

Intercorp Financial Services Inc. and Subsidiaries

Consolidated financial statements as of March 31, 2016, December 31, 2015 and for the three-month periods ended March 31, 2016 and 2015

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Intercorp Financial Services Inc. and Subsidiaries

Consolidated statements of financial position

As of March 31, 2016 and December 31, 2015 (audited)

	Note	2016 S/(000)	2015 S/(000)		Note	2016 S/(000)	2015 S/(000)
Assets				Liabilities and equity			
Cash and due from banks:	3			Deposits and obligations:	8		
Non-interest bearing		2,512,095	2,092,189	Non-interest bearing		5,874,872	3,977,782
Interest bearing		5,741,336	6,689,335	Interest bearing		21,917,232	24,509,884
Restricted funds		3,481,567	3,650,261			<u>27,792,104</u>	<u>28,487,666</u>
		11,734,998	12,431,785				
Inter-bank funds		420,654	245,028	Inter-bank funds		80,009	-
Trading securities		69,825	105,189	Due to banks and correspondents	9	6,070,332	6,191,726
Available-for-sale investments	4	8,032,581	8,067,164	Bonds, notes and other obligations	10	4,817,882	4,925,413
Held-to-maturity investments		472,407	479,561	Due from customers on acceptances		6,877	27,118
				Insurance contract liabilities	11	4,674,725	4,477,089
Loans, net:	5			Accounts payable, provisions and other liabilities	7	1,471,140	1,426,762
Loans, net of unearned income		27,174,075	27,035,814	Deferred income tax liability, net		3,570	4,164
Allowance for loan losses		(1,088,707)	(1,041,579)	Total liabilities		44,916,639	45,539,938
		26,085,368	25,994,235				
Investment property	6	728,848	713,262	Equity	12		
Property, furniture and equipment, net		601,331	579,158	Equity attributable to IFS's shareholders:			
Due from customers on acceptances		6,877	27,118	Capital stock		963,446	963,446
Accounts receivable and other assets, net	7	1,507,437	1,316,810	Treasury stock		(321,843)	(322,214)
Deferred income tax asset, net		27,813	41,559	Capital surplus		268,077	268,077
				Reserves		2,600,000	2,000,000
Total assets		49,688,139	50,000,869	Unrealized results, net		(131,970)	(361,395)
				Retained earnings		1,264,761	1,797,637
						<u>4,642,471</u>	<u>4,345,551</u>
				Non-controlling interest		129,029	115,380
				Total equity, net		4,771,500	4,460,931
				Total liabilities and equity, net		49,688,139	50,000,869

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

Intercorp Financial Services Inc. and Subsidiaries

Consolidated income statements

For the three-month periods ended March 31, 2016 and 2015

	Note	2016 S/(000)	2015 S/(000)
Interest and similar income	14	903,659	753,518
Interest and similar expenses	14	(259,715)	(207,710)
Net interest and similar income		<u>643,944</u>	<u>545,808</u>
Provision for loan losses, net of recoveries	5(c)	(199,614)	(148,840)
Net interest and similar income after provision for loan losses		<u>444,330</u>	<u>396,968</u>
Other income			
Fee income from financial services, net	15	206,591	194,826
Net gain on foreign exchange transactions		94,786	113,974
Net gain on sale of securities		(6,732)	26,007
Net trading income (loss)		(66,321)	(16,201)
Rental income		4,796	4,416
Valuation gain from investment property	6(b)	(5,883)	9,497
Other	16	28,284	34,015
Total other income		<u>255,521</u>	<u>366,534</u>
Insurance premiums and claims			
Net premiums earned	17	(50,915)	47,886
Net claims and benefits incurred for life insurance contracts and others	18	(76,562)	(59,878)
Total premiums earned less claims and benefits		<u>(127,477)</u>	<u>(11,992)</u>
Other expenses			
Salaries and employee benefits	19	(168,117)	(171,940)
Administrative expenses	20	(184,166)	(173,410)
Depreciation and amortization		(31,082)	(27,089)
Impairment loss on available-for-sale investments	4(c)	(21,304)	(4,523)
Expenses related to rental income		(32)	(66)
Other	16	(33,230)	(22,913)
Total other expenses		<u>(437,931)</u>	<u>(399,941)</u>
Income before translation result and income tax		134,443	351,569
Translation result		9,552	(10,600)
Income tax		(83,323)	(78,071)
Profit for the period		<u>60,672</u>	<u>262,898</u>
Attributable to:			
Equity holders of the Group		60,639	261,249
Non-controlling interest		33	1,649
		<u>60,672</u>	<u>262,898</u>
Basic and diluted earnings per share attributable to IFS (stated in Soles)	21	<u>0.557</u>	<u>2.389</u>
Weighted average number of outstanding shares (in thousands)	21	<u>108,821</u>	<u>109,341</u>

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

Intercorp Financial Services Inc. and Subsidiaries

Consolidated statements of other comprehensive income

For the three-month periods ended March 31, 2016 and 2015

	Note	2016 S/(000)	2015 S/(000)
Profit for the period		60,672	262,898
Other comprehensive income			
Unrealized gain (loss) on available-for-sale investments	12(e)	243,901	(75,768)
Unrealized gain on cash flow hedges	12(e)	322	981
Translation results of foreign operations	12(e)	(14,364)	17,945
		<hr/>	<hr/>
Total comprehensive income		290,531	206,056
Attributable to:			
Equity holders of IFS		290,064	204,418
Non-controlling interest		467	1,638
		<hr/>	<hr/>
		290,531	206,056

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

InterCorp Financial Services Inc. and Subsidiaries

Consolidated statements of changes in equity

For the three-month periods ended March 31, 2016 and 2015

	Number of shares (in thousands)		Attributable to IFS Group shareholders											
	Issued	In treasury	Capital stock	Other paid in capital	Treasury stock	Capital Surplus	Reserves	Unrealized results, net			Retained earnings	Total	Non-controlling interest	Total equity
								Available-for-sale investments, Note 12(d)	Derivatives Instruments designated as cash flow hedges, Note 12(d)	Foreign currency translation reserve, Note 12(d)				
			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, 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	4,302,274
Net income	-	-	-	-	-	-	-	-	-	-	261,249	261,249	1,649	262,898
Other comprehensive income	-	-	-	-	-	-	-	(75,757)	981	17,945	-	(56,831)	(11)	(56,842)
Total comprehensive income	-	-	-	-	-	-	-	(75,757)	981	17,945	261,249	204,418	1,638	206,056
Dividends paid to minority shareholders in Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(2,232)	(2,232)
Net variation of treasury stock held by Subsidiaries, Note 12(b)	-	(173)	-	-	(26,653)	-	-	-	-	-	-	(26,653)	-	(26,653)
Transfer to reserves, Note 12(g)	-	-	-	-	-	-	2,000,000	-	-	-	(2,000,000)	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	6,810	6,810	(53)	6,757
Balances as of March 31, 2015	113,110	(3,923)	963,446	-	(312,429)	268,077	2,000,000	24,802	(2,442)	62,516	1,371,659	4,375,629	110,573	4,486,202
Balances as of January 1, 2016	113,110	(4,290)	963,446	-	(322,214)	268,077	2,000,000	(471,151)	(458)	110,214	1,797,637	4,345,551	115,380	4,460,931
Net income	-	-	-	-	-	-	-	-	-	-	60,639	60,639	33	60,672
Other comprehensive income	-	-	-	-	-	-	-	243,467	322	(14,364)	-	229,425	434	229,859
Total comprehensive income	-	-	-	-	-	-	-	243,467	322	(14,364)	60,639	290,064	467	290,531
Dividends paid to minority shareholders in Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(2,642)	(2,642)
Net variation of treasury stock held by Subsidiaries, Note 12(b)	-	4	-	-	371	-	-	-	-	-	-	371	-	371
Transfer to reserves, Note 12(g)	-	-	-	-	-	-	600,000	-	-	-	(600,000)	-	-	-
New minority shareholders in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	15,852	15,852
Other	-	-	-	-	-	-	-	-	-	-	6,485	6,485	(28)	6,457
Balances as of March 31, 2016	113,110	(4,286)	963,446	-	(321,843)	268,077	2,600,000	(227,684)	(136)	95,850	1,264,761	4,642,471	129,029	4,771,500

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

Intercorp Financial Services Inc. and Subsidiaries

Consolidated statements of cash flows

For the three-month periods ended March 31, 2016 and 2015

	2016 S/(000)	2015 S/(000)
Cash flows from operating activities		
Profit for the period	60,672	262,898
Plus (less)		
Provision for loan losses, net of recoveries	199,614	148,840
Depreciation and amortization	31,082	27,089
Provision for sundry risks	2,007	3,734
Deferred income tax	(16,344)	17,917
Net gain on sale of securities	6,732	(26,007)
Impairment loss on available-for-sale investments	21,304	4,523
Valuation gain from investment property	5,883	(9,497)
Net trading loss	66,321	16,201
Translation result	(9,552)	10,600
Sale of trading securities, net	(30,957)	(14,105)
(Increase) decrease in accrued interest receivable	(6,114)	4,158
(Decrease) Increase in accrued interest payable	(11,363)	42,899
Net changes in assets and liabilities		
Increase in loans	(278,789)	(1,001,378)
Decrease in restricted funds	168,694	-
Increase (decrease) in accounts receivable and other assets, net	(56,962)	105,551
(Decrease) increase in deposits and obligations	(704,299)	703,390
(Decrease) increase in due to banks and correspondents	(71,425)	757,654
Increase in accounts payable, provisions and other liabilities	185,776	354,099
Net cash (used in) provided by operating activities	<u>(437,720)</u>	<u>1,408,566</u>

Intercorp Financial Services Inc. and Subsidiaries

Consolidated statements of cash flows (continued)

	2016 S/(000)	2015 S/(000)
Cash flows from investing activities		
Net increase of trading securities, available-for-sale and held to maturity investments	116,598	345,915
Purchase of property, furniture and equipment	(38,505)	(9,072)
Purchase of intangible assets	(25,346)	(45,698)
Purchase of investment property	(21,469)	(7,907)
Net cash provided by investing activities	<u>31,278</u>	<u>283,238</u>
Cash flows from financing activities		
Net (decrease) increase of bonds, notes and other obligations	(23,392)	147,633
Net (increase) decrease in receivable inter-bank funds	(175,626)	310,030
Increase in payable inter-bank funds	80,009	-
Dividend payments to minority shareholders	(2,642)	(2,232)
Net cash (used in) provided by financing activities	<u>(121,651)</u>	<u>455,431</u>
Net increase (decrease) in cash and cash equivalents	(528,093)	2,147,235
Cash and cash equivalents at the beginning of the period	<u>8,781,524</u>	<u>4,922,288</u>
Cash and cash equivalents at the end of the period	<u>8,253,431</u>	<u>7,069,523</u>

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

Intercorp Financial Services Inc. and Subsidiaries

Notes to the consolidated financial statements

As of March 31, 2016, December 31, 2015 and for the three-month periods ended March 31, 2016 and 2015

1. Business activity

(a) Business activity -

Intercorp Financial Services Inc. and Subsidiaries, henceforth "IFS", "the Company" or "the Group", is a limited liability holding company incorporated in the Republic of Panama on September 19, 2006 and is a subsidiary of Intercorp Perú Ltd., henceforth "Intercorp Perú", a holding Company incorporated in 1997 in the Commonwealth of the Bahamas. As of March 31, 2016 and December 31, 2015, Intercorp Perú held 78.08 percent of IFS's capital stock.

As of March 31, 2016 and December 31, 2015, IFS held 99.30 percent of the capital stock of Banco Internacional del Perú S.A.A. – Interbank (henceforth "Interbank") and 100 percent of Interseguro Compañía de Seguros S.A. (henceforth "Interseguro") and Inteligo Group Corp. (henceforth "Inteligo"), respectively. The operations of Interbank and Interseguro are concentrated in Peru. The operations of Inteligo and Subsidiaries are concentrated in Panama and Peru.

The main activities of IFS's Subsidiaries and their assets, liabilities, equity, operating income, net income balances and other relevant information are presented in Note 1(b).

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

The consolidated financial statements of IFS and Subsidiaries as of December 31, 2015 were approved by the General Shareholders' Meeting held on April 11, 2016. The consolidated financial statements as of March 31, 2016 were approved by the Board of Directors held on May 11, 2016.

(b) 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 (henceforth "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 (henceforth 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, 2016 and December 31, 2015, Interbank had 287 and 290 offices, respectively, and a branch established in the Republic of Panama. Additionally, it holds 100 percent of the shares of the following Subsidiaries:

Notes to the consolidated financial statements (continued)

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.
Corporación 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-term notes, see Note 10 (f).

- (ii) Interseguro Compañía de Seguros S.A. and Subsidiaries -
 Interseguro is incorporated in Peru and its operations are ruled by the Banking and Insurance Act. It is authorized by the SBS to issue life insurance and general insurance policies.

As of March 31, 2016 and December 31, 2015, Interseguro controls the following subsidiaries:

Entity	Activity
Centro Comercial Estación Central S.A.	Administration of "Centro Comercial Estación Central", located in downtown Lima; as of March 31, 2016 and December 31, 2015, Interseguro holds 75 percent of its shares.
Empresa Administradora Hipotecaria S.A.	Was incorporated in February 2014 in Peru; It does not have operations and is in the process of being liquidated. As of March 31, 2016 and December 31, 2015, 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 (henceforth “Patrimonio Fideicometido – Interproperties Perú”) is a structured entity, incorporated in April 2008, in which several investors (related parties to the Group) contributed investment properties; each investor or investors have ownership of and specific control over the contributed investment property. The fair values of the properties contributed by Interseguro which were included in this structured entity as of March 31, 2016 and December 31, 2015, amounted to S/545,777,000 and S/545,026,000, respectively, see Note 6 for further detail. For accounting purposes and under IFRS 10 “Consolidated financial statements” the assets included in said structure are considered “silos”, 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.

Notes to the consolidated financial statements (continued)

(iii) Inteligo and Subsidiaries -

Inteligo is an entity incorporated in the Republic of Panama. As of March 31, 2016 and December 31, 2015, 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 Superintendencia of Banks of the Republic of Panama. Its main activities are private and institutional banking services mainly to Peruvian citizens.
Inteligo Sociedad Agente de Bolsa S.A.	Brokerage firm incorporated in Peru.

(iv) San Borja Global Opportunities S.A.C. -

Its corporate purpose is the acquisition and holding of shares and securities. As of March 31, 2016 and December 31, 2015, it did not have operations and had paid in capital of S/1,000.

Notes to the consolidated financial statements (continued)

The table below presents a summary of the financial statements of the main Subsidiaries, before adjustments and eliminations for consolidation, as of March 31, 2016, December 31, 2015 and for the three-month periods ended as of March 31, 2016 and 2015 in accordance with IFRS:

	Interbank and Subsidiaries		Interseguro and Subsidiaries		Inteligo and Subsidiaries	
	2016	2015	2016	2015	2016	2015
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Consolidated statements of financial position						
Trading securities and available-for-sale investments	2,986,348	3,173,210	4,264,735	4,138,555	1,084,194	1,084,093
Held-to-maturity investments	472,407	479,561	-	-	-	-
Loans, net	24,411,280	24,308,737	-	-	1,681,125	1,685,549
Investment property	-	-	728,848	713,262	-	-
Total assets	41,188,880	41,652,030	5,517,331	5,253,987	3,286,698	3,376,035
Deposits and obligations	25,268,682	25,880,904	2,130	-	2,597,467	2,706,931
Due to banks and correspondents	5,910,796	6,138,544	131,983	50,988	66,778	68,269
Bonds, notes and other obligations	4,617,171	4,689,925	168,572	174,192	-	-
Insurance contracts liabilities	-	-	4,674,725	4,477,089	-	-
Total liabilities	37,559,261	37,907,010	5,118,159	4,916,095	2,682,916	2,796,288
Equity attributable to IFS's shareholders	3,629,619	3,745,020	295,407	248,580	603,782	579,747
Non-controlling interest – equity	-	-	103,765	89,312	-	-

For the three-month periods ended March, 31

	Interbank and Subsidiaries		Interseguro and Subsidiaries		Inteligo and Subsidiaries	
	2016	2015	2016	2015	2016	2015
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Consolidated income statements						
Interest and similar income and expenses, net	549,391	477,116	69,713	53,332	24,551	14,322
Provision for loan losses, net of recoveries	(199,614)	(148,840)	-	-	-	-
Valuation gain and gain from sale of investment properties	-	-	(5,883)	9,497	-	-
Fee income from financial services	189,185	173,214	(656)	(696)	24,261	31,228
Total premiums earned minus claims and benefits	-	-	(127,477)	(11,992)	-	-
Profit for the year attributable to IFS's shareholders	201,753	205,177	(135,504)	33,608	30,388	36,118
Non-controlling interest	-	-	(1,371)	214	-	-

Notes to the consolidated financial statements (continued)

2. Significant accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (henceforth “IASB”). The accounting principles and practices as of March 31, 2016 are consistent with respect to the rules applied to 31 December 2015, which are included in the audited consolidated financial statements dated March 22, 2016.

3. Cash and due from banks

This caption is comprised of the following:

	2016 S/(000)	2015 S/(000)
Cash and clearing	1,615,024	1,700,838
Deposits in the Central Reserve Bank of Peru – BCRP	5,503,729	6,054,798
Deposits in banks	1,134,348	1,025,525
Restricted funds	3,481,567	3,650,261
	<u>11,734,668</u>	<u>12,431,422</u>
Accrued interest	330	363
Total	<u>11,734,998</u>	<u>12,431,785</u>

Cash and cash equivalents presented in the consolidated statement of cash flows exclude the restricted funds.

As of March 31, 2016, the “Cash and due from banks” caption of the consolidated statements of financial position includes approximately US\$1,867,777,000 and S/943,535,000 (US\$1,929,852,000 and S/888,767,000 as of December 31, 2015), 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. As of March 31, 2016, the excess in US Dollars amounted to approximately US\$307,987,000 equivalent to approximately S/1,024,365,000 and bore interest at an annual average rate of 0.11 percent (US\$241,115,000, equivalent to approximately S/822,444,000, and an annual average rate of 0.09 percent as of December 31, 2015), whereas the excess amount in Soles amounted to approximately S/7,273,056,000 and accrued interest in Soles at an annual average rate of 1.05 percent (S/3,708,920,000 and an annual average rate of 0.48 percent as of December 31, 2015).

Deposits in banks of the country and abroad are mainly in Soles and US Dollars, they are freely available and bear interest at market rates. As of March 31, 2016 and December 31, 2015, the Group does not have significant deposits in any specific financial institution.

As of March 31, 2016 and December 31, 2015, the “Restricted Funds” caption is mainly comprised by deposits in the BCRP amounting to approximately US\$945,070,000 (equivalent to S/3,143,304,000) and US\$960,688,000 (equivalent to S/3,276,907,000), respectively, as a guarantee for loans received from this entity, see Note 9(b). As of March 31, 2016 and December 31, 2015, this caption included restricted funds related to requirements from counterparties of derivative financial instruments transactions (see Note 7(d)) amounted to approximately US\$90,923,000 (equivalent to S/302,409,000) and US\$98,653,000 (equivalent to S/336,504,000), respectively and;

Notes to the consolidated financial statements (continued)

cash from remittances received which guarantee the payment of the trading notes issued by IBK DPR Securitizadora (see Note 10(f)) amounted to approximately US\$9,817,000 (equivalent to S/32,651,000) and US\$9,929,000 (equivalent to S/33,869,000), respectively.

Notes to the consolidated financial statements (continued)

4. Available-for-sale investments

(a) The detail of available-for-sale investments is as follows:

	2016				2015			
	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)	
Corporate, leasing and subordinated bonds	3,432,544	18,612	(274,294)	3,176,862	3,409,557	19,136	(404,820)	3,023,873
Peruvian sovereign bonds	1,205,206	5,089	(81,209)	1,129,086	1,117,769	269	(133,672)	984,366
Mutual funds and investment participations	880,696	39,241	(39,199)	880,738	926,127	38,219	(48,402)	915,944
Negotiable Certificates of Deposit issued by BCRP	871,721	16	(2,360)	869,377	877,165	-	(2,845)	874,320
Indexed Certificates of Deposit issued by BCRP	474,538	-	(1,125)	473,413	668,699	176	(1,527)	667,348
Bonds guaranteed by the Peruvian Government	484,739	7,180	(10,535)	481,384	446,040	4,018	(20,129)	429,929
Peruvian Global Bonds	235,345	526	(17)	235,854	351,245	-	(8,187)	343,058
Sovereign and Global bonds from foreign countries	22,765	3	(372)	22,396	66,065	-	(1,150)	64,915
Total	7,607,554	70,667	(409,111)	7,269,110	7,862,668	61,818	(620,733)	7,303,753
Listed shares								
Peruvian and foreign entities	290,976	19,086	(20,929)	289,133	317,674	1,727	(14,439)	304,962
InRetail Perú Corp. (d)	109,864	66,574	-	176,438	110,866	38,241	-	149,107
Non listed shares and participations								
Royalty Pharma (e)	144,742	78,676	-	223,418	147,243	81,758	-	229,001
Other	960	-	(420)	540	985	-	(430)	555
	546,542	164,336	(21,349)	689,529	576,768	121,726	(14,869)	683,625
	8,154,096	235,003	(430,460)	7,958,639	8,439,436	183,544	(635,602)	7,987,378
Add – Accrued Interest on investments				73,942				79,786
Total				8,032,581				8,067,164

Notes to the consolidated financial statements (continued)

- (b) The Group has determined that the unrealized losses as of March 31, 2016 and December 31, 2015 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) and when it is applicable to mutual and investment funds:

- 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, which may indicate adverse credit conditions.

The Group has considered the following criteria in determining whether a loss is temporary or not for debt instruments (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’s 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 income statements.

Notes to the consolidated financial statements (continued)

- (c) As a result of the impairment assessment of its available-for-sale investments, the Group recorded an impairment loss amounting to S/21,304,000 and S/4,523,000 as of March 31, 2016 and 2015, respectively, which is presented in the caption "Impairment loss on available-for-sale investments" of the consolidated income statements. The movement of available-for-sale investments unrealized results, net of deferred income tax and non-controlling interest, is presented in Note 12(d). As of March 31, 2016 and December 31, 2015, the detail of unrealized losses of debt instruments and mutual fund and investment participations classified as available-for-sale is as follows:

Issuer	2016			2015		
	Amortized cost	Unrealized Gross gain	Unrealized gross loss	Amortized cost	Unrealized Gross gain	Unrealized gross loss
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Peruvian Sovereign bonds	1,205,206	5,089	(81,209)	1,117,769	269	(133,672)
Bonds guaranteed by the Peruvian Government	484,739	7,180	(10,535)	446,040	4,018	(20,129)
Peruvian Global bonds	235,345	526	(17)	351,245	-	(8,187)
Odebrecht Finance Ltd.	99,306	-	(52,549)	127,727	-	(65,800)
Votorantim Cimentos SA	167,960	-	(23,074)	172,207	-	(47,392)
Vale Overseas Ltd.	94,237	-	(26,700)	96,725	-	(36,574)
Southern Perú Copper Corporation S.A.A.	163,873	6	(15,827)	168,110	-	(30,129)
Corporación Financiera de Desarrollo S.A.	107,864	176	(19,931)	168,843	-	(28,727)
H2Olmos S.A.	112,753	-	(11,691)	110,617	85	(17,194)
Línea Amarilla S.A.C.	90,740	184	(9,739)	90,066	-	(14,506)
Fermaca Enterprises S.R.L.	95,403	-	(7,961)	99,111	-	(9,909)
Edelnor S.A.A.	41,873	59	(6,200)	40,488	-	(9,616)
Abengoa Transmisión Sur S.A.	158,251	-	(10,583)	160,319	-	(8,462)
Fibra Uno	64,942	-	(8,987)	66,617	-	(8,154)
Rutas de Lima S.A.C.	181,152	3,080	(7,002)	74,208	6,114	(6,327)
Other instruments with losses (Lower than S/6,000,000)		-	(117,106)		4,402	(175,955)
	<u>3,303,644</u>	<u>16,300</u>	<u>(409,111)</u>	<u>3,290,092</u>	<u>14,888</u>	<u>(620,733)</u>

- (d) As of March 31, 2016 and December 31, 2015, the Group held 3,125,194 and 3,125,199 shares, respectively, which represented 3.04 percent of InRetail Peru Corp's capital stock (a related entity).
- (e) Corresponds to participations in RPI International Holding, LP (RPI Partnership) and Royalty Pharma Cayman Holding, LP (RPS Partnership). RPI Partnership and RPS Partnership invest in a series of feeder funds whose objective is to invest in Royalty Pharma Investments and Royalty Pharma Select, respectively, which are investment funds established under the laws of the Republic of Ireland and authorized by the Central Bank of Ireland. These investment funds are engaged in the purchase of medical patents and biotechnology. The participations in RPI Partnership and RPS Partnership are not liquid and require authorization for their trading.

As of March 31, 2016 and December 31, 2015, the Group held 300,000 and 283,537 participations of RPS Partnership and RPI Partnership, respectively, which fair values amounted to approximately US\$27,423,000 and US\$39,750,000 (equivalent to approximately S/91,210,000 and S/132,208,000, respectively) and US\$27,423,000 and US\$39,713,000 (equivalent to approximately S/93,541,000 and S/135,460,000, respectively).

During 2015, Interseguro sold to a related entity 54,978 and 135,000 shares of RPS Partnership and RPI Partnership, respectively, at their fair value of approximately US\$23,496,000, generating a realized gain of approximately US\$18,347,000 (equivalent to approximately S/60,343,000), which is included in the "Net gain on sale of securities" caption of the consolidated income statements.

During 2016 and 2015, the Group received dividends from these participations for approximately S/8,626,000 and S/8,889,000, respectively, 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) The detail of the loan portfolio is as follows:

	2016 S/(000)	2015 S/(000)
Direct loans		
Loans	19,577,938	19,481,899
Credit cards	3,676,649	3,708,647
Leasing	1,928,668	2,010,253
Discounted notes	414,269	438,044
Factoring	248,349	213,824
Advances and overdrafts	136,778	66,683
Refinanced loans	274,963	249,216
Past due and under legal collection loans	<u>628,386</u>	<u>589,106</u>
	<u>26,886,000</u>	<u>26,757,672</u>
Add (less)		
Accrued interest	314,544	302,586
Unearned interest	(26,469)	(24,444)
Allowance for loan losses (c)	<u>(1,088,707)</u>	<u>(1,041,579)</u>
Total direct loans, net	<u>26,085,368</u>	<u>25,994,235</u>
Indirect loans	<u>4,716,916</u>	<u>4,942,747</u>

(b) The classification of the direct loan portfolio is as follows:

	2016 S/(000)	2015 S/(000)
Commercial loans	13,062,715	13,042,800
Consumer loans	8,474,663	8,416,020
Mortgage loans	4,853,420	4,766,516
Small and micro-business loans	<u>495,202</u>	<u>532,336</u>
Total	<u>26,886,000</u>	<u>26,757,672</u>

Notes to the consolidated financial statements (continued)

(c) The changes in the allowance for loan losses is as follows:

	2016	2015
	S/(000)	S/(000)
Balance as of January 1	1,065,189	835,205
Provision	199,614	148,840
Recovery of written-off balances	25,236	29,578
Written-off portfolio and sales	(175,131)	(116,372)
Translation result	<u>(7,059)</u>	<u>9,542</u>
Balance as of March 31,	<u>1,107,849</u>	<u>906,793</u>
Balance as of December 31, 2015 (*)		<u>1,065,192</u>

(*) The allowance for loan losses includes allowance for direct and indirect loans amounting to S/1,088,707,000 and S/19,142,000, respectively, as of March 31, 2016 (S/1,041,579,000 and S/23,613,000, respectively, as of December 31, 2015). The allowance for indirect loans 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, 2016 and December 31, 2015, has been calculated in accordance with IAS 39 and is sufficient to cover incurred losses on the loan portfolio.

Notes to the consolidated financial statements (continued)

7. Investment property

(a) This caption is made up as follows:

	2016	2015	Acquisition or construction year	Hierarchy (i)	Valuation methodology	
					2016	2015
	S/(000)	S/(000)				
Land -						
San Isidro	248,322	253,366	2008	Level 3	Appraisal	Appraisal
Lima - San Martin de Porres	58,054	58,106	2015	Level 3	Appraisal	Appraisal
Piura	36,752	36,752	2009	Level 3	Appraisal	Appraisal
Sullana	23,896	23,896	2014	Level 3	Appraisal	Appraisal
Lurín	24,658	23,530	2012	Level 3	Appraisal	Appraisal
Talara	42,830	23,000	2015	Level 3	Appraisal	Appraisal
Chimbote	8,247	8,247	2015	Level 3	Appraisal	Appraisal
Other	15,015	15,303	-	Level 3	Appraisal	Appraisal
	<u>457,774</u>	<u>442,200</u>				
Investment property						
Shopping mall "Real Plaza"-						
Pucallpa	220,604	219,549	2014	Level 3	DCF	DCF
	<u>220,604</u>	<u>219,549</u>				
Buildings -						
Ate Vitarte	45,717	46,612	2006	Level 3	DCF	DCF
Pardo y Aliaga	3,148	3,233	2010	Level 3	DCF	DCF
	<u>48,865</u>	<u>49,845</u>				
Built on leased land -						
Other	1,605	1,668	-	Level 3	DCF	DCF
	<u>1,605</u>	<u>1,668</u>				
Total	<u>728,848</u>	<u>713,262</u>				

FCD: Flujo de caja descontado

(i) During 2016 and 2015, there were no transfers between levels of hierarchy.

(ii) As of March 31, 2016 and December 31, 2015, there are no liens on investment properties.

Notes to the consolidated financial statements (continued)

- (b) The movement of investment property for the three-month periods ended March 31, 2016 and 2015, is as follows:

	2016 S/(000)	2015 S/(000)
Balance as of January 1	713,262	652,881
Additions	21,469	7,907
Fair value adjustment	(5,883)	9,497
Balance as of March 31	<u>728,848</u>	<u>670,285</u>
Balance as of December 31		<u>713,262</u>

Notes to the consolidated financial statements (continued)

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

(a) These captions are comprised of the following:

	2016	2015
	S/(000)	S/(000)
Accounts receivable and other assets		
Financial instruments		
Accounts receivable related to derivative financial instruments (d)	395,280	324,268
Other accounts receivable	179,000	181,723
Accounts receivable from sale of investments	172,519	86,544
Assets for technical reserves for claims and premiums by reinsurers	109,044	91,100
Insurance operations receivables, net	45,601	42,912
Operations in process (c)	37,270	28,411
Accounts receivable from reinsurance and coinsurance entities	24,516	21,347
Credit card commissions	16,081	17,864
Total	<u>979,311</u>	<u>794,169</u>
Non-financial instruments		
Intangible assets, net	209,957	199,361
Value-Added-Tax credit (b)	147,646	165,223
Investments in associates	64,356	49,513
Prepaid expenses	52,888	48,356
Income tax credit	30,897	30,249
Prepaid expenses to related entity, note 22 (f)	15,855	16,819
Others	6,527	13,120
	<u>528,126</u>	<u>522,641</u>
Total	<u>1,507,437</u>	<u>1,316,810</u>
Accounts payable, provisions and other liabilities		
Financial instruments		
Accounts payable related to derivative financial instruments (d)	501,025	384,734
Other accounts payable	420,743	427,152
Accounts payable for acquisitions of investments	116,323	165,074
Operations in process (c)	108,314	82,064
Workers' profit sharing and salaries payable	63,596	115,182
Accounts payable to reinsurance and coinsurance entities	48,754	47,479
Allowance for indirect loan losses, Note 5(c)	19,142	23,613
	<u>1,277,897</u>	<u>1,245,298</u>
Non-financial instruments		
Deferred fee income	58,457	58,055
Taxes payable	30,407	57,910
Provision for other contingencies	27,764	23,160
Others	76,615	42,339
	<u>193,243</u>	<u>181,464</u>
Total	<u>1,471,140</u>	<u>1,426,762</u>

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, 2016 and December 31, 2015 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.

Note	2016				2015				Hedged Instruments	
	Assets	Liabilities	Notional amount	Maturity	Assets	Liabilities	Notional amount	Maturity		
	S/(000)	S/(000)	S/(000)		S/(000)	S/(000)	S/(000)			
Derivatives held for trading										
Foreign currency forward contracts	156,051	52,250	6,618,550	Between April 2016 and March 2018	20,868	53,881	5,131,814	Between January 2016 and February 2017		
Interest rate swaps	54,004	54,132	2,875,388	Between April 2016 and January 2025	32,898	26,186	2,933,951	Between February 2016 and December 2029		
Currency swaps	184,627	306,776	5,050,997	Between April 2016 and January 2029	268,262	207,464	3,581,877	Between January 2016 and January 2025		
Cross currency swaps (CCS)	598	1,347	307,608	January 2023	-	92,920	200,765	January 2023		
Foreign currency options	-	86,286	195,762	Between April 2016 and June 2017	2,240	3,545	459,088	Between January 2016 and June 2017		
	<u>395,280</u>	<u>500,791</u>	<u>15,048,305</u>		<u>324,268</u>	<u>383,996</u>	<u>12,307,495</u>			
Derivatives held as hedges -										
Cash flow hedges:										
Interest rate swaps (IRS)	12(f)	-	234	32,249	June 2016	-	738	66,075	June 2016	Negotiable notes (DPR)
		<u>-</u>	<u>234</u>	<u>32,249</u>		<u>-</u>	<u>738</u>	<u>66,075</u>		
		<u>395,280</u>	<u>501,025</u>	<u>15,080,554</u>		<u>324,268</u>	<u>384,734</u>	<u>12,373,570</u>		

As of March 31, 2016 and December 31, 2015, certain derivative financial instruments required the establishment of collateral deposits, see Note 3.

Notes to the consolidated financial statements (continued)

8. Deposits and obligations

(a) This caption is comprised of the following:

	2016 S/(000)	2015 S/(000)
Time deposits	9,202,153	9,819,261
Demand deposits	8,699,304	9,053,339
Saving deposits	8,551,268	8,198,498
Compensation for service time (CTS, for its spanish acronym)	1,302,923	1,388,849
Other obligations	<u>36,456</u>	<u>27,719</u>
Total	<u>27,792,104</u>	<u>28,487,666</u>

(b) Interest rates applied to deposits and obligations are determined by the Bank based on interest rates prevailing on the Peruvian market.

(c) As of March 31, 2016 and December 31, 2015, approximately S/7,528,926,000 and S/7,556,786,000, respectively, of deposits and obligations are covered by the Peruvian Deposit Insurance Fund.

Notes to the consolidated financial statements (continued)

9. Due to banks and correspondents

(a) These captions are comprised of the following:

	2016 S/(000)	2015 S/(000)
By type -		
Central Reserve Bank of Peru (b)	3,009,683	3,005,900
Promotional credit lines (c)	1,663,662	1,628,189
Loans received from foreign entities (d)	1,261,173	1,445,638
Loans received from Peruvian entities	124,636	50,852
	<u>6,059,154</u>	<u>6,130,579</u>
Interest and commissions payable	11,178	61,147
	<u>6,070,332</u>	<u>6,191,726</u>
By term -		
Short term	2,287,993	2,128,167
Long term	3,782,339	4,063,559
	<u>6,070,332</u>	<u>6,191,726</u>
Total	<u>6,070,332</u>	<u>6,191,726</u>

(b) Corresponds to currency reporting operations according to which Interbank receives soles and delivers US dollars to the BCRP (for an amount equivalent to the one received). The US dollars delivered are recorded as restricted funds, see Note 3. As of March 31, 2016, these obligations have maturities between June 2016 and March 2019 and bear an effective interest rate of 3.00 and 6.38 percent (with maturities between February 2016 and March 2019, and bearing effective interest rates between 3.00 and 6.16 percent as of December 31, 2015).

(c) The promotional credit lines represent loans in soles and US dollars received from Corporación Financiera de Desarrollo (COFIDE) with the purpose of promoting development in Peru. These liabilities are guaranteed with the loan portfolio up to the used amount and include specific terms on how the funds should be used, the financial conditions that must be maintained and other administrative matter. In Management's opinion, the Group is complying with all these requirements. These loans accrued an effective annual interest rate that fluctuated between 4.13 and 9.72 percent during 2016 and have maturities between April 2016 and June 2030, as of March 31, 2016 (accrued an annual effective interest rate of 4.02 and 9.85 percent and maturities between April 2016 and December 2029, as of December 31, 2015).

Notes to the consolidated financial statements (continued)

(d) As of March 31, 2016 and December 31, 2015, includes the following:

Entity	Country	Final Maturity	2016 S/(000)	2015 S/(000)
Syndicated loan	-	2016	663,490	679,393
HSBC Bank PLC	England	2018	166,300	170,550
Bank of Montreal	Canada	2016	133,040	-
Corporación Andina de Fomento	Multilateral	2016	83,150	85,275
Wells Fargo Bank & Co.	United States of America	2016	66,520	170,550
Bank J. Safra Sarasin	Switzerland	2016	66,520	68,269
Bladex	Multilateral	2018	65,523	83,996
China Development Bank	China	2016	16,630	17,055
Bank of America N.A.	United States of America	2016	-	102,330
JP Morgan Chase & Co.	United States of America	2016	-	68,220
			<u>1,261,173</u>	<u>1,445,638</u>

Transactions with foreign entities bore an effective annual average interest rate of 2.62 percent during 2016 (2.40 percent during 2015).

Notes to the consolidated financial statements (continued)

10. Bonds, notes and other obligations

(a) This caption is made up as follows:

Issuance	Annual interest rate	Interest payment	Maturity	Used amount (000)	2016 S/(000)	2015 S/(000)
Local Issuances						
Subordinated bonds (b) – First Program						
Second (B series) - Interbank	9.50%	Semiannually	2023	US\$30,000	99,780	102,330
Third (A series) - Interbank	3.5% + VAC (*)	Semiannually	2023	S/. 110,000	110,000	110,000
Fifth (A series) - Interbank	8.50%	Semiannually	2019	S/. 3,300	3,300	3,300
Sixth (A series) - Interbank	8.16%	Semiannually	2019	US\$15,110	50,256	51,540
Eighth (A series) - Interbank	6.91%	Semiannually	2022	S/. 137,900	137,900	137,900
First - Interseguro	9.00%	Quarterly	2016	US\$5,000	166	171
Second, First Tranch - Interseguro	6.97%	Semiannually	2024	US\$35,000	116,410	119,385
Second, Second Tranch - Interseguro	6.00%	Semiannually	2024	US\$15,000	49,890	51,164
					<u>567,702</u>	<u>575,790</u>
Subordinated bonds (b) – Second Program						
Second (A Series) - Interbank	5.81%	Semiannually	2023	S/. 150,000	149,651	149,641
Third (A Series) - Interbank	7.50%	Semiannually	2023	US\$50,000	165,122	169,305
					<u>314,773</u>	<u>318,946</u>
Total local issuances					<u>882,475</u>	<u>894,736</u>
International Issuances						
Subordinated bonds (c) - Interbank	6.625%	Semiannually	2029	US\$300,000	991,136	1,016,314
Junior subordinated notes (d) - Interbank	8.50%	Semiannually	2070	US\$200,000	656,920	668,566
Senior bonds (e) – Interbank	5.75%	Semiannually	2020	US\$400,000	1,322,857	1,356,245
Senior bonds (e) - Interbank	5.75%	Semiannually	2020	US\$250,000	804,122	825,199
					<u>3,775,035</u>	<u>3,866,324</u>
Negotiable notes (DPR)						
IBK DPR Securitizadora (f)	Libor 3M + 4.25%	Quarterly	2016	US\$121,000	32,225	66,075
					<u>32,225</u>	<u>66,075</u>
Total international issuances					<u>3,807,260</u>	<u>3,932,399</u>
Total local and international issuances					<u>4,689,735</u>	<u>4,827,135</u>
Interest payable					<u>128,147</u>	<u>98,278</u>
					<u>4,817,882</u>	<u>4,925,413</u>

(*) Constantly Updating Value -VAC (for its Spanish acronym).

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), see Note 12 (f).
- (c) Starting in March 2024, the applicable interest rate will be a floating rate of 3-month Libor for US dollars deposit plus 576 basis points payable quarterly. Starting on that date and on any interest payment date, Interbank can redeem all the notes without penalties. In accordance with SBS regulation, this issuance qualifies as second tier equity (“Tier 2”) in the determination of effective equity; see Note 12(f).
- (d) Starting in April 2020, the applicable interest rate will be a floating rate of 3-month Libor plus 674 basis points payable on a semi-annual basis, provided that the floating rate for any interest period will not be less than 10.5 percent per annum. Starting on that date, Interbank can redeem all the notes, without penalties. Interest payments are non-cumulative if they cease to be made, due to Interbank’s right to cancel interest payments for mandatory prohibitions established by the SBS, or if it is determined that Interbank is in non-compliance with applicable minimum regulatory capital requirements. In such cases, Interbank may not declare, pay or distribute any dividend for the period in which interest payments are not made. The payment of principal will take place on the maturity date of the notes or when the Interbank redeems the notes.

This issuance qualifies as Tier 1 equity, nevertheless, the SBS establishes a 17.65 percent limit, which is computed over the capital, reserves and retained earnings with capitalization agreement; any excess qualifies as Tier 2 equity; see Note 12(f).

- (e) Starting in April 2016, Interbank can redeem these bonds, at the coupon payment date, paying a penalty equal to the United States Treasury rate plus 50 basis points.

The principal payment of both issuances will take place on the maturity date of the bonds or when Interbank redeems them.

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

In order to hedge the interest rate variable component, Interbank signed an interest rate swap agreement, with a notional amount of US\$121,000,000, for which it receives the 3-month Libor rate plus 425 basis points and pays an annual fixed rate of 7.9 percent. The swap payment schedule is identical to that of the notes and it is designated as cash flow hedge, see Note 7(d).

- (g) International issuances are listed at the Luxembourg Stock Exchange. On the other hand, local and international issuances have certain financial and operating covenants, which, in Management’s opinion, do not limit its operations and the Group has complied with them as of the dates of the consolidated statements of financial position.

Notes to the consolidated financial statements (continued)

11. Insurance contract liabilities

(a) This caption is comprised of the following:

	2016	2015
	S/(000)	S/(000)
Technical reserves (b)	4,526,908	4,347,734
Claims reserves (c)	147,817	129,555
	<u>4,674,725</u>	<u>4,477,089</u>
By term -		
Short term	398,182	332,651
Long term	4,276,543	4,144,438
	<u>4,674,725</u>	<u>4,477,089</u>
Total	<u>4,674,725</u>	<u>4,477,089</u>

Notes to the consolidated financial statements (continued)

(b) The movement of technical reserves disclosed by type of insurance for the periods ended March 31, 2016 and December 31, 2015, is as follows:

	2016					2015				
	Annuities S/(000)	Retirement, disability and survival annuities S/(000)	Life insurance S/(000)	General insurance S/(000)	Total S/(000)	Annuities S/(000)	Retirement, disability and survival annuities S/(000)	Life insurance S/(000)	General insurance S/(000)	Total S/(000)
Beginning balances	4,061,692	122,527	131,186	32,329	4,347,734	3,437,762	129,349	98,363	32,546	3,698,020
Insurance subscriptions	139,402	-	864	9,450	149,716	642,672	-	4,968	24,823	672,463
Time passage adjustments (*)	81,928	1,521	8,847	(10,540)	81,756	(242,916)	(6,822)	20,826	(25,538)	(254,450)
Maturities and recoveries	-	-	(2,612)	-	(2,612)	-	-	(7,363)	-	(7,363)
Exchange differences	(46,321)	-	(3,343)	(22)	(49,686)	224,174	0	14,392	498	239,064
Ending balances	4,236,701	124,048	134,942	31,217	4,526,908	4,061,692	122,527	131,186	32,329	4,347,734

(*) The table below presents the composition of the adjustments due to time passage as of March 31, 2016 and December 31, 2015:

	2016				2015			
	Annuities (**) S/(000)	Life insurance S/(000)	General insurance S/(000)	Total S/(000)	Annuities (**) S/(000)	Life insurance S/(000)	General insurance S/(000)	Total S/(000)
Interest rate effect	87,869	-	-	87,869	(218,096)	-	-	(218,096)
Aging insured population effect	(14,691)	8,847	(10,540)	(16,384)	(65,240)	20,826	(25,538)	(69,952)
Inflation and other effects	10,271	-	-	10,271	33,598	-	-	33,598
Time passage adjustments	83,449	8,847	(10,540)	81,756	(249,738)	20,826	(25,538)	(254,450)

(**) It includes retirement, disability and survival annuities.

(c) Below is the balance of technical reserves for outstanding claims (according to the type of insurance) as of March 31, 2016 and December 31, 2015:

	2016					2015				
	Annuities S/(000)	Retirement, Disability and Survival Annuities S/(000)	Life Insurance S/(000)	General insurance S/(000)	Total S/(000)	Annuities S/(000)	Retirement, Disability and Survival Annuities S/(000)	Life Insurance S/(000)	General insurance S/(000)	Total S/(000)
Reported claims	625	80,428	17,919	8,134	107,106	655	68,318	14,837	8,541	92,351
IBNR	-	28,646	11,548	517	40,711	-	25,043	11,499	462	37,004
	625	109,074	29,467	8,651	147,817	655	93,361	26,336	9,003	129,355

Notes to the consolidated financial statements (continued)

The movement of claims technical reserves for the periods ended March 31, 2016 and December 31, 2015 is as follows:

	2016				
	Retirement, Disability and Survival		Life	General Insurance	Total
	Annuities S/ (000)	Annuities S/ (000)	insurance S/ (000)	S/ (000)	S/ (000)
Beginning balances	655	93,361	26,336	9,003	129,355
Claims	60,185	13,468	6,397	6,214	86,264
Adjustments to prior years claims	-	25,183	5,372	(1,843)	28,712
Payments	(60,210)	(22,938)	(8,518)	(4,672)	(96,338)
Exchange difference	(5)	-	(120)	(51)	(176)
Ending balances	<u>625</u>	<u>109,074</u>	<u>29,467</u>	<u>8,651</u>	<u>147,817</u>
	2015				
	Retirement, Disability and Survival		Life	General Insurance	Total
	Annuities S/(000)	Annuities S/(000)	insurance S/(000)	S/(000)	S/(000)
Beginning balances	1,785	11,996	22,299	8,907	44,987
Claims	202,667	128,484	28,004	18,914	378,069
Adjustments to prior years claims	-	1,282	12,881	(5,104)	9,059
Payments	(203,919)	(48,401)	(37,720)	(13,939)	(303,979)
Exchange difference	122	-	872	225	1,219
Ending balances	<u>655</u>	<u>93,361</u>	<u>26,336</u>	<u>9,003</u>	<u>129,355</u>

(d) In Management's opinion, these balances reflect the exposure of life and general insurance contracts as of March 31, 2016 and December 31, 2015, in accordance with IFRS 4.

Notes to the consolidated financial statements (continued)

12. Equity

(a) Capital stock

As of March 31, 2016 and December 31, 2015, IFS's capital stock is represented by 113,110,864 common shares subscribed and paid-in. The issuance value was US\$9.72 and have no par value.

IFS's Shareholders meeting held on April 14, 2015 agreed to distribute dividends corresponding to 2014 for US\$ 180,977,000 (equivalent to approximately S/.564,178,000).

(b) Treasury stock held by Subsidiaries -

As of March 31, 2016, Interbank holds 4,286,611 shares of IFS which acquisition cost amounts to S/321,843,000 (the Group holds 4,290,825 shares of IFS which acquisition cost amounted to S/322,214,000 as of December 31, 2015).

(c) Capital surplus -

It is the difference between the par value of the shares issued and their public offering price. Capital surplus is presented net of the expenses incurred and related to the issuance of shares.

Notes to the consolidated financial statements (continued)

- (d) Unrealized results on financial instruments -
This item is made-up as follows:

	Unrealized gain (loss)			Total S/(000)
	Available-for-sale investments reserve S/(000)	Cash flow hedge reserve S/(000)	Foreign currency translation reserve S/(000)	
Balances as of January 1, 2015	100,559	(3,423)	44,571	141,707
Unrealized loss from available-for-sale investments, net of unrealized gain	(32,730)	-	-	(32,730)
Transfer to realized gain from available-for-sale investments, net of realized loss	(43,150)	-	-	(43,150)
Accrual of unrealized loss from held-to-maturity investment to consolidated income statements	123	-	-	123
Variation for net unrealized loss on cash flow hedges	-	5,781	-	5,781
Transfer of realized loss on cash flow hedges to consolidated income statements, net of realized gain	-	(4,800)	-	(4,800)
Foreign currency translation	-	-	17,945	17,945
Balances as of March 31, 2015	<u>24,802</u>	<u>(2,442)</u>	<u>62,516</u>	<u>84,876</u>

	Unrealized gain (loss)			Total S/(000)
	Available-for-sale investments reserve S/(000)	Cash flow hedge reserve S/(000)	Foreign currency translation reserve S/(000)	
Balances as of January 1, 2016	(471,151)	(458)	110,214	(361,395)
Unrealized loss from available-for-sale investments, net of unrealized gain	202,666	-	-	202,666
Transfer to realized gain from available-for-sale investment, net of realized loss	40,183	-	-	40,183
Accrual of unrealized loss from held-to-maturity investment to consolidated income statements	618	-	-	618
Variation for net unrealized loss on cash flow hedges	-	(138)	-	(138)
Transfer of realized loss on cash flow hedges to consolidated income statements, net of realized gain	-	460	-	460
Foreign currency translation	-	-	(14,364)	(14,364)
Balances as of March 31, 2016	<u>(227,684)</u>	<u>(136)</u>	<u>95,850</u>	<u>(131,970)</u>

Notes to the consolidated financial statements (continued)

(e) Components of other comprehensive income -

The consolidated statements of other comprehensive income include other comprehensive income from available-for-sale investments and derivative financial instruments used as cash flow hedges and foreign currency translation reserve, as follows:

	31.03.2016 S/(000)	31.03.2015 S/(000)
i) Available-for-sale investments:		
Unrealized (loss) gain from available-for-sale investments	202,666	(32,730)
Transfer to realized gain from available-for-sale investment, net of realized loss	40,617	(43,161)
Accrual of unrealized loss from held-to-maturity investments to consolidated income statements	618	123
Total	<u>243,901</u>	<u>(75,768)</u>
ii) Cash flow hedges:		
Net unrealized gain (loss) from cash flow hedges	(138)	5,781
Transfer of net realized loss from cash flow hedge to consolidated income statements	460	(4,800)
Total	<u>322</u>	<u>981</u>
iii) Exchange difference on translation of foreign currency operations	(14,364)	17,945
Total other comprehensive income	<u>290,531</u>	<u>206,056</u>

Notes to the consolidated financial statements (continued)

(f) Shareholders' equity for statutory purposes (regulatory capital)

IFS and Inteligo are not required to establish a regulatory capital for statutory purposes. As of March 31, 2016 and December 31, 2015, the shareholders' equity required for Interbank and Interseguro is calculated based on the financial statements of each subsidiary prepared following the accounting principles and practices of the SBS. As of those dates, the shareholders' equity required for Interbank, Interseguro and Inteligo Bank is detailed below:

Interbank's shareholders' equity -

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

In application of Legislative Decree No. 1028, as amended, as of March 31, 2016 and December 31, 2015, Interbank maintains the following amounts related to its assets and contingent credits weighted by risk and regulatory capital (basic and supplementary):

	2016	2015
	S/(000)	S/(000)
Total risk weighted assets and credits	35,125,275	34,951,504
Total regulatory capital	5,756,134	5,427,924
Basic regulatory capital (Level 1)	3,853,879	3,454,244
Supplementary regulatory capital (Level 2)	1,902,255	1,973,680
Global capital to regulatory capital ratio	16.39%	15.53%

As of March 31, 2016 and December 31, 2015, Interbank has complied with SBS Resolutions No.2115-2009, No.6328-2009, No.14354-2009 and No.4128-2014, "Regulations for the Regulatory Capital Requirement for Operational Risk", "Market Risk" and "Credit Risk", respectively, as amended. These resolutions establish, mainly, the methodologies to be applied by financial entities to calculate the assets and credits weighted per type of risk.

In July 2011, the SBS issued Resolution No. 8425-2011, which states that financial entities must determine an additional regulatory capital level and 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 requirement 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 in the bank book, among others.

Said resolution establishes a gradual adequacy period of five years, starting in July 2012. As of March 31, 2016 and December 31, 2015, the percentage of adequacy required by the SBS is 85 percent, therefore the additional regulatory capital estimated by Interbank amounts to approximately S/584,710,000 and S/569,358,000, respectively.

Notes to the consolidated financial statements (continued)

Interseguro's shareholder's equity -

In accordance with SBS Resolution No. 1124-2006, amended by SBS Resolutions No. 8243-2008, No. 12687-2008, No.2742-2011, No.2842-2012, No.6271-2013, No.2904-2014 and No. 1601-2015, the regulatory capital must be greater than the amount resulting from the sum of the solvency net equity, the guarantee fund and the regulatory capital intended to cover credit risks.

The solvency net equity is represented by the greater of the solvency margin and the minimal capital. As of March 31, 2016 and December 31, 2015, 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 establishment of technical reserves.

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

As of March 31, 2016 and December 31, 2015, Interseguro's shareholders' equity for statutory purposes is as follows:

	2016 S/(000)	2015 S/(000)
Regulatory capital	482,934	462,151
Less:		
Solvency equity (solvency margin)	281,711	279,564
Guarantee fund	98,599	97,848
	<hr/>	<hr/>
Surplus	<u>102,624</u>	<u>84,739</u>

Notes to the consolidated financial statements (continued)

Inteligo Bank shareholders' equity -

The Central Bank of the Bahamas requires Inteligo Bank to maintain a capital of not less than 8 percent of its risk weighted assets. Inteligo Bank's capital ratio as of March 31, 2016 and December 31, 2015 is the following:

	2016 US\$(000)	2015 US\$(000)
Total eligible capital	142,814	145,663
Total risk weighted assets	633,584	547,526
Capital adequacy ratio (in percentage)	<u>22.54</u>	<u>26.60</u>

(g) Reserves -

The Board meeting held on March 22, 2016 agreed to record reserves up to S/600,000,000 charged to retained earnings as of December 2015.

The General Shareholders' Meeting of IFS held on April 14, 2015 agreed to capitalize a reserve up to an amount S/2,000,000,000 charged to retained earnings as of December 31, 2014.

Notes to the consolidated financial statements (continued)

13. Tax situation

- (a) IFS and its Subsidiaries incorporated and domiciled in the Republic of Panama and the Commonwealth of the Bahamas (see Note 1), are not subject to any income tax, or any taxes on capital gains, equity or property.

As of March 31, 2016 and December 31, 2015, there was no income tax liability reflected in the financial statements of 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.

- (b) Legal entities or individuals not domiciled in Peru are subject to an additional tax on dividends received from entities domiciled in Peru. The corresponding tax is withheld by the entity that distributes the dividends. In this regard, since IFS controls the entities that distribute the dividends, it recognizes the amount of the additional income tax as expense of the financial year of the dividends. In this sense, as of March 31, 2016 and 2015, the Group has recorded expenses for S/7,546,000 and S/9,656,000, respectively, in the consolidated income statement.
- (c) The Group’s Subsidiaries incorporated in Peru are subject to the payment of Peruvian taxes; hence, they must calculate their tax expense on the basis of the separate financial statements. As of March 31, 2016 and December 31, 2015, the applicable income tax rate was 28 on the taxable income, respectively.

In accordance with Act No. 30296, published on December 31, 2014, and in force since January 1, 2015, the income tax rate applicable on the net taxable income is as follows:

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

In addition, Peruvian-source income is considered to include that obtained from the indirect sale of shares of stock or ownership interests of legal entities domiciled in the country. For that purpose, an indirect sale shall be considered to have occurred when shares of stock or ownership interests of a legal entity are sold and this legal entity is not domiciled in the country and, in turn, is the holder—whether directly or through other legal entity or entities —of shares of stock or ownership interests of one or more legal entities domiciled in the country, provided that certain conditions established by law occur. The law also defines those cases in which the issuer is jointly and severally liable thereof.

The income tax act currently establishes that a case of indirect transfer of shares occurs when, in any of the twelve (12) months prior to the sale, the market value of the shares of stock or ownership interests of the domiciled legal entity is equivalent to 50 percent or more of the market value of the shares of stock or ownership interests of the non-domiciled legal entity. Also, as a concurrent condition, it is established that, in any 12-month period, shares of stock or ownership interests are sold that represent 10 percent or more of the capital stock of a non-domiciled legal entity.

Notes to the consolidated financial statements (continued)

As indicated in the previous paragraph (b), legal entities not domiciled in Peru and individuals are subject to the withholding of an additional tax on dividends received, as follows:

- For the profits generated from 2015 onwards, which distribution is made after said date, the percentages will be the following:
 - Years 2015 and 2016: 6.8 percent.
 - Years 2017 and 2018: 8 percent.
 - Years 2019 onwards: 9.3 percent.

- (d) Since 2011, with the amendment introduced by Act No.29645 to the Income Tax Act, interest and other income generated by foreign loans granted to the National Public Sector are also included as one of the cases exempted from the Income Tax.

With regard to the IGV, said tax is not levied on the interest accrued on securities issued by public or private offering by legal entities incorporated or established in the country; as well as the interest accrued on securities not placed by public offering, when such securities have been acquired through any of the centralized trading mechanisms referred to in the Securities Market Act.

On the other hand, from January 1, 2010, Peruvian life insurance companies incorporated or established in the country are exempt from income tax regarding the income derived from assets linked to technical reserves for pension insurance (retirement, disability and survival pensions) and annuities from the Private Pension Fund Administration System.

Also, the income and profits generated by the assets that support technical reserves of annuities other than those mentioned in the previous paragraph and the technical reserves of other products traded by life insurance companies incorporated or established in the country are exempted, even if they have a savings and/or investment component.

- (e) Peruvian Tax Authority – SUNAT -
The Tax Authority – 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.

Consequently, the following taxable periods of the main Subsidiaries are pending to be audited by the Tax Authority:

- Interbank: Income tax of tax years 2011 to 2015. Year 2010 is under review.
- Interseguro: Income tax of tax years 2012 to 2015.

On the other hand, in April 2004, June 2006, February 2007, June 2007, November 2007, October 2008 and December 2010, the Bank was notified with Tax Assessments and Tax Fine Resolutions regarding mainly the assessment of the income tax of tax years 2000 to 2006, for which it filed Tax Claims and Tax Appeals. In March 2009, August 2010 and December 2011, the Tax Authority issued Intendancy Resolutions regarding tax years 2000 to 2006 for which the Bank filed the corresponding appeals.

In year 2013, the disputes for the income tax for tax years 2002, 2003 and prepayments of 2004 were resolved by the Tax Court. However, Interbank is appealed those resolutions.

Notes to the consolidated financial statements (continued)

In December 2014, the Tax Authority issued an Intendancy Resolution stating that the appeal filed by the Bank in relation to the Income Tax for Fiscal Year 2001 partially proceeded. The Bank has appealed the resolution in relation to the parts of the appeal that were considered unfounded.

During years 2013 and 2014, the Tax Authority closed the audit processes corresponding to the assessment of the income tax of tax years 2007, 2008 and 2009, respectively, thus issuing a series of Assessment Resolutions without any additional settlement of said tax.

In February 2016, the Tax Court notified a Resolution in order to resolve the appeal filed by the Bank in relation to the Income Tax for Fiscal Year 2001, in which it revoked the majority of the objections subject matter of dispute. As of this date, Interbank is preparing the lawsuit on the objections that were confirmed by the Tax Court.

Since tax regulations are subject to interpretation by the Tax Authority, it is not possible to determine 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 interest that might result from said audit procedures will be recorded as expenses in the year in which they are assessed. Nevertheless, Management and its legal advisors consider that any additional tax assessment would not have a significant impact on the consolidated financial statements as of March 31, 2016 and December 31, 2015.

Notes to the consolidated financial statements (continued)

14. Interest and similar income and expenses

This caption is comprised of the following:

	For the three-month periods ended March, 31	
	2016 S/.(000)	2015 S/.(000)
Interest and similar income		
Interest and fees on loan portfolio	776,097	664,252
Interest on investments available-for-sale	111,838	83,704
Interest on due from banks and inter-bank funds	4,592	1,614
Other interest and similar income	11,132	3,948
Total	903,659	753,518
Interest and similar expenses		
Interest and fees on deposits and obligations	102,726	84,019
Interest on bonds, notes and other obligations	83,017	75,686
Interest and fees on obligations with financial institutions	64,002	39,226
Deposits Insurance fund fees	8,526	7,342
Other interest and similar expenses	1,444	1,437
Total	259,715	207,710

Notes to the consolidated financial statements (continued)

15. Fee income from financial services, net

This caption is comprised of the following:

	For the three-month periods ended March, 31	
	2016	2015
	S/(000)	S/(000)
Income		
Maintenance and mailing of accounts, transfers and commissions on credit and debit card services	136,091	119,332
Commissions from banking services	41,063	37,617
Funds management fees	31,268	37,235
Fees for indirect loans	14,869	14,031
Collection services fees	6,982	6,870
Brokerage and custody services fees	1,615	1,827
Other	6,875	7,204
Total	238,763	224,116
Expenses		
Debtor's life insurance premiums	15,153	14,144
Fees paid to foreign banks	2,482	2,085
Brokerage and custody services	216	467
Other	14,321	12,594
Total	32,172	29,290
Net	206,591	194,826

Notes to the consolidated financial statements (continued)

16. Other income and expenses

(a) This caption is comprised of the following:

	For the three-month periods ended March, 31	
	2016 S/(.000)	2015 S/(.000)
Other income		
ATM rental income	5,948	5,368
Equity in income of investments in associates	3,728	1,911
Services rendered to third parties	2,263	5,954
Other technical income from insurance operations	1,745	2,098
Gain from sale of written-off-loans	49	8,606
Other income	14,551	10,078
Total other income	28,284	34,015
Other expenses		
Commissions from insurance activities	11,267	3,618
Termination of employees	4,718	2,830
Sundry technical insurance expenses	3,557	4,308
Provision for sundry risk	2,007	3,734
Donations	932	1,279
Other expenses	10,749	7,144
Total other expenses	33,230	22,913

Notes to the consolidated financial statements (continued)

17. Net premiums earned

This caption is comprised for the three-month periods ended as of March 31, of the following:

	Premiums assumed		Adjustment of technical reserves		Gross premium earned (*)		Premiums ceded to reinsurers		Net premiums earned	
	(1)		(2)		(3) = (1) - (2)		(4)		(5) = (3) - (4)	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Life insurance										
Annuities (**)	115,530	149,926	(221,330)	(156,704)	(105,800)	(6,778)	-	-	(105,800)	(6,778)
Group life	31,472	24,838	(595)	2	30,877	24,840	(1,081)	(890)	29,796	23,950
Individual life	11,713	9,614	(5,657)	(3,601)	6,056	6,013	(545)	(431)	5,511	5,582
Retirement, disability and survival (***)	34,905	33,026	(1,521)	4,979	33,384	38,005	(32,667)	(30,823)	717	7,182
Others	335	744	(716)	(787)	(381)	(43)	(56)	(130)	(437)	(173)
Total Life insurance	193,955	218,148	(229,819)	(156,111)	(35,864)	62,037	(34,349)	(32,274)	(70,213)	29,763
Total General insurance (****)	18,228	18,473	1,809	(350)	20,037	18,123	(739)	-	19,298	18,123
Total general	212,183	236,621	(228,010)	(156,461)	(15,827)	80,160	(35,088)	(32,274)	(50,915)	47,886

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

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

(***) In December 2014, the SBS called "Public Tender No. 02/2014" for the management of retirement, disability, survival, and other burial expenses risks under a group insurance policy (called SISCO) to the affiliates of the Private Pension Fund Management System. Interseguro won the contract for the period between January 1, 2015 and December 31, 2016. Interseguro reinsured said risks at 100 percent with three prestigious, internationally recognized reinsurers.

(****) As of March 31, 2016 this includes S/3,240,000, S/925,000 and S/739,000 of assumed premiums, adjustment of technical reserves, and premiums ceded for personal accident insurance, respectively (S/1,104,000, S/67,000, and S/10,000 as of March 31, 2015).

18. Net claims and benefits incurred for life insurance contracts and others

This caption is comprised for the three-month periods ended as of March 31, of the following:

	Gross claims and benefits		Ceded claims and benefits		Net insurance claims and benefits	
	2016	2015	2016	2015	2016	2015
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Life insurance						
Annuities	60,184	46,171	-	-	60,184	46,171
Grupo life	10,675	9,152	(1,440)	(805)	9,235	8,347
Individual life	824	468	(342)	(47)	482	421
Retirement, disability and survival	38,652	30,715	(36,406)	(28,946)	2,246	1,769
Others	271	362	(110)	(644)	161	(282)
General Insurance	4,370	3,452	(116)	-	4,254	3,452
	<u>114,976</u>	<u>90,320</u>	<u>(38,414)</u>	<u>(30,442)</u>	<u>76,562</u>	<u>59,878</u>

Notes to the consolidated financial statements (continued)

19. Salaries and employee benefits

This caption is comprised of the made up as followings:

	For the three-month periods ended March, 31	
	2016	2015
	S/(000)	S/(000)
Salaries	123,002	119,872
Workers' profit sharing	15,976	20,938
Social security	11,482	11,963
Compensation for service time	9,547	9,041
Compensated absence, health insurance and others	8,110	10,126
Total	168,117	171,940

20. Administrative expenses

(a) This caption is comprised of the following:

	For the three-month periods ended March, 31	
	2016	2015
	S/(000)	S/(000)
Services received from third parties (b)	174,024	163,848
Taxes and contributions	10,142	9,562
Total	184,166	173,410

(b) Services received from third parties correspond mainly to securities transportation services, repair and maintenance services, rental of premises (agencies) telecommunication, advertising, among others.

Notes to the consolidated financial statements (continued)

21. Earnings per share

The following table presents the calculation of the weighted average number of shares and the basic earnings per share, determined and calculated based on the earnings attributable to the Group:

	Outstanding shares	Shares considered in computation	Effective days in the year	Weighted average number of shares
	(in thousands)	(in thousands)		(in thousands)
Period 2015				
Balance as of January 1, 2015	109,360	109,360	90	109,360
Sales of treasury stock	2	2	42	1
Purchase of treasury stock	(175)	(175)	10	(20)
	<u>109,187</u>	<u>109,187</u>		<u>109,341</u>
Balance as of March 31, 2015				<u>109,341</u>
Net earnings S/ (000)				261,249
Earnings per share (Soles)				<u>2.389</u>
Period 2016				
Balance as of January 1, 2016	108,820	108,820	90	108,820
Sales of treasury stock	6	6	30	2
Purchase of treasury stock	(2)	(2)	27	(1)
	<u>108,824</u>	<u>108,824</u>		<u>108,821</u>
Balance as of March 31, 2016				<u>108,821</u>
Net earnings attributable to IFS S/ (000)				60,639
Earnings per share (Soles)				<u>0.557</u>

There have been no other transactions involving shares or potential shares between the reporting date and the date of completion of these consolidated financial statements.

Notes to the consolidated financial statements (continued)

22. Transactions with related parties and affiliated companies

- (a) The table below presents the main transactions with shareholders, related parties and affiliated companies as of March 31, 2016 and December 31, 2015:

	2016 S/(000)	2015 S/(000)
Assets		
Trading securities	27,010	20,721
Available-for-sale investments		
Royalty Pharma, Note 4(f)	223,418	229,001
InRetail Perú Corp. Note 4(e)	176,438	149,107
Corporate Bonds - InRetail Perú Corp.	51,660	-
Corporate Bonds – Colegios Peruanos S.A.C.	41,643	33,844
Corporate Bonds - Financiera Uno S.A.	16,737	20,320
Corporate Bonds - Cineplex S.A.	18,416	13,850
Corporate Bonds - Intercorp Perú Ltd.	16,581	7,965
Loan portfolio, net (b)	932,668	867,610
Derivatives receivables	12,415	14,229
Other assets (f)	19,007	85,604
Liabilities		
Deposits and obligations	217,193	301,757
Derivatives payables	15,082	285
Other liabilities	383	4,819
Off-balance sheet accounts		
Indirect loans (b)	159,067	128,329

For the three-month periods ended March, 31

	2016 S/(000)	2015 S/(000)
Income (expenses)		
Interest and similar income	17,756	9,803
Interest and similar expenses	(1,703)	(741)
Net gain on sale of securities	(15,082)	(285)
Rental income	139	1,001
Other, net	(21)	3,627
Administrative expenses	(7,636)	(10,148)

Notes to the consolidated financial statements (continued)

(b) As of March 31, 2016 and December 31, 2015, the detail of direct and contingent loans is the following:

	2016 S/(000)	2015 S/(000)
Intercorp Peru Ltd.	208,643	177,531
Supermercados Peruanos S.A.	138,735	147,783
Nessus Hoteles Peru S.A.	89,351	93,456
Homecenters Peruanos S.A.	79,066	72,124
Victoria Global Opportunities S.A.C	71,899	81,544
Agrícola Don Ricardo S.A.C.	57,298	33,014
Financiera Uno S.A.	50,240	49,296
Tiendas Peruanas S.A.	41,972	29,559
Cineplex S.A.	40,760	43,017
Bembos S.A.C.	32,540	30,917
Eckerd Peru S.A.	29,255	30,437
Procesos de Medios de Pago S.A.	26,983	20,807
PF Interproperties Peru	21,844	21,844
Colegios Peruanos S.A.	21,677	1,481
Others	181,562	163,129
	<u>1,091,735</u>	<u>995,939</u>

(c) As of March 31, 2016 and December 31, 2015, the 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 the Peruvian law, which regulates and limits on certain transactions with employees, directors and officers of financial entities. As of March 31, 2016 and December 31, 2015, direct loans to employees, directors and officers amounted to S/141,752,000 and S/146,439,000, respectively; said loans are repaid monthly and bear interest at market rates.

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

(d) The Group's key personnel compensations, including the income tax assumed for the three-month periods ended March 31, 2016 and 2015 are presented below:

	2016 S/(000)	2015 S/(000)
Salaries	3,893	3,146
Board of Directors' compensation	336	310
Total	<u>4,229</u>	<u>3,456</u>

(e) As of March 31, 2016 and December 31, 2015, the Group holds a participation in different mutual funds managed by Interfondos. As of March 31, 2016, they amount to S/2,327,000 and are classified as investment at fair value through profit or loss (S/8,000,000 as of December 31, 2015).

Notes to the consolidated financial statements (continued)

- (f) It corresponds mainly to prepaid expenses for spaces ceded to Interbank in the stores of Supermercados Peruanos S.A. for the operation of financial agencies until year 2030, and for an amount of approximately S/15,855,000 and S/16,819,000 as of March 31, 2016 and December 31, 2015, respectively (see Note 7(a)). Interbank may renew the term of the agreement for an additional term of 15 years.

- (g) In Management's opinion, transactions with related companies 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 they are determined according to the tax rules in force.

Notes to the consolidated financial statements (continued)

23. Business segments

Segment information is presented for the consolidated entities and considering that IFS has determined that Inteligo is a segment (equity management) since the reorganization under common control.

The Chief Operating Decision Maker (CODM) of IFS is the Chief Executive Officer (CEO), and it has three operating segments based on products and services, as follows:

Banking-

Mainly loans, credit facilities, deposits and current accounts.

Insurance-

It provides annuities and conventional life insurance products, as well as other retail insurance products.

Wealth management -

It provides brokerage and investment management services. Inteligo serves mainly Peruvian citizens.

The consolidated entities monitor the operating results of their business units separately for the purpose of making decisions on the distribution of resources and performance assessment. Segment performance is evaluated based on operating profit or loss and it is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

No revenue from transactions with a single external customer or counterparty exceeded 10 percent of the Group's total revenues in periods as of March 31, 2016 and 2015.

Notes to the consolidated financial statements (continued)

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

	For the three-month periods ended March 31, 2016					For the three-month periods ended March 31, 2015				
	Banking	Insurance	Wealth Management	Holding and eliminations	Total	Banking	Insurance	Wealth Management	Holding and eliminations	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Total income (*)										
Third Party	1,066,954	7,320	63,932	(29,941)	1,108,265	966,895	144,534	67,426	(10,917)	1,167,938
Inter-segment	(6,414)	(8)	(214)	6,636	-	(8,850)	(406)	(141)	9,397	-
Total income	1,060,540	7,312	63,718	(23,305)	1,108,265	958,045	144,128	67,285	(1,520)	1,167,938
Extracts of results										
Interest and similar income	792,424	73,456	37,757	22	903,659	668,609	56,337	27,700	872	753,518
Interest and similar expenses	(243,033)	(3,743)	(13,206)	267	(259,715)	(191,493)	(3,005)	(13,378)	166	(207,710)
Net interest and similar income	549,391	69,713	24,551	289	643,944	477,116	53,332	14,322	1,038	545,808
Provision for loan losses, net of recoveries	(199,614)	-	-	-	(199,614)	(148,840)	-	-	-	(148,840)
Interest, net after provision for loan doubtful, net of recoveries collection	349,777	69,713	24,551	289	444,330	328,276	53,332	14,322	1,038	396,968
Fee income from financial services, net	189,185	(656)	24,261	(6,199)	206,591	173,214	(696)	31,229	(8,921)	194,826
Other income	85,345	(14,565)	1,914	(23,764)	48,930	125,072	41,006	8,498	(2,868)	171,708
Total premiums earned less claims and benefits	-	(127,477)	-	-	(127,477)	-	(11,992)	-	-	(11,992)
Depreciation and amortization	(28,214)	(1,053)	(1,815)	-	(31,082)	(24,779)	(1,077)	(1,233)	-	(27,089)
Impairment loss of available-for-sale investments	-	(21,304)	-	-	(21,304)	-	(4,523)	-	-	(4,523)
Other expenses	(325,500)	(45,297)	(18,335)	3,587	(385,545)	(315,544)	(41,804)	(16,666)	5,685	(368,329)
Income before translation result and income tax	270,593	(140,639)	30,576	(26,087)	134,443	286,239	34,246	36,150	(5,066)	351,569
Translation result	7,514.00	3,186	(188)	(960)	9,552	(12,414)	(657)	(32)	2,503	(10,600)
Income tax	(76,354)	577	-	(7,546)	(83,323)	(68,648)	233	-	(9,656)	(78,071)
Profit for the year	201,753	(136,876)	30,388	(34,593)	60,672	205,177	33,822	36,118	(12,219)	262,898
Attributable to:										
Equity holders of the Group	201,753.00	(135,504)	30,388.00	(35,997)	60,640	205,177.00	33,608.00	36,118.00	(13,654)	261,249
Attributable to non-controlling interest	-	(1,371)	-	1,404	33	-	214	-	1,435	1,649
	201,753	(136,875)	30,388	(34,593)	60,673	205,177	33,822	36,118	(12,219)	262,898

(*) It corresponds to interest and similar income, other income and net premiums earned

Notes to the consolidated financial statements (continued)

	2016				
	Banking	Insurance	Wealth Management	Holding and eliminations	Total Consolidated
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
As of March 31, 2016					
Total assets	41,188,880	5,517,331	3,286,698	(304,770)	49,688,139
Total liabilities	37,559,261	5,118,159	2,682,916	(443,697)	44,916,639
	2015				
	Banking	Insurance	Wealth Management	Holding and eliminations	Total Consolidated
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
As of December 31, 2015					
Total assets	41,652,030	5,253,987	3,376,035	(281,183)	50,000,869
Total liabilities	37,907,010	4,916,095	2,796,288	(79,455)	45,539,938

Notes to the consolidated financial statements (continued)

24. 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”:

	As of March 31, 2016						As of December 31, 2015					
	At fair value through profit or loss	Loans and receivable accounts	Available-for- sale investments	Held to maturity investments	Financial liabilities at amortized cost	Total	At fair value through profit or loss	Loans and receivable accounts	Available-for- sale investments	Held to maturity investments	Financial liabilities at amortized cost	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Financial Assets												
Cash and due from banks	-	11,734,998	-	-	-	11,734,998	-	12,431,785	-	-	-	12,431,785
Inter-bank funds	-	420,654	-	-	-	420,654	-	245,028	-	-	-	245,028
Trading securities	69,825	-	-	-	-	69,825	105,189	-	-	-	-	105,189
Available-for-sale investments	-	-	8,032,581	-	-	8,032,581	-	-	8,067,164	-	-	8,067,164
Held-to-maturity investments	-	-	-	472,407	-	472,407	-	-	-	479,561	-	479,561
Loans portfolio, net	-	26,085,368	-	-	-	26,085,368	-	25,994,235	-	-	-	25,994,235
Due from customers on acceptances	-	6,877	-	-	-	6,877	-	27,118	-	-	-	27,118
Accounts receivable and other assets, net	395,280	584,031	-	-	-	979,311	324,268	469,901	-	-	-	794,169
	465,105	38,831,928	8,032,581	472,407	-	47,802,021	429,457	39,168,067	8,067,164	479,561	-	48,144,249
Financial liabilities												
Deposits and obligations	-	-	-	-	27,792,104	27,792,104	-	-	-	-	28,487,666	28,487,666
Due to banks and correspondents	-	-	-	-	6,070,332	6,070,332	-	-	-	-	6,191,726	6,191,726
Bonds, notes and other obligations outstanding	-	-	-	-	4,817,882	4,817,882	-	-	-	-	4,925,413	4,925,413
Insurance contract liabilities	-	-	-	-	4,674,725	4,674,725	-	-	-	-	4,477,089	4,477,089
Due from customers on acceptances	-	-	-	-	6,877	6,877	-	-	-	-	27,118	27,118
Accounts payable, provisions and other liabilities	501,025	-	-	-	776,872	1,277,897	384,734	-	-	-	860,564	1,245,298
	501,025	-	-	-	44,138,792	44,639,817	384,734	-	-	-	44,969,576	45,354,310

Notes to the consolidated financial statements (continued)

25. Financial risk management

It comprises the management of the main risks, that due to the nature of their operations, IFS and Subsidiaries are exposed to; namely: credit risk, market risk, liquidity risk and insurance and real estate risk.

- Credit risk: possibility of loss due to inability or lack of willingness to pay of debtors, counterparts or third parties bound to comply with their contractual obligations.
- Market risk: probability of losses in positions on and off the statement of financial position derived from variations in market conditions. It generally includes the following types of risk: exchange rate, fair value by type of interest; price, among others.
- Liquidity risk: possibility of loss due to noncompliance with the requirements of financing and fund application that arise from imbalances of cash flows.
- Insurance risk: is the possibility that the actual cost of claims and payments, will differ from the estimates.

(a) Maximum exposure to credit risk -

As of March 31, 2016 and December 31, 2015, Management estimates that the maximum credit risk to which the Group is exposed is represented by the book value of the financial assets which show a potential credit risk and consist mostly of deposits in banks, interbank funds, assets, investments, loans (direct and indirect), without considering the fair value of the collateral or guarantees, derivative financial instruments transactions, receivables from insurance transactions and other monetary assets. In this sense, as of March 31, 2016 and December 31, 2015:

- 87.4 percent and 88.7 percent, respectively, of the cash and due from banks represent amounts deposited in the Group's vaults or in the BCRP;
- 95.2 percent and 95.4 percent, respectively, of the loan portfolio are classified into the two lower credit risk categories defined by the Group;
- 91.7 percent and 92.7 percent, respectively, of the loan portfolio is deemed non-past-due and non-impaired; and
- 73.3 percent and 76.5 percent, respectively, of available-for-sale-investments are and held-to-maturity investments have at least an investment grade (BBB- or higher) or are debt instruments issued by the BCRP or the Peruvian Government.

(b) Credit risk management for loans -

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

Notes to the consolidated financial statements (continued)

The table below presents the summary of direct loans (without including accrued interest and interest to be accrued) classified in three groups: (i) Neither past-due and non-impaired loans, which comprise direct loans that currently do not present delinquency characteristics and are related to clients classified as “Normal” and “with Potential problems”; (ii) Past-due but non impaired loans, which comprise past-due loans of clients classified as “Normal” or “with Potential problems”; and (iii) impaired loans, those past-due loans classified as “Substandard”, “Doubtful” or “Loss”. Also, the allowance for loan losses for each type of loan is presented.

Loan Portfolio classification	As of March 31, 2016					%
	Commercial loans	Consumer loans	Mortgage loans	Micro-business loans	Total	
	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	
Neither past due nor impaired						
Normal	12,552,380	7,282,198	4,179,880	421,259	24,435,717	95
With potential problems	96,143	98,454	24,782	3,156	222,535	1
	<u>12,648,523</u>	<u>7,380,652</u>	<u>4,204,662</u>	<u>424,415</u>	<u>24,658,252</u>	
Past due but not impaired						
Normal	193,385	4,133	303,270	10,519	511,307	3
With potential problems	54,704	282,615	71,066	9,371	417,756	1
	<u>248,089</u>	<u>286,748</u>	<u>374,336</u>	<u>19,890</u>	<u>929,063</u>	
Impaired						
Substandard	52,548	223,620	77,567	9,654	363,389	1
Doubtful	37,891	330,350	64,320	9,874	442,435	2
Loss	75,664	253,293	132,535	31,369	492,861	2
	<u>166,103</u>	<u>807,263</u>	<u>274,422</u>	<u>50,897</u>	<u>1,298,685</u>	
Total loan portfolio, gross	<u>13,062,715</u>	<u>8,474,663</u>	<u>4,853,420</u>	<u>495,202</u>	<u>26,886,000</u>	104
Less: Allowance for loan losses	<u>171,427</u>	<u>810,055</u>	<u>53,875</u>	<u>53,350</u>	<u>1,088,707</u>	4
Total, net	<u>12,891,288</u>	<u>7,664,608</u>	<u>4,799,545</u>	<u>441,852</u>	<u>25,797,293</u>	100

Notes to the consolidated financial statements (continued)

As of December 31, 2015

Loan portfolio classification	Commercial loans S/(000)	Consumer loans S/(000)	Mortgage loans S/(000)	Micro-business loans S/(000)	Total S/(000)	%
Neither past due nor impaired						
Normal	12,623,718	7,324,808	4,150,110	462,287	24,560,923	96
With potential problems	114,559	85,114	27,994	2,544	230,211	1
	<u>12,738,277</u>	<u>7,409,922</u>	<u>4,178,104</u>	<u>464,831</u>	<u>24,791,134</u>	
Past due but not impaired						
Normal	107,157	4,331	271,233	11,532	394,253	1
With potential problems	43,978	237,451	55,347	9,081	345,857	1
	<u>151,135</u>	<u>241,782</u>	<u>326,580</u>	<u>20,613</u>	<u>740,110</u>	
Impaired						
Substandard	43,534	200,483	74,580	8,675	327,272	1
Doubtful	36,089	321,094	62,686	10,388	430,257	2
Loss	73,765	242,739	124,566	27,829	468,899	2
	<u>153,388</u>	<u>764,316</u>	<u>261,832</u>	<u>46,892</u>	<u>1,226,428</u>	
Total loan portfolio, gross	<u>13,042,800</u>	<u>8,416,020</u>	<u>4,766,516</u>	<u>532,336</u>	<u>26,757,672</u>	104
Less: Allowance for loan losses	<u>173,750</u>	<u>763,300</u>	<u>50,434</u>	<u>50,095</u>	<u>1,041,579</u>	4
Total, net	<u>12,869,050</u>	<u>7,648,720</u>	<u>4,716,082</u>	<u>482,241</u>	<u>25,716,093</u>	100

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

As of March 31, 2016 and December 31, 2015, loans amounting to approximately S/854,599,000 and S/687,807,000, respectively, were not impaired and were past due for less than 30 days.

As of March 31, 2016 and December 31, 2015, refinanced loans amount to S/274,963,000, and S/249,216,000, respectively. Past due refinanced loans as of those dates amount to S/42,194,000, and S/32,321,000, respectively, out of which S/354,000 and S/1,666,000, respectively, are classified as past-due and not-impaired; and S/41,840,000 and S/30,655,000, as impaired, respectively.

Notes to the consolidated financial statements (continued)

(c) Credit risk management for investments -

The Group controls the credit risk of its available –for-sale investments and held-to-maturity investments based on the risk assessment of issuers. In the case of investments abroad, the assessment takes into account the risk ratings issued by international risk rating agencies, as well as the country risk of the issuer, which is assessed considering its main macroeconomic variables.

The table below presents the credit risk ratings issued by local and international prestigious risk rating agencies of available-for-sale investments and held-to-maturity investments:

	As of March 31, 2016		As of December 31, 2015	
	S/(000)	S/(000)	S/(000)	%
Instruments issued and rated in Peru:				
AAA	697,689	8.2	681,802	8.0
AA- / AA+	641,888	7.5	610,841	7.1
A- / A+	25,285	0.3	33,105	0.4
BBB- / BBB+	1,254	-	1,282	-
Lower than B-	-	-	200	-
	<u>1,366,116</u>	<u>16.1</u>	<u>1,327,230</u>	<u>15.5</u>
Instruments issued in Peru and rated abroad:				
A- / A+	1,613,443	19.0	1,394,259	16.3
BBB- / BBB+	1,410,969	16.6	1,534,847	18.0
BB- / BB+	241,790	2.8	209,375	2.4
B- / B+	16,118	0.2	4,153	0.1
	<u>3,282,320</u>	<u>38.6</u>	<u>3,142,634</u>	<u>36.8</u>
Instruments issued and rated abroad:				
AAA	5,105	0.1	40,932	0.5
AA- / AA+	92,260	1.1	97,458	1.1
A- / A+	73,738	0.9	76,507	0.9
BBB- / BBB+	331,480	3.9	528,827	6.2
BB- / BB+	255,218	3.0	21,452	0.3
B- / B+	41,326	0.5	12,621	0.1
	<u>799,127</u>	<u>9.4</u>	<u>777,797</u>	<u>9.1</u>
Unrated				
Certificates of Deposit issued by the BCRP	1,342,790	15.8	1,541,668	18.1
Mutual fund and investment participations (*)	880,738	10.4	915,944	10.7
Others	67,505	0.8	68,220	0.8
Listed shares				
Peruvian and foreign entities	289,133	3.4	304,962	3.6
Inretail Perú Corp.	176,438	2.1	149,107	1.7
Non-listed shares and participations				
Royalty Pharma	223,418	2.6	229,001	2.7
Others	540	-	555	-
Total	<u>8,428,125</u>	<u>99.0</u>	<u>8,457,118</u>	<u>99.0</u>
Accrued interest	76,863	1.0	89,607	1.0
Total	<u>8,504,988</u>	<u>100.0</u>	<u>8,546,725</u>	<u>100.0</u>

(*) It includes mutual and investment funds which do not have any risk rating.

Notes to the consolidated financial statements (continued)

(d) Foreign exchange risk -

The Group is exposed to fluctuations in the exchange rates of foreign currency prevailing in its financial position and cash flows. Management sets limits on the levels of exposure by currency and in total daily and "Overnight" positions, which are monitored daily. Most of the assets and liabilities in foreign currency are stated in US dollars. Transactions in foreign currency are made at the exchange rates of free market.

As of March 31, 2016 the weighted average exchange rate of free market published by the SBS for transactions in US Dollars was S/3.323 per US\$1 for buying and S/3.328 US\$1 for selling (S/3.408 and S/3.413 as of December 31, 2015, respectively). As of March 31, 2016, the exchange rate for the accounting of asset and liability accounts in foreign currency set by the SBS was S/3.326 per US\$1 (S/ 3.411 as of December 31, 2015).

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

	As of March 31, 2016				As of December 31, 2015			
	US Dollars	Soles	Other currency	Total	US Dollars	Soles	Other currency	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Assets								
Cash and due from bank	10,451,196	947,650	336,152	11,734,998	10,994,640	1,191,209	245,936	12,431,785
Inter-bank funds	26,608	394,046	-	420,654	-	245,028	-	245,028
Trading securities	62,221	7,604	-	69,825	55,257	49,932	-	105,189
Available-for-sale investments	4,541,057	3,463,166	28,358	8,032,581	4,990,861	3,050,691	25,612	8,067,164
Held-to-maturity investments	-	472,407	-	472,407	-	479,561	-	479,561
Loan portfolio, net	8,350,056	17,735,312	-	26,085,368	8,830,039	17,164,196	-	25,994,235
Due from customers on acceptances	6,877	-	-	6,877	27,118	-	-	27,118
Accounts receivable and other assets, net	404,509	729,125	(154,323)	979,311	199,424	585,690	9,055	794,169
	<u>23,842,524</u>	<u>23,749,310</u>	<u>210,187</u>	<u>47,802,021</u>	<u>25,097,339</u>	<u>22,766,307</u>	<u>280,603</u>	<u>48,144,249</u>
Liabilities								
Deposits and obligations	14,582,424	12,947,701	261,979	27,792,104	15,778,230	12,494,433	215,003	28,487,666
Inter-bank funds	-	80,009	-	80,009	-	-	-	-
Due to banks and correspondents	1,796,198	4,274,134	-	6,070,332	1,897,237	4,294,489	-	6,191,726
Bonds, notes and other obligations	4,385,088	432,794	-	4,817,882	4,493,006	432,407	-	4,925,413
Due from customers on acceptances	6,877	-	-	6,877	27,118	-	-	27,118
Insurance contract liabilities	1,945,382	2,729,343	-	4,674,725	1,929,909	2,547,180	-	4,477,089
Accounts payable, provision and other liabilities	332,888	933,425	11,584	1,277,897	291,974	919,902	33,422	1,245,298
	<u>23,048,857</u>	<u>21,397,406</u>	<u>273,563</u>	<u>44,719,826</u>	<u>24,417,474</u>	<u>20,688,411</u>	<u>248,425</u>	<u>45,354,310</u>
Forward position, net	(2,715,872)	2,808,762	(92,890)	-	(1,071,817)	1,127,898	(56,081)	-
Currency swaps position, net	3,423,169	(3,423,169)	-	-	1,685,088	(1,685,088)	-	-
Cross currency swaps position, net	(307,608)	307,608	-	-	(200,765)	200,765	-	-
Options position, net	(12,286)	12,286	-	-	(18,113)	18,113	-	-
Monetary position, net	<u>1,181,070</u>	<u>2,057,391</u>	<u>(156,266)</u>	<u>3,082,195</u>	<u>1,074,258</u>	<u>1,739,584</u>	<u>(23,903)</u>	<u>2,789,939</u>

Notes to the consolidated financial statements (continued)

As of March 31, 2016, the Group granted indirect loans (contingent operations) in foreign currency for approximately US\$700,525,000, equivalent to S/2,329,948,000 (US\$799,920,000, equivalent to S/2,728,527,000 as of December 31, 2015).

The Group manages the exchange rate risk through the matching of its asset and liability operations, overseeing the global exchange position on a daily basis. The Group's global exchange position is equivalent to the result of long positions minus short positions in currencies different to the Sol. The global position includes spot positions and also derivative positions.

The table below shows the analysis of variations of US Dollar, the main currency to which the Group has exposure as of March 31, 2016 and December 31, 2015. The analysis determines the effect of a reasonably possible variation of the exchange rate of US Dollar against the Sol, considering all the other variables held constant in the consolidated statements of other comprehensive income before income tax. A negative amount shows a potential net reduction in the consolidated income statement, whereas a positive amount reflects a net potential increase:

Sensitivity analysis	Changes in currency		
	rates %	2016 S/(000)	2015 S/(000)
Devaluation			
US Dollar	5	(59,054)	(60,925)
US Dollar	10	(118,107)	(121,849)
US Dollar	15	(171,161)	(182,774)
Revaluation			
US Dollar	5	59,054	60,925
US Dollar	10	118,107	121,849
US Dollar	15	177,161	182,774

Notes to the consolidated financial statements (continued)

26. Fair value

(a) Financial instruments measured at their fair value and fair value hierarchy

The following table presents an analysis of the financial instruments that are measured at their fair value, including the level of hierarchy of fair value. The amounts are based on the balances presented in the consolidated statements of financial position:

	As of March 31, 2016				As of December 31, 2015			
	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)
Financial assets								
Trading securities	39,202	30,623	-	69,825	84,468	20,721	-	105,189
Available-for-sale investments								
Debt instruments	4,123,104	2,265,268	-	6,388,372	4,058,803	2,329,006	-	6,387,809
Mutual funds and investments participations	397,975	231,237	251,526	880,738	420,244	244,619	251,081	915,944
Shares of the private sector and of foreign entities and other	288,965	708	-	289,673	304,779	738	-	305,517
Royalty Pharma	-	-	223,418	223,418	-	-	229,001	229,001
InRetail Perú Corp.	176,438	-	-	176,438	149,107	-	-	149,107
Derivatives receivable	-	395,280	-	395,280	-	324,268	-	324,268
	5,025,684	2,923,116	474,944	8,423,744	5,017,401	2,919,352	480,082	8,416,835
Accrued interest				73,942				79,786
Total financial assets				8,497,686				8,496,621
Financial liabilities								
Derivatives payable	-	501,025	-	501,025	-	384,734	-	384,734

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 with similar characteristics or with financial valuation models based on information of variables observable in the market (interest rate curves, price vectors, etc.).

Financial assets included in Level 3 are valued by using assumptions and data that do not correspond to prices of operations traded in the market. Fair value is estimated using a discounted cash flow (DCF) model. The valuation requires Management to make certain assumptions about the model variables and data, including cash flow forecast, discount rate, credit risk and volatility.

As of March 31, 2016 and December 31, 2015, the unrealized gain on Level 3 financial instruments amounts to S/104,746,000 and S/108,929,000, respectively, and the unrealized loss amounts to S/4,561,000 and S/3,436,000 respectively. During 2016 and 2015, there were no transfers of financial instruments from Level 3 to Level 1 or to Level 2.

Notes to the consolidated financial statements (continued)

(b) Financial instruments not measured at their 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 their fair value, presented by level of hierarchy of their fair value:

	As of March 31, 2016					As of December 31, 2015				
	Level 1	Level 2	Level 3	Fair Value	Book value	Level 1	Level 2	Level 3	Fair value	Book value
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Assets										
Cash and due from banks	-	11,734,998	-	11,734,998	11,734,998	-	12,431,785	-	12,431,785	12,431,785
Inter-bank funds	-	420,654	-	420,654	420,654	-	245,028	-	245,028	245,028
Held-to-maturity investments	449,510	-	-	449,510	472,407	440,645	-	-	440,645	479,561
Loans portfolio, net	-	25,935,629	-	25,935,629	26,085,368	-	26,572,466	-	26,572,466	25,994,235
Due from customers on acceptances	-	6,877	-	6,877	6,877	-	27,118	-	27,118	27,118
Accounts receivable and other assets, net	-	584,031	-	584,031	584,031	-	469,901	-	469,901	469,901
Total	449,510	38,682,189	-	39,131,699	39,304,336	440,645	39,746,298	-	40,186,943	39,647,628
Liabilities										
Deposits and obligations	-	27,785,767	-	27,785,767	27,792,104	-	28,479,474	-	28,479,474	28,487,666
Inter-bank funds	-	80,009	-	80,009	80,009	-	-	-	-	-
Due to banks and correspondents	-	5,961,417	-	5,961,417	6,070,332	-	6,202,037	-	6,202,037	6,191,726
Bonds, notes and notes issued	-	5,139,962	-	5,139,962	4,817,882	-	5,121,909	-	5,121,909	4,925,413
Due from customers on acceptances	-	6,877	-	6,877	6,877	-	27,118	-	27,118	27,118
Insurance contract liabilities	-	4,674,725	-	4,674,725	4,674,725	-	4,477,089	-	4,477,089	4,477,089
Accounts payable and other liabilities	-	776,872	-	776,872	776,872	-	860,564	-	860,564	860,564
Total	-	44,425,629	-	44,425,629	44,218,801	-	45,168,191	-	45,168,191	44,969,576

The methodologies and assumptions used to determine fair values depend on the terms and risk characteristics of each financial instrument and they 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 estimated losses of these loans. As of March 31, 2016 and December 31, 2015, the book value of loans, net of allowances, were not significantly different from their calculated fair values.
- (ii) Instruments which fair value approximate their book value - For financial assets and financial liabilities that are liquid or having a short term maturity (less than 3 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 financial liabilities at amortized cost is determined by comparing market interest rates when they were first recognized with current market rates related to similar financial instruments for their remaining term to maturity. The fair value of fixed interest rate deposits is based on discounted cash flows using market interest rates for financial instruments with similar credit risk and maturity. For quoted debt issued, the fair value is determined based on quoted market prices. When quotations are not available, a discounted cash flow model is used based on the yield curve of the adequate interest rate for the remaining term to maturity.

Notes to the consolidated financial statements (continued)

27. Fiduciary activities and management of funds -

As of March 31, 2016 and December 31, 2015, the managed value of the financial assets managed off balance sheet is as follows:

	2016 S/(000)	2015 S/(000)
Investments funds	10,796,703	10,684,729
Mutual funds	<u>2,879,220</u>	<u>2,927,113</u>
Total	<u>13,675,923</u>	<u>13,611,842</u>