Intercorp Financial Services Inc.
Third Quarter 2018 Earnings

Lima, Peru, November 6, 2018. Intercorp Financial Services Inc. (Bolsa de Valores de Lima: IFS) announced today its unaudited results for the third quarter 2018. These results are reported on a consolidated basis under IFRS in nominal Peruvian soles.

Intercorp Financial Services

- IFS 3Q18 net profit increased 19.5% YoY and 54.3% QoQ
- IFS 3Q18 net profit increased 3.5% QoQ normalizing from the adoption of new mortality tables at Interseguro and excluding the reversion of construction sector provisions at Interbank in 2Q18

Interbank

- Strong quarter with market share gains in all loan products and retail deposits
- Cost of risk at 2.2% in the quarter, down 20 bps QoQ on a normalized basis and 80 bps YoY
- Earnings grew 8.6% YoY and 3.8% QoQ excluding the impact of the reversion of construction sector provisions and seasonal income from dividends received in 2Q18

Interseguro

- Gross premiums grew 5.2% QoQ and 46.8% YoY; market leader in annuities with a 32.5% share
- Earnings grew threefold YoY but decreased 36.0% QoQ on a normalized basis, mainly due to an increase in technical reserves caused by: (i) an 18.3% quarterly growth in the sale of annuities and (ii) higher inflation
- ROAE in the quarter impacted by lower earnings and higher equity due to unrealized gains on fixed income and equity portfolios

Inteligo

- AUMs growth resumed to 5.3% QoQ and 9.2% YoY
- Solid quarter with earnings growing 22.1% QoQ and 30.8% YoY
- Strong profitability with 33.1% ROAE

Intercorp Financial Services

SUMMARY

Intercorp Financial Services' Statement of financial position				
S/ million				%chg
	30.09.2017 (IAS 39)	30.06.2018 (IFRS 9)	30.09.2018 (IFRS 9)	30.09.18/ 30.06.18
Assets				
Cash and due from banks and inter-bank funds	8,900.3	7,941.3	7,206.3	-9.3%
Total investments	11,725.3	17,784.3	18,099.1	1.8%
Loans, net of unearned income	29,036.0	31,596.6	32,680.5	3.4%
Allowance for loan losses	-1,235.6	-1,216.2	-1,223.0	0.6%
Property, furniture and equipment, net	581.1	598.0	606.0	1.3%
Other assets	2,183.1	3,439.6	3,415.8	-0.7%
Total assets	**51,190.2**	**60,143.7**	**60,784.7**	**1.1%**
Liabilities and equity				
Deposits and obligations	28,551.5	30,910.2	31,071.9	0.5%
Due to banks and correspondents	5,760.7	4,592.9	4,387.0	-4.5%
Bonds, notes and other obligations	4,765.5	6,306.7	6,378.6	1.1%
Insurance contract liabilities	5,428.0	9,955.3	10,036.4	0.8%
Other liabilities	1,284.3	1,877.9	1,910.0	1.7%
Total liabilities	**45,789.9**	**53,643.0**	**53,783.9**	**0.3%**
Equity				
Equity holders of IFS	5,367.1	6,464.1	6,962.0	7.7%
Non-controlling interest	33.1	36.6	38.8	5.9%
Total equity	**5,400.2**	**6,500.7**	**7,000.8**	**7.7%**
Total liabilities and equity	**51,190.2**	**60,143.7**	**60,784.7**	**1.1%**

Intercorp Financial Services' net profit was S/ 316.1 million in 3Q18, an increase of 54.3% QoQ and 19.5% YoY. IFS annualized ROAE was 18.7% in 3Q18, above the 12.7% registered in 2Q18, but below the 20.1% reported in 3Q17.

When normalizing from the adjustment of technical reserves due to the adoption of new mortality tables at Interseguro in 2Q18, IFS' profits decreased 9.6% QoQ.

Intercorp Financial Services' P&L statement					
S/ million				%chg	%chg
	3Q17	2Q18	3Q18	QoQ	YoY
Interest and similar income	947.8	1,070.2	1,086.2	1.5%	14.6%
Interest and similar expense	-279.4	-286.0	-305.7	6.9%	9.4%
Net interest and similar income	**668.3**	**784.2**	**780.5**	**-0.5%**	**16.8%**
Provision for loan losses, net of recoveries	-202.2	-112.6	-165.8	47.3%	-18.0%
Net interest and similar income after provision for loan losses	**466.2**	**671.6**	**614.7**	**-8.5%**	**31.9%**
Fee income from financial services, net	230.4	224.8	209.4	-6.9%	-9.1%
Other income	133.0	73.1	135.2	84.8%	1.6%
Total premiums earned less claims and benefits	-40.3	-186.2	-74.7	-59.9%	n.m.
Net Premiums	127.9	160.5	173.8	8.3%	35.9%
Adjustment of technical reserves	-74.6	-163.7	-60.1	-63.3%	-19.4%
Net claims and benefits incurred	-93.6	-183.1	-188.3	2.9%	101.3%
Other expenses	-426.1	-453.8	-463.6	2.1%	8.8%
Income before translation result and income tax	**363.3**	**329.5**	**421.1**	**27.8%**	**15.9%**
Translation result	-7.4	-12.0	-9.1	n.m.	n.m.
Income tax	-91.4	-112.6	-95.9	-14.8%	4.9%
Profit for the period	**264.5**	**204.9**	**316.1**	**54.3%**	**19.5%**
Attributable to equity holders of the group(1)	**259.2**	**203.1**	**314.4**	**54.8%**	**21.3%**
EPS	**2.44**	**1.83**	**2.84**		
ROAE	**20.1%**	**12.7%**	**18.7%**		
ROAA	**2.1%**	**1.4%**	**2.1%**		

(1) During the period 4Q14-3Q17, Interseguro consolidated a real estate investment shared by Interseguro and Intercorp Real Estate Inc., a subsidiary of Intercorp Peru Ltd. Intercorp RE's part was then reported as attributable to non-controlling interest

Quarter-on-quarter performance

Profits grew 54.3% QoQ mainly due to a reduction in adjustment of technical reserves at Interseguro, explained by the base effect of the one-time adjustment of S/ 144.8 million for the adoption of new mortality tables in 2Q18, in addition to an increase in other income across all subsidiaries. These positive effects were partially offset by higher provision expenses at Interbank.

Net interest and similar income remained relatively stable QoQ, as the reduction in interest on investments available for sale at Interseguro and Inteligo was offset by lower income eliminations upon consolidation, related to dividends received by Interbank from IFS shares held as investments in 2Q18.

The 47.3% QoQ increase in provision expenses was mainly the result of a base effect, as in 2Q18 there was a reversion of provisions in corporate loans for S/ 62.9 million, related to the bank's exposure to the construction sector.

Net fee income from financial services decreased 6.9% QoQ, mainly explained by reductions in fund management fees at Inteligo and in commissions from banking services at Interbank, in addition to lower expense eliminations upon consolidation.

Other income increased 84.8% QoQ mainly due to growths in net trading gain at Interseguro and Inteligo, net gain on sale of securities at Inteligo, and income from ATM rental and insurance recovery at Interbank.

Total premiums earned less claims and benefits at Interseguro showed a quarterly increase of S/ 111.5 million, mainly explained by the base effect of the one-time adjustment of S/ 144.8 million for the adoption of new mortality tables in 2Q18, in addition to a S/ 13.3 million increase in net premiums. These effects were partially offset by a growth of S/ 5.2 million in net claims and benefits incurred.

Other expenses increased 2.1% QoQ mostly due to higher administrative expenses at Interbank.

IFS effective tax rate decreased, from 35.5% in 2Q18 to 23.3% in 3Q18, as a result of the higher contribution to profits from Interseguro and Inteligo, in addition to a lower effective tax rate at Interbank.

Year-on-year performance

Profits increased 19.5% YoY mainly due to higher net interest and similar income at all subsidiaries and lower provision expenses at Interbank, partially offset by an increase in other expenses, as well as by reductions in total premiums earned less claims and benefits, and net fee income from financial services.

Net interest and similar income increased 16.8% YoY, mainly driven by higher interest on loans at Interbank; but also explained by an increase in interest and similar income at Interseguro, associated with the incorporation of Seguros Sura's investment portfolio. Higher investments in fixed income securities at Inteligo also contributed to the improvement of net interest and similar income.

Provision expenses decreased 18.0% YoY mainly as a result of lower provision requirements in credit cards, mortgages and other consumer loans, partially offset by higher provision requirements in medium-enterprise loans.

Net fee income from financial services decreased 9.1% YoY mainly due to a reduction in fees from maintenance and mailing of accounts, interchange fees, transfers and debit card services, as well as in commissions from banking services; partially offset by growths in commissions from credit card services, fund management fees and fees from collection services, all at Interbank. In addition, lower income from funds management at Inteligo also explained the reduction in net fee income from financial services at IFS.

Other income grew 1.6% YoY mainly as a result of increases in net trading gain at Inteligo and Interseguro, and in valuation gain from real estate investments at Interseguro, partially offset by a lower net gain on sale of securities at all subsidiaries.

Total premiums earned less claims and benefits at Interseguro decreased S/ 34.4 million, as a result of an increase of S/ 94.7 million in net claims and benefits incurred, partially offset by a S/ 45.9 million increase in net premiums, as well as a S/ 14.5 million decrease in adjustment of technical reserves.

Other expenses increased 8.8% YoY mainly due to growths in administrative expenses, salaries and employee benefits, and depreciation and amortization charges at Interbank and Interseguro.

IFS effective tax rate decreased, from 25.7% in 3Q17 to 23.3% in 3Q18, mainly due to a higher profit contribution from Interseguro and Inteligo.

CONTRIBUTION BY SEGMENTS

The following table shows the contribution of Interbank, Interseguro and Inteligo to Intercorp Financial Services' net profit. The performance of each of the three segments is discussed in detail in the following sections.

Intercorp Financial Services' Profit by segment					
S/ million	3Q17	2Q18	3Q18	%chg QoQ	%chg YoY
Interbank	227.8	289.2	247.6	-14.4%	8.6%
Interseguro	6.1	-113.7	19.9	n.m.	225.1%
Inteligo	42.6	45.6	55.7	22.1%	30.8%
Corporate and eliminations	-12.0	-16.2	-7.0	-56.8%	-41.7%
IFS profit for the period	**264.5**	**204.9**	**316.1**	**54.3%**	**19.5%**

Interbank

SUMMARY

Interbank's profits reached S/ 247.6 million in 3Q18, a decrease of S/ 41.6 million QoQ, or 14.4%, but an increase of S/ 19.8 million YoY, or 8.6%. The quarterly reduction was mainly due to increases of S/ 52.8 million in provisions and S/ 12.0 million in other expenses, partially offset by the positive impact of a lower effective tax rate and S/ 5.1 million higher other income.

The annual growth in net profit was supported by an increase of S/ 49.0 million in net interest and similar income, together with a reduction of S/ 36.3 million in provisions. These effects were partially offset by a S/ 37.5 million increase in other expenses, in addition to reductions of S/ 12.5 million in other income and S/ 11.7 million in fee income from financial services.

Interbank's ROAE was 19.5% in 3Q18, lower than the 24.0% registered in 2Q18 and the 20.0% reported in 3Q17.

Banking Segment's P&L Statement					
S/ million	3Q17	2Q18	3Q18	%chg QoQ	%chg YoY
Interest and similar income	835.3	880.3	898.8	2.1%	7.6%
Interest and similar expenses	-264.3	-260.9	-278.8	6.8%	5.5%
Net interest and similar income	**571.0**	**619.4**	**620.0**	**0.1%**	**8.6%**
Provision for loan losses, net of recoveries	-202.1	-113.0	-165.8	46.8%	-18.0%
Net interest and similar income after provision for loan losses	**368.9**	**506.4**	**454.2**	**-10.3%**	**23.1%**
Fee income from financial services, net	210.1	201.6	198.4	-1.5%	-5.5%
Other income	83.8	66.2	71.3	7.8%	-14.9%
Other expenses	-347.4	-372.9	-384.9	3.2%	10.8%
Income before translation result and income tax	**315.3**	**401.2**	**339.1**	**-15.5%**	**7.5%**
Translation result	-2.3	-3.5	-3.4	-2.5%	49.3%
Income tax	-85.2	-108.5	-88.1	-18.8%	3.4%
Profit for the period	**227.8**	**289.2**	**247.6**	**-14.4%**	**8.6%**
ROAE	**20.0%**	**24.0%**	**19.5%**		
Efficiency ratio	**39.7%**	**41.0%**	**42.3%**		
NIM	**5.7%**	**5.8%**	**5.7%**		
NIM on loans	**9.4%**	**9.0%**	**8.6%**		

INTEREST-EARNING ASSETS

Interbank's interest-earning assets reached S/ 43,279.4 million in 3Q18, relatively stable QoQ, and an increase of 7.3% YoY.

The quarterly performance in interest-earning assets was due to an increase of 3.6% in loans, offset by a decrease of 10.2% in cash and due from banks and inter-bank funds, while investments remained stable. The decrease in cash and due from banks and inter-bank funds was mainly explained by lower deposits and reserve funds at the Central Bank.

The annual increase in interest-earning assets was attributed to growths of 15.2% in loans and 9.8% in investments, partially offset by an 18.6% reduction in cash and due from banks and inter-bank funds. The growth in investments was mainly explained by higher volumes of sovereign, global and corporate bonds. The decrease in cash and due from banks and inter-bank funds was mainly due to lower funds at the Central Bank.

Interest-earning assets					
S/ million	3Q17	2Q18	3Q18	%chg QoQ	%chg YoY
Cash and due from banks and inter-bank funds	8,428.4	7,641.2	6,859.0	-10.2%	-18.6%
Investments available for sale	5,702.0	6,266.4	6,262.6	-0.1%	9.8%
Loans	26,189.3	29,115.7	30,157.8	3.6%	15.2%
Total Interest-earning assets	**40,319.7**	**43,023.3**	**43,279.4**	**0.6%**	**7.3%**

Loan portfolio					
S/ million	3Q17	2Q18	3Q18	%chg QoQ	%chg YoY
Performing loans					
Retail	13,666.3	15,304.1	15,849.7	3.6%	16.0%
Commercial	12,467.4	13,761.7	14,274.0	3.7%	14.5%
Total Performing loans	**26,133.7**	**29,065.8**	**30,123.6**	**3.6%**	**15.3%**
Restructured and refinanced loans	276.5	238.2	215.5	-9.5%	-22.1%
Past due loans	770.7	819.5	815.2	-0.5%	5.8%
Total gross loans	**27,180.9**	**30,123.5**	**31,154.3**	**3.4%**	**14.6%**
Add (less)					
Accrued and deferred interest	243.2	208.3	226.3	8.7%	-6.9%
Allowance for loan losses	-1,234.8	-1,216.1	-1,222.8	0.6%	-1.0%
Total direct loans, net	**26,189.3**	**29,115.7**	**30,157.8**	**3.6%**	**15.2%**

Performing loans grew 3.6% QoQ as a result of balanced increases of 3.7% in commercial loans and 3.6% in retail loans.

The quarterly increase in commercial loans was due to growths in trade loans and in short and medium-term loans, mostly in the corporate segment.

Growth in retail loans was explained by increases of 4.3% in credit cards, 3.6% in other consumer loans and 3.0% in mortgages. The increase in other consumer loans was mainly explained by higher payroll loans, cash loans and car loans. Growth in mortgages was due to a higher dynamism in the traditional segment.

Performing loans grew 15.3% YoY due to increases of 16.0% in retail loans and 14.5% in commercial loans.

Retail loans grew YoY mainly due to increases of 21.2% in credit cards, 14.6% in mortgages and 13.3% in other consumer loans. The increase in mortgages was related to a higher dynamism in the traditional segment and to an acquired portfolio from Hipotecaria Sura Empresa Administradora Hipotecaria S.A. in 4Q17, worth S/ 229.3 million net of provisions. Excluding the effect of the acquisition, the annual increase in mortgages was 10.2%. Other consumer loans grew as a result of higher payroll loans, cash loans and car loans.

The annual growth in commercial loans was mainly explained by growths in trade loans and in short and medium-term lending, related mostly to the corporate segment.

Breakdown of retail loans					
S/ million	3Q17	2Q18	3Q18	%chg QoQ	%chg YoY
Consumer loans:					
Credit cards	3,726.8	4,330.9	4,518.5	4.3%	21.2%
Other consumer	4,760.5	5,209.9	5,395.7	3.6%	13.3%
Total consumer loans	**8,487.2**	**9,540.7**	**9,914.2**	**3.9%**	**16.8%**
Mortgages	5,179.1	5,763.3	5,935.5	3.0%	14.6%
Total retail loans	**13,666.3**	**15,304.1**	**15,849.7**	**3.6%**	**16.0%**

FUNDING STRUCTURE

Funding structure					
S/ million	3Q17	2Q18	3Q18	%chg QoQ	%chg YoY
Deposits	25,819.1	28,992.8	29,079.1	0.3%	12.6%
Due to banks and inter-bank funds	5,757.2	4,272.7	4,061.8	-4.9%	-29.4%
Bonds	4,600.4	5,226.8	5,279.7	1.0%	14.8%
Total	**36,176.7**	**38,492.3**	**38,420.6**	**-0.2%**	**6.2%**
% of funding					
Deposits	71.4%	75.3%	75.7%		
Due to banks and inter-bank funds	15.9%	11.1%	10.6%		
Bonds	12.7%	13.6%	13.7%		

Interbank's total funding base remained relatively stable QoQ, similar to the performance of interest-earning assets. This was mainly explained by a reduction in due to banks and inter-bank funds, offset by slight increases in bonds and deposits. The decrease in due to banks and inter-bank funds was mainly due to lower short-term funding from abroad, while the increase in bonds was mainly the result of a 0.9% depreciation of the exchange rate compared to 2Q18. The quarterly growth in deposits was mainly explained by a 3.5% increase in retail deposits, partially offset by reductions of 5.9% in institutional deposits and 0.5% in commercial deposits.

The bank's total funding base increased 6.2% YoY, slightly below the annual growth in interest-earning assets, and was mainly explained by growths of 14.8% in bonds and 12.6% in deposits, partially offset by a 29.4% reduction in due to banks and inter-bank funds. The YoY growth in bonds was mainly attributed to the issuance of a senior bond in the international market for US$ 200 million in January 2018, due January 2023. It is worth noting that, in addition to the issuance of new debt, an exchange offer was executed for existing senior bonds due October 2020. As a result of this transaction, US$ 285 million were exchanged from 5.750% senior notes due 2020 to 3.375% senior notes due 2023.

The annual increase in deposits was explained by growths of 36.9% in institutional deposits, 12.6% in retail deposits and 4.8% in commercial deposits.

The annual contraction in due to banks was mainly a result of lower short and long-term funding from abroad, as well as lower long-term funding from the Central Bank and from COFIDE.

As of 3Q18, the proportion of deposits to total funding was 75.7%, above the 71.4% reported in 3Q17. Likewise, the proportion of institutional deposits to total deposits increased from 13.8% in 3Q17 to 16.8% in 3Q18, but decreased compared to the 17.9% registered in 2Q18.

Breakdown of deposits					
S/ million	3Q17	2Q18	3Q18	%chg QoQ	%chg YoY
By customer service:					
Retail	11,935.7	12,992.6	13,442.2	3.5%	12.6%
Commercial	9,929.0	10,450.5	10,400.7	-0.5%	4.8%
Institutional	3,568.3	5,190.6	4,884.0	-5.9%	36.9%
Other	386.1	359.0	352.2	-1.9%	-8.8%
Total	**25,819.1**	**28,992.8**	**29,079.1**	**0.3%**	**12.6%**
By type:					
Demand	8,167.2	9,028.7	8,476.2	-6.1%	3.8%
Savings	8,949.6	9,494.2	10,231.9	7.8%	14.3%
Time	8,689.4	10,464.3	10,357.4	-1.0%	19.2%
Other	12.9	5.6	13.6	143.4%	5.4%
Total	**25,819.1**	**28,992.8**	**29,079.1**	**0.3%**	**12.6%**

NET INTEREST AND SIMILAR INCOME

Net interest and similar income					
S/ million	3Q17	2Q18	3Q18	%chg QoQ	%chg YoY
Interest and similar income	835.3	880.3	898.8	2.1%	7.6%
Interest and similar expense	-264.3	-260.9	-278.8	6.8%	5.5%
Net interest and similar income	**571.0**	**619.4**	**620.0**	**0.1%**	**8.6%**
NIM[(1)]	**5.7%**	**5.8%**	**5.7%**	**-10 bps**	**0 bps**

(1) Annualized. Net interest and similar income / Average interest-earning assets

Interest and similar income					
S/ million	3Q17	2Q18	3Q18	%chg QoQ	%chg YoY
Interest and similar income					
Due from banks and inter-bank funds	8.1	8.8	12.4	41.4%	53.3%
Investments available for sale	43.8	62.8	54.0	-13.9%	23.5%
Loans	783.5	808.7	832.3	2.9%	6.2%
Total Interest and similar income	**835.3**	**880.3**	**898.8**	**2.1%**	**7.6%**
Average interest-earning assets	39,985.5	43,054.5	43,151.3	0.2%	7.9%
Average yield on assets (annualized)	8.4%	8.2%	8.3%	10 bps	-10 bps

Interest and similar expense					
S/ million				%chg	%chg
	3Q17	2Q18	3Q18	QoQ	YoY
Interest and similar expense					
Deposits and obligations	-131.0	-131.8	-151.4	14.8%	15.6%
Due to banks and correspondents	-57.2	-43.3	-39.6	-8.5%	-30.7%
Bonds, notes and other obligations	-76.0	-85.8	-87.7	2.3%	15.4%
Total Interest and similar expense	**-264.3**	**-260.9**	**-278.8**	**6.8%**	**5.5%**
Average interest-bearing liabilities	36,022.9	38,448.2	38,456.4	0.0%	6.8%
Average cost of funding (annualized)	2.9%	2.7%	2.9%	20 bps	0 bps

QoQ Performance

Net interest and similar income remained relatively stable QoQ as the 2.1% increase in interest and similar income was offset by a 6.8% growth in interest and similar expense.

The higher interest and similar income was due to growths of 2.9% in interest on loans and 41.4% in interest on due from banks and inter-bank funds, partially offset by a 13.9% decrease in interest on investments available for sale.

The increase in interest on loans was due to a 4.6% growth in the average loan portfolio, partially offset by a 20 basis point decrease in the average yield, from 11.4% in 2Q18 to 11.2% in 3Q18.

The higher average volume of loans was attributed to growths of 5.2% in commercial loans and 4.3% in retail loans. In the commercial portfolio, volumes increased 25.6% in trade finance loans, 1.8% in leasing operations and 0.8% in short and medium-term loans. In the retail portfolio, the higher average volume was mainly due to increases of 6.6% in credit cards, 4.1% in payroll loans and 3.0% in mortgages.

The decrease in the average rate was mainly explained by yield reductions of 20 basis points in both commercial and retail loans. In commercial loans, the decrease was due to lower returns on trade finance loans and leasing operations, while in retail loans, to lower yields on consumer loans.

Interest on due from banks and inter-bank funds grew by S/ 3.6 million, or 41.4%, explained by a 30 bps increase in the nominal average rate, partially offset by a 14.0% reduction in the average volume. The nominal average rate grew due to higher returns on deposits and reserve requirements at the Central Bank, as well as on inter-bank funds. The reduction in average volume was the result of lower balances from such components.

Interest on investments available for sale decreased by S/ 8.8 million, or 13.9%, explained by reductions of 50 basis point in the nominal average rate and 0.7% in the average volume. The decrease in the nominal average rate, from 4.0% in 2Q18 to 3.5% in 3Q18, was mainly a result of higher income from dividends received in 2Q18 for shares owned on IFS, which was not repeated in 3Q18. The slight reduction in the average volume was the result of lower balances of CDBCR, global bonds and corporate bonds from financial institutions.

The nominal average yield on interest-earning assets increased by 10 basis points, from 8.2% in 2Q18 to 8.3% in 3Q18, mainly as a result of the improved return on due from banks and a higher proportion of loans within interest-earning assets, since they contribute with a higher average yield than the rest of components, even if their nominal average rate reduced QoQ. This effect was partially offset by a lower return on investments.

The higher interest and similar expense was due to growths of 14.8% in interest on deposits and obligations and 2.3% in interest on bonds, notes and other obligations; partially offset by an 8.5% reduction in interest on due to banks and correspondents.

The higher interest on deposits and obligations was due to a 30 basis points increase in the average cost, while the average volume remained relatively stable. The higher average cost was the result of an increase in rates paid to commercial and institutional deposits, especially in dollar-denominated deposits. The average volume remained relatively stable as an increase in retail deposits was partially offset by lower balances of institutional and commercial deposits. By currency, average balances of dollar deposits and soles deposits also remained stable.

The increase in interest on bonds, notes and other obligations was related to hedging transactions for a total amount of US$ 350 million, executed throughout the year, as well as to a 1.1% increase in the average volume, which was in turn explained by a 0.9% depreciation of the exchange rate with respect to 2Q18.

The S/ 3.7 million, or 8.5% reduction in interest on due to banks and correspondents was the result of a 30 basis points decrease in the nominal average cost, while the average volume remained relatively stable. The reduction in the average cost was mostly attributed to lower rates paid on funding provided by the Central Bank and on inter-bank funds. The average volume remained relatively stable as the lower funding from abroad and from COFIDE were offset by higher inter-bank funds.

The average cost of funds increased by 20 basis points QoQ, from 2.7% in 2Q18 to 2.9% in 3Q18, mainly as a result of the higher average cost of deposits, which represented 76% of the average balances of interest-bearing liabilities.

As a result of the above, net interest margin was 5.7% in 3Q18, 10 basis points below the 5.8% reported in 2Q18.

<u>YoY Performance</u>

Net interest and similar income grew 8.6% YoY due to a 7.6% increase in interest and similar income, partially offset by a 5.5% growth in interest and similar expense.

Growth in interest and similar income was mainly due to increases of 6.2% in interest on loans, 23.5% in interest on investments and 53.3% in interest on due from banks and inter-bank funds.

The increase in interest on loans was due to a 14.4% growth in the average volume of loans, partially compensated by a 90 basis point contraction in the average yield, from 12.1% in 3Q17 to 11.2% in 3Q18.

The higher average volume of loans was attributed to growths of 14.8% in retail loans and 14.0% in commercial loans. In the retail portfolio, the higher average volume was mainly due to increases of 18.2% in credit cards, 14.4% in mortgages and 13.5% in payroll loans. In the commercial portfolio, volumes increased 68.0% in trade finance loans and 6.4% in short and medium-term loans, while leasing operations remained relatively stable.

The decrease in the average rate on loans was explained by reductions of 90 basis points in retail loans and 80 basis points in commercial loans. In retail loans, the lower yield was due to decreases of 120 basis points in consumer loans and 30 basis points in mortgages, while in commercial loans, due to lower returns on trade finance loans, short and medium-term loans and leasing operations.

The growth in interest on investments available for sale was due to an increase of 21.5% in the average volume, while the nominal average rate remained stable. The growth in volume was a result of higher investments in sovereign, global and corporate bonds.

Interest on due from banks and inter-bank funds grew by S/ 4.3 million, or 53.3%, explained by a 30 basis point increase in the nominal average rate, partially offset by an 18.7% decrease in the average volume. The increase in the nominal average rate was due to higher returns on deposits and reserve funds at the Central Bank, while the reduction in average volume was due to lower reserve requirements.

The nominal average yield on interest-earning assets decreased by 10 basis points YoY, from 8.4% in 3Q17 to 8.3% in 3Q18, mainly explained by the lower yields on loans.

Growth in interest and similar expense was due to increases of 15.6% in interest on deposits and obligations, and 15.4% in interest on bonds, notes and other obligations; partially offset by a 30.7% reduction in interest on due to banks and correspondents.

Interest on deposits and obligations increased by S/ 20.4 million, or 15.6%, explained by growths of 12.5% in the average volume and 10 basis points in the nominal average cost, from 2.0% in 3Q17 to 2.1% in 3Q18. The higher average volume was explained by growths in commercial, retail and institutional deposits. By currency, average soles deposits grew 14.4% while average dollar deposits increased 9.6%. The increase in the average cost was due to a 50 basis point growth in rates paid to dollar deposits, partially compensated by a 30 basis point reduction in the cost of soles deposits.

Interest on bonds, notes and other obligations grew by S/ 11.7 million, or 15.4% YoY, mainly explained by the issuance of a senior bond in the international market for US$ 200 million in January 2018; in addition to hedging transactions for a total amount of US$ 350 million, executed throughout the year.

The S/ 17.6 million, or 30.7% decrease in interest on due to banks and correspondents was explained by reductions of 26.4% in the average volume and 20 basis points in the average cost. The decrease in average volume was mainly due to lower funding provided from abroad and by the Central Bank, as well as from COFIDE. The reduction in the nominal average cost was explained by lower rates on funding provided by the Central Bank, partially offset by higher rates on funding from abroad, COFIDE and inter-bank funds.

The average cost of funds remained stable YoY, at 2.9%, as the lower cost of due to banks and correspondents offset the higher rates paid for deposits.

As a result of the above, net interest margin remained stable YoY, at 5.7%.

PROVISION FOR LOAN LOSSES, NET OF RECOVERIES

Provision for loan losses, net of recoveries increased 46.8% QoQ, but decreased 18.0% YoY. The quarterly increase in provision expenses was mainly the result of a base effect, as in 2Q18 there was a reversion of provisions in corporate loans for S/ 62.9 million, related to the bank's exposure to the construction sector.

The annual decrease in provisions was mainly due to lower provision requirements in credit cards, mortgages and other consumer loans, partially offset by higher provision requirements in medium-enterprise loans.

As a result of the above, the annualized ratio of provision expense to average loans was 2.2% in 3Q18, higher than the 1.5% reported in 2Q18, but below the 3.0% registered in 3Q17. However, normalizing from the reversion of provisions occurred in 2Q18, cost of risk decreased 20 basis points QoQ, from 2.4%.

Provision for loan losses, net of recoveries					
S/ million	3Q17	2Q18	3Q18	%chg QoQ	%chg YoY
Provision for loan losses, net of recoveries	-202.1	-113.0	-165.8	46.8%	-18.0%
Provision for loan losses/average gross loans	3.0%	1.5% (1)	2.2%	70 bps	-80 bps
NPL ratio (at end of period) (2)	3.3%	3.1%	2.8%	-30 bps	-50 bps
NPL coverage ratio (at end of period)	120.9%	126.0%	136.4%	n.m.	n.m.
Allowance for loan losses (at end of period)	1,234.8	1,216.1	1,222.8	0.6%	-1.0%

(1) Normalizing from the reversion of provisions for construction sector exposures, cost of risk was 2.4% in 2Q18
(2) NPL ratio: Exposure under Stage 3 and refinanced loans / Total exposure (IFRS 9)

The NPL ratio decreased 30 basis points QoQ and 50 basis points YoY, to 2.8% in 3Q18, as a result of reductions in NPLs in both retail and commercial loans. Additionally, the NPL coverage ratio was 136.4% in 3Q18, higher than the 126.0% reported in 2Q18 and the 120.9% registered in 3Q17.

FEE INCOME FROM FINANCIAL SERVICES, NET

Net fee income from financial services decreased S/ 3.2 million QoQ, or 1.5%, mainly explained by reductions of S/ 5.9 million in commissions from banking services and S/ 1.8 million in commissions from credit card services, partially offset by a S/ 3.4 million increase in fees from maintenance and mailing of accounts, interchange fees, transfers and debit card services.

Net fee income from financial services decreased S/ 11.7 million YoY, or 5.5%, mainly due to reductions of S/ 8.7 million in fees from maintenance and mailing of accounts, interchange fees, transfers and debit card services, and S/ 6.9 million in commissions from banking services; partially offset by growths of S/ 2.1 million in commissions from credit card services, S/ 1.1 million in fund management fees and S/ 1.1 million in fees from collection services.

Fee income from financial services, net					
S/ million	3Q17	2Q18	3Q18	%chg QoQ	%chg YoY
Income					
Commissions from credit card services	89.4	93.3	91.5	-1.9%	2.3%
Maintenance and mailing of accounts, interchange fees, transfers and debit card services	81.3	69.2	72.6	5.0%	-10.6%
Commissions from banking services	66.6	65.6	59.7	-8.9%	-10.3%
Fees for indirect loans	15.7	16.3	15.7	-4.0%	-0.3%
Funds management	9.0	10.3	10.1	-1.7%	12.0%
Collection services	8.6	9.8	9.7	-1.7%	12.8%
Other	7.2	8.0	7.2	-10.7%	-0.7%
Total income	**277.8**	**272.5**	**266.4**	**-2.2%**	**-4.1%**
Expenses					
Insurance	-39.5	-35.1	-32.8	-6.4%	-16.9%
Fees paid to foreign banks	-3.5	-4.1	-3.9	-3.9%	13.9%
Other	-24.7	-31.7	-31.2	-1.7%	26.1%
Total expenses	**-67.7**	**-70.9**	**-68.0**	**-4.2%**	**0.4%**
Fee income from financial services, net	**210.1**	**201.6**	**198.4**	**-1.5%**	**-5.5%**

OTHER INCOME

Other income increased S/ 5.1 million QoQ mainly due to higher income from ATM rental and insurance recovery.

On the other hand, other income decreased S/ 12.5 million YoY, mainly due to lower results from sale of securities and from foreign exchange transactions and derivatives.

Other income					
S/ million	3Q17	2Q18	3Q18	%chg QoQ	%chg YoY
Net gain on foreign exchange transactions and derivatives	60.4	57.7	57.5	-0.4%	-4.8%
Net gain on sale of securities	12.2	0.3	0.0	-93.7%	-99.9%
Other	11.2	8.2	13.8	67.8%	23.8%
Total other income	**83.8**	**66.2**	**71.3**	**7.8%**	**-14.9%**

OTHER EXPENSES

Other expenses increased S/ 12.0 million QoQ, or 3.2%, and S/ 37.5 million YoY, or 10.8%. The quarterly increase was mainly due to growths of 8.0% in administrative expenses and 4.0% in depreciation and amortization charges, partially offset by lower salaries and employee benefits.

The annual growth in other expenses was explained by increases of 15.6% in administrative expenses, 6.3% in depreciation and amortization charges and 4.0% in salaries and employee benefits.

The efficiency ratio was 42.3% in 3Q18, compared to the 41.0% reported in 2Q18 and the 39.7% registered in 3Q17. It is worth noting that during 2Q18 certain reclassifications were implemented among fee income, other income and other expenses, which resulted in changes on efficiency ratios previously reported.

Other expenses					
S/ million	3Q17	2Q18	3Q18	%chg QoQ	%chg YoY
Salaries and employee benefits	-150.2	-158.8	-156.2	-1.7%	4.0%
Administrative expenses	-161.4	-172.7	-186.5	8.0%	15.6%
Depreciation and amortization	-31.6	-32.3	-33.6	4.0%	6.3%
Other	-4.2	-9.2	-8.6	-6.4%	104.0%
Total other expenses	**-347.4**	**-372.9**	**-384.9**	**3.2%**	**10.8%**
Efficiency ratio	**39.7%**	**41.0%**	**42.3%**	**130 bps**	**260 bps**

REGULATORY CAPITAL

The ratio of regulatory capital to risk-weighted assets (RWA) was 16.2% in 3Q18, below the 16.7% registered in 2Q18 and the 16.5% reported in 3Q17.

As of 3Q18, regulatory capital slightly decreased 0.3% QoQ, while RWA grew 2.3% mainly due to higher capital requirements for credit risk.

The annual reduction in the capital ratio was due to a 16.7% growth in RWA, partially offset by a 15.0% increase in regulatory capital. The YoY increase in RWA was mostly attributed to the growth in the loan portfolio. The annual increase in regulatory capital was mainly a result of the addition of S/ 580.7 million in capital, reserves and earnings with capitalization agreement during the last twelve months.

It is worth mentioning that the SBS has initiated the implementation of an additional set of Basel III standards, in effect between 2017 and 2026. Among these, it stands out that there will be an annual 10% phase out of existing Tier I instruments, yet allowing its eligibility as Tier II capital. This is why, despite the annual increase in capital and reserves, S/ 59.7 million of the US$ 200.0 million junior subordinated bonds issued in April 2010 no longer count as primary capital. As of 3Q18, 80.0% of this issue was considered as primary capital, in line with the percentage registered in 2Q18.

As of 3Q18, Interbank's capital ratio of 16.2% was widely above its risk-adjusted minimum capital ratio requirement, established at 11.7%. The minimum regulatory capital ratio requirement was 10.0%, while the additional capital requirement for Interbank was 1.7% as of 3Q18.

Regulatory capital					
S/ million	3Q17	2Q18	3Q18	%chg QoQ	%chg YoY
Tier I capital	4,207.0	4,912.4	4,912.8	0.0%	16.8%
Tier II capital	1,779.6	1,996.8	1,973.9	-1.1%	10.9%
Total regulatory capital	5,986.6	6,909.2	6,886.7	-0.3%	15.0%
Risk-weighted assets	36,331.1	41,432.3	42,396.4	2.3%	16.7%
BIS ratio	**16.5%**	**16.7%**	**16.2%**	**-50 bps**	**-30 bps**
Tier I capital / risk-weighted assets	**11.6%**	**11.9%**	**11.6%**	**-30 bps**	**0 bps**

Interseguro

SUMMARY

Interseguro's results reached S/ 19.9 million in 3Q18, compared to S/ -113.7 million in 2Q18 and S/ 6.1 million in 3Q17.

The quarterly growth was mainly due to a base effect, as in 2Q18, Interseguro's bottom-line results were negatively affected by a one-time adjustment of S/ 144.8 million in technical reserves as a result of the full adoption of new mortality tables published in March 2018 by the Peruvian regulatory entity (Superintendencia de Banca y Seguros), in addition to a S/ 35.6 million increase in other income. These factors were partially offset by an S/ 11.5 million decrease in net interest and similar income and a S/ 2.5 million growth in other expenses.

The annual increase was mainly explained by growths of S/ 58.6 million in net interest and similar income and S/ 1.5 million in other income. These factors were partially offset by a S/ 34.4 million decrease in total premiums earned less claims and benefits, as well as a S/ 15.8 million increase in other expenses.

Insurance Segment's P&L Statement					
S/ million	3Q17	2Q18	3Q18	%chg QoQ	%chg YoY
Interest and similar income	77.2	157.5	147.3	-6.5%	90.8%
Interest and similar expenses	-2.7	-12.9	-14.2	9.9%	n.m.
Net Interest and similar income	**74.5**	**144.6**	**133.1**	**-7.9%**	**78.6%**
Fee income from financial services, net	-0.7	-0.8	-1.0	32.1%	40.7%
Other income	34.7	0.6	36.2	n.m.	4.3%
Total premiums earned less claims and benefits	-40.3	-186.2	-74.7	-59.9%	85.5%
Net premiums	127.9	160.5	173.8	8.3%	35.9%
Adjustment of technical reserves	-74.6	-163.7	-60.1	-63.3%	-19.4%
Net claims and benefits incurred	-93.6	-183.1	-188.3	2.9%	101.3%
Other expenses	-54.7	-68.0	-70.5	3.7%	28.8%
Income before translation result and income tax	**13.5**	**-109.8**	**23.2**	**n.m.**	**71.2%**
Translation result	-5.8	-3.9	-3.3	-16.3%	-43.8%
Income tax	-1.6	-	-	n.m.	n.m.
Profit for the period	**6.1**	**-113.7**	**19.9**	**n.m.**	**225.1%**
Attributable to non-controlling interest(1)	-3.7	-	-	n.m.	n.m.
Profit attributable to shareholders	**2.4**	**-113.7**	**19.9**	**n.m.**	**n.m.**
New mortality tables impact on technical reserves	-	-144.8	-	n.m.	n.m.
Profit excluding change in mortality tables	**2.4**	**31.1**	**19.9**	**-36.0%**	**n.m.**
ROAE	**4.3%**	**n.m.**	**8.4%**		
ROAE excl. change in mortality tables	**4.3%**	**14.9%**	**7.3%**		
Efficiency ratio	**15.2%**	**24.7%**	**12.4%**		
Efficiency ratio excl. change in mortality tables	**18.1%**	**11.8%**	**13.4%**		

(1) During the period 4Q14-3Q17, Interseguro consolidated a real estate investment shared by Interseguro and Intercorp Real Estate Inc., a subsidiary of Intercorp Peru Ltd. Intercorp RE's part was then reported as attributable to non-controlling interest.

RESULTS FROM INVESTMENTS

Results from Investments [1]					
S/ million				%chg	%chg
	3Q17	2Q18	3Q18	QoQ	YoY
Interest and similar income	77.2	157.5	147.3	-6.5%	90.8%
Interest and similar expenses	-2.7	-2.7	-3.2	17.5%	19.0%
Net interest and similar income	**74.5**	**154.8**	**144.1**	**-6.9%**	**93.4%**
Fee income from financial services, net	-0.3	-0.4	-0.3	-32.7%	0.2%
Net gain on sale of securities	19.8	-3.7	-7.9	112.8%	n.m.
Net trading loss (income)	0.8	-18.5	4.9	n.m.	n.m.
Rental income	6.5	7.4	10.1	36.9%	55.7%
Profit from sale of investment property	-	-	-	n.m.	n.m.
Valuation gain from investment property	5.4	11.5	24.7	114.2%	n.m.
Other[1]	-0.1	-0.2	0.2	n.m.	n.m.
Other income	**32.2**	**-3.9**	**31.7**	**n.m.**	**-1.5%**
Expenses related to rental income	-0.0	-1.0	-1.4	37.0%	n.m.
Other[1]	-3.6	-0.7	-3.6	n.m.	-0.4%
Expenses	**-3.6**	**-1.7**	**-4.9**	**193.9%**	**37.6%**
Results from investments	**103.1**	**149.2**	**170.9**	**14.6%**	**65.7%**

(1) Only includes transactions related to investments.

NET INTEREST AND SIMILAR INCOME

Net interest and similar income related to investments reached S/ 144.1 million in 3Q18, a decrease of 6.9% QoQ, but an increase of 93.4% YoY.

The QoQ decrease was explained by a reduction of S/ 10.2 million in interest and similar income, in addition to an increase of S/ 0.5 million in interest and similar expenses.

The annual growth was mainly explained by an increase in interest and similar income as a result of a higher volume of assets due to the merger with Seguros Sura in 1Q18.

OTHER INCOME

Other income was S/ 31.7 million in 3Q18, compared to S/ -3.9 million in 2Q18 and S/ 32.2 million in 3Q17.

The quarterly increase in other income was mainly due to growths of S/ 23.4 million in net trading results, S/ 13.2 million in net valuation gain of real estate investments and S/ 2.7 million in rental income, partially offset by a S/ 4.2 million reduction in net gain on sale of securities.

The annual decrease was mainly explained by a S/ 27.7 million decrease in net gain on sale of securities, partially offset by growths of S/ 19.3 million in net valuation gain of real estate investments, S/ 4.1 million in net trading results and S/ 3.6 million in rental income.

TOTAL PREMIUMS EARNED LESS CLAIMS AND BENEFITS

Total Premiums Earned Less Claims And Benefits					
S/ million				%chg	%chg
	3Q17	2Q18	3Q18	QoQ	YoY
Net premiums	127.9	160.5	173.8	8.3%	35.9%
Adjustment of technical reserves	-74.6	-163.7	-60.1	-63.3%	-19.4%
Net claims and benefits incurred	-93.6	-183.1	-188.3	2.9%	101.3%
Total premiums earned less claims and benefits	**-40.3**	**-186.2**	**-74.7**	**-59.9%**	**85.5%**

Total premiums earned less claims and benefits were S/ -74.7 million in 3Q18, a quarterly increase of S/ 111.5 million, but an annual decrease of S/ 34.4 million.

The quarterly increase was mainly explained by the base effect of the one-time adjustment of S/ 144.8 million for the adoption of new mortality tables in 2Q18, in addition to a S/ 13.3 million increase in net premiums. These effects were partially offset by a growth of S/ 5.2 million in net claims and benefits incurred.

The annual reduction was due to an increase of S/ 94.7 million in net claims and benefits incurred, partially offset by a S/ 45.9 million increase in net premiums, as well as a S/ 14.5 million decrease in adjustment of technical reserves.

NET PREMIUMS

Net Premiums by Business Line					
S/ million				%chg	%chg
	3Q17	2Q18	3Q18	QoQ	YoY
Annuities	65.0	66.1	78.2	18.3%	20.2%
D&S	0.0	13.1	13.7	4.7%	n.m.
Individual Life	13.7	30.5	31.0	1.7%	126.1%
Retail Insurance	49.2	50.9	51.0	0.2%	3.6%
Net Premiums	**127.9**	**160.5**	**173.8**	**8.3%**	**35.9%**

Net premiums reached S/ 173.8 million in 3Q18, an increase of 8.3% QoQ and 35.9% YoY.

The quarterly growth was mainly explained by an increase of S/ 12.1 million in annuities.

The annual increase was mainly due to growths of S/ 17.3 million in individual life, S/ 13.7 million in disability and survivorship, and S/ 13.2 million in annuities.

ADJUSTMENT OF TECHNICAL RESERVES

Adjustment of Technical Reserves by Business Line					
S/ million	3Q17	2Q18	3Q18	%chg QoQ	%chg YoY
Annuities	-66.3	-151.2	-45.4	-70.0%	-31.6%
D&S	-	-		n.m.	n.m.
Individual Life	-7.1	-9.5	-14.4	51.1%	103.3%
Retail Insurance	-1.2	-3.0	-0.4	-87.8%	-69.1%
Adjustment of technical reserves	**-74.6**	**-163.7**	**-60.1**	**-63.3%**	**-19.4%**

Adjustment of technical reserves was S/ 60.1 million in 3Q18, a decrease of S/ 103.6 million QoQ and S/ 14.5 million YoY.

The quarterly reduction was mainly explained by the one-time adjustment for the adoption of new mortality tables in 2Q18.

The annual decrease was explained by a S/ 20.9 million reduction in annuities, partially offset by an increase of S/ 7.3 million in individual life.

NET CLAIMS AND BENEFITS INCURRED

Net Claims and Benefits Incurred by Business Line					
S/ million	3Q17	2Q18	3Q18	%chg QoQ	%chg YoY
Annuities	-79.2	-156.3	-156.5	0.1%	97.5%
D&S	-0.0	-10.6	-14.3	34.0%	n.m.
Individual Life	-0.5	-1.2	-2.4	95.3%	n.m.
Retail Insurance	-13.9	-14.9	-15.2	1.7%	9.4%
Net claims and benefits incurred	**-93.6**	**-183.1**	**-188.3**	**2.9%**	**101.3%**

Net claims and benefits incurred reached S/ 188.3 million in 3Q18, an increase of S/ 5.2 million QoQ and S/ 94.7 million YoY.

The quarterly growth was mainly a result of increases of S/ 3.7 million in disability and survivorship claims, and S/ 1.2 million in individual life claims.

The annual growth in claims and benefits incurred was explained by increases of S/ 77.3 million in annuity benefits, S/ 14.3 million in disability and survivorship claims, S/ 1.9 million in individual life claims and S/ 1.3 million in retail insurance claims. The annual increase in annuity benefits incurred was due to the merger with Seguros Sura, which doubled Interseguro’s annuities portfolio.

OTHER EXPENSES

Other Expenses					
S/ million	3Q17	2Q18	3Q18	%chg QoQ	%chg YoY
Salaries and employee benefits	-15.0	-19.0	-18.9	-0.4%	26.0%
Administrative expenses	-8.4	-11.2	-11.0	-1.7%	31.5%
Depreciation and amortization	-1.1	-4.7	-5.1	8.1%	n.m.
Expenses related to rental income	-0.0	-1.0	-1.4	37.0%	n.m.
Impairment loss on available-for-sale investments	-0.8	1.7	-1.5	n.m.	91.9%
Third-party commissions	-22.9	-21.3	-19.8	-7.1%	-13.5%
Other	-6.6	-12.5	-12.9	3.0%	96.2%
Other expenses	**-54.7**	**-68.0**	**-70.5**	**3.7%**	**28.8%**

Other expenses increased S/ 2.5 million QoQ, or 3.7%, and S/ 15.8 million YoY, or 29.0%.

The quarterly increase in other expenses was mainly attributed to a growth of S/ 3.2 million in impairment loss on available-for-sale investments, partially offset by decreases of S/ 0.2 million in administrative expenses and S/ 0.1 million in salaries and employee benefits.

The annual increase in other expenses was maily due to growths of S/ 4.0 million in depreciation and amortization, S/ 3.9 million in salaries and employee benefits, S/ 2.6 million in administrative expenses and S/ 1.4 million in expenses related to rental income.

Inteligo

SUMMARY

Inteligo's net profit in 3Q18 was S/ 55.7 million, a S/ 10.1 million or 22.1% increase QoQ and a S/ 13.1 million or 30.8% increase YoY.

The main driver of growth in profits was the contribution of other income, which reflected strong gains in 3Q18 related to a better performance of Inteligo's proprietary portfolio.

On the commercial front, Inteligo's prospection process continued to show good results in terms of new accounts. Accordingly, Inteligo´s AUM increased 5.3% QoQ and 9.2% YoY in 3Q18.

As a consequence of these results, Inteligo's ROAE was 33.1% in 3Q18, higher than the 26.5% registered in 2Q18 and the 25.3% reported in 3Q17.

Wealth Management Segment's P&L Statement

S/ million	3Q17	2Q18	3Q18	%chg QoQ	%chg YoY
Interest and similar income	36.0	39.5	37.7	-4.6%	4.7%
Interest and similar expenses	-13.3	-10.8	-11.6	7.1%	-13.0%
Net interest and similar income	**22.7**	**28.7**	**26.1**	**-9.0%**	**15.0%**
Provision for loan losses, net of recoveries	0.0	0.4	0.0	n.m.	n.m.
Net interest and similar income after provision for loan losses	**22.7**	**29.1**	**26.1**	**-10.2%**	**15.2%**
Fee income from financial services, net	28.1	32.4	26.9	-17.0%	-4.5%
Other income	14.9	3.7	23.1	n.m.	54.7%
Other expenses	-24.2	-19.0	-20.8	9.3%	-14.1%
Income before translation result and income tax	**41.5**	**46.2**	**55.3**	**19.8%**	**33.1%**
Translation result	0.6	-0.9	0.0	n.m.	n.m.
Income tax	0.4	0.3	0.4	7.4%	0.0%
Profit for the period	**42.6**	**45.6**	**55.7**	**22.1%**	**30.8%**
ROAE	**25.3%**	**26.5%**	**33.1%**		
Efficiency ratio	**31.4%**	**31.6%**	**27.5%**		

ASSETS UNDER MANAGEMENT & DEPOSITS

AuMs reached S/ 13,141.7 million in 3Q18, a S/ 658.1 million or 5.3% increase QoQ and a S/ 1,105.5 million or 9.2% growth YoY, mostly due to the opening of accounts, as a result of a strengthened prospection strategy.

Client deposits reached S/ 2,152.9 million in 3Q18, a S/ 52.4 million or 2.5% increase QoQ, but a S/ 621.2 million or 22.4% reduction YoY. The annual decrease was a consequence of the repatriation of capital related to the tax amnesty in effect during 2017.

NET INTEREST AND SIMILAR INCOME

Net interest and similar income					
S/ million	3Q17	2Q18	3Q18	%chg QoQ	%chg YoY
Interest and similar income					
Due from banks and inter-bank funds	0.9	1.2	0.5	-57.8%	-46.8%
Investments available for sale	14.1	22.2	20.9	-6.1%	47.9%
Loans	21.0	16.2	16.4	1.2%	-22.0%
Total interest and similar income	**36.0**	**39.5**	**37.7**	**-4.6%**	**4.7%**
Interest and similar expenses					
Deposits and obligations	-13.4	-9.3	-9.6	3.0%	-28.3%
Due to banks and correspondents	0.0	-1.5	-2.0	32.5%	n.m.
Total interest and similar expenses	**-13.3**	**-10.8**	**-11.6**	**7.1%**	**-13.0%**
Net interest and similar income	**22.7**	**28.7**	**26.1**	**-9.0%**	**15.0%**

Inteligo's net interest and similar income in 3Q18 was S/ 26.1 million, a S/ 2.6 million or 9.0% decrease when compared with 2Q18, explained by seasonal income from dividends received in the second quarter of the year.

Net interest and similar income increased by S/ 3.4 million or 15.0% when compared to the same period in the previous year. The YoY growth was mainly associated to higher investments in fixed income securities that contributed with incremental coupons since the second quarter of the year.

FEE INCOME FROM FINANCIAL SERVICES

Fee income from financial services, net					
S/ million	3Q17	2Q18	3Q18	%chg QoQ	%chg YoY
Income					
Brokerage and custody services	3.0	4.1	3.9	-6.2%	30.0%
Funds management	25.8	28.7	23.3	-19.0%	-9.6%
Total income	**28.7**	**32.8**	**27.1**	**-17.4%**	**-5.5%**
Expenses					
Brokerage and custody services	-0.6	-0.4	-0.2	-45.8%	-56.1%
Others	-0.1	0.0	0.0	n.m.	n.m.
Total expenses	**-0.6**	**-0.5**	**-0.3**	**-41.8%**	**-53.8%**
Fee income from financial services, net	**28.1**	**32.4**	**26.9**	**-17.0%**	**-4.5%**

Net fee income from financial services was S/ 26.9 million in 3Q18, a decrease of S/ 5.5 million or 17.0% when compared to the previous quarter. When compared with 3Q17, net fee income from financial services decreased by S/ 1.2 million or 4.5%. The quarterly and annual decreases were explained by lower fees from funds management.

OTHER INCOME

Other income					
S/ million	3Q17	2Q18	3Q18	%chg QoQ	%chg YoY
Net gain on sale of securities	20.7	0.0	7.5	n.m.	-63.6%
Net trading gain (loss)	0.0	6.9	17.4	n.m.	n.m.
Other	-5.7	-3.2	-1.8	-42.3%	-68.0%
Total other income	**14.9**	**3.7**	**23.1**	**n.m.**	**54.7%**

Inteligo's other income reached S/ 23.1 million in 3Q18, an increase of S/ 19.4 million QoQ and S/ 8.2 million YoY, attributable to a better performance of Inteligo's proprietary portfolio and optimal market conditions that prompted the sale of certain securities of such portfolio in 3Q18.

OTHER EXPENSES

Other expenses					
S/ million	3Q17	2Q18	3Q18	%chg QoQ	%chg YoY
Salaries and employee benefits	-11.8	-11.2	-13.0	15.7%	10.5%
Administrative expenses	-6.8	-7.0	-5.7	-18.9%	-16.7%
Depreciation and amortization	-2.1	-2.2	-2.2	0.0%	8.6%
Other	-3.5	1.4	0.2	-87.6%	n.m.
Total other expenses	**-24.2**	**-19.0**	**-20.8**	**9.3%**	**-14.1%**
Efficiency ratio	**31.4%**	**31.6%**	**27.5%**		

Inteligo's other expenses reached S/ 20.8 million in 3Q18, an increase of S/ 1.8 million or 9.3% QoQ and a decrease of S/ 3.4 million or 14.1% YoY. The latter performance was due to the recognition of an impairment loss on available for sale investments in 3Q17.