Intercorp Financial Services Inc. and Subsidiaries

Consolidated financial statements as of December 31, 2014 (unaudited) and 2013 (audited) and for the years ended December 31, 2014 and 2013

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Content

Consolidated financial statements

Intercorp Financial Services Inc. and Subsidiaries

Consolidated statements of financial position

As of December 31, 2014 (unaudited) and 2013 (audited)

	Note	2014 S/.(000)	2013 S/.(000)
Assets			
Cash and due from banks:	4		
Non-interest bearing		1,705,611	2,046,602
Interest bearing		3,741,755	5,160,599
Restricted funds		911,138	193,895
		6,358,504	**7,401,096**
Inter-bank funds		310,030	204,905
Trading securities		105,783	126,692
Investments available-for-sale	5	8,303,176	5,550,994
Loans, net:	6		
Loans, net of unearned income		23,436,885	21,161,536
Allowance for loan losses		(819,678)	(694,375)
		22,617,207	**20,467,161**
Investment property	7	652,881	792,423
Property, furniture and equipment, net	8	577,202	574,186
Due from customers on acceptances		18,833	22,310
Accounts receivable and other assets, net	9	1,419,160	1,023,360
Deferred income tax asset, net	14	13,565	16,029
Total asset		**40,376,341**	**36,179,156**

	Note	2014 S/.(000)	2013 S/.(000)
Liabilities and equity			
Deposits and obligations:	10		
Non-interest bearing		4,366,859	4,563,685
Interest bearing		19,014,568	17,503,774
		23,381,427	**22,067,459**
Inter-bank funds		-	100,022
Due to banks and correspondents	11	3,140,914	2,762,116
Bonds, notes and other obligations	12	4,565,288	3,424,955
Due from customers on acceptances		18,833	22,310
Insurance contract liabilities	13	3,743,007	3,137,183
Accounts payable, provisions and other liabilities	9	1,219,545	938,019
Deferred income tax liability, net	14	3,340	14,646
Total liabilities		**36,072,354**	**32,466,710**
Equity	15		
Equity attributable to Group's shareholders:			
Capital stock		963,446	1,045,981
Treasury stock		(285,776)	(227,707)
Capital surplus		268,077	268,077
Unrealized results, net		141,707	27,092
Retained earnings		3,102,046	2,578,774
		4,189,500	3,692,217
Non-controlling interest		114,487	20,229
Total equity		**4,303,987**	**3,712,446**
Total liabilities and equity		**40,376,341**	**36,179,156**

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

Intercorp Financial Services Inc. and Subsidiaries

Consolidated income statements

For the years ended December 31, 2014 and 2013

	Note	2014 S/.(000)	2013 S/.(000)
Interest and similar income	18	2,828,651	2,405,543
Interest and similar expenses	18	(788,862)	(657,809)
Net interest and similar income		**2,039,789**	**1,747,734**
Provision for loan losses, net of recoveries	6(c)	(425,512)	(377,242)
Net interest and similar income after provision for loan losses		**1,614,277**	**1,370,492**
Other income			
Fee income from financial services, net	19	704,140	622,023
Net gain on foreign exchange transactions		216,836	183,444
Net gain on sale of securities		128,144	241,932
Net trading income		22,344	(7,478)
Rental income		28,665	33,637
Profit from sale of investment property		6,734	4,034
Valuation gain from investment property	7	63,500	96,575
Other	20	73,460	89,374
Total other income		**1,243,823**	**1,263,541**
Insurance premiums and claims			
Net premiums earned	21(a)	160,612	263,746
Net claims and benefits incurred for life insurance contracts and others	22	(181,110)	(173,808)
Total premiums earned less claims and benefits		**(20,498)**	**89,938**
Other expenses			
Salaries and employee benefits	23	(639,526)	(626,534)
Administrative expenses	24	(680,788)	(637,773)
Depreciation and amortization	8(a) and 9(d)	(105,397)	(96,423)
Impairment loss on available-for-sale investments	5(c)	(20,155)	(14,080)
Expenses related to rental income		(7,130)	(6,108)
Other	20	(96,593)	(90,211)
Total other expenses		**(1,549,589)**	**(1,471,129)**
Income before translation result and income tax		1,288,013	1,252,842
Translation result		(25,016)	(12,477)
Income tax	14(c)	(298,779)	(265,756)
Profit for the year		964,218	974,609
Attributable to:			
Equity holders of IFS		947,549	970,175
Non-controlling interest		16,669	4,434
		964,218	974,609
Basic and diluted earnings per share attributable to IFS (stated in Nuevos Soles)	25	8.662	8.828
Weighted average number of outstanding shares (in thousands)	25	109,393	109,892

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

Intercorp Financial Services Inc. and Subsidiaries

Consolidated statements of comprehensive income

For the years ended December 31, 2014 and 2013

	2014 S/.(000)	**2013** S/.(000)
Profit for the year	**964,218**	**974,609**
Other comprehensive income		
Unrealized (loss) gain on available-for-sale investments	92,822	(465,286)
Unrealized gain on cash flow hedges	7,184	8,115
Exchange differences on translation of foreign operations	27,011	32,301
Total comprehensive income	**1,091,235**	**549,739**
Attributable to:		
Equity holders of IFS	1,074,502	546,015
Non-controlling interest	16,733	3,724
	1,091,235	**549,739**

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 years ended December 31, 2014 and 2013

	Number of shares		Attributable to IFS Group shareholders										
							Unrealized results, net						
	Issued	In treasury	Capital stock	Treasury stock	Capital surplus	Other contributions	Available–for–sale investments	Derivatives Instruments designated as cash flow hedges	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	(in thousands)	(in thousands)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Balances as of January 1, 2013	**93,615**	**(3,115)**	**799,581**	**(191,401)**	**268,077**	**246,400**	**484,715**	**(18,722)**	**(14,741)**	**2,027,107**	**3,601,016**	**18,285**	**3,619,301**
Comprehensive income													
Net income	-	-	-	-	-	-	-	-	-	970,175	970,175	4,434	974,609
Unrealized results													
Other comprehensive income	-	-	-	-	-	-	(464,576)	8,115	32,301	-	(424,160)	(710)	(424,870)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(464,576)**	**8,115**	**32,301**	**970,175**	**546,015**	**3,724**	**549,739**
Declared and paid dividends	-	-	-	-	-	-	-	-	-	(432,759)	(432,759)	-	(432,759)
Dividends paid to minority shareholders in Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,819)	(1,819)
Net variation of treasury stock held by Subsidiaries, Note 15(b)	-	(200)	-	(36,306)	-	-	-	-	-	-	(36,306)	-	(36,306)
Dividends received by Subsidiaries on treasury stock	-	-	-	-	-	-	-	-	-	12,954	12,954	-	12,954
Other	-	-	-	-	-	-	-	-	-	1,297	1,297	39	1,336
Balances as of December 31, 2013	**93,615**	**(3,315)**	**799,581**	**(227,707)**	**268,077**	**246,400**	**20,139**	**(10,607)**	**17,560**	**2,578,774**	**3,692,217**	**20,229**	**3,712,446**
Comprehensive income													
Net income	-	-	-	-	-	-	-	-	-	947,549	947,549	16,669	964,218
Unrealized results													
Other comprehensive income	-	-	-	-	-	-	92,758	7,184	27,011	-	126,953	64	127,017
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**92,758**	**7,184**	**27,011**	**947,549**	**1,074,502**	**16,733**	**1,091,235**
Declared and paid dividends	-	-	-	-	-	-	-	-	-	(443,551)	(443,551)	-	(443,551)
Dividends paid to minority shareholders in Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(2,061)	(2,061)
Contribution of Inteligo Group	19,495	-	163,865	-	-	(163,865)	(12,338)	-	-	(72,461)	(84,799)	-	(84,799)
Spin-off Inteligo Real Estate			-	-	-	(82,535)	-	-	-	82,535	-	-	-
Net variation of treasury stock held by Subsidiaries, Note 15(b)	-	(436)	-	(58,069)	-	-	-	-	-	(7,101)	(65,170)	-	(65,170)
Dividends received by Subsidiaries on treasury stock	-	-	-	-	-	-	-	-	-	16,775	16,775	-	16,775
Changes in Subsidiaries' participation	-	-	-	-	-	-	-	-	-	-	-	79,858	79,858
Other	-	-	-	-	-	-	-	-	-	(474)	(474)	(272)	(746)
Balances as of December 31, 2014	**113,110**	**(3,751)**	**963,446**	**(285,776)**	**268,077**	**-**	**100,559**	**(3,423)**	**44,571**	**3,102,046**	**4,189,500**	**114,487**	**4,303,987**

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 years ended December 31, 2014 and 2013

	2014 S/.(000)	2013 S/.(000)
Cash flows operating activities		
Profit for the period	964,218	974,609
Add (deduct)		
Provision for loan losses, net of recoveries	425,512	377,242
Depreciation and amortization	105,397	96,423
Provision for sundry risk	12,547	3,898
Deferred income tax	(23,339)	(20,559)
Net gain on sale of securities	(128,144)	(241,932)
Impairment loss on available-for-sale investments	20,155	14,080
Valuation gain from investment property	(63,500)	(96,575)
Net trading income	(22,344)	7,478
Translation result	25,016	12,477
Profit from sale of investment property	(6,734)	(4,034)
Purchase sale of trading trading securities, net	42,636	(25,779)
Increase in receivable interest accrued	(44,834)	(59,146)
Increase in payable interest accrued	53,926	17,174
Net changes in assets and liabilities		
Net increase in loans	(2,557,411)	(4,598,837)
Net increase in other assets	(1,023,589)	(462,853)
Net increase in deposits and obligations	1,311,465	6,420,783
Increase (decrease) in due to banks and correspondents	382,195	(141,722)
Increase in other liabilities	886,561	563,183
Net cash provided by operating activities	359,733	2,835,910

Consolidated statements of cash flows (continued)

	2014 S/.(000)	2013 S/.(000)
Cash flows from investing activities		
Purchase of available-for-sale investments	(2,608,764)	(675,425)
Purchase of property, furniture and equipment	(73,340)	(77,437)
Purchase of intangible assets	(49,473)	(39,732)
Proceeds from the sale of investment property	301,311	135,233
Purchase of investment property	(91,535)	(147,063)
Net cash used in investing activities	(2,521,801)	(804,424)
Cash flows from financing activities		
Issuance of bonds and notes	1,107,735	288,868
Redemption and payments of bonds and notes	(51,580)	(264,665)
Net (decrease) increase in payable inter-bank funds	(107,463)	90,712
Net increase in receivable inter-bank funds	(100,022)	(12,879)
Cash dividends payed	(443,551)	(432,759)
Payments of dividends to minority shareholders	(2,061)	(1,819)
Net cash provided used in financing activities	403,058	(332,542)
Net (decrease) increase in cash and cash equivalents	(1,759,010)	1,698,944
Cash and cash equivalents at the beginning of the year	7,206,376	5,507,432
Cash and cash equivalents at the end of the year	5,447,366	7,206,376

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

Notes to the consolidated financial statements

As of December 31, 2014 and 2013

1. Business activity, Group Reorganization and Subsidiaries

1.1 Business Activity

Intercorp Financial Services Inc. (hereafter IFS or the Group) is a holding company incorporated in the Republic of Panama in 2006, subsidiary of Intercorp Perú Ltd. (hereafter Intercorp Perú), a holding company incorporated in 1997 in The Bahamas. As of December 31, 2014 Intercorp Perú holds 74.3% of the issued capital stock of IFS (68.9% as of December 31, 2013).

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

As of December 31, 2014 and 2013 IFS holds 99.30% and 100% of the capital stock of Banco Internacional del Perú S.A.A. – Interbank (hereafter "Interbank") , 100% of Interseguro Compañía de Seguros S.A. (hereinafter "Interseguro"); while Inteligo Group (hereinafter "Inteligo") became a subsidiary of IFS in August 2014, as a result of the reorganization then accomplished. See Note 1.2.

1.2 Group Reorganization

Inteligo Group Corp. is a holding company incorporated in the Republic of Panama in 2006, as a subsidiary of Intercorp Perú Ltd. As of December 31, 2013, Inteligo Group held 100% of the capital stock of Inteligo Bank Ltd. (hereafter "Inteligo Bank"), Inteligo Sociedad Agente de Bolsa S.A. and Inteligo Real Estate Corp.

In July 2014, the restructuring of Inteligo Group and IFS was approved. The reorganization effective date was August 1, 2014 and included: (i) the spin-off of Inteligo Group's real estate subsidiaries to Intercorp Perú Ltd.; and, (ii) the contribution of all of the outstanding shares of Inteligo Group to IFS in exchange of 19,495,413 new shares issued by IFS to Intercorp Perú.

Under IFRS, reorganizations under common control are accounted for at book values, therefore no fair value adjustment or goodwill has been recognized and all amounts have been accounted for under their book values.

Given that the reorganization will not lead to a change in Intercorp Peru's control of the Subsidiaries now grouped under IFRS, in accordance with International Financial Reporting Standards (see Note 2.2) the reorganization is considered a transaction among entities under common control. As a result, the reorganization has been accounted for using the pooling-of-interest method. The consolidated financial statements comprise the consolidated financial statements of IFS and Subsidiaries and the consolidated financial statements of Inteligo Group and Subsidiaries for all periods presented.

The accompanying consolidated financial statements of IFS and Subsidiaries as of December 31, 2014 and 2013 were approved by the Board of Directors on February 11, 2015.

1.3 Subsidiaries

IFS's Subsidiaries are the following:

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

As of December 31, 2014 and 2013 Interbank had 287 and 269 offices, respectively and a branch established in the Republic of Panama. Additionally, it holds 100% of the shares of the following Subsidiaries:

Entity	**Activity**
Interfondos S.A. Sociedad Administradora de Fondos	Manages mutual funds and investment funds.
Internacional de Títulos Sociedad Titulizadora S.A. – Intertítulos S.T.	Manages securitization funds.
Inversiones Huancavelica S.A.	Real estate activities.
Contacto Servicios Integrales de Crédito y Cobranzas S.A.	Collection services
Corporación Inmobiliaria de La Unión 600 S.A.	Real estate activities.
Compañía de Servicios Conexos S.A. – Expressnet	Services related to credit card transactions or products related to the brand "American Express".
IBK Securitizadora	A consolidated special purpose entity (SPE), by which Interbank issued negotiable long – term notes, see Note 10.

(b) Interseguro Compañía de Seguros S.A. and Subsidiaries -
Interseguro is incorporated in Peru and its operations are governed by the Banking and Insurance Act. It is authorized by the SBS to issue life and general risk insurance contracts and owns the following Subsidiary:

Entidad	**Actividad**
Centro Comercial Estación Central S.A.	Administration of "Centro Comercial Estación Central", located in downtown Lima; as of December 31, 2014 and 2013 Interseguro holds 75 % of its shares.

Patrimonio Fideicometido D.S.093-2002-EF, Interproperties Perú (herein after "the Patrimonio Fideicometido – Interproperties Perú") is a structured entity, incorporated in April 2008, in which several investors contributed investment properties; each investor or investors has ownership of and controls the specific contributed investment property. The fair values of Interseguro include in this structured entity as of December 31, 2014 and 2013 amounted to S/.435,722,000 and S/.393,791,000, respectively, see Note 7 for further details. For accounting purposes these assets included in this structure are considered "silos" under IFRS 10 because they are ring-fenced parts of the wider structured entity (the Patrimonio Fideicometido - Interproperties Perú).

(c) Inteligo Group's Subsidiaries –

(i) Inteligo Bank Ltd.

It is incorporated in The Commonwealth of the Bahamas and has a branch established in the Republic of Panama that operates under an international license issued by the Superintendence of Banks of the Republic of Panama. Its main activities are wealth management services mainly with Peruvian citizens.

(ii) Inteligo Sociedad Agente de Bolsa S.A. -

It is a company incorporated in Peru and provides brokerage services, as authorized by the SMV.

(iii) Inteligo Real Estate Corp.-

It is a holding company incorporated in the Republic of Panama. Inteligo Real Estate Corp. controls 100% of the shares of Inteligo Real Estate Perú S.A.C. This company owns approximately 40 percent of an investment property contributed to the Patrimonio Fideicometido – Interproperties Perú., with market value of S/.82,857,000 as of December 31, 2013. As explained in Note 1.2, this company was transferred to Intercorp Peru in July 2014.

The table below presents a summary of financial information of the main Subsidiaries, before adjustments and eliminations for the consolidation, as of December 31. 2014 and 2013 and for the years ended December 31, 2014 and 2013 in accordance with International Financial Reporting Standards (IFRS):

	Banco Internacional del Perú S.A.A. – Interbank and Subsidiaries		Interseguro Compañía de Seguros S.A. and Subsidiaries		Inteligo Group Corp. and Subsidiaries	
	2014	2013	2014	2013	2014	2013
	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Balance Sheet - Information						
Investment available for sale	3,531,186	1,911,376	3,900,753	2,955,164	1,071,890	841,664
Loans, net	21,186,928	19,341,267	-	-	1,430,304	1,125,926
Investment property		-	655,719	711,466	-	82,857
Total assets	32,904,861	29,872,995	4,749,548	3,870,082	2,941,965	2,718,713
Deposits and obligations	21,124,095	20,239,433	1,846	-	2,314,548	2,017,263
Bonds, notes and other obligations	4,197,227	3,068,715	167,492	13,975	-	-
Insurance contracts liabilities	-	-	3,743,007	3,137,183	-	-
Due to banks and correspondents	3,219,075	2,881,272	4,346	-	119,726	224,711
Total liabilities	29,630,195	27,068,117	4,052,058	3,328,945	2,463,318	2,265,009
Total equity	3,274,666	2,804,881	697,490	541,137	478,647	453,704
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Income Statement - Information						
Net interest and similar income	1,802,322	1,532,352	194,439	168,397	55,915	56,633
Provision for loan losses, net of recoveries	(425,512)	(377,242)	-	-	-	-
Fee Income from financial services	645,085	574,662	(2,317)	(1,679)	95,894	78,514
Profit for the period						
Attributable to:						
Equity holders of the Group	729,498	615,010	146,238	281,482	134,269	109,337
Non-controlling interest	-	-	11,566	74	-	-

(*) As of December 31, 2013, Investment Property corresponds to Inteligo Real Estate Perú S.A.C. As explained in Note 1.2, this company was transferred to Intercorp Perú Ltd in July, 2014.

2. Basis of preparation and Accounting policies

2.1 Basis of preparation -

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The interim consolidated financial statements as of December 31, 2014 and 2013 have been prepared in accordance with IAS 34 Interim Financial Reporting.

Financial statements for the year ended December 31, 2013 are the first that the Group has prepared in accordance with IFRS, and the opening statement of financial position was prepared as of January 1, 2012, the Group's date of transition to IFRS. For periods up to and including the year ended as of December 31, 2013, IFS prepared its financial statements in accordance with Peruvian SBS GAAP, while Inteligo Group prepared its financial statements in accordance with IFRS. See Note 3 for explanation about main adjustments made by the Group in restating its Peruvian SBS GAAP consolidated financial statements.

The interim consolidated financial statements have been prepared on a historical cost basis, except for investment property, derivative financial instruments, investments at fair value through profit or loss (trading securities) and available-for-sale investments that have been measured at fair value. The interim condensed consolidated financial statements are presented in Nuevos Soles and all values are rounded to the nearest thousand (S/.(000)), except when otherwise indicated.

The preparation of the consolidated financial statements in conformity with IFRS as issued by the International Accounting Standards Board (IASB) requires Management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of significant events in the notes to the consolidated financial statements.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. Existing circumstances and assumptions about future developments, however, may change due to markets or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur. Actual results could differ from those estimates. The most significant estimates comprised in the accompanying interim condensed consolidated financial statements are related to the computation of the allowance for loan losses, the fair value measurement of investments and investment property, the technical reserves for claims and premiums, the estimated useful life of intangible assets, property, furniture and equipment, the fair value measurement of derivative financial instruments and the calculation of deferred tax assets and liabilities.

2.2 Basis of consolidation -

For consolidation purposes, control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a Subsidiary begins when the Group obtains control over the Subsidiary and ceases when the Group loses control of the subsidiary.

For consolidation purposes, profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of Subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, income, expenses and cash flows relating to transactions between members of the Group are fully eliminated.

A change in the ownership interest of a Subsidiary, without a loss of control, is accounted for as an equity transaction.

Assets in custody or managed by the Group, such as investments funds and other, are not part of the Group's consolidated financial statements.

2.3 Summary of significant accounting policies -

(a) Foreign currency translation -

Functional and presentation currency:

The Group has determined that its functional and presentation currency is the Nuevo Sol, because it reflects the economic substance of the underlying events and circumstances relevant to most of the Group entities, insofar as its main operations and/or transactions, such as loans granted, financing obtained, sale of insurance premiums, interest and similar income, interest and similar expenses and an important percentage of purchases are established and settled in Nuevos Soles.

Because Inteligo Bank has a functional currency different from the Nuevo Sol, it was translated for combining purposes using the methodology established by IAS 21, "The Effects of Changes in Foreign Exchanges Rates", as follows:

- Assets and liabilities at the closing rate at the date of each consolidated statement of financial position.
- Income and expense at the average exchange rate for each month of the year.

All resulting translation differences were recognized in the caption "Exchange differences on translation of foreign operation" of the consolidated statements of other comprehensive income.

(b) Income and expense recognition from banking activities –

Interest income and expense for all interest-bearing financial instruments, including those related to financial instruments classified as held for trading or designated at fair value through profit or loss, are recognized within “Interest and similar income” and “Interest and similar expenses” in the consolidated statements of income using the effective interest rate method, which is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Interest income is suspended when collection of loans become doubtful, when loans are overdue more than 90 days or when the borrower or securities issuer defaults, if earlier than 90 days; such income is excluded from interest income until collected. Uncollected income on such loans is provisioned. When Management determines that the debtor’s financial condition has improved, the recording of interest thereon is reestablished on an accrual basis.

Interest income includes coupons earned on fixed income investment and trading securities and the accrued discount and premium on financial instruments. Dividends are recognized as income when they are declared.

Fees and commission income are recognized on an accrual basis. Contingent credit fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any direct incremental costs) and recognized as an adjustment to the effective interest rate on the loan.

All other revenues and expenses are recognized on an accrual basis.

(c) Insurance contracts –

Accounting policies for insurance activities:

For the adoption of IFRS 4 “Insurance contracts”, the Group decided to continue applying to insurance contracts the existing accounting policies that were applicable prior to the adoption of IFRS (i.e., Peruvian SBS GAAP) with certain modifications described below:

- Incurred but not reported claims reserve (IBNR): IBNR reserves were calculated and applied retrospectively at each recording period using the Chain Ladder methodology (an actuarial method generally accepted) which considers past experience based on cumulative claims losses to estimate future claims developments.
- Technical reserves for annuities and retirement, disability and survival insurances: the Group considered current mortality and morbidity tables which differ from those established by the SBS and set the interest rate to discount the future cash flows of these liabilities as the current interest rate that reflects the interest rate performance of the debt instruments in the portfolio, adjusted for credit risk (see detail of tables and interest rates used in Note 13.

Product classification:

Insurance contracts are those contracts where the Group (the insurer) has accepted significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. As a general guideline, the Group determines whether it has significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its life, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Life insurance contracts offered by the Group include retirement, disability and survival insurance, annuities and group and individual life. The non-life insurance contracts mainly include SOAT (mandatory personal car accident) and debit and credit card insurance.

Insurance receivables:

Insurance receivables are recognized when due and are measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortized cost. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the consolidated income statements.

Reinsurance commissions:

Commissions on reinsurance contracts for ceded premiums are deferred and amortized on a straight line basis over the term of the coverage of the reinsurance contracts.

Insurance contracts liabilities:

Life insurance liabilities are recognized when contracts are entered into.

The technical reserves for retirement, disability and survival insurance and annuities are determined as the sum of the discounted value of expected future benefits to be paid during a defined or non-defined period, computed upon the basis of current mortality and morbidity tables and current discount interest rates described in Note 13. Individual life technical reserves are determined as the sum of the discounted value of expected future benefits, administration expenses, policyholder options and guarantees and investment income, less the discounted value of the expected premiums that would be required to meet the future cash outflows. Furthermore, the technical reserves for group life insurance contracts comprise the provision for unearned premiums and unexpired risks.

Insurance claims reserves include reserves for reported claims and an estimate of the incurred but non-reported claims to the Group (hereinafter “IBNR”). IBNR reserves were determined on the basis of the Chain Ladder methodology (a generally accepted actuarial method), whereby the weighted average of past claim development is projected into the future, with the projection based on the ratios of cumulative past claims. Adjustments to the liabilities at each reporting date are recorded in the consolidated statements of income. The liability is derecognized when the obligation expires, is discharged or is cancelled.

At each reporting date, an assessment is made of whether the recognized life insurance liabilities are adequate, by using an existing liability adequacy test as laid out under IFRS 4. In the case of annuities and retirement, disability and survival insurances this was done by using current assumptions for mortality and morbidity tables and interest rates.

Income recognition:

Life insurance contracts:

Gross recurring premiums on life insurance contracts are recognized as revenue when due from policyholder. For single premium business, revenue is recognized on the date on which the policy is effective. The net premiums earned include the annual variation of technical reserves.

Property, casualty and group life insurance contracts:

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

Benefits, claims and expenses recognition:

(i) Gross benefits and claims

Gross benefits and claims for life insurance contracts include the cost of all claims arising during the year, including internal and external claims handling costs that are directly related to the processing and settlement of claims. Death, survival and disability claims are recorded on the basis of notifications received. Annuities payments are recorded, monthly, when due.

(ii) Reinsurance premiums

Reinsurance premiums comprise the total premiums payable for the whole coverage provided by contracts entered in the period and are recognized on the date on which the policy incepts. Unearned reinsurance premiums are deferred over the coverage period of the reinsurance contract.

(iii) Reinsurance claims

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract.

(iv) Acquisition costs

The acquisition costs related to the sale of new policies are expensed as incurred.

(d) Financial Instruments: Initial recognition and subsequent measurement –

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

In accordance with IAS 39 “Financial Instruments: Recognition and measurement”, all financial assets and liabilities, including derivative financial instruments, are recognized in the statement of financial position and measured based on the category in which the instrument is classified.

Financial assets and liabilities can be classified into the following categories:

- financial assets and liabilities at fair value through profit or loss;
- available-for-sale financial assets;
- held-to-maturity financial assets;

- loans and receivables; or
- financial liabilities at amortized cost.

The classification of financial instruments at initial recognition depends on the purpose and Management’s intention when the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus any directly attributable incremental cost of acquisition or issue, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

(e) Derecognition of financial assets and liabilities –

Financial assets

A financial asset (or, where applicable a part of a financial asset or a part of a group of similar financial assets) is derecognized when: (i) the rights to receive cash flows from the asset have expired; or (ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference between the carrying amount of the original financial liability and the consideration paid recognized in the consolidated statements of income.

(f) Offsetting financial instruments –

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and Management has the intention to settle on a net basis, or realize the assets and settle the liability simultaneously.

(g) Impairment of financial assets –

The Group assesses at each date of the consolidated statements of financial position whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred “loss event”) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will go bankrupt or initiate any legal financial reorganization process and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(h) Derivatives –

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. All derivatives are recognized as assets when the fair value is positive and as liabilities when negative.

Derivatives can be designated as hedging instruments under hedge accounting and in the event they qualify, depending upon the nature of the hedged item, the method for recognizing gains or losses from changes in fair value will be different. These derivatives, which are used to hedge exposures to risk or modify the characteristics of financial assets and liabilities and that meet IAS 39 criteria, are recognized as hedge accounting.

Derivatives not designated as hedging instruments or that do not qualify for hedge accounting are initially recognized at fair value and are subsequently remeasured at their fair value; which is estimated based on the market exchange rate and interest rate. They are carried as assets when fair value is positive and as liabilities when fair value is negative. Gains and losses for changes in their fair value are recorded in the consolidated income statements.

In accordance with IAS 39, to qualify for hedge accounting, all of the following conditions are met:

(i) at the inception of the hedge there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge;

(ii) the hedge is expected to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk, consistent with the originally documented risk management strategy for that particular hedging relationship;

(iii) for a cash flow hedge, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss;

(iv) the effectiveness of the hedge can be reliably measured, i.e the fair value or cash flows of the hedge item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured; and

(v) the hedge is assessed on an ongoing basis and it is determined that the hedge has in fact been highly effective throughout the periods for which the hedge was designated.

IAS 39 presents three hedge accounting categories: fair value hedge; cash flow hedge; and hedge of net investments in a foreign operation. The Group uses derivatives as hedging instruments under cash flow hedge, as detailed in Note 9(e).

Fair value hedge

For derivatives that are designated and qualify as fair value hedges, the following practices are adopted:

(i) the gain or loss arising from the new measurement of the hedge instrument at fair value is recognized in income; and

(ii) the gain or loss arising from the hedged item, attributable to the effective portion of the hedge risk, adjusts the book value of the hedged item and is also recognized in income.

When the derivative expires or is sold or the hedge no longer meets the accounting hedge criteria or the entity revokes the designation, the Group prospectively discontinues the accounting hedge. In addition, any adjustment in the book value of the hedged item is amortized in income.

Cash flow hedge

For derivatives that are designated and qualify as a cash flow hedge, the effective portion of derivative gains or losses are recognized in Other comprehensive income – Gains and losses – cash flow hedge, and reclassified to income in the same period or periods in which the hedge transaction affects income. The portion of gain or loss on derivatives that represents the ineffective portion or the hedge components excluded from the assessment of effectiveness is recognized immediately in income. Amounts originally recorded in Other comprehensive income and subsequently reclassified to income are recorded in the corresponding income or expense lines in which the related hedged item is reported.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting and also when the Group redesignates a hedge, any cumulative gain or loss existing in Other comprehensive income is frozen and is recognized in income when the hedge item is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss recognized in Other comprehensive income is immediately transferred to the consolidated income statement.

(i) Investments in associates –

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity, but is not control over those policies. The considerations made to determining significant influence are similar to those necessary to determine control over Subsidiaries.

The Group’s investments in its associates are recognized initially at cost and then are accounted for using the equity method. The Group‘s investments in associates are included in the caption “Other assets” in the consolidated statements of financial position. Gains resulting from the use of the equity method of accounting are included in the caption “Other income” of the consolidated income statements.

(j) Leases –

The determination of whether an arrangement is, or contains, a lease is based in the substance of the arrangement at inception date: i.e., whether fulfillment of the arrangement is dependent on the use of a specific asset or assets on the arrangement conveys a right to use the asset even if that right is not explicitly specified in an arrangement.

Operating leases:

Leases in which a significant portion of the risks and benefits of the asset are hold by the lessor are classified as operating leases. Under this concept, the Group has mainly leases used as banking branches.

When an operating lease is terminated before the lease period has expired, any penalty payment to the lessor is recognized as an expense in the period in which termination takes place.

Finance leases:

Finance leases are recognized as granted loans at the present value of the future lease collections. The difference between the gross receivable amount and the present value of the loan is recognized as unearned interest. Lease income is recognized over the term of the lease agreement using the effective interest rate method, which reflects a constant periodic rate of return.

(k) Rental income –

The Group is the lessor in operating leases of its investment property. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated income statements due to its operating nature, except for contingent rental income which is recognized when it arises.

The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, Management is reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in the consolidated income statements when the right to receive them arises.

Service charges, management charges and other expenses recoverable from tenants and income arising from expenses recharged to tenants is recognized in the period in which the compensation becomes receivable. Service and management charges and other such receipts are included in Rental income gross of the related costs, as Management considers that the Group acts as principal in this respect.

(l) Investment property –

Classification of property –

The Group determines whether a property is classified as investment property or inventory property:

(i) Investment property comprises land and buildings (principally shopping malls) that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business. Investment property comprises completed property and property under construction or re-development.

(ii) Inventory property comprises property that is held for sale in the ordinary course of business.

The Group measures its investment property at fair value according to the requirements of IAS 40 – “Investment Property”, as it has elected to use the fair value model as its accounting policy.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Properties under construction are measured based on estimates prepared by independent real estate valuation experts, except where such values (e.g. work-in progress incurred on properties under construction) cannot be readily determined. Accordingly, the work-in-progress incurred on these properties under construction is measured at cost until either its fair value becomes reliably measurable or construction is completed (whichever is earlier). Investment property under construction includes the value of land, which is determined by appraisals performed by an accredited appraiser using price per square meter as market comparable method.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the “Valuation gain from investment property" caption of the consolidated income statement in the year in which they arise, including the corresponding tax effect. Transfers are made to or from investment property only when there is a change in use.

Fair values are evaluated periodically by Management, based on the discounted cash flows that are expected to be obtained from these investments. Fair values of investments properties under construction or investment properties held to operate in the future are assessed by an independent external appraiser, through the application of a recognized valuation model.

Investment property is derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses at the retirement or disposal of investment property. Any gains or losses are recognized in the income statement in the year of retirement or disposal.

Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the assets in the previous full period's financial statements.

(m) Foreclosed assets –

Foreclosed assets are recorded at the lower of cost or estimated market value (less cost to sell), which is obtained from valuations made by independent appraisers. Reductions in book values are recorded in the consolidated income statements.

(n) Property, furniture and equipment –

Property, furniture and equipment are stated at cost less accumulated depreciation and impairment losses, if applicable. Such costs include expenditures that are directly attributable to the acquired property, furniture or equipment. Maintenance and repair costs are charged to the consolidated income statements; significant renewals and improvements are capitalized when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow from the use of the acquired property, furniture or equipment. Land is not depreciated.

Depreciation is calculated using the straight-line method over the estimated useful lives, which are as follows:

	Average useful life (years)
Buildings and facilities	40 - 75
Leasehold improvements	5
Furniture and equipment	10
Vehicles	5

An item of property, furniture and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statements.

Asset's residual value, useful life and the selected depreciation method are periodically reviewed to ensure that they are consistent with current economic benefits and life expectations.

(o) Intangible assets with finite useful lives –

The intangible assets with finite useful lives that are included in the "Accounts receivable and other assets, net" caption of the consolidated statements of financial position are mainly costs incurred in connection with the acquisition of computer software used in operations and other minor intangible assets. The amortization expense is calculated following the straight-line method in a period between 4 and 5 years.

(p) Impairment of non-financial assets –

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

(q) Due from customers on acceptances –

Due from customers on acceptances corresponds to accounts receivables from customers for import and export transactions, whose obligations have been accepted by the Group. The obligations that must be assumed by the Group for such transactions are recorded as liabilities.

(r) Financial guarantees –

In the ordinary course of business, the Group issues financial guarantees, such as letters of credit, guarantees and acceptances. Financial guarantees are initially recognized at fair value (which is equivalent at that moment to the fee received) in the caption "Other liabilities" of the consolidated statements of financial position. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognized less, when appropriate, cumulative amortization recognized in the consolidated statements of income and the best estimate of expenditure required to settle any financial obligation arising as a result of the financial guarantee.

Any increase in the liability relating to a financial guarantee is included in the consolidated income statements. The fee received is recognized in the caption "Fee income from financial services, net" of the consolidated income statements on a straight line basis over the life of the granted financial guarantee.

(s) Defined contribution pension plan –

The Group only operates a defined contribution pension plan. The contribution payable to a defined contribution pension plan is in proportion to the services rendered to the Group by the employees and is recorded as an expense in the caption "Salaries and employee benefits" of the consolidated income statements. Unpaid contributions are recorded as a liability.

(t) Provisions –

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow or resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the consolidated income statements net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the specific risks of the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(u) Contingencies –

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in notes, unless the probability of an outflow of resources is remote. Contingent assets are not recorded in the consolidated financial statements; they are disclosed if it is probable that an inflow of economic benefits will be realized.

(v) Fair value measurement –

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

When available, the Group measures the fair value of a financial instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized at fair value in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair values of financial instruments measured at amortized cost are disclosed in Note 30.

(w) Income tax –

Income tax is computed based on individual financial statements of IFS, Inteligo Group and each one of their Subsidiaries.

Deferred income tax is accounted for in accordance with IAS 12 “Income Tax”. In this sense, deferred income tax reflects the effects of temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts determined for tax purposes. Deferred assets and liabilities are measured using the tax rates that are expected to be in force in the years in which such temporary differences are expected to be recovered or settled. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that arise from the manner in which each individual entity of the Group expects, at the consolidated statements of financial position dates, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are recognized regardless of when the temporary differences are likely to reverse. Deferred tax assets are recognized when it is probable that sufficient taxable income will be generated against which the deferred tax assets can be offset. At each consolidated statements of financial position date, unrecognized deferred assets and the carrying amount of deferred tax assets registered are assessed. A previously unrecognized deferred tax asset is recognized to the extent that it has now become probable that future taxable income will allow the deferred tax asset to be recovered. Likewise, the carrying amount of a deferred tax asset is reduced when it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized.

According to IAS 12, deferred income tax is determined considering the tax rate applicable to the non-distributed earnings; any additional tax on distribution of dividends is recorded at the date at which the liability is recognized.

(x) Segment information

IFRS 8 – “Operating segments” requires that operating segments be disclosed consistently with information provided to the chief operating decision maker, who is the person or group of persons that allocates resources to the segments and assesses their performance. Segment information is presented in Note 27.

(y) Fiduciary activities and management of funds –

The Group provides trustee, investment management, advisory and custody services to third parties that result in the holding of assets on their behalf. These assets and income arising thereon are excluded from these consolidated financial statements, as they are not assets of the Group, see Note 31.

Commissions generated for these activities are included in the caption “Fee income from financial services, net” of the consolidated income statements.

(z) Earnings per share –

Basic and diluted earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. IFS and Inteligo Group do not have financial instruments with dilutive effect, therefore basic and diluted earnings per share are identical for the periods reported.

Nevertheless, because of the reorganization described in Note 1, the Group’s earnings per share reflect the structure of the Group for all periods presented as if the new structure had been in place on January 1, 2012, see Note 25.

2.4 Adoption of International Financial Reporting Standards (IFRS) -

The financial statements have been prepared in accordance with IFRS and the accounting policies described in Note 2.3.

IFS has prepared its financial statements for the year ended December 31, 2013 in accordance with IFRS and the opening financial position was prepared as of January 1, 2012 (Group's date of transition to IFRS). For previous periods IFS prepared its financial statements in accordance with Peruvian SBS GAAP, while Inteligo Group prepared its financial statements in accordance with IFRS since 2005.

The reconciliation of the Consolidated Statement of Financial position as of December 31, 2013 and the reconciliation of the Consolidated Income Statement for the year ended December 31, 2013, including IFRS adoption and the Inteligo Group balances (excluding elimination entries) , was the following:

Reconciliation of the Statement of Financial Position as of December 31, 2013

(In millions of S/.):

Peruvian SBS GAAP line items	31.12.2013 (Peruvian SBS GAAP)	Reclassifications		Remeasurements		31.12.2013 (IFRS)	Inteligo Group (IFRS)	31.12.2013 (IFRS)
Assets							-	
Cash and due from banks	6,963	-		-		6,963	438	7,401
Inter-bank funds	205	-		-		205	-	205
Investments:	0	-		0		0	0	0
Trading securities	68	-		-		68	59	127
Investments available-for-sale, net	2,592	2,219	G	(73)	G	4,739	812	5,551
Held-to-maturity investments	2,222	(2,222)	G	-		-	-	-
Loans, net:	0	0		-		-	-	-
Loans, net of unearned income	19,937	89	A, E	9		20,034	1,127	21,162
Allowance for loan losses	(785)	(1)	A, E	93	B	(693)	(1)	(694)
Investment property	447	1		262	H	710	83	792
Property, furniture and equipment, net	446	3		117	C	566	8	574
Due from customers on acceptances	0	22	K	0		22	0	22
Accounts receivable and other assets, net	1,041	(84)	A	1		958	65	1,023
Deferred Income Tax asset, net	78	0		(64)	J	15	1	16
Total assets	**33,213**	**27**		**346**		**33,586**	**2,593**	**36,179**
Liabilities and equity								
Deposits and obligations:	20,149	0		-		20,149	1,919	22,067
Inter-bank funds	100	0		-		100	-	100
Due to banks and correspondents	2,537	0		-		2,537	225	2,762
Bonds, notes and other obligations	3,427	0		-		3,427	(2)	3,425
Due from customers on acceptances	-	22	K	-		22	-	22
Insurance contract liabilities	3,047	0		91	I	3,137	-	3,137
Accounts payable, provisions and other liabilities	929	5		(13)	B, D	920	18	938
Deferred Income Tax liability, net	1	0		14	J	15	0	15
Total liabilities	**30,189**	**27**		**91**		**30,307**	**2,159**	**32,467**
Equity								
Equity attributable to Group's shareholders:								
Capital stock and other paid-in capital	800	-		0		800	246	1,046
Treasury stock	(222)	-		0		(222)	(6)	(228)
Capital surplus	268	-		0		268	0	268
Unrealized results, net	(15)	-		(45)	G	(60)	87	27
Retained earnings	2,174	-		298		2,472	107	2,579
Equity attributable to Group's shareholders:	**3,005**			**253**		**3,258**	**434**	**3,692**
Non-controlling interest	**19**	-		**1**		**20**	-	**20**
Total equity	**3,024**	-	-	**254**	-	**3,278**	**434**	**3,712**
Total liabilities and equity	**33,213**	**27**	-	**346**	-	**33,586**	**2,593**	**36,179**

Reconciliation of the Consolidated Income Statements for the year ended December 31, 2013:

(In millions of S/.):

Consolidated income statements	31.12.2013 (Peruvian SBS GAAP)	Reclassifications	Remeasurements	31.12.2013 (IFRS)	Inteligo Group (IFRS)	31.12.2013 (IFRS)
Interest and similar income	2,528	(226)	(1)	2,302	104	2,406
Interest and similar expenses	(591)	(24)	0	(615)	(43)	(658)
Net interest and similar income	**1,937**	**(250)**	**(1)**	**1,687**	**61**	**1,748**
Provision for loan losses, net of recoveries	(367)	0	(10)	(377)	0	(377)
Net interest and similar net of provision for loan losses	**1,570**	**(250)**	**(10)**	**1,309**	**61**	**1,370**
Other income						
Fee income from financial services	225	328	(8)	544	78	622
Net gain on foreign exchange transactions	183	0	0	183	0	183
Translation result	(16)	16	0	0	0	0
Net gain on sale of securities	217	(26)	2	193	49	242
Net trading (loss) income	5	4	(22)	(13)	5	(7)
Rental income	36	(2)	0	34	0	34
Profit from sale of investment property	102	0	(76)	25	(21)	4
Valuation gain from investment property	0	0	77	77	19	97
Other	130	(36)	3	97	(8)	89
Total other income	**882**	**284**	**(24)**	**1,142**	**122**	**1,264**
Insurance premiums and claims						
Net premiums earned	130	0	134	264	0	264
Net claims and benefits incurred for life insurance contracts and others	(173)	0	(1)	(174)	0	(174)
Other income	5	(5)	0	0	0	0
Other expenses	(19)	19	0	0	0	0
Total premiums earned less claims and benefits	**(57)**	**14**	**133**	**90**	**0**	**90**
Other expenses						
Salaries and employee benefits	(591)	(0)	0	(591)	(35)	(627)
Administrative expenses	(624)	9	0	(615)	(23)	(638)
Depreciation and amortization	(104)	(6)	13	(97)	0	(96)
Amortization of interest premiums	(3)	3	0	0	0	0
Impairment loss on available-for-sale investments	0	0	(14)	(14)	0	(14)
Expenses related to rental income	0	(6)	0	(6)	0	(6)
Other	(63)	(31)	4	(90)	0	(90)
Total other expenses	**(1,384)**	**(32)**	**2**	**(1,413)**	**(58)**	**(1,471)**
Income before translation result and income tax	**1,011**	**16**	**101**	**1,128**	**125**	**1,253**
Translation result	0	(16)	0	(16)	3	(12)
Income tax	(262)	0	(3)	(265)	(1)	(266)
Profit of the period	**749**	**0**	**98**	**847**	**127**	**975**
Attributable to non-controlling interest	5	0	(0)	4	0	4
Equity holders of the Group	**745**	**0**	**98**	**843**	**127**	**970**

A. Reclassifications

Under Peruvian SBS GAAP certain balances were presented or grouped differently as compared with IFRS. Therefore, the required reclassifications for IFRS presentation were made.

B. Allowance for loan losses –

According to Peruvian SBS GAAP, the provision for loan losses is calculated and recorded following SBS Resolution N° 11356-2008, which sets parameters to determine the calculation of provisions which is based on formulas and the use of specific percentages over the balances of loans and collateral received. Also, it requires constitution of generic provisions based on total loan portfolio, including generic provisions on not-impaired loans.

IFRS:

IAS 39 determines that an entity should assess, on each reporting date, whether there is objective evidence that a loan or group of loans is impaired. A loan or group of loans is impaired if there is objective evidence of impairment as a consequence of one or more events that occurred after the initial recognition of the loan (loss event), this event or events impact the future cash flow and it can be reliably estimated.

The amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate of the loan.

Initially, it is necessary to assess, on an individual basis, if there is objective evidence of impairment for exposures that are individually significant, or collectively for exposures that are not individually significant. If there is no objective evidence for an exposure individually assessed, be it significant or not, it should be included in a group of exposures with similar characteristics and assessed collectively. The exposures that are individually assessed and for which a loss has been recorded should not be included in the collective assessment.

The differences between Peruvian SBS GAAP and IFRS methodologies resulted in different amounts of the allowance for loan losses and, as a result, as of December 31, 2013, it was recognized a decrease of S/.93 million in the "Allowance for loan losses" caption; a decrease of S/.40 million in "Accounts payable, provisions and other liabilities" caption; and an increase of S/.93 million in "Retained earnings" caption, net of its deferred income tax.

C. Property, furniture and equipment, net –

Cost

Peruvian SBS GAAP:

The cost of some land and buildings included voluntary revaluations made by Interbank in previous years with the authorization of the SBS; as well, for such assets depreciation was not computed by component and useful life used for depreciation purposes was established considering tax regulation.

IFRS:

In accordance with IFRS 1, an entity may, on the transition date to IFRS, measure a fixed asset at its fair value and this amount will be considered the deemed cost of said asset from such date on. IFS has elected to measure certain items of property at fair value at the date of transition to IFRS, and for such assets it has reviewed their useful lives and residual values. As result, the caption “Property, furniture and equipment” increased by S/.S/.117 million as of December 31, 2013.

D. Deferred fee income

Peruvian SBS GAAP:

Up to May 2013, certain commissions and fees for financial services were recognized as income when they were collected.

IFRS:

The recognition of fee revenue (including commissions) is determined by the purpose of the fees and the basis of accounting for any associated financial instruments. If there is an associated financial instrument, fees that are an integral part of the effective interest rate of that financial instrument are included within the effective yield calculation. Fees earned from services that are provided over a specified service period are recognized over that service period. Fees earned for the completion of a specific service or significant event are recognized when the service has been completed or the event has occurred.

As a result of IFRS adoption, as of December 31, 2013, it was recognized an increase of S/.27 million in “Accounts payable, provisions and other liabilities” caption.

E. Finance lease

Peruvian SBS GAAP:

Following SBS rules, certain loans granted by the Group under finance leases were included as part of the “Other assets” caption in the statement of financial position and not as part of the loan portfolio.

IFRS

IAS 39 “Financial instruments: recognition and measurement” requires that loans granted must be recognized as part of the loan portfolio.

As a result of IAS 39 application, S/.89 million and its related provision of S/.1, million were reclassified from “Accounts receivables and other assets, net” caption to “Loans, net of unearned income” caption and “Allowance for loan losses” caption, respectively, of the statement of financial position as of December 31, 2013). See paragraph A.

F. Impairment of investments available for sale

Peruvian SBS GAAP

Impairment of available for sale equity investments must be recognized according to SBS Resolution 7034-2012, which established that an impairment must be recorded when: (i) a significant decrease in fair value (50%) has occurred over a prolonged period of time (defined as 12 months), or (ii) when fair value has decreased for a period of 12 consecutive months and a decrease of 20% in fair value has occurred; and considering certain qualitative criteria of the issuer. However, if the Group is aware of the existence of any impairment before the mentioned thresholds are surpassed, it records an impairment loss immediately.

IFRS

According to IAS 39, a financial asset is impaired and an impairment loss must be recorded only if there is objective evidence of impairment as a result of one or more subsequent events since initial recognition of the asset (a loss event incurred). In the case of equity instruments classified as investments available for sale, a significant or prolonged decline in the fair value of the instrument below its cost is evidence of impairment. Management has established as significant any decline over 30% and as prolonged any decline for a period over 12 months.

As a result of this, it was recognized a increase of the "Unrealized results, net" caption of S/.14 million, and a decrease of "Retained earnings", as of December 31, 2013.

G. Financial instruments designated as investments held to maturity

Peruvian SBS GAAP:

According to SBS Resolution No.7034-2012, Interseguro holds financial instruments designated as investments held to maturity, which are recorded at amortized cost.

IFRS

IAS 39 permits an entity to designate financial instruments as financial assets or liabilities at fair value through profit or loss, or available-for-sale financial assets, on the date of acquisition or issue of the financial instrument. In accordance with an IFRS 1 exemption, a new designation may be made on the transition date, even if the instrument has originally been designated in another category.

As a result of IFRS adoption, as of December 3, 2013, IFS reclassified S/. 2,219 million of its investments held to maturity to investments available for sale. Therefore, IFS also estimated the fair value of said financial instruments, which resulted in the recognition of an increase in "Unrealized gains" of S/.73 million as of December 31, 2013. In addition, the effect of the net variation of the unrealized result for the year ended December 31, 2013, resulted in a net loss of S/.208 million on investment available -for- sale in the statement of comprehensive income.

H. Investment property –

Peruvian SBS GAAP:

Under Peruvian SBS GAAP investment property is recorded at cost, less accumulated depreciation and accumulated impairment, if any.

IFRS:

Under IAS 40, the Group elected to record investment property at its fair value.

As a result of IFRS adoption, as of December 31, 2013 IFS recognized an increase in "Investment property" caption of S/.262 million and in "Retained earnings" caption; as of December 31, 2013.

I. Insurance contract liabilities

Technical reserves

Peruvian SBS GAAP

Reserves for retirement, disability and survival insurances and annuities are determined based on actuarial methodologies approved by the SBS. Said reserves are equivalent to the present value of all future payments to be made to the insured person and or its beneficiaries.

On the other hand, for annuities the mortality table and the discount interest rate determined by the SBS are “RV-2004 Modified” for annuities sold since August 2006 and RV-85 for annuities sold before that date and 3 – 4.7 percent, respectively.

For technical reserves for disability and survival insurances, the SBS has approved mortality tables MI-85 and B-85 and an interest rate equivalent to 3 – 4.5 percent, respectively.

IFRS

Liabilities for annuities and for retirement, disability and survival insurances are the present value of expected future payments in a grant and not grant period, based on current mortality and morbidity tables and current interest rates.

Based on IFRS and in order to make the financial statements information more reliable and no less relevant, the Group considered current mortality and morbidity tables which differ from those established by the SBS at the IFRS transition date and set, the interest rate to discount the future cash flows of these liabilities as the current interest rate that reflects the interest rate performance of the debt instruments in the portfolio, adjusted for credit risk. The effect of the change in the mortality table and in the discount interest rate, generated an increase in technical reserves of S/.91 million as of December 31, 2013 in the “Insurance contract liabilities” caption of the statement of financial position.

J. Deferred income tax

As a result of the previously explained IFRS remeasurements, the related effects in deferred income tax, according with their temporality, were estimated. Deferred income tax effects as a result of IFRS adoption as of December 31, 2013, resulted in a decrease in the “Deferred Income Tax asset, net” caption of S/.64 million and an increase in the “Deferred Income Tax liability, net” caption of S/.14 million, these variations generated a total effect of S/.78 million.

K. Due from customers on acceptances –

According to Peruvian SBS GAAP the amount of “Due from customers on acceptances” is recorded as an Off-balance sheet account, for control purposes.

IFRS

Due from customers on acceptances corresponds to accounts receivables from customers for import and export transactions, whose obligations have been accepted and, because the counterparties are different, following IAS 32 – “Financial Instruments: Presentation” an account receivable and an account payable for the same amount must be recorded. The account receivable and the account payable amounted to S/.22 million as of December 31, 2013, respectively.

4. Cash and due from banks

This item is made up as follows:

	2014 S/.(000)	2013 S/.(000)
Cash and clearing	1,488,881	1,562,357
Deposits in Central Reserve Bank of Peru – BCRP	3,269,683	4,338,596
Deposits in Banks	688,677	1,305,423
Restricted funds	911,138	193,895
	6,358,379	7,400,271
Accrued Interest	125	825
Total	6,358,504	7,401,096

As of December 31, 2014, the "Cash and due from banks" caption includes approximately U.S.$ 1,274,503,000 and S/.811,605,000 (U.S.$1,454,091,000 and S/.1,014,241,000 as of December 31, 2013), 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 (hereinafter "BCRP", for its Spanish acronym) and are within the limits required by prevailing Peruvian regulations at those dates.

The legal reserve funds maintained at the BCRP are non-interest bearing, except for the part that exceeds the minimum reserve required in Nuevos Soles and U.S. Dollars. As of December 31, 2014, the excess in U.S. Dollars amounted to approximately U.S.$ 313,121,000, equivalent to approximately S/.934,980,000, and bear interest at an annual average rate of 0.04 percent (U.S.$ 315,362,000, equivalent to S/.881,438,000, and an annual average rate of 0.04 percent as of December 31, 2013). The excess amount in Nuevos Soles amounted to approximately S/.243,092,000 and accrued interest at an annual average rate of 0.35 percent (S/.277,301,000 and an annual average rate of 1.25 percent as of December 31, 2013).

Deposits in banks are mainly in Nuevos Soles and US Dollars. All amounts bear interest at market rates.

As of December 31, 2014 and 2013, the balance of restricted funds amounted to S/.910,842,000, S/.193,733,000, respectively, which mainly relate to repurchase of foreign currency agreements held with the BCRP, see Note 11(e) and some requirements from counterparties of derivative financial instruments transactions – see Note 9(e) – and funds from remittances received via SWIFT messages which guarantee the payment of the notes issued by IBK DPR Securitizadora; see further detail in Note 12 (c) and 12(d).

5. Investments available –for –sale

(a) This item is made up as follows:

	2014				2013			
		Unrealized gross amount				Unrealized gross amount		
	Amortized Cost S/.(000)	**Gains** S/.(000)	**Losses** S/.(000)	**Estimated fair value** S/.(000)	**Amortized Cost** S/.(000)	**Gains** S/.(000)	**Losses** S/.(000)	**Estimated fair value** S/.(000)
Corporate, leasing and subordinated bonds	2,993,780	55,978	(126,152)	2,923,606	2,607,203	50,148	(147,059)	2,510,292
Indexed Certificates of Deposit issued by BCRP	1,381,319	17,541	(2)	1,398,858	117,978	-	-	117,978
Peruvian sovereign bonds	1,163,727	1,246	(83,272)	1,081,701	807,166	11,259	(65,982)	752,443
Mutual funds and investments participations	934,052	43,365	(44,154)	933,263	351,198	52,990	(10,296)	393,892
Negotiable Certificates of Deposit issued by BCRP	429,883	316	(2)	430,197	653,739	385	(99)	654,025
Bonds guaranteed by the Peruvian Government	386,928	20,599	(5,763)	401,764	307,952	17,552	(4,763)	320,741
Peruvian Global Bonds	207,076	599	(926)	206,749	63,992	63	(2,315)	61,740
Colombian Global Bonds	84,117	-	(1,621)	82,496	36,872	-	(659)	36,213
Mexican Global Bonds	59,919	-	(886)	59,033	18,114	-	(428)	17,686
United States of America Treasury Bonds	-	-	-	-	110,694	-	(1,400)	109,294
Uruguayan Global Bonds	5,491	-	(49)	5,442	-	-	-	-
Chilean Global Bonds	13,405	-	(35)	13,370	-	-	-	-
Brazilian Global Bonds	-	-	-	-	15,123	-	(655)	14,468
Total	7,659,697	139,644	(262,862)	7,536,479	5,090,031	132,397	(233,656)	4,988,772
Listed shares								
Peruvian and foreign entities	364,909	45,215	(37,097)	373,027	216,347	46,131	(6,335)	256,143
InRetail Perú Corp. (e)	96,144	59,722	-	155,866	94,511	35,829	(4,318)	126,022
Non listed shares and participations								
Royalty Pharma (f)	87,787	80,797	-	168,584	64,398	63,562	-	127,960
Other	739	-	(261)	478	806	-	(353)	453
	549,579	185,734	(37,358)	697,955	376,062	145,522	(11,006)	510,578
	8,209,276	325,378	(300,220)	8,234,434	5,466,093	277,919	(244,662)	5,499,350
Add – Accrued Interest on investments				68,742				51,644
Total				8,303,176				5,550,994

(b) The Group has determined that the unrealized losses as of December 31, 2014 and 2013 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; likewise the Group considers that the unrealized losses do not qualify as impairment in order to be recognized in the consolidated statements of income.

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

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

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

- Assess whether it is probable that the Group will receive all amounts due according to the contractual terms of the security (principal and interest). The identification of credit-impaired securities considers a number of factors, including the nature of the security and the underlying collateral, the amount of subordination or credit enhancement supporting the security, published credit rating and other information and other evidentiary analyses of the probable cash flows from the security. If recovery of all amounts due is not probable, a "credit impairment" is deemed to exist and the unrealized loss is recorded directly in the consolidated income statement. This unrealized loss recorded in income represents the security's decline in fair value, including the decline due to forecasted cash flow shortfalls as well as general market spread widening.

- For financial instruments with unrealized losses but not identified as impaired, the Group determines whether it has the positive intent and ability to hold each investment for a period of time sufficient to allow for an anticipated recovery in its amortized cost. The Group estimates the forecasted recovery period using current estimates of volatility in market interest rates (including liquidity and risk premiums). The Group assertion regarding its intent and ability to hold investments considers a number of factors, including a quantitative estimate of the expected recovery period and the length of that period (which may extend to maturity), the severity of the impairment and the Group intended strategy with respect to the identified security or portfolio. If the Group does not have the intent and ability to hold the security for a sufficient time period, the unrealized loss is recorded directly in the consolidated statements of income.

(c) As a result of the impairment assessment of its investments available-for-sale, the Group recorded an impairment loss amounting to S/.20,155,000 and S/.14,080,000 during 2014 and 2013, respectively, which is presented in the caption "Impairment loss on available-for-sale investments" of the consolidated statements of income.

As of December 31, 2014 and 2013, the detail of unrealized losses on debt instruments recorded as investments available for sale is as follows:

Issuer	**2014** S/.(000)	**2013** S/.(000)
Peruvian Goverment	84,202	73,059
Odebrecht S.A.	22,489	17,237
Corporación Financiera de Desarrollo S.A.	15,267	21,868
H2Olmos S.A.	11,786	8,486
Petróleo Brasileiro S.A.	9,614	7,160
Línea Amarilla S.A.C.	7,920	6,326
Southern Perú Copper Corporation S.A.A.	6,884	12,764
Banco Votorantim S.A.	6,505	15,954
Red de Energía del Perú S.A.	4,882	10,375
Empresa de Distribución Eléctrica de Lima Norte S.A.A.	4,269	6,795
Vale S.A.	3,362	6,495
Instituto Costarricence de Electricidad	2,288	2,608
Export-Import Bank of Korea	2,262	4,967
Crediscotia Financiera S.A.	1,284	2,616
Banco de Crédito del Perú	1,205	3,140
BBVA Banco Continental	631	2,139
Mutual funds and investments participations	44,154	10,296
Other	33,858	21,371
	262,862	233,656

(d) As of December 31, 2014 and 2013, the maturities and the annual effective interest rates of the most significant investments available-for-sale are as follows:

	Maturity		Annual effective interest rates							
	2014	2013	2014				2013			
			S/.		U.S.$		S/.		U.S.$	
			Min %	Max %	Min %	Max %	Min %	Max %	Min %	Max %
Corporate, leasing and subordinated bonds	Jan-2015 / Oct-2096	Jan-2014 / Oct-2096	3.14	8.92	2.23	9.25	3.14	8.92	1.66	9.75
Peruvian sovereign bonds	Jan-2015 / Feb-2055	Feb-2018 / Aug-2046	2.41	7.09	-	-	2.11	7.21	-	-
Negotiable Certificates of Deposit issued by BCRP	Jan-2015 / Jun-2050	Jan-2014 / Nov-2014	3.50	3.97	-	-	3.61	3.69	-	-
Bonds guaranteed by the Peruvian Government	May-2018 / Oct-2033	May-2018 / Oct-2033	4.10	6.01	3.11	7.74	4.10	6.01	5.16	7.74
Indexed Certificates of Deposit issued by BCRP	Jan-2015 / Mar-2015	Jan-2014 / Feb-2014	-	-	0.03	0.15	-	-	0.08	0.13
United States of America Treasury Bonds	-	Aug-2023	-	-	-	-	-	-	2.78	2.78
Peruvian Global Bonds	Feb-2015 / Jul-2025	Mar-2019 / Nov-2033	-	-	1.80	9.76	-	-	2.74	5.22

(e) As of December 31, 2014 and 2013, the Group held 2,836,653 and 2,847,700 shares, which represent 2.76 and 2.77 percent, respectively, of InRetail Perú Corp. (a related entity) capital stock.

During 2014, the Group sold 11,047 shares, at their fair value generating a loss of approximately S/. 14,000 (870,657 shares, at their fair value generating a gain of approximately S/. 646,000 in 2013), that was recorded as part of the "Net gain on sale of securities" caption of the consolidated statements of income.

(f) As of December 31, 2014 and 2013, the Group held 354,978 and 251,286 participations in RPS Partnership and RPI Partnership, respectively, whose fair values amounted to approximately U.S.$29,822,000 and U.S.$26,636,000 (equivalent to approximately S/.89,048,000 and S/.79,536,000, respectively). As of December 31, 2013, the Group held 54,978 and 501, 286 shares of RPS Partnership and RPI Partnership, respectively, at fair value of approximately U.S.$3, 798,000 and U.S.$41,983,000 (equivalent to approximately S/.10,618,000 and S/.117, 342,000, respectively).

During 2014 and 2013, the Group received dividends from these participations for approximately S/.8,889,000 and S/.8,412,000, respectively, which are included in the "Interest and similar income" caption in the consolidated statements of income.

During 2013, the Group sold 359,312 and 1,641,276 participations in RPS Partnership and RPI Partnership (approximately U.S.$139,927,000, equivalent to S/.367,168,000) at their fair value; a gain of approximately S/.149,352,000 was recorded in the "Net gain on sale of securities" caption of the consolidated statements of income.

(g) The table below presents the balance of available-for-sale investments as of December 31, 2014 and 2013, classified by maturity dates:

	2014 S/.(000)	**2013** S/.(000)
Up to 3 months	1,591,855	222,223
From 3 months to 1 year	222,830	722,299
From 1 to 5 years	565,291	157,167
Over 5 years	4,223,240	3,493,191
Shares and participations (without maturity)	1,631,218	904,470
Total	8,234,434	5,499,350

6. Loans, net

(a) This item is made up as follows:

	2014 S/.(000)	2013 S/.(000)
Direct loans		
Loans	16,341,735	14,869,505
Credit cards receivables	3,187,954	2,547,560
Leasing receivables	2,179,375	2,217,742
Discounted notes	372,988	457,092
Factoring receivables	294,687	256,637
Advances and overdrafts	139,026	128,135
Refinanced loans	140,688	123,897
Past due and under legal collection loans	540,659	346,627
	23,197,112	20,947,195
Add (less)		
Accrued interest	256,189	228,453
Unearned interest	(16,416)	(14,112)
Allowance for loan losses (c)	(819,678)	(694,375)
Total direct loans, net	22,617,207	20,467,161
Indirect loans, Note 17(b)	4,483,721	4,107,238

(b) Direct loans by class are as follows:

	2014 S/.(000)	2013 S/.(000)
Commercial loans	11,248,211	10,688,490
Mortgage loans	4,282,590	3,745,408
Consumer loans	7,091,915	5,960,122
Micro-business loans	574,396	553,175
Total	23,197,112	20,947,195

(c) The changes in the allowance for loan losses (direct and indirect) were as follows:

	2014				
	Commercial S/.(000)	Mortgage S/.(000)	Consumer S/.(000)	Micro-business S/.(000)	Total (*) S/.(000)
Beginning balances	112,797	24,132	510,854	59,725	707,508
Provision	41,715	2,467	354,101	27,228	425,511
Recovery of written-off loans	1,347	-	89,883	2,785	94,015
Loan portfolio written-off	(6,028)	(122)	(379,971)	(20,420)	(406,541)
Translation result	9,137	3,013	2,046	516	14,712
Ending balances	158,968	29,490	576,913	69,834	835,205

	2013				
	Commercial S/.(000)	Mortgage S/.(000)	Consumer S/.(000)	Micro-business S/.(000)	Total (*) S/.(000)
Beginning balances	90,498	14,788	449,247	47,164	601,697
Provision	20,595	6,302	325,310	25,035	377,242
Recovery of written-off loans	357	246	92,120	3,475	96,198
Loan portfolio written-off	(7,105)	(135)	(357,821)	(17,865)	(382,926)
Translation result	8,452	2,931	1,998	1,916	15,297
Ending balances	112,797	24,132	510,854	59,725	707,508

(*) The allowance for loan losses includes the allowance for indirect loans amounting to S/.15,527,000, S/.13,133,000 as of December 31, 2014 and 2013, respectively, and is presented in the "Accounts payable, provisions and other liabilities" caption of the consolidated statements of financial position; see Note 9(a).

In Management's opinion, the allowance for loan losses recorded as of December 31, 2014 and 2013, has been established in accordance with IAS 39 and is sufficient to cover incurred losses on the loan portfolio.

(d) Interest rates on loans are freely determined based on the rates prevailing in the Peruvian market. Part of the loan portfolio is collateralized with guarantees received from clients, which mainly consist of mortgages, trust assignments, financial instruments and industrial and mercantile pledges.

(e) Interests, commissions and expenses over loans or installments that are refinanced, due, under legal collection, or classified in the “Doubtful” or “Loss” categories, are recorded as “Suspended interest income” and are recognized as income in the income statements when effectively collected.

(f) The table below presents the direct loan portfolio as of December 31, 2014 and 2013, classified by maturity dates:

	2014 S/.(000)	**2013** S/.(000)
Outstanding -		
Up to 1 month	2,411,197	1,848,124
From 1 to 3 months	2,614,153	2,586,805
From 3 months to 1 year	5,519,470	5,295,215
From 1 to 5 years	8,355,240	7,344,988
More than 5 years	3,756,393	3,525,436
	22,656,453	20,600,568
Past due loans -		
Up to 4 months	211,980	98,378
Over 4 months	166,849	135,387
Under legal collection	161,830	112,862
	23,197,112	20,947,195

7. **Investment property**

(a) This item is made up as follows:

	2014	2013	Acquisition or construction year	2014 Hierarchy (i)	Total gain in results of the period 2014	Valuation methodology 2014	Valuation methodology 2013
	S/.(000)	S/.(000)			S/.(000)		
Land -							
San Isidro	246,837	209,938	2008	Level 3	26,940	Appraisal	Appraisal
Puruchuco (c)	-	87,894	2008	Level 3	-	-	Appraisal
Piura	31,118	26,566	2009	Level 3	4,551	Appraisal	Appraisal
Lurín	21,420	19,239	2012	Level 3	2,176	Appraisal	Appraisal
Others	14,187	30,356	-	-	301	Appraisal	Appraisal
	315,362	373,993					
Completed investment property							
Shopping mall "Real Plaza"-							
Pucallpa	209,615	125,823	2014	Level 3	7,948	DCF	DCF
Sullana	81,670	64,611	2014	Level 3	13,196	DCF	Cost+appraisal
	291,285	190,434					
Buildings -							
Ate Vitarte	41,116	33,754	-	Level 3	7,363	DCF	DCF
Pardo y Aliaga	3,218	2,193	2010	Level 3	1,025	DCF	DCF
	44,334	35,947					
Built on leased land -							
Real Plaza Centro Cívico Shopping mall (d)	-	187,832	2007	Level 3		DCF	DCF
Others	1,900	2,333	-	-		-	-
	1,900	190,165					
Investment property under construction (iii) -							
Others	-	1,884	2014	-		-	-
	-	1,884					
Total investment property	652,881	792,423			63,500		

DCF: Discounted cash flow

(i) In the year 2014 there were no transfers between Levels during the year.

(ii) As of December 31, 2014 and 2013, there were no encumbrances on any investment property.

(iii) Investment property under construction includes the fair value of the respective land.

The movement of investment property for the years ended December 31, 2014 and 2013 are as follows:

	2014 S/(000)	2013 S/(000)
Beginning balance	792,423	679,984
Additions	91,535	147,063
Disposal of property (c)	(294,577)	(131,199)
Fair value adjustment	63,500	96,575
Ending balance	652,881	792,423

(b) During 2014, main additions correspond to capital expenditures made for the construction of the Real Plaza Pucallpa Shopping Mall and the Real Plaza Sullana Shopping Mall, which are now operating shopping malls, for approximately S/.75,844,000 and S/.3.864,000, respectively and S/.98,454,000 and S/.25,422,000, respectively, as of December 31, 2013.

(c) In June and August, 2014, Interseguro sold at its fair value the land of Puruchuco, to a related entity, recording gains of approximately S/.13,662,000, that were recorded in the "Profit from sale of investment property" caption of the consolidated statements of income.

Corresponds mainly to the sale done in January 2013 by Interseguro, for cash and at its fair value, of the Real Plaza Piura Shopping Mall to a related entity, recognizing a gain of approximately S/.3,763,000, that has been recorded in the "Profit from sale of investment property " caption of the consolidated statements of income.

(d) In September 2014, Interseguro sold, at its fair value, of the Real Plaza Centro Cívico Shopping Mall, to a related entity, for approximately S/. 190,933,000, recognizing gains of approximately S/.933,000.

8. Property, furniture and equipment, net

(a) The movement of property, furniture and equipment and accumulated depreciation for the years ended December 31, 2014 and 2013, is as follows:

Description	Land	Buildings and facilities	Furniture and equipment	Vehicles	Leasehold improvements	In-transit equipment and work-in-progress	Total 2014	Total 2013
	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Cost								
Balance as of January 1	180,542	298,122	473,237	1,249	114,031	29,346	1,096,527	1,031,769
Additions and transfers	1,457	1,530	34,743	26	10,610	24,974	73,340	77,437
Disposals and write-offs (d)	(1,788)	(245)	(20,706)	(134)	(329)	-	(23,202)	(12,679)
Balance as of December, 31	180,211	299,407	487,274	1,141	124,312	54,320	1,146,665	1,096,527
Accumulated depreciation								
Balance as of January 1	-	139,379	311,317	769	70,876	-	522,341	468,986
Depreciation of the year	-	3,976	49,279	268	12,795	-	66,318	64,266
Disposals and write-offs (d)	-	(135)	(18,611)	(133)	(326)	-	(19,1965)	(10,911)
Balance as of December, 31	-	143,238	341,967	913	83,345	-	569,463	522,341
Valor neto en libros	180,211	156,169	145,307	228	40,967	54,320	577,202	574,186

(b) Financial entities in Peru are prohibited from pledging their fixed assets.

(c) Management periodically reviews the residual values, useful life and the depreciation method to ensure they are consistent with the economic benefits and life expectation for the property, furniture and equipment. In Management’s opinion, there is no evidence of impairment in its property, furniture and equipment as of December 31, 2014 and 2013.

(d) During 2014 and 2013, correspond mainly to write-offs performed on fully depreciated assets by Interbank.

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

(a) This item is made up as follows:

	2014 S/(000)	2013 S/(000)
Accounts receivable and other assets		
Financial instruments		
Other accounts receivable, net	205,870	164,757
Accounts receivable related to derivative financial instruments (e)	241,195	125,816
Accounts receivable from sale of investments	280,297	73,050
Operations in process (c)	88,709	64,288
Credit card commission	15,542	14,807
Insurance operation receivables, net	13,784	21,222
Accounts receivable from reinsurer and coinsurer entities	8,058	1,677
Total	853,455	465,617
Non-financial instrument		
Value-Added-Tax credit (b)	241,182	270,309
Intangible assets, net (d)	145,837	135,670
Prepaid expenses	51,750	53,117
Investments in associates	42,655	38,099
Income tax credit	54,378	29,473
Prepaid expenses to related entity	20,737	25,123
Other	9,166	5,952
	565,705	557,743
Total	1,419,160	1,023,360
Accounts payable, provisions and other liabilities		
Financial instruments		
Other accounts payable	333,754	285,311
Accounts payable for acquisitions of investments	226,245	161,533
Accounts payable related to derivative financial instruments (e)	278,430	159,269
Operations in process	168,936	142,068
Workers’ profit sharing and salaries payable	97,278	79,655
Allowance for indirect loan losses, Note 6(c)	15,527	13,133
Accounts payable to reinsurer and coinsurer	6,841	2,371
Taxes payable	-	14,775
	1,127,011	858,115
Non-financial instrument		
Provision for contingencies	14,881	8,231
Deferred fee income	11,627	53,179
Other	66,026	18,494
	92,534	79,904
Total	1,219,545	938,019

(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 as of December 31, 2014 and 2013.

(d) The movement in intangibles assets and accumulated amortization for the years ended December 31, 2014 and 2013 is as follows:

	2014				2013
Description	**Software**	**In-transit-software**	**Other Intangibles**	**Total**	**Total**
	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Cost					
Balance as of January 1	234,987	7,825	32,372	275,184	239,368
Additions and transfers	34,609	6,290	8,574	49,473	39,732
Disposal and write-offs	(80)	-	(795)	(875)	(3,916)
Balance as of December, 31	269,516	14,115	40,151	323,782	275,184
Accumulated amortization					
Balance as of January 1	133,879	-	5,635	139,514	110,959
Amortization of the year	37,302	-	1,777	39,079	32,157
Disposal and write-offs	(76)	-	(572)	(648)	(3,602)
Balance as of December, 31	171,105	-	6,840	177,945	139,514
Net book value	98,411	14,115	33,311	145,837	135,670

Management assesses periodically the amortization method applied with the purpose of ensuring that it is consistent with the economic benefit of the intangibles. In Management's opinion, there is no evidence of impairment in the Group's intangibles as of December 31, 2014 and 2013.

(e) The following table presents as of December 31, 2014 and 2013 the fair value of derivative financial instruments recorded as an asset or a liability, including their notional amounts. The notional amount is the nominal amount of the derivative's underlying asset and is the base over which changes in fair value are measured.

	2014				
	Assets	Liabilities	Notional amount	Maturity	Hedged Instrument
	S/.(000)	S/.(000)	S/.(000)		
Derivatives held for trading -					
Forward exchange contracts	44,731	95,091	9,198,156	Between January 2015 and January 2016	
Interest rate swaps	19,268	31,899	1,511,488	Between March 2015 and August 2024	
Currency swaps	176,841	88,855	5,294,379	Between January 2015 and September 2024	
Cross currency swaps (CCS)	204	1,868	119,960	Between March 2015 and December 2015	
Foreign currency options	213	55,406	175,750	January 11, 2023	
	241,257	273,119	16,299,733		
Derivatives held as hedges -					
Casch flow hedges:					
Interest rate swaps (IRS)	-	461	39,813	June 15, 2015	Negotiable notes (DPR)
Interest rate swaps (IRS)	-	4,609	162,856	June 15, 2016	Negotiable notes (DPR)
Interest rate swaps (IRS)	-	46	1,633	November 4, 2015	Mortgage bonds
	-	5,116	204,302		
	241,257	278,235	16,504,035		

	2013				
	Assets	Liabilities	Notional amount	Maturity	Hedged Instrument
	S/.(000)	S/.(000)	S/.(000)		
Derivatives held for trading -					
Forward exchange contracts	65,200	71,269	6,458,049	Between January 2014 and January 2016	
Interest rate swaps	7,968	2,003	382,634	Between February 2014 and August 2024	
Currency swaps	52,179	36,649	970,162	Between January 2014 and May 2023	
Cross currency swaps (CCS)	469	35,189	164,509	January 11, 2023	
	125,816	145,110	7,975,354		
Derivatives held as hedges -					
Casch flow hedges:					
Interest rate swaps (IRS)	-	3,702	131,529	June 16, 2014 and June 15, 2015	Negotiable notes (DPR)
Interest rate swaps (IRS)	-	10,300	213,416	June 15, 2016	Negotiable notes (DPR)
Interest rate swaps (IRS)	-	157	3,056	November 4, 2015	Mortgage bonds
	-	14,159	348,001		
	125,816	159,269	8,323,355		

As of December 31, 2014 and 2013 certain derivative financial instruments required the establishment of collateral deposits for approximately S/.180,617,000, S/.145,792,000, respectively, see Note 4.

10. Deposits and obligations

(a) This item is made up as follows:

	2014 S/(000)	2013 S/(000)
Time deposits	10,510,023	9,773,506
Savings deposits	5,076,303	5,370,923
Demand deposits	7,787,146	6,917,007
Other obligations	7,955	6,023
Total	23,381,427	22,067,459

(b) Interest rates applied to deposits and obligations accounts are determined based on interest rates prevailing in the market.

(c) As of December 31, 2014 and 2013, approximately S/.6,454,401,000, S/.5,799,518,000, respectively, of deposits and obligations are covered by the Peruvian Deposit Insurance Fund.

(d) The table below presents the balance of time deposits classified by maturity as of December 31, 2014 and 2013:

	2014 S/.(000)	2013 S/.(000)
Due within 1 month	4,441,208	3,420,730
From 1 to 3 months	1,455,513	2,683,516
Fromt 3 months to 1 year	3,275,310	2,545,421
From 1 to 5 years	1,313,862	1,098,432
More than 5 years	24,130	25,407
	10,510,023	9,773,506

11. Due to banks and correspondents

(a) This item is made up as follows:

	2014 S/(000)	2013 S/(000)
By type -		
Loans received from foreign entities (b)	1,095,009	1,488,367
Promotional credit lines (d)	1,378,310	1,259,727
Central Reserve Bank of Peru (e)	644,300	-
	3,117,619	2,748,094
Interest and commissions payable	23,295	14,022
	3,140,914	2,762,116
By term -		
Short term	565,388	678,648
Long term	2,575,526	2,083,468
Total	3,140,914	2,762,116

(b) As of December 31, 2014 and 2013 includes the following:

Entity	Country	Final Maturity	2014 S/.(000)	2013 S/.(000)
Syndicated loan	-	2016	596,135	551,020
Bladex	Multilateral / Panama	2018	140,268	214,936
RBC Wealth Management	United States of America	2015	119,726	112,855
Wells Fargo Bank & Co.	United States of America	2016	89,580	195,650
Corporación Andina de Fomento - CAF	Multilateral / Venezuela	2016	74,650	69,875
China Development Bank	China	2016	44,790	69,875
Cobank	United States of America	2015	29,860	54,058
JP Morgan Chase & Co.	United States of America	2014	-	111,800
Deutsche Bank A.G.	Germany	2014	-	52,398
HSBC Bank PLC	England	2014	-	55,900
			1,095,009	1,488,367

During 2014, transactions with foreign entities bear an effective annual average interest rate of 2.84 percent (2.90 percent during, 2013).

(c) Corresponds to a syndicated loan received in July 2013 for approximately U.S.$200,000,000 in which fifteen foreign financial entities participate, of which Bank of America N.A. (USA) and Citibank N.A. (USA) participated with U.S.$40,000,000 each. This loan has a maturity in October 2016, accrues an annual interest rate of Libor 6 months plus 185 basis points.

(d) Promotional credit lines represent loans in Nuevos Soles and US Dollars granted by Corporación Financiera de Desarrollo ("COFIDE") to promote Peru's development. These liabilities are guaranteed by a loan portfolio up to the amount of the credit line used and include specific agreements on how these funds must be used, the financial conditions that have to be complied with and other administrative matters. In Management's opinion, the Bank has been meeting said requirements. These borrowings accrued an annual interest rate that fluctuated between 4.00 and 9.85 percent during 2014 (between 4.01 and 10.27 during 2013) and have maturities between January 2015 and April 2028 as of December 31, 2014 (between February 2014 and April 2028 as of December 31, 2013).

(e) Corresponds to transactions relate to purchase and repurchase of foreign currency held with the Central Reserve Bank of Peru, see Note 4.

(f) Some of the loan agreements include standard covenants related to financial ratios, use of funds criteria and other administrative matters, which in Management's opinion, do not limit the Group's operations and the Group has complied with at the dates of the consolidated statements of financial position.

(g) As of December 31, 2014 and 2013, maturities of due to bank and correspondents are the following:

Year	**2014** S/.(000)	**2013** S/.(000)
2014	-	678,648
2015	565,389	204,832
2016	1,363,849	838,881
2017	122,918	117,493
2018	112,286	109,217
2019 and thereafter	976,472	813,045
Total	3,140,914	2,762,116

12. Bonds, notes and other obligations

(a) This item is made up as follows:

Issuer	Issuance	Annual interest rate	Interest payment	Maturity	Authorized amount (000)	Used amount (000)	Outstanding balances 2014 S/.(000)	Outstanding balances 2013 S/.(000)
Negotiable notes (DPR)								
IBK DPR Securitizadora (c)	First	Libor 3M + 2.75% / Libor3M + 3.00%	Quarterly	2014-2015	U.S.$200,000	U.S.$200,000	39,790	131,370
IBK DPR Securitizadora (d)	First	Libor 3M + 4.25%	Quarterly	2016	U.S.$121,200	U.S.$121,200	162,442	212,497
							202,232	343,867
Subordinated bonds (b) – First Program								
Interbank	Second (B series)	9.50%	Semiannually	2023	U.S.$50,000	U.S.$30,000	89,580	83,850
Interbank	Third (A Series)	3.5% plus VAC (*)	Semiannually	2023	S/.135,000	S/.110,000	110,000	110,000
Interbank	Fith (A Series)	8.50%	Semiannually	2019	S/.135,000	S/.3,300	3,300	3,300
Interbank	Sixth (A Series)	8.16%	Semiannually	2019	U.S.$45,000	U.S.$15,110	45,118	42,232
Interbank	Eighth (A Series)	6.91%	Semiannually	2022	S/.300,000	S/.137,900	137,170	137,900
Interseguro	First	9.00%	Quarterly	2016	U.S.$5,000	U.S.$5,000	14,930	13,975
Interseguro	Second	6.97%	Semiannually	2024	U.S.$35,000	U.S.$35,000	104,510	-
Interseguro	Second	6.00%	Semiannually	2024	U.S.$15,000	U.S.$15,000	44,790	-
							549,398	391,257
Subordinated bonds (b) – Second Program								
Interbank	Second (A series)	5.80%	Semiannually	2023	S/.450,000	S/.150,000	149,601	149,563
Interbank	Third (A Series)	7.50%	Semiannually	2023	U.S.$125,000	U.S.$50,000	148,829	139,305
							298,430	288,868
Redeemable subordinated bonds (h)								
Interbank	Third (A Series)	6.63%	Semiannually	2029	U.S.$300,000	U.S.$300,000	889,094	-
							889,094	-
Bonos hipotecarios - primer programa								
Interbank	First (A series)	4.90%	Semiannually	2014	U.S.$10,000	U.S.$10,000	-	1,118
Interbank (e)	Second (A and B series)	5.6355%/Libor 6M+0.90 bps	Semiannually	2015	U.S.$10,000	U.S.$10,000	1,792	3,354
							1,792	4,472
International Issuance through Panamanian Branch								
Junior subordinated notes (f)	First	8.50%	Semiannually	2070	U.S.$200,000	U.S.$200,000	586,357	547,627
Senior bonds (g)	First	5.75%	Semiannually	2020	U.S.$400,000	U.S.$400,000	1,185,919	1,110,632
Senior bonds (g)	Second	5.75%	Semiannually	2020	U.S.$250,000	U.S.$250,000	766,810	682,632
							2,539,086	2,340,891
Interest payable							85,256	55,600
							4,565,288	3,424,955

(*) Issued through Interbank - Panama Sucursal

(b) Subordinated bonds do not have specific guarantees and in accordance to SBS rules they qualified as second level equity (Tier 2), see Note 15 (f).

(c) This loan was disbursed in June 2008, in two tranches, U.S.$60,000,000 and U.S.$140,000,000, respectively, and accrue interest at a 3 month Libor rate plus a margin between 2.75 and 3 percent. The loan has no specific guarantees or conditions for its use and was obtained through an agreement to IBK DPR Securitizadora.

IBK DPR Securitizadora issued negotiable long-term notes for the same two tranches, amounts and maturities, accruing interests at the 3-month Libor rate plus 2.75 percent, respectively. These notes are guaranteed by remittances received by the Bank through SWIFT transfers, by which they are transferred by the Bank to IBK DPR Securitizadora upon received. The issuance of these notes has standard clauses on meeting financial ratios and other administrative matters which, in Management's opinion, are being met and do not affect the Bank's operation.

In order to hedge the variable rate component of these transactions, the Bank has entered into two interest-rate swap agreements, with notional amounts of U.S.$60,000,000 and U.S.$140,000,000, respectively, by which it receives the 3 month Libor rate and pays an annual fixed rate of 3.70 and 3.75 percent, respectively, starting in March 2009. The swaps' payment schedules are identical to those of the loan, and the Bank has recorded these derivatives as cash- flow hedges.

(d) This loan was disbursed in June 2009 and accrues interest at the 3-month Libor rate plus 4.25 percent, the loan has no specific guarantees or conditions for its use and was obtained through an agreement to IBK DPR Securitizadora.

IBK DPR Securitizadora issued negotiable long-term notes for the same amount and maturity, accruing interests at the 3-month Libor rate plus 4.25 percent and are guaranteed by remittances received by the Bank through SWIFT transfers, by which they are transferred by the Bank to IBK DPR Securitizadora upon received. The issuance of these notes has standard clauses on meeting financial ratios and other administrative matters which, in Management's opinion, are being met and do not affect the Bank's operation.

For this transaction, the Bank has entered into an interest-rate swap contract, for which it receives the 3-month Libor rate plus a margin of 4.25 percent and pays an annual fixed rate of 7.90 percent starting in September 2009. The swap schedule is exactly equal to that of the loan. The Bank has recorded this derivative as a cash-flow hedge.

(e) As of December 31, 2014 and 2013, Interbank holds an interest rate swap that has been designated as a cash flow hedge; through this operation, the bonds were economically converted into fixed rate bonds.

(f) These notes accrue a fixed annual interest rate for the first ten years, which starting April 2020 becomes a floating rate equal to the 3 month Libor rate for US dollar deposits plus 674 basis points, provided that the floating rate for any interest period will not be less than 10.5 percent per annum. Starting on that date and on any interest payment date, Interbank can redeem 100 percent of the notes without penalties. Interest payments are non-cumulative in case an interest payment is not performed in full or cancelled as set forth, due to Interbank's right to cancel interest payments, a mandatory prohibition established by the SBS, or if the SBS determines that Interbank is not in compliance with applicable minimum regulatory capital requirements. In such cases, Interbank will not declare, pay or distribute a dividend for the period in which interest payments are not made. The principal payment will take place at the maturity date or when Interbank redeems the bonds.

(g) In September 2010 and 2012, the Bank issued senior bonds denominated “5.750 percent Senior Notes due 2020”. Starting April 2016, Interbank can redeem, on any coupon payment date, these bonds, paying as a penalty an interest rate equal to the American Treasury Bonds rate plus 50 basis points.

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

(h) In March 2014, the Bank issued subordinated bonds denominated “6.625 percent Fixed-to-Floating Rate Subordinated Notes Due 2029”. This issuance was made on par with an annual initial Interest rate fixed at 6.625% until March 19, 2024, with semiannual payments. Thereafter, the rate becomes a variable rate equal to LIBOR for three (3) months plus 5.760% payable quarterly.

This issuance qualifies in accordance to SBS rules as second level regulatory equity (Tier 2).

(i) International issuances are listed at the Luxembourg Stock Exchange. On the other hand, local and international issuances have standard covenants related to financial ratios, use of funds and other administrative matters, which in Management’s opinion, do not limit the Group´s operations and the Group has complied with at the dates of the consolidated statements of financial position.

(j) The table below presents the repayment schedule of these obligations as of December 31, 2014 and 2013:

Year	**2014** S/.(000)	**2013** S/.(000)
2014	-	194,930
2015	208,079	136,773
2016	72,772	68,175
2017 and thereafter	4,284,437	3,025,077
	4,565,288	3,424,955

13. Insurance contract liabilities

(a) This item is made up as follows:

	2014	**2013**
	S/(000)	S/(000)
Technical reserves (b)	3,698,020	3,070,333
Claims reserves (c)	44,987	66,850
	3,743,007	3,137,183

(b) Technical reserves disclosed by type of insurance are the following:

	2014	**2013**
	S/(000)	S/(000)
Annuities	3,437,761	2,823,489
Retirement, disability and survival annuities	129,349	144,193
Life insurance	98,363	80,569
General insurance	32,547	22,082
	3,698,020	3,070,333

The movement of technical reserves for the years ended December 31, 2014 and 2013 is as follows:

	2014				
	Annuities S/.(000)	**Retirement, disability and survival annuities** S/.(000)	**Life insurance** S/.(000)	**General insurance** S/.(000)	**Total** S/.(000)
Beginning balances	2,823,489	144,193	80,569	22,082	3,070,333
Insurance subscriptions	585,034	-	1,666	34,806	621,506
Time course expenses	(77,297)	(14,844)	15,752	(24,775)	(101,164)
Maturities and recoveries	-	-	(5,489)	-	(5,489)
Exchange differences	106,535	-	5,865	434	112,834
Ending balances	3,437,761	129,349	98,363	32,547	3,698,020

	2013				
	Annuities S/.(000)	**Retirement, disability and survival annuities** S/.(000)	**Life insurance** S/.(000)	**General insurance** S/.(000)	**Total** S/.(000)
Beginning balances	2,404,319	152,139	63,228	11,357	2,631,043
Insurance subscriptions	433,930	-	3,181	30,132	467,243
Time course expenses	(152,852)	(7,946)	11,466	(19,437)	(168,769)
Maturities and recoveries	-	-	(3,330)	-	(3,330)
Exchange differences	138,092	-	6,024	30	144,146
Ending balances	2,823,489	144,193	80,569	22,082	3,070,333

Claims reserves disclosed by type of insurance are the following:

	2014		
	Reported claims S/.(000)	**IBNR** S/.(000)	**Total** S/.(000)
Annuities	1,785	-	1,785
Retirement, disability and survival annuities	11,996	-	11,996
Life insurance	11,082	11,217	22,299
General insurance	8,245	662	8,907
	33,108	11,879	44,987

	2013		
	Reported claims S/.(000)	**IBNR** S/.(000)	**Total** S/.(000)
Annuities	1,440	-	1,440
Retirement, disability and survival annuities	36,912	14	36,926
Life insurance	9,139	11,285	20,424
General insurance	7,429	631	8,060
	54,920	11,930	66,850

The movement for the years ended December 31, 2014 and 2013 is as follows:

	2014				
	Annuities S/(000)	**Retirement, disability and survival annuities** S/(000)	**Life insurance** S/(000)	**General insurance** S/(000)	**Total** S/(000)
Beginning balances	1,440	36,926	20,424	8,060	66,850
Claims	157,920	7,685	20,740	20,325	206,670
Adjustments to prior years claim	-	(24,270)	10,052	(7,193)	(21,411)
Payments	(157,640)	(8,345)	(29,290)	(12,446)	(207,721)
Exchange differences	65	0	373	161	599
Ending balances	1,785	11,996	22,299	8,907	44,987

	2013				
	Annuities S/(000)	**Retirement, disability and survival annuities** S/(000)	**Life insurance** S/(000)	**General insurance** S/(000)	**Total** S/(000)
Beginning balances	1,478	37,738	16,820	7,429	63,465
Claims	127,255	6,293	29,239	14,116	176,903
Adjustments to prior years claim	-	1,497	18	(2,352)	(837)
Payments	(127,388)	(8,602)	(26,199)	(11,178)	(173,367)
Exchange differences	95	0	546	45	686
Ending balances	1,440	36,926	20,424	8,060	66,850

(d) In Management's opinion, these balances reflect the exposure of life and general insurance contracts as of December 31, 2014 and 2013 in accordance with IFRS 4.

14. Deferred income tax asset and liability

(a) The table below presents the expenses, net reported in the consolidated income statements for the years ended December 31, 2014 and 2013:

	2014	**2013**
	S/. 000	S/. 000
Current – Expense	322,118	286,315
Deferred – (Income)	(23,339)	(20,559)
	298,779	265,756

(b) Peruvian life insurance companies are exempt from income tax regarding the income derived from assets linked to technical reserves for the purposes of payment of retirement, disability and survivor pensions within the private pension fund administration system.

15. Equity

(a) Capital stock -

As of December 31, 2014 and 2013, IFS's capital stock is represented by 113,110,864 and 93,615,451 shares with a par value of U.S.$9.72 per share.

As explained in Note 1.2 in August 2014, Intercorp Perú contributed all of the outstanding shares of Inteligo Group to IFS in exchange of 19,495,413 new shares issued by IFS to Intercorp Perú.

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

During the year ended December 31, 2014, Inteligo Group declared and paid dividends for an amount of U.S.$7,000,000 (equivalent to S/.19,495,000).

During the year ended December 31, 2013, Inteligo Group declared and paid dividends for an amount of U.S.$15,800,000 (equivalent to S/.40,061,000).

(b) Unrealized results

As of December 31, 2014 and 2013, unrealized results are comprised of: (i) Net valuation of investments available for sale, (ii) Net valuation of derivatives cash flow hedges and (iii) Translation results. All are presented net of deferred income tax.

(c) Shareholders' equity for legal purposes (regulatory capital) -

IFS are not required to establish shareholders' equity for legal purposes (regulatory capital).
As of December 31, 2014 and 2013, the shareholders' equity for legal purposes, required for IFS's Subsidiaries (Interbank and Interseguro) and Inteligo Group's subsidiaries are detailed below:

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

In application of Peruvian Legislative Decree No. 1028, as of December 31, 2014 and 2013, Interbank maintains the following amounts related to weighted assets and contingent credits by total risk and regulatory capital (basic and supplementary):

	2014 S/.(000)	2013 S/.(000)
Total risk weighted assets and credits	30,845,129	26,684,039
Total regulatory capital	4,676,843	3,572,147
Basic regulatory capital (Level 1)	2,959,117	2,590,903
Supplementary regulatory capital (Level 2)	1,717,726	981,244
Global regulatory capital ratio	15.16%	13.39%

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

The solvency net equity is represented by the greater of the solvency margin or the minimal capital. As of December 31, 2014 and 2013, the solvency net equity is represented by the solvency margin. The solvency margin is the complementary support that insurance entities must maintain to deal with possible situations of excess claims not foreseen in the estimation of technical reserves.
The guarantee fund represents the additional equity support that insurance entities must maintain to deal with other risks that can affect them and that are not covered by the regulatory net equity, such as investment risk. The guarantee fund is equivalent to 35 percent of the regulatory net equity, calculated in accordance with SBS Resolution No. 1124-2006.

As of December 2014 and 2013, Interseguro's shareholders' equity for legal purposes is as follows:

	2014 S/.(000)	2013 S/.(000)
Regulatory net equity	420,920	274,224
Minus:		
Solvency equity (solvency margin)	214,602	177,568
Guarantee fund	75,111	62,149
Surplus	131,207	34,507

Inteligo Bank shareholders' equity for legal purposes (regulatory capital) -
The Central Bank of the Bahamas requires Inteligo Bank to maintain capital of not less than 8% of its risk weighted assets. Inteligo Bank's capital ratio as of December 31, 2014 and 2013 is the following:

	2014	**2013**
	US$(000)	US$(000)
Total eligible capital	111,788	94,487
Total risk weighted assets	562,398	509,152
Capital adequacy ratio	19.88%	18.56%

16. Tax situation

(a) IFS and Inteligo Group and their Subsidiaries that are incorporated and domiciled in the Republic of Panama and the Commonwealth of the Bahamas – are not subject to any income tax, or any taxes on capital gains, equity or property. The Group's Subsidiaries incorporated in Peru are subject to Peruvian taxes; hence, they must assess their income tax burden on the basis of separate financial statements. As of December 31, 2014 and 2013, the statutory corporate income tax rate was 30 percent.

(b) In accordance with Law N° 30296, approved on December 31, 2014, the income tax rate applicable for the following years will be:

- 2015 and 2016: 28 per cent.
- 2017 and 2018: 27 per cent.
- 2019 and forward: 26 per cent.

Likewise, not domiciled Tax entities in Peru, as well as taxable persons, are subject to an additional withholding tax on dividends received. Such additional tax will be as follows:
- 4.1 per cent on taxable income from earning arisen until December 31, 2014.

Earnings arisen from 2015 and forward, which distribution had been agreed since that date, would be taxed, as follows:
- 2015 and 2016: 6.8 per cent.
- 2017 and 2018: 8 per cent.
- 2019 and forward: 9.3 per cent.

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

- Interbank: income tax regarding fiscal years 2009 to 2013.
- Interseguro: income tax regarding fiscal years 2012 and 2013.

On the other hand, in April 2004, June 2006, February 2007, June 2007, November 2007, October 2008 and December 2010, Interbank was notified with Tax Assessments and Tax Fine Resolutions regarding the income tax borne by Interbank with respect to fiscal years 2000 to 2006, respectively. Interbank has filed Tax Claims and Tax Appeals regarding said Tax Assessments and Tax Fine Resolutions in March 2009, August 2010 and December 2011; SUNAT solved the Tax Claims regarding fiscal years 2000 to 2006; Interbank filed tax appeals against the resolutions that solved such tax claims.

During 2013, SUNAT closed the tax audit procedures regarding the Income Tax borne by Interbank with respect to fiscal years 2007 and 2008. As a result, SUNAT issued several Tax Assessment Resolutions, but no payment was required.

As of December 31, 2014 and 2013 SUNAT ended the tax audit for the income tax borne by Interbank with respect to fiscal years 2009.

Since tax regulations are subject to interpretation by SUNAT, it is not possible to determine up to date whether such tax audits procedures would result in additional liabilities for the Group's Subsidiaries or not. Therefore, any unpaid tax, penalties or interests that might result from said audit procedures will be expensed in the year in which they are determined. Nevertheless, Management and its legal advisors consider that any additional tax assessments would not have a significant impact on the consolidated financial statements as of December 31, 2014 and 2013.

17. Off-balance sheet accounts

(a) The table below presents the components of this caption:

	2014 S/.(000)	2013 S/.(000)
Contingent credits - indirect loans, Note 6(a), (b)		
Guarantees and standby letters	4,293,865	3,789,891
Import and export letters of credit	189,856	317,347
	4,483,721	4,107,238
Derivatives, Note 9		
Held for trading: note 9(e)		
Foreign currency forward contracts on Nuevo Sol:		
Foreign currency purchases	2,591,566	2,780,824
Foreign currency sales	6,407,131	3,145,263
Foreign currency forward contracts on currencies other than Nuevo Sol	199,459	531,962
Interest rate swaps	1,511,488	382,634
Currency swap contracts:		
Foreign currency delivery/ Nuevo Sol receipt	738,885	475,751
Nuevo Sol delivery/ Foreign currency receipt	4,555,494	494,411
Cross currency swaps	175,750	164,509
	16,179,773	7,975,354
Held as hedges: note 9(e)		
Cash flow hedges:		
Interest rate swaps	204,302	348,001
	16,384,075	8,323,355
Responsibilities under credit lines agreements (c)	6,814,631	6,223,041
Total	27,682,427	18,653,634

(b) In the normal course of its operations, the Group performs contingent operations (indirect loans). These transactions expose the Group to additional credit risk beyond the amounts recognized in the consolidated statements of financial position.
The Group applies the same credit policies for granting and evaluating the provisions required for direct loans when performing contingent operations – see Note 6 – including obtaining guarantees when it deems it necessary. Guarantees vary and include deposits in financial institutions or other assets.

Taking into account that many of the contingent operations are expected to expire without the Group having to disburse funds, the total committed amounts do not necessarily represent future cash requirements.

(c) Responsibilities under credit lines agreements include credit lines and other consumer loans facilities (credits cards) and are cancelable upon notification to the client.

18. Interest and similar income and expense

This item is made up as follows:

	2014 S/.(000)	**2013** S/.(000)
Interest and similar income		
Interest on loans	2,501,960	2,082,906
Interest on due from banks and inter-bank funds	11,640	46,288
Interest on investments	285,831	240,360
Other interest and similar income	29,220	35,989
Total	2,828,651	2,405,543
Interest and similar expense		
Interest on deposits and obligations	350,682	291,624
Interest on bonds, notes and other obligations	267,685	203,538
Interest and fees on due to banks and correspondents	137,218	131,313
Deposits Insurance fund fees	27,075	23,991
Other interest and similar expenses	6,202	7,343
Total	788,862	657,809
Net interest and similar income	2,039,789	1,747,734

19. Fee income from financial services, net

This item is made up as follows:

	2014	2013
	S/(000)	S/(000)
Income		
Maintenance and mailing of accounts, interchange fees, transfers and credit and debit card services	437,074	396,160
Commissions from banking services	137,797	87,845
Funds management	117,152	105,216
Fees for indirect loans	54,140	49,037
Collection services	21,983	19,460
Brokerage and custody services	11,537	8,820
Other	26,156	25,453
Total	805,839	691,991
Expenses		
Insurance	52,240	24,461
Fees paid to foreign banks	6,768	17,957
Brokerage and custody services	1,891	163
Other	40,800	27,387
Total	101,699	69,968
Fee income from financial services, net	704,140	622,023

20. Other income and expenses

These items are made up as follow:

	2014 S/.(000)	2013 S/.(000)
Other income		
ATM rental income	19,596	17,251
Participation from investments in associates	11,417	15,313
Other technical income from insurance operations	9,889	5,132
Services granted to third parties	6,936	10,096
Insurance recovery	1,592	3,847
Recovery of accounts receivables provision	-	8,368
Gain on sale of foreclosed assets	-	362
Other income	24,030	29,005
Total other income	73,460	89,374
Other expenses		
Commissions from insurance activities	19,347	17,430
Provision for sundry risk	12,547	3,898
Sundry technical insurance expenses	9,167	6,827
Termination of employees	7,873	6,315
Donations	7,008	6,703
Administrative and tax sanctions	2,546	6,351
Provision for other accounts receivables	564	1,091
Other expenses	37,541	41,596
Total other expenses	96,593	90,211

21. Net premiums earned

(a) This item is made up as follows:

	Premiums assumed		Adjustment of technical reserves		Gross premiums earned (*)		Premiums ceded to reinsurers		Net premiums earned		Percentage net premiums earned	
	2014	2013	2014	2013	2014	2013	2014	2013		2014		
	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	%	%
Life insurance												
Annuities	478,295	395,721	(507,737)	(281,105)	(29,442)	114,616	-	-	(29,442)	114,616	(18.33)	43.46
Group life	90,689	73,131	143	(76)	90,832	73,055	(3,259)	(2,497)	87,573	70,558	54.52	26.75
Individual life	33,624	30,354	(12,048)	(10,210)	21,576	20,144	(1,477)	(1,557)	20,099	18,587	12.51	7.05
Retirement, disability and survival	617	150	14,844	7,973	15,461	8,123	-	-	15,461	8,123	9.63	3.08
Others	3,906	4,416	(232)	(939)	3,674	3,477	(72)	(1,448)	3,602	2,029	2.24	0.77
General insurance	73,401	60,536	(10,031)	(10,476)	63,370	50,060	(51)	(227)	63,319	49,833	39.42	18.89
	680,532	564,308	(515,061)	(294,833)	165,471	269,475	(4,859)	(5,729)	160,612	263,746	100.00	100.00

(b) Gross premiums earned by insurance type and its participation over total gross premiums are described below:

	2014		2013	
	S/.(000)	%	S/.(000)	%
Life insurance	102,101	62	219,415	81
General insurance	63,370	38	50,060	19
Total	165,471	100	269,475	100

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

This item is made up as follows:

	Gross claims and benefits		Ceded claims and benefits		Net insurance claims and benefits	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Life insurance						
Annuities	157,920	127,257	-	-	157,920	127,257
Group life	29,121	25,995	(3,705)	(788)	25,416	25,207
Individual life	887	2,795	56	(741)	943	2,054
Retirement, disability and survival	(16,585)	7,790	-	-	(16,585)	7,790
Others	784	435	(496)	(729)	288	(294)
General insurance	13,132	11,794	(4)	-	13,128	11,794
	185,259	176,066	(4,149)	(2,258)	181,110	173,808

23. Salaries and employee benefits

This item is made up as follows:

	2014	**2013**
	S/.(000)	**S/.(000)**
Salaries	469,448	467,195
Workers' profit sharing	64,011	56,618
Social security	39,983	37,861
Vacations, medical assistance and others	31,016	31,490
Severance indemnities	35,068	33,370
Total	639,526	626,534

24. Administrative expenses

This item is made up as follows:

	2014	**2013**
	S/.(000)	**S/.(000)**
Salaries	643,885	605,300
Workers' profit sharing	36,903	32,473
Total	680,788	637,773

(a) Services received from third parties correspond mainly to transportation services, repairing and maintenance services, telecommunication costs, advertising expenses, professional fees, rent, among others.

25. Earnings per share

The following table reflects basic and diluted earnings per share computations, on a pro-forma basis, reflecting the reorganization under common control described in Note 3 as if the equity structure of the Group had been in place for all periods presented:

	IFS Outstanding shares (in thousands)	IFS shares considered in computation (in thousands)	Shares issued in the acquisition of Inteligo Group (in thousands)	Total shares considered in computation (in thousands)	Days as of the end of year	Weighted average number of shares (in thousands)
2013						
Balance as of january 1, 2013	90,500	90,500	19,495	109,995	365	109,995
Purchases of treasury stock	(330)	(330)	-	(330)	336-55	(152)
Sales of treasury stock	130	130	-	130	169-153	49
Balance as of December 31, 2013	90,300	90,300	19,495	109,795		109,892
Net earnings attributable to IFS S/.(000)						970,175
Net basic and diluted earnings per share attributable to IFS (Nuevos Soles)						8.828
2014						
Balance as of january 1, 2014	90,300	90,300	19,495	109,795	365	109,795
Purchases of treasury stock	(680)	(680)	-	(680)	347-83	(535)
Sales of treasury stock	244	244	-	244	339-4	133
Balance as of December 31, 2014	89,864	89,864	19,495	109,359		109,393
Net earnings attributable to IFS S/.(000)						947,549
Net basic and diluted earnings per share attributable to IFS (Nuevos Soles)						8.662

26. Transactions with related parties and affiliated companies

(a) The table below presents the balances with related parties and affiliated companies as of December 31, 2014 and 2013:

	2014 S/(000)	2013 S/(000)
Assets		
Investments available-for–sale	76,710	87,726
Royalty Pharma	168,584	127,960
InRetail Perú Corp.	209,818	126,022
Other	69,441	44,141
Loan portfolio, net	765,074	652,855
Other assets	87,553	53,405
Liabilities		
Deposits and obligations	312,276	457,173
Other liabilities	6,408	10,998
Off-balance sheet accounts		
Indirect loans	96,262	58,453
Income (expense)		
Interest income	46,792	25,174
Finance expense	(5,726)	(7,433)
Rental income	9,762	5,882
Profit from sale of investment property, net	4,421	4,034
Administrative expenses	(18,023)	(11,483)
Other, net	31,787	24,670

(b) As of December 31, 2014 and 2013, the detail of loans to shareholder and related entities is the following:

	2014 S/.(000)	2013 S/.(000)
Supermercados Peruanos S.A.	118,919	115,876
Intercorp Perú Ltd.	171,152	111,664
Homecenters Peruanos S.A.	72,581	43,097
Nessus Hoteles Perú S.A.	45,197	29,389
Financiera Uno S.A.	43,201	39,149
Tiendas Peruanas S.A.	37,019	31,669
Eckerd Perú S.A.	32,675	38,743
Bembos	29,043	2,102
Agrícola Don Ricardo S.A.C.	27,124	21,224
Cineplex S.A.	25,852	58,123
Colegios Peruanos S.A.	24,648	4,288
Victoria Global Opportunities S.A.C.	22,675	30,953
Domus Hogares del Norte S.A.	18,366	11,946
EP de Restaurantes	13,180	508
Club de Socios S.A.	12,500	19,409
EP de Franquicias	12,383	1,104
Corporación Peruana de Restaurantes	12,144	1,789
Bellavista Global Opportunities S.A.C.	10,659	11,311
Inmobiliaria Puerta del Sol S.A.	1,000	60,000
Other	34,756	20,511
	765,074	652,855

(c) As of December 31, 2014 and 2013, directors, officers and employees of the Group have been involved, directly and indirectly, in credit transactions with certain subsidiaries of the Group, as permitted by Peruvian Banking and Insurance Law, which regulates and limits certain transactions with employees, directors and officers of a bank or an insurance company. As of December 31, 2014 and 2013 direct loans to employees, directors and key Management amounted to S/.122,593,000, S/.105,008,000, respectively; said loans are paid monthly and earn interest at market rates.

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

(d) The Group's key executives' compensation for the years ended December 31, 2014 and 2013, comprised the following:

	2014 S/.(000)	2013 S/.(000)
Salaries	16,885	14,056
Directors' compensations	1377	25,874
Total	18,262	39,930

(e) As of December 31, 2014 and 2013, IFS and its Subsidiaries participate in domestic and foreign mutual and investment funds, recorded as available-for-sale investments and managed by Interfondos S.A. Sociedad Administradora de Fondos amounting to S/.7,500,000 and S/.41,361,000, respectively.

(f) Correspond mainly to (i) prepaid expenses for concession agreements with Supermercados Peruanos S.A. for spaces ceded to Interbank in the stores of Supermercados Peruanos S.A., for the operation of financial stores for a term of 15 years, and for an amount of approximately S/.20,737,000, S/.25,123,000 as of December 31, 2014 and 2013, respectively, see Note 9(a). Interbank may renew the term of the agreement for an additional term of 15 years; (ii) other assets also include an account receivable to Intercorp Peru for an amount of U.S.$19,170,000 (equivalent to S/.57,427,000) and U.S.$3,650,000 (equivalent to S/.10,488,000) as of December 31, 2014 and 2013, respectively. These accounts receivables generate interest at market rates and mature in the short term.

(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 are determined according to prevailing tax standards.

27. Business segments

As explained in Note 1, these consolidated financial statements comprise the combination of IFS and Subsidiaries for all periods presented.

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

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

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

Wealth Managements -
Provider of financial advisory services and brokerage services.

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

(i) The following table presents the Group's financial information by business segments as of December 31, 2014 and 2013 and for the year ended December 31, 2014 and 2013:

	2014					2013				
	Banking	Insurance	Wealth Management	Corporate and eliminations	Total	Banking	Insurance	Wealth Management	Corporate 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	3,483,677	539,987	264,317	(54,894)	4,233,087	3,100,202	628,560	212,284	(8,216)	3,932,830
Inter-segment	(50,421)	(4,046)	(801)	55,268	-	(42,530)	(2,472)	16,268	28,734	-
Total income (*)	3,433,256	535,941	263,516	374	4,233,087	3,057,672	626,088	228,552	20,518	3,932,830
Extracts of results										
Interest and similar income	2,534,853	202,248	104,890	(13,340)	2,828,651	2,146,363	169,747	99,837	(10,405)	2,405,542
Interest and similar expenses	(732,531)	(7,808)	(48,975)	452	(788,862)	(614,011)	(1,350)	(43,204)	756	(657,809)
Net interest and similar income	1,802,322	194,440	55,915	(12,888)	2,039,789	1,532,352	168,397	56,633	(9,649)	1,747,733
Provision for loan losses, net of recoveries	(425,512)	-	-	-	(425,512)	(377,242)	-	-	-	(377,242)
Net interest and similar income after provision for loan losses	1,376,810	194,440	55,915	(12,888)	1,614,277	1,155,110	168,397	56,633	(9,649)	1,370,491
Fee income from financial services, net	645,085	(2,317)	95,894	(34,522)	704,140	574,662	(1,679)	78,514	(29,474)	622,023
Other income	303,739	179,444	63,533	(7,033)	539,683	379,176	196,746	33,933	31,663	641,518
Total premiums earned less claims and benefits	-	(20,498)	-	-	(20,498)	-	89,938	-	-	89,938
Depreciation and amortization	(99,149)	(3,059)	(3,189)	-	(105,397)	(90,942)	(2,464)	(2,880)	(137)	(96,423)
Other expenses	(1,196,361)	(181,316)	(77,611)	11,096	(1,444,192)	(1,134,911)	(163,971)	(59,518)	(16,307)	(1,374,707)
Income before translation result and income tax	1,030,124	166,694	134,542	(43,347)	1,288,013	883,095	286,967	106,682	(23,904)	1,252,840
Translation result	(23,643)	(8,837)	1,238	6,226	(25,016)	(21,123)	(5,274)	3,367	10,553	(12,477)
Income tax	(276,983)	(52)	(1,511)	(20,233)	(298,779)	(246,962)	(137)	(712)	(17,945)	(265,756)
Profit for the year	729,498	157,805	134,269	(57,354)	964,218	615,010	281,556	109,337	(31,296)	974,607
Attributable to:										
Equity holders of the Group	729,498	146,238	134,269	(62,456)	947,549	615,011	281,482	109,337	(35,656)	832,527
Attributable to non-controlling interest	-	11,566	-	5,103	16,669	-	74	-	4,360	4,434
	729,498	157,804	134,269	(57,353)	964,218	615,011	281,556	109,337	(31,296)	836,961

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

	2014				
	Banking	Insurance	Wealth Management	Corporate and eliminations	Total Consolidated
	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Total assets	32,904,861	4,749,548	2,941,965	(217,194)	40,379,180
Total liabilities	29,630,195	4,052,058	2,463,318	(73,220)	36,072,351
Impairment loss on available-for-sale investments	-	(7,016)	(15,327)	2,188	(20,155)

	2013				
	Banking	Insurance	Wealth Management	Corporate and eliminations	Total Consolidated
	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Total assets	29,872,996	3,870,084	2,718,713	(282,639)	36,179,154
Total liabilities	27,068,116	3,328,945	2,265,009	(195,360)	32,466,710
Impairment loss on available-for-sale investments	-	(14,120)	40	-	(14,080)

28. Financial instruments classification

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

	2014					2013				
	Financial assets at fair value through profit or loss held for trading or hedging S/.(000)	**Loans and receivables** S/.(000)	**Investment available-for-sale** S/.(000)	**Financial liabilities at amortized cost** S/.(000)	**Total** S/.(000)	**Financial assets at fair value through profit or loss held for trading or hedging** S/.(000)	**Loans and receivables** S/.(000)	**Investment available-for-sale** S/.(000)	**Financial liabilities at amortized cost** S/.(000)	**Total** S/.(000)
Financial Assets										
Cash and due from banks	-	6,358,504	-	-	6,358,504	-	7,401,096	-	-	7,401,096
Inter-bank funds	-	310,030	-	-	310,030	-	204,905	-	-	204,905
Trading securities	105,783	-	-	-	105,783	126,692	-	-	-	126,692
Investments available-for-sale	-	-	8,303,176	-	8,303,176	-	-	5,550,994	-	5,550,994
Loans, net	-	22,617,207	-	-	22,617,207	-	20,467,161	-	-	20,467,161
Due from customers on acceptances	-	18,833	-	-	18,833	-	22,310	-	-	22,310
Accounts receivables and other assets, net	241,195	612,260	-	-	853,455	125,816	339,801	-	-	465,617
	346,978	29,916,834	8,303,176	-	38,566,988	252,508	28,435,273	5,550,994	-	34,238,775
Financial liabilities										
Deposits and obligations	-	-	-	23,381,427	23,381,427	-	-	-	22,067,459	22,067,459
Inter-bank funds	-	-	-	-	-	-	-	-	100,022	100,022
Due to banks and correspondents	-	-	-	3,140,914	3,140,914	-	-	-	2,762,116	2,762,116
Bonds, notes and other obligations	-	-	-	4,565,288	4,565,288	-	-	-	3,424,955	3,424,955
Due from customers on acceptances		-	-	18,833	18,833	-	-	-	22,310	22,310
Insurance contract liabilities	-	-	-	3,743,007	3,743,007	-	-	-	3,137,183	3,137,183
Accounts payables, provision and other liabilities	278,430	-	-	848,581	1,127,011	159,269	-	-	698,846	858,115
	278,430	-	-	35,698,050	35,976,480	159,269	-	-	32,212,891	32,372,160

29. Financial risk management

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

In order to manage said risks, each Subsidiary has a specialized structure and organization in the management, measurement, mitigation and coverage processes that considers the specific needs and regulatory requirements to develop their business. The Group and its Subsidiaries, mainly Interbank, Interseguro and Inteligo Bank operate independently but in coordination with the general provisions issued by the Board and management of IFS Group.

Following is presented main financial information related to credit risk management for the loan portfolio, offsetting of financial assets and liabilities and foreign exchange risk.

(a) Credit risk management for loan placements -

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

Normal (Class A): Debtors of commercial loans that fall into this category have complied on a timely basis with their obligations and at the time of evaluation do not present any reason for doubt with respect to repayment of interest and principal on the agreed dates and there is no reason to believe that the status will change before the next evaluation. To place a loan in Class A, a clear understanding of the use to be made of the funds and the origin of the cash flows to be used by the debtor to repay the loan is required. Consumer and micro-business loans are categorized as Class A if payments are current or up to 8 days past-due. Residential mortgage loans warrant Class A classification if payments are current or up to 30 days past-due.

Potential problems (Class B): Debtors of commercial loans included in this category are those that at the time of the evaluation demonstrate certain deficiencies, which, if not corrected on a timely manner, imply risks with respect to the recovery of the loan. Certain common characteristics of loans or credits in the category include: delays in loan payments which are promptly covered, a general lack of information required to analyze the credit, out-of-date financial information, temporary economic or financial imbalances on the part of the debtor which could affect its ability to repay the loan and market conditions that could affect the economic sector in which the debtor is active. Consumer and micro-business loans are categorized as Class B if payments are between 9 and 30 days late. Residential mortgage loans become Class B when payments are between 31 and 60 days late.

Substandard (Class C): Debtors of commercial loans included in this category demonstrate serious financial weakness, often with operating results or available income insufficient to cover financial obligations on agreed upon terms, with no reasonable short-term prospects for a strengthening of their financial capacity. Debtors demonstrating the same deficiencies that warrant classification as category B warrant classification as Class C if those deficiencies are such that if they are not corrected in the near term, they could impede the recovery of principal and interest on the loan on the originally agreed terms. In addition, commercial loans are classified in this category when payments are between 61 and 120 days late. Consumer and micro-business loans are categorized as Class C if payments are between 31 and 60 days late. Residential mortgage loans are classified as Class C when payments are between 61 and 120 days late.

Doubtful (Class D): Debtors of commercial loans included in this category present characteristics that make doubtful the recovery of the loan. Although the loan recovery is doubtful, if there is a reasonable possibility that in the near future the creditworthiness of the debtor might improve, a Class D categorization is appropriate. These credits are distinguished from Class E credits by the requirement that the debtor remain in operation, generate cash flow and make payments on the loan, although at a rate less than that specified in its contractual obligations. In addition, commercial loans are classified in this category when payments are between 121 and 365 days late. Consumer and micro-business loans are categorized as Class D if payments are between 61 and 120 days late. Residential mortgage loans are Class D when payments are between 121 and 365 days late.

Loss (Class E): Commercial loans which are considered unrecoverable or which for any other reason should not appear on the Group's books as an asset based on the originally contracted terms fall into this category. In addition, commercial loans are classified in this category when payments are more than 365 days late. Consumer and micro-business loans are categorized as Class E if payments are more than 120 days late. Residential mortgage loans are Class E when payments are more than 365 days late.

The Group reviews its loan portfolio on a continuing basis in order to assess the completeness and accuracy of its classifications.

All loans considered impaired (the ones classified as substandard, doubtful or loss) are analyzed by the Group's Management, which addresses impairment in two areas: individually assessed allowance and collectively assessed allowance, as follows:

- Individually assessed allowance -
  The Group determines the appropriate allowance for each individually significant loan or advance on an individual basis. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve its performance once a financial difficulty has arisen, projected cash flows and the expected payout should bankruptcy happens, the availability of other financial support, including the realizable value of collateral and the timing of the expected cash flows.

  The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group in order to reduce any differences between loss estimates and actual loss experience.

- Collectively assessed allowance -
  Allowance requirements are assessed collectively for losses on loans and advances that are not individually significant (including consumer, micro-business and residential mortgages) and for individually significant loans and advances where there is not yet objective evidence of individual impairment (included in categories A and B).

  The collective assessment takes account of impairment that is likely to be present in the portfolio even though there is not yet objective evidence of the impairment in an individual assessment. Impairment losses are estimated by taking into consideration the following information: historical losses on the portfolio, current economic conditions, the approximate delay between the time a loss is likely to have been incurred and the time it will be identified as requiring an individually assessed impairment allowance and expected receipts and recoveries once impaired. Management is responsible for deciding the length of this period which can extend for as long as one year. The impairment allowance is then reviewed by Management to ensure alignment with the Group's overall policy.

The methodology includes three estimation scenarios: base, upper threshold and lower threshold. These scenarios are generated by modifying some assumptions, such as collateral recovery values and adverse effects due to changes in the political and economic environments. The process to select the best estimate within the range is based on Management´s best judgment, complemented by historical loss experience and the Group's strategy (e.g. penetration in new segments).

Impairment losses are evaluated at each reporting date as to whether there is any objective evidence that a financial asset or group of assets is impaired.

Financial guarantees and letter of credit (indirect loans) are assessed and a provision estimated following a similar procedure as for loans.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary legal procedures have been completed. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the consolidated statements of income.

The table below presents three groups of direct loans: (i) Non-past-due and non-impaired loans, which comprise direct loans that currently do not present delinquency characteristics and are related to 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, it is presented the allowance for loan loss for each loan type.

	2014						2013					
	Commercial loans S/.(000)	Mortgage loans S/.(000)	Consumer loans S/.(000)	Micro-business loans S/.(000)	Total S/.(000)	%	Commercial loans S/.(000)	Mortgage loans S/.(000)	Consumer loans S/.(000)	Micro-business loans S/.(000)	Total S/.(000)	%
Neither past due nor impaired												
Normal	10,706,548	3,715,116	6,263,807	508,799	21,194,270	95	10,229,133	3,143,320	5,157,763	489,438	19,019,654	93
Potential problems	90,805	15,106	48,466	2,735	157,112	1	119,010	25,957	47,928	4,536	197,431	1
	10,797,353	3,730,222	6,312,273	511,534	21,351,382	96	10,348,143	3,169,277	5,205,691	493,974	19,217,085	94
Past due but not impaired												
Normal	185,786	288,883	4,429	11,499	490,597	2	198,192	356,114	14,097	13,570	581,973	3
Potential problems	42,288	64,542	180,195	11,043	298,068	1	55,352	68,083	175,032	12,514	310,981	2
	228,074	353,425	184,624	22,542	788,665	3	253,544	424,197	189,129	26,084	892,954	5
Impaired												
Substandard	130,340	57,510	142,702	8,038	338,590	2	26,426	55,722	130,223	6,645	219,016	1
Doubtful	34,928	59,854	256,771	8,253	359,806	2	27,837	48,112	255,778	6,738	338,465	2
Loss	57,516	81,579	195,545	24,029	358,669	2	32,540	48,100	179,301	19,734	279,675	2
	222,784	198,943	595,018	40,320	1,057,065	6	86,803	151,934	565,302	33,117	837,156	5
Total loan portfolio, gross	11,248,211	4,282,590	7,091,915	574,396	23,197,112	104	10,688,490	3,745,408	5,960,122	553,175	20,947,195	104
Less: Allowance for loan losses	144,443	29,490	576,913	68,832	819,678	4	100,194	24,132	510,854	59,195	694,375	4
Total, net	11,103,768	4,253,100	6,515,002	505,564	22,377,434	100	10,588,296	3,721,276	5,449,268	493,980	20,252,820	100

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

Following is the detail of the gross amount of impaired loans by loan type, along with the estimated fair value of the related collateral and the amounts of the allowance for loan losses:

Impaired loans	2014 Commercial loans	2014 Mortgage loans	2014 Consumer loans	2014 Micro-business loans	2014 Total	2013 Commercial loans	2013 Mortgage loans	2013 Consumer loans	2013 Micro-business loans	2013 Total
	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Impaired loans	222,783	198,943	595,019	40,320	1,057,065	86,803	151,934	565,302	33,117	837,156
Fiar value of collateral	272,845	222,838	23,534	39,925	559,142	43,338	144,457	18,454	12,611	218,860
Allowance for loan losses	87,462	27,831	247,794	49,068	412,155	52,353	18,171	234,938	30,758	336,220

(c) Credit risk management in investment available-for-sale -

The Group controls the credit risk of its investments based on the risk assessment of issuers and instruments. In the case of investments abroad, the assessment takes into account the ratings issued by international agencies, as well as the country-risk of the issuer's country, which is assessed considering its main macroeconomic variables. In the case of Peruvian investments, it considers the ratings issued locally and, being the case, internal analysis of the issuer's financial position.

The table below presents the risk classification of available-for-sale investments:

	2014		2013	
	S/.(000)	%	S/.(000)	%
Instruments issued and rated in Peru:				
AAA	692,581	8.3%	791,286	14.0%
AA- a AA+	381,130	4.6%	271,936	4.9%
A- a A+	29,108	0.4%	8,869	0.2%
BBB- a BBB+	1,142	0.0%	778,308	14.0%
BB- BB+	0	0.0%	232,110	4.1%
	1,103,961	13.3%	2,082,509	37.5%
Instruments issued in Peru and rated abroad:				
AAA	-	0.0%	11,389	0.2%
AA- a AA+	-	0.0%	5,693	0.1%
A- A+	1,099,237	13.2%	422,926	7.6%
BBB- a BBB+	1,227,485	14.8%	70,333	1.3%
BB- a BB+	323,235	3.9%	5,157	0.1%
B- a B+	4,821	0.1%	0	0.0%
	2,654,778	32.0%	515,498	9.3%
Instruments issued and rated abroad:				
AAA	-364	0.0%	75	-
AA- a AA+	82,076	1.0%	201,486	3.6%
A- A+	94,146	1.1%	110,702	2.0%
BBB- a BBB+	787,073	9.5%	665,381	12.0%
BB- a BB+	120,699	1.5%	149,054	2.7%
B- B+	68,065	0.8%	56,370	1.0%
Lower than a B-	79,136	1.0%	58,587	1.1%
	1,230,831	14.8%	1,241,655	22.4%
Unrated				
BCRP Certificates of Deposit	1,829,055	22.0%	772,003	13.9%
Mutual funds and investments participations (*)	717,674	8.6%	371,042	6.7%
Other	180	0.0%	6,511	0.1%
Listed Shares				
Peruvian private and foreign sector	373,027	4.5%	256,143	4.6%
Inretail Peru Corp.	155,866	1.9%	126,022	2.3%
Non listed shares and participations				
Royalty Pharma	168,584	2.0%	127,960	2.3%
Others	478	0.0%	7	0.0%
Total	8,234,434	99.2%	5,499,350	99.1%
Accrued interests (**)	68,742	0.8%	51,644	0.9%
Total	8,303,176	100.0%	5,550,994	100.0%

(*) It includes mutual and investments funds which do not have a risk classification.

(**) It mainly corresponds to interest of investment available-for-sale which are rated investment grade (BBB-or higher).

(d) Financial instruments exposed to credit risk were distributed according to the following economic sectors:

	2014				2013			
	At fair value through profit or loss	**Loans and receivables**	**Available-for-sale investments**	**Total**	**At fair value through profit or loss**	**Loans and receivables**	**Available-for-sale investments**	**Total**
	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Financial services	131,895	7,669,711	1,862,824	9,664,430	135,780	9,100,012	1,260,079	10,495,871
Consumer loans	-	7,568,503	-	7,568,503	-	5,960,121	-	5,960,121
Mortgage loans	-	4,164,203	-	4,164,203	-	3,745,408	-	3,745,408
Manufacturing	25,668	2,569,238	280,843	2,875,749	22,204	2,497,753	135,177	2,655,134
Commerce	14,410	2,212,679	26,840	2,253,929	9,554	1,949,288	143,505	2,102,347
Leaseholds and real estate activities	7,364	1,123,282	218,142	1,348,788	-	941,199	-	941,199
Agriculture	38,397	1,037,991	6,926	1,083,314	30,400	920,475	7,565	958,440
Communication, storage and transportation	3,676	828,589	138,172	970,437	2,178	813,591	254,727	1,070,496
Construction	1,564	722,730	856,285	1,580,579	5,309	630,857	210,452	846,618
Electricity, gas, water and oil	10,612	419,347	682,367	1,112,326	8,726	422,661	645,147	1,076,534
Mining	3,570	295,261	422,957	721,788	6,894	382,723	425,432	815,049
Community services	1,006	329,593	21,527	352,126	-	329,348	-	329,348
Fishing	13,138	92,949	7,514	113,601	3,358	116,397	8,355	128,110
Education, health and other services	2,928	100,443	90,356	193,727	7,827	92,333	21,443	121,603
Insurance	460	128,971	5,995	135,426	-	74,651	-	74,651
Public administration and defense	591	4,621	1,839,450	1,844,662	16,306	18,990	47,857	83,153
National Government	17,012	-	1,288,451	1,305,463	-	-	1,906,927	1,906,927
Foreign Government	-	-	186,083	186,083	-	-	177,661	177,661
Medical and biotechnology	-	-	168,584	168,584	-	-	127,960	127,960
Other	73,814	1,228,627	131,119	1,433,560	3,972	919,500	127,063	1,050,535
Total	346,105	30,496,738	8,234,435	39,077,278	252,508	28,915,307	5,499,350	34,667,165
Allowance for loan losses				(819,678)				(694,375)
Accrued interest				309,388				265,985
Total				38,566,988				34,238,775

Financial instruments exposed to credit risk according to geographic area are the following:

	2014				2013			
	At fair value through profit or loss	**Loans and receivables**	**Available-for-sale investments**	**Total**	**At fair value through profit or loss**	**Loans and receivables**	**Available-for-sale investments**	**Total**
	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Peru	254,064	28,885,457	5,784,668	34,924,189	162,431	26,891,952	3,575,604	30,629,987
United States of America	7,017	397,580	626,182	1,030,779	11,168	827,680	631,563	1,470,411
Panama	371	599,178	156,050	755,599	890	332,891	128,213	461,994
Chile	473	11,420	204,509	216,402	400	70,912	145,668	216,980
Mexico	7,111	423	249,579	257,113	7,076	1,073	45,368	53,517
Brazil	191	1,141	375,342	376,674	6,903	239	310,629	317,771
Colombia	325	9	143,869	144,203	7,875	-	64,082	71,957
Ireland	0	3,849	2,102	5,951	-	-	130,763	130,763
Supranational	0	0	32,269	32,269	-	-	60,113	60,113
Other	76,553	597,681	659,865	1,334,099	55,765	790,560	407,347	1,253,672
Total	346,105	30,496,738	8,234,435	39,077,278	252,508	28,915,307	5,499,350	34,667,165
Allowance for loan losses				(819,678)				(694,375)
Accrued interest				309,388				265,985
Total				38,566,988				34,238,775

(e) Offsetting financial assets and liabilities

The disclosures set out in the tables below include financial assets and liabilities that:

- are offset in the Group statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial statements, irrespective of whether they are offset in the statement of financial position.

Similar arrangements of the Group include derivatives clearing agreements. Financial instruments such as loans and deposits are not described in the following tables unless they are offset in the statement of financial position.

The offsetting framework agreement issued by the International Swaps and Derivatives Association Inc. (“ISDA”) and similar master netting arrangements do not meet the criteria for offsetting in the statement of financial position because of such agreements were created in order for both parties to have an enforceable offsetting right in cases of default, insolvency or bankruptcy of the Group or the counterparties or following other predetermined events. In addition, the Group and its counterparties do not intend to settle such instruments on a net basis or to realize the assets and settle the liabilities simultaneously.

The Group receives and gives collateral in the form of cash in respect of derivatives transactions.

29.2 Market risk management

Market risk is the probability of loss due to variations in financial market conditions. The main variations to which the Group is exposed to are: exchange rates, interest rates and prices. Said variations can affect the value of the Group's financial assets and liabilities.

The Group separates exposures to market risk into two blocks: Trading Book, which comprises positions in liquid investments; and Banking Book, which comprises banking assets and liabilities inherent to the intermediation business – mainly deposits and loans – whose exposure to market risk arises from the changes in portfolio structural positions.

(a) Trading Book

In order to control and monitor the risks arising from the volatility of risk factors involved within each instrument, it has been established maximum exposure limits by currency, investment type, Value-at-Risk (VaR) and tolerance to expected maximum loss (Stop Loss), which are controlled on a daily basis. Likewise, reports for the GIR and ALCO committees are submitted regularly.

The main technique used to measure and control market risk is VaR, which is a statistical measurement that quantifies the maximum loss expected for the investment portfolio for a period of time and a determined significance level under normal market conditions. The Group uses the Monte Carlo VaR model for a period of one day, with exponential volatility and a 99 percent confidence level. The VaR is calculated through each risk factor: interest rate, exchange rate and investment type: derivatives, fixed income and variable income.

VaR models are designed to measure the market risk within a normal market environment. Those models assume that all modifications in risk factors affecting the use of weighted historical data will follow a normal distribution. Said distribution is calculated through the use of weighted historical data in an exponential manner. Given that VaR is based mainly on historical data to provide information and does not clearly predict future changes and modifications in risk factors, the probability of big market movements may be underestimated if said changes in risk factors cannot be aligned with the considered normal distribution. VaR can also be under or overestimated due to the hypotheses made on the risk factors and the relation among these factors with the specific instruments. In order to determine the reliability of VaR models, the actual results are regularly monitored to prove the validity of the assumptions and parameters used in the calculation of VaR.

The Group includes within the VaR calculation the potential loss that may arise from the exposure to exchange risk. This risk is included in the calculation because the exchange position is the result of the spot position plus the position in derivative products. Likewise, the total VaR includes the diversification effect that arises as result of the interaction of diverse market risk factors to which the IFS and its Subsidiaries are exposed.

The validity of the VaR calculation is proven through a back-testing proof, which uses historical data to ensure that the model adequately estimates the potential losses. Additionally, it is calculated the risk factors sensitivity, which shows the potential portfolio losses in the face of certain fluctuations in factors. Said fluctuations include: interest rate shocks, exchange rate shocks and price shocks.

The VaR results of the Group´s portfolio by asset type are presented in the table below:

	2014 S/.(000)	2013 S/.(000)
Equity investments	27,080	13,801
Debt investments	163,865	1,451
Debt investments	76,469	3,428
Diversification effect	(30,401)	(1,595)
Consolidated VaR by asset type (*)	237,013	17,085

Group´s VaR results by risk type are the following:

	2014 S/.(000)	**2013 S/.(000)**
Exchange risk	860	1,383
Interest rate risk	217,423	2,776
Equity risk	35,054	13,752
Diversification effect	(16,324)	(826)
Consolidated VaR by risk type (*)	237,013	17,085

(b) Banking Book -

The Group holds positions that are not actively traded which are part of its assets and liabilities. These positions include all loan placements and funds raised through the Bank's intermediation business, as well as investments that are not deemed as trading.

(i) Interest rate risk

Interest rates fluctuate permanently on the market. These fluctuations affect the Group in two ways: first, through the change in the valuation of assets and liabilities; and second, affecting the cash flows at repricing. The variation in the valuation of assets and liabilities is increasingly sensitive as the term at which the asset or liability repricing increases. This process consists of the assessment of the repricing periods. On the other side, cash flows are affected when the instruments reach maturity, given that they are invested or placed at the new market interest rates.

Repricing gap

An analysis of the repricing gaps is performed in order to determine the impact of the interest rates movements. Said analysis consists of assigning the balances of the operations that will change the interest rate into different time gaps. The impact of the variation in the valuation of assets and liabilities on each gap is calculated in function of this analysis.

The following table summarizes the Group's exposure to interest rate risks. The Group's financial instruments are presented at book value, classified by the period of the contract's interest rate repricing or maturity date, whichever occurs first:

	2014						
	Up to 1 month	**From 1 to 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**More than 5 years**	**Non-interest bearing**	**Total**
	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Financial Assets							
Cash and due from banks	3,282,406	-	183,198	487,079	4,500	2,401,321	6,358,504
Inter-bank funds	310,030	-	-	-	-	-	310,030
Investments	1,142,278	668,974	446,563	1,569,930	3,233,716	1,347,498	8,408,959
Loans, net	2,856,412	2,453,815	5,533,593	8,306,438	3,748,727	(281,778)	22,617,207
Accounts receivables and other assets, net	61,887	64,861	65,679	48,439	117,594	2,323,181	2,681,641
Total Activos	**7,653,013**	**3,187,650**	**6,229,033**	**10,411,886**	**7,104,537**	**5,790,222**	**40,376,341**
Financial liabilities							
Deposits and obligations	13,847,630	1,383,442	3,332,145	514,242	24,130	4,279,838	23,381,427
Inter-bank funds	743,596	290,661	456,503	776,869	873,285	-	3,140,914
Due to banks and correspondents	-	-	-	-	-	-	-
Bonds, notes and other obligations	23,890	46,122	208,570	1,012,534	2,451,891	-	3,743,007
Insurance contract liabilities	138,374	19,912	183,153	121,190	4,102,659	-	4,565,288
Accounts payables, provision and other liabilities	177,661	63,026	31,344	39,517	114,582	815,588	1,241,718
Equity	-	-	-	-	-	4,303,987	4,303,987
Total liabilities and equity	**14,931,151**	**1,803,163**	**4,211,715**	**2,464,352**	**7,566,547**	**9,399,413**	**40,376,341**
Off-balance sheet items							
Derivative assets	7,091,321	4,445,307	1,820,326	1,980,383	977,987	-	16,315,324
Derivative liabilities	7,091,321	4,445,307	1,820,326	1,980,383	977,987	-	16,315,324
	14,182,642	**8,890,614**	**3,640,652**	**3,960,766**	**1,955,974**	**-**	**32,630,648**
Marginal gap	**-7,278,138**	**1,384,487**	**2,017,318**	**7,947,534**	**-462,010**	**-3,609,191**	**-**
Accumulated gap	**-7,278,138**	**-5,893,651**	**-3,876,333**	**4,071,201**	**3,609,191**	**-**	

	2013						
	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Non-interest bearing	Total
	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Financial Assets							
Cash and due from banks	5,354,494	-	-	-	-	2,046,602	7,401,096
Inter-bank funds	204,905	-	-	-	-	-	204,905
Investments	195,105	142,303	902,202	916,702	2,521,329	1,000,045	5,677,686
Loans, net	2,557,021	2,489,821	4,967,857	7,276,514	3,526,169	(350,221)	20,467,161
Accounts receivables and other assets, net	50,664	39,419	6,485	19,869	58,666	2,253,205	2,428,308
Total Activos	**8,362,189**	**2,671,543**	**5,876,544**	**8,213,085**	**6,106,164**	**4,949,631**	**36,179,156**
Financial liabilities							
Deposits and obligations	7,877,265	1,411,320	3,017,123	5,176,774	21,292	4,563,685	22,067,459
Inter-bank funds	100,022	-	-	-	-	-	100,022
Due to banks and correspondents	653,319	243,148	690,404	362,551	812,694	-	2,762,116
Bonds, notes and other obligations	135,458	343,868	37,710	14,124	2,893,795	-	3,424,955
Insurance contract liabilities	20,258	40,122	180,151	840,120	2,056,532	-	3,137,183
Accounts payables, provision and other liabilities	128,560	36,792	13,633	39,556	58,849	697,585	974,975
Equity	-	-	-	-	-	3,712,446	3,712,446
Total liabilities and equity	**8,914,882**	**2,075,250**	**3,939,021**	**6,433,125**	**5,843,162**	**8,973,716**	**36,179,156**
Off-balance sheet items							
Derivative assets	1,694,528	2,404,046	519,562	1,120,611	2,584,608	-	8,323,355
Derivative liabilities	2,385,037	2,633,767	554,000	1,085,774	1,664,777	-	8,323,355
	4,079,565	**5,037,813**	**1,073,562**	**2,206,385**	**4,249,385**	**-**	**16,646,710**
Marginal gap	**-1,243,202**	**366,572**	**1,903,085**	**1,814,797**	**1,182,833**	**-4,024,085**	**-**
Accumulated gap	**-1,243,202**	**-876,630**	**1,026,455**	**2,841,252**	**4,024,085**	**-**	

Sensitivity to changes in interest rates

The following table presents the sensitivity to a reasonable possible change in interest rates, wit all other variables held constant, of the Group's consolidated income statements and consolidated statements of comprehensive incomes; before income tax and non-controlling interest.

In the case of the consolidated income statement, the calculation reflects the expected variation of the financial margin for a period equivalent to one year. In doing so, it takes into account the current position of revenues and expenses and annualizes the effect of the interest rates variations. The figures express the expected change in the value of assets minus liabilities for various time gaps. Likewise, it includes the effect of the derivative financial instruments that are subject to interest rates.

The fluctuations in interest rates are applied equally all through the yield curve, which means that it considers a parallel move of the curve. The effects are considered independently for each of the two currencies presented. The calculations are based on the interest rate risk regulatory model approved by the SBS in force at the date of the consolidated statements of financial position. The sensitivities are calculated prior to the Income Tax effect.

The interest rate exposure of Interbank is overseen by the ALCO, as well as the GIR Committee, the latter being in charge of approving the permitted maximum limits. For Interseguro and Inteligo Bank their Boards sets limits, which are monitored by the investment risk unit.

The effects due to estimated changes in interest rates as of December 31, 2014 and 2013, are the following:

		2014		2013	
Currency	**Changes in basis points**	**Sensitivity of net income**	**Sensitivity of comprehensive income**	**Sensitivity of net income**	**Sensitivity of comprehensive income**
		S/.(000)	S/.(000)	S/.(000)	S/.(000)
US Dollar	+/-50	153,734	53,199	9,379	44,593
US Dollar	+/-75	230,600	83,450	14,068	69,728
US Dollar	+/-100	307,466	116,154	18,757	96,769
US Dollar	+/-150	461,200	189,035	28,135	156,653
Nuevos Soles	+/-50	7,857	63,381	8,776	47,690
Nuevos soles	+/-75	11,785	99,817	13,164	74,695
Nuevos soles	+/-100	15,714	139,453	17,552	103,830
Nuevos soles	+/-150	23,570	228,507	26,338	168,596

Sensitivity to price variations

Shares and mutual funds and investment are not considered as part of investment securities for interest rate sensitivity calculation purposes; however a 10, 25 and 30 percent of changes in market prices is conducted to these price-sensitive securities and the effect on expected unrealized gain or loss in statements of comprehensive income, before tax, as of December 31, 2014 and 2013 is presented below:

Market price sensitivity	**Changes in market princes**	**2014**	**2013**
	%	S/.(000)	S/.(000)
Shares	+/-10	88,709	51,058
Shares	+/-25	221,774	127,645
Shares	+/-30	266,128	153,173
Mutual funds and investment	+/-10	57,955	39,389
Mutual funds and investment	+/-25	144,888	98,473
Mutual funds and investment	+/-30	173,865	118,168

(ii) Foreign exchange risk-

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

As of December 31, 2014, the market exchange rate published by the SBS for transactions in US Dollars was S/.2.981 per U.S.$1.00 bid and S/.2.989 per U.S.$1.00 ask (S/.2.794 and S/.2.796 as of December 31, 2013, respectively). As of December 31, 2014, the exchange rate for the accounting of asset and liability accounts in foreign currency set by the SBS was S/.2.986 per U.S.$1.00 (S/.2.795 as of December 31, 2013).

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

	2014				2013			
	U.S. Dollars	**Nuevos soles**	**Other currency**	**Total**	**U.S. Dollars**	**Nuevos 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	5,145,412	992,534	220,558	6,358,504	5,945,428	1,201,689	253,979	7,401,096
Inter-bank funds	-	310,030	-	310,030	69,875	135,030	-	204,905
Trading security	89,972	15,811	-	105,783	102,758	23,934	-	126,692
Investment available-for-sale	5,598,924	2,639,244	65,008	8,303,176	3,248,251	2,258,384	44,359	5,550,994
Loans, net	9,340,865	13,276,342	-	22,617,207	9,041,462	11,425,699	-	20,467,161
Due from customers on acceptances	18,833	-	-	18,833	22,310	-	-	22,310
Accounts receivables and other assets, net	291,243	561,167	1,045	853,455	134,417	327,570	3,630	465,617
	20,485,249	17,795,128	286,611	38,566,988	18,564,501	15,372,306	301,968	34,238,775
Liabilities								
Deposits and obligations	11,372,474	11,819,919	189,034	23,381,427	11,000,145	10,897,173	170,141	22,067,459
Inter-bank funds	-	-	-	-	-	100,022	-	100,022
Due to banks and correspondents	1,415,497	1,725,417	-	3,140,914	1,691,210	1,070,906	-	2,762,116
Bonds, notes and other obligations	4,138,794	426,494	-	4,565,288	3,001,426	423,529	-	3,424,955
Due from customers on acceptances	18,833	-	-	18,833	22,310	-	-	22,310
Insurance contract liabilities	1,821,767	1,921,240	-	3,743,007	1,692,563	1,444,620	-	3,137,183
Accounts payables, provision and other liabilities	297,983	811,204	17,824	1,127,011	230,587	752,401	(124,873)	858,115
	19,065,348	16,704,274	206,858	35,976,480	17,638,241	14,688,651	45,268	32,372,160
Forward position, net	(3,785,182)	3,815,565	(30,383)	-	(276,061)	364,439	(88,378)	-
Currency swaps position, net	3,816,609	(3,816,609)	-	-	18,660	(18,660)	-	-
Cross currency swaps position, net	(175,750)	175,750	-	-	(164,509)	164,509	-	-
Foreign currency options, net	(6,790)	6,790	-	-	-	-	-	-
Net monetary position	1,268,788	1,272,350	49,370	2,590,508	504,350	1,193,943	168,322	1,866,615

As of December 31, 2014, the Group granted indirect loans (contingent operations) in foreign currency for approximately U.S.$ 715,957,000, equivalent to S/.2,137,848,000 (U.S.$ 836,518,000, equivalent to S/.2,338,069,000 as of December 31, 2013).

The table below shows the sensitivity analysis of the U.S. Dollar currency, the currency to which the Group had significant exposure as of December 31, 2014 and 2013. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Nuevo Sol, with all other variables held constant on the consolidated statements of comprehensive income before income tax. A negative amount in the table reflects a potential net reduction in the consolidated income statements, while a positive amount reflects a net potential increase:

Sensitivity analysis	**Changes in currency rates**	**2014**	**2013**
	%	S/.(000)	S/.(000)
Devaluation			
US Dollar	5	(63,439)	(25,218)
US Dollar	10	(126,879)	(50,435)
Revaluation			
US Dollar	5	63,439	25,218
US Dollar	10	126,879	50,435

29.3 Liquidity risk

The liquidity risk consists of the Group's inability to comply with the maturity of its obligations, thus incurring losses that importantly affect its equity position. This risk may arise as result of diverse events such as: the unexpected decrease of funding sources, the inability to rapidly settle assets, among others.

The Group has a set of indicators that control and report daily liquidity. Said indicators establish the minimum liquidity levels allowed for the short-term and reflex several risk aspects such as: concentration, stability, position by currency, main depositors, etc.

Likewise, the Group assess the medium-term and long-term liquidity through a structural analysis of its funds inflows and outflows on diverse maturity terms. This process allows it to know, for each currency, the diverse funding sources, how liquidity needs increase and which terms are mismatched. Both for assets and liabilities, there are considered assumptions for the operations that do not have determined maturity dates, for example: revolving loans, savings and others similar as well as contingent liabilities, such as guarantee letters or non-used credit lines. On the basis of this information, the necessary decisions to maintain the target liquidity levels are taken.

Following are the Group's cash flows payable, by agreed contractual maturity. The amounts disclosed are undiscounted cash flows in accordance with contracted terms and include their respective accrued interests.

	2014						2013					
	Up to a month	**From 1 to 3 months**	**From 3 to 12 months**	**From 1 a 5 years**	**Over 5 years**	**Total**	**Up to a month**	**From 1 to 3 months**	**From 3 to 12 months**	**From 1 a 5 years**	**Over 5 years**	**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)
Deposits and obligations	18,023,054	1,431,368	3,425,581	713,648	24,975	23,618,626	17,659,261	1,408,074	2,869,431	404,237	49,141	22,390,144
Inter-bank funds	-	-	-	-	-	-	100,022	-	-	-	-	100,022
Due to banks and correspondents	38,681	71,149	669,996	2,028,361	1,130,417	3,938,603	48,909	153,856	711,122	1,737,269	1,098,025	3,749,181
Insurance contracts liabilities	23,890	46,122	208,570	1,012,534	5,268,856	6,559,971	20,258	40,122	180,151	840,120	4,238,880	5,319,531
Bonds, notes and other obligations	6,340	39,199	239,046	1,167,370	4,905,158	6,357,113	11,727	2,474	191,004	803,784	3,591,682	4,600,671
Due from customers on acceptances	3,461	12,691	2,681	-	-	18,833	22,310	-	-	-	-	22,310
Accounts payables provision and other liabilities	827,537	198,568	56,303	85,076	219,483	1,386,968	554,695	144,708	58,453	105,438	124,092	987,386
Total	**18,922,963**	**1,799,097**	**4,602,176**	**5,006,989**	**11,548,888**	**41,880,115**	**18,417,182**	**1,749,234**	**4,010,161**	**3,890,848**	**9,101,820**	**37,169,245**
Total Contingent credits (indirect loans)	**1,132,254**	**1,275,799**	**1,799,979**	**225,195**	**5,049**	**4,438,277**	**1,209,760**	**1,057,961**	**1,614,489**	**200,694**	**24,334**	**4,107,238**

30. Fair value

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

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

	2014				2013			
	Level 1 S/.(000)	**Level 2** S/.(000)	**Level 3** S/.(000)	**Total** S/.(000)	**Level 1** S/.(000)	**Level 2** S/.(000)	**Level 3** S/.(000)	**Total** S/.(000)
Assets								
Investments at fair value through profit or loss	45,585	59,321	-	104,906	91,922	34,770	-	126,692
Available-for-sale investments								
Debt instruments	4,333,514	2,271,765	-2,062	6,603,217	3,430,084	1,164,796	-	4,594,880
InRetail Perú Corp.	155,866	-	-	155,866	126,022	-	-	126,022
Royalty Pharma	-	-	168,584	168,584	-	-	127,960	127,960
Mutual funds and investments participations	506,558	180,579	246,127	933,264	118,244	25,378	250,270	393,892
Peruvian and foreign entities and other shares	372,842	659	-	373,501	193,013	63,583	-	256,596
Derivatives receivable	-	241,195	-	241,195	-	125,816	-	125,816
	5,414,365	2,753,519	412,649	8,580,533	3,959,285	1,414,343	378,230	5,751,858
Accrued interest				69,621				51,644
				8,650,154				5,803,502
Liabilities								
Derivatives payable	-	278,430	-	278,430	-	159,269	-	159,269

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

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

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

(b) Financial instruments not measured at fair value -

Set out below is the disclosure of the comparison between the carrying amounts and fair values of the Group´s financial instruments, that are not measured at fair value, presented by level of the fair value hierarchy:

	2014					2013				
	Level 1 S/.(000)	**Level 2** S/.(000)	**Level 3** S/.(000)	**Fair Value** S/.(000)	**Book value** S/.(000)	**Level 1** S/.(000)	**Level 2** S/.(000)	**Level 3** S/.(000)	**Fair value** S/.(000)	**Book value** S/.(000)
Assets										
Cash and due from banks	-	6,358,504	-	6,358,504	6,358,504	-	7,401,096	-	7,401,096	7,401,096
Inter-bank funds	-	310,030	-	310,030	310,030	-	204,905	-	204,905	204,905
Loans, net	-	22,881,181	-	22,881,181	22,617,207	-	20,347,161	-	20,347,161	20,467,161
Due from customers on acceptances	-	18,833	-	18,833	18,833	-	22,310	-	22,310	22,310
Accounts receivables and other assets	-	612,260	-	612,260	612,260	-	339,801	-	339,801	339,801
Total	-	30,180,808	-	30,180,808	29,916,834	-	28,315,273	-	28,315,273	28,435,273
Liabilities										
Deposits and obligations	-	23,378,763	-	23,378,763	23,381,427	-	22,017,965	-	22,017,965	22,067,459
Inter-bank funds	-	-	-	-	-	-	100,022	-	100,022	100,022
Due to banks and correspondents	-	3,151,772	-	3,151,772	3,140,914	-	2,769,038	-	2,769,038	2,762,116
Bonds, notes and notes issued	-	4,864,883	-	4,864,883	4,565,288	-	3,483,218	-	3,483,218	3,424,955
Insurance contract liabilities	-	3,743,007	-	3,743,007	3,743,007	-	3,137,183	-	3,137,183	3,137,183
Due from customers on acceptances	-	18,833	-	18,833	18,833	-	22,310	-	22,310	22,310
Accounts payable and other liabilities	-	848,581	-	848,581	848,581	-	698,846	-	698,846	698,846
Total	-	36,005,840	-	36,005,840	35,698,050	-	32,228,582	-	32,228,582	32,212,891

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

(i) Long-term fixed-rate and variable-rate loans are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these loans. As of December 31, 2014 and 2013, the carrying amounts of loans, net of allowances, were not materially different from their calculated fair values.

(ii) Assets for which fair values approximate their carrying value - For financial assets and financial liabilities that are liquid or having a short term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair values. This assumption is also applied to demand deposits, savings accounts without a specific maturity and variable rate financial instruments.

(iii) Fixed rate financial instruments - The fair value of fixed rate financial assets and liabilities carried at amortized cost are estimated by comparing market interest rates when they were first recognized with current market rates offered for similar financial instruments for the remaining term to maturity. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing market interest rates for financial instruments with similar credit risk and maturity. For quoted debt issued the fair values are calculated based on quoted market prices. When quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

31. Fiduciary activities and management of funds -

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

As of December 31, 2014 and 2013, the assigned value of the financial assets under administration is as follows:

	2014 S/.(000)	**2013** S/.(000)
Investments funds	8,422,056	7,259,794
Mutual Funds	2,568,649	2,444,515
Equity managed	10,725,990	4,926,965
Total	21,716,694	14,631,274

32. Contingencies

As of December 31, 2014, Inteligo Bank, a subsidiary of IFS, maintains ongoing litigation related to the Bernie Madoff cases. The amount in dispute is US$ 11million; in Inteligo Bank’s external legal advisor opinion, it is likely and probable that Inteligo Bank will prevail in said litigations.