



**Management's Discussion and Analysis of  
Financial Condition and Results of  
Operations**

**Second Quarter 2019**

August, 2019

## Index

|   |    |
|---|----|
| <b>I. Overview</b> .....                        | 3  |
| <b>II. Results Analysis</b> .....               | 4  |
| <b>i. InterCorp</b> .....                       | 5  |
| <b>ii. IFS</b> .....                            | 6  |
| <b>iii. InterCorp Retail</b> .....              | 13 |
| <b>III. Other financial information</b> .....   | 17 |
| <b>i. Liquidity and Capital Resources</b> ..... | 17 |
| <b>ii. Indebtedness</b> .....                   | 21 |

## I. Overview<sup>1</sup>

Intercorp is a holding company for one of Peru's largest business groups. Focused on Peru's growing middle class, it provides a variety of services to satisfy consumers' evolving preferences for modern goods and services. Intercorp's cash flows are primarily generated by dividends from subsidiaries. Intercorp's businesses are mainly focused on three industries: financial services; retail (including shopping malls); and education. Intercorp manages its businesses primarily through two principal holding companies, Intercorp Financial Services ("IFS") and Intercorp Retail.

IFS is a leading provider of financial services in the fast-growing, underpenetrated and profitable Peruvian financial system. With one of the largest distribution networks in Peru (as measured by the number of financial stores, ATMs, correspondent agents and sales force), IFS provides a wide range of products spanning banking, insurance and wealth management services to individual and commercial clients, through its main subsidiaries: Interbank, a universal bank; Interseguro, an insurance company; and Inteligo, a wealth management services provider. IFS' subsidiaries are managed with a coordinated strategy focusing on specific businesses that are believed to offer high growth, high margin opportunities.

Intercorp Retail is the holding company for retail and shopping malls businesses. Intercorp Retail controls InRetail Perú. InRetail Perú owns: a leading supermarket chain, Supermercados Peruanos; two pharmacy chains, Inkafarma and Mifarma; and the largest developer and operator of shopping malls operating under the Real Plaza brand. Separately, Intercorp Retail also controls other retail businesses, such as Promart, chain of home improvement stores, Oechsle, department store chain, and Financiera Oh!, a consumer financing company.

Intercorp began investing in education in 2010 and is rapidly expanding its footprint into this sector. Their education businesses, Innova Schools, UTP and Zegel IPAE, are operated through other subsidiaries within Intercorp's corporate structure. Innova Schools is a scalable network of private K-12 schools operating in 49 locations across Peru and 1 in Mexico. UTP consists of a university and a technical school, with more than 80,000 students. Zegel IPAE complements the education portfolio with a technical school focused on specialized business careers.

---

<sup>1</sup> Subsequent Events

On July, IFS filed, as part of a public offering, approximately 9,000,000 common shares at a price of US\$ 46 per common share in the New York Stock Exchange. In addition, Intercorp Peru Ltd. Performed two debt issuance: (i) US\$ 325 million with a 10 year maturity. This, with the aim to repurchase the existent bonds of US\$ 250 million. (ii) And, S/ 300 million with a 10 year maturity. Further detail from both events in the note 18 of the financial statements.

## II. Results Analysis

The table below details Intercorp's assets and equity in its main businesses as of June 30, 2019 and December 31, 2018.

|   | As of June 30, 2019 |              |                   |              | As of December 31, 2018 |              |                   |              |
|---|---------------------|--------------|-------------------|--------------|-------------------------|--------------|-------------------|--------------|
|   | Assets              |              | Equity            |              | Assets                  |              | Equity            |              |
|   | (\$/ in millions)   | %            | (\$/ in millions) | %            | (\$/ in millions)       | %            | (\$/ in millions) | %            |
| <b>IFS</b>  |                     |              |                   |              |                         |              |                   |              |
| Interbank (banking).....  | 50,221.2            | 57.1%        | 5,702.8           | 43.7%        | 47,628.8                | 58.0%        | 5,501.9           | 44.4%        |
| Interseguro (insurance).....  | 13,406.7            | 15.2%        | 908.5             | 7.0%         | 12,572.4                | 15.3%        | 777.1             | 6.3%         |
| Inteligo (wealth management).....                                       | 3,625.9             | 4.1%         | 761.9             | 5.8%         | 3,732.2                 | 4.5%         | 764.9             | 6.2%         |
| IFS (holding company) and eliminations.....                             | (81.5)              | -0.1%        | 70.0              | 0.5%         | (112.4)                 | -0.1%        | 44.7              | 0.4%         |
| <b>Total IFS.....</b>   | <b>67,172.2</b>     | <b>76.3%</b> | <b>7,443.2</b>    | <b>57.0%</b> | <b>63,820.9</b>         | <b>77.7%</b> | <b>7,088.5</b>    | <b>57.2%</b> |
| <b>Intercorp Retail</b>   |                     |              |                   |              |                         |              |                   |              |
| Supermercados Peruanos (supermarkets).....                              | 4,757.8             | 5.4%         | 1,040.7           | 8.0%         | 4,459.3                 | 5.4%         | 2,227.9           | 18.0%        |
| Inkafarma (pharmacies).....   | 5,577.4             | 6.3%         | 666.3             | 5.1%         | 3,697.2                 | 4.5%         | 1,012.4           | 8.2%         |
| InRetail Shopping Malls (shopping malls).....                           | 4,830.2             | 5.5%         | 2,358.8           | 18.1%        | 5,080.9                 | 6.2%         | 600.8             | 4.8%         |
| Other <sup>(1)</sup> .....  | 3,443.8             | 3.9%         | 1,106.4           | 8.5%         | 3,550.1                 | 4.3%         | 1,279.4           | 10.3%        |
| <b>Total Intercorp Retail.....</b>                                      | <b>18,609.2</b>     | <b>21.1%</b> | <b>5,172.2</b>    | <b>39.6%</b> | <b>16,787.5</b>         | <b>20.4%</b> | <b>5,120.5</b>    | <b>41.3%</b> |
| Other subsidiaries/Intercorp (holding company) and<br>eliminations..... | 2,233.4             | 2.5%         | 443.9             | 3.4%         | 1,516.4                 | 1.8%         | 191.6             | 1.5%         |
| <b>Total Consolidated.....</b>  | <b>88,014.9</b>     | <b>100%</b>  | <b>13,059.3</b>   | <b>100%</b>  | <b>82,124.8</b>         | <b>100%</b>  | <b>12,400.6</b>   | <b>100%</b>  |

## i. Intercorp

As a holding company, Intercorp is dependent on its subsidiaries' results of operations for its earnings and cash flows. The following discussion includes the results from operations of Intercorp's subsidiaries that provide the substantial majority of the contribution to its net profit and dividend inflows.

The following table presents information of the unconsolidated income statement regarding the contributions attributable to Intercorp, based on its equity ownership, from its primary businesses for the six months ended June 30, 2019 and 2018.

|  | For the six month periods<br>ended June 30, |               | Change           |               |
|--|---|---------------|------------------|---------------|
|  | 2019  | 2018          |                  |               |
|  | (S/ millions)                               |               | (S/ in millions) | %             |
| <b>IFS</b>   |   |               |                  |               |
| Banking.....   | 404.1                                       | 400.5         | 3.6              | 0.9%          |
| Insurance.....   | 62.9  | (52.2)        | 115.0            | N/M           |
| Wealth Management.....                                     | 86.8  | 65.2          | 21.5             | 33.0%         |
| IFS expenses and eliminations.....                         | (27.2)                                      | (33.7)        | 6.5              | -19.3%        |
| <b>Total IFS.....</b>                                      | <b>526.5</b>                                | <b>379.9</b>  | <b>146.6</b>     | <b>38.6%</b>  |
| <b>Intercorp Retail</b>                                    |   |               |                  |               |
| Supermarkets.....  | 28.7  | 21.8          | 6.9              | 31.4%         |
| Pharmacies.....  | 80.8  | 14.7          | 66.1             | 449.1%        |
| Shopping malls.....  | 54.9  | 29.8          | 25.1             | 84.2%         |
| Other subsidiaries / holding company and eliminations..... | (10.8)                                      | (92.7)        | 81.9             | -88.3%        |
| <b>Total Intercorp Retail.....</b>                         | <b>153.5</b>                                | <b>(26.4)</b> | <b>179.9</b>     | <b>N/M</b>    |
| Other subsidiaries.....                                    | (14.3)                                      | 2.1           | (16.4)           | N/M           |
| <b>Net profit attributable to Intercorp.....</b>           | <b>665.8</b>                                | <b>355.6</b>  | <b>310.1</b>     | <b>87.2%</b>  |
| Financial expenses, net.....                               | (43.2)                                      | (41.6)        | (1.6)            | 3.9%          |
| General expenses.....                                      | (20.5)                                      | (12.0)        | (8.5)            | 71.1%         |
| Other income (expenses), net.....                          | (37.1)                                      | (11.1)        | (26.0)           | 233.7%        |
| Foreign exchange gain (loss), net.....                     | 18.1  | (3.3)         | 21.4             | N/M           |
| <b>Income (expenses).....</b>                              | <b>(82.7)</b>                               | <b>(68.0)</b> | <b>(14.7)</b>    | <b>21.5%</b>  |
| <b>Net profit.....</b>                                     | <b>583.1</b>                                | <b>287.6</b>  | <b>295.5</b>     | <b>102.7%</b> |

For the six months ended June 30, 2019, Intercorp's net profit was S/ 583.1 million, an increase of S/ 295.5 million compared to the same period in 2018. This was driven by IFS (S/ 146.6 million) due to higher profits from Interseguro; and by Intercorp Retail (S/ 179.9 million), due to higher net profits from Pharma and Shopping Malls, mainly a result of good operational performance and the absence of one-time financial expenses incurred in 2018 related to the acquisition of Quicorp, at the end of January, and to the associated liability management of the acquisition financing.

## ii. IFS

The table below sets forth the main components of IFS' consolidated income statement for the six months ended June 30, 2019 and 2018.

|  | For the six months<br>ended June 30, |                | Change       |              |
|--|--------------------------------------|----------------|--------------|--------------|
|  | 2019                                 | 2018           | (S/ million) | %            |
|  | (S/ million)                         |                |              |              |
| Interest and similar income.....                                   | 2,368.5                              | 2,106.5        | 262.0        | 12.4%        |
| Interest and similar expense .....                                 | -678.1                               | -552.9         | -125.2       | 22.6%        |
| <b>Net interest and similar income .....</b>                       | <b>1,690.3</b>                       | <b>1,553.5</b> | <b>136.8</b> | <b>8.8%</b>  |
| Impairment loss on loans, net of recoveries .....                  | -379.4                               | -285.5         | -93.9        | 32.9%        |
| Recovery (loss) due to impairment of financial investments .....   | 2.7                                  | 3.6            | -0.9         | -24.8%       |
| <b>Net interest and similar income after impairment loss .....</b> | <b>1,313.7</b>                       | <b>1,271.6</b> | <b>42.0</b>  | <b>3.3%</b>  |
| Fee income from financial services, net .....                      | 445.7                                | 437.0          | 8.7          | 2.0%         |
| Other income .....   | 268.2                                | 171.9          | 96.3         | 56.0%        |
| Total premiums earned minus claims and benefits.....               | -153.5                               | -265.1         | 111.6        | -42.1%       |
| Other expenses.....  | -966.4                               | -894.5         | -71.9        | 8.0%         |
| <b>Income before translation result and income tax .....</b>       | <b>907.7</b>                         | <b>720.9</b>   | <b>186.8</b> | <b>25.9%</b> |
| Translation result .....   | 22.0                                 | -7.9           | 29.9         | N/M          |
| Income tax .....   | -226.9                               | -218.1         | -8.8         | 4.0%         |
| <b>Profit for the period.....</b>                                  | <b>702.8</b>                         | <b>494.9</b>   | <b>207.9</b> | <b>42.0%</b> |
| <b>Attributable to IFS' shareholders .....</b>                     | <b>698.5</b>                         | <b>491.3</b>   | <b>207.2</b> | <b>42.2%</b> |
| <b>EPS.....</b>  | <b>6.35</b>                          | <b>4.47</b>    |              |              |
| <b>ROAE.....</b>   | <b>18.9%</b>                         | <b>15.9%</b>   |              |              |

Profit attributable to shareholders was S/ 702.8 million in the six months ended June 30, 2019, a S/ 207.9 million, or 42.0%, increase compared to the corresponding period of the previous year. The higher profits were mainly driven by growth of S/ 136.8 million in net interest and similar income, S/ 111.6 million in total premiums earned minus claims and benefits, S/ 96.3 million in other income and S/ 8.7 million in fee income from financial services. Moreover, translation result changed from a negative figure in the six months ended June 30, 2018 to a positive figure in the same period of 2019, which, in addition to a lower effective tax rate, also contributed to IFS' net profit increase in the comparable periods. These effects were partially offset by increases of S/ 93.9 million in impairment loss on loans and S/ 71.9 million in other expenses.

It is worth mentioning that the increase in total premiums earned minus claims and benefits was mostly explained by the effect of a one-time adjustment of S/ -144.8 million for the full adoption of mortality tables in the six months ended June 30, 2018.

IFS annualized ROAE was 18.9% for the six months ended June 30, 2019, higher than the 15.9% reported for the corresponding period of 2018.

## IFS' Segments

The following discussion details the results of operations of each of IFS's three segments: Banking, Insurance and Wealth Management.

### Banking

The table below details selected financial information for the Banking segment for the six months ended June 30, 2019 and 2018.

|   | For the six months<br>ended June 30, |                | Change       |              |
|---|--------------------------------------|----------------|--------------|--------------|
|   | 2019                                 | 2018           | (S/ million) | %            |
|   | (S/ million)                         |                |              |              |
| Interest and similar income.....                                      | 1,984.1                              | 1,723.0        | 261.1        | 15.2%        |
| Interest and similar expense .....                                    | -622.3                               | -503.5         | -118.8       | 23.6%        |
| <b>Net interest and similar income .....</b>                          | <b>1,361.9</b>                       | <b>1,219.5</b> | <b>142.3</b> | <b>11.7%</b> |
| Impairment loss on loans, net of recoveries                           | -379.3                               | -286.2         | -93.1        | 32.5%        |
| Recovery (loss) due to impairment of financial investments            | 0.1                                  | 0.0            | 0.1          | NM           |
| <b>Net interest and similar income after impairment<br/>loss.....</b> | <b>982.6</b>                         | <b>933.3</b>   | <b>49.3</b>  | <b>5.3%</b>  |
| Fee income from financial services, net .....                         | 393.9                                | 366.9          | 27.1         | 7.4%         |
| Other income .....  | 228.4                                | 158.0          | 70.4         | 44.5%        |
| Other expenses.....   | -786.6                               | -727.0         | -59.6        | 8.2%         |
| <b>Income before translation result and income tax .....</b>          | <b>818.4</b>                         | <b>731.2</b>   | <b>87.2</b>  | <b>11.9%</b> |
| Translation result .....  | -3.4                                 | -1.6           | -1.8         | NM           |
| Income tax .....  | -215.0                               | -201.4         | -13.6        | 6.8%         |
| <b>Profit for the period.....</b>                                     | <b>599.9</b>                         | <b>528.2</b>   | <b>71.7</b>  | <b>13.6%</b> |
| <b>ROAE.....</b>  | <b>21.8%</b>                         | <b>22.1%</b>   |              |              |
| <b>Efficiency ratio.....</b>  | <b>38.6%</b>                         | <b>40.4%</b>   |              |              |
| <b>NIM.....</b>   | <b>5.7%</b>                          | <b>5.5%</b>    |              |              |

Interbank's net profit reached S/ 599.9 million in the six months ended June 30, 2019, a 13.6% increase compared to the corresponding period of the previous year. The main factors that contributed to this result were growth of 44.5% in other income, 11.7% in net interest and similar income, and 7.4% in fee income from financial services. These factors were partially offset by increases of 32.5% in impairment loss on loans and 8.2% in other expenses.

Net interest and similar income grew 11.7% due to a 15.2% growth in interest and similar income, partially offset by a 23.6% growth in interest and similar expense.

Growth in interest and similar income was mainly due to increases of more than two-fold in interest on due from banks and inter-bank funds, and 14.4% in interest on loans, partially offset by a 3.2% decrease in interest on financial investments.

Interest on due from banks and inter-bank funds grew S/ 35.5 million, explained by an 80 basis point increase in the nominal average rate, partially offset by a 1.2% decrease in the average volume. The increase in the nominal average rate was due to higher returns on reserve funds and deposits at the Central Bank, while the reduction in the average volume, to lower balances of reserve funds at the Central Bank.

The increase in interest on loans was due to a 15.3% increase in the average volume of loans, while the average yield remained relatively stable, at 10.9%. The higher average volume of loans was attributed to growth of 16.7% in retail loans and 13.6% in commercial loans. In the retail portfolio, average volumes grew 24.2% in credit cards, 14.7% in payroll deduction loans and 12.7% in mortgages. In the commercial portfolio, volumes increased 22.6% in trade finance loans and 15.1% in short and medium-term loans, partially compensated by a 3.3% contraction in leasing operations. On the other hand, the average rate remained relatively stable as lower yields in retail products were mainly offset by a higher rate on trade finance loans.

Interest on financial investments decreased S/ 3.6 million, or 3.2%, as a result of an 11.1% reduction in the average volume, partially offset by a 30 basis point increase in the nominal average rate, from 3.7% for the six months ended June 30, 2018 to 4.0% for the corresponding period of 2019. The decrease in the average volume was the result of lower balances of CDBCR, global bonds and sovereign bonds, while higher average rate was due to increased returns on global and sovereign bonds.

The nominal average yield on interest-earning assets increased 50 basis points, from 7.7% for the six months ended June 30, 2018 to 8.2% for the corresponding period of 2019, mainly explained by the higher yields on due from banks and financial investments.

Interest and similar expense increased 23.6% as a result of growth of 34.3% in interest on deposits and obligations, and 21.9% in interest on bonds, notes and other obligations, partially offset by a decrease of 5.8% in interest on due to banks and correspondents.

Interest on deposits and obligations increased S/ 90.2 million, or 34.3%, explained by growth of 40 basis points in the nominal average cost and 9.3% in the average volume. The increase in the average cost, from 1.8% for the six months ended June 30, 2018 to 2.2% for the corresponding period of 2019, was due to higher rates paid to institutional, commercial and retail deposits. The higher average volume was explained by growth in retail and commercial deposits. By currency, average balances of soles-denominated deposits grew 11.7% while average dollar-denominated deposits increased 5.5%.

Interest on bonds, notes and other obligations increased S/ 33.7 million, or 21.9%, mainly as a result of the issuances of senior obligations in the local market in March 2019, in addition to a 2.4% depreciation of the average exchange rate with respect to the six months ended June 30, 2018, which increased the value of bonds issued in dollars.

The S/ 5.0 million, or 5.8%, decrease in interest on due to banks and correspondents was explained by a 7.7% reduction in the average volume, partially offset by a 10 basis point increase in the average cost. The decrease in average volume was mainly due to lower funding provided by the Central Bank and COFIDE. The increase in the nominal average cost was explained by higher rates on inter-bank funds and funding from banks abroad.



The average cost of funds increased 40 basis points, from 2.6% for the six months ended June 30, 2018 to 3.0% for the corresponding period of 2019, mainly due to the higher average costs of deposits and bonds, notes and other obligations.

As a result of the above, net interest margin increased 20 basis points, from 5.5% for the six months ended June 30, 2018 to 5.7% for the corresponding period of 2019.

Impairment loss on loans, net of recoveries increased 32.5% in the six months ended June 30, 2019, compared to the corresponding period of the previous year. This was mainly a result of a base effect associated with the release of provisions for construction sector exposures for S/ 62.9 million in the six months ended June 30, 2018, in addition to a higher volume of loans, especially in credit cards, which require the highest level of provisions among all products even at performing stages.

The S/ 27.1 million, or 7.4%, increase in net fee income from financial services was mainly attributable to higher commissions from credit card services in addition to lower expenses related to the sale of insurance products, partially offset by a reduction in commissions from banking services.

Other income increased S/ 70.4 million mainly due to a S/ 52.6 million gain from the sale of Interfondos to Inteligo at the beginning of 2019.

Other expenses increased S/ 59.6 million, or 8.2%, as a result of increases in depreciation and amortization, as well as variable costs related to credit cards and IT services.

The efficiency ratio was 38.6% in the six months ended June 30, 2019, compared to the 40.4% registered in the corresponding period of 2018. However, excluding the gain from the sale of Interfondos to Inteligo for S/ 52.6 million, efficiency ratio was 39.7% in the six months ended June 30, 2019.

Income before translation result and income tax increased 11.9% in the six months ended June 30, 2019, which was then positively affected by a lower effective tax rate, from 27.6% for the six months ended June 30, 2018 to 26.4% for the corresponding period of 2019, partially offset by a lower translation result. As a result of the above, profit for the period increased 13.6% in the six months ended June 30, 2019, compared to the corresponding period of 2018.

Interbank's annualized ROAE was 21.8% for the six months ended June 30, 2019, lower than the 22.1% registered in the corresponding period of the previous year.

### *Insurance*

The table below details selected financial information for our Insurance segment for the six months ended June 30, 2019 and 2018.

|  | For the six months ended<br>June 30, |              | Change       |                |
|--|--------------------------------------|--------------|--------------|----------------|
|  | 2019                                 | 2018         | (S/ million) | %              |
|  | (S/ million)                         |              |              |                |
| Net interest and similar income .....                              | 283.0                                | 288.5        | -5.5         | -1.9%          |
| Recovery (loss) due to impairment of financial investments .....   | 2.8                                  | 1.8          | 1.0          | 54.7%          |
| <b>Net interest and similar income after impairment loss .....</b> | <b>285.8</b>                         | <b>290.3</b> | <b>-4.5</b>  | <b>-1.6%</b>   |
| Fee income from financial services, net .....                      | -2.0                                 | -2.4         | 0.4          | -20.1%         |
| Other income .....   | 63.5                                 | 12.4         | 51.1         | N/M            |
| Total premiums earned minus claims and benefits.....               | -153.5                               | -265.1       | 111.6        | -42.1%         |
| Other expenses.....  | -145.1                               | -131.4       | -13.7        | 10.4%          |
| <b>Income before translation result and income tax .....</b>       | <b>48.8</b>                          | <b>-96.3</b> | <b>145.1</b> | <b>-150.6%</b> |
| Translation result .....   | 13.0                                 | -2.9         | 15.9         | N/M            |
| Income tax .....   | 0.0                                  | 0.0          | 0            | N/M            |
| <b>Profit for the period.....</b>                                  | <b>61.8</b>                          | <b>-99.2</b> | <b>161.0</b> | <b>N/M</b>     |
| <b>Profit attributable to IFS' shareholders.....</b>               | <b>61.8</b>                          | <b>-99.2</b> | <b>161.0</b> | <b>N/M</b>     |
| <br>   |                                      |              |              |                |
| Efficiency ratio.....  | 13.3%                                | 15.9%        |              |                |
| ROAE.....  | 13.7%                                | N/M          |              |                |

Interseguro's profits attributable to IFS' shareholders in the six months ended June 30, 2019 was S/ 61.8 million, compared to a loss of S/ - 99.2 million in the corresponding period of 2018.

The improvement in bottom-line results was mainly due to an increase of S/ 111.6 million in total premiums earned minus claims and benefits, as well as S/ 51.1 million higher other income, partially offset by an increase of S/ 13.7 million in other expenses.

Higher total premiums earned minus claims and benefits were a result of a base effect related to a one-time adjustment of S/ -144.8 million in technical reserves in the six months ended June 30, 2019, due to the full adoption of new mortality tables published by the Peruvian regulatory entity (Superintendencia de Banca y Seguros) in 2017.

Other income increased as a result of growth of S/ 21.4 million in net gain on financial assets at fair value, S/ 15.6 million in net gain on investment property, S/ 9.7 million in net gain on sale of financial investments and S/ 8.8 million in rental income, partially offset by a S/ 3.2 million reduction in gain on sale of investment property.

Other expenses increased S/ 13.7 million mainly attributed to growth of S/ 5.3 million in administrative expenses and S/ 5.0 million in depreciation and amortization.

## Total premiums earned less claims and benefits

|   | For the six months ended<br>June 30, |               | Change        |
|---|--------------------------------------|---------------|---------------|
|   | 2019                                 | 2018          |               |
|   | (S/ million)                         |               | %             |
| Net premiums.....   | 335.6                                | 299.4         | 12.1%         |
| Adjustment of technical reserves.....                       | -136.8                               | -206.3        | -33.7%        |
| Net claims and benefits incurred.....                       | -352.3                               | -358.2        | -1.7%         |
| <b>Total premiums earned minus claims and benefits.....</b> | <b>-153.5</b>                        | <b>-265.1</b> | <b>-42.1%</b> |

The 12.1% growth in net premiums was mainly a result of increases of S/ 42.5 million in annuities, S/ 15.8 million in retail insurance and S/ 2.6 million in individual life, partially offset by a S/ 24.9 million decrease in disability and survivorship premiums.

Adjustment of technical reserves decreased 33.7%, mainly due to a reduction of S/ 91.5 million in annuities, associated with the adoption of new mortality tables, partially offset by an increase of S/ 21.5 million in individual life.

The reduction in net claims and benefits incurred was mainly explained by a decrease of S/ 22.9 million in disability and survivorship claims, partially offset by an increase of S/ 16.6 million in annuity benefits.

It is worth noting that, results in net premiums and net claims and benefits incurred for the six month ended June 30, 2019 were affected by Seguros Sura's disability and survivorship contract expiration in December 2018.

Interseguro's annualized ROAE was 13.7% for the six months ended June 30, 2019, higher than the 11.6% reported for the corresponding period of 2018, after adjusting the effect of the adoption of new mortality tables, as previously mentioned.

### Wealth Management

The table below details selected financial information for our Wealth Management segment for the six months ended June 30, 2019 and 2018.

|  | For the six months ended<br>June 30, |              | Change       |              |
|--|--------------------------------------|--------------|--------------|--------------|
|  | 2019                                 | 2018         | (S/ million) | %            |
|  | (S/ million)                         |              |              |              |
| Interest and similar income.....                                   | 84.5                                 | 73.8         | 10.7         | 14.5%        |
| Interest and similar expense .....                                 | -29.3                                | -20.0        | -9.3         | 46.8%        |
| <b>Net interest and similar income .....</b>                       | <b>55.2</b>                          | <b>53.8</b>  | <b>1.4</b>   | <b>2.6%</b>  |
| Impairment loss on loans, net of recoveries                        | -0.1                                 | 0.8          | -0.9         | N/M          |
| Recovery (loss) due to impairment of financial investments         | -0.2                                 | 1.8          | -2.0         | N/M          |
| <b>Net interest and similar income after impairment loss .....</b> | <b>55.0</b>                          | <b>56.4</b>  | <b>-1.4</b>  | <b>-2.5%</b> |
| Fee income from financial services, net .....                      | 76.0                                 | 85.7         | -9.7         | -11.3%       |
| Other income .....   | 37.3                                 | 5.3          | 32.0         | N/M          |
| Other expenses.....  | -55.6                                | -51.0        | -4.6         | 8.9%         |
| <b>Income before translation result and income tax .....</b>       | <b>112.8</b>                         | <b>96.3</b>  | <b>16.5</b>  | <b>17.1%</b> |
| Translation result .....   | 2.3                                  | -0.4         | 2.7          | N/M          |
| Income tax .....   | -3.5                                 | -2.8         | -0.7         | 25.7%        |
| <b>Profit for the period.....</b>                                  | <b>111.7</b>                         | <b>93.2</b>  | <b>18.5</b>  | <b>19.8%</b> |
| <b>ROAE .....</b>  | <b>27.9%</b>                         | <b>24.7%</b> |              |              |
| <b>Efficiency ratio .....</b>                                      | <b>32.8%</b>                         | <b>36.5%</b> |              |              |

Inteligo's profits in the six months ended June 30, 2019 and 2018 was S/ 111.7 million and S/ 93.2 million, respectively. The S/ 18.5 million, or 19.8%, increase was mainly attributable to a positive performance in other income.

Net interest and similar income grew S/ 1.3 million, or 2.4%, explained by higher loan disbursements when compared to the same period in 2018; notwithstanding, the spread between the average loan rate and the cost of funds showed a slight reduction as the market adjusted to the economic conditions during 2019.

Inteligo's net fee income from financial services was S/ 76.0 million, a decrease of S/ 9.7 million, or 11.3%, mainly explained by lower brokerage and custody service fees amid higher volatility in global markets, as well as lower product structuring activity.

Other income increased S/ 32.4 million, albeit sub-optimal conditions during the six months ended June 30, 2019. These results were attributable to better mark-to-market valuations on Inteligo's proprietary portfolio, that allowed for the sale of certain investments throughout the period.

Inteligo's other expenses reached S/ 55.6 million in the six months ended June 30, 2019. The S/ 4.6 million, or 9.0%, increase was related to one-off legal expenses and variations in depreciation and amortization charges due to reclassifications related to IFRS 16 compliance.

Inteligo's annualized ROAE for the six months ended June 30, 2019 was 27.9%, higher than the 24.7% registered for the corresponding period of 2018.

### iii. Intercorp Retail

#### **Results of Operations for the six months ended June 30, 2019 compared to the six months ended June 30, 2018**

##### **Intercorp Retail**

The table below sets forth the main components of Intercorp Retail's consolidated income statement for the six months ended June 30, 2019 and 2018. Figures for 2019 exclude IFRS 16 effect, when applicable.

|  | For the six months ended June 30, |                |              |              |
|--|-----------------------------------|----------------|--------------|--------------|
|  | 2019                              | 2018           | Change       |              |
|  | (S/ million)                      |                | (S/ million) | %            |
| Total revenues.....                      | 7,716.4                           | 6,972.8        | 743.5        | 10.7%        |
| Cost of sales.....                       | -5,390.5                          | -4,962.6       | 427.9        | 8.6%         |
| <b>Gross profit.....</b>                 | <b>2,325.8</b>                    | <b>2,010.2</b> | <b>315.6</b> | <b>15.7%</b> |
| Selling and Administrative expenses..... | -1,785.8                          | -1,629.0       | 156.8        | 9.6%         |
| Other income (expense).....              | 36.1                              | 53.8           | -17.7        | -33.0%       |
| <b>Operating profit.....</b>             | <b>576.1</b>                      | <b>435.0</b>   | <b>141.0</b> | <b>32.4%</b> |
| Financial income (expense), net.....     | -196.1                            | -363.1         | -167.1       | -46.0%       |
| Income tax expense.....                  | -143.6                            | -82.1          | 61.5         | 74.9%        |
| <b>Net profit (loss).....</b>            | <b>236.4</b>                      | <b>-10.2</b>   | <b>246.6</b> | <b>-</b>     |
| <b>Attributable to:</b>                  |                                   |                |              |              |
| Intercorp Retail's shareholders.....     | 137.9                             | -2.6           | 140.5        |              |
| Minority interest.....                   | 98.5                              | -7.6           | 106.1        |              |
| <b>Adjusted EBITDA.....</b>              | <b>750.8</b>                      | <b>580.9</b>   | <b>169.9</b> | <b>29.2%</b> |
| Adjusted EBITDA margin.....              | 9.7%                              | 8.3%           |              | 140pbs       |

Intercorp Retail reported a net profit of S/ 236.4 million as of June 2019, representing an increase of S/ 246.6 million compared to the same period in 2018. This is mainly a result of good operational performance of our business segments and the absence of one-time financial expenses incurred in 2018 related to the acquisition of Quicorp, at the end of January, and to the associated liability management of the acquisition financing.

Intercorp Retail's gross profit increased 15.7% in the first six months of 2019. This growth was mainly due to a solid growth in Food Retail and Shopping Malls, partially offset by a reduction in MDM(Manufacturing, Distribution and Marketing) revenues and a low single-digit growth in Pharmacies.

The following discussion details the operating results of Intercorp Retail's primary segments: Food Retail, InRetail Pharma and InRetail Shopping Malls. Detailed financial information for other related businesses is not presented because they do not contribute materially to Intercorp's financial results.

## Intercorp Retail's Segments

### Food Retail

The table below details selected financial information for Supermercados Peruanos for the six months ended June 30, 2019 and 2018. Figures for 2019 exclude IFRS 16 effect, when applicable.

|  | For the six months ended June 30, |              |              |              |
|--|-----------------------------------|--------------|--------------|--------------|
|  | 2019                              | 2018         | Change       |              |
|  | (S/ million)                      |              | (S/ million) | %            |
| Total revenues.....                      | 2,799.3                           | 2,457.1      | 342.2        | 13.9%        |
| Cost of sales.....                       | -2,072.1                          | -1,827.2     | 245.0        | 13.4%        |
| <b>Gross profit.....</b>                 | <b>727.2</b>                      | <b>630.0</b> | <b>97.3</b>  | <b>15.4%</b> |
| Selling and Administrative expenses..... | -647.6                            | -549.7       | 97.9         | 17.8%        |
| Other income (expense).....              | 23.5                              | 9.1          | 14.4         | 157.3%       |
| <b>Operating profit.....</b>             | <b>103.1</b>                      | <b>89.4</b>  | <b>13.7</b>  | <b>15.4%</b> |
| Financial income (expense).....          | -35.1                             | -34.3        | 0.8          | 2.5%         |
| Income tax expense.....                  | -29.9                             | -24.0        | 5.9          | 24.4%        |
| <b>Net profit.....</b>                   | <b>38.1</b>                       | <b>31.1</b>  | <b>7.0</b>   | <b>22.6%</b> |
| <b>Adjusted EBITDA.....</b>              | <b>175.1</b>                      | <b>151.7</b> | <b>23.4</b>  | <b>15.4%</b> |
| Adjusted EBITDA margin.....              | 6.3%                              | 6.2%         | -            | 8pbs         |

Food Retail reported a net income of S/ 38.1 million as of June 2019 compared to S/ 31.1 million in the same period of 2018. This increase was mainly generated by a solid performance of the segment and double digit revenues growth.

Food Retail's gross profit increased 15.4% in the first six months of 2019, compared to the same period in 2018. This growth is mainly explained by: (i) the opening of 2 Plaza Vea, 2 Economax and 139 net Mass stores since Q2'18, and (ii) a solid same store sales growth of 4.1% in Q2'19, despite the high comparison basis of Q2'18 due to Peru's participation in the FIFA World Cup.

Food Retail's selling and administrative expenses grew 17.8% in the first six months of 2019 compared to the same period in 2018. As a percentage of revenues, these expenses increased from 22.4% to 23.1%, in the first six months of 2019, mainly due to higher logistics, rental and personnel expenses from our new formats, which are in the process of development.

### ***InRetail Pharma***

The table below details selected financial information for InRetail Pharma for the six months ended June 30, 2019 and 2018. Figures for 2019 exclude IFRS 16 effect, when applicable.

|  | For the six months ended June 30, |              |              |               |
|--|-----------------------------------|--------------|--------------|---------------|
|  | 2019                              | 2018         | Change       |               |
|  | (S/ million)                      |              | (S/ million) | %             |
| Total revenues.....                      | 3,392.3                           | 3,156.8      | 235.6        | 7.5%          |
| Cost of sales.....                       | -2,363.9                          | -2,262.3     | 101.7        | 4.5%          |
| <b>Gross profit.....</b>                 | <b>1,028.4</b>                    | <b>894.5</b> | <b>133.9</b> | <b>15.0%</b>  |
| Selling and Administrative expenses..... | -767.6                            | -754.4       | 13.1         | 1.7%          |
| Other income (expense).....              | 1.1                               | 21.3         | -20.2        | -94.7%        |
| <b>Operating profit.....</b>             | <b>261.9</b>                      | <b>161.3</b> | <b>100.6</b> | <b>62.4%</b>  |
| Financial income (expense), net.....     | -65.6                             | -117.1       | -51.5        | -44.0%        |
| Income tax expense.....                  | -57.0                             | -24.1        | 32.9         | 136.3%        |
| <b>Net profit.....</b>                   | <b>139.4</b>                      | <b>20.1</b>  | <b>119.3</b> | <b>594.7%</b> |
| <b>Adjusted EBITDA.....</b>              | <b>319.9</b>                      | <b>203.9</b> | <b>116.0</b> | <b>56.9%</b>  |
| Adjusted EBITDA margin.....              | 9.4%                              | 6.5%         | -            | 297pbs        |

InRetail Pharma reported S/ 139.4 million of net profit as of June 2019, which represented an increase of 594.7% compared to the same period of 2018, which included one-time financial expenses related to the Quicorp acquisition.

InRetail Pharma's gross profit increased 15.0% in the first six months of 2019 compared to the same period of 2018. This increase was mainly driven by one extra month of Quicorp operations and a SSS of 4.3% in the pharmacies unit. Additionally, gross margin increased from 28.3% in the first six months of 2018 to 30.3% in the same period of 2019, due to a strong gross margin growth in the pharmacies unit due to synergies.

InRetail Pharma's selling and administrative expenses were S/767.6 million for the six months ended June 2019, which represented an increase of 1.7% over the same period in 2018. As a percentage of revenues, these expenses decreased from 23.9% to 22.6%.

### *InRetail Shopping Malls*

The table below details selected financial information for InRetail Shopping Malls for the six months ended June 30, 2019 and 2018. Figures for 2019 exclude IFRS 16 effect, when applicable.

|  | For the six months ended June 30, |              |              |              |
|--|-----------------------------------|--------------|--------------|--------------|
|  | 2019                              | 2018         | Change       |              |
|  | (S/ million)                      |              | (S/ million) | %            |
| Total revenues.....                      | 257.2                             | 245.6        | 11.5         | 4.7%         |
| Cost of sales.....                       | -86.6                             | -80.0        | 6.6          | 8.2%         |
| <b>Gross profit.....</b>                 | <b>170.6</b>                      | <b>165.6</b> | <b>5.0</b>   | <b>3.0%</b>  |
| Selling and Administrative expenses..... | -18.9                             | -19.8        | -0.9         | -4.4%        |
| Other income (expense).....              | 7.0                               | 11.0         | -4.0         | -36.5%       |
| <b>Operating profit.....</b>             | <b>158.7</b>                      | <b>156.9</b> | <b>1.8</b>   | <b>1.2%</b>  |
| Financial income (expense), net.....     | -50.4                             | -93.0        | -42.6        | -45.8%       |
| Income tax expense.....                  | -33.4                             | -19.4        | 14.1         | 72.6%        |
| <b>Net profit.....</b>                   | <b>74.9</b>                       | <b>44.5</b>  | <b>30.4</b>  | <b>68.2%</b> |
| <b>Adjusted EBITDA.....</b>              | <b>153.7</b>                      | <b>150.3</b> | <b>3.4</b>   | <b>2.3%</b>  |
| Adjusted EBITDA / Net Rental Income..... | 78.3%                             | 79.8%        | -            | -159pbs      |

InRetail Shopping Malls reported S/ 74.9 million of net profit as of June 2019, which represented an increase of 68.2% compared to the same period in 2018, which included one-time financial expenses of the liability management related to the Quicorp acquisition.

InRetail Shopping Malls' revenues, which are mainly rental income from property investments, grew 4.7% in the first six months of 2019 in comparison to same period of 2018. This growth was mainly explained by (i) 5k sqm of additional GLA since Q2'18, and (ii) an improved tenant mix across our malls. Tenant SSS in that quarter grew 2.9%, which were impacted by lower anchor sales from a high comparable base in Q2'18 due to Peru's participation in the FIFA World Cup. Net rental income is defined as total income minus reimbursable operating costs related to the maintenance and management of our shopping malls. These operating costs are billed directly to tenants and are also reported as income from rendering of services. For the six months ended June, net rental income increased from S/188 million in 2018, to S/196 million in 2019 (a 4.3% growth).

As of June 2019, InRetail Shopping Malls' selling and administrative were S/19 million, a decrease of 4.4% over the same period in 2018. As a percentage of revenues, these expenses decreased from 8.1% to 7.3%.



### III. Other financial information

#### i. Liquidity and Capital Resources

Intercorp's main source of cash flows are the dividends received from its subsidiaries. Almost all of Intercorp's dividends have been contributed by IFS. Its main uses of funds have been investments in subsidiaries, interest payments on its financial obligations and the payment of dividends to its shareholders. Intercorp typically pays dividends to its shareholders in four quarterly installments after such dividends are declared at its annual general shareholders meeting. The table below provides information regarding the cash flows of Intercorp.

|   | For the six month periods<br>ended June 30, |                |
|---|---|----------------|
|   | 2019  | 2018           |
|   | (S/ millions)                               |                |
| <b>Operating activities</b>   |   |                |
| Net profit for the period.....  | 583.1                                       | 287.7          |
| <b>Adjustments to reconcile net income to net cash</b>                      |   |                |
| Gain from participation in income of Subsidiaries, net .....                | (665.7)                                     | (355.7)        |
| Loss on valuation of trading derivative financial instruments .....         | 1.7   | 2.1            |
| Loss (gain) on valuation of financial investments .....                     | 17.9  | (8.0)          |
| Changes in fair value of investment property .....                          | 3.3   | 0.1            |
| Exchange difference .....   | (19.0)                                      | 7.8            |
| <b>Net changes in asset and liability accounts</b>                          |   |                |
| (Increase) decrease of other accounts receivable.....                       | 16.2  | (13.0)         |
| Increase (decrease) of interest, provisions and other accounts payable..... | (15.9)                                      | (11.3)         |
| <b>Net cash provided by (used in) operating activities.....</b>             | <b>(78.6)</b>                               | <b>(90.4)</b>  |
| <b>Investing activities</b>   |   |                |
| Dividends received.....   | 559.8                                       | 389.9          |
| Loans collected from shareholder and related parties.....                   | 0.0   | 0.0            |
| Capital contribution to Subsidiaries, net of capital reductions.....        | (155.3)                                     | (118.7)        |
| Payment of account payable for acquisition of investment property .....     | 0.0   | 0.0            |
| Acquisition of non-controlling interest.....                                | 0.0   | 0.0            |
| Sale of available-for-sale investments .....                                | 0.0   | 0.0            |
| Acquisition of available-for-sale investments .....                         | 0.0   | 0.0            |
| <b>Net cash provided by investing activities.....</b>                       | <b>404.5</b>                                | <b>271.2</b>   |
| <b>Financing activities</b>   |   |                |
| Issuance (payment) of notes.....  | 0.0   | 0.0            |
| Loans received from third parties, net* .....                               | (153.0)                                     | (80.0)         |
| Loans received from Subsidiaries and related parties, net.....              | (65.3)                                      | (46.0)         |
| Payment of dividends.....   | (49.6)                                      | (48.9)         |
| <b>Net cash used in financing activities.....</b>                           | <b>(267.9)</b>                              | <b>(174.9)</b> |
| <b>Net cash (decrease) increase.....</b>                                    | <b>58.0</b>                                 | <b>5.9</b>     |
| Gain on derivative financial instruments.....                               |   |                |
| <b>Balance of cash at the beginning of period.....</b>                      | <b>7.5</b>                                  | <b>13.5</b>    |
| <b>Balance of cash at the end of period.....</b>                            | <b>65.4</b>                                 | <b>19.4</b>    |

Net cash used in operating activities decreased in S/ 11.7 million for the six months ended June 30, 2019 when compared to the corresponding period in 2018 and Net cash provided by investing activities increased by S/ 133.3 million during the same period of time due to higher dividends received. Finally, net cash from financing activities decreased by S/ 93 million for the six months ended June 30, 2019 because there was a higher level of loans repayed this semester

## ii. Dividends Received by Intercorp

The following table sets forth details regarding the dividends received by Intercorp from its subsidiaries for the six months ended June 30, 2019 and 2018.

|                         | For the six months ended June 30      |                   |              | For the year ended December 31,       |                   |              |
|-------------------------|---------------------------------------|-------------------|--------------|---------------------------------------|-------------------|--------------|
|                         | 2019                                  | 2019              | 2018         | 2018                                  | 2018              | 2017         |
|                         | (US\$.<br>in millions) <sup>(1)</sup> | (\$/ in millions) |              | (US\$.<br>in millions) <sup>(1)</sup> | (\$/ in millions) |              |
| IFS.....                | 147.1                                 | 488.3             | 381.0        | 117.7                                 | 381.0             | 354.8        |
| Intercorp Retail.....   | 18.0                                  | 60.1              | 0.0          | 0.0                                   | 0.0               | 37.7         |
| Other subsidiaries..... | 3.5                                   | 11.5              | 8.9          | 2.7                                   | 8.9               | 6.4          |
|                         | <b>168.6</b>                          | <b>559.8</b>      | <b>389.9</b> | <b>120.4</b>                          | <b>389.9</b>      | <b>399.0</b> |

(1) Translated to U.S. dollars for convenience only at the rate reported on the day of the operation.

## Dividends Paid by Intercorp's Subsidiaries

IFS has been the main source of recurring dividends for Intercorp. Below we discuss the dividend policies of IFS and its subsidiaries Interbank, Interseguro and Inteligo.

### IFS

The following table sets forth dividends declared and paid, net profits and dividend payout ratios (dividends paid divided by net profit for the prior year) for IFS for the six months ended June 30, 2019 and 2018. The dividends declared and paid by IFS are in US dollars.

|                                    | For the six months ended June 30   |                   |              |
|------------------------------------|------------------------------------|-------------------|--------------|
|                                    | 2019                               | 2019              | 2018         |
|                                    | (US\$. in millions) <sup>(1)</sup> | (\$/ in millions) |              |
| <b>IFS</b>                         |                                    |                   |              |
| Dividends declared and paid.....   | <b>165.9</b>                       | <b>559.6</b>      | <b>511.3</b> |
| Net profit... <sup>(2)</sup> ..... | 321.5                              | 1,084.3           | 1,027.4      |
| Dividend payout ratio.....         | <b>51.6%</b>                       | <b>51.6%</b>      | <b>49.8%</b> |

(1) Translated to U.S. dollars for convenience only at the rate of S/3.373= US\$1.00, the exchange rate reported on the day of the operation.

(2) Refers to net profit for the previous fiscal year.

### IFS's subsidiaries

The following tables sets forth dividends declared and paid, net profits and dividend payout ratios (dividends paid divided by net profit) for IFS's subsidiaries for the six months June 30, 2019 and 2018.

|                                    | For the six months ended June 30   |                  |       |
|------------------------------------|------------------------------------|------------------|-------|
|                                    | 2019                               | 2019             | 2018  |
|                                    | (US\$. in millions) <sup>(1)</sup> | (S/ in millions) |       |
| <b>Interbank</b>                   |                                    |                  |       |
| Dividends declared and paid.....   | 138.5                              | 467.0            | 405.9 |
| Net profit... <sup>(2)</sup> ..... | 307.7                              | 1,037.9          | 902.0 |
| Dividend payout ratio.....         | 45%                                | 45%              | 45%   |
| <b>Interseguro</b>                 |                                    |                  |       |
| Dividends declared and paid.....   | 40.9                               | 138.0            | 100.0 |
| Net profit... <sup>(2)</sup> ..... | 107.1                              | 361.1            | 103.7 |
| Dividend payout ratio.....         | 38%                                | 38%              | 96%   |
| <b>Inteligo</b>                    |                                    |                  |       |
| Dividends declared and paid.....   | 30.0                               | 101.2            | 152.1 |
| Net profit... <sup>(2)</sup> ..... | 57.0                               | 192.2            | 190.1 |
| Dividend payout ratio.....         | 53% <sup>▼</sup>                   | 53% <sup>▼</sup> | 80%   |

(1) Translated to U.S. dollars for convenience only at the rate of S/3.373= US\$1.00, the exchange rate reported on the day of the operation.

(2) Refers to net profit for the previous fiscal year.

Interbank's dividends are proposed annually by its board of directors and are subject to approval at its general shareholders' meeting. Dividend distributions depend on several factors, including: (i) net profit; (2) planned capital expenditures; (3) capital and legal reserve requirements; and (4) prevailing market conditions. Up to 2015, the stated policy of Interbank was to distribute up to 50% of distributable income (which is net profit minus required legal reserves, which are equivalent to 10% of net profit). For 2013, 2014 and 2015 Interbank declared and distributed as dividends approximately 50% of its distributable income. For the years 2019-2021, the stated policy is to distribute a minimum of 20% of net profits of each year.

Interseguro's dividends are proposed annually by its board of directors and are subject to approval at its general shareholders' meeting. The stated policy of Interseguro (2019) is to distribute a minimum of 30% of distributable income. This policy is revised annually.

Dividend distributions depend on several factors, including: (i) net profit; (ii) planned capital expenditures; (iii) capital and legal reserve requirements; and (iv) prevailing market conditions.

Inteligo changed its dividends policy after its acquisition by IFS. Before its acquisition by IFS became effective on August 1, 2014, Inteligo declared and paid dividends on a quarterly basis. After such acquisition, in line with the dividend policies of Interbank and Interseguro, Inteligo's dividends are proposed annually by its board of directors and are subject to approval at its general shareholders' meeting. Dividend distributions depend on several factors, including (1) approval by Inteligo's shareholders of the dividend proposal; (2) net profit; (3) planned capital expenditures; and (4) prevailing market conditions. Dividends distributed to IFS by Inteligo are mainly generated by Inteligo Bank. The dividend policy of Inteligo Bank is to distribute up to

70% of its net profit for the previous year. Inteligo Bank intends to pay future dividends on an annual basis.

### *Intercorp Retail*

The following table sets forth dividends declared and paid, net profits and dividend payout ratios (dividends paid divided by net profit for the prior year) for Intercorp Retail for the six months ended June 30, 2019. The dividends declared and paid by Intercorp Retail are in US dollars

|  | <b>For the six months ended June 30</b>      |                         |             |
|--|--|-------------------------|-------------|
|  | <b>2019</b>                                  | <b>2019</b>             | <b>2018</b> |
|  | <b>(US\$.<br/>in millions)<sup>(1)</sup></b> | <b>(S/ in millions)</b> |             |
| <b>Intercorp Retail</b>                          |  |                         |             |
| Dividends declared and paid <sup>(2)</sup> ..... | <b>18.0</b>                                  | <b>60.7</b>             | <b>0.0</b>  |
| Net profit .....                                 | 42.1   | 142.0                   | n/a         |
| Dividend payout ratio .....                      | <b>43%</b>                                   | <b>43%</b>              | <b>n/a</b>  |

(1) Translated to U.S. dollars for convenience only at the rate of S/3.373= US\$1.00, the exchange rate reported on the day of the operation.

(2) Refers to net profit for the previous fiscal year.

### *Intercorp Retail's subsidiaries*

The following tables sets forth dividends declared and paid, net profits and dividend payout ratios (dividends paid divided by net profit) for InRetail Peru (Intercorp Retail's subsidiary) for the six months June 30, 2019.

|  | <b>For the six months ended June 30</b>      |                         |             |
|--|--|-------------------------|-------------|
|  | <b>2019</b>                                  | <b>2019</b>             | <b>2018</b> |
|  | <b>(US\$.<br/>in millions)<sup>(1)</sup></b> | <b>(S/ in millions)</b> |             |
| <b>InRetail Peru</b>                       |  |                         |             |
| Dividends declared and paid .....          | <b>35.0</b>                                  | <b>118.1</b>            | <b>0.0</b>  |
| Net profit <sup>(2)</sup> .....            | 54.0   | 182.1                   | n/a         |
| Dividend payout ratio <sup>(3)</sup> ..... | <b>65%</b>                                   | <b>65%</b>              | <b>n/a</b>  |

(1) Translated to U.S. dollars for convenience only at the rate of S/3.373= US\$1.00, the exchange rate reported on the day of the operation.

(2) Refers to net profit for the previous fiscal year.

(3) Calculated over the US\$15 million dividend

### iii. Indebtedness

#### ***Unconsolidated***

As of June 30, 2018, Intercorp had S/ 1,110.2 million (US\$ 337.5 million) of unconsolidated outstanding obligations (excluding interest, provisions and other accounts payable) consisting of long-term indebtedness comprised of S/ 812.2 million (US\$ 247 million) of Senior Notes due 2025 (net of issuance expenses) and S/ 298 million of the Senior Notes due 2030 (net of issuance expenses). As of the same date, Intercorp had guaranteed up to US\$ 122 million of indebtedness in favor of un-affiliated third parties of its subsidiaries Tiendas Peruanas, Financiera Oh! and Colegios Peruanos, US\$ 100 million of which was outstanding and the remainder of which consisted of debt commitments that are not yet outstanding indebtedness.