Intercorp Perú Ltd.

Separate financial statements as of March 31, 2019 and December 31, 2018, and for the three-month periods ended March 31, 2019 and 2018

Translation of separate financial statements originally issued in Spanish – Note 18

Intercorp Perú Ltd.

Separate financial statements as of March 31, 2019 and December 31, 2018, and for the three-month periods ended March 31, 2019 and 2018

Content

Separate financial statements

Intercorp Perú Ltd.

Separate statements of financial position

As of March 31, 2019 and December 31, 2018

	Note	31.03.2019 S/(000)	31.12.2018 S/(000)
Assets			
Current assets			
Cash and due from banks	14(a)	3,021	7,468
Accounts receivable from Subsidiaries, related entities and others	5	12,725	1,260
Investments at fair value through profit or loss	6	105,983	105,885
Total current assets		121,729	114,613
Investment property	7	139,164	141,492
Investments in Subsidiaries	8	10,733,717	9,879,979
Other assets		1,170	1,696
Total no current assets		10,874,051	10,023,167
Total assets		10,995,780	10,137,780
Liabilities and equity			
Current liabilities			
Accounts payable to Subsidiaries	14(b)	173,723	71,310
Loans payable	9(a)	153,000	153,000
Interest, provisions and other accounts payable	9(b)	41,050	72,045
Total current liabilities		367,773	296,355
Corporate bonds	10	1,117,275	1,129,224
Total liabilities		1,485,048	1,425,579
Equity, net	11		
Capital stock		4,010,690	4,010,690
Reserves		3,740,123	3,740,123
Unrealized results		420,212	(102,476)
Retained earnings		1,339,707	1,063,864
Total equity, net		9,510,732	8,712,201
Total liabilities and equity, net		10,995,780	10,137,780

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

Intercorp Perú Ltd.

Separate income statements

For the three-month periods ended March 31, 2019 and 2018

	Note	31.03.2019 S/(000)	31.03.2018 S/(000)
Participation in income of Subsidiaries	8(b)	319,772	192,185
Income (expenses)			
Financial income	13	-	1,008
Financial expenses	13	(22,399)	(21,960)
General expenses		(6,397)	(5,416)
Gain on derivative financial instruments	4	-	1,256
Valuation (loss) gain from investments at fair value through profit or loss	6(c)	(591)	1,246
Other expenses, net		(12,543)	(8,536)
Exchange difference, net		12,666	3,845
		(29,264)	(28,557)
Net profit for the period		290,508	163,628
Earnings per share basic and diluted (stated in Soles) – Shares A and B classes	15	1.95	1.10
Weighted average number of outstanding shares (A and B classes) (in thousand)	15	149,019	149,019

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

Intercorp Perú Ltd.

Separate statements of other comprehensive income

For the three-month periods ended March 31, 2019 and 2018

	31.03.2019 S/(000)	31.03.2018 S/(000)
Net profit for the period	290,508	163,628
Other comprehensive income to be reclassified to the separate income statements in subsequent periods		
Valuation of investments at fair value through other comprehensive income	-	(114)
Unrealized results in financial instruments of Subsidiaries, Note 8(b)	533,696	27,566
Exchange difference on translation of foreign operations, Note 8(b)	(11,008)	(4,091)
Total other comprehensive income to be reclassified to the separate income statements in subsequent periods	522,688	23,361
Total other comprehensive income for the period	813,196	186,989

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

Intercorp Perú Ltd.

Separate statements of changes in equity

For the three-month periods ended March 31, 2019 and 2018

	Number of shares			Unrealized results, net – Instruments that will be reclassified to the separate income statements					
	Issued (in thousands)	Capital stock S/(000)	Reserves S/(000)	Available-for-sale investments S/(000)	Financial instruments at fair value S/(000)	Financial instruments of Subsidiaries S/(000)	Exchange difference on translation of foreign operations S/(000)	Retained earnings S/(000)	Total S/(000)
Balances as of January 1, 2018	149,019	3,524,799	2,626,014	-	132	(322,839)	2,579	1,572,803	7,403,488
Net profit for the period	-	-	-	-	-	-	-	163,628	163,628
Other comprehensive income	-	-	-	-	(114)	27,566	(4,091)	-	23,361
Total other comprehensive income	-	-	-	-	(114)	27,566	(4,091)	163,628	186,989
Net variation of treasury stock held by Subsidiaries, net of dividends received	-	-	-	-	-	-	-	294,189	294,189
Effect of participation changes in Subsidiaries	-	-	-	-	-	-	-	(110,972)	(110,972)
Others	-	-	-	-	-	-	-	(93,521)	(93,521)
Balances as of March 31, 2018	149,019	3,524,799	2,626,014	-	18	(295,273)	(1,512)	1,826,127	7,680,173
Balances as of January 1, 2019	149,019	4,010,690	3,740,123	-	-	(124,379)	21,903	1,063,864	8,712,201
Net profit for the period	-	-	-	-	-	-	-	290,508	290,508
Other comprehensive income	-	-	-	-	-	533,696	(11,008)	-	522,688
Total other comprehensive income	-	-	-			533,696	(11,008)	290,508	813,196
Others	-	-	-	-	-	-	-	(14,665)	(14,665)
Balances as of March 31, 2019	149,019	4,010,690	3,740,123	-	-	409,317	10,895	1,339,707	9,510,732

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

Intercorp Perú Ltd.

Separate statements of cash flows

For the three-month periods ended March 31, 2019 and 2018

	31.03.2019 S/(000)	31.03.2018 S/(000)
Reconciliation of net profit for the period with cash used in operating activities		
Net profit for the period	290,508	163,628
Plus (minus) adjustments to net income		
Gain from participation in income of Subsidiaries, net	(319,772)	(192,185)
Loss on valuation of trading derivative financial instruments	-	(1,246)
Loss (gain) on valuation of financial investments	591	(1,256)
Changes in fair value of investment property	2,353	302
Exchange difference	(11,949)	(3,830)
Net changes in asset and liability accounts		
Decrease (increase) of other accounts receivable	(11,660)	(21,634)
Decrease of interest, provisions and other accounts payable	(7,919)	(9,232)
Net cash used in operating activities	(57,848)	(65,453)
Investing activities		
Dividends received	11,657	1,605
Capital contribution to Subsidiaries	(37,594)	(104,539)
Net cash used in investing activities	(25,937)	(102,934)
Financing activities		
Loans received from Subsidiaries, net	104,019	182,022
Payment of dividends	(24,681)	(24,338)
Net cash provided by financing activities	79,338	157,684
Net decrease in cash	(4,447)	(10,703)
Balance of cash at the beginning of year	7,468	13,494
Balance of cash at the end of period	3,021	2,791

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

Intercorp Perú Ltd.

Notes to the separate financial statements

As of March 31, 2018 and December 31, 2018

1. **Business activity**

Intercorp Perú Ltd. (henceforth “Intercorp Perú” or “the Company”) is a limited liability holding company incorporated in November 1997 in The Commonwealth of The Bahamas. Intercorp Perú performs as a holding of the group of Subsidiaries of the denominated “Intercorp Group”, thus coordinating their policies and management. Intercorp Perú also operates as an investment company, investing in all types of securities.

The Company’s legal address is Sassoon House Shirley Street & Victoria Avenue, Nassau, The Bahamas. Management and its administrative offices are located at Av. Carlos Villarán 140, Urb. Santa Catalina, La Victoria, Lima, Peru.

The Company holds investments in a variety of entities domiciled mainly in Peru, in the Bahamas and in the Republic of Panama. The activities and the most important information about the Subsidiaries as of March 31, 2019 and December 31, 2018, are disclosed in Notes 2 and 8.

These separate financial statements were approved by Management on April 30, 2019, and the audited separate financial statements as of December 31, 2018, were approved by the General Shareholders’ Meeting held on April 1, 2019.

These separate financial statements have been prepared in order to comply with the legal requirements in force in Peru regarding the presentation of financial information and reflect the investment in its Subsidiaries at their equity values as of March 31, 2019 and December 31, 2018, and not on a consolidated basis. These separate financial statements must be read together with the consolidated financial statements of Intercorp Perú and Subsidiaries, which are presented separately and within the legal deadlines.

2. Quicorp Group acquisition

In January 2018, the Company through InRetail Pharma S.A. (formerly Eckerd Perú S.A.), an indirect Subsidiary of Intercorp Perú through its Subsidiary Intercorp Retail Inc, and NG Infra II S.A.C. (a non-related entity) constituted IR Pharma S.A.C. (formerly Chakana Salud S.A.C.), through cash contributions that resulted in a shareholding of 73.21 percent and 26.79 percent, respectively. The purpose of incorporating IR Pharma S.A.C. was to acquire, through it, 100 percent of Quicorp and its Subsidiaries. The acquired conglomerate (henceforth and collectively, "Quicorp Group") was comprised by the following companies: Química Suiza Comercial S.A., Química Suiza S.A., Cifarma S.A., Mifarma S.A.C., Empresa Comercializadora Mifarma S.A., Botica Torres de Limatambo S.A.C., BTL Amazonía S.A.C., Vanttive S.A.C., Farmacias Peruanas S.A., Droguería La Victoria S.A.C., Vanttive Cía Ltda., Quifatex S.A., Quimiza Ltda., Quideca S.A., Albis S.A., Jorsa de la Selva S.A. and Superfarma Mayorista S.A. These entities operate in manufacturing, distribution and retail segments within the pharmaceutical sector in Peru, Ecuador, Bolivia and Colombia.

The acquisition of Quicorp Group was performed on January 26, 2018, for approximately US$592,000,000, financed by a loan granted to InRetail Pharma S.A. by Citibank N.A. and J.P. Morgan Chase Bank N.A.; which was entirely paid in June 2018, with proceeds from issuances of "Senior Unsecured Notes" by InRetail Pharma S.A.

On April 23, 2018, InRetail Pharma S.A. absorbed IR Pharma S.A.C., thereby reducing the participation percentage of its main shareholder (InRetail Perú Corp.) to 87.02 percent (before said merger, InRetail Perú Corp. held 100 percent of the capital stock of InRetail Pharma S.A.) and adding NG Infra II S.A.C. as a shareholder. It is worth mentioning that the contribution made by NG Infra II S.A.C. for the acquisition of Quicorp Group, amounted to S/481,500,000. As a result, as of December 31, 2018, InRetail Pharma S.A. is the sole owner of Quicorp Group.

3. Organization of Intercorp Perú Group

Below is the information about the entities that are part of Intercorp Group.

3.1. Financial and insurance entities –

Intercorp Financial Services Inc.- IFS (henceforth "IFS")

It is a limited liability holding, incorporated in September 2006 in the Republic of Panama, in order to group the companies of Intercorp Group engaged in financial and insurance businesses.

As of March 31, 2019 and December 31, 2018, the Company holds directly and indirectly 76.46 percent of the issued capital stock of IFS and 75.94 percent of the outstanding capital stock of IFS. The percentage of indirect participation over IFS' issued capital stock is held by Intercorp Perú through its Subsidiaries IFH Capital Corp. and Intercorp Capital Investments Inc., in which Intercorp Perú holds 100 percent of both their capital stock and, at the same time, each of these Subsidiaries hold 8.62 percent of IFS' capital stock.

As of March 31, 2019 and December 31, 2018, IFS holds 99.30 percent of the outstanding capital stock of Banco Internacional del Perú S.A.A. – Interbank (henceforth "Interbank"), 99.84 percent of the outstanding capital stock of Interseguro Compañía de Seguros S.A. (henceforth "Interseguro"), and 100 percent of Inteligo Group Corp. (henceforth "Inteligo"), San Borja Global Opportunities S.A.C. In addition, as of December 31, 2018, it holds 99.42 percent of the outstanding capital stock of Hipotecaria Sura Empresa Administradora Hipotecaria S.A. (henceforth "Hipotecaria Sura"), which was liquidated on February 2019. The operations of Interbank, Interseguro and Hipotecaria Sura are concentrated in Peru, while the operations of Inteligo and Subsidiaries (Inteligo Sociedad Agente de Bolsa S.A., Inteligo Bank Ltd. and Interfondos) are concentrated in Peru and Panama.

The Subsidiaries of IFS and their economic activities are presented below:

(a) Banco Internacional del Perú S.A.A. - Interbank and Subsidiaries -
Interbank is incorporated in Peru and is authorized to operate as a universal bank by the SBS, in accordance with Peruvian legislation. Interbank's operations are governed by the General Act of the Financial and Insurance System and Organic Act of SBS – Act N°26702 (henceforth "Banking and Insurance Act"), which establishes the requirements, rights, obligations, restrictions and other operating conditions that financial and insurance entities must comply in Peru.

As of March 31, 2019 and December 31, 2018, Interbank operates 263 and 269 offices, respectively, and a branch established in the Republic of Panama. Additionally, it holds 100 percent of the shares of the following Subsidiaries:

Entity	Activity
Internacional de Títulos Sociedad Titulizadora S.A. - Intertítulos S.T.	Management of 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".

In January 2019, Interbank signed a purchase agreement for the total of its participation in Interfondos with Inteligo Perú Holdings, a related company, subsidiary of Inteligo Group. This operation had no effect on the financial statements.

(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.

Likewise, Interseguro holds contributions in Patrimonio Fideicometido D.S.093-2002-EF, Interproperties Perú (henceforth "Patrimonio Fideicometido – Interproperties Perú"), a structured entity incorporated in April 2008, and in which several investors (related parties to the Intercorp Group) contributed investment properties; each investor or investors have ownership of and specific control over the contributed investment property. Interseguro has ownership of and decision making power over these properties, and the Group has the exposure or rights to their returns; therefore, Interseguro has consolidated the silos containing the investment properties that it controls.

(c) Inteligo Group Corp. and Subsidiaries –
Inteligo Group Corp. is an entity incorporated in the Republic of Panama. As of March 31, 2019 and December 31, 2018, it holds 100 percent of the shares of the following Subsidiaries:

Entity	Activity
Inteligo Bank Ltd.	It was 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.
Inteligo Perú Holding S.A.C	It was incorporated in Peru in December 2018. As of March 31, 2019, it holds 100 percent of the shares in: Interfondos S.A. Sociedad Administradora de Fondos: management of mutual funds and investment funds.

(d) Hipotecaria Sura Empresa Administradora Hipotecaria S.A., in liquidation

Hipotecaria Sura Empresa Administradora Hipotecaria S.A. is incorporated in Peru and is regulated by the SBS. Its main activity is to grant mortgage loans, and since 2015, it has not granted any new mortgage loans. In Universal Shareholders' Meeting, held on February 20, 2019, the company's liquidation was approved.

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

Its corporate purpose is the marketing of products and services through Internet, telephony or related. As of March 31, 2019 and December 31, 2018, it maintains a paid-in capital of S/1,461,000.

3.2. Retail and real estate businesses -

(i) Intercorp Retail Inc. -

It is a limited liability holding company incorporated in the Republic of Panama in December 2010, in order to group the entities of Intercorp Group engaged in the retail business in Peru. As of March 31, 2019 and December 31, 2018, the Company holds 100 percent of the capital stock of Intercorp Retail Inc., which holds the following Subsidiaries:

Entity	Activity
InRetail Perú Corp. (As of March 31, 2019 and December 31, 2018, Intercorp Retail Inc. holds 59.04 percent of its outstanding capital stock. Also, Intercorp Perú, through its Subsidiaries, holds 70.93 and 70.98 percent, respectively (directly and indirectly) of InRetail Perú Corp.'s outstanding capital stock).	Holding incorporated in the Republic of Panama in January 2011, which holds 100 percent of the capital stock of the following Subsidiaries, which operate several businesses: (a) Shopping malls: Developed by InRetail Real Estate Corp., owner of Patrimonio en Fideicomiso InRetail Shopping Malls, which in turn is owner of (i) Real Plaza S.R.L. and (ii) Patrimonio en Fideicomiso – D.S. No. 093-2002-EF-Interproperties Holding and Patrimonio en Fideicomiso -D.S. No. 093-2002-EF Interproperties Holding II, equity trusts which are special-purpose entities; see description in paragraph 3.2(v);

Entity	Activity
	(b) Patrimonio en Fideicomiso Inretail Consumer: Equity trust incorporated in August 2014, which develops the following retail businesses: (i) Supermarkets: Developed by Supermercados Peruanos S.A. and Subsidiaries, a company that, as of March 31, 2019 and December 31, 2018, operates stores under the trademarks “Plaza Vea”, “Plaza Vea Súper”, “Vivanda” and “Mass”. (ii) Drugstores: Developed by InRetail Pharma S.A. (formerly Eckerd Perú) and Subsidiaries, a company that, as of March 31, 2019 and December 31, 2018, operates under the trademark “Inkafarma”. In January 2018, InRetail Pharma S.A. through its Subsidiary IR Pharma S.A.C. acquired the 100 percent of Quicorp S.A. and Subsidiaries, which operate under the trademarks “Mifarma” and “BTL”, see Note 2. (c) InRetail Management S.R.L., company dedicated to the administration of personnel and operations of the aforementioned equity trusts.
IFH Retail Corp. (As of March 31, 2019 and December 31, 2018, Intercorp Retail Inc. holds 78.35 percent of its capital stock)	Holding incorporated in the Republic of Panama in September 2006. As of March 31, 2019 and December 31, 2018, holds 22.63 percent of Tiendas Peruanas S.A. and Subsidiaries; see Note 3.2(ii), a company engaged in the retail business through department stores under the trademark “Oechsle” and 96 percent of Financiera OH! S.A., which provides financial support to the companies of Intercorp Group dedicated to the retail business.
HPSA Corp. (As of March 31, 2019 and December 31, 2018, Intercorp Retail Inc. holds 64.99 percent of its capital stock)	Holding incorporated in the Republic of Panama, owner of Homecenters Peruanos S.A. and Subsidiary, a company engaged in the operation of the business of home improvement stores under the trademark “Promart”.
Lince Global Opportunities Corp. (As of March 31, 2019 and December 31, 2018, Intercorp Retail Inc. holds 100 percent of its capital stock)	Holding incorporated in the Republic of Panama in December 2010, which holds 98.79 percent of the capital stock of Inmobiliaria Milenia S.A., which is engaged in the real estate business.

(ii) Callao Global Opportunities -
Subsidiary of Intercorp Perú, incorporated in 2011 as a limited liability holding company in the Republic of Panama. As of March 31, 2019 and December 31, 2018, it holds 76.18 percent of the capital stock of Tiendas Peruanas S.A. and Subsidiaries.

On the other hand, as indicated in Note 3.2(i), Intercorp Perú holds 78.35 percent of IFH Retail Corp., through Intercorp Retail, as of March 31, 2019 and December 31, 2018, respectively; which, in turn, holds 22.63 percent of Tiendas Peruanas S.A., and therefore the joint shareholding of Intercorp Perú in Tiendas Peruanas, through IFH Retail corp. and Callao Global Opportunities, is equivalent to 98.80 percent of its capital stock as of March 31, 2019 and December 31, 2018.

(iii) Intercorp Investments Perú Inc. -
It is a limited liability holding company incorporated in September 2006 in the Republic of Panama. As of March 31, 2019 and December 31, 2018, the Company holds 100 percent of its capital stock. Intercorp Investments Perú Inc. is the sole shareholder of Horizonte Global Opportunities Corp., a holding company incorporated in the Republic of Panama, owner of Horizonte Global Opportunities Perú S.A.C., whose sole asset is a land lot located in the district of Independencia in Lima.

(iv) Urbi Propiedades S.A. -
As of March 31, 2019 and December 31, 2018, the Company holds 100 percent of the capital stock of this entity, incorporated in Peru in 1998, engaged in real estate management and in the provision of structuring and real estate project management. In addition and through its Subsidiaries, it is developing a number of real estate projects.

As of March 31, 2019 and December 31, 2018, Urbi holds 100 percent of the following Subsidiaries:

Entity	Activity
Alameda Colonial S.A.	Incorporated in Lima in May 2006, to build apartments under the Government's program "Mi Vivienda".
Domus Hogares del Norte S.A.	Incorporated in Lima in June 2009, to develop a real estate project called "Domus Hogares del Norte".
Urbi Solutions S.A.C.	Incorporated in Lima in June 2014 to engage in the construction of real estate projects.

In April 2018, Intercorp Perú and Urbi Propiedades sold their participation in this company to non-related third parties.

(v) Patrimonio en Fideicomiso – D.S. No. 093-2002-EF, Interproperties Holding and Interproperties Holding II -
In September 2011 and May 2012, Patrimonio en Fideicomiso – D.S. No. 093-2002-EF, Interproperties Holding and Patrimonio en Fideicomiso – D.S. No. 093-2002-EF, Interproperties Holding II (henceforth and collectively "Interproperties Holding") were incorporated with the purpose of creating autonomous equity trusts, independent from each investor constituted as originator.

Through these equity trusts, investments in real estate projects are made, and their yields back (i) the certificates of participation issued, and (ii) the compliance with other obligations assumed directly or through third parties in order to obtain the resources that are necessary to make said investments. As of March 31, 2019, and December 31, 2018, the company that consolidates financial information with Intercorp Perú and that holds 100 percent of the participations in Interproperties Holding is InRetail Perú Corp.

Through these equity trusts, Intercorp Group holds the ownership of the property where the shopping malls called "Real Plaza" operate. As of March 31, 2019 and December 31, 2018, the main shopping malls are located in different cities of Peru.

(vi) Intercorp Re Inc. -
It is a limited liability holding incorporated in August 2015 in the Republic of Panama. As of March 31, 2019 and December 31, 2018, the Company holds 100 percent of its capital stock and, in turn, Intercorp Re Inc. is the sole shareholder of Inteligo Real Estate Corp., a holding company incorporated in the Republic of Panama, owner of Inteligo Real Estate Perú S.A.C.

3.3 Educational business -

(i) NG Education Holdings Corp. -
It is a limited liability holding company incorporated in January 2011 in the Republic of Panama, whose purpose is to group the Subsidiaries of Intercorp Group engaged in the educational business in Peru.

As of March 31, 2019 and December 31, 2018, Intercorp Perú holds 100 percent of its participation of Class A shares and 51.47 percent of Class B shares of NG Education Holdings Corp.'s capital stock, that holds the following Subsidiaries:

Entity	Activity
Colegios Peruanos S.A. (As of March 31, 2019 and December 31, 2018, NG Education Holdings Corp. holds 33.99 percent of its capital stock).	As of March 31, 2019, it operates 54 schools under the trademark "Innova Schools" (49 schools as of December 31, 2018).
NG Education S.A.C (As of March 31, 2019 and December 31, 2018, NG Education Holdings Corp. holds 48.67 percent of its capital stock)	Holding incorporated in Peru in November 2011. As of March 31, 2019 and December 31, 2018, NG Education S.A.C. holds 100 percent of the following Subsidiaries: (a) Universidad Tecnológica del Perú S.A.C.: Incorporated in Lima in February 1998. It has the following 3 business units: UTP University, IDAT Institute and Post-Graduate School. As of March 31, 2019, UTP holds 100 percent of the following Subsidiaries: (i) Corriente Alterna S.A.C.: School of artistic education that provides the career of Visual Arts and has 1 premise in Lima.

(ii) Instituto Superior Tecnológico Corriente Alterna S.A.C.: As of the date of this report, it is not operating.

(b) Promotora de la Universidad Tecnológica de Chiclayo S.A.C.: An entity with operations in Peru which as of March 31, 2019 and December 31, 2018, has 1 premise.

(ii) NG Education Holdings II Corp.-

It is a limited liability holding company incorporated in October 2013 in the Republic of Panama. As of March 31, 2019 and December 31, 2018, Intercorp Perú holds 50 percent of the capital stock of NG Education Holdings II Corp., which in turn owns the following Subsidiaries:

Entity	**Activity**
Servicios Educativos Perú S.A.C. (As of March 31, 2019 and December 31, 2018, NG Education Holdings II Corp. holds 100 percent of its capital stock)	Company incorporated in Perú in October 2013. As of March 31, 2019 and December 31, 2018, it holds 100 percent of the capital stock of Servicios Educativos Empresariales S.A.C., incorporated in Lima in February 2012. As of March 31, 2019 and December 31, 2018, operates 5 premises under the trademark “Zegel-IPAE” and 2 premises in construction located in Arequipa and Ica.

(iii) NG Education Holdings III Corp. –

It is a limited liability holding company incorporated in July 2013 in the Republic of Panama. As of March 31, 2019 and December 31, 2018, Intercorp Perú holds 85.31 percent of its capital stock and, in turn, at the same dates, it holds 16.52 percent of the capital stock of Colegios Peruanos S.A.

(iv) Intercorp Education Services, S.L. -

It is a limited liability holding company incorporated in November 2017 in Spain. As of March 31, 2019, Intercorp Perú holds 100 percent of its capital stock. This Subsidiary has 55 percent of the capital stock of Transformando la Educación en México S.L. de C.V., which, at the same time, holds 99.85 percent of the capital stock of Servicios Administrativos Transformando la Educación en México, S.C. The latter operates under the brand “Innova Schools” and is headquartered in Mexico.

3.4. Other entities -

As of March 31, 2019 and December 31, 2018, the Company holds 100 percent of the capital stock of the following Subsidiaries:

Entity	Activity	Constitution
Inversiones Río Nuevo S.A.C.	Real estate business	Peru
San Miguel Global Opportunities S.A.C.	Real estate business	Peru
Intercorp Management S.A.C.	Administrative services	Peru
Puente de San Miguel Arcángel S.A.	Holding	Republic of Panama
Centro Cívico S.A.	Real estate business	Peru
Ronepeto S.A.	Real estate business	Peru
La Punta Global Opportunities Corp.	Specialized investments	Republic of Panama
Urbi Proyectos S.A.	Real estate projects	Peru
Beacon Healthcare S.A.C.	Holding	Peru
Centros de Salud Peruanos S.A.C.	Health sector	Peru
Escuela Peruana de Educación	Education	Peru

4. Significant accounting principles and practices

4.1 Basis of presentation and use of estimates-

The accompaying separate financial statements have been prepared based on accounting records of Intercorp Perú, in accordance with the IFRS as issued by the International Accounting Standards Board (henceforth “IASB”).

According to IFRS, there is no obligation to prepare separate financial statements; however, this is required in Peru by the Superintendence of the Securities Market (“SMV”, by its Spanish acronym). Because of this, the Company has prepared separate financial statements in accordance with IAS 27 "Separate Financial Statements". The Company also prepares consolidated financial statements in accordance with IFRS 10 "Consolidated Financial Statements". For a correct interpretation of the separate financial statements, these must be read together with the consolidated financial statements of the Company and its Subsidiaries, which are presented separately.

The accompanying separate financial statements have been prepared on a historical cost basis, except for investments at fair value through profit or loss and investment property, as of March 31, 2019 and December 31, 2018 which have been measured at fair value. The separate financial statements are presented in Soles and all amounts are rounded to thousands of Soles (S/(000)), unless otherwise indicated.

The preparation of the separate financial statements in conformity with the IFRS requires Management to make estimates that affect the reported amounts of assets and liabilities, income and expenses; and the disclosure of significant events in the notes to the separate financial statements. Actual results could differ from those estimates. The most significant estimates comprised in the accompanying separate financial statements are related to the measurement of the valuation of derivate financial instruments or the fair value of investments at fair value through profit or loss, and those performed by each Subsidiary in the preparation of their separate financial statements that are the basis for the application of the equity method by the Company.

4.2 Changes in accounting policies, adoption of new IFRS and disclosures –

4.2.1 Changes in accounting policies -

Until December 31, 2017, the Subsidiary Interseguro recognized in its separate income statements the effect of the change in the value of liabilities coming from retirement, disability and survival pensions, caused by the variations in the market interest rates used to discount these liabilities. In the first quarter of 2018, Management of Interseguro decided to modify its accounting policy in order to reflect the effect of the change in market interest rates on the separate statements of other comprehensive income. This change was made to reduce volatility in the profits or losses associated to the effect of changes in market interest rates, as the financial assets supporting such insurance liabilities are measured at fair value through other comprehensive income.

According to IAS 8, the aforementioned change constitutes a voluntary change in the accounting policy of the Company and, in compliance with said standard, was applied retrospectively to the oldest balances.

Also, this change in the accounting policy of Interseguro has been performed in compliance with IFRS 4 “Insurance Contracts” and, in the opinion of Interseguro’s Management, provides financial statements with more reliable information regarding its operations with insurance contracts.

4.2.2. Adoption of new mortality tables (SPP 2017) -

Through SBS Resolution No.886-2018 dated March 7, 2018, the SBS published the new Peruvian mortality and morbidity tables “SPP-S-2017” and “SPP-I-2017” (for men and women) to be used in mathematical reserve calculations of pensions from the Private Pension System (“SPP”, by its Spanish acronym) and the Complementary Insurance of Hazardous Work. These tables gather updated information from Peru’s SPP and show the recent changes in the life expectancy. The population used for the analysis and study were those affiliated to the SPP.

Considering that, according to international actuarial and accounting standards, mortality tables need to be updated on a regular basis with information reflecting the reality of the insured, from June 1, 2018, the Group decided to use these new tables for its pension reserve calculation, as they show the recent changes in mortality and life expectancy and the improvement factors of mortality rates.

4.2.3. Adoption of new standards and disclosures -

- First adoption of IFRS 16 “Leases”
  IFRS 16 aims to eliminate the duality in the recording of leases, which distinguished between finance lease agreements, which were reported on the balance sheet, and operating lease agreements, whose future installments were not required to be recognized. This standard entered into force for annual periods starting on or after January 1, 2019.

- For the lessees, the lease agreement becomes a liability and an equivalent asset, the right-to-use of the leased asset. Therefore, there will be an increase on the balance sheets with new assets, but also an increase in indebtedness.

- In the statements of income, companies must apply a prospective pattern of expenses recognition in the majority of agreements, even if their rental annual payments are constant.

- Intercorp has not recorded any impact on its separate financial statements because it does not hold any lease agreements.

4.3. Summary of significant accounting policies -
As of March 31, 2019, the accounting principles and practices are consistent with standards applied as of December 31, 2018, which are included in the audited annual separate financial statements issued on March 18, 2019.

5. Accounts receivable from Subsidiaries, related entities and others

(a) This caption is made up as follows:

	31.03.2019 S/(000)	31.12.2018 S/(000)
Subsidiaries (b)	12,250	511
Related entity	475	749
	12,725	1,260

(b) As of March 31, 2019 and December 31, 2018, includes disbursements granted to its Subsidiary, Intercorp Education Services, S.L. See Note 14(d).

6. Financial investments at fair value through profit or loss

(a) The table bellow presents the investment movement:

	Balance as of January 01, 2019 S/(000)	Subscription S/(000)	Fair value adjustment S/(000) (d)	Balance as of March 31, 2019 S/(000)
NG Capital Partners I - Foreign investment funds participations (b)	46,166	-	244	46,410
Arias Resource Capital Fund II L.P. - Foreign mutual funds participations (c)	59,719	689	(835)	59,573
	105,885	689	(591)	105,983

(b) It corresponds to ownership interests in NG Capital Partners, which is an investment fund established in Canada and dedicated to invest principally in affiliated entities established in Peru.

(c) It corresponds to ownership interests in Arias Resource Capital Fund II. L.P., which is a private fund located in the Cayman Islands.

(d) As of March 31, 2019, the Company has recognized expenses due to changes in the fair value of these investments, which amounts to S/591,000, and is presented in the caption “Valuation (loss) gain from investments at fair value through profit or loss” in the separate income statements.

7. Investment property

Corresponds to a land lot acquired from third parties during 2015, located in the district of San Martín de Porres, Lima, whose ownership is represented by certificates of participation issued by Interproperties Perú.

The fair value of the land lot is determined on the basis of the value assigned by an external appraiser. The external appraiser uses the comparable market method, whereby the fair value of a property is estimated on the basis of comparable transactions. The unit of comparison applied by the Company is the price per square meter. As of March 31, 2019 and December 31, 2018, Intercorp had recognized a loss for the change in fair value amounting to S/2,353,000 and S/302,000, respectively, which is presented in the caption "Other expenses, net" of the separate income statements.

8. Investments in Subsidiaries

(a) As of March 31, 2019 and December 31, 2018, the detail of the investments in Subsidiaries is as follows:

	Ownership		Equity value	
Entity	31.03.2019 %	31.12.2018 %	31.03.2019 S/(000)	31.12.2018 S/(000)
Intercorp Financial Services Inc. and Subsidiaries	75.94%	75.94%	5,876,777	5,129,134
Intercorp Retail Inc. and Subsidiaries	100.00%	100.00%	3,669,043	3,566,578
La Punta Global Opportunities Corp.	100.00%	100.00%	298,606	291,477
NG Education Holdings Corp. and Subsidiaries	68.51%	68.51%	226,095	228,461
Urbi Propiedades S.A. and Subsidiaries	100.00%	100.00%	172,385	172,767
Callao Global Opportunities Corp.	100.00%	100.00%	123,216	134,705
Intercorp Investments Perú Inc. and Subsidiaries	100.00%	100.00%	98,976	100,530
San Miguel Global Opportunies S.A.C	100.00%	100.00%	66,768	66,743
NG Education Holdings III Corp.	85.31%	85.31%	47,979	49,623
NG Education Holdings II Corp. and Subsidiaries	50.00%	50.00%	39,468	37,470
Beacon Healthcare S.A.C. and Subsidiary	100.00%	100.00%	51,262	41,518
Intercorp Education Services, S.L. and Subsidiaries	100.00%	100.00%	35,600	33,104
Others	-	-	27,542	27,869
			10,733,717	9,879,979

(b) The table below presents the movement of the investments in Subsidiaries for the three-month periods ended March 31, 2019 and 2018:

	31.03.2019 S/(000)	31.03.2018 S/(000)
Balances as of January 1	9,879,979	8,461,327
Net gain arising from participation in income of Subsidiaries	319,772	192,185
Dividends declared and received in cash from Subsidiaries (i)	(11,657)	(1,605)
Net variation of unrealized results on financial instruments of Subsidiaries	533,696	27,566
Capital contribution in Subsidiaries (ii)	37,594	104,539
Net variation of treasury stock held by Subsidiaries, net of dividends received	-	294,189
Effect of participation changes in Subsidiaries	-	(110,972)
Exchange difference on translation of foreign operations	(11,008)	(4,091)
Others, net	(14,659)	(92,460)
Balances as of March 31	10,733,717	8,870,678

(i) As of March 31, 2019 and 2018, the Company recorded dividends from InRetail Perú Corp. and Intercorp Investments Inc.

(ii) As of March 31, 2019 and 2018, the Company made capital contributions, in cash, to the following Subsidiaries:

	31.03.2019 S/(000)	31.03.2018 S/(000)
Beacon Healthcare S.A.C.	11,107	10,296
Intercorp Education Services, S.L.	9,985	-
Intercorp Management S.A.C.	8,000	-
La Punta Global Opportunities Corp.	-	56,192
Callao Global Opportunities Corp.	-	30,000
Others	8,502	8,051
	37,594	104,539

9. Loans payable, interest, provisions and other accounts payable

(a) As of March 31, 2019, and December 31, 2018, loans payable include mainly promissory notes in Soles with several mutual funds managed by Interfondos SAFM, a related entity, which bear interest at market rates, with maturity in May 2019 and without specific guarantees.

As of March 31, 2019 and 2018, loans accrued interests for S/2,596,000 and S/2,147,000 respectively, which are presented in the caption "Financial expenses" of the separate income statements; see Note 13.

(b) The composition of interest, provisions and other accounts payable as of March 31, 2019 and December 31, 2018, is presented below:

	31.03.2019 S/(000)	31.12.2018 S/(000)
Interest payable on corporate bonds, Note 10	9,909	28,152
Interest on loans - mutual funds	6,543	3,948
Accounts payable for acquisition of land	440	367
Dividends payable (c)	-	25,275
Other accounts payable and provisions	24,113	14,303
	41,005	72,045

(c) As of December 31, 2018, correspond to the balance of dividends declared in each year; see Note 11(a).

10. Corporate bonds

(a) This caption is made up as follows:

Issuances	Annual interest rate	Interest payment	Maturity	Issuance amount	31.03.2019	31.12.2018
	%			(000)	S/(000)	S/(000)
Senior bonds (b)	5.875	Semiannually	February 12, 2025	US$ 250,000	819,362	831,272
Senior bonds (b)	7.656	Semiannually	February 10, 2030	S/ 301,500	297,913	297,952
					1,117,275	1,129,224

(i) In February 2015, the Company performed a private offering on the local and international markets of "Senior Notes due 2025" and "Senior Notes due 2030" for US$250,000,000 and S/301,500,000, respectively. Issuance expenses amounted to approximately S/18,800,000, which are presented as an issued bonds deduction; as of March 31, 2019 and December 31, 2018, have accrued approximately S/5,488,000 and S/5,411,000, respectively, as part of the interest rate. Funds obtained from these issuances were used mainly for:

- Redemption of corporate bonds "8.625% Secured Notes due 2019" issued by Intercorp Perú and payment of the premium for the repurchase of said bonds.
- Payment of other financial obligations.

(b) As of March 31, 2019, the Company recorded interest expenses for approximately S/18,123,000 (approximately S/17,742,000 as of March 31, 2018), which are recorded in the caption "Financial expenses" of the separate income statements; see Note 13. Likewise, as of March 31, 2019 and December 31, 2018, interest payable is presented in the caption "Interest, provisions and other accounts payable"; see Note 9(b).

(c) As consequence of these issuances, the Company, until their maturity and settlement, must comply with certain covenants (mainly financial ratios), which, in Management's opinion, do not limit its operations and have been complied with as of March 31, 2019 and December 31, 2018.

11. Equity

(a) Capital stock -

As of March 31, 2019 and December 31, 2018, the Company's capital stock was represented by 14,901,892 Class A shares and 134,117,024 Class B shares. Both classes have the same economic rights. The difference between them is that Class A shares grant the right to choose the majority of the Board of Directors' members (5 directors), while Class B shares can choose one director.

The shareholding structure of the Company as of March 31, 2019 and December 31, 2018, is presented below:

Shareholder	Ownership %
Class "A" shares:	
International Financial Holding Inc.	7.73
Southern Hill Corp.	2.27
Class "B" shares:	
Bank of New York-ADR Programs	39.78
International Financial Holding Inc.	21.79
Shetland Securities Inc.	16.37
Southern Hill Corp.	10.60
Others	1.46
	100.00

The Board of Directors' session, held on February 27, 2019, agreed to capitalize the retained earnings for the amount of S/320,000,000.

The Board of Directors' session, held on November 20, 2018, agreed to capitalize the earnings generated in 2018 for the amount of S/350,000,000.

The Board of Directors' Meeting held on February 27, 2018 and May 22, 2018, agreed to capitalize earnings generated during 2018 up to the amount of S/280,000,000 and S/250,000,000, respectively, delegating in the general manager the decision of the exactly amount to be capitalized.

The General Shareholders' Meeting held on April 2, 2018, agreed to capitalize approximately S/485,891,000. As a result of said agreement, the nominal value per share was modified from US$8 to US$9. Likewise, it was agreed to distribute dividends for US$30,000,000 (equivalent to 97,818,000), which will be paid in four quarterly and equal installments (US$7,500,000) from June 2018 to March 2019.

(b) Intercorp Group's regulatory capital

Intercorp Perú must meet certain capital requirements as well as global and concentration limits set out by the Regulation on Consolidated Supervision of Financial and Mixed Conglomerates, approved on September 29, 2010, by the SBS through Resolution No. 11823-2010, as amended. As of March 31, 2019 and December 31, 2018, the Company has met the aforementioned requirements.

(c) Reserves

In the Board sessions held on March 28, 2018, May 22, 2018, and September 24, 2018, it was agreed to constitute a reserve with charge to retained earnings up to the amount of S/550,000,000, S/250,000,000 and S/200,000,000, respectively. Likewise, it was delegated in the general manager the decision of the exactly amount for the constitution of reserves.

The General Shareholders' Meeting held on April 2, 2018, agreed to constitute a reserve for S/114,109,000 charged to retained earnings.

(d) Unrealized results

Unrealized results correspond to those generated by the fluctuation of Instruments at fair value through other comprehensive income, due to the valuation of financial instruments held by Subsidiaries in the application of the equity method for the recording of investments and the exchange difference on translation of Subsidiaries abroad with a functional currency other than the Company's functional currency.

12. Tax situation

(a) The Company and its Subsidiaries incorporated and domiciled abroad, are not subject to any Income Tax or any taxes on capital gains, equity or property. The Subsidiaries of the Company incorporated and domiciled in Peru (see Note 3), are subject to the Peruvian Tax legislation; see paragraph (b).

Peruvian companies of life insurance are exempted from the Income Tax regarding the income derived from assets linked to technical reserves for the payment of annuities and pension insurance of the Private Pension Fund Administration System.

On the other hand, it is considered as Peruvian-source income those arisen from the direct or 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 or ownership interests of one or more legal entities domiciled in the country, provided that certain conditions established by law occur.

In this sense, the Income Tax Act establishes that a case of indirect transfer of shares occurs when, in any of the twelve (12) months prior to the sale, the market value of the shares 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. In addition, as a concurrent condition, is established that, in any 12-month period, shares or ownership interests that represent 10 percent or more of the capital stock of a non-domiciled legal entity shall be sold.

(b) The Company's Subsidiaries are subject to the tax regime of the country in which they operate; and pay taxes on the basis of their separate financial statements. As of March 31, 2019 and December 31, 2018, the applicable Income Tax rates on the taxable income in the main countries where the Company and its Subsidiaries operate are presented below.

	Tax rates	
	2019	2018
	%	%
Spain	25.00	25.00
Peru	29.50	29.50
Ecuador	28.00	25.00

	Tax rates	
	2019	2018
	%	%
Spain	25.00	25.00
Peru	29.50	29.50
Colombia	33.00	33.00
Bolivia	25.00	25.00
Mexico	30.00	30.00

According to existing legislation in some countries as of March 31, 2019 and December 31, 2018, cash dividends for non-domiciled shareholders are taxable for Income Tax with to the following rates:

	Tax rates	
	2019	2018
	%	%
Spain (*)	-	-
Peru	5.00	5.00
Ecuador	10.00	10.00
Colombia	7.00	5.00
Bolivia	12.50	12.50
Mexico (**)	-	-

(*) The distribution of dividends from Spain to The Bahamas is not subjected to this tax.

(**) The distribution of dividends from Mexico to Spain is not subjected to this tax.

(c) The Tax Authority is legally entitled to review and dispute tax returns for up to four years subsequent to the date at which they are filed 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 at which the tax return regarding a taxable period must be filed.

(c.1) Financial and insurance entities -

Regarding the tax litigations followed by Interbank related to the annual Income Tax, in April 2004, June 2006, February 2007, June 2007, November 2007, October 2008 and December 2010, it received a number of Tax Determination and Tax Penalty notices corresponding mainly to the Income Tax determination for the fiscal years 2000 to 2006. As a result, claims and appeals were filed and subsequent contentious administrative proceedings were started, with the exception of Income Tax 2006, which is still pending in the Tax Court.

Regarding the tax litigations followed by the Bank related to the annual Income Tax returns for the years 2000 to 2006, the most relevant matter subject to discrepancy with SUNAT 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 minor matters by SUNAT as of December 31, 2018, amounts to approximately S/393,000,000, out of which S/50,000,000 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, 2019 and December 31, 2018.

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

On January 11, 2016, SUNAT closed the partial audit 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 levying of the tax in question.

On February 3, 2017, SUNAT closed the inspection corresponding to the fiscal year 2010 related to Income Tax. The Bank paid the amount of the deficiency under protest and filed a complaint.

On February 14, 2018, SUNAT, through Letter No.180011585680-01-SUNAT notified Interbank of the beginning of the partial inspection process for the Income Tax for the year 2014.

On September 7, 2018, SUNAT closed the partial inspection process for the fifth category tax for the year 2014; without additional tax request.

On January 14, 2019, Interbank was notified of the Determination and Penalty Resolutions corresponding to the audit of the Income Tax for the fiscal year 2013. The tax debt sought by SUNAT amounts to approximately S/50,000,000. To date, Interbank Management has submitted the respective complaint to the resolutions indicated above. In Management opinion and its legal advisors, any eventual additional tax would not be significant for the financial statements as of March 31, 2019 and December 31, 2018.

On January 4, 2019, Interseguro was notified through a Tax Determination Resolution notice about the partial auditing of the Income Tax for non-domiciled entities for Sura corresponding to January 2015. The tax debt claimed by SUNAT amounts to approximately S/19,000,000 Considering that this debt corresponds to a period prior to the acquisition of Seguros Sura by the Group (November 2017) and according to the conditions of the purchase and sale agreement of this entity, this tax assessment, if confirmed after the legal actions that

Management is to file, would be assumed by the sellers. To date, Management and its legal advisors are evaluating the measures to be followed in relation to said Determination Resolution.

Finally, as of the date of this report, SUNAT is reviewing the 2012 tax return of Interbank. In the opinion of Management and its legal advisors, any eventual additional tax assessment would not be significant for the financial statements as of March 31, 2019 and December 31, 2018.

(c.2) Retail and real estate -

Supermercados Peruanos S.A. has been audited by SUNAT on its Income Tax returns and its monthly IGV returns for the years 2004 to 2010. Said audits resulted in Determination Resolutions generating higher tax payments, fines and interest for an approximate total of S/174,300,000 as of March 31, 2019. The resolutions issued for the years 2004 to 2010 have been challenged and these cases are pending resolution by the Tax Court.

Eckerd Amazonía S.A.C., during 2005 and 2006, was audited on its monthly IGV returns for the years 2003, 2004 and 2005. The main objections are related to the lack of knowledge of the exoneration of the IGV provided by the Act of Promotion and Investment of the Amazon Region. In the opinion of Management and its legal advisors, the Company expects to obtain a favorable result in the appeal procedures it has filed. As of this date, the total contingency of the Company amounts to S/17,422,000, which corresponds to the year 2004.

Mifarma S.A.C. (formerly known as Farmacias Peruanas S.A.C.) filed an appeal against SUNAT for resolutions with alleged omissions in the determination of the tax base for the profits of 2001, 2003, 2008, 2009, 2011, 2012, 2013, 2014 and 2015, as well as the IGV of the year 2001 for S/15,385,000. Management and its legal advisors do not consider it necessary to create additional provisions to those that are already recorded as of March 31, 2019, for these processes.

(c.3) Educational business -

As of March 31, 2019 and December 31, 2018, UTP S.A.C. maintains several lawsuits (labor, tax and civil) and contentious administrative procedures with different municipalities and SUNAT, which have been assessed and qualified by Management and its legal advisors as possible. As of March 31, 2019, the approximate amount of such proceedings and procedures amounts to approximately S/3,130,000. In the opinion of Management and its legal advisors, these legal actions will not generate liabilities of importance to the financial statements.

(d) Regarding the determination of the Income Tax, transfer prices of transactions with related companies and companies located in non-cooperating countries or territories or with low or zero taxation, or with legal persons or permanent establishments whose profits, income or earnings from such contracts are subject to a preferential fiscal regime, must be supported with documentation and information about valuation methods and criteria considered for its determination. Based on the analysis of the Company's and its Subsidiaries' operations, Management and its legal advisors believe that, as a result of the application of these standards, there will not be significant contingencies for the Company and its Subsidiaries as of March 31, 2019 and December 31, 2018.

(e) Through Legislative Decree No. 1312, published on December 31, 2016, the formal obligations for entities included within the scope of application of transfer pricing are modified, thus incorporating three new informative affidavits: (i) Local Report; (ii) Master Report; and (iii) Country Report. The validity of the first affidavit started in 2017 for the operations that occurred during 2016, while the validity of the latest two started in 2018 for the operations occurred since the fiscal year 2017.

(f) Through Legislative Decree No.1381, published on August 24, 2018, it was incorporated in the Income Tax Act the concept of “non-cooperating” countries or territories and preferential tax regimes to which are imposed the defensive measures already existing for countries and territories with low or zero taxation.

(g) In July 2018, Act No. 30823 was published, whereby the Congress delegated power to the Executive Branch to legislate on various issues, including tax and financial matters. In this sense, the main tax regulations issued are the following:

(i) Beginning on January 1, 2019, the treatment applicable to royalties and remuneration for services rendered by non-domiciled persons was modified, eliminating the obligation to pay the amount equivalent to the withholding due to the accounting record of the cost or expense. Now the Income Tax is withheld at the payment or accreditation of the compensation. In order for said cost or expense to be deductible for the local company, the remuneration must have been paid or credited up to the filing date of the annual tax return for the Income Tax (Legislative Decree No. 1369).

(ii) The rules that regulate the obligation of legal persons and/or legal entities to inform the identification of their final beneficiaries (Legislative Decree No. 1372) were established. These rules are applicable to legal entities domiciled in the country, in accordance with the provisions of Article 7 of the Income Tax Act, and legal entities established in the country. The obligation covers non-domiciled legal entities and legal entities established abroad, provided that: a) they have a branch, agency or other permanent establishment in the country; b) the natural or juridical person who manages the autonomous patrimony or the investment funds from abroad, or the natural or juridical person who has the status of protector or administrator, is domiciled in the country; c) any of the parts of a consortium is domiciled in the country. This obligation will be fulfilled through the presentation to SUNAT of an informative Sworn Statement, which must contain the information of the final beneficiary and be submitted, in accordance with the regulations and within the deadlines established by Superintendence Resolution issued by SUNAT.

(iii) The Tax Code was amended regarding the application of the general anti-avoidance rule (Rule XVI of the Preliminary Title of the Tax Code - Legislative Decree No. 1422).

As part of this amendment, a new assumption of joint and several liabilities is envisaged, when the tax debtor is subject to the application of the measures provided by Rule XVI in the event that tax evasion cases are detected; in such case, the joint and several liability shall be attributed to the legal representatives provided that they have collaborated with the design or approval or execution of actions or situations or economic relations viewed as evasion in Rule XVI. In the case of companies that have a Board of Directors, it is up to this corporate body to define the tax strategy of the entity, having to decide on the approval or not of actions, situations or economic relations to be carried out within the framework of tax planning, this power being non-delegable. The actions, situations and economic relations carried out within the framework of tax planning and implemented at the date of entry into force of Legislative Decree No. 1422 (September 14, 2018) and which continue to have effect, must be evaluated by the Board of Directors of the legal entity for the purpose of ratification or modification until

March 29, 2019, without prejudice to the fact that the management or other administrators of the company have approved the aforementioned actions, situations and economic relations.

Likewise, it has been established that the application of Rule XVI, regarding the re-characterization of tax evasion cases, will take place in the final inspection procedures in which actions, events or situations produced since July 19, 2012, are reviewed.

(iv) Amendments to the Income Tax Act were included, effective as of January 1, 2019, to improve the tax treatment applicable to the following (Legislative Decree No. 1424):

- Income obtained from the indirect transfer of shares of stock or capital representing participations of legal persons domiciled in the country. Among the most relevant changes is the inclusion of a new indirect sale assumption, which is configured when the total amount of the shares of the domiciled legal entity whose indirect disposal is made is equal to or higher than 40,000 Tax Units.

- Permanent establishments of sole proprietorships, companies and entities of any nature incorporated abroad. For this purpose, new cases of permanent establishment have been included, among them, when the rendering of services in the country occurs, with respect to the same project, service or related one, for a period that exceeds 183 calendar days in total within any 12-month period.

- The regime of credits against Income Tax for taxes paid abroad, to be included in the indirect credit (corporate tax paid by foreign Subsidiaries) as credit applicable against the Income Tax of domiciled legal persons, in order to avoid double economic imposition.

- The deduction of interest expenses for the determination of corporate Income Tax. In the years 2019 and 2020, it shall be applicable the debt limit set at up to three times the net equity as of December 31 of the previous year will be applicable, both to loans with related parties, and to loans with third parties contracted as of September 14, 2018. Beginning in 2021, the limit for the deduction of financial expenses shall be equivalent to 30 percent of the entity's EBITDA.

(v) Regulations have been established for the accrual of income and expenses for tax purposes as of January 1, 2019 (Legislative Decree No. 1425). Until 2018, there was no normative definition of this concept, so in many cases accounting rules were used for its interpretation. In general terms, with the new criterion, for the purpose of determining the Income Tax, it shall be considered whether the substantial events for the generation of the income or expense agreed upon by the parties have occurred, provided they are not subject to a subsequent condition, in which case the recognition shall take place when it is fulfilled and when collection or payment established is to take place shall not be taken into account; and, if the determination of the consideration depends on a future action or event, the total or part of the corresponding income or expense will be deferred until that action or event occurs.

13. Financial income and expenses

This caption is comprised by the following:

	31.03.2019 S/(000)	31.03.2018 S/(000)
Financial income		
Interest from financial investments	-	99
Interest from loans granted to Subsidiaries, Note 5(b)	-	892
Other financial income	-	17
Total financial income	-	1,008
Financial expenses		
Interest on corporate bonds, Note 10(b)	(18,123)	(17,742)
Interest on loans, Note 9(a) and Note 14(b)	(4,261)	(4,201)
Others	(15)	(17)
Total financial expenses	(22,399)	(21,960)
Financial expenses, net	(22,399)	(20,952)

14. Transactions with Subsidiaries and related entities

(a) As of March 31, 2019 and December 31, 2018, the balance of cash and due from banks is mainly deposited in the following Subsidiaries:

	31.03.2019 S/(000)	31.12.2018 S/(000)
Banco Internacional del Perú S.A.A. – Interbank	2,948	6,616
Inteligo Bank Ltd.	73	852
	3,021	7,468

(b) As of March 31, 2019 and December 31, 2018, the balance of accounts payable to Subsidiaries are the following:

Subsidiary	31.03.2019 S/(000)	31.12.2018 S/(000)
Banco Internacional del Perú S.A. – Interbank (i)	171,110	65,257
Inversiones Río Nuevo S.A.C.	1,428	1,422
Intercorp Retail Inc.	1,181	1,181
InRetail Pharma S.A.	-	3,450
	173,719	71,310

(i) As of March 31, 2019 and December 31, 2018, it corresponds to promissory notes in Soles, which accrue interest at market rates, with current maturity and do not have specific guarantees. As of March 31, 2019, interest was recognized for S/1,665,000 (S/2,054,000 as of March 31, 2018), which are presented as part of the "Financial expenses" caption of the separate income statements, see Note 13.

(c) As of March 31, 2019 and December 31, 2018, the Company holds participations in NG Capital Partners I investment fund, which are classified as investments at fair value through profit, see Note 6(a).

(d) As of March 31, 2019 and December 31, 2018, the balances receivable from Subsidiaries and related entities are the following:

	31.03.2019 S/(000)	31.12.2018 S/(000)
Accounts receivable from Subsidiaries		
InRetail Perú Corp. (i)	11,699	-
Intercorp Education Services, S.L.	201	204
Others	350	307
	12,250	511

(i) Corresponds to declared dividends of its Subsidiary which are pending of collection as of March 31, 2019. See Note 8(b).

(e) For the three-month periods ended March 31, 2019 and 2018, the Company recorded the following income (expenses) from operations with its Subsidiaries and related entities:

	31.03.2019 S/(000)	31.03.2018 S/(000)
Gain on derivative financial instruments		
Banco Internacional del Perú S.A.A. - Interbank	-	1,256
Financial income		
Other Subsidiaries and related entities	-	892
Financial expenses		
Banco Internacional del Perú S.A.A. – Interbank	(1,665)	(2,054)
Inversiones Rio Nuevo S.A.C.	(15)	(15)
HGO Perú S.A.C.	-	(3)
Patrimonio en Fideicomiso - D.S.N°093-2002 EF Interproperties Holding	-	(82)

(f) As of March 31, 2019 and December 31, 2018, the Company had no employees, and therefore its operations and administration are carried out through its Subsidiaries.

15. Earnings per share

The table below presents the calculation of the weighted average of shares and the earnings per share (basic and diluted):

	Outstanding shares (in thousand)	Shares considered in computation (in thousand)	Effective days in the year	Weighted average number of shares (in thousand)
Year 2018				
Balance as of January 1	149,019	149,019	90	149,019
Balance as of March 31, 2018	149,019	149,019		149,019
Net profit for the period S/(000)				163,628
Earnings per share, in Soles				1.10
Year 2019				
Balance as of January 1	149,019	149,019	90	149,019
Balance as of March 31, 2019	149,019	149,019		149,019
Net profit for the period S/(000)				290,508
Earnings per share, in Soles				1.95

16. Financial instruments classification

The financial assets and liabilities of the separate statements of financial position as of March 31, 2019 and December 31, 2018:

	As of March 31, 2019			
	At fair value through profit and loss	Amortized Cost	Financial liabilities at amortized cost	Total
	S/(000)	S/(000)	S/(000)	S/(000)
Financial assets				
Cash and due from banks	-	3,021	-	3,021
Accounts receivable from Subsidiaries, related entities and others	-	12,725	-	12,725
Investments at fair value through profit or loss	105,983	-	-	105,983
	105,983	15,746	-	121,729
Financial liabilities				
Accounts payable to Subsidiaries	-	-	173,723	173,723
Loans payable	-	-	153,000	153,000
Interest, provisions and other accounts payable	-	-	41,050	41,050
Corporate bonds	-	-	1,117,275	1,117,275
	-	-	1,485,048	1,485,048

	As of December 31, 2018			
	At fair value through profit and loss	Amortized Cost	Financial liabilities at amortized cost	Total
	S/(000)	S/(000)	S/(000)	S/(000)
Financial assets				
Cash and due from banks	-	7,468	-	7,468
Accounts receivable from Subsidiaries, related entities and others	-	1,260	-	1,260
Investments at fair value through profit or loss	105,885	-	-	105,885
	105,885	8,728	-	114,613
Financial liabilities				
Accounts payable to Subsidiaries	-	-	71,310	71,310
Loans payable	-	-	153,000	153,000
Interest, provisions and other accounts payable	-	-	72,045	72,045
Corporate bonds	-	-	1,129,224	1,129,224
	-	-	1,425,579	1,425,579

17. Financial risk management

It comprises the management of the main risks, that due to the nature of their operations, Intercorp is exposed to; and correspond to: credit risk, liquidity risk and market risk.

(a) Credit risk -

Credit risk arises from the inability of debtors to comply with the payment of their obligations as they mature. As of March 31, 2019 and December 31, 2018, the assets that are potentially exposed to concentrations of credit risk correspond to cash, due from banks, accounts receivable from Subsidiaries, related entities and others, and investments at fair value through profit or loss; however, Management deems that said financial instruments are not exposed in a significant manner to credit risk due to the following reasons:

- Cash and due from banks correspond to time deposits and checking accounts maintained in Interbank and Inteligo Bank, both Subsidiaries of the Company.
- Accounts receivable are mainly from Subsidiaries.

(b) Liquidity risk -

Liquidity risk arises from the inability to obtain the funds needed to comply with the commitments agreed upon.

As of March 31, 2019 and December 31, 2018, the Company is exposed mainly to payment requirements of interest and principal of loans, issued corporate bonds, and accounts payable to Subsidiaries. In order to pay said financial obligations, the Company solely depends on the distribution of dividends from its Subsidiaries or on the obtaining of credit lines.

The following table shows the changes in liabilities arising from financing activities according to IAS 7, as of March 31, 2019 and December 31, 2018:

	2019			
	Balance as of January 1 S/(000)	**Cash flow** S/(000)	**Others** S/(000)	**Balance as of March 31** S/(000)
Accounts payable to Subsidiaries	71,310	100,568	1,845	173,723
Loans from third parties	153,000	-	-	153,000
Dividends payable	25,275	(24,681)	(594)	-
Interest, provisions and other accounts payable	46,770	(39,952)	34,232	41,050
Total liabilities for financing activities	296,355	35,935	35,483	367,773

	2018			
	Balance as of January 1 S/(000)	**Cash flow** S/(000)	**Others** S/(000)	**Balance as of December 31** S/(000)
Accounts payable to Subsidiaries	48,713	183,000	1,078	232,791
Loans from third parties	110,000	-	-	110,000
Dividends payable	24,338	(24,338)	-	-
Interest, provisions and other accounts payable	54,204	(36,625)	25,342	42,921
Total liabilities for financing activities	237,255	122,037	26,420	385,712

(c) Market risk-

Market risk is the risk of suffering losses in positions of the separate statements of financial position arising from changes in market prices. These prices comprise three types of risk: (i) exchange rate; (ii) interest rates; and (iii) share prices and others.

(i) Foreign exchange risk-

It is the risk that the fair value of a financial instrument' future cash flows may fluctuate due to variations in foreign exchange rates. The currency risk arises when the Company has mismatches between its lending and borrowing positions in the foreign currencies it operates with, which is mainly the US Dollar.

The foreign currency transactions are conducted using the exchange rates of the free market. As of March 31, 2019, the free market's weighted average exchange rate was S/3.316 per US$1 bid and S/3.321 per US$1 ask (S/3.363 and S/3.370 as of December 31, 2018, respectively).

As of March 31, 2019, the exchange rate established by SBS to record the asset and liability accounts in foreign currency was S/3.318 per US$1 (S/3.373 as of December 31, 2018).

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

	31.03.2019 US$(000)	31.12.2018 US$(000)
Assets		
Cash and due from banks	80	523
Accounts receivable from subsidiaries and others	3,652	196
Investments at fair value through profit or loss	31,961	31,485
	35,693	32,204
Liabilities		
Accounts payable to Subsidiaries and related entities	11,842	-
Interest, provisions and other accounts payable	8,543	13,440
Corporate bonds	246,717	246,661
	267,102	260,101
Liability position, net	(231,409)	(227,897)

As of March 31, 2019 and December 31, 2018, the Company does not have operations with derivatives for hedging purposes; as a result, it assumes the foreign exchange risk as of those dates caused by that position.

During first quarter of 2018, the Company signed sale forward currency agreements designated as financial instruments for trade purposes with its Subsidiary Interbank, with maturity in May 2018, and for nominal values of approximately US$71,500,000. As result of the holding of these financial instruments, the Company recorded a loss for approximately S/1,256,000, which is presented in the caption "Gain on derivative financial instruments" of the separate income statements for 2018.

The table below shows the sensitivities for variations of the US Dollar:

Sensitivity analysis	Changes in exchange rates %	31.03.2019 S/(000)	31.12.2018 S/(000)
Devaluation			
US Dollar	5	38,435	38,413
US Dollar	10	76,870	76,826
US Dollar	15	115,306	115,239
Revaluation			
US Dollar	5	(38,435)	(38,413)
US Dollar	10	(76,870)	(76,826)
US Dollar	15	(115,306)	(115,239)

(ii) Interest rate risk -

It is the risk that the fair value or future cash flows of a financial instrument fluctuate due to changes in the market interest rates.

The Company's exposure to this risk comes from value changes in interest rates of its current accounts in banks, which, according to Management, do not represent any risk because the impacts would not be significant. Likewise, Management does not consider that the Company is exposed to this risk for the issuance of corporate bonds (Note 10), as they were issued at a fixed interest rate.

(iii) Share price risk -

The Company's exposure to this risk is caused by price changes in Global Bonds, mutual funds and investment funds classified as investments at fair value through profit or loss in the separate statements of financial position.

As of March 31, 2019 and December 31, 2018, Management has performed sensitivity tests on the market prices of such financial instruments. The effect on the separate statements of changes in equity would be the following:

Sensitivity analysis	Price	2019	2018
	%	S/(000)	S/(000)
Mutual funds	+/-10	5,957	5,972
Mutual funds	+/-25	14,893	14,930
Mutual funds	+/-30	17,872	17,916
Investment funds	+/-10	4,641	4,616
Investment funds	+/-25	11,603	11,541
Investment funds	+/-30	13,923	13,849

Management considers that future fluctuations in foreign exchange rates, interest rates and prices of its capital stock securities will not affect significantly the future income of its operations.

Structure and organization of risk management -

The Board of Directors is responsible for establishing an appropriate and integral risk management and promoting an internal environment that facilitates its development. The Board is continuously informed about the exposure degree of the various risks managed by the Company.

It is worth mentioning that each Subsidiary has a structure and an organization specialized in the management, measurement systems, and mitigation and hedging procedures, considering the specific needs and regulatory requirements of the business they operate. The Company's Subsidiaries are managed and operated independently but in accordance with the general regulations set by the Company's Board and Management.

(d) Fair value of financial instruments –

(i) Financial instruments measured at their fair value and fair value hierarchy.

As of March 31, 2019, correspond to investments at fair value through profit or loss which are presented at their fair value; see Note 6; being "2" and "3", respectively, their fair value hierarchy level.

	Hierarchy level	
	2019	2018
Foreign mutual funds	2	2
Foreign investment funds	3	3

The fair value hierarchy level is determined based on the lowest level of the data used that are significant for the measurement of fair value as a whole:

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

As of March 31, 2019, the gain on valuation of investments at fair value through profit or loss of Level 3 (participations in foreign investment funds) amounts to S/835,000; see Note 6.

Investments classified in Level 3 are valued by using assumptions and data that do not correspond to prices of operations traded on the market. Fair value is estimated using a discounted cash flow (DCF) model. Valuation requires Management to make certain assumptions about the model variables and data, including forecasts on cash flows, discount rate, credit risk and volatility. The probabilities of the estimations within the range can be reasonably assessed and are used in the estimation made by Management on the fair value of these non-listed investments.

As of March 31, 2019, there were no transfers of financial instruments from Level 3, to Level 1 or to Level 2.

(ii) Financial instruments not measured at their fair value -

Cash and due from banks are not exposed to significant credit risk or interest rates risk, so it is estimated that their book value does not differ from their estimated market value.

Accounts receivable and accounts payable have mostly short-term maturities; consequently, their book value is deemed a good estimate of their fair value as of the date of the separate statements of financial position.

Considering that the interest rate of loans payable does not significantly differ from the market interest rate for this type of financial instruments, Management considers that their fair value is equivalent to their book value as of each date of the separate statements of financial position. Regarding corporate bonds, taking into account that they have long-term maturities, Management has estimated that their fair value is not equivalent to their book value as presented below:

	2019		2018	
	Book value S/(000)	Fair value S/(000)	Book value S/(000)	Fair value S/(000)
Financial liabilities				
Corporate bonds	1,117,275	1,171,019	1,129,224	1,156,646

18. Additional explanation for the English translation

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