

**Intercorp Perú Ltd. and Subsidiaries**

Interim condensed consolidated financial statements as of March 31, 2020,  
December 31, 2019 and for the three-month periods ended March 31, 2020  
and 2019

# Translation of consolidated financial statements originally issued in Spanish – Note 28

## **Intercorp Perú Ltd. and Subsidiaries**

**Interim condensed consolidated financial statements as of March 31, 2020, December 31, 2019 and for the three-month periods ended March 31, 2020 and 2019**

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## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Intercorp Perú Ltd. and Subsidiaries

#### Interim condensed consolidated statements of financial position

As of March 31, 2020 (unaudited) and December 31, 2019 (audited)

	Note	2020 S/(000)	2019 S/(000)		Note	2020 S/(000)	2019 S/(000)
<b>Assets</b>				<b>Liabilities</b>			
Cash and due from banks	4			Deposits and obligations	10	37,276,047	37,823,027
Cash and clearing		2,014,168	1,955,364	Inter-bank funds	4(e)	111,504	169,138
Deposits in the Central Reserve Bank of Peru		6,190,463	6,067,984	Due to banks and correspondents	11	8,766,502	6,726,260
Deposits in local and foreign banks		2,841,974	2,481,012	Bonds, notes and other obligations	12	13,116,183	13,000,767
Restricted funds		1,540,472	1,316,278	Due from customers on acceptances		32,068	139,685
		<u>12,587,077</u>	<u>11,820,638</u>	Insurance contract liabilities	13	11,064,345	11,338,810
				Accounts payable, provisions and other liabilities	9	8,422,418	8,378,783
				Deferred Income Tax liability, net		<u>718,644</u>	<u>722,521</u>
				<b>Total liabilities</b>		<u>79,507,711</u>	<u>78,298,991</u>
Inter-bank funds	4(e)	150,005	85,006				
Financial investments	5	18,853,073	19,198,405	<b>Equity, net</b>			
Loans, net	6	37,579,276	37,774,580	Equity attributable to Intercorp Perú Ltd.'s shareholders:	14		
Investment property	7	4,806,360	4,710,348	Capital stock		4,502,155	4,502,155
Inventories, net	8	2,501,761	2,397,306	Reserves		4,168,659	3,868,659
Property, furniture and equipment, net		10,336,886	10,272,996	Unrealized results		(224,037)	113,207
Due from customers on acceptances		32,068	139,685	Retained earnings		<u>1,700,968</u>	<u>1,936,421</u>
Accounts receivable and other assets, net	9	2,550,115	2,251,524			<u>10,147,745</u>	<u>10,420,442</u>
Goodwill, trademark and other intangible assets, net		4,550,145	4,549,598	Non-controlling interest		<u>4,648,366</u>	<u>4,762,686</u>
Deferred Income Tax asset, net		357,056	282,033	<b>Total equity, net</b>		<u>14,796,111</u>	<u>15,183,128</u>
		<u>81,716,745</u>	<u>81,661,481</u>	<b>Total liabilities and equity net</b>		<u>94,303,822</u>	<u>93,482,119</u>
<b>Total assets</b>		<u>94,303,822</u>	<u>93,482,119</u>				

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

# Translation of consolidated financial statements originally issued in Spanish – Note 28

## Intercorp Perú Ltd. and Subsidiaries

### Interim condensed consolidated statements of income

For the three-month periods ended March 31, 2020 and 2019

	Note	31.03.2020 S/(000)	31.03.2019 S/(000)
Interest and similar income	16	1,412,057	1,304,043
Interest and similar expenses	16	<u>(518,399)</u>	<u>(519,476)</u>
<b>Net interest and similar income</b>		893,658	784,567
Impairment loss on loans, net of recoveries	6(d)	(370,580)	(226,903)
(Impairment) recovery on financial investments	5(c)	<u>(40,522)</u>	<u>1,887</u>
<b>Net interest and similar income after impairment loss</b>		482,556	559,551
Net sales from retail business	20	3,756,638	3,657,475
Cost of sales from retail business	20	(2,749,478)	(2,665,595)
Fee income from financial services, net	17	234,667	218,806
Net gain on foreign exchange transactions		131,269	41,317
Net gain on sale of financial investments		28,288	27,444
Gain from derecognition of financial assets at amortized cost	5(e)	-	2,472
Net gain on financial assets at fair value through profit or loss		(111,221)	45,461
Income from educational services		151,701	171,016
Net gain on investment property	7(b)	135,979	56,328
Other income	18	<u>29,540</u>	<u>35,206</u>
		1,607,383	1,589,930
<b>Insurance premiums and claims</b>			
Net premiums earned	19	124,439	97,896
Net claims and benefits incurred for life insurance contracts and others		<u>(183,852)</u>	<u>(165,292)</u>
		(59,413)	(67,396)
<b>Other expenses</b>			
Salaries and employee benefits		(697,064)	(647,707)
Selling and administrative expenses		(596,443)	(573,964)
Depreciation and amortization		(276,366)	(247,329)
Other expenses	18	<u>(46,689)</u>	<u>(54,735)</u>
		(1,616,562)	(1,523,735)
<b>Income before translation result and Income Tax</b>		413,964	558,350
Translation result		(113,927)	45,782
Income tax	15(h)	<u>(137,981)</u>	<u>(182,556)</u>
<b>Net profit for the period</b>		<u>162,056</u>	<u>421,576</u>
<b>Attributable to:</b>			
Intercorp Perú's shareholders		108,328	290,508
Non-controlling interest		<u>53,728</u>	<u>131,068</u>
		162,056	421,576
<b>Earnings per share attributable to Intercorp Perú's shareholders (A and B classes) basic and diluted (stated in Soles)</b>	21	0.73	1.95
<b>Weighted average number of outstanding shares (A and B classes) (In thousands)</b>	21	<u>149,019</u>	<u>149,019</u>

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

# Translation of consolidated financial statements originally issued in Spanish – Note 28

## Intercorp Perú Ltd. and Subsidiaries

### Interim condensed consolidated statements of other comprehensive income

For the three-month periods ended March 31, 2020 and 2019

	<b>31.03.2020</b>	<b>31.03.2019</b>
	S/(000)	S/(000)
<b>Net profit for the period</b>	<b>162,056</b>	<b>421,576</b>
<b>Other comprehensive income that will not be reclassified to the consolidated income statements in subsequent periods</b>		
Net movement of equity instruments at fair value through other comprehensive income	(141,635)	13,362
Income Tax	-	(2)
<b>Total unrealized (loss) gain that will not be reclassified to the consolidated income statements</b>	<b>(141,635)</b>	<b>13,360</b>
<b>Other comprehensive income to be reclassified to the consolidated income statements in subsequent periods:</b>		
Net movement of debt instruments at fair value through other comprehensive income	(1,107,822)	390,000
Income Tax	10,309	(4,508)
	(1,097,513)	385,492
Net movement of insurance premiums reserve	749,618	(148,100)
Net movement of cash flow hedges	2,449	29,921
Income Tax	(6,822)	(2,113)
	(4,373)	27,808
Translation of foreign operations	20,842	(14,284)
<b>Total unrealized (loss) gain to be reclassified to the consolidated income statements in subsequent periods</b>	<b>(331,426)</b>	<b>250,916</b>
<b>Total other comprehensive income for the period, net of Income Tax</b>	<b>(311,005)</b>	<b>685,852</b>
<b>Attributable to:</b>		
Intercorp Peru's shareholders	(228,916)	486,435
Non-controlling interest	(82,089)	199,417
	<b>(311,005)</b>	<b>685,852</b>

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Intercorp Perú Ltd. and Subsidiaries

Interim condensed consolidated statements of changes in equity

For the three-month periods ended March 31, 2020 and 2019

	Attributable to Intercorp Perú's shareholders																
	Number of shares	Unrealized results, net										Total	Non-controlling interest	Total equity, net			
		Issued (in thousands)	Capital stock S/(000)	Reserves S/(000)	Instruments that will not be reclassified to the consolidated income statements	Instruments that will be reclassified to the consolidated income statements					Retained earnings S/(000)				Total S/(000)	Non-controlling interest S/(000)	Total equity, net S/(000)
					Equity instruments at fair value S/(000)	Debt Instruments at fair value S/(000)	Insurance premiums reserves S/(000)	Cash flow hedges reserve S/(000)	Translation of foreign operations S/(000)	Other S/(000)							
<b>Balances as of January 1, 2019</b>	149,019	4,010,690	3,740,123	(7,530)	(167,140)	57,395	(7,216)	21,903	112	1,063,864	8,712,201	3,688,383	12,400,584				
Net profit for the period	-	-	-	-	-	-	-	-	-	290,508	290,508	131,068	421,576				
Other comprehensive income	-	-	-	10,062	289,678	(112,289)	19,486	(11,010)	-	-	195,927	68,349	264,276				
<b>Total other comprehensive income</b>	-	-	-	10,062	289,678	(112,289)	19,486	(11,010)	-	290,508	486,435	199,417	685,852				
Others	-	-	-	-	-	-	-	-	-	4,297	4,297	(29,744)	(25,447)				
<b>Balance as of March 31, 2019</b>	<b>149,019</b>	<b>4,010,690</b>	<b>3,740,123</b>	<b>2,532</b>	<b>122,538</b>	<b>(54,894)</b>	<b>12,270</b>	<b>10,893</b>	<b>112</b>	<b>1,358,669</b>	<b>9,202,933</b>	<b>3,858,056</b>	<b>13,060,989</b>				
<b>Balances as of January 1, 2020</b>	149,019	4,502,155	3,868,659	35,008	748,401	(652,426)	(25,348)	7,249	323	1,936,421	10,420,442	4,762,686	15,183,128				
Net profit for the period	-	-	-	-	-	-	-	-	-	108,328	108,328	53,728	162,056				
Other comprehensive income	-	-	-	(99,859)	(774,863)	528,512	(3,273)	12,239	-	-	(337,244)	(135,817)	(473,061)				
<b>Total other comprehensive income</b>	-	-	-	(99,859)	(774,863)	528,512	(3,273)	12,239	-	108,328	(228,916)	(82,089)	(311,005)				
Transfer of retained earnings to reserves, Note 14(c)	-	-	300,000	-	-	-	-	-	-	(300,000)	-	-	-				
Others	-	-	-	-	-	-	-	-	-	(43,781)	(43,781)	(32,231)	(76,012)				
<b>Balance as of March 31, 2020</b>	<b>149,019</b>	<b>4,502,155</b>	<b>4,168,659</b>	<b>(64,851)</b>	<b>(26,462)</b>	<b>(123,914)</b>	<b>(28,621)</b>	<b>19,488</b>	<b>323</b>	<b>1,700,968</b>	<b>10,147,745</b>	<b>4,648,366</b>	<b>14,796,111</b>				

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

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## Intercorp Perú Ltd. and Subsidiaries

### Interim condensed consolidated statements of cash flows

For the three-month periods ended March 31, 2020 and 2019

	<b>31.03.2020</b>	<b>31.03.2019</b>
	S/(000)	S/(000)
<b>Cash flows from operating activities</b>		
Net profit for the period	162,056	421,576
<b>Plus (minus) adjustments to net profit</b>		
Impairment loss (gain) on loans, net of recoveries	370,580	226,903
Depreciation and amortization	276,366	247,329
Deferred Income Tax	(64,529)	(22,569)
Net gain on sale of financial investments	(28,288)	(27,444)
Gain from derecognition of financial assets at amortized cost	-	(2,472)
Impairment loss (recovery) on financial investments	40,522	(1,887)
Net gain of financial assets at fair value through profit or loss	111,221	(45,461)
Loss (gain) on sale of investment property	-	(681)
(Gain) loss for valuation of investment property	(42,688)	15,665
Translation result	113,927	(45,782)
Provision for impairment of inventories, net of recoveries	6,784	8,286
Net increase in accrued interest receivable	(21,688)	(27,972)
Net (decrease) increase in accrued interest payable	(25,460)	61,034
<b>Net changes in assets and liabilities</b>		
Net increase in loans	(153,588)	(811,667)
Net (increase) decrease of financial investments through profit or loss	(211,077)	40,682
Net increase in inventories	(111,239)	(47,262)
Net (increase) decrease in restricted funds	(224,194)	441,530
Net (decrease) increase in deposits and obligations	(541,025)	1,127,479
Net (increase) decrease in other assets	(132,656)	82,677
Net decrease in other liabilities	(505,979)	(280,720)
<b>Net cash (used in) provided by operating activities</b>	<u>(980,955)</u>	<u>1,359,244</u>

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### Interim condensed consolidated statements of cash flows (continued)

For the three-month periods ended March 31, 2020 and 2019

	<b>31.03.2020</b>	<b>31.03.2019</b>
	S/(000)	S/(000)
<b>Cash flows from investing activities</b>		
Purchase of investments at fair value through other comprehensive income and at amortized cost	(58,581)	570,330
Purchase of investment property	(55,086)	(58,341)
Purchase of property, furniture and equipment	(309,667)	(332,988)
Purchase of intangible assets	(79,712)	(27,142)
<b>Net cash (used in) provided by investing activities</b>	<u>(503,046)</u>	<u>151,859</u>
 <b>Cash flows from financing activities</b>		
Net increase (decrease) in due to banks and correspondents	2,037,824	(204,646)
Net increase (decrease) in bonds, notes and other obligations	137,339	(102,840)
Net (increase) decrease in inter-bank funds assets	(64,999)	425,020
Net (decrease) increase in inter-bank funds liabilities	(57,634)	108,550
Payment of dividends to shareholders	(26,284)	(24,681)
<b>Net cash provided by financing activities</b>	<u>2,026,246</u>	<u>201,403</u>
 <b>Net Increase in cash and cash equivalents</b>		
	542,245	1,712,506
Cash and cash equivalents at the beginning of the year	<u>10,504,360</u>	<u>7,597,063</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>11,046,605</u>	<u>9,309,569</u>

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



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## Intercorp Perú Ltd. and Subsidiaries

### Notes to the interim condensed consolidated financial statements

As of March 31, 2020 and December 31, 2019

#### 1. Business activity and other relevant events -

##### 1.1 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 is the holding company of the group of Subsidiaries of the denominated “Intercorp Group” (or “the Group”), thus coordinating their policies and management. Intercorp Perú as a holding company also maintains certain investments 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 operations of Intercorp Perú and its Subsidiaries are concentrated mainly in Peru, but it also maintains operations in The Bahamas, Panama, Ecuador, Colombia and Bolivia, see Note 2. Develops activities in the financial, insurance, retail, pharma, real estate and educational businesses. The relevant activities and data of the Subsidiaries as of March 31, 2020, and December 31, 2019, and for three month periods ended March 31, 2020 and 2019, see Note 2.

The interim consolidated financial statements as of March 31, 2020 as well as the annual consolidated financial statements of Intercorp and Subsidiaries as of December 31, 2019, were approved by the Board of Directors held on May 26, 2020.

##### 1.2 COVID-19 global pandemic -

In relation to the recent COVID-19 coronavirus pandemic, since early March 2020, the Group has put into effect a business continuity program, with actions involving different levels of the organization of its Subsidiaries. Likewise, the Group is closely monitoring the situation in all its different business lines, and management is focused on employee well-being, guaranteeing the operation and strengthening the Subsidiaries’ liquidity and solvency position.

The impact of the COVID-19 outbreak on Intercorp results cannot be reasonably estimated at this time given the magnitude, duration and global reach of the situation.

##### 1.3 Initial Public Offering of Intercorp Financial Services Inc.

On July 3, 2019, following the approval by the Board, Intercorp Financial Services, Subsidiary of Intercorp, filed with the Securities and Exchange Commission of the United States of America (“SEC”), a Registration Statement under Form F-1 of the Securities Exchange Act of 1933 of the United States of America, in relation with a proposal of an Initial Public Offering of IFS’ (The Offering).

On July 18, 2019, IFS announced the Initial Public Offering of approximately 9,000,000 common shares at a price of US\$46.00 per share with sellers being: (i) IFS, (ii) Interbank, (iii) Intercorp Perú Ltd., and (iv) a non-related shareholder. Also, IFS granted the underwriters an option for a period of 30 days to purchase up to an aggregate of 1,350,000 additional new common shares.

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### Notes to the interim condensed consolidated financial statements (continued)

As part of the Offering, IFS sold 2,418,754 common shares held as treasury stock (including shares sold by Interbank), and 1,150,000 new common shares to be issued. Intercorp Perú sold 2,531,246 shares, and the non-related shareholder sold 3,000,000 shares. Also, the underwriters exercised the purchase option over 1,186,841 new common shares.

In this sense, Intercorp Perú and Subsidiaries jointly sold 7,286,841 shares at US\$46.00 per share. The sale value amounted to approximately US\$335,195,000 (before issuance expenses).

The total impact of the Offering over Intercorp Perú's consolidated net equity, after discounting the issuance expenses, amounted to S/1,053,215,000, which is mainly explained by:

- Effects recorded in the net equity attributable to the Intercorp Perú's shareholders for S/495,013,000, which are mainly composed of:
  - (i) Issuance of 2,336,841 shares by IFS for an amount of S/336,950,000; its effect on the equity attributable to Intercorp Perú amounts to S/237,964,000 and was recorded by adding "Retained earnings."
  - (ii) Sale of 2,418,754 treasury shares by IFS, including shares sold by Interbank, for a total amount of S/347,175,000; its effect on the equity attributable to Intercorp Perú amounts to S/245,185,000 and was recorded by increasing "Retained earnings."
  - (iii) Dilution of Intercorp Perú Ltd's direct and indirect ownership percentage in IFS due to effects resulting from the Offering; its effect on the equity attributable to Intercorp Perú amounts to S/195,590,000 and was recorded by reducing "Retained earnings."
  - (iv) Sale of 2,531,246 shares of IFS, which generated a profit of S/207,454,000 net of the investment cost amounting to S/160,802,000, which was recorded in "Retained earnings".
- Effects recorded in the non-controlling net equity amounting to S/558,202,000, which corresponds to the non-controlling ownership percentage recognized as a result of the Offering.

#### **1.4 Acquisition of Corporación Educativa Hispanoamericana, S.C. -**

In June 2019, Intercorp's Subsidiaries, Transformando la Educación de México, S.A de C.V. and Servicios Administrativos Transformando la Educación de México, S.C., acquired 100 percent of the shares of Corporación Educativa Hispanoamericana, S.C., an entity incorporated in Mexico which operates a private educational institution "Comunidad Educativa Hispanoamericana" for approximately S/5,815,000 (equivalent to MXN 33,130,000) which approximately 80 percent has been paid.

The acquisition of Corporation Educativa Hispanoamericana S.C. was recorded in accordance with IFRS 3 "Business Combinations", applying the purchase accounting method. The impacts of said acquisition did not generate significant effects in the Company's consolidated financial statements.

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## Notes to the interim condensed consolidated financial statements (continued)

### 2. Organization of Intercorp Peru Group

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

#### 2.1 Financial and insurance entities

Intercorp Financial Services Inc. -

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, 2020, after the Initial Public Offering of IFS (see Note 1.3), the Company holds directly and indirectly 70.62 percent of the outstanding capital stock of IFS. It is worth mentioning that 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 8.44 percent of IFS' capital stock as of March 31, 2020 and December 31, 2019.

Likewise, as of March 31, 2020 and December 31, 2019, 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"). The operations of Interbank, Interseguro 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 the SBS – Act No. 26702 (henceforth "Banking and Insurance Act"), which establishes the requirements, rights, obligations, restrictions and other operating conditions that Peruvian financial and insurance entities must comply with in Peru.

As of March 31, 2020 and December 31, 2019, Interbank operates 253 and 255 offices, respectively, and a branch established in the Republic of Panama. Regarding said branch, on April 23, 2019, Interbank's Board approved its voluntary closing. As of the date of this report, there is no specific date for the completion of said process.

Additionally, it holds 100 percent of the shares of the following Subsidiaries:

Entity	Activity
Compañía de Servicios Conexos Expressnet S.A.C.	Services related to credit card transactions or products related to the brand "American Express".
Internacional de Títulos Sociedad Titulizadora S.A. - Intertítulos S.T.	Manages securitization funds.
Inversiones Huancavelica S.A.	Real estate activities. As of March 31, 2020, the entity was absorbed by Interbank. through a process of merging by absorption, which was authorized by the SBS in September 2019.

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### Notes to the interim condensed consolidated financial statements (continued)

<b>Entity</b>	<b>Activity</b>
Contacto Servicios Integrales de Créditos y Cobranzas S.A.	Collection services. As of March 31, 2020, the entity was absorbed by Interbank through a process of merging by absorption, which was authorized by the SBS in September 2019.

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

As of March 31, 2020 and December 31, 2019, Interseguro maintains contributions in Patrimonio Fideicometido D.S.093-2002-EF, Interproperties Perú (henceforth “Patrimonio Fideicometido – Interproperties Perú”), a structured entity, incorporated in April 2008, in which several investors (related parties to the Group) contributed investment properties. Each investor or investors have ownership of and specific control over the contributed investment property. For accounting purposes and under IFRS 10 “Consolidated Financial Statements” the assets included in said structure are considered “silos”, because they are ring-fenced parts of the wider structured entity (the Patrimonio Fideicometido - Interproperties Perú). Intercorp Group has ownership and decision-making power over these properties and the Group has the exposure or rights to their returns; therefore, the Group consolidates 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, 2020 and December 31, 2019, it holds 100 percent of the shares of the following Subsidiaries:

<b>Entity</b>	<b>Activity</b>
Inteligo Bank Ltd.	It is incorporated in The Commonwealth of the Bahamas and has a branch established in the Republic of Panama that operates under an international license issued by the Superintendence of Banks of the Republic of Panama. Its main activity is to provide private and institutional banking services, mainly to Peruvian citizens.
Inteligo Sociedad Agente de Bolsa S.A.	Brokerage firm incorporated in Peru.
Inteligo Perú Holding S.A.C.	Financial holding company incorporated in Peru in December 2018. As of March 31, 2020 and December 31, 2019, it holds 99.99 percent interest in Interfondos S.A. Sociedad Administradora de Fondos.
	Interfondos S.A. Sociedad Administradora de Fondos Manages mutual funds and investment funds.
Inteligo USA, Inc.	Incorporated in the United States of America in January 2019 and provides investment consultancy and related services.

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### Notes to the interim condensed consolidated financial statements (continued)

- (d) **Negocios e Inmuebles S.A. and Holding Retail Perú S.A. -**  
These entities were acquired by IFS as part of the purchase of Seguros Sura and Hipotecaria Sura, in 2017. As of March 31, 2020 and December 31, 2019, as a result of the merger between Interseguro and Seguros Sura, both companies hold 8.50 percent of Interseguro's capital stock.
- (e) **San Borja Global Opportunities S.A.C. -**  
Its corporate purpose is the marketing of products and services through Internet, telephony or related.
- (f) **Hipotecaria Sura Empresa Administradora Hipotecaria S.A. -**  
It was incorporated in Peru and regulated by the SBS. Its main activity was the granting of mortgage loans. Since 2015, it has not disbursed new credits and was extinguished during 2019.

#### 2.2. 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, 2020 and December 31, 2019, the Company holds 100 percent of its capital stock.

In June 2019, Intercorp Retail Inc. acquired shares of HPSA Corp. for approximately US\$24 million and of IFH Retail Corp. for approximately US\$34 million. After these acquisitions, Intercorp Retail Inc. increased its shareholding from 65.01 percent to 74.99 percent in HPSA Corp., and from 78.35 percent to 84.28 percent in IFH Retail Corp.

As of March 31, 2020 and December 31, 2019, the Company holds 100 percent of the capital stock of Intercorp Retail Inc., which holds the following Subsidiaries:

<b>Entity</b>	<b>Activity</b>
InRetail Perú Corp. (As of March 31, 2020 and December 31, 2019, Intercorp Retail Inc. holds 59.04 percent of its outstanding capital stock. Also, Intercorp Perú, through its Subsidiaries, holds 70.80 percent (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 2.2(v);  (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, 2020 and December 31, 2019, operates stores under

# Translation of consolidated financial statements originally issued in Spanish – Note 28

## Notes to the interim condensed consolidated financial statements (continued)

Entity	Activity
	the trademarks “Plaza Veá”, “Plaza Veá Súper”, “Vivanda”, “Mass” and “Economax”;
	(ii) Pharma: Developed by InRetail Pharma S.A. (formerly Eckerd Perú) and Subsidiaries, a company that, as of March 31, 2020 and December 31, 2019, 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”.
	(c) IR 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, 2020 and December 31, 2019, Intercorp Retail Inc. holds 84.28, of its capital stock.	Holding incorporated in the Republic of Panama in September 2006. As of March 31, 2020 and December 31, 2019, holds 22.63 percent of Tiendas Peruanas S.A. and Subsidiaries; see Note 2.2(ii), a company engaged in the retail business through department stores under the trademark “Oechsle” and 96 percent of Financiera OH! S.A., as of March 31, 2020 and December 31, 2019, provides financial support to the companies of Intercorp Group dedicated to the retail business.
HPSA Corp. (As of March 31, 2020 and December 31, 2019, Intercorp Retail Inc. holds 74.99 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, 2020 and December 31, 2019, 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, 2020 and December 31, 2019, it holds 76.18 percent of the capital stock of Tiendas Peruanas S.A. and Subsidiaries.	
	On the other hand, as indicated in Note 2.2(i), as of March 31, 2020 and December 31, 2019, through Intercorp Retail, Intercorp Perú holds 84.28 percent of IFH Retail Corp., through Intercorp Retail; 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 98.81 percent of its capital stock as of March 31, 2020 and December 31, 2019.

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

(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, 2020 and December 31, 2019, 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, 2020 and December 31, 2019, 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.

As of March 31, 2020 and December 31, 2019, Urbi holds 100 percent of the following Subsidiaries:

<b>Entity</b>	<b>Activity</b>
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 real estate projects.
Urbi Solutions S.A.C.	Incorporated in Lima in June 2014, to engage in the construction of real estate projects.

(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, several Subsidiaries of Intercorp Perú perform investments in real estate projects whose returns 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 perform said investments. As of March 31, 2020, and December 31, 2019, 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, 2020 and December 31, 2019, 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, 2020 and December 31, 2019, the Company holds 100 percent of its capital stock and, in turn, Intercorp Re Inc. is the

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## Notes to the interim condensed consolidated financial statements (continued)

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.

### 2.3 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, 2020 and December 31, 2019, 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.

NG Education Holdings Corp. mainly holds the following Subsidiaries:

<b>Entity</b>	<b>Activity</b>
Colegios Peruanos S.A. (As of March 31, 2020 and December 31, 2019, NG Education Holdings Corp. holds 33.99 percent of its capital stock).	As of March 31, 2020, it operates 63 schools under the trademark “Innova Schools” (54 schools as of December 31, 2019).
NG Education S.A.C (As of March 31, 2020 and December 31, 2019, NG Education Holdings Corp. holds 48.67 percent of its capital stock)	Holding incorporated in Peru in November 2011. As of March 31, 2020 and December 31, 2019, 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 2 business units: UTP University and Post-Graduate School. As of March 31, 2020 and December 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.  (iii) IDAT S.A.C.: Institute that offers professional technical degrees, with 8 premises located in Lima and other Peruvian provinces, as of March 31, 2020 and December 31, 2019.  (b) Promotora de la Universidad Tecnológica de Chiclayo S.A.C.: An entity with operations in Peru which as of March 31, 2020 and December 31, 2019, has 1 premise.



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### Notes to the interim condensed consolidated financial statements (continued)

(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, 2020 and December 31, 2019, Intercorp Perú holds 50 percent of the capital stock of NG Education Holdings II Corp., which in turn owns the following Subsidiaries:

<b>Entity</b>	<b>Activity</b>
Servicios Educativos Perú S.A.C. (As of March 31, 2020 and December 31, 2019, NG Education Holdings II Corp. holds 100 percent of its capital stock)	Company incorporated in Perú in October 2013. As of March 31, 2020 and December 31, 2019, 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, 2020 and December 31, 2019, operates 9 premises under the trademark “Zegel-IPAE” and 2 premises in construction located in Arequipa and Lima.

(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, 2020 and December 31, 2019, 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, 2020 and December 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 99.99 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.

In June 2019, Transformando la Educación en México S.L. de C.V. and Servicios Administrativos Transformando la Educación en México S.C. acquired 100 percent of the shares of Corporación Educativa Hispanoamericana S.C., a company established in Mexico and dedicated to the educational sector. See Note 1.4.

(v) Intercorp Education Services Colombia; S.L. -

It is a limited liability holding company incorporated in February 2020 in Spain. As of March 31, 2020, Intercorp Perú holds 100 percent of its capital stock This Subsidiary has 55 percent of the capital stock of Colegios Colombianos Holding S.A.S.; which, at the same time, holds 100 percent of the capital stock of Colegios Colombianos S.A.S., which was incorporated in Colombia and, as of the date of this report, has not started operations to the public.

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

#### 2.4. Other entities -

As of March 31, 2020 and December 31, 2019, the Company holds 100 percent of the capital stock of the following Subsidiaries:

<b>Entity</b>	<b>Activity</b>	<b>Constitution</b>
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
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 S.A.C.	Education	Peru
Colectivo 23 S.A.C.	Education	Peru
IFH Capital Corp.	Financial Intermediation	Republic of Panama
Intercorp Capital Investment Inc.	Financial Intermediation	Republic of Panama
Inversiones Río Nuevo S.A.C. - In liquidation	Real estate business	Peru
Ronepeto S.A. - In liquidation	Real estate business	Peru

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Notes to the interim condensed consolidated financial statements (continued)

The following table presents the financial information of the main Subsidiaries, before eliminations and adjustments for consolidation purposes with Intercorp Perú, as of March 31, 2020, and December 31, 2019; and for the three-month periods ended March 31, 2020 and 2019:

Subsidiary	Total assets		Total liabilities		Net equity		Net profit (loss)	
	As of March 31, 2020	As of December 31, 2019	As of March 31, 2020	As of December 31, 2019	As of March 31, 2020	As of December 31, 2019	For the three-month periods ended March 31	
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	2020	2019
Intercorp Financial Services Inc. and Subsidiaries	71,811,573	71,562,293	63,265,306	62,658,845	8,546,267	8,903,448	144,905	352,725
Intercorp Retail Inc. and Subsidiaries	19,985,129	19,451,980	14,281,000	13,768,195	5,704,129	5,683,785	89,051	128,397
NG Education Holdings Corp. and Subsidiaries	2,854,514	2,698,812	2,026,889	1,831,630	827,625	867,182	(41,140)	(1,644)
Urbi Propiedades S.A. and Subsidiaries	562,949	533,551	135,773	119,326	427,176	414,225	12,839	(6,059)
La Punta Global Opportunities Corp.	363,185	322,680	-	-	363,185	322,680	40,506	7,129
NG Education Holdings II Corp. and Subsidiaries	244,418	232,322	127,944	111,433	116,474	120,889	(4,487)	(5,456)
Intercorp Investments Perú Inc. and Subsidiaries	135,262	134,402	32,822	34,249	102,440	100,153	449	(2,210)
Beacon Healthcare S.A.C. and Subsidiary	140,546	139,573	79,627	79,453	60,919	60,120	(3,293)	(1,361)
San Miguel Global Opportunities S.A.C.	134,581	134,054	28,944	32,652	105,637	101,402	685	(70)
Callao Global Opportunities Corp.	95,082	116,234	-	-	95,082	116,234	(21,322)	(10,228)
Intercorp Education Services S.L. and Subsidiaries	85,081	96,958	9,005	8,494	76,076	88,464	3,303	(2,317)
NG Education Holdings III Corp.	55,683	56,886	2	6	55,681	56,880	(1,717)	(1,925)
Others	21,738	21,369	11,675	8,562	10,063	12,807	(17,719)	(10,594)

## Notes to the interim condensed consolidated financial statements (continued)

### 3. Significant accounting principles and practices

#### 3.1 Basis of presentation

The interim condensed consolidated financial statements as of March 31, 2020 and December 31, 2019, and for the three-month periods ended March 31, 2020 and 2019 have been prepared in accordance with IAS 34 “Interim Financial Reporting”.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s consolidated audited financial statements as of December 31, 2019 and 2018 (henceforth “Annual Consolidated Financial Statements”).

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for investment property, derivative financial instruments, financial investments at fair value through profit or loss and through other comprehensive income, which have been measured at fair value. The interim condensed consolidated financial statements are presented in Soles, which is the functional currency of the Group, and all values are rounded to the nearest thousand (S/ (000)), except when otherwise indicated.

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

In that sense, estimates and criteria are continuously assessed and are based on historical experience, as well as other factors, including expectations of future events that are believed to be reasonable under the current circumstances. Existing circumstances and assumptions about future developments, however, may change due to markets’ behavior or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur. Actual results could differ from those estimates. The most significant estimates comprised in the accompanying interim condensed consolidated financial statements are related to the calculation of the impairment of the portfolio of loan and financial investments, the measurement of the fair value of the financial investments and investment property, the assessment of the impairment of goodwill, the liabilities for insurance contracts and measurement of the fair value of derivative financial instruments; also, there are other estimates such as the estimated useful life of intangible assets, property, furniture and equipment, and the estimation of deferred Income Tax.

#### 3.2 Basis of consolidation -

The interim condensed consolidated financial statements of the Group comprise the financial statements of Intercorp Peru Ltda. and its Subsidiaries. The method adopted by Intercorp to consolidate its Subsidiaries is described in Note 4.3 to the Annual Consolidated Financial Statements. There were no changes in the composition of Intercorp in the reported period.

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### Notes to the interim condensed consolidated financial statements (continued)

#### 4. Cash and due from banks

(a) The detail of cash and due from banks is as follows:

	<b>31.03.2020</b>	<b>31.12.2019</b>
	S/(000)	S/(000)
Cash and clearing (b)	2,014,168	1,955,364
Deposits in the Central Reserve Bank of Peru – BCRP (b)	6,185,631	6,061,774
Deposits in banks (c)	2,841,974	2,481,012
Accrued interest	4,832	6,210
	<u>11,046,605</u>	<u>10,504,360</u>
Restricted funds (d)	<u>1,540,472</u>	<u>1,316,278</u>
<b>Total</b>	<u><b>12,587,077</b></u>	<u><b>11,820,638</b></u>

(b) In accordance with rules in force, Interbank and Financiera OH! (henceforth “Financiera”) are required to maintain a legal reserve in order to honor its obligations with the public. This reserve may be comprised of funds kept in Interbank, in Financiera and in the BCRP

The legal reserve funds maintained in the BCRP are non-interest bearing, except for the part that exceeds the minimum reserve required that accrued interest at an annual rate established by the BCRP. As of March 31, 2020, the excess in foreign currency accrued interest in US Dollars at an annual average rate of 0.43 percent (1.25 percent as of December 31, 2019). During 2020 and 2019, Interbank and the Financiera did not maintain excess reserves in national currency.

In Management’s opinion, Interbank and the Financiera have complied with the requirements established by the rules in force related to the computation of the legal reserve.

(c) Deposits in domestic banks and abroad are mainly in Soles and US Dollars, they are freely available and accrue interest at market rates.

(d) The Group maintains restricted funds related to:

	<b>31.03.2020</b>	<b>31.12.2019</b>
	S/(000)	S/(000)
Repurchase agreements with BCRP (*)	1,411,183	1,208,506
Derivative financial instruments, Note 9(b)	96,064	57,816
Others	33,225	49,956
	<u>1,540,472</u>	<u>1,316,278</u>
<b>Total</b>	<u><b>1,540,472</b></u>	<u><b>1,316,278</b></u>

(\*) As of March 31, 2020, correspond to deposits maintained in the BCRP which guarantee loans amounting to S/1,392,700,000 (guaranteed loans amounting to S/1,205,200,000 as of December 31, 2019); see Note 11(a).

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### Notes to the interim condensed consolidated financial statements (continued)

Cash and cash equivalents presented in the consolidated statement of cash flows do not include the restricted funds and accrued interest.

(e) Inter-bank funds -

Corresponds to loans made among financial institutions with maturity, in general, being less than 30 days. As of March 31, 2020, Inter-bank funds assets accrue interest at an annual rate of 1.25 percent in national currency and Inter-bank funds liabilities accrue interest at an annual rate of 1.14 percent in national currency (Inter-bank funds assets accrue interest at an annual rate of 2.26 percent in national currency and Inter-bank funds liabilities accrue interest at an annual rate of 2.25 percent in national currency and 1.75 percent in foreign currency, as of December 31, 2019) and do not have specific guarantees.

#### 5. Financial investments

(a) As of March 31, 2020, and December 31, 2019, this caption is made up as follows:

	<b>31.03.2020</b>	<b>31.12.2019</b>
	S/(000)	S/(000)
Debt instruments at fair value through other comprehensive income (b)	13,737,639	13,930,357
Investments at amortized cost (e)	2,260,631	2,160,775
Investments at fair value through profit or loss (d)	1,928,815	2,044,738
Equity instruments at fair value through other comprehensive income (f)	<u>742,119</u>	<u>839,762</u>
<b>Total financial investments</b>	<u>18,669,204</u>	<u>18,975,632</u>
Accrued income -		
Debt instruments at fair value through other comprehensive income (b)	168,611	176,562
Investments at amortized cost (e)	<u>15,258</u>	<u>46,211</u>
<b>Total</b>	<u>18,853,073</u>	<u>19,198,405</u>

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Notes to the interim condensed consolidated financial statements (continued)

(b) Following is the detail of debt instruments measured at fair value through other comprehensive income:

	Unrealized gross amount				Maturity	Annual effective interest rates			
	Amortized	Gains	Losses (c)	Estimated		S/		US\$	
	cost			fair value		Min	Max	Min	Max
As of March 31, 2020	S/(000)	S/(000)	S/(000)	S/(000)	%	%	%	%	
Corporate, leasing and subordinated bonds (*)	7,910,713	275,739	(552,321)	7,634,131	Apr-20 / Jan-114	0.87	25.80	1.32	31.73
Peruvian Sovereign Bonds	3,986,231	143,979	(43,451)	4,086,759	Aug-24 / Feb-55	2.04	5.88	-	-
Negotiable Certificates of Deposit issued by BCRP (**)	1,128,781	4,025	(1,525)	1,131,281	Apr-20 / Jun-34	2.14	3.04	-	-
Bonds guaranteed by the Peruvian Government	628,052	28,979	(1,688)	655,343	Oct-24 / Jul-25	2.49	4.46	2.89	5.05
Global Bonds of the Republic of Peru	79,672	2,040	-	81,712	Jul-25	-	-	2.06	2.06
Global Bonds of the Republic of Colombia	153,102	-	(4,689)	148,413	Jul-21 / Feb-24	-	-	3.62	3.87
<b>Total</b>	<b>13,886,551</b>	<b>454,762</b>	<b>(603,674)</b>	<b>13,737,639</b>					
Accrued interest				168,611					
<b>Total</b>				<b>13,906,250</b>					

  

	Unrealized gross amount				Maturity	Annual effective interest rates			
	Amortized	Gains	Losses (c)	Estimated		S/		US\$	
	cost			fair value		Min	Max	Min	Max
As of December 31, 2019	S/(000)	S/(000)	S/(000)	S/(000)	%	%	%	%	
Corporate, leasing and subordinated bonds (*)	7,494,157	637,757	(12,300)	8,119,614	Jan-20 / Jan-114	0.71	21.76	2.26	10.73
Peruvian Sovereign Bonds	3,213,581	330,856	(242)	3,544,195	Aug-24 / Feb-55	1.59	5.31	-	-
Negotiable Certificates of Deposit issued by BCRP (**)	1,481,962	1,533	(2)	1,483,493	Jan-20 / Jun-21	2.15	3.04	-	-
Bonds guaranteed by the Peruvian Government	626,087	42,153	(167)	668,073	Oct-24 / Jul-34	2.24	4.14	3.61	5.14
Global Bonds of the Republic of Colombia	114,431	551	-	114,982	Jul-21 / Mar-23	-	-	2.24	2.46
<b>Total</b>	<b>12,930,218</b>	<b>1,012,850</b>	<b>(12,711)</b>	<b>13,930,357</b>					
Accrued interest				176,562					
<b>Total</b>				<b>14,106,919</b>					

(\*) As of March 31, 2020 and December 31, 2019, Inteligo holds corporate bonds from different entities for approximately S/246,511,000 and S/440,409,000, respectively, which guarantee loans with Credit Suisse First Boston and Bank J. Safra Sarasin.

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Notes to the interim condensed consolidated financial statements (continued)

(c) The Group has determined that the unrealized losses on debt instruments as of March 31, 2020, and December 31, 2019, not related to credit risk, are of temporary nature. As of March 31, 2020 and December 31, 2019, the detail of the unrealized losses of the debt instruments classified as at fair value through other comprehensive income is as follows:

Issuer	31.03.2020			31.12.2019			Maturity as of March 31, 2020	Risk rating as of March 31, 2020
	Amortized cost	Unrealized gross gain	Unrealized gross loss	Amortized cost	Unrealized gross gain	Unrealized gross loss		
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)		
Peruvian Sovereign Bonds	3,986,231	143,979	(43,451)	3,213,581	330,856	(242)	2024-2055	A-
BBVA Banco Continental	312,077	9,099	(12,498)	302,668	14,611	(3,301)	2020-2033	BBB+
Corporación Financiera de Desarrollo S.A.	297,595	13,012	(7,541)	374,631	30,197	(1,438)	2029-2046	AA
Rutas de Lima	293,538	-	(108,140)	-	-	-	2036-2039	Menos de B-
Suzano Austria GMBH	236,396	-	(29,700)	-	-	-	2047	BBB-
G y M Ferrovías	226,172	-	(50,920)	-	-	-	2039	AA+
Fermaca Enterprises S.R.L.	223,333	-	(10,382)	218,733	6,906	-	2038	BBB
GTL Trade Finance INC	204,763	-	(15,680)	-	-	-	2044	BBB-
Bienes Raíces Uno Trust	186,521	-	(25,825)	180,067	11,417	-	2044	BBB
Mexichem S.A.	181,435	-	(24,599)	175,102	9,874	-	2042-2044	BBB-
Línea Amarilla S.A.C.	174,470	-	(12,980)	174,049	14,284	-	2037	AA
Cometa Energía	171,427	-	(10,890)	-	-	-	2035	BBB-
PA Pacífico Trust	171,178	-	(19,608)	161,799	4,144	-	2035	BBB-
Celulosa Arauco y Constitución S.A.	166,577	-	(35,588)	160,864	2,783	-	2047	BBB-
Global Bonds of the Republic of Colombia	153,102	-	(4,689)	114,431	551	-	2021-2024	BBB-
Votorantim	142,038	-	(25,034)	-	-	-	2041	BBB-
Orazul Energy Egenor SCA	117,562	-	(13,655)	-	-	-	2027	BB
Cementos Pacasmayo	117,450	-	(5,690)	-	-	-	2023-2034	AAA
Luz del Sur	103,470	2,517	(4,850)	-	-	-	2029-2034	AAA
PA Costera Trust	76,105	-	(4,869)	73,548	5,154	-	2034	BBB-
México Generadora de Energía	69,782	-	(5,410)	67,399	3,341	-	2032	BBB
Corporación Primax	66,267	1,003	(7,180)	-	-	-	2031-2036	AA+
Merrill Lynch	59,992	-	(11,076)	-	-	-	2024-2042	A
Southern Perú Copper Corporation S.A.A.	54,870	-	(4,057)	53,086	2,501	(386)	2028-2035	BBB+
Cerro del Aguila	32,735	-	(4,220)	-	-	-	2027	BBB-
Latam airlines	26,617	-	(14,731)	-	-	-	2024-2026	B+
Hunt Oil Company of Peru	18,963	-	(6,979)	-	-	-	2028	BBB
Grupo Kuo	17,729	-	(4,840)	-	-	-	2027	BB
Federal Express	14,762	-	(4,061)	-	-	-	2097	BBB
Instruments with individual losses lower than S/4 million	1,487,233	11,293	(74,531)	883,774	29,531	(7,344)	-	-
<b>Total</b>	<b>9,390,390</b>	<b>180,903</b>	<b>(603,674)</b>	<b>6,153,732</b>	<b>466,150</b>	<b>(12,711)</b>		

(\*) Instrument rated abroad.

(\*\*) Instrument rated in Peru.

(\*\*\*) Corresponds to the instrument's rating with the largest unrealized loss.



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### Notes to the interim condensed consolidated financial statements (continued)

The movement of the allowance for expected credit losses for debt instruments measured at fair value through other comprehensive income is presented below:

	<b>31.03.2020</b>	<b>31.12.2019</b>	<b>31.03.2019</b>
	S/(000)	S/(000)	S/(000)
<b>Expected credit loss at the beginning of the period</b>	34,743	28,050	28,050
<b>Impairment of financial investments</b>			
New assets originated or purchased	287	1,588	573
Assets derecognized or matured (excluding write-offs)	(85)	(1,290)	(177)
Others (*)	40,320	6,492	(2,283)
<b>Loss (recovery) to impairment on financial investments</b>	40,522	6,790	(1,887)
Foreign exchange effect	3,955	(97)	(44)
<b>Expected credit loss at the end of the period</b>	<b>79,220</b>	<b>34,743</b>	<b>26,119</b>

(\*) Corresponds mainly to the variation in the inputs used for calculating the expected credit losses other than changes in the stage during the year.

(d) The composition of financial instruments at fair value through profit or loss is as follows:

	<b>31.03.2020</b>	<b>31.12.2019</b>
	S/(000)	S/(000)
<b>Equity Instruments</b>		
Local and foreign mutual funds and investment funds participations	1,379,802	1,527,172
BioPharma Credit PLC	119,447	132,054
Royalty Pharma	127,903	117,682
Others	186,357	211,948
<b>Debt Instruments</b>		
Corporate, leasing and subordinated bonds	115,306	55,882
<b>Total</b>	<b>1,928,815</b>	<b>2,044,738</b>

(e) As of March 31, 2020, and December 31, 2019, the investments at amortized cost are comprised of Peruvian Sovereign Bonds for S/2,275,889,000 and S/2,206,986,000, respectively, including accrued interest. These investments present low credit risk and their expected credit loss is insignificant.

As of March 31, 2020 and December 31, 2019, these investments have maturity dates that range from September 2023 to August 2037, have accrued interests at effective annual rates ranging from 4.29 percent and 6.26 percent, and estimated fair value amounting to approximately S/2,375,348,000 and S/2,328,303,000, as of March 31, 2020 and December 31, 2019, respectively.

During the year 2019, the Government of the Republic of Peru performed public offerings to buyback certain sovereign bonds, with the purpose of renewing its debt and funding its fiscal deficit. Considering the purpose of this offering, following such offering, there would be no outstanding sovereign bonds of the repurchased issuances. In the event that

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

some bonds remained outstanding, they would become illiquid on the market. In that sense, Interbank took part of these public offerings and sold to the Government of the Republic of Peru sovereign bonds classified as investments at amortized cost for approximately S/187,813,000, generating a gain amounting to S/2,472,000, which was recorded within the caption “Gain from derecognition of financial investments at amortized cost” of the consolidated statement of income. Notwithstanding the aforementioned, with the purpose of maintaining its asset management strategy, the Bank purchased simultaneously other sovereign bonds of the Republic of Peru for approximately S/187,744,000, and classified them as investments at amortized cost. In Management’s opinion and pursuant to IFRS 9, said transaction is congruent with the Group’s business model because although said sales were significant, they were infrequent and were performed with the sole purpose of facilitating the debt renewal and the funding of the fiscal deficit of the Republic of Peru.

As of March 31, 2020 and December 31, 2019, Interbank keeps loans with the BCRP that are guaranteed with these sovereign bonds of the Republic of Peru, classified as restricted, for approximately S/1,317,325,000 and S/762,347,000, respectively; see Note 11.

- (f) As of March 31, 2020, and December 31, 2019, the composition of equity instruments measured at fair value through other comprehensive income is as follows:

	<b>31.03.2020</b>	<b>31.12.2019</b>
	S/(000)	S/(000)
BioPharma Credit PLC	304,363	336,338
Ishares diverse countries (ETF)	83,732	140,198
Luz del Sur S.A.A.	78,587	87,984
Engie- Energía Perú S.A.	76,810	90,670
Credicorp	58,065	18,030
Ferreycorp S.A.A.	53,431	83,013
Others	87,131	83,529
<b>Total</b>	<b>742,119</b>	<b>839,762</b>

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### Notes to the interim condensed consolidated financial statements (continued)

(g) Below are the debt instruments measured at fair value through other comprehensive income and at amortized cost according to the stages indicated by IFRS 9 as of March 31, 2020 and December 31, 2019:

Debt Instruments measured at fair value through other comprehensive income and at amortized cost	31.03.2020			
	Stage 1	Stage 2	Stage 3	Total
	S/(000)	S/(000)	S/(000)	S/(000)
Corporate, leasing and subordinated bonds	7,417,082	217,049	-	7,634,131
Peruvian Sovereign Bonds	6,347,390	-	-	6,347,390
Negotiable Certificates of Deposit issued by BCRP	1,131,281	-	-	1,131,281
Bonds guaranteed by the Peruvian Government	655,343	-	-	655,343
Global Bonds of the Republic of Colombia	148,413	-	-	148,413
Global Bonds of the Republic of Peru	81,712	-	-	81,712
<b>Total</b>	<b>15,781,221</b>	<b>217,049</b>	<b>-</b>	<b>15,998,270</b>

Debt Instruments measured at fair value through other comprehensive income and at amortized cost	31.12.2019			
	Stage 1	Stage 2	Stage 3	Total
	S/(000)	S/(000)	S/(000)	S/(000)
Corporate, leasing and subordinated bonds	7,786,439	333,175	-	8,119,614
Peruvian Sovereign Bonds	5,704,970	-	-	5,704,970
Negotiable Certificates of Deposit issued by BCRP	1,483,493	-	-	1,483,493
Bonds guaranteed by the Peruvian Government	668,073	-	-	668,073
Global Bonds of the Republic of Colombia	114,982	-	-	114,982
<b>Total</b>	<b>15,757,957</b>	<b>333,175</b>	<b>-</b>	<b>16,091,132</b>

The Group rates its financial assets into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When the financial assets are first recognized, the Group recognizes an allowance based on 12 months ECLs. Stage 1 also includes financial assets whose credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Group records an allowance for the lifetime ECLs. Stage 2 also includes financial assets whose credit risk has improved and the financial asset has been reclassified from Stage 3.

Stage 3: Financial assets considered credit -impaired. The Group records an allowance for the lifetime financial asset.

For more information, see Note 34.1 of the Annual Consolidated Financial Statements.

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### Notes to the interim condensed consolidated financial statements (continued)

#### 6. Loans, net

(a) This caption is made up as follows:

	<b>31.03.2020</b>	<b>31.12.2019</b>
	S/(000)	S/(000)
<b>Direct loans</b>		
Loans	28,675,478	28,489,561
Credit cards	6,704,584	6,806,208
Leasing	1,175,340	1,324,380
Discounted notes	555,225	684,334
Factoring	317,332	343,852
Advances and overdrafts	139,486	87,373
Refinanced loans	271,547	268,451
Past due and under legal collection loans	1,080,087	1,033,902
	<u>38,919,079</u>	<u>39,038,061</u>
<b>Plus (minus)</b>		
Accrued interest from performing loans	386,219	364,531
Unearned interest and interest collected in advance	(41,646)	(41,683)
Impairment allowance for loans (d.1)	(1,684,376)	(1,586,329)
	<u>37,579,276</u>	<u>37,774,580</u>
<b>Total direct loans, net</b>		
	<u>37,579,276</u>	<u>37,774,580</u>
<b>Indirect loans</b>	3,950,894	4,061,099
	<u>3,950,894</u>	<u>4,061,099</u>

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

	<b>31.03.2020</b>	<b>31.12.2019</b>
	S/(000)	S/(000)
Commercial loans (c.1)(*)	16,365,056	16,634,838
Consumer loans (c.1)	14,495,200	14,443,141
Mortgage loans (c.1)	7,337,875	7,206,445
Small and micro-business loans (c.1)	720,948	753,637
	<u>38,919,079</u>	<u>39,038,061</u>
<b>Total</b>		
	<u>38,919,079</u>	<u>39,038,061</u>

(\*) During year 2019, Interbank acquired a commercial loan from Sumitomo Mitsui Banking Corporation for approximately S/164,950,000.

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

(c) The following table shows the credit quality and maximum exposure to credit risk of direct loans based on the Group's internal credit rating as of March 31, 2020 and December 31, 2019. The amounts presented do not consider impairment.

	31.03.2020				31.12.2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Total direct loans, see (c.1)	34,819,712	3,261,195	838,172	38,919,079	35,286,574	2,775,593	975,894	39,038,061
Contingent Credits: Guarantees and stand by letters, import and export letters of credit (substantially, all indirect loans correspond to commercial loans)	3,799,959	120,642	30,293	3,950,894	3,808,274	222,418	30,407	4,061,099
	38,619,671	3,381,837	868,465	42,869,973	39,094,848	2,998,011	1,006,301	43,099,160

(c.1) The following tables show the credit quality and maximum exposure to credit risk for each classification of the direct loan portfolio

	31.03.2020				31.12.2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Commercial loans	15,178,166	984,899	201,991	16,365,056	15,750,611	685,054	199,173	16,634,838
Consumer loans	12,309,738	1,816,535	368,927	14,495,200	12,433,094	1,529,294	480,753	14,443,141
Mortgage loans	6,795,073	319,212	223,590	7,337,875	6,478,935	479,548	247,962	7,206,445
Small and micro-business loans	536,735	140,549	43,664	720,948	623,934	81,697	48,006	753,637
	34,819,712	3,261,195	838,172	38,919,079	35,286,574	2,775,593	975,894	39,038,061

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

(d) Following is the movement of the allowance for expected credit loss for direct and indirect loans:

(d.1) Direct loans

Changes in the allowance for expected credit losses for direct loans	31.03.2020				31.03.2019				31.12.2019
	Stage 1 S/(000)	Stage 2 S/(000)	Stage 3 S/(000)	Total S/(000)	Stage 1 S/(000)	Stage 2 S/(000)	Stage 3 S/(000)	Total S/(000)	Total S/(000)
<b>Expected credit loss at the beginning of period balances</b>	542,152	445,597	598,580	1,586,329	444,159	492,778	553,315	1,490,252	1,490,252
Impact of the expected credit loss in the consolidated income statements									
New assets originated or purchased	173,472	-	-	173,472	185,993	-	-	185,993	794,622
Assets derecognized or paid	(85,333)	(17,740)	(8,929)	(112,002)	(83,211)	(26,256)	(9,673)	(119,140)	(459,248)
Transfers to Stage 1	66,852	(63,970)	(2,882)	-	80,336	(79,560)	(776)	-	-
Transfers to Stage 2	(98,173)	116,351	(18,178)	-	(88,074)	101,486	(13,412)	-	-
Transfers to Stage 3	(10,557)	(97,044)	107,601	-	(10,956)	(99,416)	110,372	-	-
Impact on the expected credit loss for credits that change stage in the period	(37,064)	179,611	162,250	304,797	(62,524)	129,197	119,226	185,899	719,591
Others (*)	46,739	36,703	(75,114)	8,328	(6,160)	(5,770)	(2,673)	(14,603)	(28,228)
<b>Total expenses of the period</b>	<b>55,936</b>	<b>153,911</b>	<b>164,748</b>	<b>374,595</b>	<b>15,404</b>	<b>19,681</b>	<b>203,064</b>	<b>238,149</b>	<b>1,026,737</b>
Write offs (**)	-	-	(322,613)	(322,613)	-	-	(238,680)	(238,680)	(1,097,321)
Recovery of written-off loans	-	-	34,731	34,731	-	-	38,936	38,936	171,831
Foreign exchange effect (***)	903	2,830	7,601	11,334	(362)	(1,156)	(2,973)	(4,491)	(5,170)
<b>Expected credit loss at the end of period balances</b>	<b>598,991</b>	<b>602,338</b>	<b>483,047</b>	<b>1,684,376</b>	<b>459,201</b>	<b>511,303</b>	<b>553,662</b>	<b>1,524,166</b>	<b>1,586,329</b>

(d.1.1) The following tables show the movement of the allowance for expected credit losses for each classification of the direct loan portfolio:

Commercial loans	31.03.2020				31.03.2019				31.12.2019
	Stage 1 S/(000)	Stage 2 S/(000)	Stage 3 S/(000)	Total S/(000)	Stage 1 S/(000)	Stage 2 S/(000)	Stage 3 S/(000)	Total S/(000)	Total S/(000)
<b>Expected credit loss at the beginning of period balances</b>	54,693	24,399	67,158	146,250	68,705	27,397	98,111	194,213	194,213
Impact of the expected credit loss in the consolidated income statements									
New assets originated or purchased	11,537	-	-	11,537	22,939	-	-	22,939	42,558
Assets derecognized or paid	(11,586)	(1,885)	(455)	(13,926)	(16,696)	(4,757)	(749)	(22,202)	(54,346)
Transfers to Stage 1	3,188	(3,156)	(32)	-	1,892	(1,892)	-	-	-
Transfers to Stage 2	(4,920)	4,977	(57)	-	(5,453)	5,765	(312)	-	-
Transfers to Stage 3	(100)	(877)	977	-	(613)	(2,435)	3,048	-	-
Impact on the expected credit loss for credits that change stage in the period	3,170	9,142	11,650	23,962	(1,186)	4,372	4,717	7,903	29,078
Others (*)	(7,054)	9,767	(5,856)	(3,143)	(4,502)	(1,551)	(417)	(6,470)	(35,128)
<b>Total expenses of the period</b>	<b>(5,765)</b>	<b>17,968</b>	<b>6,227</b>	<b>18,430</b>	<b>(3,619)</b>	<b>(498)</b>	<b>6,287</b>	<b>2,170</b>	<b>(17,838)</b>
Write offs (**)	-	-	(2,336)	(2,336)	-	-	(1,124)	(1,124)	(29,800)
Recovery of written-off loans	-	-	355	355	-	-	213	213	968
Foreign exchange effect (***)	722	326	630	1,678	(275)	(164)	(579)	(1,018)	(1,293)
<b>Expected credit loss at the end of period balances</b>	<b>49,650</b>	<b>42,693</b>	<b>72,034</b>	<b>164,377</b>	<b>64,811</b>	<b>26,735</b>	<b>102,908</b>	<b>194,454</b>	<b>146,250</b>



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Notes to the interim condensed consolidated financial statements (continued)

Small and micro-business loans	31.03.2020				31.03.2019				31.12.2019
	Stage 1 S/(000)	Stage 2 S/(000)	Stage 3 S/(000)	Total S/(000)	Stage 1 S/(000)	Stage 2 S/(000)	Stage 3 S/(000)	Total S/(000)	Total S/(000)
<b>Expected credit loss at the beginning of period balances</b>	12,910	14,972	41,061	68,943	13,764	16,898	38,681	69,343	69,343
Impact of the expected credit loss in the consolidated income statements									
New assets originated or purchased	5,126	-	-	5,126	5,764	-	-	5,764	16,382
Assets derecognized or paid	(1,869)	(322)	(576)	(2,767)	(1,848)	(482)	(281)	(2,611)	(10,402)
Transfers to Stage 1	1,230	(1,229)	(1)	-	1,634	(1,634)	-	-	-
Transfers to Stage 2	(3,655)	3,726	(71)	-	(1,552)	1,693	(141)	-	-
Transfers to Stage 3	(143)	(2,760)	2,903	-	(144)	(3,998)	4,142	-	-
Impact on the expected credit loss for credits that change stage in the period	(607)	4,869	5,064	9,326	(1,315)	4,105	6,132	8,922	42,193
Others (*)	(334)	12,220	(851)	11,035	(2,839)	315	93	(2,431)	(722)
<b>Total expenses of the period</b>	<b>(252)</b>	<b>16,504</b>	<b>6,468</b>	<b>22,720</b>	<b>(300)</b>	<b>(1)</b>	<b>9,945</b>	<b>9,644</b>	<b>47,451</b>
Write offs (**)	-	-	(13,462)	(13,462)	-	-	(12,557)	(12,557)	(52,978)
Recovery of written-off loans	-	-	1,237	1,237	-	-	1,013	1,013	5,316
Foreign exchange effect (***)	13	2	114	129	(7)	(3)	(52)	(62)	(189)
<b>Expected credit loss at the end of period balances</b>	<b>12,671</b>	<b>31,478</b>	<b>35,418</b>	<b>79,567</b>	<b>13,457</b>	<b>16,894</b>	<b>37,030</b>	<b>67,381</b>	<b>68,943</b>

(d.2) Indirect loans (substantially, all indirect loans correspond to commercial loans)

Changes in the allowance for expected credit losses for indirect loans	31.03.2020				31.03.2019				31.12.2019
	Stage 1 S(000)	Stage 2 S(000)	Stage 3 S(000)	Total S(000)	Stage 1 S(000)	Stage 2 S(000)	Stage 3 S(000)	Total S(000)	Total S(000)
<b>Expected credit loss at the beginning of period balances</b>	16,367	4,720	18,607	39,694	19,829	19,753	22,469	62,051	62,051
Impact of the expected credit loss in the consolidated income statements-									
New assets originated or purchased	1,118	-	-	1,118	2,201	-	-	2,201	6,937
Assets derecognized or paid	(887)	(395)	(43)	(1,325)	(6,200)	(5,046)	(12)	(11,258)	(19,800)
Transfers to Stage 1	1,659	(1,659)	-	-	572	(572)	-	-	-
Transfers to Stage 2	(127)	127	-	-	(586)	612	(26)	-	-
Transfers to Stage 3	-	(1)	1	-	(2)	(1)	3	-	-
Impact on the expected credit loss for credits that change stage in the period	(1,407)	350	1	(1,056)	(344)	31	97	(216)	(4,329)
Others (*)	(1,942)	(251)	(559)	(2,752)	(314)	654	(2,313)	(1,973)	(4,740)
<b>Total expenses of the period</b>	<b>(1,586)</b>	<b>(1,829)</b>	<b>(600)</b>	<b>(4,015)</b>	<b>(4,673)</b>	<b>(4,322)</b>	<b>(2,251)</b>	<b>(11,246)</b>	<b>(21,932)</b>
Write offs (**)	-	-	1	1	-	-	-	-	-
Foreign exchange effect and others	286	127	18	431	(156)	(227)	(8)	(391)	(425)
<b>Expected credit loss at the end of period balances</b>	<b>15,067</b>	<b>3,018</b>	<b>18,025</b>	<b>36,110</b>	<b>15,000</b>	<b>15,204</b>	<b>20,210</b>	<b>50,414</b>	<b>39,694</b>

(\*) Corresponds mainly to: (i) the variation between the amortized cost of the loan at the beginning of period and its amortized cost at the end of period (variation in the provision recorded for partial amortizations that did not represent a reduction or cancellation of the loan), (ii) variations in credit risk that did not generate transfers to other stages; and (iii) the execution of contingent loans (conversion of indirect debt into direct debt).

(\*\*) The Group writes off financial assets that are still subject to collection activities. In this regard, the Group seeks to recover the amounts legally owed in full, but have been written off because there is no reasonable expectation of recovery.

(\*\*\*) Corresponds mainly to the effect of the exchange rate and the variation of the value of money over time.



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7. Investment property

(a) This caption is made up as follows:

	31.03.2020	31.12.2019	Acquisition or construction year	Hierarchy level (I)	Valuation methodology As of March 31, 2020 / As of December 31, 2019
	S/(000)	S/(000)			
<b>Land -</b>					
Miraflores - Lima	504,525	486,391	2010	Level 3	Appraisal
San Martín de Porres - Lima	315,013	303,695	2015	Level 3	Appraisal
San Isidro - Lima	249,591	239,152	2009	Level 3	Appraisal
Ate Vitarte - Lima	114,574	114,574	2008	Level 3	Appraisal
Piura	52,266	50,396	2008	Level 3	Appraisal
Lurín - Lima	13,784	13,340	2012	Level 3	Appraisal
Chacarilla - Lima	36,959	35,633	2014	Level 3	Appraisal
San Miguel - Lima	31,165	31,150	2019	Level 3	Appraisal
Centro Urbano Nuevo Chimbote	26,437	25,535	2010	Level 3	Appraisal
Carabaylo - Lima	24,877	23,988	2012	Level 3	Appraisal
Others	93,235	87,664	-	Level 3	Appraisal
	<u>1,462,426</u>	<u>1,411,518</u>			
<b>Built investment property -</b>					
<b>"Real Plaza" Shopping Malls</b>					
Puruchuco - Lima	556,705	543,464	2008	Level 3	DCF / Appraisal
Chiclayo	181,976	178,551	2005	Level 3	DCF
Primavera - Lima	177,712	177,527	2009	Level 3	DCF
Centro Comercial San Isidro - Lima	161,380	159,961	2010	Level 3	DCF
Trujillo	156,206	155,964	2007	Level 3	DCF
Piura	135,499	135,869	2010	Level 3	DCF
Pucallpa	72,677	72,439	2014	Level 3	DCF
Cajamarca	71,763	71,762	2013	Level 3	DCF
Pro - Lima	54,519	54,398	2008	Level 3	DCF
Chorrillos - Lima	48,917	48,909	2011	Level 3	DCF
Lurín - Lima	39,135	38,852	2012	Level 3	DCF
Ilo	38,441	38,288	2019	Level 3	DCF
Santa Clara - Lima	37,657	37,574	2009	Level 3	DCF
Nuevo Chimbote	28,283	28,253	2010	Level 3	DCF
Tumbes	21,796	19,987	2019	Level 3	DCF
Others	49,955	50,424	-	Level 3	DCF
	<u>1,832,621</u>	<u>1,812,222</u>			

Translation of consolidated financial statements originally issued in Spanish – Note 28

Notes to the interim condensed consolidated financial statements (continued)

	31.03.2020 S/(000)	31.12.2019 S/(000)	Acquisition or construction year	Hierarchy level (i)	Valuation methodology As of March 31, 2020 / As of December 31, 2019
<b>Built on leased land -</b>					
Salaverry - Lima	341,439	340,355	2014	Level 3	DCF
Cuzco	188,830	167,208	2013	Level 3	DCF
Centro Cívico - Lima	126,865	124,476	2007 / 2014	Level 3	DCF
Huancayo	100,932	100,854	2008	Level 3	DCF
Huánuco	60,133	60,043	2012	Level 3	DCF
Villa Maria del Triunfo - La Curva - Lima	56,900	56,939	2013 / 2016	Level 3	DCF
Juliaca	54,952	54,867	2010	Level 3	DCF
Arequipa	46,692	46,246	2010	Level 3	DCF
Villa El Salvador - La Plazita - Lima	27,539	28,003	2017	Level 3	DCF
Moquegua	22,109	21,458	2015	Level 3	DCF
	<u>1,026,391</u>	<u>1,000,449</u>			
<b>Buildings -</b>					
Orquídeas - San Isidro - Lima	164,382	168,787	2017	Level 3	DCF
Ate Vitarte - Lima	86,758	82,925	2006	Level 3	DCF
Huancayo	71,989	71,680	2017	Level 3	DCF
Centro Urbano Nuevo Chimbote	45,513	49,898	2019	Level 3	DCF
Chorrillos - Lima	34,340	34,569	2017	Level 3	DCF
Panorama - Lima	21,861	21,819	2016	Level 3	DCF
Pardo y Aliaga - Lima	22,236	19,963	2010	Level 3	DCF
Others	37,843	36,518	-		
	<u>484,922</u>	<u>486,159</u>			
<b>Total</b>	<u>4,806,360</u>	<u>4,710,348</u>			

DCF: Discounted cash flow.

(i) There were no transfers between levels of hierarchy.

(ii) As of March 31, 2020 and December 31, 2019, there are no liens on any investment property.

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

- (b) The net gain on investment property for the three-month periods ended March 31, 2020 and 2019, consists of the following:

	<b>31.03.2020</b> S/(000)	<b>31.03.2019</b> S/(000)
Loss on valuation of investment property	42,688	(15,665)
Income from rental of investment property	93,291	71,312
Gain on sale of investment property	-	681
<b>Total</b>	<u>135,979</u>	<u>56,328</u>

- (c) The movement of investment property is as follows:

	<b>31.03.2020</b> S/(000)	<b>31.03.2019</b> S/(000)
<b>Beginning of period balances</b>	4,710,348	4,072,977
Additions (d)	55,086	75,341
Sales	-	(17,000)
Gain on valuation, net	42,688	(15,665)
Net transfers (e)	(1,400)	25,465
Others	(362)	-
<b>Ending balances</b>	<u>4,806,360</u>	<u>4,141,118</u>
<b>Balance as of December 31, 2019</b>		<u>4,710,348</u>

- (d) The additions mainly correspond to buildings in the shopping malls.
- (e) During 2020 and 2019, transfers were made between investment property and fixed assets, which are used by Subsidiaries of the Group for their own operations.
- (f) Fair value measurement – Investment property - Valuation techniques  
The valuation techniques to estimate the fair value and the main assumptions used are described in Note 8 “Investment property” of the 2019 Annual Consolidated Financial Statements.

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

#### 8. Inventories, net

(a) This caption is made up as follows:

	<b>31.03.2020</b>	<b>31.12.2019</b>
	S/(000)	S/(000)
Inventories from retail activities, net (b)	2,481,138	2,376,636
Inventories from real estate activities, net	20,623	20,670
<b>Total</b>	<u>2,501,761</u>	<u>2,397,306</u>

(b) The table below presents the balance of inventories from retail activities:

	<b>31.03.2020</b>	<b>31.12.2019</b>
	S/(000)	S/(000)
Inventories	2,382,984	2,262,557
Finished goods	-	189
Raw material	13,272	15,204
In-transit inventories	104,647	111,347
Miscellaneous supplies	5,839	6,053
	<u>2,506,742</u>	<u>2,395,350</u>
<b>Minus:</b>		
Allowance for obsolescence of inventories (b.1)	<u>(25,604)</u>	<u>(18,714)</u>
	<u>2,481,138</u>	<u>2,376,636</u>

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

(b.1) The movement of the allowance for impairment of inventories by retail activities is as follows:

	<b>31.03.2020</b> S/(000)	<b>31.03.2020</b> S/(000)
Beginning of period balances	18,714	16,364
Provision for the period	7,556	9,544
Recoveries	(772)	(1,258)
Translation	106	(43)
<b>End of period balances</b>	<u>25,604</u>	<u>24,607</u>
<b>Balance as of December 31, 2019</b>		<u>18,714</u>

The allowance for impairment of inventories is determined based on rotation levels, discounts for clearance sales and other characteristics based on periodical assessments performed by Management of Intercorp Peru and Subsidiaries. In Management's opinion, this provision covers adequately the risk of impairment of inventories as of March 31, 2020 and December 31, 2019.

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

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

(a) These captions are comprised of the following:

	<b>31.03.2020</b>	<b>31.12.2019</b>
	S/(000)	S/(000)
<b>Accounts receivable and other assets</b>		
<b>Financial instruments</b>		
Trade accounts receivable, net	627,661	720,048
Other accounts receivable	481,212	455,315
Accounts receivable related to derivative financial instruments (b)	622,800	351,689
Assets for technical reserves for claims and premiums by reinsurers	69,879	77,430
Accounts receivable from the sale of investments	141,033	74,373
Operations in process	36,729	46,087
Others	43,047	43,861
<b>Total</b>	<b>2,022,361</b>	<b>1,768,803</b>
<b>Non-financial instruments</b>		
Recoverable taxes	167,485	159,513
Deferred charges	174,066	151,205
Investments in associates	86,512	76,987
Value-Added Tax credit – IGV	67,522	62,960
Public works tax deduction	7,553	7,178
Others	24,616	24,878
	<b>527,754</b>	<b>482,721</b>
<b>Total</b>	<b>2,550,115</b>	<b>2,251,524</b>

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

	<b>31.03.2020</b>	<b>31.12.2019</b>
	S/(000)	S/(000)
<b>Accounts payable, provisions and other liabilities</b>		
<b>Financial instruments</b>		
Trade accounts payable	3,633,632	3,748,212
Liability for leases	2,119,788	2,130,379
Liability for contract with investment component	502,403	465,542
Other accounts payable	429,903	460,308
Workers' profit sharing and salaries payable	345,494	384,384
Accounts payable related to derivative financial instruments (b)	403,377	222,752
Operations in process	110,790	134,837
Accounts payable for acquisitions of investments	117,902	95,486
Allowance for indirect loan losses, Note 6(d.2)	36,110	39,694
Accounts payable to reinsurers and coinsurers	5,778	7,326
	<u>7,705,177</u>	<u>7,688,920</u>
<b>Non-financial instruments</b>		
Taxes payable	533,896	496,840
Deferred income	116,686	121,854
Provision for other contingencies	59,784	61,300
Others	6,875	9,869
	<u>717,241</u>	<u>689,863</u>
<b>Total</b>	<u>8,422,418</u>	<u>8,378,783</u>

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

(b) The following table presents, as of March 31, 2020, and December 31, 2019, the fair value of derivative financial instruments recorded as assets or liabilities, including their notional amounts.

As of March 31, 2020	Assets S/(000)	Liabilities S/(000)	Notional amount S/(000)	Effective part recognized in other comprehensive income during the year S/(000)	Maturity	Hedged Instruments	Caption of the consolidated statements of financial position
<b>Derivatives held for trading -</b>							
Forward exchange contracts	63,459	72,892	10,271,371	-	Between April 2020 and September 2021	-	-
Interest rate swaps	213,803	221,691	4,860,358	-	Between November 2020 and June 2036	-	-
Currency swaps	47,963	40,957	2,031,411	-	Between April 2020 and February 2027	-	-
Cross currency swaps	-	61,365	202,295	-	January 2023	-	-
Options	27	1,270	78,285	-	Between April 2020 and March 2021	-	-
	<u>325,252</u>	<u>398,175</u>	<u>17,443,720</u>	<u>-</u>			
<b>Derivatives held as hedges -</b>							
<b>Cash flow hedges:</b>							
Call Spreads (*)	88,499	-	1,376,800	(15,535)	May 2023	Senior note not guaranteed	Bonds, notes and other obligations
Call Spreads (*)	92,609	-	1,204,700	(24,947)	April 2028	Senior note not guaranteed	Bonds, notes and other obligations
Cross currency swaps (CCS)	85,349	-	1,515,717	14,303	January 2023	Senior bonds	Bonds, notes and other obligations
Cross currency swaps (CCS)	31,091	-	515,550	20,320	October 2027	Senior bonds	Bonds, notes and other obligations
Interest rate swaps (IRS)	-	1,463	85,925	(242)	December 2020	Due to banks	Due to banks and correspondents
Interest rate swaps (IRS)	-	2,274	137,480	(143)	November 2020	Due to banks	Due to banks and correspondents
Interest rate swaps (IRS)	-	1,465	85,925	(242)	December 2020	Due to banks	Due to banks and correspondents
	<u>297,548</u>	<u>5,202</u>	<u>4,922,097</u>	<u>(6,486)</u>			
	<u>622,800</u>	<u>403,377</u>	<u>22,365,817</u>	<u>(6,486)</u>			



Translation of consolidated financial statements originally issued in Spanish – Note 28

Notes to the interim condensed consolidated financial statements (continued)

As December 31, 2019	Assets S/(000)	Liabilities S/(000)	Notional amount S/(000)	Effective part recognized in other comprehensive income during the year S/(000)	Maturity	Hedged Instruments	Caption of the consolidated statements of financial position
<b>Derivatives held for trading -</b>							
Forward exchange contracts	95,961	45,723	9,306,501	-	Between January 2020 and January 2021	-	-
Interest rate swaps	81,517	75,071	4,238,142	-	Between November 2020 and December 2029	-	-
Currency swaps	30,438	36,428	1,727,922	-	Between January 2020 and September 2026	-	-
Cross currency swaps	-	50,523	195,056	-	January 2023	-	-
Options	34	126	22,153	-	Between January 2020 and December 2020	-	-
	<u>207,950</u>	<u>207,871</u>	<u>15,489,774</u>	<u>-</u>			
<b>Derivatives held as hedges -</b>							
<b>Cash flow hedges:</b>							
Call Spreads (*)	63,508	-	1,326,800	8,983	May 2023	Senior note not guaranteed	Bonds, notes and other obligations
Call Spreads (*)	67,405	-	1,160,950	19,135	April 2028	Senior note not guaranteed	Bonds, notes and other obligations
Cross currency swaps (CCS)	12,826	8,227	1,461,474	(31,211)	January 2023	Senior bonds	Bonds, notes and other obligations
Cross currency swaps (CCS)	-	2,821	497,100	(19,694)	October 2027	Senior bonds	Bonds, notes and other obligations
Interest rate swaps (IRS)	-	1,085	82,850	(287)	December 2020	Due to banks	Due to banks and correspondents
Interest rate swaps (IRS)	-	1,080	82,850	(289)	December 2020	Due to banks	Due to banks and correspondents
Interest rate swaps (IRS)	-	1,668	132,560	(285)	November 2020	Due to banks	Due to banks and correspondents
Cross currency swaps (CCS)	-	-	-	1,097	-	-	-
	<u>143,739</u>	<u>14,881</u>	<u>4,744,584</u>	<u>(22,551)</u>			
	<u>351,689</u>	<u>222,752</u>	<u>20,234,358</u>	<u>(22,551)</u>			

(\*) The call spread contracts were settled during 2018 with JP Morgan Chase & Co. and Citibank N.A. for a total reference value of US\$350,000,000 and US\$400,000,000, respectively; and were agreed in order to reduce the exchange rate risk exposure caused by the part of foreign currency debt issued by InRetail Shopping Malls and InRetail Pharma S.A., in April and May 2018. In addition, the purchase price paid for such derivative financial instruments (premium) was financed in installments, generating a liability, whose total balance as of March 31, 2020, and December 31, 2019, amounts approximately to S/116,058,000 and S/114,577,000; respectively, see Note 11(a).

(i) As of March 31, 2020 and December 31, 2019, certain derivative financial instruments required the establishment of collateral deposits; see Note 4(d).

(ii) For the designated hedging derivatives mentioned in the table above, changes in fair values of hedging instruments completely offset the changes in fair values of hedged items; therefore, there has been no hedge ineffectiveness in 2020 and 2019. During the year 2019, two hedges were discontinued for a total nominal value of US\$20,000,000 because of the early redemption of the senior bonds denominated "5.750% Senior Notes due 2020".

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

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

#### 10. Deposits and obligations

(a) This caption is made up as follows:

	31.03.2020	31.12.2019
	S/(000)	S/(000)
Time deposits	11,756,898	13,230,965
Saving deposits	12,579,878	11,384,464
Demand deposits	11,000,674	11,110,811
Compensation for service time	1,923,868	2,090,832
Other obligations	14,729	5,955
<b>Total</b>	<b>37,276,047</b>	<b>37,823,027</b>

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

(c) As of March 31, 2020, and December 31, 2019, out of total deposits and obligations, approximately S/ 11,264,146,469 and S/ 11,047,236,000, respectively, are covered by the Peruvian Deposit Insurance Fund.

#### 11. Due to banks and correspondents

(a) This caption is comprised of the following:

	31.03.2020	31.12.2019
	S/(000)	S/(000)
<b>By type</b>		
Loans received from Peruvian entities	3,260,550	2,485,231
BCRP, Note 4(b)	2,565,469	1,897,568
Promotional credit lines	1,441,100	1,422,067
Loans received from foreign entities	1,241,127	673,170
Loans for purchase of derivative financial instruments, Note 9(b)(*)	116,058	114,577
Loans received from third parties	83,089	76,956
	<b>8,707,393</b>	<b>6,669,569</b>
Interest and commissions payable	59,109	56,691
	<b>8,766,502</b>	<b>6,726,260</b>
<b>By term</b>		
Short term	5,029,042	3,545,597
Long term	3,737,460	3,180,663
<b>Total</b>	<b>8,766,502</b>	<b>6,726,260</b>

(b) As of March 31, 2020 and December 31, 2019, some of the Bank loans agreements include standard covenants regarding capital ratios, financial ratios, disposal of assets and transactions among companies under certain conditions, the use of funds and other issues administratives.

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

In the opinion of Management and its legal advisors, all covenants have been met by the Group regarding its due to banks and correspondents as of March 31, 2020 and December 31, 2019.

Translation of consolidated financial statements originally issued in Spanish – Note 28

Notes to the interim condensed consolidated financial statements (continued)

12. Bonds, notes and other obligations

(a) This caption is comprised of the following:

Issuance	Issuer	Annual interest rate	Interest payment	Maturity	Amount issued S/(000)	31.03.2020 S/(000)	31.12.2019 S/(000)
<b>Local issuances</b>							
<b>Subordinated bonds – first program</b>							
Third (A series)	Interbank	3.5% + VAC (*)	Semi-annually	2023	S/110,000	91,000	91,000
Eighth (A series)	Interbank	6.91%	Semi-annually	2022	S/137,900	137,110	136,908
						<u>228,110</u>	<u>227,908</u>
<b>Subordinated bonds – second program</b>							
Second (A series)	Interbank	5.81%	Semi-annually	2023	S/150,000	149,840	149,827
Third (A series)	Interbank	7.50%	Semi-annually	2023	US\$50,000	171,581	165,426
						<u>321,421</u>	<u>315,253</u>
<b>Subordinated bonds – third program</b>							
First – single series	Interseguro	6.00%	Semi-annually	2029	US\$20,000	68,740	66,280
Second – single series	Interseguro	4.34%	Semi-annually	2029	US\$20,000	68,740	66,280
						<u>137,480</u>	<u>132,560</u>
<b>Corporate bonds – first program</b>							
First (A series)	Financiera OH!	7.69%	Quarterly	2021	S/120,000	119,828	119,788
First (B series)	Financiera OH!	6.97%	Quarterly	2021	S/99,419	99,265	99,237
Second (A series)	Financiera OH!	6.28%	Quarterly	2021	S/100,000	99,805	99,777
Second (B series)	Financiera OH!	5.84%	Quarterly	2022	S/60,000	59,846	59,830
Third (A series)	Financiera OH!	6.41%	Quarterly	2023	S/95,885	95,596	95,575
						<u>474,340</u>	<u>474,207</u>
<b>Corporate bonds – second program</b>							
Fifth (A series)	Interbank	3.41% + VAC (*)	Semi-annually	2029	S/ 150,000	150,000	150,000
						<u>150,000</u>	<u>150,000</u>
<b>Securitized bonds</b>							
First (A and B series)	Colegios Peruanos	Between 3.25%-10%	Semi-annually	2035	S/66,000	38,852	32,992
Second (A series)	Colegios Peruanos	Between 4%-12%	Semi-annually	2035	S/50,000	46,307	47,000
Third (A series)	Colegios Peruanos	7.53%	Semi-annually	2037	S/70,000	69,441	69,427
Fourth (A series)	Colegios Peruanos	5.97%	Semi-annually	2034	S/230,000	227,067	226,992
First A class (1 series)	Homecenter Peruanos	6.59%	Quarterly	2025	S/100,000	93,075	95,055
						<u>474,742</u>	<u>471,466</u>

Translation of consolidated financial statements originally issued in Spanish – Note 28

Notes to the interim condensed consolidated financial statements (continued)

Issuance	Issuer	Annual interest rate	Interest payment	Maturity	Amount issued S/(000)	31.03.2020 S/(000)	31.12.2019 S/(000)
<b>Negotiable certificates of deposit</b>							
Negotiable certificates of deposit	Financiera OH!	Between 4.50% and 4.56%	Annually	Between May - Nov 2020	S/191,300	191,072	-
Negotiable certificates of deposit	Financiera OH!	Bwtween 3.50% and 5.10%	Annually	Between Feb - Nov 2020	S/281,300	-	271,887
Negotiable certificates of deposit	Interbank	4.28%	Annually	2020	S/150,000	-	148,603
						<u>191,072</u>	<u>420,490</u>
<b>Total local issuances</b>						<u>1,977,165</u>	<u>2,191,884</u>
<b>International issuances</b>							
Subordinated bonds	Interbank	6.63%	Semi-annually	2029	US\$300,000	1,027,192	990,216
Junior subordinated notes	Interbank	8.50%	Semi-annually	2070	US\$200,000	686,014	660,992
Corporate bonds	Interbank	5.00%	Semi-annually	2026	S/312,400	311,213	311,185
Corporate bonds	Interbank	3.25%	Semi-annually	2026	US\$400,000	1,362,400	1,313,259
Senior bonds	Intercorp Financial Services	4.13%	Semi-annually	2027	US\$300,000	1,009,382	969,794
Corporate bonds	Interbank	3.38%	Semi-annually	2023	US\$484,895	1,612,654	1,549,877
Senior bonds	Intercorp Perú	3.88%	Semi-annually	2029	US\$325,000	1,047,717	1,010,136
Senior bonds	Intercorp Perú	5.78%	Semi-annually	2029	S/300,000	296,120	296,045
Senior bonds	Intercorp Perú	7.66%	Semi-annually	2030	S/301,500	298,319	298,265
Senior notes not guaranteed	InRetail Shopping Malls	7.88%	Semi-annually	2034	S/141,000	97,640	135,514
Senior notes not guaranteed	InRetail Shopping Malls	5.75%	Semi-annually	2028	US\$350,000	1,129,723	1,087,035
Senior notes not guaranteed	InRetail Shopping Malls	6.56%	Semi-annually	2028	S/313,500	306,875	261,511
Senior notes not guaranteed	InRetail Pharma	5.38%	Semi-annually	2023	US\$400,000	1,361,261	1,310,706
Senior notes not guaranteed	InRetail Pharma	6.44%	Semi-annually	2025	S/385,800	<u>383,790</u>	<u>383,707</u>
<b>Total international issuances</b>						<u>10,930,300</u>	<u>10,578,242</u>
<b>Total local and international issuances</b>						<u>12,907,465</u>	<u>12,770,126</u>
Interest payable						<u>208,718</u>	<u>230,641</u>
<b>Total</b>						<u>13,116,183</u>	<u>13,000,767</u>

(\*) The Spanish term "Valor de actualización constante" is referred indexed amounts.

(\*\*) In February 2019, Interseguro performed the early redemption of said instruments and paid interest for approximately US\$1,200,000.

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

- (b) The international issuances are listed at the Luxembourg Stock Exchange. On the other hand, local and international issuances include standard clauses of compliance with financial ratios, the use of funds and other administrative matters.

As of March 31, 2020 and December 31, 2019, the international issuances maintain standard clauses mainly related to periodic reporting of financial information. In the opinion of Management and its legal advisors, these clauses have been met by the Group as of March 31, 2020 and December 31, 2019.

#### 13. Insurance contract liabilities

- (a) This caption is comprised of the following:

	<b>31.03.2020</b>	<b>31.12.2019</b>
	S/(000)	S/(000)
Technical reserves for insurance premiums (b)	10,867,081	11,135,635
Technical reserves for claim	197,264	203,175
	<u>11,064,345</u>	<u>11,338,810</u>
<b>By term</b>		
Short term	965,482	948,316
Long term	10,098,863	10,390,494
<b>Total</b>	<u>11,064,345</u>	<u>11,338,810</u>

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

(b) The movement of technical reserves for insurance premiums disclosed by type of insurance for the three-month periods ended March 31, 2020 and 2019, is as follows:

	31.03.2020					31.03.2019				
	Annuities S/(000)	Retirement, disability and survival annuities S/(000)	Life insurance S/(000)	General insurance S/(000)	Total S/(000)	Annuities S/(000)	Retirement, disability and survival annuities S/(000)	Life insurance S/(000)	General insurance S/(000)	Total S/(000)
<b>Beginning of period balances</b>	9,653,420	779,455	661,687	41,073	11,135,635	8,665,894	715,217	586,166	39,683	10,006,960
Insurance subscriptions	73,447	-	505	34,697	108,649	78,343	-	548	28,792	107,683
Acquisition of Mapfre (*)	-	-	292,499	-	292,499	-	-	-	-	-
Interest rate effect	(686,632)	(51,096)	(11,890)	-	(749,618)	136,166	11,934	-	-	148,100
Time passage adjustments	(29,620)	531	5,384	(24,425)	(48,130)	(27,041)	(1,646)	29,533	(27,459)	(26,613)
Maturities and recoveries	-	-	(12,274)	-	(12,274)	-	-	(8,037)	-	(8,037)
Exchange differences	118,599	-	21,614	107	140,320	(68,531)	-	(8,718)	(9)	(77,258)
<b>End of period balances</b>	<b>9,129,214</b>	<b>728,890</b>	<b>957,525</b>	<b>51,452</b>	<b>10,867,081</b>	<b>8,784,831</b>	<b>725,505</b>	<b>599,492</b>	<b>41,007</b>	<b>10,150,835</b>
<b>Balance as of December 31, 2019</b>						<b>9,653,420</b>	<b>779,455</b>	<b>661,687</b>	<b>41,073</b>	<b>11,135,635</b>

(\*) In December 2019, the SBS authorized the transfer of a net equity block from Mapfre Peru Vida, which was made effective on January 2, 2020. At said date, Interseguro received cash equivalent to S/59,479,000, financial instruments by S/196,970,000, and recognized the corresponding liabilities for technical reserves. The final value of the portfolio transferred is currently under review by Management of Interseguro and Mapfre.

(c) In Management's opinion, these balances reflect the exposure of life and general insurance contracts as of March 31, 2020, and December 31, 2019, in accordance with IFRS 4.

(d) As of March 31, 2020 and December 31, 2019, the main assumptions used in the estimation of retirement, disability and survival annuities and individual life reserves are the following:

Type	Mortality table	Technical rates	
		31.03.2020	31.12.2019
Annuities	SPP-S-2017, SPP-I-2017	5.69% in US\$	4.54% in US\$
	with improvement factor	2.41% in S/ VAC	1.89% in S/ VAC
	for mortality	5.49% in adjusted S/	5.10% in adjusted S/
Retirement, disability and survival	SPP-S-2017, SPP-I-2017 with improvement factor for mortality	2.41% in S/ VAC	1.89% in S/ VAC
Individual life insurance contracts (included linked insurance contracts)	CSO 80 adjusted	4.00 - 5.00%	4.00 - 5.00%

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

The sensitivity of the estimates used by the Group to measure its insurance risks is represented primarily by life insurance risks; the main variables as of March 31, 2020 and December 31, 2019, are the interest rates and the mortality tables. The Group has assessed the changes of the reserves related to its most significant life insurance contracts included in the reserves of annuities, retirement, disability and survival of +/- 100 basis points (bps) in the interest rates and of +/- 500 bps of the mortality factors, being the results as follows:

Variables	31.03.2020			31.12.2019		
	Reserve S/(000)	Variation of the reserve		Reserve S/(000)	Variation of the reserve	
		Amount S/(000)	Percentage %		Amount S/(000)	Percentage %
<b>Annuities</b>						
<b>Portfolio in S/ and US Dollars - Basis amount</b>						
Changes in interest rate: + 100 bps	8,226,559	(902,655)	(9.89)	8,646,725	(1,006,697)	(10.43)
Changes in interest rate: - 100 bps	10,229,001	1,099,787	12.05	10,890,170	1,236,748	12.81
Changes in mortality table at 105%	9,041,837	(87,377)	(0.96)	9,554,268	(99,153)	(1.03)
Changes in mortality table at 95%	9,220,762	91,548	1.00	9,757,493	104,072	1.08
<b>Retirements, disability and survival</b>						
<b>Portfolio in S/ - Basis amount</b>						
Changes in interest rate: + 100 bps	646,914	(81,976)	(11.25)	687,451	(92,004)	(11.80)
Changes in interest rate: - 100 bps	830,633	101,743	13.96	894,614	115,160	14.77
Changes in mortality table at 105%	719,570	(9,320)	(1.28)	769,044	(10,411)	(1.34)
Changes in mortality table at 95%	738,677	9,787	1.34	790,403	10,948	1.40



## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

#### 14. Equity

##### (a) Capital stock and dividend distribution

As of March 31, 2020, and December 31, 2019, 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, 2020, and December 31, 2019 is presented below:

Shareholder	Total ownership %
<b>Class "A" shares:</b>	
International Financial Holding Inc.	7.73
Southern Hill Corp.	2.27
<b>Class "B" shares:</b>	
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
	<hr/>
	100.00
	<hr/>

The Board Sessions held on February 21, May 21, August 20 and November 19, 2019, agreed to commit earnings (for the 2019 fiscal year and retained earnings) for capitalization for the amount of S/320,000,000, S/420,000,000, S/200,000,000 and S/430,000,000, respectively.

The General Shareholders' Meeting held on April 1, 2019, agreed to capitalize approximately S/491,464,000 charged to retained earnings. Likewise, it was agreed to distribute dividends for US\$30,000,000 (equivalent to S/98,940,000), which will be paid in four equal installments (US\$7,500,000) from June 2019 to March 2020. In the same meeting, the nominal value per share was modified from US\$9 to US\$10, while the number of shares was kept the same.

##### (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, 2020 and December 31, 2019, the Company has met the aforementioned requirements and supplementary requirements made by SBS at those dates.

##### (c) Reserves

In accordance with agreements adopted in Board Sessions held on February 19 and March 16, 2020, the Company recorded reserves charged to retained earnings for S/200,000,000 and S/100,000,000, respectively.

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

The Board Sessions held on March 16, 2019, agreed to constitute reserves for S/70,000,000, charged to retained earnings.

The General Shareholders' Meeting held on April 1, 2019, agreed to constitute reserves for S/58,536,000 charged to retained earnings.

(d) Unrealized result

The unrealized results are derived from the fluctuation of financial instruments measured at fair value through other comprehensive income and from the exchange difference caused by transfers from subsidiaries located abroad, whose functional currency is different from that of the Company.

#### 15. Tax situation

- (a) Intercorp Perú and its Subsidiaries incorporated and domiciled in The Bahamas and Republic of Panama (see Note 3), 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 countries different to the mentioned before are subject to the Tax legislation of the country where they operate; see paragraph (b).

On the other hand, Peruvian life insurance companies are exempted from income taxes when it comes to income from assets related to technical reserves for the payment of Annuities and Retirement, disability and survival annuities of the Private Pension Fund Management System.

In Peru, all gains from Peruvian sources are subject to income tax, which is directly obtained by the direct or indirect sale of shares or participations representing the capital 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 or ownership interests of the non-domiciled legal entity. In addition, as a concurrent condition, it is also established that an indirect transfer occurs when, 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 are transferred.

- (b) Intercorp Perú's Subsidiaries established in Peru are subject to Peruvian taxes, therefore, they must evaluate its tax burden based on their separate financial statements. The income tax rate as of March 31, 2020 and December 31, 2019, was 29.5 percent on the taxable income.
- (c) 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, 2020 and December 31, 2019, the applicable Income Tax rates on the taxable income in the main countries where the Company and its Subsidiaries operate are presented below.

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

	Tax rates
	2020 - 2019
	%
Peru	29.5
Ecuador	25
Colombia	33
Bolivia	25
Spain	25
Mexico	30

According to current legislation as of March 31, 2020 and December 31, 2019, in some countries, cash dividends for non-domiciled shareholders are taxable for Income Tax with to the following rates:

	Tax rates
	2020 - 2019
	%
Spain (*)	-
Peru	5
Ecuador	10
Colombia	7.5
Bolivia	12.5

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

- (d) 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. It also has the legally entitled to challenge the income tax calculated for subsidiaries on their tax return.

Given the possible interpretations that the Tax Authority may have for the current legal regulations, it is not possible to determine as of the corresponding date if future revisions will result or not in additional liabilities for Subsidiaries of Intercorp Group, therefore, if eventual tax revisions result in higher taxes, they will be applied to the profit or loss of the fiscal year in which they are determined. However, Management and its legal advisors believe that the determination of higher taxes would not have a significant impact on the separate financial statements as of March 31, 2020 and December 31, 2019.

- (d.1) Financial and insurance entities -  
Interbank -

In April 2004, June 2006, February 2007, June 2007, November 2007, October 2008 and December 2010, Interbank 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.

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

Regarding the tax litigations followed by Interbank 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 “interest in suspense” are subject to Income Tax or not. In this sense, the Bank considers that the interest in suspense do not constitute accrued income, in accordance with the SBS’s regulations, which is also supported by a ruling by the Permanent Constitutional and Social Law Chamber of the Supreme Court issued in August 2009.

Notwithstanding the foregoing, in February 2018, the Third Transitory Chamber of Constitutional and Social Law of the Supreme Court issued a ruling regarding a third bank that impacted the original estimation regarding the degree of contingency for this discrepancy. Subsequently, in June 2019, the Permanent Chamber of Constitutional and Social Law of the Supreme Court, in a case followed with another financial entity, ruled in favor of the tax treatment over the interest in suspense followed by said entity; which is consistent with the tax treatment followed by Interbank. Lastly, on March 12, 2020, the Permanent Chamber of Constitutional and Social Law of the Supreme Court published on the website of the Judiciary its ruling regarding Interbank’s Income Tax for the year 2003, declaring groundless the cassation appeals filed by SUNAT and the Ministry of Economy and Finance (“MEF”, by its Spanish acronym), thus reaffirming the position held by the Bank regarding that interest in suspense does not constitute taxable income.

From the tax and legal analysis performed, reinforced by the aforementioned recent ruling by the Permanent Chamber of Constitutional and Social Law of the Supreme Court, Interbank’s Management and its external legal advisors consider that it exists sufficient technical support for the prevalence of Interbank’s position, in relation with the tax periods under resolution process; thus, it has not been recorded any provision for this contingency as of March 31, 2020 and December 31, 2019.

The tax liability requested for this concept and other minor contingencies as of March 31, 2020, without considering the effects of the ruling by the Permanent Chamber of Constitutional and Social Law of the Supreme Court published on March 12, 2020, amounted to approximately S/307,000,000, out of which S/34,000,000 corresponded to taxes and the difference to fines and interest arrears (as of December 31, 2019 amounted to approximately S/303,000,000, out of which S/34,000,000 corresponded to taxes and the difference to fines and interest arrears); however, it is estimated that once SUNAT performs the resettlements of the Income Tax, including the effects of said ruling, the requested amount will diminish significantly.

On the other hand, on February 3, 2017, SUNAT closed the audit process corresponding to the Income Tax for the year 2010. The Bank paid the debt under protest and filed a claim procedure. Subsequently, on November 6, 2018, SUNAT closed again the audit process corresponding to the Income Tax 2010, which had been reopened due to invalidity; Interbank filed a claim procedure and afterwards a tax appeal. Currently, the appeal is pending resolution by the Tax Court.

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. As of March 31, 2020 and December 31, 2019, the tax debt requested by SUNAT amounts to approximately S/51,000,000 and S/50,000,000, respectively (including taxes, penalties and moratorium interest). The main concept observed was the deduction of loan write-offs without proof by the SBS.

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

To date, Interbank's Management has submitted the respective complaints to the resolutions indicated above. In the opinion of Management and its legal advisors, any eventual additional tax would not be significant for the financial statements as of March 31, 2020 and December 31, 2019.

On April 26, 2019, SUNAT notified Interbank about the commencement of the definitive audit process on Income Tax withholdings of non-domiciled entities corresponding to the year 2018. To date, said audit is under process.

On September 11, 2019 and December 12, 2019, SUNAT notified Interbank about the commencement of the definitive audit process on the Income Tax corresponding to the year 2014 and 2015, respectively. To date, said audit is under process.

Lastly, to date, SUNAT is auditing Interbank's 2012 taxable period. In the opinion of Management and its legal advisors, any eventual additional tax settlement would not be significant for the financial statements as of March 31, 2020 and December 31, 2019.

#### Interseguro –

On January 4, 2019, Interseguro was notified through a Tax Determination notice about the partial audit of the Income Tax for non-domiciled entities for Sura corresponding to January 2015. The tax debt requested by SUNAT amounts to approximately S/19,000,000. On January 30, 2019, the Company filed an appeal against the Resolution of Determination claimed by SUNAT. Considering that this debt corresponds to a period prior to the acquisition of Seguros Sura by the Group and according to the conditions of the purchase and sale agreement of this entity, this debt, if confirmed after the legal actions that Management is to file, would be assumed by the sellers.

In the opinion of Management and its legal advisors, any eventual additional tax settlement would not be significant for the financial statements as of March 31, 2020 and December 31, 2019.

#### (d.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 2013. Said audits resulted in Determination Resolutions generating higher tax payments, fines and interest for an approximate total of S/139,790,000 as of March 31, 2020 (S/139,000,000 as of December 31, 2019). The resolutions issued for the years 2004 to 2013 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 for taxable years from January 2003 to June 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 March 31, 2020 and December 31, 2019, the total contingency of the Company amounts to S/17,568,000.

Mifarma S.A.C. (formerly 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 a total of approximately S/9,122,000 as of March 31, 2020 and December 31, 2019. Management and its legal advisors do not consider it necessary to constitute additional provisions to those that are already recorded as of March 31, 2020, for these processes.

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

(d.3) Educational business -

As of March 31, 2020 and December 31, 2019, 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, 2020 and December 31, 2019, the approximate amount of such proceedings and procedures amounts to S/4,225,000 and S/3,188,000, respectively. In the opinion of Management and its legal advisors, these legal actions will not generate liabilities of importance to the financial statements.

- (e) 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 Subsidiaries domiciled in Peru as of March 31, 2020 and December 31, 2019.

Through Legislative Decree No. 1312, published on December 31, 2016, the formal obligations for entities included within the scope of application of transfer pricing were modified, thus incorporating three new informative affidavits: (i) Local Report; (ii) Master Report; and (iii) Country Report. The first went into effect from 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.

In this regard, it is important to emphasize that, at present, Interbank maintains a branch in Panama, a country that is considered "non-cooperating", in accordance with the Legislative Decree No. 1381. Notwithstanding the aforementioned, as detailed in Note 3.1(a) to the date of this report, said branch is under voluntary closing and liquidation process.

- (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

## Notes to the interim condensed consolidated financial statements (continued)

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 report, 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 liability 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 and its Subsidiaries 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 from the indirect transfer of shares 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 proprietorship, 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 the double economic imposition.

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

- 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.
  
- (h) Intercorp Group's Subsidiaries calculate the period's Income Tax expense using the best estimate of the weighted average tax rate. The table below presents the amounts reported in the interim condensed consolidated statements of income for the three month periods ended March 31, 2020 and 2019:

	For the three-month periods ended March 31	
	2020 S/(000)	2019 S/(000)
Current - Expense	202,510	205,125
Deferred - (Income) expense	(64,529)	(22,569)
	<u>137,981</u>	<u>182,556</u>



## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

#### 16. Interest and similar income; Interest and similar expenses

(a) This caption is comprised of the following:

	For the three-month periods ended March 31	
	2020 S/(000)	2019 S/(000)
<b>Interest and similar income</b>		
Interest on loan portfolio	1,144,875	1,039,329
Interest on investments at fair value through other comprehensive income	193,354	194,085
Interest on investments at amortized cost	26,226	21,961
Interest on due from banks and inter-bank funds	24,090	30,455
Dividends on financial instruments	22,240	17,113
Others	1,272	1,100
<b>Total</b>	<b>1,412,057</b>	<b>1,304,043</b>
<b>Interest and similar expenses</b>		
Interest and fees on deposits and obligations	(188,623)	(184,940)
Interest on bonds, notes and other obligations	(176,378)	(175,517)
Interest and fees on obligations with financial institutions	(80,576)	(88,854)
Interest on leases	(35,772)	(31,666)
Deposit insurance fund premium	(12,709)	(10,967)
Time value of Call Spreads premium	(5,245)	(3,718)
Result from hedging transactions	(3,715)	(5,038)
Others	(15,381)	(18,776)
<b>Total</b>	<b>(518,399)</b>	<b>(519,476)</b>

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

#### 17. Fee income from financial services, net

This caption is comprised of the following:

	For the three-month periods ended March 31	
	2020 S/(000)	2019 S/(000)
<b>Income</b>		
Maintenance and mailing of accounts, transfer fees and commissions on credit and debit card	164,905	155,391
Commissions for banking services	62,182	51,056
Funds management	37,405	35,116
Fees from indirect loans	12,796	13,595
Collection services fees	9,434	9,327
Brokerage and custody services fees	2,394	2,092
Others	8,429	9,892
Total	<u>297,545</u>	<u>276,469</u>
<b>Expenses</b>		
Credit cards	(30,828)	(24,385)
Debtor's life insurance premiums	(14,494)	(10,533)
Fees paid to foreign banks	(3,234)	(3,671)
Brokerage and custody services	(159)	(172)
Others	(14,163)	(18,902)
Total	<u>(62,878)</u>	<u>(57,663)</u>
<b>Net</b>	<u>234,667</u>	<u>218,806</u>

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

#### 18. Other income and expenses

This caption is comprised of the following:

	For the three-month periods ended March 31	
	2020 \$/ (000)	2019 \$/ (000)
<b>Other income</b>		
Income from lease	9,906	9,293
Income from investments in associates	3,478	5,850
Other technical income from insurance operations	1,902	3,129
Services rendered to third parties	604	2,608
Others	13,650	14,326
<b>Total other income</b>	<b>29,540</b>	<b>35,206</b>
<b>Other expenses</b>		
Commissions from insurance activities	(10,247)	(7,784)
Provision for accounts receivable	(7,304)	(8,726)
Sundry technical insurance expenses	(4,999)	(10,359)
Provision for sundry risks	(3,302)	(3,628)
Expenses related to rental income	(1,404)	(1,544)
Donations	(1,153)	(1,328)
Administrative and tax penalties	(896)	(3,453)
Others	(17,384)	(17,913)
<b>Total other expenses</b>	<b>(46,689)</b>	<b>(54,735)</b>

Translation of consolidated financial statements originally issued in Spanish – Note 28

Notes to the interim condensed consolidated financial statements (continued)

19. Net premiums earned

For the three-month periods ended March 31, 2020, and 2019, this caption is comprised of the following:

	Premiums assumed		Adjustment of technical reserves		Gross premiums earned (*)		Premiums ceded to reinsurers		Net premiums earned	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Life Insurance</b>										
Annuities (**)	71,061	78,324	(43,833)	(56,590)	27,228	21,734	-	-	27,228	21,734
Group life	37,980	33,053	225	(85)	38,205	32,968	(1,151)	(1,275)	37,054	31,693
Individual life	33,682	33,297	7,161	(21,939)	40,843	11,358	(1,096)	(1,155)	39,747	10,203
Retirement, disability and survival	1,974	4,980	(531)	6,934	1,443	11,914	(121)	(1,700)	1,322	10,214
Others	1	-	(1,008)	(68)	(1,007)	(68)	-	-	(1,007)	(68)
<b>Total life insurance</b>	<b>144,698</b>	<b>149,654</b>	<b>(37,986)</b>	<b>(71,748)</b>	<b>106,712</b>	<b>77,906</b>	<b>(2,368)</b>	<b>(4,130)</b>	<b>104,344</b>	<b>73,776</b>
<b>Total general insurance</b>	<b>30,610</b>	<b>25,776</b>	<b>(10,431)</b>	<b>(1,548)</b>	<b>20,179</b>	<b>24,228</b>	<b>(84)</b>	<b>(108)</b>	<b>20,095</b>	<b>24,120</b>
<b>Total general</b>	<b>175,308</b>	<b>175,430</b>	<b>(48,417)</b>	<b>(73,296)</b>	<b>126,891</b>	<b>102,134</b>	<b>(2,452)</b>	<b>(4,238)</b>	<b>124,439</b>	<b>97,896</b>

(\*) Includes the annual variation of technical reserves and unearned premiums.

(\*\*) The variation of the adjustment of technical reserves is due to variation in the rates with which technical reserves are determined, see rates in Note 13(d).

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## Notes to the interim condensed consolidated financial statements (continued)

### 20. Gross profit from retail business

(a) This caption is comprised of the following:

	For the three-month periods ended March 31	
	2020	2019
	S/(000)	S/(000)
Net sales	3,756,638	3,657,475
Cost of sales	(2,749,478)	(2,665,595)
<b>Total</b>	<b>1,007,160</b>	<b>991,880</b>

### 21. Earnings per share

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

	Outstanding shares (in thousands)	Shares used in calculation (in thousands)	Effective days in the year	Weighted average number of shares (in thousands)
<b>2019</b>				
Balance as of January 1	149,019	149,019	90	149,019
<b>Balance as of March 31</b>	<b>149,019</b>	<b>149,019</b>		<b>149,019</b>
<b>Net earnings attributable to Intercorp Perú S/(000)</b>				<b>290,508</b>
<b>Basic and diluted net earnings per share attributable to Intercorp (Soles)</b>				<b>1.95</b>
<b>2020</b>				
Balance as of January 1	149,019	149,019	90	149,019
<b>Balance as of March 31</b>	<b>149,019</b>	<b>149,019</b>		<b>149,019</b>
<b>Net earnings attributable to Intercorp Perú S/(000)</b>				<b>108,328</b>
<b>Basic and diluted net earnings per share attributable to Intercorp (Soles)</b>				<b>0.73</b>

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

#### 22. Transactions with shareholders, related parties and affiliated entities

- (a) The table below presents the main transactions with shareholders, related parties and affiliated companies as of March 31, 2020 and December 31, 2019:

	31.03.2020	31.12.2019
	S/(000)	S/(000)
<b>Assets</b>		
<b>Financial instruments at fair value through profit or loss</b>		
Mutual and investment funds - NG Capital Partners II	332,972	320,126
Participations - Royalty Pharma	127,903	117,682
Mutual and investment funds - NG Capital Partners I	20,413	19,717
Mutual and investment funds - Interfondos S.A.	4,333	701
Corporate bonds - San Miguel Industrias Pet	244	270
Loans, net	268,816	266,192
Accounts receivable related to derivative financial instruments	2,723	817
<b>Liabilities</b>		
Deposits and obligations	76,265	222,322
Loans payable (b)	62,000	19,000
Accounts payable related to derivative financial instruments	-	344
<b>Off-balance sheet accounts</b>		
Indirect loans (c)	58,875	93,779

	For the three-month periods ended March 31	
	2020	2019
	S/(000)	S/(000)
<b>Income (expenses)</b>		
Interest and similar income	4,803	6,598
Interest and similar expenses	(681)	(472)
Income from investment property rental	9,215	10,209
Administrative expenses	(6,749)	(6,697)
Others	10,335	10,472

- (b) As of March 31, 2020 and December 31, 2019, Colegios Peruanos has payable loans with mutual funds managed by Interfondos SAFM, a related company, which accrue interest at market rates and have current maturities.

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

- (c) As of March 31, 2020 and December 31, 2019, the detail of loans is the following:

	2020			2019		
	Direct	Indirect	Total	Direct	Indirect	Total
	loans	loans		loans	loans	
S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	
Associates	268,816	58,875	327,691	266,192	93,779	359,971
	268,816	58,875	327,691	266,192	93,779	359,971

- (d) As of March 31, 2020 and December 31, 2019, the directors, executives and employees of the Intercorp Group have been involved, directly and indirectly, in credit transactions with certain subsidiaries of the Group, as permitted by Peruvian law, which regulates and limits on certain transactions with employees, directors and officers of financial entities. As of March 31, 2020 and December 31, 2019, direct loans to employees, directors and officers amounted to S/218,104,000 and S/236,937,000, respectively; said loans are repaid monthly and bear interest at market rates.

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

- (e) The Group's key personnel compensations for the three-month periods ended March 31, 2020 and 2019, are presented below:

	For the three-month periods ended March 31	
	2020	2019
	S/(000)	S/(000)
Salaries	41,600	43,616
Board of Directors' compensation	1,360	649
<b>Total</b>	<b>42,960</b>	<b>44,265</b>

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

## Notes to the interim condensed consolidated financial statements (continued)

### 23. Business segments

The Chief Operating Decision Maker (CODM) of Intercorp Group is the General Manager (CEO). The Group has six operating segments: (i) Banking, (ii) Insurance, (iii) Wealth management, (iv) Food retail, (v) Pharma and (vi) Shopping malls, based on products and services.

#### Banking -

Mainly loans, credit facilities, deposits and demand deposits.

#### Insurance -

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

#### Wealth management -

Provides brokerage and investment management services. Inteligo serves mainly Peruvian citizens.

#### Food retail -

Engaged in the retail sale of consumer products, through chain stores at a national level.

#### Pharma -

Provides pharmaceutical products, cosmetics, nutritional medical products and other items intended for the protection and recovery of health through its chain of drugstores. Also provides manufacturing, distribution and marketing services to the drugstores.

#### Shopping malls -

It is engaged in the management and administration of shopping malls consisting of department stores, medium stores and sales booths; some shopping malls include cinema complexes and entertainment areas.

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

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

No revenue from transactions with a single external customer or counterparty exceeded 10 percent of the Company's total revenues in the three-month periods ended March 31, 2020 and 2019.



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Notes to the interim condensed consolidated financial statements (continued)

The following table presents the Group's financial information by business segments for the three-month periods ended March 31, 2020 and 2019:

	31.03.2020							
	Banking	Insurance	Wealth management	Shopping Malls	Food retail	Pharma	Holding, others and consolidation adjustments	Total consolidated
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Total Income (*)</b>								
Third party	1,337,229	308,625	(1,702)	98,108	402,225	539,125	460,269	3,143,879
Inter-segment	(14,286)	-	4,036	(46,686)	(10,645)	(14,397)	81,978	-
<b>Total income</b>	<b>1,322,943</b>	<b>308,625</b>	<b>2,334</b>	<b>51,422</b>	<b>391,580</b>	<b>524,728</b>	<b>542,247</b>	<b>3,143,879</b>
Interest and similar income	1,037,127	167,949	41,091	7,289	340	3,677	154,584	1,412,057
Interest and similar expenses (**)	(302,831)	(21,210)	(15,544)	(36,705)	(33,826)	(47,614)	(60,669)	(518,399)
<b>Net interest and similar income</b>	<b>734,296</b>	<b>146,739</b>	<b>25,547</b>	<b>(29,416)</b>	<b>(33,486)</b>	<b>(43,937)</b>	<b>93,915</b>	<b>893,658</b>
Impairment loss on loans, net of recoveries	(312,611)	-	(7)	-	-	-	(57,962)	(370,580)
Recovery (Loss) due to impairment on financial investments	(196)	(40,135)	(191)	-	-	-	-	(40,522)
<b>Net interest and similar income after impairment loss</b>	<b>421,489</b>	<b>106,604</b>	<b>25,349</b>	<b>(29,416)</b>	<b>(33,486)</b>	<b>(43,937)</b>	<b>35,953</b>	<b>482,556</b>
Margin bruto de actividades minoristas	-	-	-	(4,513)	379,960	511,028	120,685	1,007,160
Fee income from financial services, net	190,361	(1,027)	43,013	-	5,634	-	(3,314)	234,667
Income from educational services	-	-	-	-	-	-	151,701	151,701
Net gain on investment property (***)	-	21,943	-	95,332	14,725	21,702	(17,723)	135,979
Net gain on exchange operations	131,339	-	-	-	-	-	(70)	131,269
Net gain on sale of financial investments	37,467	23,937	(33,116)	-	-	-	-	28,288
Net gains (losses) on financial assets at fair value through profit or loss	(71,455)	(31,605)	(51,243)	-	-	-	43,082	(111,221)
Other income (**)	12,390	2,989	(1,447)	-	1,566	2,718	11,324	29,540
	300,102	16,237	(42,793)	90,819	401,885	535,448	305,685	1,607,383
<b>Insurance premiums and claims</b>								
Net premiums earned	-	124,439	-	-	-	-	-	124,439
Net claims and benefits incurred for life insurance contracts and others	-	(183,852)	-	-	-	-	-	(183,852)
	-	(59,413)	-	-	-	-	-	(59,413)
<b>Other expenses</b>								
Salaries and employee benefits	(168,638)	(18,906)	(20,877)	(6,766)	(104,613)	(191,576)	(185,688)	(697,064)
Selling and administrative expenses	(175,403)	(9,193)	(10,008)	(2,206)	(159,110)	(103,203)	(137,320)	(596,443)
Depreciation and amortization	(57,445)	(6,378)	(3,986)	(3,272)	(63,875)	(89,117)	(52,293)	(276,366)
Other expenses	(14,267)	(37,942)	-	(779)	(1,637)	(987)	8,923	(46,689)
	(415,753)	(72,419)	(34,871)	(13,023)	(329,235)	(384,883)	(366,378)	(1,616,562)
<b>Income before translation result and Income Tax</b>	<b>305,838</b>	<b>(8,991)</b>	<b>(52,315)</b>	<b>48,380</b>	<b>39,164</b>	<b>106,628</b>	<b>(24,740)</b>	<b>413,964</b>
Translation result	(2,904)	(12,583)	(3,008)	(7,328)	(27,376)	(16,083)	(44,645)	(113,927)
Income Tax	(81,434)	-	666	(14,369)	(6,458)	(28,887)	(7,499)	(137,981)
<b>Net profit for the period</b>	<b>221,500</b>	<b>(21,574)</b>	<b>(54,657)</b>	<b>26,683</b>	<b>5,330</b>	<b>61,658</b>	<b>(76,884)</b>	<b>162,056</b>
<b>Attributable to:</b>								
Intercorp Perú shareholders	221,500	(21,574)	(54,657)	26,683	5,330	61,658	(130,612)	108,328
Non-controlling interest	-	-	-	-	-	-	53,728	53,728
	221,500	(21,574)	(54,657)	26,683	5,330	61,658	(76,884)	162,056

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Notes to the interim condensed consolidated financial statements (continued)

	31.03.2019							
	Banking	Insurance	Wealth management	Shopping Malls	Food retail	Pharma	Holding, others and consolidation adjustments	Total consolidated
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Total Income (*)</b>								
Third party	1,291,408	278,556	121,325	97,701	374,877	523,624	107,141	2,794,632
Inter-segment	(10,557)	-	(227)	(35,980)	(19,947)	(20,633)	87,344	-
<b>Total Income</b>	<b>1,280,851</b>	<b>278,556</b>	<b>121,098</b>	<b>61,721</b>	<b>354,930</b>	<b>502,991</b>	<b>194,485</b>	<b>2,794,632</b>
Interest and similar income	964,986	156,801	45,586	7,451	546	3,172	125,501	1,304,043
Interest and similar expenses (**)	(307,418)	(20,348)	(14,860)	(35,176)	(35,685)	(49,268)	(56,721)	(519,476)
<b>Net interest and similar income</b>	<b>657,568</b>	<b>136,453</b>	<b>30,726</b>	<b>(27,725)</b>	<b>(35,139)</b>	<b>(46,096)</b>	<b>68,780</b>	<b>784,567</b>
Impairment loss on loans, net of recoveries	(186,342)	-	(72)	-	-	-	(40,489)	(226,903)
Recovery (Loss) due to impairment on financial investments	(2)	2,361	(472)	-	-	-	-	1,887
<b>Net interest and similar income after impairment loss</b>	<b>471,224</b>	<b>138,814</b>	<b>30,182</b>	<b>(27,725)</b>	<b>(35,139)</b>	<b>(46,096)</b>	<b>28,291</b>	<b>559,551</b>
Margen bruto de actividades minoristas	-	-	-	(110)	343,665	507,935	140,390	991,880
Fee income from financial services, net	193,361	(999)	38,914	245	11,399	747	(24,861)	218,806
Income from educational services	-	-	-	-	-	-	171,016	171,016
Net gain on investment property (***)	-	11,874	-	90,115	19,890	12,259	(77,810)	56,328
Net gain on exchange operations	41,306	-	-	-	-	-	11	41,317
Net gain on sale of financial investments	9,071	(6,169)	24,543	-	-	-	(1)	27,444
Gain from derecognition of financial assets at amortized cost	2,472	-	-	-	-	-	-	2,472
Net gains (losses) on financial assets at fair value through profit or loss	8,005	15,518	14,785	-	-	-	7,153	45,461
Other income (**)	72,207	3,605	(2,503)	-	(623)	(489)	(36,991)	35,206
	326,422	23,829	75,739	90,250	374,331	520,452	178,907	1,589,930
<b>Insurance premiums and claims</b>								
Net premiums earned	-	97,926	-	-	-	-	(30)	97,896
Net claims and benefits incurred for life insurance contracts and others	-	(165,292)	-	-	-	-	-	(165,292)
	-	(67,366)	-	-	-	-	(30)	(67,396)
<b>Other expenses</b>								
Salaries and employee benefits	(162,267)	(17,977)	(15,113)	(6,068)	(94,896)	(190,162)	(161,224)	(647,707)
Selling and administrative expenses	(157,857)	(11,064)	(9,249)	(2,113)	(159,947)	(115,924)	(117,810)	(573,964)
Depreciation and amortization	(55,399)	(5,031)	(2,474)	(2,856)	(64,017)	(79,314)	(38,238)	(247,329)
Other expenses	(15,268)	(36,616)	(58)	(26)	(2,854)	(2,018)	2,105	(54,735)
	(390,791)	(70,688)	(26,894)	(11,063)	(321,714)	(387,418)	(315,167)	(1,523,735)
<b>Income before translation result and Income Tax</b>	<b>406,855</b>	<b>24,589</b>	<b>79,027</b>	<b>51,462</b>	<b>17,478</b>	<b>86,938</b>	<b>(107,999)</b>	<b>558,350</b>
Translation result	233	4,353	683	2,451	5,808	8,130	24,124	45,782
Income Tax	(107,386)	-	(1,408)	(16,311)	(12,575)	(25,950)	(18,926)	(182,556)
<b>Net profit for the period</b>	<b>299,702</b>	<b>28,942</b>	<b>78,302</b>	<b>37,602</b>	<b>10,711</b>	<b>69,118</b>	<b>(102,801)</b>	<b>421,576</b>
<b>Attributable to:</b>								
Intercorp Perú shareholders	299,702	28,942	78,302	37,602	10,711	69,118	(233,869)	290,508
Non-controlling interest	-	-	-	-	-	-	131,068	131,068
	299,702	28,942	78,302	37,602	10,711	69,118	(102,801)	421,576

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Notes to the interim condensed consolidated financial statements (continued)

	31.03.2020							
	Banking	Insurance	Wealth management	Food retail	Pharma	Shopping Malls	Holding, others and consolidation adjustments	Total Consolidated
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Total assets</b>	53,933,585	13,396,359	3,970,425	5,016,468	5,730,616	5,300,387	6,955,982	94,303,822
<b>Total liabilities</b>	47,433,498	13,052,208	3,210,757	3,924,822	4,989,460	2,785,544	4,111,422	79,507,711

  

	31.12.2019							
	Banking	Insurance	Wealth management	Food retail	Pharma	Shopping Malls	Holding, others and consolidation adjustments	Total Consolidated
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Total assets</b>	53,019,361	13,917,641	4,098,057	5,003,156	5,611,798	5,223,750	6,608,356	93,482,119
<b>Total liabilities</b>	46,676,473	12,943,718	3,244,210	3,916,840	4,835,298	2,699,124	3,983,328	78,298,991

(\*) Corresponds to interest and similar income, other income and net premiums earned.

(\*\*) For corporate purposes, interest expenses from the food retail, pharma and shopping malls, that represents the finance cost of each non-financial segment, are presented in this caption.

(\*\*\*) For corporate purposes, income from investment property income are presented in the caption "net gain on investment property". As March 31, 2020, includes income for rental of investment property for S/87,859,000, S/17,925,000, S/21,702,000 from the food retail, pharma and shopping malls segments, respectively (As March 31, 2019, amounts to S/86,941,000, S/19,174,000 and S/12,259,000 from the food retail, pharma and shopping malls segments, respectively).

(i) The distribution of the Group's total income based on the location of its customers and its assets, for the three-month period ended March 31, 2020, amounts to S/2,921,378,000 in Peru and S/222,500,000 in Panama, Ecuador and other countries ( S/2,460,781,000 in Peru and S/333,851,000 in Panama and other countries as of March 31, 2019). The distribution of the Group's total assets based on the location of the customer and its assets, as of March 31, 2020 is S/89,871,725,000 in Peru and S/4,432,097,000 in Panama, Ecuador and other countries (S/89,001,361,000 in Peru and S/4,480,758,000 in Panama and other countries as of December 31, 2019). It should be noted that both income and assets located in Panama correspond mainly to Peruvian citizens.

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Notes to the interim condensed consolidated financial statements (continued)

24. Financial instruments classification

The financial assets and liabilities of the interim condensed consolidated statements of financial position as of March 31, 2020 and December 31, 2019, are presented below:

	As of March 31, 2020				
	At fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Amortized cost	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Financial assets</b>					
Cash and due from banks	-	-	-	12,587,077	12,587,077
Inter-bank funds	-	-	-	150,005	150,005
Financial investments	1,928,815	13,906,250	742,119	2,275,889	18,853,073
Loans, net	-	-	-	37,579,276	37,579,276
Due from customers on acceptances	-	-	-	32,068	32,068
Accounts receivable and other assets, net	622,800	-	-	1,399,561	2,022,361
	<u>2,551,615</u>	<u>13,906,250</u>	<u>742,119</u>	<u>54,023,876</u>	<u>71,223,860</u>
<b>Financial liabilities</b>					
Deposits and obligations	-	-	-	37,276,047	37,276,047
Inter-bank funds	-	-	-	111,504	111,504
Due to banks and correspondents	-	-	-	8,766,502	8,766,502
Bonds, notes and other obligations	-	-	-	13,116,183	13,116,183
Due from customers on acceptances	-	-	-	32,068	32,068
Insurance contract liabilities	-	-	-	11,064,345	11,064,345
Accounts payable, provisions and other liabilities	403,377	-	-	7,301,800	7,705,177
	<u>403,377</u>	<u>-</u>	<u>-</u>	<u>77,668,449</u>	<u>78,071,826</u>

Translation of consolidated financial statements originally issued in Spanish – Note 28

Notes to the interim condensed consolidated financial statements (continued)

As of December 31, 2020					
	At fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Amortized cost	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Financial assets</b>					
Cash and due from banks	-	-	-	11,820,638	11,820,638
Inter-bank funds	-	-	-	85,006	85,006
Financial investments	2,044,738	14,106,919	839,762	2,206,986	19,198,405
Loans, net	-	-	-	37,774,580	37,774,580
Due from customers on acceptances	-	-	-	139,685	139,685
Accounts receivable and other assets, net	351,689	-	-	1,417,114	1,768,803
	<u>2,396,427</u>	<u>14,106,919</u>	<u>839,762</u>	<u>53,444,009</u>	<u>70,787,117</u>
<b>Financial liabilities</b>					
Deposits and obligations	-	-	-	37,823,027	37,823,027
Inter-bank funds	-	-	-	169,138	169,138
Due to banks and correspondents	-	-	-	6,726,260	6,726,260
Bonds, notes and other obligations	-	-	-	13,000,767	13,000,767
Due from customers on acceptances	-	-	-	139,685	139,685
Insurance contract liabilities	-	-	-	11,338,810	11,338,810
Accounts payable, provisions and other liabilities	222,752	-	-	7,466,168	7,688,920
	<u>222,752</u>	<u>-</u>	<u>-</u>	<u>76,663,855</u>	<u>76,886,607</u>

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

#### 25. Financial risk management

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

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

A full description of the Group's financial risk management is presented in Note 34 "Financial risk management" of the Annual Consolidated Financial Statements; following is presented the financial information related to credit risk management for the loan portfolio, offsetting of financial assets and liabilities, and foreign exchange risk.

##### (a) Credit risk management

Interbank's loan portfolio is segmented into homogeneous groups that shared similar credit risk characteristics. These groups are: (i) Retail Banking (credit card, mortgage, payroll loan, consumer loan and vehicular loan), (ii) Small Business Banking (segments S1, S2 and S3), and (iii) Commercial Banking (corporate, institutional, companies and real estate). In addition, at Inteligo Bank, the internal model developed (scorecard) assigns 5 levels of credit risk classified as follows: low risk, medium low risk, medium risk, medium high risk, and high risk. These categories are described in Note 34.1(d) of the Annual Consolidated Financial Statements.

The information that shows the credit quality and maximum exposure to credit risk of direct loans based on the Group's internal credit rating as of March 31, 2020 and December 31, 2019, are presented in Note 6.

##### (b) Offsetting of financial assets and liabilities

The information contained in the tables below includes financial assets and liabilities that (i) are offset in the statement of financial position of the Group; or (ii) are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, regardless of whether they are offset in the consolidated statement of financial position or not.

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

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

The Group receives and delivers guarantees in the form of cash with respect to transactions with derivatives; see Note 4.

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as of March 31, 2020 and December 31, 2019, is presented below:

	Gross amounts of recognized financial Instruments	Gross amounts of recognized financial instruments and offset in the interim condensed consolidated statements of financial position	Net amounts of financial instruments presented in the interim condensed consolidated statements of financial position	Related amounts not offset in the interim condensed consolidated statements of financial position		Net amount
				Financial instruments (including non-cash collateral)	Cash collateral received (pledged), Note 5(b)	
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Assets</b>						
<b>As of March 31, 2020</b>						
Derivatives, Note 9(b)	622,800	-	622,800	(290,541)	(32,755)	299,504
<b>Total assets</b>	<b>622,800</b>	<b>-</b>	<b>622,800</b>	<b>(290,541)</b>	<b>(32,755)</b>	<b>299,504</b>
<b>As of December 31, 2019</b>						
Derivatives, Note 9(b)	351,689	-	351,689	(134,103)	(42,351)	175,235
<b>Total assets</b>	<b>351,689</b>	<b>-</b>	<b>351,689</b>	<b>(134,103)</b>	<b>(42,351)</b>	<b>175,235</b>
<b>Liabilities</b>						
<b>As of March 31, 2020</b>						
Derivatives, Note 9(b)	403,377	-	403,377	(290,541)	(96,064)	16,772
<b>Total liabilities</b>	<b>403,377</b>	<b>-</b>	<b>403,377</b>	<b>(290,541)</b>	<b>(96,064)</b>	<b>16,772</b>
<b>As of December 31, 2019</b>						
Derivatives, Note 9(b)	222,752	-	222,752	(134,103)	(57,816)	30,833
<b>Total liabilities</b>	<b>222,752</b>	<b>-</b>	<b>222,752</b>	<b>(134,103)</b>	<b>(57,816)</b>	<b>30,833</b>

#### (c) Foreign exchange risk

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

As of March 31, 2020, the weighted average exchange rate of free market published by the SBS for transactions in US Dollars was S/3.433 per US\$1 bid and S/3.442 per US\$1 ask (S/3.311 and S/3.317 as of December 31, 2019, respectively). As of March 31, 2020, the exchange rate for the accounting of asset and liability accounts in foreign currency set by the SBS was S/3.437 per US\$1 (S/3.314 as of December 31, 2019).

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

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

	As of March 31, 2020				As of December 31, 2019			
	US Dollars S/(000)	Soles S/(000)	Other currencies S/(000)	Total S/(000)	US Dollars S/(000)	Soles S/(000)	Other currencies S/(000)	Total S/(000)
<b>Assets</b>								
Cash and due from banks	10,016,013	2,109,545	461,519	12,587,077	9,374,899	1,999,013	446,726	11,820,638
Inter-bank funds	-	150,005	-	150,005	-	85,006	-	85,006
Financial investments	7,037,724	11,783,162	32,187	18,853,073	6,974,685	12,211,104	12,616	19,198,405
Loans, net	10,880,581	26,698,695	-	37,579,276	10,913,192	26,861,388	-	37,774,580
Due from customers on acceptances	21,485	-	10,583	32,068	128,397	-	11,288	139,685
Accounts receivable and other assets, net	890,411	1,094,748	37,202	2,022,361	506,394	1,227,026	35,383	1,768,803
	<b>28,846,214</b>	<b>41,836,155</b>	<b>541,491</b>	<b>71,223,860</b>	<b>27,897,567</b>	<b>42,383,537</b>	<b>506,013</b>	<b>70,787,117</b>
<b>Liabilities</b>								
Deposits and obligations	14,164,431	22,758,336	353,280	37,276,047	13,840,447	23,617,852	364,728	37,823,027
Inter-bank funds	-	111,504	-	111,504	149,137	20,001	-	169,138
Due to banks and correspondents	1,619,919	7,144,127	2,456	8,766,502	1,108,478	5,614,847	2,935	6,726,260
Bonds, notes and other obligations	9,636,643	3,479,540	-	13,116,183	9,282,689	3,718,078	-	13,000,767
Due from customers on acceptances	21,484	-	10,584	32,068	128,397	-	11,288	139,685
Insurance contract liabilities	4,099,616	6,964,729	-	11,064,345	4,234,216	7,104,594	-	11,338,810
Accounts payable, provisions and other liabilities	1,967,870	5,697,634	39,673	7,705,177	1,593,620	6,062,918	32,382	7,688,920
	<b>31,509,963</b>	<b>46,155,870</b>	<b>405,993</b>	<b>78,071,826</b>	<b>30,336,984</b>	<b>46,138,290</b>	<b>411,333</b>	<b>76,886,607</b>
Forwards position, net	(2,578,677)	2,670,904	(92,227)	-	(2,734,667)	2,793,451	(58,784)	-
Currency swaps position, net	134,882	(135,157)	275	-	138,676	(138,676)	-	-
Cross currency swaps position, net	1,828,972	(1,828,972)	-	-	1,763,518	(1,763,518)	-	-
Options position, net	(433)	433	-	-	(37)	37	-	-
"Call Spreads" position (*)	2,581,500	(2,581,500)	-	-	2,483,250	(2,483,250)	-	-
<b>Monetary position, net</b>	<b>(697,505)</b>	<b>(6,194,007)</b>	<b>43,546</b>	<b>(6,847,966)</b>	<b>(788,677)</b>	<b>(5,346,709)</b>	<b>35,896</b>	<b>(6,099,490)</b>

(\*) These call spread agreements were entered into during 2018 with JP Morgan Chase & Co. and Citibank N.A. for a total reference value of US\$350,000,000 and US\$400,000,000, respectively, agreed with the purpose of reducing the exposure to foreign currency risk originated by foreign currency debts issued by InRetail Shopping Malls and InRetail Pharma SA, in April and May 2018, respectively, see Note 9 (b).

As of March 31, 2020, the Group granted indirect loans (contingent operations) in foreign currency for approximately US\$640,732,000, equivalent to S/2,202,196,000 (US\$683,214,000, equivalent to S/2,264,171,000 as of December 31, 2019).



## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

#### 26. Fair value

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

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

	As of March 31, 2020				As of December 31, 2019			
	Level 1 S/(000)	Level 2 S/(000)	Level 3 S/(000)	Total S/(000)	Level 1 S/(000)	Level 2 S/(000)	Level 3 S/(000)	Total S/(000)
<b>Financial assets</b>								
<b>Financial Investments</b>								
At fair value through profit or loss (*)	534,504	378,690	1,015,621	1,928,815	782,003	335,827	926,908	2,044,738
Debt instruments at fair value through other comprehensive income	11,289,514	2,448,125	-	13,737,639	10,319,019	3,611,338	-	13,930,357
Equity instruments at fair value through other comprehensive income	733,968	8,151	-	742,119	838,120	1,642	-	839,762
<b>Derivatives receivable</b>	-	622,800	-	622,800	-	351,689	-	351,689
	<u>12,557,986</u>	<u>3,457,766</u>	<u>1,015,621</u>	<u>17,031,373</u>	<u>11,939,142</u>	<u>4,300,496</u>	<u>926,908</u>	<u>17,166,546</u>
Accrued interest				<u>168,611</u>				<u>176,562</u>
				<u>17,199,984</u>				<u>17,343,108</u>
<b>Financial liabilities</b>								
<b>Derivatives payable</b>	-	403,377	-	403,377	-	222,752	-	222,752

(\*) As of March 31, 2020, and December 31, 2019, correspond mainly to participations in mutual funds and investment funds.

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

Financial instruments included in Level 2 are valued based on the market prices of other instruments with similar characteristics or with financial valuation models based on information of variables observable on the market (interest rate curves, price vectors, etc.).

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

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Notes to the interim condensed consolidated financial statements (continued)

The table below presents a description of significant unobservable data used in valuation:

	Valuation technique	Significant unobservable inputs	Valuation	Sensitivity of inputs to fair value
Royalty Pharma	DCF Method	Sales forecast	Average sector analysis, estimates	10 percent increase (decrease) in the sales forecast would result in increase (decrease) in fair value by S/10,689,000.
		WACC	8.00%	500 basis points increase in the WACC would result in decrease in fair value by S/17,202,000. 500 basis points decrease in the WACC would result in increase in fair value by S/24,032,000.
Mutual funds and investment funds participations	DCF Method	Discount rate	Depends on the credit risk	500 basis points increase in the discount rate would result in decrease in fair value by S/3,279,000. 500 basis points decrease in the discount rate would result in increase in fair value by S/4,255,000.
		WACC	9.00%	500 basis points increase in the discount rate would result in increase in fair value by S/711,000. 500 basis points decrease in the discount rate would result in increase in fair value by S/842,000.
	Comparable multiples	Price-to-sales ratio	Depends on industry's entity	10 percent increase (decrease) in the price-to-sales ratio would result in increase (decrease) in fair value by S/3,609,000.
	Equity value		Depends on the credit risk	500 basis points increase (decrease) in the discount rate would result in increase (decrease) in fair value by S/3,000.
		Discount rate	15.35%	500 basis points increase in the discount rate would result in increase in fair value by S/4,848,000. 500 basis points decrease in the discount rate would result in increase in fair value by S/4,579,000.
	EBITDA Multiple	Total value of the company / EBITDA of the last 12 months	Depends on the business sector	500 basis points of increase (decrease) in price-to-sales ratio would result in increase (decrease) in fair value by S/882,000. 500 basic points of increase (decrease) in price-to-sales ratio would result in increase (decrease) in fair value by S/5,296,000.

The table below includes a reconciliation of fair value measurement of financial instruments classified by the Group within Level 3 of the valuation hierarchy:

	31.03.2020 S/(000)	31.12.2019 S/(000)
<b>Initial balance as of January 1</b>	926,908	743,617
Purchases	22,587	321,811
Sales	(31,188)	(150,575)
Total gain recognized on the consolidated income statements	97,314	12,055
<b>Balance as of March 31</b>	<b>1,015,621</b>	<b>926,908</b>

During the three-month period ended March 31, 2020, and 2019, there were no transfers of financial instruments from Level 3 to Level 1 or to Level 2.

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

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

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

	As of March 31, 2020					As of December 31, 2019				
	Level 1 S/(000)	Level 2 S/(000)	Level 3 S/(000)	Fair value S/(000)	Book value S/(000)	Level 1 S/(000)	Level 2 S/(000)	Level 3 S/(000)	Fair value S/(000)	Book value S/(000)
<b>Assets</b>										
Cash and due from banks	-	12,587,077	-	12,587,077	12,587,077	-	11,820,638	-	11,820,638	11,820,638
Inter-bank funds	-	150,005	-	150,005	150,005	-	85,006	-	85,006	85,006
Investments at amortized cost	1,840,538	534,810	-	2,375,348	2,275,889	929,333	1,398,970	-	2,328,303	2,206,986
Loans, net	-	38,088,697	-	38,088,697	37,579,276	-	38,753,289	-	38,753,289	37,774,580
Due from customers on acceptances	-	32,068	-	32,068	32,068	-	139,685	-	139,685	139,685
Accounts receivable and other assets, net	-	1,399,561	-	1,399,561	1,399,561	-	1,417,114	-	1,417,114	1,417,114
<b>Total</b>	<b>1,840,538</b>	<b>52,792,218</b>	<b>-</b>	<b>54,632,756</b>	<b>54,023,876</b>	<b>929,333</b>	<b>53,614,702</b>	<b>-</b>	<b>54,544,035</b>	<b>53,444,009</b>
<b>Liabilities</b>										
Deposits and obligations	-	37,339,988	-	37,339,988	37,276,047	-	37,829,444	-	37,829,444	37,823,027
Inter-bank funds	-	111,504	-	111,504	111,504	-	169,138	-	169,138	169,138
Due to banks and correspondents	-	8,885,575	-	8,885,575	8,766,502	-	6,844,520	-	6,844,520	6,726,260
Bonds, notes and notes issued	4,783,537	8,244,405	-	13,027,942	13,116,183	5,073,917	8,329,905	-	13,403,822	13,000,767
Due from customers on acceptances	-	32,068	-	32,068	32,068	-	139,685	-	139,685	139,685
Insurance contract liabilities	-	11,064,345	-	11,064,345	11,064,345	-	11,338,810	-	11,338,810	11,338,810
Accounts payable and other liabilities	-	7,301,800	-	7,301,800	7,301,800	-	7,466,168	-	7,466,168	7,466,168
<b>Total</b>	<b>4,783,537</b>	<b>72,979,685</b>	<b>-</b>	<b>77,763,222</b>	<b>77,668,449</b>	<b>5,073,917</b>	<b>72,117,670</b>	<b>-</b>	<b>77,191,587</b>	<b>76,663,855</b>

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

- (i) Long-term fixed-rate and variable-rate loans are assessed by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the estimated losses of these loans. As of March 31, 2020, and December 31, 2019, the book value of loans, net of allowances, was not significantly different from the calculated fair values.
- (ii) Instruments whose fair value approximates their book value: For financial assets and financial liabilities that are liquid or have short-term maturity (less than 3 months) it is assumed that the carrying amounts approximate to their fair values. This assumption is also applied to demand deposits, savings accounts without a specific maturity and variable-rate financial instruments.
- (iii) Fixed-rate financial instruments: The fair value of fixed-rate financial assets and financial liabilities at amortized cost is determined by comparing market interest rates when they were first recognized with current market rates related to similar financial instruments for their remaining term to maturity. The fair value of fixed interest rate deposits is based on discounted cash flows using market interest rates for financial instruments with similar credit risk and maturity. For quoted debt issued, the fair value is determined based on quoted market prices. When quotations are not available, a discounted cash flow model is used based on the yield curve of the appropriate interest rate for the remaining term to maturity.

## Translation of consolidated financial statements originally issued in Spanish – Note 28

### Notes to the interim condensed consolidated financial statements (continued)

#### 27. Fiduciary activities and management of funds

The Group provides custody, trustee, investment management and advisory services to third parties; therefore, the Group makes purchase and sale decisions in relation to a wide range of financial instruments. Assets that are held in trust are not included in the consolidated financial statements. These services give rise to the risk that the Group could eventually be held responsible of yielding of the assets under its administration.

As of March 31, 2020, and December 31, 2019, the value of the managed off-balance sheet financial assets is as follows:

	<b>31.03.2020</b>	<b>31.12.2019</b>
	S/(000)	S/(000)
Investment funds	13,029,913	13,243,888
Mutual funds	4,975,941	5,049,034
<b>Total</b>	<b>18,005,854</b>	<b>18,292,922</b>

#### 28. Additional explanation for English translation

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