081,701
Negotiable Certificates of Deposit issued by BCRP	979,997	509	(1,099)	979,407	429,883	316	(2)	430,197
Mutual funds and investments participations	589,009	26,689	(36,650)	579,048	613,651	31,997	(17,798)	627,850
Bonds guaranteed by the Peruvian Government	328,810	22,329	(5,353)	345,786	316,479	20,599	(5,004)	332,074
Peruvian Global Bonds	250,831	2,620	-	253,451	207,076	599	(926)	206,749
Sovereign and Global bonds from foreign countries	63,983	8	(462)	63,529	162,932	-	(2,592)	160,340
Indexed Certificates of Deposit issued by BCRP	504,462	3,752	-	508,214	1,381,319	17,541	(2)	1,398,858
Total	7,097,972	116,079	(265,888)	6,948,163	7,626,709	146,278	(236,509)	7,536,478
Listed shares								
Peruvian and foreign entities	192,822	44,140	(21,346)	215,616	316,786	71,744	(15,508)	373,022
InRetail Perú Corp. (d)	97,179	41,257	(5,872)	132,564	96,142	59,722	-	155,864
Other shares and participations								
Royalty Pharma (e)	91,021	86,875	-	177,896	84,741	83,844	-	168,585
Other	855	-	(377)	478	862	-	(377)	485
	381,877	172,272	(27,595)	526,554	498,531	215,310	(15,885)	697,956
	7,479,849	288,351	(293,483)	7,474,717	8,125,240	361,588	(252,394)	8,234,434
Add – Accrued Interest on investments				64,305				68,742
Total				7,539,022				8,303,176

Notes to the consolidated financial statements (continued)

(b) The Group has determined that the unrealized losses as of March 31, 2015 and December 31, 2014 are of temporary nature. The Group intends and has the ability to hold each investment for a period of time sufficient to allow for an anticipated recovery in fair value, until the earlier of its anticipated recovery or maturity.

The Group has considered the following criteria in determining whether a loss is temporary or not for equity investments (shares):

- the length of time and the extent to which fair value has been below cost;
- the severity of the impairment;
- the cause of the impairment and the financial condition and near-term prospects of the issuer; and
- activity in the market of the issuer

The Group has considered the following criteria in determining whether a loss is temporary or not for debt investments (fixed maturity):

- Assess whether it is probable that the Group will receive all amounts due according to the contractual terms of the security (principal and interest). The identification of credit-impaired securities considers a number of factors, including the nature of the security and the underlying collateral, the amount of subordination or credit enhancement supporting the security, published credit rating and other information and other evidentiary analyses of the probable cash flows from the security. If recovery of all amounts due is not probable, a “credit impairment” is deemed to exist and the unrealized loss is recorded directly in the consolidated income statement. This unrealized loss recorded in income represents the security’s decline in fair value, including the decline due to forecasted cash flow shortfalls as well as general market spread widening.
- For financial instruments with unrealized losses but not identified as impaired, the Group determines whether it has the positive intent and ability to hold each investment for a period of time sufficient to allow for an anticipated recovery in its amortized cost. The Group estimates the forecasted recovery period using current estimates of volatility in market interest rates (including liquidity and risk premiums). The Group assertion regarding its intent and ability to hold investments considers a number of factors, including a quantitative estimate of the expected recovery period and the length of that period (which may extend to maturity), the severity of the impairment and the Group intended strategy with respect to the identified security or portfolio. If the Group does not have the intent and ability to hold the security for a sufficient time period, the unrealized loss is recorded directly in the consolidated statements of income.

Notes to the consolidated financial statements (continued)

(c) As a result of the impairment assessment of its investments available-for-sale, the Group recorded an impairment loss amounting to S/.4,523,000 during 2015, which is presented in the caption “Impairment loss on available-for-sale investments” of the consolidated statements of income.

As of March 31, 2015 and December 31, 2014, the detail of unrealized losses on debt instruments recorded as investments available for sale is as follows:

Issuer	2015 S/.(000)	2014 S/.(000)
Peruvian Sovereign bonds	78,700	83,273
Participations in mutual funds and investment funds	36,650	17,798
Odebrecht S.A.	24,913	22,489
Corporación Financiera de Desarrollo S.A.	15,990	15,667
H2OImos S.A.	11,953	11,786
Banco Votorantim S.A.	10,555	6,505
Vale S.A.	10,435	3,362
Línea Amarilla S.A.C.	9,480	7,920
Bonds guaranteed by the Peruvian Government	5,353	5,004
Southern Perú Copper Corporation S.A.A.	5,333	6,884
Gy M Ferrovias	5,290	-
Other	51,236	55,821
	<u>265,888</u>	<u>236,509</u>

(d) As of March 31, 2015 and December 31, 2014, the Group held 2,836,620 and 2,836,653 shares respectively, which represented 2.76 percent, of InRetail Perú Corp. (a related entity) capital stock as of that dates.

(e) Corresponded to participations in RPI International Holding, LP (RPI Partnership) and Royalty Pharma Cayman Holding, LP (RPS Partnership), which invest in Royalty Pharma Investments and Royalty Pharma Select, respectively, with medical patents and biotechnology investments. The participations in RPI Partnership and RPS Partnership are not liquid and require authorization for their trading.

As of March 31, 2015 and December 31, 2014, the Group held 354,978 and 251,286 participations of RPS Partnership and RPI Partnership, respectively, whose fair values amounted to approximately US\$29,831,000 and US\$27,629,000 (equivalent to approximately S/.92,357,000 and S/.85,539,000, respectively). During 2014, the Group sold 250,000 shares of RPI Partnership, at their fair value generating a gain of approximately S/.US\$6,635,000 (equivalent to approximately 19,812,110), that was recorded as part of the “Net gain on sale of securities” caption of the consolidated income statements.

During 2014, the Group received dividends from these participations for approximately S/.8,889,000, which are included in the “Interest and similar income” caption in the consolidated income statements.

Notes to the consolidated financial statements (continued)

5. Loan Portfolio, net

(a) This caption is made up as follows:

	As of March 31, 2015	As of December 31, 2014
	S/.(000)	S/.(000)
Direct loans		
Loans	17,126,193	16,341,735
Credit cards receivables	3,352,054	3,187,954
Leasing receivables	2,185,267	2,179,375
Discounted notes	416,841	372,988
Factoring receivables	285,370	294,687
Advances and overdrafts	95,280	139,026
Refinanced loans	145,653	140,688
Past due and under legal collection loans	516,111	540,659
	<u>24,122,769</u>	<u>23,197,112</u>
Add (less)		
Accrued interest	256,468	256,189
Unearned interest	(17,047)	(16,416)
Allowance for loan losses (c)	(886,077)	(819,678)
Total direct loans, net	<u>23,476,113</u>	<u>22,617,207</u>
Indirect loans	<u>4,652,844</u>	<u>4,483,721</u>

(b) The changes in the allowance for loan losses were as follows:

	2015	2014
	S/.(000)	S/.(000)
Balance as of January 1	835,205	707,508
Provision	148,840	103,838
Recoveries of written-off loans	29,578	18,297
Loan portfolio written-off	(116,371)	(89,366)
Translation result	9,541	903
Balance as of March 31 (*)	<u>906,793</u>	<u>741,180</u>
Balance as of December 31, 2014 (*)		<u>835,205</u>

(*) The allowance for loan losses includes allowance for indirect loans amounting to S/.20,716,000 and S/.15,527,000 as of March 31, 2015 and December 31, 2014, respectively, which is presented in the "Accounts payable, provisions and other liabilities" caption of the consolidated statements of financial position; see Note 7(a).

In Management's opinion, the allowance for loan losses recorded as of March 31 2015 and December 31, 2014, has been established in accordance with IAS 39 and is sufficient to cover incurred losses on the loan portfolio

Notes to the consolidated financial statements (continued)

6. Investment property

(a) This caption is made up as follows:

			Acquisition or construction year	2015 Hierarchy (i)	Valuation methodology	
	As of March 31, 2015 S/.(000)	As of December 31, 2014 S/.(000)				
Land -						
Piura	31,118	31,118	2009	Level 3	Appraisal	Appraisal
Lurin	21,464	21,420	2012	Level 3	Appraisal	Appraisal
Others	20,900	14,187	-	Level 3	Appraisal	Appraisal
	<u>73,482</u>	<u>66,725</u>				
Investment property						
Shopping mall "Real Plaza"-						
Pucallpa	216,373	209,615	2014	Level 3	DCF	DCF
Sullana	82,338	81,670	2014	Level 3	DCF	Cost+appraisal
	<u>298,711</u>	<u>291,285</u>				
Buildings -						
Ate Vitarte	42,940	41,116	2006	Level 3	DCF	DCF
Pardo y Aliaga	3,336	3,218	2010	Level 3	DCF	DCF
	<u>46,276</u>	<u>44,334</u>				
Built on leased land -						
Others	1,859	1,900	-	-	-	-
	<u>1,859</u>	<u>1,900</u>				
Investment property under construction (iii) -						
San Isidro:						
Land	223,216	223,216	2008	Level 3	Appraisal	Appraisal
Under construction	26,741	25,421	2015	Level 3	Cost	Cost
	<u>249,957</u>	<u>248,637</u>				
Total investment property	<u>670,285</u>	<u>652,881</u>				

DCF: Discounted cash flow

- (i) There were no transfers between levels of hierarchy. See Note 23 (a)
- (ii) As of March 31, 2015 and December 2014, there were no levies on any investment property.

Notes to the consolidated financial statements (continued)

The movement of investment property for three month periods ended as of March 31, 2015, and 2014, is as follows:

	2015 S/(000)	2014 S/(000)
Balance as of January 1	652,881	792,423
Additions	7,907	7,267
Disposal of property	-	(13,967)
Fair value adjustment	9,497	14,383
Balance as of March 31	<u>670,285</u>	<u>800,106</u>
Balance as of December 31, 2014		<u>652,881</u>

Notes to the consolidated financial statements (continued)

7. Accounts receivable and other assets, net; accounts payable, provisions and other liabilities:

(a) This caption is made up as follows:

	As of March 31, 2015 S/(000)	As of December 31, 2014 S/(000)
Accounts receivable and other assets		
Financial instruments		
Other accounts receivable, net	177,268	140,661
Accounts receivable related to derivative financial instruments (d)	264,984	241,195
Accounts receivable from sale of investments	222,887	265,789
Accounts receivable from shareholder	35,082	57,362
Operations in process (c)	56,745	103,216
Credit card commission	15,536	15,542
Insurance operation receivables, net	22,218	13,784
Accounts receivable from reinsurer and coinsurer entities	8,166	8,058
Total	802,886	845,607
Non-financial instrument		
Value-Added-Tax credit (b)	221,039	241,182
Intangible assets, net	161,353	145,836
Prepaid expenses	67,873	51,750
Investments in associates	45,270	42,655
Income tax credit	52,869	54,378
Prepaid expenses to related entity	19,765	20,737
Other	9,666	9,167
	577,835	565,705
Total	1,380,721	1,411,312
Accounts payable, provisions and other liabilities		
Financial instruments		
Other accounts payable	318,359	311,963
Accounts payable for acquisitions of investments	247,697	226,245
Accounts payable related to derivative financial instruments (d)	312,901	278,430
Operations in process (c)	200,871	168,936
Workers' profit sharing and salaries payable	68,705	97,278
Taxes payable	35,083	15,527
Accounts payable to reinsurer and coinsurer	36,030	6,841
Allowance for indirect loan losses, Note 5(b)	20,716	13,944
	1,240,362	1,119,164
Non-financial instrument		
Provision for contingencies	15,630	14,881
Deferred fee income	54,481	57,467
Other	20,294	11,571
	90,405	83,919
Total	1,330,767	1,203,083

Notes to the consolidated financial statements (continued)

- (b) Corresponds to the Value-Added-Tax resulting from the purchase of goods devoted mostly to grant financial leasing loans, which is recovered through the collection of the loans.
- (c) Operations in process include transactions performed in the last days of the month and other similar types of transactions which are reclassified to their final balance sheets accounts in the following month. These transactions do not affect the consolidated results.
- (d) The following table presents as of March 31, 2015 and December 31, 2014 the fair value of derivative financial instruments recorded as an asset or a liability, including their notional amounts. The notional amounts is the derivative's underlying financial instrument and is the base over which changes in fair value are measured.

As of March 31, 2015				
Assets	Liabilities	Notional amount	Maturity	Hedged Instrument
S'/(000)	S'/(000)	S'/(000)		
Derivatives held for trading (i)				
Forward exchange contracts	51,385	67,538	8,814,980	Between April 2015 and January 2016
Interest rate swaps	27,859	32,715	1,650,896	Between February 2016 and August 2029
Currency swaps	184,728	140,697	4,980,998	Between April 2015 and September 2025
Cross currency swaps (CCS)	33	66,758	182,225	January 11, 2023
Foreign currency options	979	1,470	193,433	Between April 2015 and December 2015
	<u>264,984</u>	<u>309,178</u>	<u>15,822,532</u>	
Derivatives held as hedges -				
Cash flow hedges:				
Interest rate swaps (IRS)	-	152	20,640	June 15, 2015
Interest rate swaps (IRS)	-	3,544	144,466	June 15, 2016
Interest rate swaps (IRS)	-	27	1,693	November 4, 2015
	<u>-</u>	<u>3,723</u>	<u>166,799</u>	
	<u>264,984</u>	<u>312,901</u>	<u>15,989,331</u>	
As of December 31, 2014				
Assets	Liabilities	Notional amount	Maturity	Hedged Instrument
S'/(000)	S'/(000)	S'/(000)		
Derivatives held for trading (i)				
Forward exchange contracts	44,669	95,286	9,198,156	Between January 2015 and January 2016
Interest rate swaps	19,268	31,899	1,511,488	Between March 2015 and August 2024
Currency swaps	176,841	88,855	5,294,379	Between January 2015 and September 2024
Cross currency swaps (CCS)	213	55,406	175,750	January 11, 2023
Foreign currency options	204	1,868	119,960	Between March 2015 and December 2015
	<u>241,195</u>	<u>273,314</u>	<u>16,299,733</u>	
Derivatives held as hedges -				
Cash flow hedges:				
Interest rate swaps (IRS)	-	461	39,813	June 15, 2015
Interest rate swaps (IRS)	-	4,609	162,856	June 15, 2016
Interest rate swaps (IRS)	-	46	1,633	November 4, 2015
	<u>-</u>	<u>5,116</u>	<u>204,302</u>	
	<u>241,195</u>	<u>278,430</u>	<u>16,504,035</u>	

- (i) Derivatives held for trading are traded mainly to satisfy client's needs. The Group may also take positions with the expectation of profiting from favorable movements in prices or rates. Also, this caption includes any derivatives which do not comply with IAS 39 hedging accounting requirements.

Notes to the consolidated financial statements (continued)

8. Deposits and obligations

(a) This caption is made up as follows:

	As of March 31, 2015	As of December 31, 2014
	S/(000)	S/(000)
Time deposits	10,764,226	10,510,023
Saving deposits	6,852,856	5,076,302
Demand deposits	6,485,233	7,787,146
Other obligations	<u>16,496</u>	<u>7,956</u>
Total	<u>24,118,811</u>	<u>23,381,427</u>

(b) Interest rates for deposits and obligations are based on market interest rates.

(c) As of March 31, 2015 and December 31, 2014 approximately S/6,571,389,000 and S/6,454,401,000, respectively, of deposits and obligations are covered by the Deposit Insurance Fund.

Notes to the consolidated financial statements (continued)

9. Due to banks and correspondents

(a) This caption is made up as follows:

	As of March 31, 2015 S/(000)	As of December 31, 2014 S/(000)
By type -		
Loans received from foreign entities (b)	1,165,019	1,095,008
Promotional credit lines (c)	1,539,310	1,378,310
Central Reserve Bank of Peru	<u>1,172,290</u>	<u>644,300</u>
	3,876,619	3,117,618
Interest and commissions payable	<u>27,999</u>	<u>23,296</u>
	<u>3,904,618</u>	<u>3,140,914</u>
By term -		
Short term	778,595	565,389
Long term	<u>3,126,023</u>	<u>2,575,525</u>
Total	<u>3,904,618</u>	<u>3,140,914</u>

(b) As of March 31, 2015 and December 31, 2014, includes the following:

Entity	Country	Final Maturity	2015 S/(000)	2014 S/(000)
Syndicated loan	-	2016	616,442	596,135
Bladex	Multilateral	2018	130,187	140,267
RBC Wealth Management	United States of America	2015	93,310	119,726
Wells Fargo Bank & Co.	United States of America	2016	92,880	89,580
Corporación Andina de Fomento - CAF	Multilateral	2016	77,400	74,650
China Development Bank	China	2016	46,440	44,790
Cobank	United States of America	2015	30,960	29,860
Banco de Chile	Chile	2015	<u>77,400</u>	<u>-</u>
			<u>1,165,019</u>	<u>1,095,008</u>

(c) Promotional credit lines represent loans in Nuevos Soles and US Dollars granted by Corporación Financiera de Desarrollo ("COFIDE"). These liabilities are guaranteed by a loan portfolio amounting to S/1,539,310,000 and S/1,378,310,000 as of March 31, 2015 and December 31, 2014, respectively. These borrowings accrued an annual interest rate that fluctuated between 4.04 and 9.85 percent during 2015 (between 4.00 and 9.85 percent as of December 31, 2014), and have maturities between April 2015 and September 2028, as of March 31, 2015 (between January 2015 and April 2028, as of December 31, 2014).

Notes to the consolidated financial statements (continued)

10. Bonds, notes and other obligations

(a) This caption is made up as follows:

Issuer	Issuance	Annual interest rate	Interest payment	Maturity	Authorized amount (000)	Used amount (000)	2015 S/.(000)	2014 S/.(000)
Subordinated bonds (b) – First Program								
Interbank	Second (B series)	9.50%	Semiannually	2023	US\$50,000	US\$30,000	92,880	89,580
Interbank	Third (A series)	3.5% + VAC	Semiannually	2023	S/. 135,000	S/. 110,000	132,020	110,000
Interbank	Fifth (A series)	8.50%	Semiannually	2019	S/. 135,000	S/. 3,300	3,300	3,300
Interbank	Sixth (A series)	8.16%	Semiannually	2019	US\$45,000	US\$15,110	46,781	45,118
Interbank	Eighth (A series)	6.91%	Semiannually	2022	S/. 300,000	S/. 137,900	137,139	137,170
Interseguro	First	9.00%	Quarterly	2016	US\$5,000	US\$5,000	15,480	14,930
Interseguro	Second, Second Tranch	6.97%	Semiannually	2024	US\$35,000	US\$35,000	108,360	104,510
Interseguro	Second, First Tranch	6.00%	Semiannually	2024	US\$15,000	US\$15,000	46,440	44,790
							<u>582,400</u>	<u>549,398</u>
Subordinated bonds (b) – Second Program								
Interbank	Segunda emisión (Serie A)	5.81%	Semiannually	2023	S/.450,000	S/.150,000	149,610	149,601
Interbank	Tercera emisión (Serie A)	7.50%	Semiannually	2023	US\$125,000	US\$50,000	154,321	148,829
							<u>303,931</u>	<u>298,430</u>
Subordinated bonds (c) – International Issuance								
Bonos Subordinados		6.63%	Semiannually	2029	US\$300,000	US\$300,000	921,995	889,094
							<u>921,995</u>	<u>889,094</u>
Negotiable notes (DPR)								
IBK DPR Securitizadora (d)		Libor 3M + 2.75% / Libor3M + 3.00%	Quarterly	2014-2015	US\$200,000	US\$200,000	20,618	39,790
IBK DPR Securitizadora (e)		Libor 3M + 4.25%	Quarterly	2016	US\$121,200	US\$121,200	144,151	162,442
							<u>164,769</u>	<u>202,232</u>
Mortgage bonds – First Program								
Interbank	Second (A and B series)	5.6355% - Libor 6M + 0.90 p.b.	Semiannually	2015	US\$10,000	US\$10,000	1,858	1,792
							<u>1,858</u>	<u>1,792</u>
International Issuance through Panamanian Branch								
Junior subordinated notes (f)	First	8.50%	Semiannually	2070	US\$200,000	US\$200,000	608,249	586,357
Senior bonds (g)	First	5.75%	Semiannually	2020	US\$400,000	US\$400,000	1,229,873	1,185,919
Senior bonds (g)	Second	5.75%	Semiannually	2020	US\$250,000	US\$250,000	804,772	766,810
							<u>2,642,894</u>	<u>2,539,086</u>
Interest payable							<u>95,074</u>	<u>85,256</u>
							<u>4,712,921</u>	<u>4,565,288</u>

Notes to the consolidated financial statements (continued)

- (b) Subordinated bonds do not have specific guarantees and in accordance to SBS rules they qualify as second level equity (Tier 2)
- (c) Starting in March 2024, interest rate becomes a floating rate equal to the 3 month Libor rate for US dollar deposits plus 576 basis points. Starting at that date and on any interest payment date, Interbank can redeem 100 percent of the bonds without penalties. The principal payment will take place at the maturity date or when Interbank redeems the bonds.
- (d) These notes were issued in two tranches, US\$60,000,000 and US\$140,000,000, respectively, and accrue interest at 3 month Libor rate plus a margin between 300 and 275 basis points. They are guaranteed by remittances received by Interbank through SWIFT transfers.

In order to hedge the variable rate component, Interbank has entered into two interest-rate swap agreements, with notional amounts of US\$60,000,000 and US\$140,000,000, respectively, by which it receives the 3 month Libor rate and pays annual fixed rates of 3.70 and 3.75 percent, respectively. The swaps' payment schedules are identical to those of the notes and were designated as cash flow hedges

- (e) These notes are guaranteed by remittances received by Interbank through SWIFT transfers.

In order to hedge the variable rate component, Interbank has entered into an interest-rate swap agreement, with notional amount of US\$121,000,000, by which it receives the 3 month Libor rate plus 425 basis points and pays an annual fixed rate of 7.90 percent, starting in September 2009. The swap payment schedule is identical to those of the notes and was designated as a cash-flow hedge

- (f) These notes accrue a fixed annual interest rate of 8.50 percent for the first ten years, which starting April 2020 becomes a floating rate equal to the 3 month Libor rate for US dollar deposits plus 674 basis points, provided that the floating rate for any interest period will not be less than 10.5 percent per annum. Starting at that date and on any interest payment date, Interbank can redeem 100 percent of the notes without penalties.
- (g) Starting in April 2016, Interbank can redeem, on any coupon payment date, these bonds, paying as a penalty an interest rate equal to the United States of America Treasury Bonds rate plus 50 basis points. The principal payment of both issuances will take place at the maturity date of the bonds or when Interbank redeems them.
- (h) International issuances are listed at the Luxembourg Stock Exchange. On the other hand, local and international issuances have standard covenants related to financial ratios, use of funds and other administrative matters, which in Management's opinion, do not limit the Group's operations and the Group has complied with at the dates of the consolidated statements of financial position.

Notes to the consolidated financial statements (continued)

11. Insurance contract liabilities

This caption is made up as follows:

	As of March 31, 2015	As of December 31, 2014
	S/(000)	S/(000)
Technical reserves (b)	3,921,719	3,698,020
Claims reserves	<u>75,070</u>	<u>44,987</u>
	<u>3,996,789</u>	<u>3,743,007</u>

	As of March 31, 2015	As of December 31, 2014
	S/(000)	S/(000)
Annuities	3,657,435	3,437,762
Retirement, disability and survival annuities	124,370	129,349
Life insurance	106,761	98,363
General insurance	<u>33,153</u>	<u>32,546</u>
	<u>3,921,719</u>	<u>3,698,020</u>

Notes to the consolidated financial statements (continued)

(a) The movement of technical reserves disclosed by type of insurance for the three months period ended as of March 31, 2015 and, 2014 , is as follows:

	2015				
	Annuities	Retirement, disability and survival annuities	Life Insurance	General Insurance	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Beginning as of January 1	3,437,762	129,349	98,363	32,546	3,698,020
Insurance subscriptions	186,639	-	1,150	15,843	203,632
Time course expenses	(29,935)	(4,979)	5,319	(15,493)	(45,088)
Maturities and recoveries			(1,552)		(1,552)
Exchange differences	62,969	-	3,481	258	66,708
Balances as of March 31	3,657,435	124,370	106,761	33,153	3,921,719

	2014				
	Annuities	Retirement, disability and survival annuities	Life Insurance	General Insurance	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Beginning as of January 1	2,823,489	144,193	80,569	22,082	3,070,333
Insurance subscriptions	144,075	-	311	15,473	159,859
Time course expenses	49,010	2,732	3,672	(11,046)	44,368
Maturities and recoveries	-		(1,285)		(1,285)
Exchange differences	7,273	411	355	26	8,065
Balances as of March 31	3,023,847	147,336	83,622	26,535	3,281,340
Balance as of December 31, 2014					3,698,020

Notes to the consolidated financial statements (continued)

(b) As of March 31, 2015 and December 31, 2014, no additional reserves were needed as a result of the liability adequacy test. The main assumptions used in estimation of retirement, disability and survival annuities and individual life reserves as of those dates, were the following:

	2015		2014	
	Mortality table	Technical rates	Mortality table	Technical rates
Annuities	RV – 2009, B- 2006 and MI – 2006 with improvement factor for mortality B – 2006 y MI – 2006 2006 with improvement factor for mortality	5.725% (*) (**) in U.S.\$ 4.55% (*) (**) in S/. VAC 6.926% (*) (**) in adjusted S/. 4.55%	RV – 2009, B- 2006 and MI – 2006 with improvement factor for mortality B – 2006 and MI – 2006 with improvement factor for mortality	6.28% (*) (**) in U.S.\$ 3.78% (*) (**) in S/. VAC 7.05% (*) (**) in adjusted en S/. 3.78%
Retirement, disability and survival				
Individual life insurance contracts (included unit linked insurance contracts)	CS0 80 adjusted	3.00%	CS0 80 adjusted	3.00%

(*) Adjusted for credit risk

(**) In the tranches where the term of its investment differs from that of its obligations, the discount rate considered is the minimum between the market selling rate published monthly by the SBS and 3 percent, which is the technical rate established by the SBS.

VAC: Inflation Adjustment Nuevos Soles

The sensitivity of the estimates used by the Group to measure its insurance risks is represented primarily by the life insurance risks; the main variables as of March 31, 2015 and December 31, 2014, are the interest rates and the mortality and morbidity tables used. The Group has evaluated the changes of the reserves related to its most significant life insurance contracts included in annuities retirement, disability and survival contracts of +/- 100 bps of the interest rates and of +/- 500 bps of the mortality factors, being the results as follows:

Variables	As of March 31, 2015			As of December 31, 2014		
	Amount of the reserve S/.(000)	Variation of the reserve		Amount of the reserve S/.(000)	Variation of the reserve	
		Amount S/.(000)	Percentage %		Amount S/.(000)	Percentage %
Annuities -						
Portfolio in S/ and U.S. Dollars - Basis amount						
Changes in interest rates: + 100 bps	3,489,671	(167,763)	-4.59%	3,283,459	(154,302)	-4.49%
Changes in interest rates: - 100 bps	3,845,711	188,276	5.15%	3,611,041	173,280	5.04%
Changes in Mortality tables to 105%	3,613,941	(43,493)	-1.19%	3,397,016	(40,745)	-1.19%
Changes in Mortality tables to 95%	3,703,502	46,068	1.26%	3,480,889	43,127	1.25%
Retirements, disability and survival -						
Portfolio in S/ – Basis amount						
Changes in interest rates: + 100 bps	131,447	(6,154)	-4.95%	124,218	(5,130)	-3.97%
Changes in interest rates: - 100 bps	118,215	7,078	5.69%	135,256	5,908	4.57%
Changes in Mortality tables to 105%	122,953	(1,417)	-1.14%	127,853	(1,496)	-1.16%
Changes in Mortality tables to 95%	125,855	1,485	1.19%	130,916	1,567	1.21%

Notes to the consolidated financial statements (continued)

12. Equity

(a) Capital stock and other paid-in capital

As of March 31, 2015 and December 31, 2014, IFS's capital stock is represented by 113,110,864 common shares issued and paid those shares do not have par value and the issued value at US\$9.72 per share.

Due to the reorganization explained in Note 1(b), until August 1, 2014 the effective date of the reorganization, the equity caption "Other paid-in capital" represented Inteligo Group Corp.'s capital stock, which on August 1, 2014 was transferred to the equity caption "Capital stock" to reflect the new shares issued by IFS to effect the reorganization.

As explained in Note 1 (b), on August 1, 2014 19,495,413 shares of IFS, with a price per share of US\$32.7 each and a total amount in soles of S/.1,782,450,000, were issued to acquire Inteligo Group Corp. As the share exchange ratio was performed at fair value, and the pooling-of-interest method was used to account for the acquisition, which requires all amounts to be accounted for at their carryover book values, IFS recorded a "Capital stock" increase for the fair value of the new shares issued, S/.1,782,450,000 and at the same time a "Capital stock" decrease of S/.1,536,050,000, which is the amount required to reduce the fair value of IFS new shares issued up to Inteligo Group Corp.'s capital stock in Nuevos Soles before the reorganization (S/.246,400,000).

IFS's Shareholders meeting held on April 7, 2014 agreed to distribute dividends corresponding to 2013 for US\$ 150,000,000 (equivalent to approximately S/.424,056,000).

(b) Treasury stock held by Subsidiaries

As of March 31, 2015, the Group holds 3,923,447 IFS's shares whose acquisition cost amounts to S/.312,429,000 (3,750,459 shares whose acquisition cost amounts to S/.285,776,000 as of 31, December, 2014 respectively).

(c) Capital surplus

Corresponds to the difference between the par value of shares issued and their sell or exchange value. Capital surplus is presented net of the expenses incurred and related to the issuance of shares and the difference between par value and acquisition costs of treasury stock.

(d) Reserves

The Board meeting held on March 24, 2015 agreed to record reserves amounting to S/. 2,000,000,000 charged to retained earnings.

(e) Regulatory capital

IFS and Inteligo Group Corp. are not required to establish shareholders' equity for legal purposes (regulatory capital).

As of March 31, 2015 and December 31, 2014, the shareholders' equity for legal purposes required for Interbank, Interseguro and Inteligo Bank are detailed below:

Interbank's shareholders' equity for legal purposes (regulatory capital)

According to the provisions of Legislative Decree No. 1028, Interbank's regulatory capital must be equal to or greater than 10 percent of total risk weighted assets and contingent operations, represented by the sum of: the regulatory capital requirement for market risk multiplied by 10, the regulatory capital requirement for

Notes to the consolidated financial statements (continued)

operational risk multiplied by 10 and the weighted assets and indirect credits by credit risk. This calculation must include all balance sheet exposures on assets in Peruvian or foreign currency. As of March 31, 2015 and December 31, 2014, the minimum requirement is 10 percent.

In application of Legislative Decree No. 1028, as of March 31, 2015 and December 31, 2014, Interbank maintains the following amounts related to weighted assets and contingent credits by total risk and regulatory capital (basic and supplementary):

	2015	2014
Total risk weighted assets and credits	31,264,334	30,845,129
Total regulatory capital	5,215,225	4,676,843
Basic regulatory capital (Level 1)	3,340,717	2,959,117
Supplementary regulatory capital (Level 2)	1,874,508	1,717,726
Global regulatory capital ratio	16.68%	15.16%

As of March 31, 2015 and December 31, 2014, Interbank has complied with SBS Resolutions No.2115-2009, No.6328-2009 and No.14354-2009, “Regulations for Regulatory Capital Requirements for Operational Risk”, “Market Risk” and “Credit Risk”, respectively and their amendments. These resolutions established, mainly, the methodologies to be applied by financial entities to calculate their risk-weighted assets for each type of risk.

In July 2011, the SBS issued Resolution No. 8425-2011, which states that an entity must determine an additional regulatory capital. In this sense, Peruvian financial institutions must develop a process to assess the adequacy of their regulatory capital in relation with their risk profile, which must follow the methodology described in said resolution. The additional regulatory capital shall be equivalent to the amount of regulatory capital requirements calculated for each of the following components: economic cycle, concentration risk, market concentration risk and interest rate risk, among others.

Likewise, financial institutions have a term of five years, starting in July 2012, to bring its regulatory capital into compliance with the new requirements. As of March 31, 2015, the percentage of adequacy established by the SBS is 70 percent, therefore the additional regulatory capital requirement for legal purposes estimated by Interbank amounts to approximately S/.540,806,000 (S/.539,937,000 as of December 31, 2014).

Interseguro’s shareholder’s equity for legal purposes (regulatory capital) -

In accordance with SBS Resolution No. 1124-2006, amended by SBS Resolutions No. 8243-2008, No. 12687-2008 and No. 5587-2009, the regulatory capital must be greater than the amount resulting from the sum of the solvency net equity and the guarantee fund.

The solvency net equity is represented by the greater of the solvency margin or the minimal capital. As of March 31, 2015 and December 31, 2014, the solvency net equity is represented by the solvency margin. The solvency margin is the complementary support that insurance entities must maintain to deal with possible situations of excess claims not foreseen in the estimation of technical reserves.

The guarantee fund represents the additional equity support that insurance entities must maintain to deal with other risks that can affect them and that are not covered by the regulatory net equity, such as investment risk. The guarantee fund is equivalent to 35 percent of the regulatory net equity, calculated in accordance with SBS Resolution No. 1124-2006.

Notes to the consolidated financial statements (continued)

As of March 31, 2015 and December 31, 2014, Interseguro's shareholders' equity for legal purposes is as follows:

	2015 S/.(000)	2014 S/.(000)
Regulatory net equity	426,530	420,920
Minus:		
Solvency equity (solvency margin)	230,438	214,602
Guarantee fund	<u>80,653</u>	<u>75,110</u>
Surplus	<u>115,439</u>	<u>131,208</u>

Inteligo Bank shareholders' equity for legal purposes (regulatory capital)

The Central Bank of the Bahamas requires Inteligo Bank to maintain capital of not less than 8 percent of its risk weighted assets. Inteligo Bank's capital ratio as of March 31, 2015 and December 31, 2014, is the following:

	2015 US\$(000)	2014 US\$(000)
Total eligible capital	<u>113,106</u>	<u>111,476</u>
Total risk weighted assets	<u>563,247</u>	<u>562,398</u>
Capital adequacy ratio	<u>20.08%</u>	<u>19.82%</u>

13. Tax situation

IFS and its Subsidiaries incorporated and domiciled in the Republic of Panama and the Commonwealth of the Bahamas – see Note 1c – are not subject to any Income Tax, or any taxes on capital gains, equity or property.

As of March 31, 2015 and December 31, 2014, there was no Income Tax liability reflected in the financial statements, for Inteligo Bank, as there is no Income Tax imposed by the Government of The Commonwealth of The Bahamas.

In accordance with current tax regulations in Panama, the branches of Inteligo Bank and Interbank are exempt from the payment of income taxes on profits derived from foreign operations.

- (a) Non-Peruvian resident taxpayers (entities or individuals) are subject to a 6.8 percent. Of Income Tax withholding over the gross amount of dividends distributed by Peruvian entities (4.1 percent as of December 31, 2014). Such Income Tax must be withheld by the Peruvian entity that distributes the dividends.

In accordance with Act No. 30296, approved on December 31, 2014, and in force since January 1, 2015, the Income Tax withholding applicable for the following years will be:

Income generated in years	%
2015 and 2016	6.8
2017 and 2018	8.0
2019 onwards	9.3

Notes to the consolidated financial statements (continued)

In this regard, since IFS controls that distribute dividends, IFS recognize the amount of said Income Tax in the period to which dividends corresponds. In this sense, as of March 31, 2015 and 2014, the Group has recorded expenses for S/.9,656,000, S/.3,924,000, respectively, in the consolidated income statements.

- (b) The Group's Subsidiaries incorporated in Peru are subject to Peruvian taxes; hence, they must assess their Income Tax burden on the basis of separate financial statements as of March 31, 2015 and December 31, 2014.

In accordance with Act No. 30296, approved on December 31, 2014, and in force since January 1, 2015, the Income Tax rate applicable, upon deducting the workers' profit sharing, for the following years will be:

Years	%
2015 y 2016	28
2017 y 2018	27
2019 onwards	26

- (c) According to the amendments introduced by Act No. 29645, interest and other income derived from foreign loans granted to Peruvian government entities is exempt from Income Tax on a permanent basis. Also, the capital gains derived from the indirect disposal of Peruvian shares are deemed to be sourced in Peru.

To this extent, an indirect disposal of Peruvian shares occurs when shares issued by non-Peruvian entities are transferred, provided that such entity holds, directly or indirectly, shares (or participation interests) of one or more Peruvian subsidiaries ("indirect transfer") and the following conditions are met at any time within a 12 month period:

- At least 50 percent of the fair market value of the non-resident corporation derives from the Peruvian shares held; and
- At least 10 percent of the shares issued by the non-resident corporation are transferred.

The law has established certain cases in which the Peruvian issuer of the shares being indirectly transferred is jointly liable for the payment of the Income Tax derived from such operation.

On the other hand, from January 1, 2010, Peruvian life insurance companies are exempt from Income Tax regarding the income derived from assets linked to technical reserves for the purposes of payment of retirement, disability and survivor pensions within the private pension fund administration system. The exemption shall be applicable as long as the assets continue to be linked to the technical reserves above mentioned.

- (d) Peruvian Tax Authority – SUNAT
SUNAT is legally entitled to perform tax audits procedures for up to four years subsequent to the date on which the tax return regarding a taxable period must be filed. SUNAT is also entitled to challenge the Income Tax assessment performed by taxpayers in their tax returns. Said years will be considered as from January 1 of the next year in which the tax return was filed.

Notes to the consolidated financial statements (continued)

Currently, the following taxable periods are pending to be audited by SUNAT:

- Interbank: Income Tax regarding years 2011 to 2013.
- Interseguro: Income Tax regarding years 2011 and 2013.

On the other hand, in April 2004, June 2006, February 2007, June 2007, November 2007, October 2008 and December 2010, Interbank was notified with Tax Assessments and Tax Fine Resolutions regarding the corporate Income Tax borne with respect to the fiscal years 2000 to 2006, Interbank filed Tax Claims and Tax Appeals regarding said Tax Assessments and Tax Fine Resolutions. In March 2009, August 2010 and December 2011; SUNAT solved the Tax Claims regarding fiscal years 2000 to 2006 and Interbank filed new tax appeals. On December 2014, SUNAT issued the Resolution No. 01501400111647 declaring correct part of the appeal filed by Interbank for the Income Tax year 2001. Nevertheless, a part of the appeal was not accepted by SUNAT, therefore Interbank has appealed such Resolution.

During 2013 and 2014, SUNAT closed the tax audit procedures regarding the corporate Income Tax borne by Interbank with respect to the fiscal years 2007, 2008 and 2009. As a result, SUNAT issued several Tax Assessment Resolutions, but no additional payment was required. Additionally, for the year 2010, the Bank is under the process of inspection by SUNAT.

Since tax regulations are subject to interpretation by SUNAT, it is not possible to determine up to date whether such tax audits procedures would result in additional liabilities for the Group's Subsidiaries or not. Therefore, any unpaid tax, penalties or interests that might result from said audit procedures will be recorded in the year in which they are determined. Nevertheless, Management and its legal advisors consider that any additional tax assessments would not have a significant impact on the consolidated financial statements as of March 31, 2015 and December 31, 2014.

Notes to the consolidated financial statements (continued)

14. Interest and similar income and expenses

	For the three-month period ended March 31	
	2015 S/(.000)	2014 S/(.000)
Interest and similar income		
Interest on loans	664,252	587,273
Interest on due from banks and inter-bank funds	83,704	67,118
Interest on investments	1,614	4,248
Other interest and similar income	3,948	2,270
Total	753,518	660,909
Interest and similar expense		
Interest on deposits and obligations	84,019	86,508
Interest on bonds, notes and other obligations	75,686	56,004
Interest and fees on due to banks and correspondents	39,226	34,740
Deposits Insurance fund fees	7,342	6,537
Other interest and similar expenses	1,437	1,544
Total	207,710	185,333
Net interest and similar income	545,808	475,576

Notes to the consolidated financial statements (continued)

15. Fee income from financial services, net

	For the three-month period ended March 31	
	2015 S/(000)	2014 S/(000)
Income from financial services		
Maintenance and mailing of accounts, interchange fees, transfers and credit and debit card services	119,332	109,605
Commissions from banking services	37,617	30,397
Funds management	37,235	24,010
Fees for indirect loans	14,031	12,361
Collection services	6,870	5,052
Brokerage and custody services	1,827	2,726
Other	7,204	4,736
Total	224,116	188,887
Expenses for financial services		
Insurance	14,144	14,057
Fees paid to foreign banks	2,085	3,819
Brokerage and custody services	467	392
Other	12,594	8,746
Total	29,290	27,014
Income from financial services, net	194,826	161,873

Notes to the consolidated financial statements (continued)

16. Other income and expenses

	For the three-month periods ended March 31	
	2015 S/.(000)	2014 S/.(000)
Other income		
ATM rental income	5,368	4,675
Participation from investments in associates	1,911	2,643
Other technical income from insurance operations	2,098	1,757
Services granted to third parties	5,954	1,348
Insurance recovery	-	1,482
Other income	18,684	7,672
Total other income	34,015	19,577
Other expenses		
Commissions from insurance activities	3,618	4,047
Provision for sundry risk	3,734	11,347
Sundry technical insurance expenses	4,308	1,484
Termination of employees	2,830	3,407
Donations	1,279	1,105
Administrative and tax sanctions	524	306
Provision for other accounts receivables	80	-
Other expenses	6,606	19,106
Total other expenses	22,979	40,802

Notes to the consolidated financial statements (continued)

17. Net premiums earned

This caption is made up as follows:

	Premiums assumed		Premiums ceded to reinsurers		Net premiums (*)		Adjustment of technical reserves		Net premiums earned	
	2015 S/.(000)	2014 S/.(000)	2015 S/.(000)	2014 S/.(000)	2015 S/.(000)	2014 S/.(000)	2015 S/.(000)	2014 S/.(000)	2015 S/.(000)	2014 S/.(000)
Life insurance										
Annuities (**)	149,926	117,601	(156,704)	(193,085)	(6,778)	(75,484)	-	-	(6,778)	(75,484)
Group life	24,838	22,002	2	(521)	24,840	21,481	(890)	(984)	23,950	20,497
Individual life	9,614	7,662	(3,601)	(1,864)	6,013	5,798	(431)	(328)	5,582	5,470
Retirement, disability and survival	33,026	63	4,979	(2,732)	38,005	(2,669)	(30,823)	-	7,182	(2,669)
Others	744	1,013	(787)	(37)	(43)	976	(130)	(170)	(173)	806
Total Life insurance	218,148	148,341	(156,111)	(198,239)	62,037	(49,898)	(32,274)	(1,482)	29,763	(51,380)
Total General insurance	18,473	18,475	(350)	(4,426)	18,123	14,049	-	(14)	18,123	14,035
Total	236,621	166,816	(156,461)	(202,665)	80,160	(35,849)	(32,274)	(1,496)	47,886	(37,345)

(*) Includes the annual variation of technical reserves and unearned premiums.

(**) The variation of the adjustment of technical reserves is due to variation in current rates with which the technical reserves are determined

Notes to the consolidated financial statements (continued)

18. Earnings per share

The following table presents the calculation of the weighted average number of shares and the basic and diluted earnings per share, reflecting the reorganization under common control described:

	IFS Outstanding shares (in thousands)	IFS shares considered in computation (in thousands)	Days as of the end of year	Weighted average number of shares (in thousands)
2014				
Balance as of January 1, 2014	90,300	90,300	90	90,300
Contribution of Inteligo Group Corp.	-	19,495	90	19,495
Sales of treasury stock	(654)	(654)	13	(90)
	<hr/>	<hr/>		<hr/>
Balance as of March 31, 2014	89,646	109,141		109,705
Net earnings S/(000)				133,672
Net earnings per share (Nuevos Soles)				<hr/> 1.218
2015				
Balance as of January 1, 2015	109,360	109,360	90	109,360
Purchases of treasury stock	(175)	(175)	10	(20)
Sales of treasury stock	2	2	42	1
	<hr/>	<hr/>		<hr/>
Balance as of March 31, 2015	109,187	109,187		109,341
Net earnings S/(000)				261,248
Net earnings per share (Nuevos Soles)				<hr/> 2.389

Notes to the consolidated financial statements (continued)

19. Transactions with related parties and affiliated companies

- (a) The table below presents the balances with related parties and affiliated companies as of March 31, 2015 and December 31, 2014:

	As of March 31, 2015	As of December 31, 2014
	S/(000)	S/(000)
Assets		
Trading securities	73,308	59,323
Investments available-for-sale		
Royalty Pharma, Note 5 (e)	177,896	168,585
InRetail Perú Corp. Note 5 (d)	125,225	155,864
Corporate Bonds - InRetail Shopping Mall S.A.	50,665	53,953
Corporate Bonds – Colegios Peruanos S.A.C.	35,147	35,000
Corporate Bonds - Cineplex S.A.	17,590	21,527
Corporate Bonds - Financiera Uno S.A.	20,042	19,917
Corporate Bonds - Intercorp Perú Ltd.	15,493	14,524
Loan portfolio, net	728,740	768,060
Other assets (e)	64,427	87,553
Liabilities		
Deposits and obligations	268,977	312,276
Derivatives payables	1,832	1,548
Other liabilities	4,693	6,408
Off-balance sheet accounts		
Indirect loans	102,495	99,172
	For the three-month period ended	
	March 31	
	2015	2014
Income (expense)		
Interest income	9,803	11,522
Finance expense	(741)	(1,857)
Rental income	1,001	2,681
Administrative expenses	(10,148)	(4,451)
Other, net	12,374	5,873

Notes to the consolidated financial statements (continued)

- (b) As of March 31, 2015 and December 31, 2014, directors, executives and employees of the Group have been involved, directly and indirectly, in credit transactions with certain subsidiaries of the Group, as permitted by Peruvian Banking and Insurance Law, which regulates and limits certain transactions with employees, directors and officers of a bank or an insurance company. At said dates, direct loans granted to employees, directors and key Management amounted to S/.122,694,000 and S/.122,593,000, respectively; said loans are repaid monthly and earn interest at market rates.

There are no loans to the Group's directors and key personnel guaranteed with any Subsidiaries' shares.

- (c) The Group's key personnel compensation for the three months period ended March 31, 2015 and 2014, amounted to S/.3,456,000 and S/.3,892,000, respectively.
- (d) As of March 31, 2015 and December 31, 2014, IFS and its Subsidiaries participate in domestic and foreign mutual and investment funds, recorded as available-for-sale investments which are managed by Interfondos S.A. Sociedad Administradora de Fondos, that amount to S/.8,020,000 and S/.7,500,000, respectively.
- (e) Corresponds mainly to prepaid expenses for concession agreements with Supermercados Peruanos for spaces ceded to Interbank in the stores of Supermercados Peruanos S.A. for the operation of financial stores up to year 2030, and for an amount of approximately S/.19,765,000 and S/.20,737,000 as of March 31, 2015 and December 31, 2014, respectively, Interbank may renew the term of the agreement for an additional term of 15 years. Other assets also include accounts receivables from Intercorp Perú for an amount of US\$ 10,674,000 (equivalent to S/.33,004,000) and US\$18,674,000 (equivalent to S/.55,761,000) as of March 31, 2015 and December 31, 2014, respectively. As of March 31, 2015 and December 31, 2014 these accounts receivables generate interest at rates of 8 percent, and mature between May, 2015 and May 2017, respectively.
- (f) In Management's opinion, transactions with related parties have been performed under normal market conditions and within the limits permitted by SBS. Taxes generated by these transactions and the taxable base used for computing them are those customarily used in the industry and are determined according to prevailing tax standards.

Notes to the consolidated financial statements (continued)

20. Business segments

IFS has the following operating segments based on products and services:

Banking

Principally handling loans, credit facilities, deposits and current accounts.

Insurance

Provider of annuities, traditional life insurance products, as well as other retail focused insurance products.

Wealth management

Provider of financial advisory services and brokerage services.

Notes to the consolidated financial statements (continued)

The following table presents the Group's financial information by business segments:

:

	For the three month period ended March 31, 2015					For the three month period ended March 31, 2014				
	Banking S/.(000)	Insurance S/.(000)	Wealth Management S/.(000)	Holding and eliminations S/.(000)	Total Consolidated S/.(000)	Banking S/.(000)	Insurance S/.(000)	Wealth Management S/.(000)	Holding and eliminations S/.(000)	Total Consolidated S/.(000)
Total income										
Third party	966,895	144,534	67,426	(10,917)	1,167,938	812,245	34,310	76,612	(9,895)	913,272
Inter-segment	(8,823)	(406)	(141)	9,370	-	(7,832)	(1,063)	(108)	9,003	-
Total income (*)	958,072	144,128	67,285	(1,547)	1,167,938	804,413	33,247	76,504	(892)	913,272
Extracts of results										
Interest and similar income	668,609	56,337	27,700	872	753,518	593,281	43,901	22,967	760	660,909
Interest and similar expenses	(191,493)	(3,005)	(13,378)	166	(207,710)	(171,687)	(1,262)	(12,532)	148	(185,333)
Net interest and similar income	477,116	53,332	14,322	1,038	545,808	421,594	42,639	10,435	908	475,576
Allowance for loan losses, net of recoveries	(148,840)	-	-	-	(148,840)	(103,838)	-	-	-	(103,838)
Net interest and similar income after allowance for loan losses	328,276	53,332	14,322	1,038	396,968	317,756	42,639	10,435	908	371,738
Fee income from financial services, net	173,214	(696)	31,228	(8,920)	194,826	150,597	(572)	19,681	(7,833)	161,873
Other income	125,072	41,006	8,498	(2,868)	171,708	68,367	28,327	33,964	(2,823)	127,835
Total premiums earned minus claims and benefits	-	(11,992)	-	-	(11,992)	-	(88,273)	-	-	(88,273)
Depreciation and amortization	(24,779)	(1,076)	(1,234)	-	(27,089)	(23,813)	(718)	(879)	-	(25,410)
Other expenses	(315,544)	(46,329)	(16,664)	5,685	(372,852)	(297,018)	(38,213)	(15,245)	(1,459)	(351,935)
Income before translation result and Income Tax	286,239	34,245	36,150	(5,065)	351,569	215,889	(56,810)	47,956	(11,207)	195,828
Translation result	(12,414)	(657)	(32)	2,503	(10,600)	(811)	(222)	203	414	(416)
Income tax	(68,648)	233	-	(9,656)	(78,071)	(56,739)	-	-	(3,924)	(60,663)
Profit for the year	205,177	33,822	36,118	(12,218)	262,898	158,339	(57,032)	48,159	(14,717)	134,749
Attributable to:										
Shareholders of the Group	205,177	33,608	36,118	(13,655)	261,248	158,339	(57,032)	48,159	(14,717)	134,749
Attributable to non-controlling interest	-	214	-	1,435	1,649	-	(33)	-	(1,044)	(1,077)
	205,177	33,822	36,118	(12,220)	262,897	158,339	(57,065)	48,159	(15,761)	133,672

Notes to the consolidated financial statements (continued)

21. Financial instruments classification

Following are presented the carrying amounts of financial assets and liabilities in the consolidated statements of financial position, classified by category in accordance with IAS 39 “Financial Instruments”:

	2015					2014					
	Financial assets at fair value through profit or loss held for trading or S/.(000)	Loans and receivables S/.(000)	Investment available-for- sale S/.(000)	Held to maturity investments	Financial liabilities at amortized cost S/.(000)	Total S/.(000)	Financial assets at fair value through profit or loss held for trading or S/.(000)	Loans and receivables S/.(000)	Investment available-for- sale S/.(000)	Financial liabilities at amortized cost S/.(000)	Total S/.(000)
Financial Assets											
Cash and due from banks	-	8,492,940	-	-	-	8,492,940	-	6,358,504	-	-	6,358,504
Inter-bank funds	-	-	-	-	-	-	-	310,030	-	-	310,030
Trading securities	103,655	-	-	-	-	103,655	105,782	-	-	-	105,782
Investments available-for-sale	-	-	7,539,022	-	-	7,539,022	-	-	8,303,176	-	8,303,176
Loans, net	-	23,476,113	-	-	-	23,476,113	-	22,617,207	-	-	22,617,207
Held to maturity investments	-	-	-	289,957	-	289,957	-	-	-	-	-
Due from customers on acceptances	-	7,981	-	-	-	7,981	-	18,833	-	-	18,833
Accounts receivables and other assets, net	264,984	537,902	-	-	-	802,886	241,195	604,412	-	-	845,607
	<u>368,639</u>	<u>32,514,937</u>	<u>7,539,022</u>	<u>289,957</u>	<u>-</u>	<u>40,712,556</u>	<u>346,977</u>	<u>29,908,986</u>	<u>8,303,176</u>	<u>-</u>	<u>38,559,139</u>
Financial liabilities											
Deposits and obligations	-	-	-	-	-	-	-	-	23,381,427	-	23,381,427
Inter-bank funds	-	-	-	-	6,166,862	6,166,862	-	-	-	-	-
Due to banks and correspondents	-	-	-	-	3,904,618	3,904,618	-	-	-	3,140,914	3,140,914
Bonds, notes and other obligations	-	-	-	-	4,712,921	4,712,921	-	-	-	4,565,288	4,565,288
Insurance contract liabilities	-	-	-	-	3,033	3,033	-	-	-	3,743,007	3,743,007
Due from customers on acceptances	-	7,981	-	-	-	7,981	-	18,833	-	-	18,833
Accounts payables, provision and other liabilities	312,901	-	-	-	927,461	1,240,362	278,430	-	-	840,734	1,119,164
	<u>312,901</u>	<u>7,981</u>	<u>-</u>	<u>-</u>	<u>15,714,895</u>	<u>16,035,777</u>	<u>278,430</u>	<u>18,833</u>	<u>-</u>	<u>35,671,370</u>	<u>35,968,633</u>

Notes to the consolidated financial statements (continued)

	2015				
	Banking S/.(000)	Insurance S/.(000)	Wealth Management S/.(000)	Holding and eliminations S/.(000)	Total Consolidated S/.(000)
As of March 31, 2015					
Total assets	35,072,142	4,849,139	3,202,644	(562,804)	42,561,121
Total liabilities	31,903,283	4,379,597	2,687,160	(895,120)	38,074,920
For the three month period ended March 31, 2015					
Impairment loss on available-for-sale investments	-	(4,523)	-	-	(4,523)
2014					
	Banking S/.(000)	Insurance S/.(000)	Wealth Management S/.(000)	Holding and eliminations S/.(000)	Total Consolidated S/.(000)
As of December 31, 2014					
Total assets	32,904,861	4,743,443	2,934,118	(217,195)	40,365,227
Total liabilities	29,628,640	4,052,058	2,455,471	(73,216)	36,062,953
For the three month period ended March 31, 2014					
Impairment loss on available-for-sale investments	-	-	-	-	-

Notes to the consolidated financial statements (continued)

22. Financial Risk Management

It comprises the management of the main risks that IFS is exposed to because of the nature of its operations: credit risk, market risk, liquidity risk and insurance risk.

Credit risk: Probability of loss due to inability or lack of willingness to pay of the debtors, counterparts or third parties bound to comply with their contractual obligations.

- Market risk: Probability of losses in positions on and off-balance sheets derived from variations in market conditions. It generally includes the following risk types: exchange rate, fair value by interest rate type, and price, among others.

- Liquidity risk: Probability of loss due to noncompliance with the requirements of financing and fund application that arise from imbalances of cash flows.

- Insurance risk: Probability of losses due to inadequate processes, personnel and information technologies failures, or external events.

(a) Credit risk management for loan -

IFS classifies its loan portfolio into one of five risk categories, depending upon the degree of risk of non-payment of each debtor. The categories used are: (i) normal - A, (ii) potential problems - B, (iii) substandard - C, (iv) doubtful - D and (v) loss - E.

Notes to the consolidated financial statements (continued)

The table below presents three groups of direct loans: (i) Non-past-due and non-impaired loans, which comprise direct loans that currently do not present delinquency characteristics and are related to debtors classified as “Normal” and “with Potential problems”; (ii) Past-due but non impaired loans, which comprise past-due loans of debtors classified as “Normal” or “with Potential problems”; and (iii) impaired loans, those past-due loans classified as “Substandard”, “Doubtful” or “Loss”. Also, it is presented the allowance for loan loss for each loan type.

	As of March 31, 2015					
	Commercial loans S/.(000)	Mortgage loans S/.(000)	Consumer loans S/.(000)	Micro-business loans S/.(000)	Total S/.(000)	%
Neither past due nor impaired						
Normal	11,316,004	3,646,148	6,561,414	471,282	21,994,848	95
Potential problems	99,229	20,183	47,656	2,731	169,799	1
	<u>11,415,233</u>	<u>3,666,331</u>	<u>6,609,070</u>	<u>474,013</u>	<u>22,164,647</u>	<u>96</u>
Past due but not impaired						
Normal	239,029	311,667	24,052	12,236	586,984	3
Potential problems	65,529	68,466	182,324	10,652	326,971	1
	<u>304,558</u>	<u>380,133</u>	<u>206,376</u>	<u>22,888</u>	<u>913,955</u>	<u>4</u>
Impaired						
Substandard	42,596	57,141	147,921	8,044	255,702	1
Doubtful	43,785	63,763	269,497	7,652	384,697	2
Loss	92,103	92,593	193,757	25,315	403,768	2
	<u>178,484</u>	<u>213,497</u>	<u>611,175</u>	<u>41,011</u>	<u>1,044,167</u>	<u>5</u>
Total loan portfolio, gross	<u>11,898,275</u>	<u>4,259,961</u>	<u>7,426,621</u>	<u>537,912</u>	<u>24,122,769</u>	<u>104</u>
Less: Allowance for loan losses	<u>169,575</u>	<u>33,267</u>	<u>611,101</u>	<u>72,134</u>	<u>886,077</u>	<u>4</u>
Total, net	<u>11,728,700</u>	<u>4,226,694</u>	<u>6,815,520</u>	<u>465,778</u>	<u>23,236,692</u>	<u>100</u>

Notes to the consolidated financial statements (continued)

	As of December 31, 2014					%
	Commercial loans S/.(000)	Mortgage loans S/.(000)	Consumer loans S/.(000)	Micro-business loans S/.(000)	Total S/.(000)	
Neither past due nor impaired						
Normal	10,802,149	3,594,485	6,263,806	508,797	21,169,237	95
Potential problems	115,836	15,106	48,466	2,735	182,143	1
	<u>10,917,985</u>	<u>3,609,591</u>	<u>6,312,272</u>	<u>511,532</u>	<u>21,351,380</u>	<u>96</u>
Past due but not impaired						
Normal	185,786	288,883	4,429	11,500	490,598	2
Potential problems	42,288	64,542	180,195	11,043	298,068	1
	<u>228,074</u>	<u>353,425</u>	<u>184,624</u>	<u>22,543</u>	<u>788,666</u>	<u>3</u>
Impaired						
Substandard	130,340	57,510	142,702	8,038	338,590	1
Doubtful	34,928	59,854	256,771	8,254	359,807	2
Loss	57,515	81,579	195,546	24,029	358,669	2
	<u>222,783</u>	<u>198,943</u>	<u>595,019</u>	<u>40,321</u>	<u>1,057,066</u>	<u>5</u>
Total loan portfolio, gross	<u>11,368,842</u>	<u>4,161,959</u>	<u>7,091,915</u>	<u>574,396</u>	<u>23,197,112</u>	<u>104</u>
Less: Allowance for loan losses	<u>144,444</u>	<u>29,490</u>	<u>576,913</u>	<u>68,831</u>	<u>819,678</u>	<u>4</u>
Total, net	<u>11,224,398</u>	<u>4,132,469</u>	<u>6,515,002</u>	<u>505,565</u>	<u>22,377,434</u>	<u>100</u>

In accordance with IFRS 7, total loan balance is considered past due when debtors have failed to make a payment when contractually due.

As of March 31, 2015 and December 31, 2014, loans amounting to approximately S/.913,955,000 and S/.788,666,000, respectively, were not impaired and were past due mainly for less than 30 days.

As of March 31, 2015 and December 31, 2014, refinanced loans amounted to S/.145,653,000, and S/.140,688,000, respectively. Past due refinanced loans amounted to S/.23,793,000, and S/.24,072,000, respectively, out of which S/.621,000 and S/.241,000, respectively, are classified as past-due and not-impaired; and S/.23,172,000 and S/.23,831,000, are impaired, respectively

Notes to the consolidated financial statements (continued)

(b) Foreign exchange risk

The Group is exposed to the effects of fluctuations in the exchange rates of foreign currency prevailing on its financial position and cash flows. Managements of the Subsidiaries set limits on the levels of exposure by currency and in total "overnight" transactions, which are monitored daily. Most of the assets and liabilities in foreign currency are stated in US dollars. Transactions in foreign currency are accounted for by using exchange rates prevailing on the market.

As of March 31, 2015, the market exchange rate published by the SBS for transactions in US Dollars was S/.3.092 per US\$1.00 bid and S/.3.096 per US\$1.00 ask (S/.2.981 and S/.2.989 as of December 31, 2014, respectively). As of March 31, 2014, the exchange rate for the accounting of asset and liability accounts in foreign currency set by the SBS was S/.3.096 per US\$1.00 (S/.2.986 as of December 31, 2014).

The table below presents a detail of the Group's currency position:

	As of March 31, 2015				As of December 31, 2014			
	U.S. Dollars S/.(000)	Nuevos soles S/.(000)	Other currency S/.(000)	Total S/.(000)	U.S. Dollars S/.(000)	Nuevos soles S/.(000)	Other currency S/.(000)	Total S/.(000)
Assets								
Cash and due from bank	7,166,844	1,023,496	302,600	8,492,940	4,945,781	829,357	335,578	6,110,716
Inter-bank funds	-	-	-	-	-	40,004	-	40,004
Trading security	98,385	5,270	-	103,655	96,472	25,976	-	122,448
Investment available-for-sale	4,523,272	2,989,235	26,515	7,539,022	4,699,362	2,676,714	38,888	7,414,964
Investment held to maturity	289,957	-	-	289,957	-	-	-	-
Loans, net	9,137,348	14,338,765	-	23,476,113	9,482,359	12,854,069	-	22,336,428
Due from customers on acceptances	7,981	-	-	7,981	23,649	-	-	23,649
Accounts receivables and other assets, net	293,919	506,112	2,855	802,886	185,971	399,278	119,608	704,857
	<u>21,517,706</u>	<u>18,862,878</u>	<u>331,970</u>	<u>40,712,554</u>	<u>19,433,594</u>	<u>16,825,398</u>	<u>494,074</u>	<u>36,753,066</u>
Liabilities								
Deposits and obligations	12,379,252	11,574,709	164,850	24,118,811	10,538,655	11,637,665	243,124	22,419,444
Inter-bank funds	-	-	-	-	-	60,007	-	60,007
Due to banks and correspondents	1,528,721	2,375,897	-	3,904,618	1,400,868	1,490,519	-	2,891,387
Bonds, notes and other obligations	4,286,571	426,350	-	4,712,921	4,044,379	424,930	-	4,469,309
Due from customers on acceptances	7,981	-	-	7,981	23,649	-	-	23,649
Insurance contract liabilities	1,887,301	2,109,488	-	3,996,789	1,791,535	1,790,008	-	3,581,543
Accounts payables, provision and other liabilities	401,563	794,049	44,750	1,240,362	275,067	568,620	145,056	988,743
	<u>20,491,389</u>	<u>17,280,493</u>	<u>209,600</u>	<u>37,981,482</u>	<u>18,074,153</u>	<u>15,971,749</u>	<u>388,180</u>	<u>34,434,082</u>
Forward position, net	(2,374,867)	2,508,792	(133,925)	-	(529,410)	541,908	(12,498)	-
Currency swaps position, net	3,084,728	(3,084,728)	-	-	(7,845)	7,845	-	-
Cross currency swaps position, net	-	-	-	-	(170,100)	170,100	-	-
Foreign currency options, net	(57,096)	57,096	-	-	(6,717)	6,717	-	-
Net monetary position	<u>1,679,082</u>	<u>1,063,545</u>	<u>(11,555)</u>	<u>2,731,072</u>	<u>645,369</u>	<u>1,580,219</u>	<u>93,396</u>	<u>2,318,984</u>

As of March 31, 2015, the Group granted indirect loans (contingent operations) in foreign currency for approximately US\$ 775,845,000, equivalent to S/.2,402,016,000 (US\$715,957,000, equivalent to S/.2,137,848,000 as of December 31, 2014);

Notes to the consolidated financial statements (continued)

23. Fair value

(a) Determination of fair value and fair value hierarchy of financial instruments

The following table analyses the financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the consolidated statements of financial position:

	As of March 31, 2015				As of December 31, 2014			
	Level 1 S/.(000)	Level 2 S/.(000)	Level 3 S/.(000)	Total S/.(000)	Level 1 S/.(000)	Level 2 S/.(000)	Level 3 S/.(000)	Total S/.(000)
Assets								
Investments at fair value through profit or loss	34,851	73,311	-4,507	103,655	46,235	59,547	-	105,782
Available-for-sale investments								
Debt instruments	4,324,882	2,044,233	-	6,369,115	4,579,505	2,329,123	-	6,908,628
InRetail Perú Corp.	132,564	-	-	132,564	155,864	-	-	155,864
Royalty Pharma	-	-	177,896	177,896	-	-	168,585	168,585
Mutual funds and investments participations	160,257	130,302	288,489	579,048	258,508	123,214	246,128	627,850
Peruvian and foreign entities and other shares	215,388	706	-	216,094	372,836	671	-	373,507
Derivatives receivable	-	264,984	-	264,984	-	241,195	-	241,195
	<u>4,867,942</u>	<u>2,513,536</u>	<u>461,878</u>	<u>7,843,356</u>	<u>5,412,948</u>	<u>2,753,750</u>	<u>414,713</u>	<u>8,581,411</u>
Accrued interest				64,305				68,742
				<u>7,907,661</u>				<u>8,650,153</u>
Liabilities								
Derivatives payable	-	312,901	-	312,901	-	278,430	-	278,430

Financial assets included in Level 1 are those measured on the basis of information that is available in the market, to the extent that their quoted prices reflect an active and liquid market and that are available in some centralized trading mechanism, trading agent, price supplier or regulatory entity.

Financial instruments included in Level 2 are valued with the market prices of other instruments possessing similar characteristics or with financial valuation models based on information of variables that can be available on the market (interest rate curves, price vectors, etc.). The Group uses this method mainly to value derivative financial instruments.

Financial assets included in Level 3 are valued by using assumptions and data that do not correspond to prices of operations traded on the market. Fair value is estimated using a discounted cash flow (DCF) model. The valuation requires Management to make certain assumptions about the model inputs, including forecast cash flow, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in Management's estimate of fair value for these unquoted investment

Notes to the consolidated financial statements (continued)

(b) Financial instruments not measured at fair value

The table below presents the disclosure of the comparison between the carrying amounts and fair values of the Group's financial instruments that are not measured at fair value, presented by level of the fair value hierarchy as of March 31, 2015 and December 31, 2014:

	2015					2014				
	Level 1 S/.(000)	Level 2 S/.(000)	Level 3 S/.(000)	Fair Value S/.(000)	Book value S/.(000)	Level 1 S/.(000)	Level 2 S/.(000)	Level 3 S/.(000)	Fair value S/.(000)	Book value S/.(000)
Assets										
Cash and due from banks	-	8,492,940	-	8,492,940	8,492,940	-	6,358,504	-	6,358,504	6,358,504
Inter-bank funds	-	-	-	-	-	-	310,030	-	310,030	310,030
Loans, net	-	24,133,678	-	24,133,678	23,476,113	-	22,881,181	-	22,881,181	22,617,207
Held to maturity Investments	-	289,957	-	289,957	289,957	-	-	-	-	-
Due from customers on acceptances	-	7,981	-	7,981	7,981	-	18,833	-	18,833	18,833
Accounts receivables and other assets	-	537,902	-	537,902	537,902	-	604,412	-	604,412	604,412
Total	-	33,462,458	-	33,462,458	32,804,893	-	30,172,960	-	30,172,960	29,908,986
Liabilities										
Deposits and obligations	-	24,136,595	-	24,136,595	24,118,811	-	23,378,763	-	23,378,763	23,381,427
Inter-bank funds	-	-	-	-	-	-	-	-	-	-
Due to banks and correspondents	-	3,937,083	-	3,937,083	3,904,618	-	3,151,772	-	3,151,772	3,140,914
Bonds, notes and notes issued	-	5,081,563	-	5,081,563	4,712,921	-	4,864,883	-	4,864,883	4,565,288
Insurance contract liabilities	-	3,996,789	-	3,996,789	3,996,789	-	3,743,007	-	3,743,007	3,743,007
Due from customers on acceptances	-	7,981	-	7,981	7,981	-	18,833	-	18,833	18,833
Accounts payable and other liabilities	-	927,312	-	927,312	927,312	-	840,734	-	840,734	840,734
Total	-	38,087,323	-	38,087,323	37,668,432	-	35,997,992	-	35,997,992	35,690,203

The methodologies and assumptions used to determine fair values depend on the terms and risk characteristics of the various financial instruments and include the following:

- (i) Long-term fixed-rate and variable-rate loans are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these loans. as of March 31, 2015 and December 31, 2014, the carrying amounts of the loans, net of provisions, were not significantly different from their fair values calculated.
- (ii) Assets whose fair values approximate their carrying value - For financial assets and financial liabilities that are liquid or having a short term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair values. This assumption is also applied to demand deposits, savings accounts without a specific maturity and variable-rate financial instruments.
- (iii) Fixed-rate financial instruments - The fair value of fixed rate financial assets and liabilities carried at amortized cost are estimated by comparing market interest rates when they were first recognized with current market rates offered for similar financial instruments for the remaining term to maturity. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing market interest rates for financial instruments with similar credit risk and maturity. For quoted debt issued the fair values are calculated based on quoted market prices. When quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

Notes to the consolidated financial statements (continued)

24. Fiduciary activities and management of funds

The Group provides custody, trustee, investment management and advisory services to third parties; therefore, the Group makes allocations and purchase and sale decisions in relation to a wide range of financial instruments. Assets that are held in a fiduciary capacity are not included in these consolidated financial statements. These services give rise to the risk that the Group will be accused of poor administration or under-performance.

As of March 31, 2015 and December 31, 2014, the assigned value of the financial assets under administration is as follows:

	As of March 31, 2015	As of December 31, 2014
	S/(000)	S/(000)
Investments funds	8,823,372	8,422,056
Mutual Funds	2,521,882	2,568,649
Total	11,345,253	10,990,705