Intercorp Financial Services Inc. and Subsidiaries

Consolidated financial statements as of March 31, 2018, January 1, 2018, December 31, 2017 and for the three-month periods ended March 31, 2018 and 2017

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Content

Consolidated financial statements

Intercorp Financial Services Inc. and Subsidiaries

Consolidated statements of financial position

As of March 31, 2018, January 1, 2018 and December 31, 2017 (reexpressed)

	Note	31.03.2018 S/(000)	01.01.2018 S/(000) (Note 4.2)	Restated 31.12.2017 S/(000) (Note 4.1)
Assets				
Cash and due from banks:	5			
Non-interest bearing		2,858,843	2,963,085	2,963,085
Interest bearing		4,800,256	6,264,339	6,264,339
Restricted funds		1,957,526	1,977,419	1,977,419
		9,616,625	11,204,843	11,204,843
Inter-bank funds		179,054	403,526	403,526
Investments at fair value through profit or loss	6(a)	1,525,207	1,348,667	216,008
Available-for-sale investments	7(b)	-	-	15,459,660
Investments at fair value through other comprehensive income	7(a)	14,653,539	14,327,001	-
Held-to-maturity investments	7(f)	-	-	1,248,475
Investments at amortized cost	7(f)	1,852,060	1,248,475	-
Loans, net:	8			
Loans, net of unearned interest		30,021,709	29,420,729	29,420,729
Allowance for loan losses		(1,198,608)	(1,215,445)	(1,216,561)
		28,823,101	28,205,284	28,204,168
Investment property	9	943,527	1,118,608	1,118,608
Property, furniture and equipment, net		597,366	612,639	612,639
Due from customers on acceptances		65,070	41,715	41,715
Accounts receivable and other assets, net	10	2,539,355	2,104,704	2,104,709
Deferred Income Tax asset, net		75,556	95,925	64,252
Total assets		60,870,460	60,711,387	60,678,603

	Note	31.03.2018 S/(000)	01.01.2018 S/(000) (Note 4.2)	Restated 31.12.2017 S/(000) (Note 4.1)
Liabilities and equity				
Deposits and obligations:	11			
Non-interest bearing		4,477,174	4,791,792	4,791,792
Interest bearing		26,743,198	27,815,845	27,815,845
		31,220,372	32,607,637	32,607,637
Inter-bank funds		129,539	30,008	30,008
Due to banks and correspondents	12	4,141,377	4,407,392	4,407,392
Bonds, notes and other obligations	13	6,240,174	5,602,358	5,602,358
Due from customers on acceptances		65,070	41,715	41,715
Insurance contract liabilities	14	10,732,288	10,709,843	10,709,843
Accounts payable, provisions and other liabilities	10	1,948,081	1,577,189	1,431,511
Deferred Income Tax liability, net		309	259	11,232
Total liabilities		54,477,210	54,976,401	54,841,696
Equity, net	15			
Equity attributable to IFS's shareholders:				
Capital stock		963,446	963,446	963,446
Treasury stock		(208,178)	(467,200)	(467,200)
Capital surplus		268,077	268,077	268,077
Reserves		3,700,000	3,700,000	3,700,000
Unrealized results, net		(243,798)	(272,856)	(228,725)
Retained earnings		1,879,143	1,507,869	1,564,945
		6,358,690	5,699,336	5,800,543
Non-controlling interest		34,560	35,650	36,364
Total equity, net		6,393,250	5,734,986	5,836,907
Total liabilities and equity, net		60,870,460	60,711,387	60,678,603

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

Intercorp Financial Services Inc. and Subsidiaries

Consolidated income statements

For the three-month periods ended March 31, 2018 and 2017 (restated)

	Note	31.03.2018 S/(000)	Restated 31.03.2017 S/(000) (Note 4.1)
Interest and similar income	17	1,036,275	944,445
Interest and similar expenses	17	(266,895)	(275,191)
Net interest and similar income		**769,380**	**669,254**
Provision for loan losses, net of recoveries	8(c)	(172,094)	(222,711)
Net interest and similar income after provision for loan losses, net of recoveries		**597,286**	**446,543**
Other income			
Fee income from financial services, net	18	233,251	220,716
Net gain on foreign exchange transactions		40,878	50,451
Net gain on sale of securities		22,934	30,135
Net gain on financial assets at fair value through profit or loss		16,420	4,548
Rental income on investment property		6,722	6,009
Gain on sale of investment property	9(c)	1,559	-
Fair value on investment property	9(b)	(5,106)	(11,194)
Others	19	22,300	35,234
Total other income		**338,958**	**335,899**
Insurance premiums and claims			
Net premiums earned	20	96,271	37,822
Net claims and benefits incurred for life insurance contracts and others	21	(175,138)	(83,928)
Total net premiums earned less claims and benefits		**(78,867)**	**(46,106)**
Other expenses			
Salaries and employee benefits	22	(182,412)	(176,835)
Administrative expenses	23	(205,294)	(201,681)
Depreciation and amortization		(37,617)	(33,375)
Impairment loss on financial instruments		2,258	(4,913)
Expenses related to rental income		(42)	(420)
Others	19	(43,040)	(31,000)
Total other expenses		**(466,147)**	**(448,224)**
Income before translation result and Income Tax		391,230	288,112
Translation result		4,273	23,133
Income Tax		(105,519)	(73,560)
Net profit for the period		**289,984**	**237,685**
Attributable to:			
IFS's shareholders		288,209	238,345
Non-controlling interest		1,775	(660)
		289,984	**237,685**
Earnings per share attributable to IFS's shareholders basic and diluted (stated in Soles)	24	2.63	2.23
Weighted average number of outstanding shares (in thousand)	24	109,655	106,931

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

Intercorp Financial Services Inc. and Subsidiaries

Consolidated statements of other comprehensive income

For the three-month periods ended March 31, 2018 and 2017 (restated)

	31.03.2018 S/(000)	Restated 31.03.2017 S/(000) (Note 4.1)
Net profit for the period	**289,984**	**237,685**
Other comprehensive income		
Other comprehensive income to be reclassified to the consolidated income statements in subsequent periods:		
Net gain on available-for-sale investments	33,211	126,938
Net movement on cash flow hedges	(1,487)	289
Exchange differences on translation of foreign operations	(2,871)	(20,757)
Other comprehensive income to be reclassified to the consolidated income statements in subsequent periods, net of Income Tax	**28,853**	**106,470**
Total other comprehensive income for the period, net of Income Tax	**318,837**	**344,155**
Attributable to:		
IFS's shareholders	317,072	344,696
Non-controlling interest	1,765	(541)
	318,837	**344,155**

Intercorp Financial Services Inc. and Subsidiaries

Consolidated statements of changes in equity

For the three-month periods ended March 31, 2018 and 2017 (restated)

	Number of shares						Unrealized results, net						
	Issued	**In treasury**	**Capital stock**	**Treasury stock**	**Capital surplus**	**Reserves**	**Investments at fair value through other comprehensive income**	**Cash flow hedges reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non-controlling - interest**	**Total**
	(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, 2017- Reported	113,110	(6,179)	963,446	(522,106)	268,077	2,600,000	(83,807)	1,291	98,874	1,553,336	4,879,111	119,235	4,998,346
Change in accounting policy - Insurance premium reserves (Note 4.1)	-	-	-	-	-	-	(479,476)	-	-	479,476	-	-	-
Balances as of January 1, 2017- Restated	113,110	(6,179)	963,446	(522,106)	268,077	2,600,000	(563,283)	1,291	98,874	2,032,812	4,879,111	119,235	4,998,346
Net profit for the period - Restated (Note 4.1)	-	-	-	-	-	-	-	-	-	238,345	238,345	(660)	237,685
Other comprehensive income – Restated (Note 4.1)	-	-	-	-	-	-	126,821	287	(20,757)	-	106,351	119	106,470
Total comprehensive income -. Restated (Note 4.1)	-	-	-	-	-	-	126,821	287	(20,757)	238,345	344,696	(541)	344,155
Dividends paid to non-controlling interest of Subsidiaries	-	-	-	-	-	-	-	-		-	-	(2,722)	(2,722)
Others	-	-	-	-	-	-	-	-	-	(649)	(649)	(74)	(723)
Balances as of March 31, 2017- Restated	**113,110**	**(6,179)**	**963,446**	**(522,106)**	**268,077**	**2,600,000**	**(436,462)**	**1,578**	**78,117**	**2,270,508**	**5,223,158**	**115,898**	**5,339,056**
											-		
Balances as of January 1, 2018- Reported	113,110	(5,428)	963,446	(467,200)	268,077	3,700,000	368,523	1,453	76,394	889,850	5,800,543	36,364	5,836,907
Change in accounting policy - Insurance premium reserves (Note 4.1)	-	-	-	-	-	-	(675,095)	-	-	675,095	-	-	-
Balances as of January 1, 2018- Restated	113,110	(5,428)	963,446	(467,200)	268,077	3,700,000	(306,572)	1,453	76,394	1,564,945	5,800,543	36,364	5,836,907
Effect of first adoption of IFRS 9 (Note 4.2)	-	-	-	-	-	-	(43,936)	-	-	(57,271)	(101,207)	(714)	(101,921)
Balances as of January 1, 2018 after IFRS 9	113,110	(5,428)	963,446	(467,200)	268,077	3,700,000	(350,508)	1,453	76,394	1,507,674	5,699,336	35,650	5,734,986
Net profit for the period	-	-	-	-	-	-	-		-	288,209	288,209	1,775	289,984
Other comprehensive income	-	-	-	-	-	-	33,211	(1,477)	(2,871)	-	28,863	(10)	28,853
Total comprehensive income	-	-	-	-	-	-	33,211	(1,477)	(2,871)	288,209	317,072	1,765	318,837
Dividends paid to non-controlling interest of Subsidiaries	-	-	-	-		-	-	-	-	-	-	(2,825)	(2,825)
Sale of treasury stock	-	3,012	-	259,022	-	-	-	-		123,705	382,727		382,727
Others			-	-	-	-	-	-	-	(40,445)	(40,445)	(30)	(40,475)
Balances as of March 31, 2018	**113,110**	**(2,416)**	**963,446**	**(208,178)**	**268,077**	**3,700,000**	**(317,297)**	**(24)**	**73,523**	**1,879,143**	**6,358,690**	**34,560**	**6,393,250**

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

Intercorp Financial Services Inc. and Subsidiaries

Consolidated statements of cash flows

For the three-month periods ended March 31, 2018 and 2017 (restated)

	31.03.2018 S/(000)	Restated 31.03.2017 S/(000)
Cash flows from operating activities		
Net profit for the year	289,984	237,685
Plus (minus)		
Provision for loan losses, net of recoveries	172,094	222,711
Depreciation and amortization	37,617	33,375
Deferred Income Tax	(14,319)	1,043
Net gain on sale of securities	(22,934)	(30,135)
Impairment on financial instruments	(2,258)	4,913
Net gain on financial assets at fair value through profit or loss	(16,420)	(4,548)
Valuation loss from investment property	5,106	11,194
Translation result	(4,273)	(23,133)
Gain on sale of investment property	(1,559)	-
(Increase) decrease in accrued interest receivable	(8,398)	6,153
Increase in accrued interest payable	38,644	23,632
Net changes in assets and liabilities		
Increase in loans	(782,625)	(348,613)
Increase in accounts receivable and other assets	(13,299)	(93,103)
Decrease in restricted funds	19,893	430,782
Decrease in deposits and obligations	(1,386,794)	(2,207,213)
Decrease in due to banks and correspondents	(266,529)	(366,018)
Decrease in accounts payable, provisions and other liabilities	(44,206)	(70,651)
Purchase of trading securities, net	(180,832)	(5,833)
Net cash used in operating activities	(2,181,108)	(2,177,759)

Consolidated statements of cash flows (continued)

	31.03.2018 S/(000)	Restated 31.03.2017 S/(000)
Cash flows from investing activities		
Purchase (sale) of investments at fair value through other comprehensive income and investments at amortized cost, net	(892,855)	148,241
Purchase of property, furniture and equipment	(6,663)	(35,570)
Purchase of intangible assets	(11,618)	(48,293)
Purchase of investment property	(22,546)	(2,364)
Sale of investment property	194,080	-
Net cash (used in) provided by investing activities	(739,602)	62,014
Cash flows from financing activities		
Net increase (decrease) in bonds, notes and other obligations	649,001	(10,260)
Net decrease in receivable inter-bank funds	224,472	5,002
Net increase (decrease) in payable inter-bank funds	99,531	(167,235)
Sale of treasury stock, net	382,727	-
Dividend payments to non-controlling interest	(2,825)	(2,722)
Net cash provided by (used in) financing activities	1,352,906	(175,215)
Net decrease in cash and cash equivalents	(1,567,804)	(2,290,960)
Cash and cash equivalents at the beginning of the year	9,225,617	8,497,698
Cash and cash equivalents at the end of the period	7,657,813	6,206,738

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

Intercorp Financial Services Inc. and Subsidiaries

Notes to the consolidated financial statements

As of March 31, 2018, January 1, 2018 and December 31, 2017 (restated)

1. Business activity and relevant events

1.1 Business activity -

Intercorp Financial Services Inc. and Subsidiaries (henceforth "IFS", “the Company” or “the Group”) is a limited liability holding company incorporated in the Republic of Panama on September 19, 2006, and is a Subsidiary of Intercorp Perú Ltd. (henceforth “Intercorp Perú”), a holding Company incorporated in 1997 in the Commonwealth of the Bahamas. As of March 31, 2018, Intercorp Perú holds 76.46 percent of IFS’s capital stock, equivalent 75.94 percent of IFS’s outstanding capital stock (79.12 percent of capital stock and 78.07 percent of outstanding capital stock as of December 31, 2017).

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

As of March 31, 2018, January 1, 2018 and December 31, 2017 , IFS held 99.30 percent of the capital stock of Banco Internacional del Perú S.A.A. – Interbank (henceforth “Interbank” or “the Bank”) and 100.00 percent of Interseguro Compañía de Seguros S.A. (henceforth “Interseguro”) and Inteligo Group Corp. (henceforth “Inteligo”). In addition, as of March 31, 2018 and December 31, 2017, IFS holds 99.39 percent and 99.40 percent of the capital stock of Seguros Sura S.A. (henceforth “Seguros Sura”) and Hipotecaria Sura Empresa Administradora Hipotecaria S.A. (henceforth “Hipotecaria Sura”).

The main activities of IFS’s Subsidiaries and their assets, liabilities, equity, operating income, net income balances and other relevant information are presented in Note 3.

The consolidated financial statements as of March 31, 2018 and January 1, 2018 and December 31, 2017 (restated) and March 31, 2017 (restated), were approved by Management on May 9, 2018. The audited consolidated financial statements of IFS and Subsidiaries as of December 31, 2017, were approved by the General Shareholders’ Meeting held on April 2, 2018.

1.2 Relevant events –

1.2.1. Restatement of financial statements for previous periods.-

Until December 31, 2017, the Subsidiaries Interseguro and Seguros Sura recognized in the results of the period the effect of changes in interest rates used to discount the pension liabilities of retirement, disability and survival coverage. In 2018, with the purpose of better reflecting the insurance business performance, said Subsidiaries have changed their accounting policy in order to recognize such effect as part of the unrealized results, within the net equity.

As consequence of this change in the accounting policy made by said Subsidiaries and by applying the equity method, to value the investment in Subsidiaries, the Company has restated its financial information corresponding to previous periods. See Note 4.1 for further detail on the restatement performed by the Company.

1.2.2. First adoption of the International Financial Reporting Standard 9 – "Financial Instruments" (henceforth IFRS 9).-

Starting on January 1, 2018, the Company and its Subsidiaries have adopted IFRS 9, which replaces IAS 39 "Financial Instruments: Recognition and Measurement".

Likewise, the Company has used the exception established by the standard that allows not restating the information of previous periods. In this sense, the difference in book values of financial assets and liabilities resulting from the adoption of IFRS 9, amounting to S/101,207,000, has been recognized in the initial balances as of January 1, 2018 (transition period) as a reduction in the retained earnings of the Company. See Note 4.2 for further detail.

2. Acquisition of subsidiaries

In May 2017, IFS signed a share purchase agreement with Sura Asset Management S.A. (Colombia), Sura Asset Management Perú S.A. (Peru) and Grupo Wiese (Peru), for the direct and indirect acquisition of up to 100 percent of shares of Seguros Sura S.A. (Peru) and Hipotecaria Sura. The acquisition was approved by the Superintendence of Banking and AFPs (henceforth "SBS") on September 28, 2017.

Consequently, on November 2, 2017, IFS acquired 60.10 percent of the capital stock of Seguros Sura and 70 percent of the capital stock of Hipotecaria Sura. At the same date, Interseguro acquired 9.19 percent of the capital stock of Seguros Sura. Posteriorly, on November 22, IFS acquired 30.10 percent of the capital stock of Seguros Sura and 29.40 percent of the capital stock of Hipotecaria Sura. The acquisition of the latest two percentages was performed through the acquisition of the companies Negocios e Inmuebles S.A. and Holding Retail Perú S.A. Following these acquisitions, the Company holds 99.39 percent of the capital stock of Seguros Sura and 99.40 percent of the capital stock of Hipotecaria Sura.

The price of the whole transaction was US$275,865,000 (equivalent to approximately S/891,911,000).

Seguros Sura was constituted in Peru and its operations were governed by the Bank and Insurance Act. It was authorized to issue life and general insurance policies. Hipotecaria Sura is constituted in Peru, is regulated by the SBS and is dedicated to mainly perform the granting of mortgage loans, and since 2015 has not performed any new mortgage loan placements.

As of the date of this report, the merging between Interseguro and Seguros Sura has concluded, pursuant to the approvals issued by the SBS and within the legal deadlines.

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 SBS to operate as a universal bank in accordance with Peruvian legislation. The Bank's operations are governed by the Banking and Insurance Act, that establishes the requirements, rights, obligations, restrictions and other operating conditions that Peruvian financial and insurance entities must comply with.

As of March 31, 2018 and December 31, 2017, Interbank had 272 offices and a branch established in the Republic of Panama. Additionally, it holds 100 percent 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 Créditos y Cobranzas S.A.	Collection services.
Compañía de Servicios Conexos – Expressnet S.A.C.	Services related to credit card transactions or products related to the brand "American Express".

(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.

As of March 31, 2018 and December 31, 2017, Interseguro controls the following Subsidiaries:

Entity	**Activity**
Centro Comercial Estación Central S.A.	Administration of "Centro Comercial Estación Central", located in downtown Lima; as of December 31, 2017, Interseguro holds 75 percent of its shares. As of March 31, 2018, Interseguro sold its interest to a related company.
Empresa Administradora Hipotecaria S.A.	Was incorporated in February 2014 in Peru; It does not have operations and it is under the process of liquidation. As of March 31, 2018 and December 31, 2017, Interseguro holds 100 percent of its shares and has a paid in capital of S/1.

Also, Interseguro holds contributions in Patrimonio Fideicometido D.S.093-2002-EF, Interproperties Perú (henceforth "Patrimonio Fideicometido – Interproperties Perú"), that is a structured entity, incorporated in April 2008, and in which several investors (related parties to the Group) contributed investment properties; each investor or investors have ownership of and specific control over the contributed investment property. The fair values of the properties contributed by Interseguro, which were included in this structured entity as of March 31, 2018 and December 31, 2017, amounted to S/416,811,000 and S/608,689,000, respectively; see Note 9. For accounting purposes and under IFRS 10 "Consolidated Financial Statements" the assets included in said structure are considered "silos", because they are ring-fenced parts of the wider structured entity (the

Patrimonio Fideicometido - Interproperties Perú). The Group has ownership of and decision making power over these properties, and the Group has the exposure or rights to their returns; therefore, the Group has consolidated the silos containing the investment properties that it controls.

Regarding the "Patrimonio Fideicometido", as of December 31, 2016, Inteligo Real Estate (a related entity, Subsidiary of Intercorp Perú) and Interseguro held 27.17 percent and 72.83 percent, respectively, of an investment property located in San Isidro, Lima, see Note 9(a). On September 26, 2017, Interseguro purchased the Inteligo Real Estate's share, thus obtaining the whole ownership of such investment property. The consideration transferred for the acquisition amounted to US$20,542,000 (equivalent to S/66,577,000), which corresponds to the purchase of the non-controlling interest that is reflected as an increase in the cost of Interseguros' investment; additionally, S/21,462,000 were recognized as equity transaction.

In April 2016, the Congress of the Republic of Peru approved an amendment to the Act of the Private Pension System, in which the affiliates of the Private Pension Fund Management Companies ("AFP", by its Spanish acronym) that are 65 years old and retire, could choose an additional retirement scheme in addition to the options in force, which are: a) Planned Retirement, managed by an AFP; and b) the acquisition of an annuity retirement insurance plan, managed by a life insurance company, such as the case of Interseguro. This new retirement scheme allows the affiliate to dispose the 95.5 percent of their Individual Capitalization Account ("CIC", by its Spanish acronym).

In 2017, Interseguro launched the product named "Renta Particular Plus" for S/128,200,000. This allowed to maintain the product portfolio level and the long-term cash fundraising, while counterbalancing the retirement income reduction due to the modification of the Private Pension System Law, which, in 2017, amounted to S/24,786,000 (in 2016 and 2015 amounted to S/137,119,000 and S/362,861,000, respectively).

(c) Inteligo Group Corp. and Subsidiaries -
Inteligo is an entity incorporated in the Republic of Panama. As of March 31, 2018 and December 31, 2017, it holds 100 percent of the shares of the following Subsidiaries:

Entity	**Activity**
Inteligo Bank Ltd.	It is incorporated in The Commonwealth of the Bahamas and has a branch established in the Republic of Panama that operates under an international license issued by the Superintendence of Banks of the Republic of Panama. Its main activity is to provide private and institutional banking services mainly to Peruvian citizens.
Inteligo Sociedad Agente de Bolsa S.A.	Brokerage firm incorporated in Peru.

(d) Seguros Sura S.A. -
Seguros Sura merged with Interseguro as of March 30, 2018.

(e) Hipotecaria Sura Empresa Administradora Hipotecaria S.A. -
Hipotecaria Sura Empresa Administradora Hipotecaria S.A. is incorporated in Peru and its regulated by the SBS. Its main activity is to grant mortgage loans, and since 2015, it has not granted any new mortgage loans.

(f) Negocios e Inmuebles S.A. and Holding Retail Perú S.A. -

These entities were acquired by IFS as part of the purchase of Seguros Sura and Hipotecaria Sura. As of December 31, 2017, the only activity of these entities is to maintain collectively 30.7 percent of Seguros Sura's capital stock and 30.0 percent of Hipotecaria Sura's capital stock. As of March 31, 2018 and as a result of the merger of Interseguro with Seguros Sura, this subsidiary received shares of Interseguro in exchange for its shares in Seguros Sura, becoming a shareholder of 8.5 percent of Interseguro.

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

Its corporate purpose is the acquisition and holding of shares and securities. As of March 31, 2018 and December 31, 2017, it did not have operations and had a paid-in capital of S/1,000.

The table below presents a summary of the main captions of the consolidated financial statements of the main Subsidiaries, before adjustments and eliminations for consolidation, as of March 31, 2018 and December 31, 2017 and for the three-month periods ended as of March 31, 2018 and 2017 (see Note 26):

	Interbank and Subsidiaries			**Interseguro and Subsidiaries**			**Inteligo and Subsidiaries**			**Seguros Sura (*)**		
	31.03.2018	**01.01.2018**	**31.12.2017**	**31.03.2018**	**01.01.2018**	**31.12.2017**	**31.03.2018**	**01.01.2018**	**31.12.2017**	**31.03.2018**	**01.01.2018**	**31.12.2017**
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Consolidated statements of financial position												
Cash and due from banks	9,032,149	10,655,092	10,655,092	325,066	71,713	71,713	296,654	377,485	377,485	-	124,848	124,848
Trading securities and available-for-sale investments	-	-	4,861,490	-	-	5,216,629	-	-	1,198,427	-		4,935,100
Investments at fair value through profit or loss and other comprehensive income	4,497,371	4,861,490	-	10,327,047	5,216,629	-	1,379,379	1,198,427	-	-	4,935,100	-
Held-to-maturity investments	-	-	1,248,474	-	-	-	-	-	-	-	-	-
Debt instruments at amortized cost	1,852,061	1,248,474	-	-	-	-	-	-	-	-	-	-
Loans, net	27,525,122	26,870,816	26,869,700	-	-	-	1,298,053	1,334,573	1,334,573	-	-	-
Investment property	-	-	-	943,527	862,774	862,774	-	-	-	-	255,835	255,835
Total assets	**45,039,428**	**45,587,320**	**45,554,533**	**12,055,614**	**6,468,402**	**6,468,402**	**3,103,200**	**3,013,887**	**3,013,890**	**-**	**5,470,294**	**5,470,294**
Deposits and obligations	29,154,757	30,559,296	30,559,296	-	-	-	2,167,227	2,268,248	2,268,248	-	-	-
Due to banks and correspondents	3,955,876	4,386,725	4,386,725	4,596	20,568	20,568	180,905	100	100	-	-	-
Bonds, notes and other obligations	5,163,950	4,537,205	4,537,205	173,073	165,348	165,348	-	-	-	-	9,960	9,960
Insurance contract liabilities	-	-	-	10,398,188	5,466,506	5,466,506	-	-	-	-	4,909,236	4,909,236
Total liabilities	**40,345,555**	**40,765,715**	**40,631,010**	**10,990,409**	**5,884,935**	**5,884,935**	**2,369,527**	**2,304,091**	**2,304,091**	**-**	**4,983,330**	**4,983,330**
Equity attributable to IFS's shareholders	**4,693,873**	**4,821,605**	**4,923,523**	**1,065,205**	**583,282**	**583,282**	**733,673**	**709,796**	**709,799**	**-**	**486,964**	**486,964**
Non-controlling interest – equity	**-**	**-**	**-**	**-**	**185**	**185**	**-**	**-**	**-**	**-**	**-**	**-**

	For the three-month periods ended March, 31					
	Interbank and Subsidiaries		**Interseguro and Subsidiaries**		**Inteligo and Subsidiaries**	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Consolidated income statements						
Net interest and similar income	601,250	556,157	154,655	85,849	24,044	25,764
Provision for loan losses, net of recoveries	(172,477)	(225,423)	-	-	383	2,712
Net gain from sale and valuation of investment properties	-	-	(3,547)	-	-	-
Fee income from financial services, net	206,189	203,332	(1,682)	(1,229)	32,984	29,028
Total net premiums earned less claims and benefits	-	-	(78,867)	(46,106)	-	-
Impairment loss on available-for-sale investments	(108)	-	97	(4,913)	2,270	-
Net profit for the year attributable to IFS's shareholders	**246,213**	**194,535**	**26,183**	**3,783**	**40,301**	**48,788**
Non-controlling interest	**-**	**-**	**-**	**(2,014)**	**-**	**-**

(*) As of March 31, 2018, the balances of Seguros Sura are presented as part of the balances of Interseguro, as a result of the merger.

4. Main accounting principles and practices

The accompanying separate financial statements have been prepared from the accounting recordings of IFS, in accordance with the IFRS issued by the International Accounting Standards Board (henceforth "IASB"). As of March 31, 2018, the accounting principles and practices are consistent with of standards applied as of December 31, 2017, which are included in the audited financial statements dated March 19, 2018, except for the following:

4.1 Restatement on financial statements of previous periods -

Until December 31, 2017, the Subsidiaries Interseguro and Seguros Sura recognized in their results the effect of changes in market interest rates used to discount the pension liabilities of retirement, disability and survival coverage.

In 2018, with the purpose of better reflecting the insurance business performance, said Subsidiaries have changed their accounting policy in order to recognize the effect of changes in market interest rates as part of the unrealized results, within the net equity. As consequence of this change in the accounting policy made by said Subsidiaries, the Company's net equity has been restated in the following terms:

	Balances as of December 31, 2017		
Equity, net	**Reported**	**Adjustments [1/]**	**Restated**
	S/(000)	S/(000)	S/(000)
Capital stock	963,446	-	963,446
Treasury stock	(467,200)	-	(467,200)
Capital surplus	268,077	-	268,077
Reserves	3,700,000	-	3,700,000
Unrealized results, net	446,370	(675,095)	(228,725)
Retained earnings	889,850	675,095	1,564,945
Total equity, net	5,800,543	-	5,800,543

1/ Correspond to the cumulative effect as of December 31, 2017 (S/675,095,000).

Additionally, as a result of the change in the accounting policy, the net income as of March 31, 2017 has been restated, as shown below:

Consolidated income statements

	For the three-month periods ended March 31, 2017		
	Reported	**Adjustment** [2/]	**Restated**
	S/(000)	S/(000)	S/(000)
Interest and similar income	944,445	-	944,445
Interest and similar expenses	(275,191)	-	(275,191)
Net interest and similar income	**669,254**	**-**	**669,254**
Provision for loan losses, net of recoveries	(222,711)	-	(222,711)
Net interest and similar income after provision for loan losses, net of recoveries	**446,543**	**-**	**446,543**
Other income			
Fee income from financial services, net	220,716	-	220,716
Net gain on foreign exchange transactions	50,451	-	50,451
Net gain on sale of securities	30,135	-	30,135
Net trading income	4,548	-	4,548
Rental income	6,009	-	6,009
Gain on sale of investment property	(11,194)	-	(11,194)
Others	35,234	-	35,234
Total other income	**335,899**	**-**	**335,899**
Insurance premiums and claims			
Net premiums earned (incurred)	(41,906)	79,728	37,822
Net claims and benefits incurred for life insurance contracts and others	(83,928)	-	(83,928)
Total net premiums earned less claims and benefits	**(125,834)**	**79,728**	**(46,106)**
Other expenses			
Salaries and employee benefits	(176,835)	-	(176,835)
Administrative expenses	(201,681)	-	(201,681)
Depreciation and amortization	(33,375)	-	(33,375)
Impairment loss on financial instruments	(4,913)	-	(4,913)
Expenses related to rental income	(420)	-	(420)
Others	(31,000)	-	(31,000)
Total other expenses	**(448,224)**	**-**	**(448,224)**
Income before translation result and Income Tax	208,384	79,728	288,112
Translation result	23,133	-	23,133
Income Tax	(73,560)	-	(73,560)
Net profit for the period	**157,957**	**79,728**	**237,685**
Attributable to:			
IFS's shareholders	158,617	79,728	238,345
Non-controlling interest	(660)	-	(660)
	157,957	**79,728**	**237,685**
Earnings per share attributable to IFS's shareholders basic and diluted (stated in Soles)	1.48	-	2.23
Weighted average number of outstanding shares (in thousand)	106,931	-	106,931

2/ Correspond to the effect of the first quarter of 2017 (S/79,728,000).

4.2 First adoption of IFRS 9 – "Financial Instruments" -

Starting on January 1, 2018, the Company and its Subsidiaries have adopted IFRS 9, which replaces IAS 39 "Financial Instruments: Recognition and Measurement".

The main impacts of said adoption are described below:

(a) Classification and Measurement – Financial Assets

IFRS 9 includes three main classification categories for financial assets: measured at amortized cost; at fair value through profit or loss; and at fair value through other comprehensive income. It also eliminates IAS 39's existing categories of held-to-maturity, loans and receivables, and available-for-sale.

A financial asset is recorded at amortized cost if it meets the following two conditions is not designated at fair value through profit or loss:

- The objective of the business model is to hold the financial asset in order to collect the contractual cash flows; and
- The contractual terms of the assets correspond to cash flows that are solely payments of principal and interest (SPPI) on the outstanding principal amount.

A financial asset must be measured at fair value through other comprehensive income only if it that meets the following two conditions and is not designated at fair value through profit or loss:

- The objective of the business model is to both obtain contractual cash flows and sell the financial assets; and
- The contractual terms of the assets give rise to cash flows that are SPPI on the outstanding principal amount.

At the initial recognition of an equity instrument that is not held for trading, the Group can make an irrevocable choice to present the posterior value changes in other comprehensive income. This decision is made per instrument.

All the financial assets that are not measured at amortized cost or at fair value through other comprehensive income, according to the previously discussed conditions, are measured at fair value through profit or loss.

(b) Impairment – Financial assets, loan commitments and financial guarantee contracts

IFRS 9 replaces the model of incurred loss of IAS 39 with the model of expected credit loss (ECL). This new model requires the estimation of expected credit loss adjusted by the future changes in macroeconomic factors (forward-looking approach), which shall be determined based on probability weighting.

The new impairment model is applied to financial instruments that are not measured at fair value through profit or loss, such as:

- Financial assets that are debt instruments;
- Rent receivables;

- Loan commitments and issued financial guarantee contracts (formerly, impairment was measured under IAS 37 “Provisions, contingent liabilities and contingent assets).

According to IFRS 9, equity instruments that are measured at fair value are not subject to credit loss due to impairment.

The credit-impaired financial assets defined by IFRS 9 in a similar way that impaired financial assets are defined by IAS 39.

(b.1) Measurement of the expected credit loss

The parameters for measuring the expected credit loss are the following:

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

The LGD is the debt percentage that is estimated as loss in case of default. The Group calculates the LGD parameters with historical information of the recovery rates for the different products. LGD models consider: the guarantee and the recovery costs of the guarantee.

The EAD represents the expected exposure at the default date. The Group calculates the EAD of the counterpart and the possible changes in the current amount according to the contract, including amortization and pre-payments. The EAD of a financial asset shall be the book value at the moment of default.
In the case of loan commitments and financial guarantees, the EAD shall consider the used amount, as well as the potential future amounts that can be extracted or reimbursed pursuant to the contract, which shall be estimated in function of the historical records and macroeconomic factors. The EAD includes the direct and indirect (contingent) credit risk, which is determined by the credit conversion factor (CCF).

The Group uses a 12-month PD for financial assets whose credit risk has not increased significantly since their initial recognition. For the rest of financial assets, the Group shall measure the expected loss considering the default risk for the expected remaining period.

At each reporting date, the Company and its Subsidiaries measure the expected credit loss by classifying the financial assets as follows:

- “Stage” 1: A 12-month expected credit loss is recognized in financial assets whose credit risk has not increased significantly since their initial recognition. The interest income is measured based on the gross carrying amount of the financial asset.
- “Stage” 2: A lifetime expected credit loss is recognized in financial assets whose credit risk has increased significantly since their initial recognition. The interest income is measured based on the gross carrying amount of the financial asset.
- “Stage” 3: A lifetime expected credit loss is recognized in credit-impaired financial assets. The interest income is measured based on the net carrying amount of the financial asset.

Forward-looking information

According to IFRS 9, the Group includes prospective information in order to determine its expected credit loss. This process implies the use of economic scenarios and taking into account the probability of occurrence for each scenario. This information can be external and can use economic data y forecasts published by regulatory entities.

(c) Classification – Financial liabilities

IFRS 9 maintains most of the existing requirements of IAS 39 for the classification of financial liabilities.

(d) Contract derecognition and amendment

IFRS 9 includes the requirements of IAS 39 for the derecognition of financial asset and liability accounts without substantial modifications.

(e) Hedge accounting

IFRS 9 does not change the general principles on how an entity accounts for the effective hedges; therefore, its application has not had significant impact on the financial statement of IFS and its Subsidiaries.

(f) Transition

The Company has used the exception established by IFRS 9 that allows not restating information from previous periods. Consequently, the difference in the book value of financial assets and liabilities resulting from the adoption of IFRS 9 has been recognized in the initial balances as of January 1, 2018 (transition period).

The impact of the first adoption of IFRS 9 for the Company and its Subsidiaries amounted to S/101,207,000, has been recorded in retained earnings as of January 1, 2018, and is made up as follows:

	Unrealized results, net	Retained earnings	Total equity (*)
	S/(000)	S/(000)	S/(000)
Higher loan provisions for calculation of expected loss in Subsidiaries	-	(101,207)	(101,207)
Higher impairment on investments at fair value through other comprehensive income	31,567	(31,567)	-
Impact of reclassification of investments (debt and equity) from available-for-sale to fair value through profit or loss	(75,503)	75,503	-
Total	(43,936)	(57,271)	(101,207)

(*) Attributable to IFS's shareholders

The reconciliation of the consolidated statements of financial position of the Company and Subsidiaries as of January 1, 2018, is presented below:

Reconciliation of the consolidated statements of financial position

The reconciliation of the consolidated statements of financial position under IAS 39 and IFRS 9 as of January 1, 2018, is presented below:

		Balances according to IAS 39 as of December 31, 2017		Reclassifications	Adjustments first adoption IFRS 9	Balances according to IFRS 9 as of January 1, 2018	
	Note	Category	S/(000)	S/(000)	S/(000)	S/(000)	Category
						-	
Assets							
Cash and due from banks:		Loans and accounts receivable	11,204,843	-	-	11,204,843	Amortized cost
Inter-bank funds		Loans and accounts receivable	403,526	-	-	403,526	Amortized cost
Investments at fair value through profit or loss	6	Fair value through profit or loss	216,008	1,132,659	-	1,348,667	Fair value through profit or loss
Available-for-sale investments	7(b)	Available-for-sale	15,459,660	(15,459,660)	-	-	-
Held-to-maturity investments	7(f)	To maturity	1,248,475	(1,248,475)	-	-	-
Investments at fair value through other comprehensive income	7(a)	-		14,327,001	-	14,327,001	Fair value through other comprehensive income
Investments at amortized cost	7(f)	-		1,248,475		1,248,475	Amortized cost
Loans, net		Loans and accounts receivable	28,204,168	-	1,116	28,205,284	Amortized cost
Accounts receivable and other assets, net		Loans and accounts receivable	646,909	-	(5)	646,904	Amortized cost
Accounts receivable from operations with derivatives		Fair value through profit or loss	94,668	-	-	94,668	Fair value through profit or loss
Due from customers on acceptances		Loans and accounts receivable	41,715	-	-	41,715	Amortized cost
Non-financial assets		N/A	3,094,379			3,094,379	N/A
Deferred Income Tax asset, net		N/A	64,252	(10,973)	42,646	95,925	N/A
Total assets			60,678,603	(10,973)	43,757	60,711,387	
Liabilities							
Deposits and obligations		Amortized cost	32,607,637	-	-	32,607,637	Amortized cost
Inter-bank funds		Amortized cost	30,008	-	-	30,008	Amortized cost
Due to banks and correspondents		Amortized cost	4,407,392	-	-	4,407,392	Amortized cost
Bonds, notes and other obligations		Amortized cost	5,602,358	-	-	5,602,358	Amortized cost
Due from customers on acceptances		Amortized cost	41,715	-	-	41,715	Amortized cost
Insurance contract liabilities		Amortized cost	10,709,843	-	-	10,709,843	Amortized cost
Accounts payable and other financial liabilities		Amortized cost	1,103,295	-	145,678	1,248,973	Amortized cost
Accounts payable for operations with derivatives		Fair value through profit or loss	133,921	-	-	133,921	Fair value through profit or loss
Non-financial liabilities		N/A	194,295	-	-	194,295	N/A
Deferred Income Tax liability, net		N/A	11,232	(10,973)	-	259	N/A
Total liabilities			54,841,696	(10,973)	145,678	54,976,401	
Equity attributable to IFS's shareholders:		N/A	5,800,543	-	(101,207)	5,699,336	N/A
Non-controlling interest		N/A	36,364	-	(714)	35,650	N/A
Total equity, net			5,836,907	-	(101,921)	5,734,986	

Reconciliation of the statements of other comprehensive income

The reconciliation of other comprehensive income under IAS 39 and IFRS 9 as of January 1, 2018, is detailed below:

	S(000)
Retained earnings	
Balance as of December 31, 2017 – Restated	1,564,945
Adjustments or reclassifications related to adoption of IFRS 9	
Recognition of expected losses under IFRS 9 including those measured at fair value through other comprehensive income	(132,774)
Impact of reclassification of available-for-sale investments to fair value through profit or loss	75,503
Initial balance under IFRS 9 (as of January 1, 2018)	1,507,674
Unrealized results	
Closing balance under IAS 39 (as of December 31, 2017) – Restated	(228,725)
Adjustments or reclassifications related to adoption of IFRS 9	
Impact of reclassification of available-for-sale investments to fair value through profit or loss	(75,503)
Recognition of expected losses under IFRS 9 of investments at fair value through other comprehensive income	31,567
Initial balance under IFRS 9 (as of January 1, 2018)	(272,661)
Total impact on net Equity due to adoption of IFRS 9 (*)	(101,207)

(*) Attributable to IFS's shareholders

5. Cash and due from banks

(a) This caption is made up as follows:

	31.03.2018 S/(000)	01.01.2018 and 31.12.2017 S/(000)
Cash and clearing (b)	2,086,495	2,073,078
Deposits in the Central Reserve Bank of Peru – BCRP (b)	4,526,778	5,878,533
Deposits in banks (c)	1,044,540	1,274,006
Accrued interest	1,286	1,807
	7,659,099	9,227,424
Restricted funds (d)	1,957,526	1,977,419
Total	9,616,625	11,204,843

(b) In accordance with rules in force, Interbank is required to maintain a legal reserve in order to honor its obligations with the public. This reserve may be comprised of funds kept in Interbank and BCRP vaults and is made up as follows:

	31.03.2018 S/(000)	01.01.2018 and 31.12.2017 S/(000)
Legal reserve		
Deposits in BCRP	4,204,078	5,178,949
Cash in vaults	1,877,889	1,948,711
Subtotal legal reserve	6,081,967	7,127,660
Non-mandatory reserve		
Overnight BCRP deposits	322,700	699,584
Cash	208,464	124,163
Subtotal non-mandatory reserve	531,164	823,747
Cash and due from banks not subject to legal reserve	142	204
Total	6,613,273	7,951,611

The legal reserve funds maintained at the BCRP are non-interest bearing, except for the part that exceeds the minimum reserve required that accrued interest at an annual rate established by the BCRP. As of March 31, 2018, the excess in foreign currency accrued interest in US Dollars at an annual average rate of 0.45 percent (0.37 percent as of December 31, 2017). As of December 31, 2017, the excess amount in Soles accrued interest in Soles at an annual average rate of 0.05 percent.

In Management's opinion, Interbank has complied with the requeriments established by the rules in force related to the computation of the legal reserve.

(c) Deposits in domestic banks and abroad are mainly in Soles and US Dollars, they are freely available and accrue interests at market rates. As of March 31, 2018 and December 31, 2017, the Group does not have significant deposits in any specific financial institution.

(d) The Group maintains restricted funds related to:

	31.03.2018 S/(000)	01.01.2018 and 31.12.2017 S/(000)
Repurchase agreements with BCRP (*)	1,874,113	1,882,244
Derivative financial instruments, Note 10(d)	77,679	90,093
Others	5,734	5,082
Total	1,957,526	1,977,419

(*) As of March 31, 2018, correspond to deposits maintained in BCRP which guarantee repurchase agreements amounting to S/1,890,662,000 including interests (guaranteed repurchase agreements amounting to S/1,890,962,000 including interests, as of January 1, 2018 (December 31, 2017)), see Note 12(b).

Cash and cash equivalents presented in the consolidated statements of cash flows exclude the restricted funds and accrued interest.

6. Investments at fair value through profit or loss

The detail of caption as of March 31, 2018 and January 1, 2018 under IFRS 9 and December 31, 2017 according IAS 39, is as follows:

	Market value		
	31.03.2018	**01.01.2018**	**31.12.2017**
	S/(000)	S/(000)	S/(000) (*)
Shares, mutual funds and investment funds participations	1,461,966	1,321,999	189,339
Corporate and leasing bonds	58,280	26,239	26,239
Peruvian Sovereign bonds	4,627	-	-
	1,524,873	1,348,238	215,578
Accrued interest	334	429	430
Total	1,525,207	1,348,667	216,008

(*) Until December 31, 2017, these investments were recorded as available-for-sale investments. As of January 1, 2018, as part of the adoption of IFRS 9, the Group designated these investments as investments at fair value through other comprehensive income.

7. Investments at fair value through other comprehensive income

(a) The detail of item as of March 31, 2018 and January 1, 2018 under IFRS 9, is as follows:

	31.03.2018				01.01.2018			
		Unrealized gross amount				Unrealized gross amount		
	Amortized Cost	Gains	Losses	Estimated fair value	Amortized Cost	Gains	Losses	Estimated fair value
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Debt instruments								
Corporate, leasing and subordinated bonds	7,011,241	237,227	(120,267)	7,128,201	7,073,038	203,199	(53,372)	7,222,865
Peruvian Sovereign Bonds (c)	2,819,306	139,537	(17,159)	2,941,684	2,439,351	81,636	(29,896)	2,491,091
Negotiable Certificates of Deposit issued by BCRP	1,495,530	2,649	(47)	1,498,132	1,933,640	2,328	(18)	1,935,950
Bonds guaranteed by the Peruvian Government	961,079	15,954	(14,390)	962,643	857,344	17,485	(7,028)	867,801
Sovereign and Global Bonds of foreign countries	584,337	921	(10,878)	574,380	402,976	1,648	(2,480)	402,144
Global Bonds of the Republic of Peru	450,023	-	(13,972)	436,051	478,144	1,411	(2,355)	477,200
Indexed Certificates of Deposit issued by BCRP	311,405	-	(3,508)	307,897	169,002	-	(1,598)	167,404
Certificates of deposits payable in US Dollars issued by BCRP	-	-	-	-	21,446	-	(1)	21,445
Total	13,632,921	396,288	(180,221)	13,848,988	13,374,941	307,707	(96,748)	13,585,900
Listed shares								
Biopharma Credit PLC	237,784	2,785	-	240,569	199,303	7,718	-	207,021
Peruvian and foreign entities	207,038	291	(12,124)	195,205	137,781	4,479	(7,378)	134,882
InRetail Perú Corp. (d)	70,653	101,288	-	171,941	70,653	92,333	-	162,986
Energía del Sur	71,307	-	(10,684)	60,623	71,307	-	(7,165)	64,142
Non-listed shares								
Others	932	667	-	1,599	936	670	-	1,606
	587,714	105,031	(22,808)	669,937	479,980	105,200	(14,543)	570,637
	14,220,635	501,319	(203,029)	14,518,925	13,854,921	412,907	(111,291)	14,156,537
Accrued interest				134,614				170,464
Total				14,653,539				14,327,001

(b) The detail of item as of December 31, 2017 under IAS 39, is as follows:

	2017 (*)			
		Unrealized gross amount		
	Amortized cost S/(000)	Gains S/(000)	Losses S/(000)	Estimated fair value S/(000)
Debt instruments				
Corporate, leasing and subordinated bonds	7,073,038	197,914	(48,087)	7,222,865
Peruvian Sovereign Bonds	2,439,351	67,811	(16,071)	2,491,091
Negotiable Certificates of Deposit issued by BCRP	1,933,640	2,328	(18)	1,935,950
Mutual funds and investment funds participations	895,304	82,440	(21,427)	956,317
Bonds guaranteed by the Peruvian Government	857,344	15,883	(5,426)	867,801
Global Bonds of the Republic of Peru	478,144	1,330	(2,274)	477,200
Indexed Certificates of Deposit issued by BCRP	169,002	-	(1,598)	167,404
Certificates of deposits payable in US Dollars issued by BCRP	21,446	-	(1)	21,445
Global Bonds of Canada	402,976	1,648	(2,480)	402,144
Total	14,270,245	369,354	(97,382)	14,542,217
Listed shares				
Biopharma Credit PLC	280,601	11,359	-	291,960
InRetail Perú Corp.	75,376	92,830	-	168,206
Energía del Sur	71,307	-	(7,167)	64,140
Peruvian and foreign entities	152,927	6,075	(6,475)	152,527
Non-listed shares and participations				
Royalty Pharma	60,766	7,774	-	68,540
Others	936	670	-	1,606
	641,913	118,708	(13,642)	746,979
	14,912,158	488,062	(111,024)	15,289,196
Accrued interest				170,464
Total				15,459,660

(*) Until December 31, 2017, these investments were recorded as available-for-sale investments. As of January 1, 2018, as part of the adoption of IFRS 9, S/1,132,659,000 were classified as investments at fair value through profit or loss and S/14,327,001,000 as investments at fair value through other comprehensive income.

(c) During 2018, Interbank reclassified Peruvian Sovereign Bonds classified as financial instruments through other comprehensive income to debt instruments at amortized cost whose carrying value and cumulative unrealized gain recorded in equity at such date amounted to approximately S/152,134,000 and S/1,160,000, respectively (during 2017, it was reclassified Peruvian Sovereign Bonds whose carrying value and cumulative unrealized gain recorded in equity amounted to approximately S/62,796,000 and S/298,000, respectively). In accordance with accounting rules, such unrealized gains and losses will be transferred to each period's results through the remaining term of the instruments. As a result of these transfers, Interbank has recorded in the results of the 2018 and 2017 a net loss of approximately S/665,000 and S/639,000, respectively.

(d) As of March 31, 2018 and January 1, 2018, the Group held approximately 2,396,920 shares, which represented 2.34 percent, of InRetail Perú Corp.'s capital stock (a related entity).

(e) The table below presents the fair value of debt instruments through other comprehensive income as of March 31, 2018:

	S/(000)
Instruments issued and rated in Peru:	
AAA	1,103,584
AA- / AA+	2,069,288
A- / A+	320,326
BBB- / BBB+	705
BB- / BB+	144,182
	3,638,085
Instruments issued in Peru and rated abroad:	
A- / A+	2,928,579
BBB- / BBB+	2,405,984
BB- / BB+	99,341
	5,433,904
Instruments issued and rated abroad:	
AAA	79,922
AA- / AA+	169,369
A- / A+	360,804
BBB- / BBB+	2,023,367
BB- / BB+	149,121
	2,782,583
Unrated	
Certificates of Deposit issued by the BCRP	1,806,029
Others	188,387
	1,994,416
Total debt instruments	**13,848,988**

(f) As of March 31, 2018 and December 31, 2017, debt instruments at amortized cost are entirely comprised of Peruvian Sovereign Bonds amounting to S/1,852,060,000 and S/1,248,475,000, respectively, including accrued interests. The balances as of January 1, 2018 and December 31, 2017 correspond to the same debt instruments.

As of March 31, 2018 and January 1, 2018 (December 31, 2017), these investments have maturities between August 2020 and August 2037, have accrued interest at effective annual rates between 4.05 percent and 6.33 percent. The estimated fair value of these instruments amounts to approximately S/1,902,427,000 and S/1,303,196,000, as of March 31, 2018 and January 1, 2018 (December 31, 2017).

As of March 31, 2018 and January 1, 2018 (December 31, 2017), Interbank holds repurchase agreements with BCRP for approximately S/336,481,000 and S/332,850,000, including accrued interests, which are guaranteed with Peruvian Sovereign Bonds, classified and restricted, for approximately S/356,548,000 and S/362,644,000, see Note 12(b).

8. Loans, net

(a) The detail of loan portfolio as of March 31, 2018, January 1, 2018 and December 31, 2017, is as follows:

	31.03.2018 S/(000)	01.01.2018 S/(000)	31.12.2017 S/(000)
Direct loans			
Loans	22,410,481	21,847,321	21,847,321
Credit cards	3,975,599	3,798,746	3,798,746
Leasing	1,636,065	1,706,745	1,706,745
Discounted notes	430,995	547,857	547,857
Factoring	210,529	162,598	162,598
Advances and overdrafts	68,195	57,774	57,774
Refinanced loans	266,776	273,448	273,448
Past due and under legal collection loans	781,585	794,655	794,655
	29,780,225	29,189,144	29,189,144
Plus (minus)			
Accrued interest from performing loans	294,945	286,543	286,543
Unearned interest and interest collected in advance	(53,461)	(54,958)	(54,958)
Allowance for loan losses (c)	(1,198,608)	(1,215,445)	(1,216,561)
Total direct loans, net	28,823,101	28,205,284	28,204,168
Indirect loans	4,416,294	4,266,504	4,266,504

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

	31.03.2018 S/(000)	01.01.2018 and 31.12.2017 S/(000)
Commercial loans	13,767,927	13,545,195
Consumer loans	9,477,304	9,187,000
Mortgage loans	5,837,103	5,770,846
Small and micro-business loans	697,891	686,103
Total	29,780,225	29,189,144

(c) The changes in the allowance for loan losses (direct and indirect) as of March 31, 2018 and 2017, January 1, 2018 and December 31, 2017, are as follows:

	31.03.2018				
	Commercial S/(000)	**Mortgage** S/(000)	**Consumer** S/(000)	**Small and micro-business** S/(000)	**Total** S/(000)
Balance at 31.12.2017 (IAS 39)	**243,115**	**66,543**	**881,874**	**63,431**	**1,254,963**
First adoption of IFRS 9	48,284	38,554	64,768	(7,044)	144,562 (*)
Balance at 01.01.2018	**291,399**	**105,097**	**946,642**	**56,387**	**1,399,525**
Provision	2,737	3,727	153,980	11,650	172,094
Recovery of written–off loans	306	-	33,883	940	35,129
Written-off portfolio	(2,536)	-	(196,683)	(8,890)	(208,109)
Translation result	(502)	(185)	(64)	(25)	(776)
Others	(52)	(455)	(5,194)	-	(5,701)
End of period balances (**)	**291,352**	**108,184**	**932,564**	**60,062**	**1,392,162**

(*) Corresponds to higher provisions for indirect exposure for S/145, 678,000, net of lower provisions for direct loans for S/1,116,000. Gross amounts (before Income Tax).

	31.03.2017				
	Commercial S/(000)	**Mortgage** S/(000)	**Consumer** S/(000)	**Small and micro-business** S/(000)	**Total** S/(000)
Balance at 01.01.2017	221,134	60,497	851,927	57,200	1,190,758
Provision	16,096	6,538	194,012	6,065	222,711
Recovery of written–off loans	107	-	29,146	734	29,987
Written-off portfolio	(2,211)	-	(196,034)	(8,147)	(206,392)
Sale of loan portfolio	-	-	(869)	-	(869)
Translation result	(5,196)	(2,043)	(1,296)	(214)	(8,749)
Others	-	(183)	(1,820)	-	(2,003)
End of period balances	**229,930**	**64,809**	**875,066**	**55,638**	**1,225,443**
Balance at 31.12.2017	**243,115**	**66,543**	**881,874**	**63,431**	**1,254,963**

(**) As of March 31, 2018, the allowance for loan losses includes the allowance for direct and indirect loans amounting to S/1,198,608,000 and S/193,554,000, respectively (S/1,215,445,000 and S/198,523,000, respectively, as of January 1, 2018). The allowance for loan losses for indirect loans is presented in the "Accounts payable, provisions and other liabilities" caption of the consolidated statements of financial position; see Note 10(a).

In Management's opinion, the allowance for loan losses recorded as of March 31, 2018 and January 1, 2018, has been established in accordance with IFRS 9 and it is sufficient to cover incurred losses on the loan portfolio.

9. Investment property

(a) The detail of caption as of March 31, 2018 and January 1, 2018, is as follows:

	31.03.2018 S/(000)	01.01.2018 and 31.12.2017 S/(000)	Acquisition or construction year	Hierarchy level (i)	Valuation methodology 31.03.2018	Valuation methodology 01.01.2018 and 31.12.2017
Land -						
San Isidro – Lima	239,796	240,715	2009	Level 3	Appraisal	Appraisal
Miraflores – Lima	72,108	72,421	2017	Level 3	Appraisal	Appraisal
San Martín de Porres – Lima	63,026	63,299	2015	Level 3	Appraisal	Appraisal
Piura	39,969	40,142	2008	Level 3	Appraisal	Appraisal
Yanahuara - Arequipa	26,209	26,323	2017	Level 3	Appraisal	Appraisal
Sullana	25,309	25,419	2012	Level 3	Appraisal	Appraisal
Santa Clara - Lima	9,894	9,937	2017	Level 3	Appraisal	Appraisal
Chimbote	9,359	9,399	2015	Level 3	Appraisal	Appraisal
Others	14,150	15,464	-	Level 3	Appraisal	Appraisal
	499,820	503,119				
Completed investment property						
Shopping Malls "Real Plaza" -						
Talara	38,230	37,932	2015	Level 3	DCF	DCF
Pucallpa (c)	-	190,676	2014	Level 3	Appraisal + DCF	Appraisal + DCF
	38,230	228,608				
Buildings -						
Orquideas - San Isidro - Lima	118,775	116,317	2017	Level 3	DCF	DCF
Ate Vitarte - Lima	59,030	57,781	2006	Level 3	DCF	DCF
Maestro - Huancayo	30,720	30,510	2017	Level 3	DCF	DCF
Orquideas - San Isidro - Lima	29,107	16,913	2017	Level 3	DCF	DCF
Cusco	25,300	23,794	2017	Level 3	DCF	DCF
Chorrillos - Lima	25,096	24,798	2017	Level 3	DCF	DCF
Panorama - Lima	20,767	20,653	2016	Level 3	DCF	DCF
Trujillo	14,516	15,369	2016	Level 3	DCF	DCF
Cercado de Lima	11,841	11,577	2017	Level 3	DCF	DCF
Otros	32,499	30,281	-	Level 3	Appraisal + DCF	Appraisal + DCF
	367,651	347,993				
Built on leased land -						
San Juan de Lurigancho - Lima	37,826	37,726	2017	Level 3	DCF	DCF
Others	-	1,162	-	Level 3	DCF	DCF
Total	943,527	1,118,608				

DCF: Discounted cash flow

(i) As of March 31, 2018, January 1, 2018 and December 31, 2017, there were no transfers between levels of hierarchy.

(ii) As of March 31, 2018, January 1, 2018 and December 31, 2017, there are no liens on investment properties.

(b) The movement of investment property for the three month-periods ended March 31, 2018 and 2017, is as follows:

	2018	2017
	S/(000)	S/(000)
Beginning balance	1,118,608	745,185
Additions	22,546	2,364
Sales (c)	(192,521)	-
Valuation loss	(5,106)	(11,194)
Ending balance	943,527	736,355
		-
Balance as of December 31		1,118,608

(c) In January 2018, Interseguro sold, in cash and at fair value, the Real Plaza Pucallpa Shopping Mall, land lot located in Lurín (Lot A) and the built of Estación Central, to related entities, recognizing a net gain amounting to approximately S/1,559,000. The results of the sale of investment properties are presented as “Gain on sale of investment property” in the consolidated income statements.

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

(a) These captions are comprised of the following:

	31.03.2018	01.01.2018	31.12.2017
	S/(000)	S/(000)	S/(000)
Accounts receivable and other assets			
Financial instruments			
Other accounts receivable, net	259,695	315,610	315,615
Assets for technical reserves for claims and premiums by reinsurers	131,163	124,441	124,441
Accounts receivable related to derivative financial instruments (d)	108,688	94,668	94,668
Operations in process (c)	77,363	67,783	67,783
Accounts receivable from sale of investments	488,092	60,892	60,892
Insurance operations receivables, net	29,584	27,200	27,200
Accounts receivable from reinsurers and coinsurers	49,004	36,427	36,427
Credit card commissions receivable	15,604	14,551	14,551
Total	1,159,193	741,572	741,577
Non-financial instruments			
Intangible assets, net	478,577	488,715	488,715
Goodwill, acquisition of Subsidiaries	618,209	628,218	628,218
Value Added Tax credit (b)	22,605	50,571	50,571
Deferred charges	85,689	78,114	78,114
Investments in associates	62,106	55,993	55,993
Prepaid Income Tax	56,135	44,429	44,429
Prepaid rights to related entity, Note 25(f)	10,277	10,876	10,876
Others	46,564	6,216	6,216
	1,380,162	1,363,132	1,363,132
Total	2,539,355	2,104,704	2,104,709
Accounts payable, provisions and other liabilities			
Financial instruments			
Other accounts payable	471,934	502,927	502,927
Contract liability with investment component	155,511	129,592	129,592
Operations in process (c)	134,820	148,483	148,483
Accounts payable related to derivative financial instruments (d)	141,495	133,921	133,921
Workers' profit sharing and salaries payable	74,847	114,084	114,084
Accounts payable for acquisitions of investments	502,352	96,804	96,804
Accounts payable to reinsurers and coinsurers	84,703	58,560	58,560
Allowance for indirect loan losses, Note 8(c)	193,554	198,523	52,845
	1,759,216	1,382,894	1,237,216
Non-financial instruments			
Taxes payable	70,663	65,261	65,261
Deferred income	55,200	54,161	54,161
Provision for other contingencies	47,710	52,914	52,914
Others	15,292	21,959	21,959
	188,865	194,295	194,295
Total	1,948,081	1,577,189	1,431,511

(b) Corresponds to the Value-Added Tax resulting from the purchase of goods devoted mostly to grant financial leasing loans, which is recovered through the collection of the loans.

(c) Operations in process include transactions performed in the last days of the month and other similar types of transactions which are reclassified to their final balance sheets accounts in the following month. These transactions do not affect the consolidated results.

(d) The following table presents, as of March 31, 2018, January 1, 2018, the fair value of derivative financial instruments recorded as assets or liabilities, including their notional amounts. The notional amount is the nominal amount of the derivative's underlying asset and it is the base over which changes in the fair value of derivatives are measured:

		31.03.2018				01.01.2018 and 31.12.2017			
	Note	Assets S/(000)	Liabilities S/(000)	Notional amount S/(000)	Maturity	Assets S/(000)	Liabilities S/(000)	Notional amount S/(000)	Maturity
Derivatives held for trading (i) -									
Forward exchange contracts		32,720	23,014	5,590,092	Between April 2018 and February 2020	22,221	17,138	5,473,643	Between January 2018 and October 2018
Interest rate swaps		29,428	21,702	2,818,332	Between January 2020 and December 2029	16,463	11,937	2,220,102	Between February 2018 and December 2029
Currency swaps		41,842	38,432	898,721	Between April 2018 and January 2025	51,697	47,405	989,181	Between January 2018 and January 2025
Options		1,647	2,549	292,055	Between April 2018 and September 2019	6	1,587	227,647	Between January 2018 and April 2018
Cross currency swaps		-	47,359	189,935	January 2023	-	51,669	190,759	January 2023
		105,637	133,056	9,789,135		90,387	129,736	9,101,332	
Derivatives held as hedges									
Cash flow hedges:									
Cross currency swaps (CCS)	13(g)	1,136	1,596	484,050	January 2023	-	-	-	October 2027
Interest rate swaps (IRS)	12d(i)	1,346	-	161,350	October 2018	1,036	-	162,050	October 2018
Interest rate swaps (IRS)	12d(ii)	569	-	129,080	August 2018	675	-	129,640	August 2018
Interest rate swaps (IRS)	12d(iii)	-	-	-	-	217	-	162,050	January 2018
Cross currency swaps (CCS)	13(e)	-	5,319	64,540	October 2020	-	4,185	64,820	October 2020
Cross currency swaps (CCS)	13(f)	-	1,524	484,050	October 2027	2,353	-	486,150	October 2027
		3,051	8,439	1,323,070		4,281	4,185	1,004,710	
		108,688	141,495	11,112,205		94,668	133,921	10,106,042	

As of March 31, 2018, January 1, 2018 and December 31, 2017, certain derivative financial instruments required collateral deposits; see Note 5(d).

(i) Derivatives held for trading are traded mainly to satisfy clients' needs. The Group may also take positions with the expectation of profiting from favorable movements in prices or rates. Also, this caption includes any derivatives which do not comply with IFRS 9 hedging accounting requirements.

11. Deposits and obligations

(a) The detail of caption as of March 31, 2018, January 1, 2018 and December 31, 2017 is made up as follows:

	31.03.2018 S/(000)	01.01.2018 and 31.12.2017 S/(000)
Time deposits	9,936,252	11,562,024
Demand deposits	10,124,859	10,364,653
Saving deposits	9,647,251	9,092,846
Compensation for service time	1,498,381	1,582,278
Other obligations	13,629	5,836
Total	31,220,372	32,607,637

(b) Interest rates applied to deposits and obligations are determined by the Bank based on interest rates prevailing on the Peruvian market. Demand deposits accounts and savings deposits are paid on the average balance.

(c) As of March 31, 2018 and January 1, 2018 (December 31, 2017), of the total of deposits and obligations, approximately S/8,697,463,000 and S/8,689,589,000, respectively, of deposits and obligations are covered by the Peruvian Deposit Insurance Fund.

12. Due to banks and correspondents

(a) The detail of caption as of March 31, 2018, January 1, 2018 and December 31, 2017 is made up as follows:

	31.03.2018 S/(000)	01.01.2018 and 31.12.2017 S/(000)
By type -		
Central Reserve Bank of Peru (b)	2,205,421	2,205,423
Promotional credit lines (c)	1,433,111	1,441,931
Loans received from foreign entities (d)	471,142	712,777
Loans received from Peruvian entities	4,596	20,668
	4,114,270	4,380,799
Interest and commissions payable	27,107	26,593
	4,141,377	4,407,392
By term -		
Short term	1,927,038	2,447,091
Long term	2,214,339	1,960,301
Total	4,141,377	4,407,392

(b) As of March 31, 2018 and January 1, 2018 (December 31, 2017), correspond to currency repurchase operations according to which Interbank receives Soles for approximately S/1,880,200,000 and delivers US Dollars to the BCRP (for an amount equivalent to the one received). The US Dollars delivered are recorded as restricted funds; see Note 5(d). As of March 31, 2018 and January 1, 2018 (December 31, 2017), these obligations have maturities between April 2018 and June 2019 and bear an effective interest rate of 3.00 and 6.38 percent; these operations accrued interest payable for approximately S/10,462,000 and S/10,762,000, as of March 31, 2018 and January 1, 2018 (December 31, 2017), respectively.

Additionaly, as of March 31, 2018 and January 1, 2018 (December 31, 2017), it includes repurchase agreements whereby Interbank receive Soles for approximately S/325,223,000 and delivers securities of its investment portfolio as guarantees.

In relation to such operations, as of March 31, 2018 and January 1, 2018 (December 31, 2017), Interbank delivered Peruvian Sovereign Bonds as guarantees, which are recorded as held-to-maturity investments; see Note 7(f). These operations have maturities between June 2018 and July 2020, and accrue interests at annual effective rates between 4.05 and 4.72 percent.

(c) The promotional credit lines represent loans in Soles and US dollars received from Corporación Financiera de Desarrollo (COFIDE) with the purpose of promoting development in Peru. These liabilities are guaranteed with the loan portfolio up to the used amount and include specific terms on how the funds should be used, the financial conditions that must be maintained and other administrative matter. In Management’s opinion, the Group is complying with all these requirements. As of March 31, 2018, these loans accrued an effective annual interest rate that fluctuated between 7.55 and 10.0 percent in Soles and between 7.00 and 8.25 percent in foreign currency and have maturities between August 2018 and November 2031 (7.55 and 10.00 percent in Soles and 4.62 and 8.55 percent in foreign currency and maturities between December 2018 and November 2031, as of January 1, 2018 and December 31, 2017).

(d) As of March 31, 2018, January 1, 2018 and December 31, 2017, includes the following:

Entity	**Country**	**Final maturity**	**31.03.2018**	**01.01.2018 and 31.12.2017**
			S/(000)	S/(000)
Wells Fargo Bank & Co. (i)	United States of America	October 2018	161,350	162,050
JP Morgan Chase & Co. (ii)	United States of America	August 2018	129,080	129,640
Bank J. Safra Sarasin	Switzerland	April 2018	90,356	-
Credit Suisse First Boston	Luxemburgo	April 2018	90,356	-
Development Bank of Latin America	Supranational	January 2018	-	243,075
HSBC Bank PLC (iii)	United Kingdom	January 2018	-	162,050
Foreign Trade Bank of Latin America, Inc.	Supranational	January 2018	-	15,962
			471,142	712,777

Transactions with foreign entities bore an effective annual average interest rate of 2.49 percent during 2018 (2.23 percent during 2017).

(i) Corresponds to two loans received in September 2016 for US$40,000,000 and US$10,000,000 (equivalent as a whole to approximately S/162,050,000) which bear interest at a 3-month Libor rate plus 1.20 percent and at a 3-month Libor rate plus 1.10 percent, respectively. In October 2016, Interbank signed two interest rate swaps contracts, which were designated as cash flow hedges; see Note 10(d). Through these operations, the loans were economically converted into fixed rate obligations.

(ii) Corresponds to a loan received by Interbank in July 2016 for US$40,000,000 (equivalent to approximately S/129,640,000) which bears interest at a 6-month Libor rate plus 1.15 percent. In July 2016, the Bank signed an interest rate swap contract, which was designated as cash flow hedge; see Note 10(d). Through this operation the loan was economically converted into a fixed rate obligation.

(iii) Corresponds to a loan received by Interbank in December 2015 for US$50,000,000 (equivalent to approximately S/162,050,000) which bears interest at a 3 month Libor rate plus 0.90 percent. In July 2016, Interbank signed an interest rate swap contract, which was designated as cash flow hedge; see Note 10(d). Through this transaction the loan was economically converted into a fixed rate obligation.

13. Bonds, notes and other obligations

(a) This caption is comprised of the following:

Issuance	Issuer	Annual interest rate	Interest payment	Maturity	Amount issued (000)	31.03.2018 S/(000)	01.01.2018 and 31.12.2017 S/(000)
Local issuances							
Subordinated bonds – first program (b)							
Second (B series)	Interbank	9.50%	Semi-annually	2023	US$30,000	89,616	89,977
Third (A series)	Interbank	3.5% + VAC (*)	Semi-annually	2023	S/110,000	57,614	70,000
Fifth (A series)	Interbank	8.50%	Semi-annually	2019	S/3,300	3,300	3,300
Sixth (A series)	Interbank	8.16%	Semi-annually	2019	US$15,110	48,760	48,972
Eighth (A series)	Interbank	6.91%	Semi-annually	2022	S/137,900	137,105	137,125
Second, first tranch	Interseguro	6.97%	Semi-annually	2024	US$35,000	112,945	113,435
Second, second tranch	Interseguro	6.00%	Semi-annually	2024	US$15,000	48,405	48,615
First	Interseguro	6.67%	Semi-annually	December 2018	US$3,000	9,681	9,723
						507,426	521,147
Subordinated bonds – second program (b)							
Second (A series)	Interbank	5.81%	Semi-annually	2023	S/150,000	149,740	149,729
Third (A series)	Interbank	7.50%	Semi-annually	2023	US$50,000	154,535	155,192
						304,275	304,921
Total local issuances						811,701	826,068
International issuances							
Subordinated bonds (c)	Interbank	6.625%	Semi-annually	2029	US$300,000	962,731	966,729
Junior subordinated notes (d)	Interbank	8.50%	Semi-annually	2070	US$200,000	640,959	643,314
Senior bonds – First and second issuance (e)	Interbank	5.75%	Semi-annually	2020	US$650,000	1,254,530	2,109,565
Senior bonds (f)	IFS	4.125%	Semi-annually	2027	US$300,000	951,923	957,476
Senior bonds (g)	Interbank	3.375%	Semi-annually	2023	US$484,895	1,480,524	-
Total international issuances						5,290,667	4,677,084
Total local and international issuances						6,102,368	5,503,152
Interest payable						137,806	99,206
Total						6,240,174	5,602,358

(*) The Spanish term “Valor de Actualización Constante“ is refereed to an amount subject to adjustments.

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

(c) Starting in March 2024, the applicable interest rate will be a floating rate of 3-month Libor for US Dollars deposits plus 576 basis points payable quarterly. Starting on that date and on any interest payment date, Interbank can redeem all the notes without penalties.

In accordance with SBS regulation, this issuance qualifies as second tier equity (Tier 2) in the determination of the effective equity; see Note 15(e).

(d) Starting in April 2020, the applicable interest rate will be a floating rate of 3-month Libor plus 674 basis points payable on a semi-annual basis, provided that the floating rate for any interest period will not be less than 10.5 percent per annum. Starting on that date, Interbank can redeem all the notes, without penalties. Interest payments are non-cumulative if they cease to be made, due to Interbank's right to cancel interest payments for mandatory prohibitions established by the SBS, or if it is determined that Interbank is in non-compliance with applicable minimum regulatory capital requirements. In such cases, Interbank may not declare, pay or distribute any dividend for the period in which interest payments are not made. The payment of principal will take place on the maturity date of the notes or when the Interbank redeems the notes.

This issuance qualifies as Tier 1 equity, nevertheless, the SBS establishes a 17.65 percent limit, which is computed over the capital, reserves and retained earnings with capitalization agreement; any excess qualifies as Tier 2 equity; see Note 15(e).

As of March 31, 2018, Management does not intend to redeem these bonds before their maturity date.

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

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

In January 2018, Interbank exchanged of said liability was made, see Note 13(g).

In June 2017, Interbank signed cross currency swaps for US$20,000,000 (equivalent to approximately S/64,540,000), which were designated as cash flow hedges, see note 10(d); through these operations part of the amount of these bonds was economically converted to Soles.

(f) From 2018 until July 2027, IFS, on any time, can redeem these bonds, paying a penalty equal to the United States Treasury rate plus 30 basis points. The payment of principal will take place on the maturity date of the notes or when IFS redeems the notes.

In October 2017, IFS signed a cross currency swap for US$150,000,000 (equivalent to approximately S/486,150,000), which were designated as a cash flow hedge, see note 10(d); through these operations part of the amount of these bonds was economically converted to Soles.

As of March 31, 2018, Management does not intend to redeem these bonds before their maturity date.

(g) On January 18, 2018, Interbank issued corporate bonds called "3.375% Senior Unsecured Notes" for US$200,000,000, under Rule 114A and Regulation S of the U.S. Securities Act of 1993 of the United States of America. These bonds expire in January 2023 and the annual effective interest rate agreed was 3.375 percent.

Also, on January 24, 2018 and February 9, 2018, the Bank made an exchange offer addressed to the holders of the corporate bonds denominated "5.750% Senior Notes due 2020" issued by the Panama Branch, for the purpose of exchanging these bonds for new corporate bonds indicated in Note 13(e). The exchange corporate bonds amounted to US$263,322,000, while the new corporate bonds issued amounted to US$284,895,000.

In January, February and March 2018, Interbank signed cross currency swaps for US$50,000,000, US$75,000,000 and US$25,000,000, respectively, which were designated as cash flow hedges, see Note 10(d); through these operations part of the amount of these bonds was economically converted to Soles.

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

14. Insurance contract liabilities

(a) This caption is comprised of the following:

	31.03.2018	01.01.2018 and 31.12.2017
	S/(000)	S/(000)
Technical reserves (b)	10,477,107	10,469,228
Claims reserves (c)	255,181	240,615
	10,732,288	10,709,843
By term		
Short term	828,193	583,692
Long term	9,904,095	10,126,151
Total	10,732,288	10,709,843

(b) The movement of technical reserves disclosed by type of insurance for the periods ended March 31, 2018 and 2017, January 1, 2018 and December 31, 2017, is as follows:

	31.03.2018					31.03.2017				
	Annuities S/(000)	**Retirement, disability and survival annuities** S/(000)	**Life insurance** S/(000)	**General insurance** S/(000)	**Total** S/(000)	**Annuities** S/(000)	**Retirement, disability and survival annuities** S/(000)	**Life insurance** S/(000)	**General insurance** S/(000)	**Total** S/(000)
Beginning balances	9,192,649	714,435	525,662	36,482	10,469,228	4,526,171	121,592	152,957	37,540	4,838,260
Insurance subscriptions	58,117	1	4,256	17,916	80,290	87,043	-	912	11,332	99,287
Interest rate effect, Note 4.1	(30,056)	9,262	-	-	(20,794)	79,728	-	-	-	79,728
Time passage adjustments (*)	(29,234)	1,324	11,505	(17,513)	(33,918)	(6,103)	6,691	12,317	(11,458)	1,447
Maturities and recoveries	-	-	(3,393)	-	(3,393)	-	-	(3,393)	-	(3,393)
Exchange differences	(12,732)	121	(993)	(702)	(14,306)	(59,235)	-	(4,216)	(260)	(63,711)
Ending balances	9,178,744	725,143	537,037	36,183	10,477,107	4,627,604	128,283	158,577	37,154	4,951,618

(*) The table below presents the composition of the adjustments due to time passage as of March 31, 2018 and 2017:

	31.03.2018				31.03.2017			
	Annuities (**) S/(000)	**Life insurance** S/(000)	**General insurance** S/(000)	**Total** S/(000)	**Annuities (**)** S/(000)	**Life insurance** S/(000)	**General insurance** S/(000)	**Total** S/(000)
Aging insured population effect	(50,040)	11,505	(17,513)	(56,048)	(19,049)	12,317	(11,458)	(18,190)
Inflation and other effects	22,130	-	-	22,130	19,637	-	-	19,637
Time passage adjustments	(27,910)	11,505	(17,513)	(33,918)	588	12,317	(11,458)	1,447

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

(c) Below is the balance of technical reserves for outstanding claims (according to the type of insurance) as of March 31, 2018, January 1, 2018 and December 31, 2017:

	31.03.2018					01.01.2018 and 31.12.2017				
	Annuities S/(000)	**Retirement, disability and survival annuities** S/(000)	**Life insurance** S/(000)	**General insurance** S/(000)	**Total** S/(000)	**Annuities** S/(000)	**Retirement, disability and survival annuities** S/(000)	**Life insurance** S/(000)	**General insurance** S/(000)	**Total** S/(000)
Reported claims	1,132	168,785	39,499	11,032	220,448	1,320	128,991	39,315	10,047	179,673
IBNR	0	14,456	19,991	286	34,733	-	42,583	18,085	274	60,942
	1,132	183,241	59,490	11,318	255,181	1,320	171,574	57,400	10,321	240,615

The movement of technical reserves for claims for the periods ended March 31, 2018 and 2017, is as follows:

	31.03.2018				
	Annuities S/(000)	**Retirement, disability and survival annuities** S/(000)	**Life insurance** S/(000)	**General insurance** S/(000)	**Total** S/(000)
Beginning balances	1,320	171,574	57,400	10,321	240,615
Claims	133,476	(1,370)	11,059	3,096	146,261
Adjustments to prior years claims	-	53,254	4,432	2,185	59,871
Payments	(133,662)	(40,216)	(10,001)	(4,308)	(188,187)
Exchange difference	(2)	(1)	(3,400)	24	(3,379)
Ending balances	1,132	183,241	59,490	11,318	255,181

	31.03.2017				
	Annuities S/(000)	**Retirement, disability and survival annuities** S/(000)	**Life insurance** S/(000)	**General insurance** S/(000)	**Total** S/(000)
Beginning balances	991	124,062	38,122	9,078	172,253
Claims	67,933	(23,850)	7,416	3,182	54,681
Adjustments to prior years claims	-	24,014	3,405	1,050	28,469
Payments	(67,908)	(23,875)	(9,419)	(4,155)	(105,357)
Exchange difference	(9)	(1)	(161)	(52)	(223)
Ending balances	1,007	100,350	39,363	9,103	149,823

(d) In Management’s opinion, these balances reflect the exposure of life and general insurance contracts as of March 31, 2018 and 2017, January 1, 2018 and December 31, 2017, in accordance with IFRS 4.

15. Equity

(a) Capital stock -

As of March 31, 2018 and December 31, 2017, IFS's capital stock is represented by 113,110,864 common shares subscribed and paid-in. IFS's shares quote in the Lima Stock Exchange; have no nominal value and their issuance value was US$9.72 per share.

The General Shareholders' Meeting of IFS, held on April 10, 2017, agreed to distribute dividends from the results of the year 2016 for approximately US$146,482,000 (equivalent to approximately S/475,773,000).

(b) Treasury stock held by Subsidiaries -

As of March 31, 2018, January 1, 2018 and December 31, 2017, the Group holds shares issued by IFS, as detailed below:

	31.03.2018		**01.01.2018 and 31.12.2017**	
Entity	**Number of shares** (000)	**Cost** S/(000)	**Number of shares** (000)	**Cost** S/(000)
Interbank	1,986	164,295	4,996	423,317
IFS	432	43,883	432	43,883
Total	2,418	208,178	5,428	467,200

In the Shareholders' Meeting of IFS, held on May 25, 2016, the program of acquisition of own issuance shares was approved. Such acquisition, as agreed, may be carried out on one or more occasions, as appropriate to the IFS's interests, according to the market conditions and other legal limits and factors in force at the time of the acquisition. These acquisitions shall be subject to the current legal limit (ten percent limit of the capital stock) established in Article 84 of the Securities Market Act. Likewise, the Shareholders' Meeting set a limit for the acquisitions made under this program, which may not exceed 3,500,000 shares (equivalent to 3.09 percent of the Company's capital stock). In this sense, during 2017, IFS and its Subsidiaries bought treasury shares for 500,000 shares for an amount of approximately S/52,774,000 (1,889,000 shares for an amount of approximately S/199,892,000, during 2016). In said Meeting, it was approved to delegate to Management the termination of this program, when it deems appropriate. On August 9, 2017, Management, pursuant to said delegation, informed the Board of Directors of IFS its decision to terminate the program of acquisition of own issuance shares.

In December 2017, Interbank sold 1,000,000 shares for an amount of US$34,542,000 (equivalent to approximately S/111,287,000) and Inteligo Bank sold 250,000 shares for an amount of US$9,227,000 (equivalent to approximately S/31,282,000). As a result, IFS recorded a gain that is presented in the caption "Retained earnings" for S/34,984,000

During the first quarter of 2018, Interbank sold through the Lima Stock Exchange 3,009,490 IFS's shares at its market value, for an amount of US$121,133,000 (equivalent to approximately S/389,565,000). The profit generated in the sale amounted to S/123,705,000 and is presented in the caption "Retained earnings" of IFS.

(c) Capital surplus -

Corresponds to the difference between the nominal value of the shares issued and their public offering price, which was performed in 2007. Capital surplus is presented net of the expenses incurred and related to the issuance of such shares.

(d) Unrealized results on financial instruments -

This caption is made up as follows as of March 31, 2018 and 2017:

	31.03.2018 S/(000)	**(Restated)** **31.03.2017** S/(000) (Note 4.1)
Net gain on financial instruments through other comprehensive income	(317,297)	(436,462)
Cash flow hedge reserve	(24)	1,578
Exchange differences on translation of foreign operations	73,523	78,117
Total	**(243,798)**	**(356,767)**

(e) Shareholders' equity for legal purposes (regulatory capital)

IFS and Inteligo Group Corp. are not required to establish a regulatory capital for statutory purposes. As of March 31, 2018 and December 31, 2017, the regulatory capital required for Interbank, Interseguro, Seguros Sura e Hipotecaria Sura, is calculated based on the separate financial statements of each subsidiary prepared following the accounting principles and practices stated by the SBS. Also, as of those dates, the regulatory capital required for Inteligo Bank is calculated in accordance with the requirements of the Central Bank of the Bahamas. The regulatory capital required for Interbank, Interseguro, Seguros Sura, Inteligo Bank e Hipotecaris Sura is detailed below:

Interbank's 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 the assets and contingent credits weighted by total risk represented by the sum of: the regulatory capital requirement for market risk multiplied by 10, the regulatory capital requirement for operational risk multiplied by 10 and the assets and contingent credits weighted by credit risk.

In application of Legislative Decree No. 1028, as amended, as of March 31, 2018, January 1, 2018 and December 31, 2017, Interbank maintains the following amounts related to its assets and contingent credits weighted by risk and regulatory capital (basic and supplementary):

	31.03.2018 S/(000)	**01.01.2018 and 31.12.2017** S/(000)
Total risk weighted assets and credits	39,359,904	37,745,504
Total regulatory capital	6,894,580	6,066,349
Basic regulatory capital (Level 1)	4,903,708	4,250,426
Supplementary regulatory capital (Level 2)	1,990,872	1,815,923
Global capital to regulatory capital ratio	17.52%	16.07%

As of March 31, 2018 and January 1, 2018 (December 31, 2017), Interbank has complied with SBS Resolutions No.2115-2009, No.6328-2009, No.14354-2009 and No.4128-2014, "Regulations for the Regulatory Capital Requirement for Operational Risk", "Market Risk" and "Credit Risk", respectively, as amended. These resolutions establish, mainly, the methodologies to be applied by financial entities to calculate the assets and credits weighted per type of risk.

In July 2011, the SBS issued Resolution No. 8425-2011, which states that financial entities must determine an additional regulatory capital level and develop a process to assess the adequacy of their regulatory capital in relation with their risk profile, which must follow the methodology described in said resolution. The additional regulatory capital requirement shall be equivalent to the amount of regulatory capital requirements calculated for each of the following components: economic cycle, concentration risk, market concentration risk and interest rate risk in the bank book, among others. As of March 31, 2018 and January, 2018 (December 31, 2017), the additional regulatory capital estimated by Interbank amounts to approximately S/666,835,000 and S/710,314,000, respectively.

Interseguro's and Seguros Sura's regulatory capital

In accordance with SBS Resolution No. 1124-2006, amended by SBS Resolutions No. 8243-2008, No. 2574-2008, No. 12687-2008, No. 2742-2011, No. 2842-2012, No. 6271-2013, No. 2904-2014 and No. 1601-2015, Interseguro and Seguros Sura are forced to hold a level of regulatory capital in order to maintain a minimum equity to support technical risks and other risks that could affect it. The regulatory capital must be greater than the amount resulting from the sum of the solvency net equity, the guarantee fund and the regulatory capital intended to cover credit risks.

The solvency net equity is represented by the greater amount between the solvency margin and the minimal capital. As of March 31, 2018, January 1, 2018 and December 31, 2017, the solvency net equity is represented by the solvency margin. The solvency margin is the complementary support that insurance entities must maintain to deal with possible situations of excess claims not foreseen in the establishment of technical reserves.

The total solvency margin corresponds to the sum of the solvency margins of each branch in which these companies operate.

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

The regulatory capital for statutory purposes of Interseguro and Seguros Sura, as of March 31, 2018 and January 1, 2018 (December 31, 2017), is as follows:

	Interseguro		Seguros Sura	
	31.03.2018 S/(000) **(*)**	**01.01.2018 and 31.12.2017** S/(000)	**31.03.2018** S/(000) **(*)**	**01.01.2018 and 31.12.2017** S/(000)
Regulatory capital	1,035,399	549,281	-	488,262
Less:				
Solvency equity (solvency margin)	534,787	301,671	-	231,720
Guarantee fund	187,176	105,584	-	81,102
Surplus	313,436	142,026	-	175,440

(*) As of March 31, 2018, the balances of Seguros Sura are presented as part of the balances of Interseguro, as a result of the merger.

Inteligo Bank's regulatory capital

The Central Bank of the Bahamas requires Inteligo Bank to maintain a regulatory capital of not less than 8 percent of its risk weighted assets. Inteligo Bank's capital ratio as of March 31, 2018, January 1, 2018 and December 31, 2017 is the following:

	31.03.2018 US$(000)	**01.01.2018 and 31.12.2017** US$(000)
Total elegible capital	208,442	212,459
Total risk weighted assets	735,502	652,229
Capital adequacy ratio (in percentage)	**28.34**	**32.57**

Hipotecaria Sura's regulatory capital

As of March 31, 2018, January 1, 2018 (December 31, 2017), Hipotecaria Sura maintained a regulatory capital of S/11,058,000 and S/11,171,000, assets and contingent credits weighted by total risk of S/2,802,000 and S/4,289,000, keeping a ratio of 263.40 and 260.45 percent. Also, the additional regulatory capital estimated by Hipotecaria Sura amounts to S/60,000 and S/680,000, approximately.

In the Group Management's opinion, its Subsidiaries have complied with the requirements set forth by the SBS.

(f) Reserves

The Board of Directors of IFS, held on September 18, 2017, agreed to constitute a reserve of up to S/600,000,000 charged to retained earnings as of June 30, 2017.

The Board of Directors of IFS, held on August 9, 2017, agreed to constitute a reserve of up to S/500,000,000 charged to retained earnings as of December 31, 2016.

16. Tax situation

(a) IFS and its Subsidiaries incorporated and domiciled in the Republic of Panama and the Commonwealth of the Bahamas (see Note 3), are not subject to any Income Tax, or any other taxes on capital gains, equity or property; nevertheless, IFS is subject to an additional tax on dividends received from its Subsidiaries incorporated and domiciled in Peru; see paragraph (b). The Subsidiaries incorporated and domiciled in Peru (see Note 3) are subject to the Peruvian Tax legislation, see paragraph (c).

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

In this sense, the Income Tax Act establishes that two assumptions of indirect transfer of shares arise when: (i) in any of the twelve (12) months prior to the sale, the market value of the shares or ownership interests of the domiciled legal entity is equivalent to 50 percent or more of the market value of the shares of stock or ownership interests of the non-domiciled legal entity; and (ii) in any 12-month period, shares or ownership interests are sold that represent 10 percent or more of the capital stock of a non-domiciled legal entity.

(b) Legal entities or individuals not domiciled in Peru are subject to an additional tax on dividends received from entities domiciled in Peru. The corresponding tax is withheld by the entity that distributes the dividends. In this regard, since IFS controls the entities that distribute the dividends, it recognizes the amount of the additional Income Tax as expense of the financial year of the dividends. In this sense, as of March 31, 2018 and 2017, the Group has recorded expenses for S/9,485,000 and S/6,054,000, respectively, in the caption "Income Tax" of the consolidated income statements.

As of March 31, 2018 and January 1, 2018 (December 31, 2017), dividends distributed by Peruvian Subsidiaries to IFS are subject to a withholding of 5.0 percent of the profits generated from this year onwards.

(c) The Group's Subsidiaries incorporated in Peru are subject to the payment of Peruvian taxes; hence, they must calculate their tax expenses on the basis of their separate financial statements.

Through Legislative Decree No.1261, published on December 10, 2016, the rate applicable to the third category Income Tax of domiciled taxpayers was modified, establishing a rate of 29.5 percent which shall be effective starting on January 1, 2017.

(d) The Tax Authority (henceforth "SUNAT" by its Spanish acronym) 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.

The Value-Added-Tax and Income Tax returns of Interbank, Hipotecaria Sura and Interseguro for the years 2012 to 2017 are pending to be audited by SUNAT.

On the other hand, on April 2004, June 2006, February 2007, June 2007, November 2007, October 2008 and December 2010, Interbank was notified with Tax Assessments and Fine Imposing Resolutions regarding mainly the assessments of the Income Tax years 2000 to 2006, for which it filed Tax Claims and Tax Appeals. In March 2009, August 2010 and December 2011, the Tax Authority issued Intendancy Resolutions regarding tax years 2000 to 2006 for which Interbank filed the corresponding appeals. In December 2014, the Tax Authority issued Resolution of Intendency No. 0150140011647 declaring partly accepted the appeal filed by the Bank corresponding to the 2001 Income Tax. On the part not accepted by SUNAT, Interbank filed a new appeal. In February 2016, Interbank obtained the Tax Court Resolution No.00783-3-2016, which declares as partially founded the case concerning to the 2001 Income Tax. In February 2017, the Lima´s Superior Court of Justice declared invalid the judgment in first instance ordering the judge to re-issue a new decision about the case concerning to the 2002 Income Tax. On September 29, 2017, Interbank obtained the Tax Court Resolution No.08225-1-2017, which declares as partially founded the case concerning to the 2004 Income Tax. In the opinion of Management and its legal advisors, any possible additional tax assessment would not have any material consequences on the Bank’s financial statements as of March 31, 2018 and January 1, 2018 (December 31, 2017).

Regarding the tax litigations followed by the Bank related to the annual Income Tax returns for the years 2000 to 2006, the Bank's Management and its external legal advisors estimate as remote contingency, as of December 31, 2016, that the most relevant matter subject to discrepancy with the Tax Authority corresponds to whether the "interests in suspense" are subject to Income Tax or not. In this sense, the Bank considers that the interests in suspense do not constitute accrued income, in accordance with the SBS and the IFRS, which is also supported by a ruling of the Permanent Constitutional and Social Law Chamber of the Supreme Court issued in August 2009.

Notwithstanding the foregoing, in February 2018 the Bank was informed that the Third Transitory Chamber of Constitutional and Social Law of the Supreme Court, issued a ruling regarding a third bank that impacts the Bank’s original estimation regarding the degree of contingency indicated in the previous paragraph; which, based on this new circumstance and in compliance with the IFRS, the Bank estimates as possible as of the date of this report.

The tax liability requested for this concept and other minors by the Tax Authority as of March 31, 2018, amounts to approximately S/359 million, out of which S/50 million correspond to taxes and the difference to fines and interest arrears.

From the tax and legal analysis carried out, the Bank's Management and its external legal advisors consider that there is sufficient technical support for the prevalence of the Bank's position; as a result, it has not recorded any provision for this contingency as of March 31, 2018and January 1, 2018 (December 31, 2017).

On the other hand, during the years 2013 and 2014, SUNAT closed the audit processes corresponding to the assessment of the Income Tax of tax years 2007, 2008 and 2009, respectively, thus issuing a series of Assessment Resolutions without any additional settlement of said tax.

In January 2016, SUNAT closed the partial audit/inspection proceeding corresponding to the fiscal year 2013 for withholding of Income Tax from non-domiciled beneficiaries, issuing a series of Final Assessment Resolutions without any additional payment of the tax in question.

As of this date, the Bank is under inspection process by the Tax Authority for the years 2012, 2013 and 2014. In the opinion of Management and its legal advisors, any additional liquidation of taxes may not be significant for the consolidated financial statements as of March 31, 2018 and January 1, 2018 (December 31, 2017).

Since tax regulations are subject to interpretation by SUNAT, it is not possible to determine to date whether such tax audits procedures would result in additional liabilities for the Group's Subsidiaries or not. Therefore, any unpaid tax, penalties or interest that might result from said audit procedures will be recorded as expenses in the year in which they are assessed. Nevertheless, Management and its legal advisors consider that any additional tax assessment would not have a significant impact on the consolidated financial statements as of March 31, 2018 and January 1, 2018 (December 31, 2017).

(e) Peruvian life insurance companies are exempt from Income Tax regarding the income derived from assets linked to technical reserves for pension insurance (retirement, disability and survival pensions) and annuities from the Private Pension Fund Administration System.

17. Interest and similar income and expenses

This caption is comprised of the following:

	For the three-month periods ended March 31	
	2018 S/(000)	2017 S/(000)
Interest and similar income		
Interest and fees on loan portfolio	797,290	786,069
Interest on available-for sale investments	-	148,189
Interest on investments at fair value	216,798	-
Interest on due from banks and inter-bank funds	11,780	5,784
Other interest and similar income	10,407	4,403
Total	1,036,275	944,445
Interest and similar expenses		
Interest and fees on deposits and obligations	129,374	131,824
Interest on bonds, notes and other obligations	77,883	76,561
Interest and fees on obligations with financial institutions	46,112	55,916
Deposit insurance fund fees	9,824	9,206
Other interest and similar expenses	3,702	1,684
Total	266,895	275,191

18. Fee income from financial services, net

This caption is comprised of the following:

	For the three-month periods ended March 31	
	2018	**2017**
	S/(000)	S/(000)
Income		
Maintenance and mailing of accounts, transfer fees and commissions on credit and debit card services	148,668	144,591
Commissions for banking services	53,221	38,006
Funds management fees	38,204	34,264
Fees for indirect loans	15,237	13,618
Collection services fees	8,426	8,005
Brokerage and custody services fees	3,397	2,700
Others	8,885	6,423
Total	276,038	247,607
Expenses		
Debtor's life insurance premiums	23,288	12,285
Fees paid to foreign banks	2,815	2,544
Brokerage and custody services fees	963	825
Others	15,721	11,237
Total	42,787	26,891
Net	233,251	220,716

19. Other income and expenses

(a) This caption is comprised of the following:

	For the three-month periods ended March 31	
	2018	2017
	S/(000)	S/(000)
Other income		
ATM rental income	5,879	5,679
Equity in income of investments in associates	3,500	4,285
Other technical income for insurance operations	2,518	2,242
Services rendered to third parties	1,497	1,688
Incentives for credit card operations	639	398
Gain from sale of written-off-loans	-	4,371
Other income	8,267	16,571
Total other income	22,300	35,234
Other expenses		
Commissions from insurance activities	16,922	12,623
Sundry technical insurance expenses	9,912	3,920
Donations	1,361	1,049
Administrative and tax penalties	505	861
Provision for accounts receivable	203	456
Other expenses	14,137	12,091
Total other expenses	43,040	31,000

20. Net premiums earned

This caption is comprised of the following for the three-month periods ended March 31, 2018 and 2017:

	Premiums assumed (1)		Adjustment of technical reserves (2)		Gross premium earned (*) (3) = (1) - (2)		Premiums ceded to reinsurers (4)		Net premiums earned (5) = (3) - (4)	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Life insurance										
Annuities (**)	47,389	51,762	(19,042)	(61,565)	28,347	(9,803)	-	-	28,347	(9,803)
Group life	26,660	33,907	131	(720)	26,791	33,187	(1,435)	(866)	25,356	32,321
Individual life	32,531	13,182	(12,194)	(8,263)	20,337	4,919	(1,442)	(527)	18,895	4,392
Retirement, disability and survival (***)	38,316	8,988	(10,737)	(6,691)	27,579	2,297	(24,819)	(8,403)	2,760	(6,106)
Others	1	6	(412)	(853)	(411)	(847)	-	-	(411)	(847)
Total life insurance	144,897	107,845	(42,254)	(78,092)	102,643	29,753	(27,696)	(9,796)	74,947	19,957
Total general insurance	22,088	17,735	(337)	553	21,751	18,288	(427)	(423)	21,324	17,865
Total	166,985	125,580	(42,591)	(77,539)	124,394	48,041	(28,123)	(10,219)	96,271	37,822

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

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

(***) As part of the Private Pension System reform that started in 2013, as regards to the coverage of survival and disability of the pension insurance, the affiliates portfolio was divided into seven parts so that insurance companies manage obligations and rights as a whole. In this way, when an affiliate needs a pension from the pension insurance, the pension will be divided into seven parts and each insurance company will have to assume a corresponding part. This coverage is allocated through a public tender. In December 2016, the call for the "Third Public Tender No. 03/2016" was made to cover the period from January 1, 2017 to December 31, 2018; Interseguro did not win the allocation, but Seguros Sura was awarded a seventh part of this coverage, which is 70 percent reinsured.

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

This caption is comprised of the following for the three-month periods ended March 31, 2018 and 2017:

	Gross claims and benefits		Ceded claims and benefits		Net insurance claims and benefits	
	2018	2017	2018	2017	2018	2017
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Life insurance						
Annuities	(133,476)	(67,933)	-	-	(133,476)	(67,933)
Group life	(12,432)	(9,866)	1,189	896	(11,243)	(8,970)
Individual life	(2,086)	(634)	824	180	(1,262)	(454)
Retirement, disability and survival	(5,291)	(164)	28,503	(2,141)	23,212	(2,305)
Others	(973)	(321)	468	270	(505)	(51)
General Insurance	(51,874)	(4,232)	10	17	(51,864)	(4,215)
	(206,132)	(83,150)	30,994	(778)	(175,138)	(83,928)

22. Salaries and employee benefits

This caption is comprised of the following:

	For the three-month periods ended March 31	
	2018	2017
	S/(000)	S/(000)
Salaries	131,711	126,818
Workers' profit sharing	16,451	17,221
Social security	12,603	11,684
Severance indemnities	9,855	8,825
Vacations, health insurance and others	11,792	12,287
Total	**182,412**	**176,835**

23. Administrative expenses

This caption is comprised of the following:

	For the three-month periods ended March 31	
	2018	2017
	S/(000)	S/(000)
Services received from third parties	192,334	191,156
Taxes and contributions	12,960	10,525
Total	**205,294**	**201,681**

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

24. Earnings per share

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

	Outstanding shares (in thousands)	Shares considered in computation (in thousands)	Effective days in the year	Weighted average number of shares (in thousands)
Period 2017				
Balance as of January 1, 2017	106,931	106,931	90	106,931
Balance as of Mar 31, 2017	106,931	106,931		106,931
Net profit attributable to IFS S/(000) - restated				238,345
Basic and diluted earnings per share attributable to IFS (Soles)				2.23
Period 2018				
Balance as of January 1, 2018	107,682	107,682	90	107,682
Sale of treasury stock, Note 15(b)	3,009	3,009	59	1,973
Balance as of March 31, 2018	110,692	110,692		109,655
Net profit attributable to IFS S/(000)				288,209
Basic and diluted earnings per share attributable to IFS (Soles)				2.63

25. Transactions with shareholders, related parties and affiliated entities

(a) The table below presents the main transactions with shareholders, related parties and affiliated companies as of March 31, 2018, January 1, 2018 and December 31, 2017:

	31.03.2018 S/(000)	**01.01.2018** S/(000) (Note 4.2)	**31.12.2017** S/(000)
Assets			
Fair value through profit or loss			
Participations - Royalty Pharma	166,257	68,540	-
Negotiable Certificates of Deposit - Financiera Oh! S.A.	20,737	3,817	3,817
Shares - InRetail Perú Corp	5,507	5,220	-
Participation in investment funds - NGCP	2,533	2,342	2,342
Corporate bonds - InRetail Shopping Malls S.A.	33	-	-
Corporate bonds - San Miguel Industrias PET S.A	-	1,649	1,649
Fair value through other comprehensive income			
Shares - InRetail Perú Corp, nota 7(d)	171,941	162,986	-
Corporate bonds - InRetail Shopping Malls S.A.	152,166	65,334	-
Corporate bonds - Colegios Peruanos S.A.C.	64,425	64,985	-
Corporate bonds - Financiera Oh! S.A.	19,698	27,843	-
Corporate bonds - Intercorp Perú Ltd.	15,806	16,051	-
Corporate bonds - Cineplex S.A.	12,534	13,399	-
Corporate bonds - Inretail Consumer	-	10,194	-
Corporate bonds - Intercorp Retail Inc.	-	6,874	-
Available-for-sale investments			
Shares - InRetail Perú Corp, nota 7(b)	-	-	168,206
Corporate bonds - InRetail Shopping Malls S.A.	-	-	65,334
Corporate bonds - Colegios Peruanos S.A.C.	-	-	64,985
Corporate bonds - Financiera Oh! S.A.	-	-	27,843
Corporate bonds - Intercorp Perú Ltd.	-	-	16,051
Corporate bonds - Cineplex S.A.	-	-	13,399
Corporate bonds - Inretail Consumer	-	-	10,194
Corporate bonds - Intercorp Retail Inc.	-	-	6,874
Participations - Royalty Pharma, nota 7(b)	-	-	68,540
	631,637	449,234	449,234
Loan portfolio, net (b)	1,084,903	828,597	828,597
Accounts receivable from UTP (g)	42,878	32,713	32,713
Accounts receivable from Homecenters Peruanos S.A. (h)	24,849	23,009	23,009
Accounts receivable related to derivative financial instruments	5,439	5,832	5,832
Other assets (f)	2,557	15,089	15,089
Liabilities			
Deposits and obligations	852,756	311,092	311,092
Other liabilities	666	2,251	2,251
Accounts payable related to derivative financial instruments	2,463	723	723
Off-balance sheet accounts			
Indirect loans (b)	138,033	133,571	133,571

(b) As of March 31, 2018, January 1, 2018 and December 31, 2017, the detail of loans (direct and indirect) is the following:

	31.03.2018	01.01.2018 and 31.12.2017
	S/(000)	S/(000)
Intercorp Perú Ltd.	228,001	45,004
Supermercados Peruanos S.A.	197,238	205,596
GTP Inversionistas S.A.C.	105,071	105,527
Nessus Hoteles Perú S.A.	65,418	67,767
Homecenters Peruanos S.A.	61,780	61,561
Agrícola Don Ricardo S.A.C.	57,716	57,933
San Miguel Industrias PET S.A.	56,796	40,923
Cineplex S.A.	54,992	56,911
Colegios Peruanos S.A.	50,819	50,816
Tiendas Peruanas S.A.	39,457	24,281
San Miguel Industrias Ecuador	32,500	32,500
Procesos de Medios de Pago S.A.	29,278	30,127
Bembos S.A.C.	28,144	27,657
Eckerd Perú S.A.	23,163	24,788
PF Interproperties Perú	19,742	21,291
Other less than 20 millions	172,821	109,486
	1,222,936	962,168

(c) As of March 31, 2018 and January 1, 2018 (December 31, 2017), the directors, executives and employees of the Group have been involved, directly and indirectly, in credit transactions with certain subsidiaries of the Group, as permitted by the Peruvian law, which regulates and limits on certain transactions with employees, directors and officers of financial entities. As of March 31, 2018, January 1, 2018 (December 31, 2017), direct loans to employees, directors and officers amounted to S/196,105,000 and S/183,550,000, respectively; said loans are repaid monthly and bear interest at market rates.

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

(d) The Group's key personnel compensations, including the Income Tax assumed as of March 31, 2018 and 2017, are presented below:

	For the three-month periods ended March 31	
	2018	2017
	S/(000)	S/(000)
Salaries	4,079	6,140
Board of Directors' compensation	372	368
Total	4,451	6,508

(e) As of March 31, 2018 and January 1, 2018 (December 31, 2017), the Group holds participations in different mutual funds managed by Interfondos that are classified as investment at fair value through profit or loss and amounts to S/751,000 and S/324,000, respectively.

(f) It corresponds mainly to prepaid expenses for spaces ceded to Interbank in the stores of Supermercados Peruanos S.A. for the operation of financial agencies until the year 2030, and for an amount of approximately S/10,277,000 and S/10,876,000 as of March 31, 2018 and January 1, 2018 (December 31, 2017), respectively; see Note 10(a). Interbank may renew the term of the agreement for an additional term of 15 years.

(g) As of March 31, 2018 and January 1, 2018 (December 31, 2017), corresponds to a financial lease for the construction of an educational facility in San Juan de Lurigancho district.

(h) It corresponds to a loan with maturity in 2046 and bears interest at market value.

(i) In Management's opinion, transactions with related companies have been performed under standard market conditions and within the limits permitted by the SBS. Taxes generated by these transactions and the taxable base used for computing them are those customarily used in the industry and they are determined according to the tax rules in force.

26. Business segments

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

Banking
Mainly loans, credit facilities, deposits and current accounts.

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

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

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

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

No revenue from transactions with a single external customer or counterparty exceeded 10 percent of the Group’s total revenues for the periods as of March 31, 2018 and 2017.

The following table presents the Group's financial information by business segments for the three-month periods ended March 31, 2018 and 2017:

	2018					2017				
	Banking S/(000)	Insurance S/(000) (**)	Wealth management S/(000)	Holding and eliminations S/(000)	Total S/(000)	Banking S/(000)	Insurance S/(000) (Note 4.1)	Wealth management S/(000)	Holding and eliminations S/(000)	Total S/(000)
Total income (*)										
Third party	1,146,257	264,022	66,689	(5,464)	1,471,504	1,111,657	136,997	78,957	(9,445)	1,318,166
Inter-segment	(4,548)	(14,592)	(377)	19,517	-	(10,674)	(11)	(111)	10,796	-
Total income	1,141,709	249,430	66,312	14,053	1,471,504	1,100,983	136,986	78,846	1,351	1,318,166
Extracts of results										
Interest and similar income	843,605	157,632	33,179	1,859	1,036,275	814,960	88,645	39,672	1,168	944,445
Interest and similar expenses	(242,355)	(13,728)	(9,135)	(1,677)	(266,895)	(258,803)	(2,796)	(13,908)	316	(275,191)
Net interest and similar income	601,250	143,904	24,044	182	769,380	556,157	85,849	25,764	1,484	669,254
Provision for loan losses, net of recoveries	(172,477)	-	383	-	(172,094)	(225,423)	-	2,712	-	(222,711)
Net interests and similar income after provision for loan losses	428,773	143,904	24,427	182	597,286	330,734	85,849	28,476	1,484	446,543
Fee income from financial services, net	206,189	(1,682)	32,984	(4,240)	233,251	203,332	(1,229)	29,028	(10,415)	220,716
Net gain on sale of securities	(111,763)	2,091	11,230	121,376	22,934	9,394	11,069	9,672	-	30,135
Gain on sale of IFS shares	123,705	-	-	(123,705)	-	-	-	-	-	-
Other income	84,521	9,711	(10,704)	(755)	82,773	83,978	690	585	(205)	85,048
Total net premiums earned minus claims and benefits	-	(78,867)	-	-	(78,867)	-	(46,106)	-	-	(46,106)
Depreciation and amortization	(34,176)	(2,244)	(2,126)	929	(37,617)	(30,501)	(1,055)	(1,819)	-	(33,375)
Impairment loss of financial instruments	(108)	97	2,269	-	2,258	-	(4,913)	-	-	(4,913)
Other expenses	(355,989)	(59,537)	(18,322)	3,060	(430,788)	(348,525)	(51,823)	(17,296)	7,708	(409,936)
Income before translation result and Income Tax	341,152	13,473	39,758	(3,153)	391,230	248,412	(7,518)	48,646	(1,428)	288,112
Translation result	1,097	1,020	542	1,614	4,273	14,579	8,434	45	75	23,133
Income Tax	(96,036)	-	1	(9,484)	(105,519)	(68,456)	853	97	(6,054)	(73,560)
Net profit for the period	246,213	14,493	40,301	(11,023)	289,984	194,535	1,769	48,788	(7,407)	237,685
Attributable to:										
IFS's shareholders	246,213	14,493	40,301	(12,798)	288,209	194,535	3,783	48,788	(8,761)	238,345
Non-controlling interest	-	-	-	1,775	1,775	-	(2,014)	-	1,354	(660)
	246,213	14,493	40,301	(11,023)	289,984	194,535	1,769	48,788	(7,407)	237,685

(**) Corresponds to interest and similar income, other income and net premiums earned. Insurance segment includes some attributable expenses related to the acquisition of Sura (interest expense S/10,750,900, amortization S/939,300, among other minor expenses)

27. Financial instruments classification

Following are presented the carrying amounts of financial assets and liabilities in the consolidated statements of financial position, classified by category in accordance with IFRS 9 “Financial Instruments” as of March 31, 2018 and January 1, 2018:

	As of March 31, 2018						As of January 1, 2018					
	Financial assets at fair value						Financial assets at fair value					
	For trading or hedging purposes	Loans and receivable accounts at amortized cost	Investments at fair value through other comprehensive income	Investments at amortized cost	Financial liabilities at amortized cost	Total	For trading or hedging purposes	Loans and receivable accounts at amortized cost	Investments at fair value through other comprehensive income	Investments at amortized cost	Financial liabilities at amortized cost	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Financial Assets												
Cash and due from banks	-	9,616,625	-	-	-	9,616,625	-	11,204,843	-	-	-	11,204,843
Inter-bank funds	-	179,054	-	-	-	179,054	-	403,526	-	-	-	403,526
Investments at fair value through profit or loss	1,525,207	-	-	-	-	1,525,207	1,348,667	-	-	-	-	1,348,667
Investments at fair value through other comprehensive income	-	-	14,653,539	-	-	14,653,539	-	-	14,327,001	-	-	14,327,001
Investments at amortized cost	-	-	-	1,852,060	-	1,852,060	-	-	-	1,248,475	-	1,248,475
Loan portfolio, net	-	28,823,101	-	-	-	28,823,101	-	28,205,284	-	-	-	28,205,284
Due from customers on acceptances	-	65,070	-	-	-	65,070	-	41,715	-	-	-	41,715
Accounts receivable and other assets, net	108,688	1,050,505	-	-	-	1,159,193	94,668	646,904	-	-	-	741,572
	1,633,895	39,734,355	14,653,539	1,852,060	-	57,873,849	1,443,335	40,502,272	14,327,001	1,248,475	-	57,521,083
Financial liabilities												
Deposits and obligations	-	-	-	-	31,220,372	31,220,372	-	-	-	-	32,607,637	32,607,637
Inter-bank funds	-	-	-	-	129,539	129,539	-	-	-	-	30,008	30,008
Due to banks and correspondents	-	-	-	-	4,141,377	4,141,377	-	-	-	-	4,407,392	4,407,392
Bonds, notes and other obligations	-	-	-	-	6,240,174	6,240,174	-	-	-	-	5,602,358	5,602,358
Due from customers on acceptances	-	-	-	-	65,070	65,070	-	-	-	-	41,715	41,715
Insurance contract liabilities	-	-	-	-	10,732,288	10,732,288	-	-	-	-	10,709,843	10,709,843
Accounts payable, provision and other liabilities	141,495	-	-	-	1,617,721	1,759,216	133,921	-	-	-	1,248,973	1,382,894
	141,495	-	-	-	54,146,541	54,288,036	133,921	-	-	-	54,647,926	54,781,847

28. Financial risk management

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

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

(ii) Foreign exchange risk

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

As of March 31, 2018, the weighted average exchange rate of free market published by the SBS for transactions in US Dollars was S/3.224 per US$1 bid and S/3.229 per US$1 ask (S/3.238 and S/3.245 as of December 31, 2017, respectively). As of March 31, 2018, the exchange rate for the accounting of asset and liability accounts in foreign currency set by the SBS was S/3.227 per US$1 (S/3.241 as of December 31, 2017).

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

	As of March 31, 2018				As of December 31, 2017			
	US Dollars S/(000)	Soles S/(000)	Other currencies S/(000)	Total S/(000)	US Dollars S/(000)	Soles S/(000)	Other currencies S/(000)	Total S/(000)
Assets								
Cash and due from banks	7,898,830	1,405,221	312,574	9,616,625	9,497,021	1,385,533	322,289	11,204,843
Inter-bank funds	-	179,054	-	179,054	113,449	290,077	-	403,526
Investments at fair value through profit or loss	1,441,942	36,560	46,705	1,525,207	102,379	113,629	-	216,008
Available-for-sale investments (*)	-	-	-	-	5,594,848	8,161,516	-	13,756,364
Investments at fair value through other comprehensive income	5,865,155	8,118,449	-	13,983,604	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	1,248,475	-	1,248,475
Investments at amortized cost	-	1,852,060	-	1,852,060	-	-	-	-
Loan portfolio, net	8,273,720	20,549,381	-	28,823,101	8,566,434	19,637,734	-	28,204,168
Due from customers on acceptances	43,627	-	21,443	65,070	21,138	-	20,577	41,715
Accounts receivable and other assets	474,365	660,714	24,114	1,159,193	163,677	577,159	741	741,577
	23,997,639	32,801,439	404,836	57,203,914	24,058,946	31,414,123	343,607	55,816,676
Liabilities								
Deposits and obligations	13,086,359	17,873,660	260,353	31,220,372	14,469,686	17,877,317	260,634	32,607,637
Inter-bank funds	-	129,539	-	129,539	-	30,008	-	30,008
Due to banks and correspondents	765,164	3,376,213	-	4,141,377	1,031,657	3,375,735	-	4,407,392
Bonds, notes and other obligations	5,853,760	386,414	-	6,240,174	5,215,011	387,347	-	5,602,358
Due from customers on acceptances	43,627	-	21,443	65,070	21,138	-	20,577	41,715
Insurance contract liabilities	4,021,775	6,710,513	-	10,732,288	4,142,822	6,567,021	-	10,709,843
Accounts payable, provision and other liabilities	522,037	1,171,873	65,306	1,759,216	223,567	932,019	81,630	1,237,216
	24,292,722	29,648,212	347,102	54,288,036	25,103,881	29,169,447	362,841	54,636,169
Forwards position, net	(746,269)	818,603	(72,334)	-	(406,225)	458,390	(52,165)	-
Currency swaps position, net	533,065	(533,065)	-	-	54,369	(54,369)	-	-
Cross currency swaps position, net	294,115	(294,115)	-	-	295,391	(295,391)	-	-
Options position, net	(306)	306	-	-	(388)	388	-	-
Monetary position, net	**(214,478)**	**3,144,956**	**(14,600)**	**2,915,878**	**(1,101,788)**	**2,353,694**	**(71,399)**	**1,180,507**

(*) Until December 31, 2017, mutual funds and investment funds participations and shares for approximately S/1,150,000,000, recorded as available-for-sale investments, were not part of the Group's monetary position.

As of March 31, 2018, the Group granted indirect loans (contingent operations) in foreign currency for approximately US$713,446,000, equivalent to S/2,302,290,000 (US$673,040,000, equivalent to S/2,181,322,000 as of January 1, 2018 and December 31, 2017).

The Group manages the exchange rate risk through the matching of its asset and liability operations, overseeing the global exchange position on a daily basis. The Group's global exchange position is equivalent to the result of long positions minus short positions in currencies different to the Sol. The global position includes spot positions and also derivative positions. Any increase or decrease of the foreign currency's value would affect the consolidated income statements. A mismatch of the monetary position would make the Group's consolidated statements of financial position vulnerable to the foreign currency fluctuation (exchange rate shock).

The table below shows the analysis of variations of the US Dollar, the main currency to which the Group has exposure as of March 31, 2018 and January 1, 2018 (December 31, 2017). The analysis determines the effect of a reasonably possible variation of the exchange rate of US Dollar against the Sol, considering all the other variables held constant in the consolidated statements of other comprehensive income before Income Tax. A negative amount shows a potential net reduction in the consolidated income statements, whereas a positive amount reflects a net potential increase:

Sensitivity analysis	**Changes in currency rates**	**31.03.2018**	**01.01.2018 and 31.12.2017**
	%	S/(000)	S/(000)
Devaluation			
US Dollar	5	10,724	55,089
US Dollar	10	21,448	110,179
US Dollar	15	32,172	165,268
Revaluation			
US Dollar	5	(10,724)	(55,089)
US Dollar	10	(21,448)	(110,179)
US Dollar	15	(32,172)	(165,268)

29. Fair value

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

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

	As of March 31, 2018				As of January 1, 2018			
	Level 1 S/(000)	Level 2 S/(000)	Level 3 S/(000)	Total S/(000)	Level 1 S/(000)	Level 2 S/(000)	Level 3 S/(000)	Total S/(000)
Financial Assets								
Fair value through profit or loss								-
Debt instruments	29,709	33,198	-	62,907	17,544	8,695	-	26,239
Mutual funds and investment funds participations	275,522	560,664	202,787	1,038,973	343,306	584,344	193,197	1,120,847
Shares of the private sector, foreign entities and others	256,736	-	166,257	422,993	132,612	-	68,540	201,152
Investments at fair value through other comprehensive income								
Debt instruments	7,551,602	6,297,386	-	13,848,988	9,271,323	4,314,577	-	13,585,900
Shares of the private sector, foreign entities and others	496,397	1,599	-	497,996	406,045	1,606	-	407,651
InRetail Peru Corp.	171,941	-	-	171,941	162,986	-	-	162,986
Derivatives receivable	-	108,688	-	108,688	-	94,668	-	94,668
	8,781,907	7,001,535	369,044	16,152,486	10,333,816	5,003,890	261,737	15,599,872
Accrued interest				134,948				170,464
Total financial assets				16,287,434				15,770,336
Financial liabilities								
Derivatives payable	-	141,495	-	141,495	-	133,921	-	133,921

	As of December 31, 2017 (IAS 39)			
	Level 1 S/(000)	**Level 2** S/(000)	**Level 3** S/(000)	**Total** S/(000)
Financial assets				
Trading securities	200,962	12,704	2,342	216,008
Available-for-sale investments				
Debt instruments	9,271,323	4,314,577	-	13,585,900
Mutual funds and investment funds participations	185,079	580,383	190,855	956,317
Shares of the private sector, foreign entities and others	216,666	1,607	-	218,273
BioPharma Credit PLC	291,960	-	-	291,960
Royalty Pharma	-	-	68,540	68,540
InRetail Perú Corp.	168,206	-	-	168,206
Derivatives receivable	-	92,820	-	92,820
	10,334,196	5,002,091	261,737	15,598,024
Accrued interest				170,464
Total financial assets				15,768,488
Financial liabilities				
Derivatives payable	-	133,921	-	133,921

Financial assets included in Level 1 are those measured on the basis of information that is available on 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 based on the market prices of other instruments with similar characteristics or with financial valuation models based on information of variables observable in the market (interest rate curves, price vectors, etc.).

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

As of March 31, 2018 and January 1, 2018, the unrealized gain on Level 3 financial instruments amounts to S/5,729,000 and S/26,562,000, respectively, and the unrealized loss amounts to S/411,000 and S/945,000, respectively. During 2018 and 2017, there were no transfers of financial instruments from Level 3 to Level 1 or to Level 2.

(b) Financial instruments not measured at their fair value

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

	As of March 31, 2018					As of January 31, 2018 and December 31, 2017				
	Level 1	Level 2	Level 3	Fair Value	Book value	Level 1	Level 2	Level 3	Fair value	Book value
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Assets										
Cash and due from banks	-	9,616,625	-	9,616,625	9,616,625	-	11,204,843	-	11,204,843	11,204,843
Inter-bank funds	-	179,054	-	179,054	179,054	-	403,526	-	403,526	403,526
Investments at amortized cost	1,926,582	-	-	1,926,582	1,852,060	879,559	423,637	-	1,303,196	1,248,475
Loan portfolio, net	-	28,576,451	-	28,576,451	28,823,101	-	29,019,417	-	29,019,417	28,205,284
Due from customers on acceptances	-	65,070	-	65,070	65,070	-	41,715	-	41,715	41,715
Other accounts receivable and other assets, net	-	1,050,505	-	1,050,505	1,050,505	-	646,904	-	646,904	646,904
Total	1,926,582	39,487,705	-	41,414,287	41,586,415	879,559	41,740,042	-	42,619,600	41,750,747
Liabilities										
Deposits and obligations	-	31,253,887	-	31,253,887	31,220,372	-	32,629,914	-	32,629,914	32,607,637
Inter-bank funds	-	129,539	-	129,539	129,539	-	30,008	-	30,008	30,008
Due to banks and correspondents	-	4,171,255	-	4,171,255	4,141,377	-	4,434,484	-	4,434,484	4,407,392
Bonds, notes and notes issued	5,648,717	735,559	-	6,384,276	6,240,174	5,244,757	735,428	-	5,980,185	5,602,358
Due from customers on acceptances	-	65,070	-	65,070	65,070	-	41,715	-	41,715	41,715
Insurance contract liabilities	-	10,732,288	-	10,732,288	10,732,288	-	10,709,843	-	10,709,843	10,709,843
Accounts payable and other liabilities	-	1,617,721	-	1,617,721	1,617,721	-	1,248,973	-	1,248,973	1,248,973
Total	5,648,717	48,705,320	-	54,354,036	54,146,541	5,244,757	49,830,365	-	55,075,122	54,647,926

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

(i) Long-term fixed-rate and variable-rate loans are assessed by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the estimated losses of these loans. As of March 31, 2018 and January 1, 2018 (December 31, 2017), the book value of loans, net of allowances, were not significantly different from their calculated fair values.

(ii) Instruments whose fair value approximates their book value - For financial assets and financial liabilities that are liquid or have short-term maturity (less than 3 months) it is assumed that the carrying amounts approximate to their fair values. This assumption is also applied to demand deposits, savings accounts without a specific maturity and variable-rate financial instruments.

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

30. Fiduciary activities and management of funds

The Group provides custody, trustee, investment management and advisory services to third parties; therefore, the Group makes purchase and sale decisions in relation to a wide range of financial instruments. Assets that are held in trust are not included in the consolidated financial statements.

As of March 31, 2018, January 1, 2018 and December 31, 2017, the value of the managed off-balance sheet financial assets is as follows:

	31.03.2018 S/(000)	**01.01.2018 and y 31.12.2017** S/(000)
Investment funds	11,841,598	11,982,512
Mutual funds	4,369,120	4,247,369
Total	16,210,718	16,229,881

34. Additional explanation for English translation

The accompanying financial statements are presented on the basis of the IFRS. In the event of any discrepancy, the Spanish language version prevails.