Translation of independent auditor's report and consolidated financial statements originally issued in Spanish – Note 37

Intercorp Perú Ltd. and Subsidiaries

Consolidated financial statements as of December 31, 2023 and 2022, together with the Independent Auditor's Report

Building a better working world

Translation of independent auditor's report and consolidated financial statements originally issued in Spanish – Note 37

Intercorp Perú Ltd. and Subsidiaries

Consolidated financial statements as of December 31, 2023 and 2022, together with the Independent Auditor's Report

Content

Tanaka, Valdivia & Asociados
Sociedad Civil de R. L

Translation of independent auditor's report originally issued in Spanish – Note 37

Independent Auditor's Report

To the Shareholders and Board of Directors of Intercorp Perú Ltd.

Opinion

1. We have audited the consolidated financial statements of Intercorp Perú Ltd. and Subsidiaries (the Group), comprising the consolidated statement of financial position as of December 31, 2023, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended; as well as the notes to the consolidated financial statements, which include a summary of material accounting policies.

2. In our opinion, the accompanying consolidated financial statements present fairly, in all significant respects, the Group's consolidated financial position as of December 31, 2023, as well as its financial performance and consolidated statement of cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

Basis of the opinion

3. We perform our audit in accordance with the International Standards on Auditing (ISA) approved for application in Peru by the Board of Peruvian Associations of Certified Public Accountants. Our responsibilities under these standards are described in more detail in the *Auditor's responsibilities in relation to the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Accounting Standards Board Code of Ethics for Accountants (IESBA Code) along with ethical requirements that are relevant to our audit of financial statements in Peru, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were more important in the audit of the consolidated financial statements for the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon; so we do not provide a separated opinion on these matters. Based on the above, below is how each key matter was addressed during our audit.

Lima
Av. Víctor Andrés Belaunde 171
San Isidro
Tel: +51 (1) 411 4444

Lima II
Av. Jorge Basadre 330
San Isidro
Tel: +51 (1) 411 4444

Arequipa
Av. Bolognesi 407
Yanahuara
Tel: +51 (54) 484 470

Trujillo
Av. El Golf 591 Urb. Del Golf III
Víctor Larco Herrera 13009,
Sede Miguel Ángel Quijano Doig
La Libertad
Tel: +51 (44) 608 830

Translation of independent auditor's report originally issued in Spanish – Note 37

Independent Auditor's Report (continued)

5. We have fulfilled the responsibilities described in the *Auditor's responsibilities in relation to the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included conducting procedures designed to respond to the risks of material misstatement assessed in the consolidated financial statements. The results of the audit procedures, including the procedures performed to address the matters mentioned below, form the basis for the audit opinion on the accompanying consolidated financial statements.

Key audit matter	Audit response
Expected loss estimate for loan portfolio	
As described in Notes 4.4(i)(ii), 7 and 33.1(e) of the consolidated financial statements, the expected loss estimate for the loan portfolio is calculated using an expected credit loss (ECL) model, which determines the losses expected to arise for loans as a result of an increase in risk, from the initial date of the loan or when there is objective evidence of impairment. The estimate of ECL is measured: to 12 months; or during the expected life of the credit. ECL considers key elements, such as: probability of default (PD), exposure at default (EAD) and loss given default (LGD); these are based on predictable information about past events, current conditions and forward-looking information. When estimating the expected loss, the Group considers three scenarios (optimistic, base and pessimistic), each of these scenarios is associated with different probabilities of default. When relevant, the assessment of these scenarios also incorporates the expectation of recovery of nonperforming loans, including the probability that the loans will be cured, and the value of the guarantee or the amount received when selling the asset.	We obtained understanding, evaluated the design and tested the operational effectiveness of the controls of the provision for loan portfolio ECL estimation process, which included: - Evaluation methodology and criteria established for the calculation according to the IFRS standards. - Evaluation of the model, premises and significant assumptions established by the Group in the calculation. - Identification of impairment indicators and determination of significant changes in credit risk. - Integrity and accuracy of the database in the Group's systems. - Calculation of the expected loss estimate for loan portfolio. - Disclosure in the notes to the consolidated financial statements. In addition, assisted by our specialists, we carried out detailed substantive procedures, which included: - We assessed whether the methodology, premises and assumptions used in models estimating ECLs are consistent with IFRS requirements and industry standards.

Independent Auditor's Report (continued)

Key audit matter	Audit response
Significant assumptions and judgments with respect to the estimate include (i) determining when a loan has experienced a significant increase in credit risk; (ii) forecasting forward-looking information for multiple economic scenarios and weighting the probability of those scenarios; (iii) the calculation of credit losses of 12 months and over the expected life of the credit agreement; and (iv) the application of the credit expert judgment, specifically for the current El Niño event situation. Therefore, we consider that the ECL for the loan portfolio is a key audit matter; since changes in assumptions could have a material impact on the calculation of provision; in addition, the determination of accounting figures requires the participation of specialists due to the inherent complexity of models, assumptions, judgments, the prospective nature of key assumptions and the interrelationship of critical variables in measurement.	- We assessed significant changes in trigger the factors of the credit risk, methodology forecasts and compare the Group's forward-looking information with publicly available information from independent sources. - We tested the completeness and accuracy of the data used in the calculation of the provision against the source systems and related documentation. - We independently tested the calculation of ECL and their respective risk parameters. - We assessed the adequacy of disclosures in the notes to the consolidated financial statements.
Construction of the discount rate of the liability for insurance contracts corresponding to the pension business of Liability for Remaining Coverage (LRC) under the General Model	
As described in Notes 4.2, 4.4(e), 4.7 and 16 of the consolidated financial statements, the Group has adopted International Financial Reporting Standard 17 "Insurance Contracts" (IFRS 17), which establishes a new accounting framework for the recognition, measurement, presentation and disclosure of insurance contracts issued and reinsurance maintained. The insurance	We obtained an understanding, evaluated the design and tested the operational effectiveness of the controls of the valuation process in the pensions business of the liability for remaining coverage (LRC) by the General Model, which included: - Evaluation methodology and criteria established for the calculation according to

Translation of independent auditor's report originally issued in Spanish – Note 37

Independent Auditor's Report (continued)

Key audit matter	Audit response
contract liability is a material figure in the consolidated financial statements and amounts to S/12,207,536,000, and its estimate is based mainly on: (i) the determination of the measurement models by business (general model or building-block approach (BBA), variable fee approach (VFA) and the simplified model (PPA); and (ii) the definition of the discount rate. With respect to the portfolio of insurance contract liabilities that includes pensions, life and massive, the key matter is in the determination of the discount rate applied to pension insurance contract business of the remaining coverage (LRC) due to: - The valuation of said business is carried out using assumptions and actuarial data, which comprise mortality tables and discount rates. - The Group uses the Matching Adjustment (MA) methodology to construct the discount rate for the subsequent measurement of liabilities by the General Model (BBA), which requires data from various internal and external sources for its construction. - Any change in the assumptions and data incorporated by the sources could have material effects on the valuation of said liabilities. - The determination of liabilities under the General Model is complex and requires the participation of actuarial specialists.	actuarial methods that are accepted by IFRS 17. - Evaluation of the actuarial model, premises and assumptions of general acceptance, established by the Group. - Integrity and accuracy of the database used in the Group's information systems to manage, calculate and sensitize of these liabilities. - Evaluation of the construction of the rate in the pension business of liability remaining coverage (LRC) for the use of internal and external data. - Calculation review of the estimate of valuation of liabilities. - Disclosure review in the notes to the consolidated financial statements. In addition, assisted by our actuarial specialists, we performed detailed substantive procedures, including: - We evaluated the methodology defined by the Group on actuarial models and assumptions, which are consistent with the application of IFRS 17, including its initial balances. - We independently evaluated the model and actuarial assumptions used in the calculation. - We evaluated the reasonableness of the assumptions and their adequacy. - We tested the completeness and accuracy of the data of the units of account, as well as the variables used in the calculation. - We evaluate the appropriate determination of the discount rate used in calculations. - We independently tested the calculation made by the Group.

Independent Auditor's Report (continued)

Key audit matter	Audit response
	- We evaluated the proper movement of liabilities considering changes in actuarial assumptions at the end of the year. - We evaluated the sensitivity of changes in certain variables in the determination of these liabilities. - We evaluated the adequacy of disclosures in the notes to the consolidated financial statements.
Impairment assessment of intangible assets of indefinite useful life	
As described in Notes 4.4(t) and 11(a) of the consolidated financial statements, the impairment valuation of intangible assets of indefinite useful life is significant for our audit due to the use of estimates in the valuation techniques, based on key assumptions made by Management. The determination of the recovery value is complex, involves a high degree of judgment by Group's Management and requires the performing of significant judgments and assumptions that are affected by future conditions such as profitability and economic conditions, discount rates, operating margins, the weighted average cost of capital, capitalization rate and others, which are sensitive and are affected by economic changes and market conditions, among other factors. The main assumptions considered for the determination of cash flows are: perpetual growth rate, revenue growth, EBITDA margin, discount rate and Capex. An inadequate valuation of cash flows could create a misstatement in the Group's	We obtained understanding, evaluated the design and tested the operational effectiveness of the controls of the valuation process of the impairment of intangible assets of indefinite useful life: - Methodology and criteria established for the valuation of intangible assets of indefinite useful life. - We evaluated the integrity of the operative reports used by the Company in the valuation models. In addition, assisted by our specialists, we performed detailed substantive procedures, including: - We compared and validated the assumptions used. As a whole, we assessed the Company's impairment tests thus obtaining the support model, and assessed the methodology and key assumptions used. - We evaluated the reasonableness of the main assumptions, perpetual growth rate, revenue growth, EBITDA margin, discount rate and Capex.

Independent Auditor's Report (continued)

Key audit matter	Audit response
consolidated financial statements and in its consolidated statement of financial position. The principles used in the valuation of intangible assets of indefinite useful life are disclosed in Note 11 of the consolidated financial statements. Due to the aforementioned factors, the impairment assessment of intangible assets of indefinite useful life (trademarks and goodwill) is deemed a key audit matter.	- We evaluated the adequacy of disclosures in the notes to the consolidated financial statements.

Other matter

6. During the year 2023, Intercorp Perú Ltd. and Subsidiaries adopted IFRS 17 "Insurance Contracts". The accounting effects of the application of IFRS 17 are detailed in notes 4.2 and 4.7. The financial statements' balances as of and for the year ended December 31, 2022, including the initial balance as of January 1, 2022, which are presented for comparative purposes, have been restated due to this implementation.

Responsibilities of the Group's Management and responsible of the Group's corporate governance in relation to the consolidated financial statements

7. Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with IFRS, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

8. In preparing the consolidated financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as appropriate matters relating to the going concern and using the going concern basis of accounting, unless Management intends to liquidate the Group or cease operations, or have no realistic alternative to doing so.

Independent Auditor's Report (continued)

9. Those responsible for the Group's corporate governance are responsible for supervising the Group's financial reporting process.

Auditor's responsibilities in relation to the audit of the consolidated financial statements

10. Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with ISAs approved for application in Peru will always detect a material misstatement where it exists. Inaccuracies may arise due to fraud or error and are considered material if, individually or cumulatively, they could reasonably be expected to influence the economic decisions users make based on the consolidated financial statements.

11. As part of an audit in accordance with the International Standards on Auditing (ISA) approved for application in Peru by the Board of Peruvian Associations of Certified Public Accountants, we exercise professional judgment and maintain professional skepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and execute audit procedures that respond to those risks, and obtain audit evidence that is sufficient and appropriate to provide us a basis for our opinion. The risk of not detecting a material misstatement due to fraud is greater than that resulting from an error, as fraud may involve collusion, falsification, intentional omissions, misrepresentations or overstepping the internal control system.
- We obtained understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the adequacy of the accounting policies used, the reasonableness of the accounting estimates and the respective disclosures made by Management.
- We conclude on the suitability of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether there is material uncertainty related to events or conditions that may raise significant doubts about the Group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our audit report to disclosures relating to the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Conclusions are based on audit evidence obtained to date from our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the general presentation, structure, content of the consolidated financial statements, including disclosures, and whether the consolidated financial statements represent the underlying events and transactions in a manner that achieves a fair presentation.

Translation of independent auditor's report originally issued in Spanish – Note 37

Independent Auditor's Report (continued)

- We obtained sufficient and adequate audit evidence in relation to the financial information of the entities or business activities that are part of the Group, in order to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and execution of the Group's audit and therefore for our audit opinion.

12. We communicate to those responsible for the Group's corporate governance, among other matters, the planned scope and timing of the audit, the significant findings of the audit, as well as any significant internal control deficiencies identified in the course of the audit.

13. We also provide those responsible for the Group's corporate governance with a statement that we have complied with the applicable ethics requirements in relation to independence and that we have disclosed all relationships and other matters that could reasonably be expected to affect our independence and, where applicable, including the respective safeguards.

14. Among the matters that have been subject of communication with those responsible for the Group's corporate governance, we determine those that have been of the greatest significance in the audit of the consolidated financial statements for the current period and, therefore, are the key audit matters. We have described such matters in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter or, in extremely rare circumstances, we determine that a matter should not be disclosed in our report because it would reasonably be expected that the adverse consequences of doing so would outweigh the public interest benefits of the report.

Lima, Peru
May 15, 2024

Tanaka, Valdivia & Asociados

Countersigned by:

Mónica Padilla
Partner in charge
C.P.C.C. Register No. 43105

Intercorp Perú Ltd. and Subsidiaries

Consolidated statement of financial position

As of December 31, 2023 and 2022, and January 1, 2022

	Note	2023 S/(000)	2022 S/(000) Note 4.7 Restated	01.01.2022 S/(000) Note 4.7 Restated
Assets				
Cash and due from banks	5(a)			
Cash and clearing		2,296,061	2,951,985	2,384,897
Deposits in the Central Reserve Bank of Peru		5,462,608	7,117,501	10,628,048
Deposits in local and foreign banks		2,475,305	3,757,636	4,458,709
Restricted funds		753,602	498,185	704,610
		10,987,576	14,325,307	18,176,264
Inter-bank funds	5(e)	524,915	296,119	30,002
Financial investments	6	27,536,495	23,552,045	25,432,606
Loans, net	7	46,525,225	45,948,399	43,121,030
Investment property	8	5,279,028	5,215,187	5,032,158
Inventories, net	9	3,382,524	3,474,121	3,418,770
Property, furniture and equipment, net	10	13,824,905	12,602,600	11,454,039
Due from customers on acceptances		40,565	45,809	152,423
Goodwill, trademarks and other intangible assets, net	11	5,932,352	5,870,899	5,312,028
Accounts receivable and other assets, net	12	4,255,446	3,481,288	3,362,314
Reinsurance contract assets	16	26,287	34,053	53,849
Deferred Income Tax asset, net	17	633,336	637,767	528,450
Total assets		118,948,654	115,483,594	116,073,933

	Note	2023 S/(000)	2022 S/(000) Note 4.7 Restated	01.01.2022 S/(000) Note 4.7 Restated
Liabilities				
Deposits and obligations	13	49,355,420	48,510,965	48,647,051
Inter-bank funds	5(e)	119,712	30,012	-
Due to banks and correspondents	14	13,062,230	11,192,168	12,220,253
Bonds, notes and other obligations outstanding	15	13,383,695	15,804,263	16,246,464
Due from customers on acceptances		40,565	45,809	152,423
Insurance and reinsurance contract liabilities	16	12,207,536	11,231,321	12,788,829
Accounts payable, provisions and other liabilities	12	12,366,219	11,405,712	10,354,355
Deferred Income Tax liability, net	17	854,236	879,494	719,531
Total liabilities		101,389,613	99,099,744	101,128,906
Equity net	18			
Equity attributable to Intercorp Perú Ltd.'s shareholders:				
Capital stock		5,547,671	5,547,671	5,547,671
Treasury stock		(33,708)	(28,037)	(3,107)
Reserves		5,893,142	4,993,142	4,493,142
Unrealized results		(426,935)	(546,267)	(362,097)
Retained earnings		1,110,509	1,397,411	691,588
		12,090,679	11,363,920	10,367,197
Non-controlling interest	31	5,468,362	5,019,930	4,577,830
Total equity, net		17,559,041	16,383,850	14,945,027
Total liabilities and equity, net		118,948,654	115,483,594	116,073,933

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

Intercrop Perú Ltd. and Subsidiaries

Consolidated statement of income

For the years ended December 31, 2023 and 2022

	Note	2023 S/(000)	2022 S/(000) Note 4.7 Restated
Interest and similar income	21	7,708,961	6,524,746
Interest and similar expenses	21	(3,667,224)	(2,671,372)
Net interest and similar income		4,041,737	3,853,374
Impairment loss on loans, net of recoveries	7(d.1) and (d.2)	(2,360,138)	(1,001,934)
Loss due to impairment of financial investments	6(c) and (d)	(7,549)	(12,752)
Net interest after impairment loss		1,674,050	2,838,688
Gross profit from retail business	27	5,966,806	5,777,667
Fee income from financial services, net	22	1,259,802	1,198,451
Net gain on foreign exchange transactions		306,431	380,154
Net gain (loss) on sale of financial investments		3,683	(14,285)
Net loss on financial assets at fair value through profit or loss	6(e) and 12(b)(*)	(121,527)	(255,434)
Income from educational services	4.4(d)(iv)	1,938,574	1,637,347
Net gain on investment property	8(b)	614,562	472,865
Other income	23	252,928	617,133
		10,221,259	9,813,898
Income from insurance activities, before expenses	24	(178,392)	(252,854)
Other expenses			
Salaries and employee benefits	25	(3,568,015)	(3,417,020)
Selling and administrative expenses	26	(3,695,874)	(3,378,776)
Depreciation and amortization	10(a) and 11(a)	(1,459,592)	(1,353,910)
Other expenses	23	(507,820)	(489,160)
		(9,231,301)	(8,638,866)
Income before exchange difference and Income Tax		2,485,616	3,760,866
Exchange difference		81,147	155,889
Income Tax (current and deferred)	17(d)	(934,942)	(1,170,004)
Net profit for the year		1,631,821	2,746,751
Attributable to:			
Intercorp Perú's shareholders		910,678	1,823,360
Non-controlling interest	31	721,143	923,391
		1,631,821	2,746,751
Earnings per share attributable to Intercorp Perú's shareholders (Class A and B) basic and diluted (in Soles)	28	6.13	12.24
Weighted average number of outstanding shares (Class A and B) (in thousands)	28	148,577	148,960

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

Intercorp Perú Ltd. and Subsidiaries

Consolidated statement of other comprehensive income

For the years ended December 31, 2023 and 2022

	2023 S/(000)	2022 S/(000) (Restated, Note 4.7)
Net profit for the year	1,631,821	2,746,751
Other comprehensive income that will not be reclassified to the consolidated statement of income in subsequent periods		
Gain (loss) on equity instruments at fair value through other comprehensive income	16,220	(21,926)
Income Tax	(157)	218
Total unrealized gain (loss) that will not be reclassified to the consolidated statement of income in subsequent periods	16,063	(21,708)
Other comprehensive income to be reclassified to the consolidated statement of income in subsequent periods		
Net movement of debt instruments at fair value through other comprehensive income	1,115,698	(1,833,390)
Income Tax	(3,645)	8,250
	1,112,053	(1,825,140)
Net movement of insurance premiums reserve	(970,191)	1,714,333
Net movement of cash flow hedges	47,062	(56,081)
Income Tax	(12,902)	(5,243)
	34,160	(61,324)
Translation of foreign operations	(814)	(59,013)
Others	(108)	(130)
Total unrealized gain (loss) to be reclassified to the consolidated statement of income in subsequent periods	184,729	(231,274)
Other comprehensive income for the year	191,163	(252,982)
Total other comprehensive income for the year, net of Income Tax	1,822,984	2,493,769
Attributable to:		
Intercorp Perú's shareholders	1,053,814	1,650,713
Non-controlling interest	769,170	843,056
	1,822,984	2,493,769

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

Intercorp Perú Ltd. and Subsidiaries

Consolidated statement of changes in equity

For the years ended December 31, 2023 and 2022

	Number of shares		Attributable to Intercorp Perú's shareholders												
						Unrealized results									
						Instruments that will not be reclassified to the consolidated statement of income	Instruments that will be reclassified to the consolidated statement of income								
	Issued (in thousands)	In treasury (in thousands)	Capital stock S/(000)	Treasury stock S/(000)	Reserves 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)	Others S/(000)	Retained earnings S/(000)	Total S/(000)	Non-controlling interest S/(000)	Total equity, net S/(000)
Balance as of January 1, 2022	149,019	(43)	5,547,671	(3,107)	4,493,142	(6,210)	(404,902)	94,788	(87,168)	135,705	474	1,175,488	10,945,881	4,819,680	15,765,561
Changes for first-time adoption of IFRS 17, Note 4.7			-	-	-	-	-	(94,784)	-	-	-	(483,900)	(578,684)	(241,850)	(820,534)
Restated balance as of January 1, 2022	149,019	(43)	5,547,671	(3,107)	4,493,142	(6,210)	(404,902)	4	(87,168)	135,705	474	691,588	10,367,197	4,577,830	14,945,027
Net profit for the year	-	-	-	-	-	-	-	-	-	-	-	1,823,360	1,823,360	923,391	2,746,751
Other comprehensive income	-	-	-	-	-	(15,304)	(1,283,389)	1,208,991	(38,434)	(44,381)	(130)	-	(172,647)	(80,335)	(252,982)
Total other comprehensive income	-	-	-	-	-	(15,304)	(1,283,389)	1,208,991	(38,434)	(44,381)	(130)	1,823,360	1,650,713	843,056	2,493,769
Constitution of reserves, Note 18(c)	-	-	-	-	500,000	-	-	-	-	-	-	(500,000)	-	-	-
Dividends declared, Note 18(a)	-	-	-	-	-	-	-	-	-	-	-	(111,600)	(111,600)	-	(111,600)
Purchase of treasury stock, Note 18(b)	-	(338)	-	(24,930)	-	-	-	-	-	-	-	-	(24,930)	-	(24,930)
Dividends declared to non-controlling interest of Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(462,737)	(462,737)
Capital contribution from non-controlling interest in Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	60,994	60,994
Acquisition of non-controlling interest by Subsidiary, Note 2.1 (b) and (c)	-	-	-	-	-	-	-	-	-	-	-	(369,553)	(369,553)	28,121	(341,432)
Acquisition of shares of Subsidiaries, Note 2.3	-	-	-	-	-	-	-	-	-	-	-	(139,666)	(139,666)	(40,123)	(179,789)
Sale of equity instruments at fair value through other comprehensive income of Subsidiary, Note 6(g)	-	-	-	-	-	(11,523)	-	-	-	-	-	11,523	-	-	-
Others, net	-	-	-	-	-	-	-	-	-	-	-	(8,241)	(8,241)	12,789	4,548
Balance as of December 31, 2022 (Restated)	149,019	(381)	5,547,671	(28,037)	4,993,142	(33,037)	(1,688,291)	1,208,995	(125,602)	91,324	344	1,397,411	11,363,920	5,019,930	16,383,850
Net profit for the year	-	-	-	-	-	-	-	-	-	-	-	910,678	910,678	721,143	1,631,821
Other comprehensive income	-	-	-	-	-	11,431	793,046	(689,624)	19,582	8,767	(66)	-	143,136	48,027	191,163
Total other comprehensive income	-	-	-	-	-	11,431	793,046	(689,624)	19,582	8,767	(66)	910,678	1,053,814	769,170	1,822,984
Constitution of reserves, Note 18(c)	-	-	-	-	900,000	-	-	-	-	-	-	(900,000)	-	-	-
Dividends declared, Note 18(a)	-	-	-	-	-	-	-	-	-	-	-	(131,775)	(131,775)	-	(131,775)
Purchase of treasury stock, Note 18(b)	-	(74)	-	(5,671)	-	-	-	-	-	-	-	-	(5,671)	-	(5,671)
Dividends declared to non-controlling interest of Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(395,996)	(395,996)
Capital contribution from non-controlling interest in Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	146,093	146,093
Acquisition of non-controlling interest by Subsidiary, Note 2.1(a)	-	-	-	-	-	-	-	-	-	-	-	(142,420)	(142,420)	(52,919)	(195,339)
Sale of equity instruments at fair value through other comprehensive income of Subsidiary, Note 6(g)	-	-	-	-	-	(23,804)	-	-	-	-	-	23,804	-	-	-
Others, net	-	-	-	-	-	-	-	-	-	-	-	(47,189)	(47,189)	(17,916)	(65,105)
Balance as of December 31, 2023	149,019	(455)	5,547,671	(33,708)	5,893,142	(45,410)	(895,245)	519,371	(106,020)	100,091	278	1,110,509	12,090,679	5,468,362	17,559,041

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

Intercorp Perú Ltd. and Subsidiaries

Consolidated statement of cash flows

For the years ended December 31, 2023 and 2022

	2023 S/(000)	2022 S/(000) (Restated, Note 4.7)
Cash flows from operating activities		
Net profit for the year	1,631,821	2,746,751
Plus (minus) adjustments to net profit		
Impairment loss on loan portfolio, net of recoveries	2,360,138	1,001,934
Depreciation and amortization	1,459,592	1,353,910
Deferred Income Tax	(41,040)	(25,829)
Net (gain) loss on sale of financial investments	(3,683)	14,285
Loss due to impairment of financial investments	7,549	12,752
Net loss of financial assets at fair value through profit or loss	121,527	255,434
Gain for valuation of investment property	(15,219)	(76,484)
Exchange difference	(81,147)	(155,889)
Provision for impairment of inventories, net of recoveries	7,348	13,820
Net increase in accrued interest receivable	(168,064)	(176,754)
Net increase in accrued interest payable	45,243	42,906
Net changes in assets and liabilities		
Increase in loan portfolio	(2,806,644)	(4,082,645)
Net decrease of financial investments through profit or loss	130,699	646,047
Net decrease (net increase) in inventories	84,249	(69,171)
(Net increase) net decrease in restricted funds	(255,417)	206,425
Net increase (net decrease) in deposits and obligations	833,424	(136,326)
(Net increase) net decrease in other assets	(577,894)	150,785
Net increase in other liabilities	1,396,982	1,439,309
Net cash provided by operating activities	4,129,464	3,161,260

Consolidated statement of cash flows (continued)

	2023 S/(000)	2022 S/(000) (Restated, Note 4.7)
Cash flows from investing activities		
Purchase of investments at fair value through other comprehensive income and at amortized cost	(3,173,208)	(870,053)
Net purchases of investment property	(82,833)	(198,102)
Purchase of property, furniture and equipment	(1,738,596)	(1,554,631)
Purchase of intangible assets	(393,731)	(335,664)
Acquisition of Subsidiary	-	(193,215)
Net cash used in investing activities	(5,388,368)	(3,151,665)
Cash flows from financing activities		
Net increase (net decrease) in due to banks and correspondents	1,555,355	(1,356,154)
Net decrease in securities, notes and obligations outstanding	(2,570,363)	(259,405)
Increase in receivable inter-bank funds	(228,796)	(266,117)
Net increase in payable inter-bank funds	91,245	30,482
Dividends payment to shareholders	(128,629)	(132,969)
Dividends payment to non-controlling interest of Subsidiaries	(395,996)	(462,737)
Capital contribution from non-controlling interest	146,093	60,994
Purchase of treasury stock	(5,671)	(8,316)
Lease payments	(608,548)	(752,749)
Acquisition of non-controlling interest	-	(179,789)
Acquisition of non-controlling interest of Subsidiaries	(195,339)	(341,432)
Net cash used in financing activities	(2,340,649)	(3,668,192)
Net decrease in cash and cash equivalents	(3,599,553)	(3,658,597)
Cash and cash equivalents at the beginning of the year	13,809,707	17,468,304
Cash and cash equivalents at the end of the year	10,210,154	13,809,707

Notes to the consolidated financial statements

As of December 31, 2023 and 2022

1. Business activity and other relevant events

1.1 Business activity and approval of financial statements -

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

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

In December 2023, the Company filed a request before the Superintendence of the Securities Market (henceforth "SMV", by its Spanish acronym) regarding the exclusion of its Class B shares, from the Public Registry of the Securities Market. Subsequently, during January 2024, through SMV Resolution of General Intendence No. 002-2024-SMV/11.1, the SMV approved the request and ordered the requested exclusion.

The operations of Intercorp Perú and its Subsidiaries (henceforth "the Group") are concentrated mainly in Peru. Additionally holds investments in The Bahamas, Panama, Ecuador, Colombia, Mexico and Spain, see Note 3; with activities mainly in the financial, insurance, retail, pharmaceuticals, real estate, educational and health industries. The activities and the most important information about the Subsidiaries as of December 31, 2023 and 2022, are presented in Note 3.

The consolidated financial statements of Intercorp Perú and its Subsidiaries as of December 31, 2022, and for the year then ended were approved by the Board on May 31, 2023. The consolidated financial statements as of December 31, 2023, and for the year then ended, have been approved by Management on March 18, 2024, and will be submitted for approval by the Board.

1.2 Political context in Peru

In December 2022, Mr. Pedro Castillo, then president of Peru, attempted to stage a coup d'état and to establish a state of exception. Due to this, the Congress, gathered in extraordinary session, approved his destitution and designated the vice-president, Ms. Dina Boluarte, as President of the Republic of Peru. Following the aforementioned, protests and social upheaval erupted in the country.

Against this background, the Superintendence of Banking, Insurance and Private Pension Funds (henceforth "SBS", by its Spanish acronym) issued Official Multiple Letters that laid down measures related to loan rescheduling aimed to facilitate the debt payment of the financial sector's clients. Also, the SBS authorized the entities of the financial sector to modify the contractual conditions of retail loans, provided they comply with several requirements. See further detail in Notes 7(g) and 33.1(e.6).

1.3 Covid-19 Pandemic –

In March 2020, the World Health Organization declared Covid-19 a global pandemic, which resulted in several restrictive measures. From May 2020, the gradual reopening of economic activities began, following measures provided by the Government, so by the first semester of 2022, economic activities were carried out at levels previous to the pandemic. During the Covid-19 pandemic, the Ministry of Economy and Finance (henceforth "MEF", by its Spanish acronym), the Central Reserve Bank of Peru (henceforth "BCRP", by its Spanish acronym) and the SBS issued diverse resolutions to alleviate the impact derived from the pandemic. These measures are described with further detail in Notes 6(h), 33.1(e.5) and 33.1(e.6).

2. Acquisitions, sale of participations and merger by absorption

2.1 Acquisition of non-controlling interest by Subsidiaries –

(a) NG Education Holdings Corp. -

In September 2023, Intercorp Education Holding S.A., a subsidiary of Intercorp Perú, acquired 13.07 percent of Class B shares representative of the capital stock of NG Education Holdings Corp., at market value for US$51,000,000 (equivalent to approximately S/189,108,000). After this acquisition, Intercorp Perú holds directly and indirectly 94.73 percent of Class B shares representative of the capital stock of NG Education Holdings Corp.

As result of the change in its shareholding in NG Education Holdings Corp. and the recording of the higher value paid, Intercorp Perú Ltd. through its shareholding recorded a decrease in its retained earnings for approximately S/142,420,000, for the acquisition of the non-controlling interest.

(b) IFH Retail Corp. and HPSA Corp. -

In November 2022, Intercorp Retail Inc. acquired 6.81 percent of the capital stock of its Subsidiary IFH Retail Corp. (corresponding to Class A shares), at market value for approximately US$ 11,349,000 (equivalent to approximately S/45,123,000), and 9.99 percent of the capital stock of its Subsidiary HPSA Corp., at a value of US$ 41,443,000 (equivalent to approximately S/164,778,000).

As result of the change in its shareholding in IFH Retail Corp. and HPSA Corp., and the recording of the higher amounts paid, Intercorp Perú Ltd., through its participation in Intercorp Retail Inc., recorded a decrease in retained earnings for approximately S/34,095,000 and S/121,841,000, respectively.

After these acquisitions, Intercorp Retail Inc. holds 90.32 percent (corresponding to Class A shares) and 94.97 percent of the shareholding in the capital stock of IFH Retail Corp. and HPSA Corp., respectively.

(c) InRetail Pharma S.A. –
In February 2022, InRetail Perú Corp. (Subsidiary of Intercorp Retail Inc., subsidiary of Intercorp Perú) acquired 12.98 percent of shares of InRetail Pharma at market value. The price amounted to US$240,000,000 (equivalent to approximately S/901,920,000), which was paid through the issuance and delivery in private offering of 5,939,568 of its shares, for a total amount of S/770,390,000; the remaining balance was paid in cash. After this acquisition, InRetail Perú Corp. holds 100 percent of participation in the capital stock of InRetail Pharma S.A.

As result of the change in the shareholding of InRetail Pharma S.A., and the recording of the higher value paid, Intercorp Perú Ltd., through its participation in Intercorp Retail Inc. and InRetail Perú Corp., recorded a decrease in retained earnings for approximately S/213,617,000.

2.2 Acquisition of participation in Procesos de Medios de Pago S.A. and its subsidiary Izipay S.A.C. –
Until March 2022, the Group (through its subsidiary Interbank) held 50 percent of Procesos de Medios de Pago. In April 2022, Intercorp Financial Services Inc. ("IFS", a Subsidiary of the Company), acquired the remaining 50 percent of the capital stock of Procesos de Medios de Pago and its subsidiary Izipay S.A.C. (henceforth "Izipay Group","Izipay"). The amount paid for the transaction was US$83,775,000 (equivalent to approximately S/312,647,000). After this transaction, IFS holds directly and indirectly 100 percent of the issued capital stock of Izipay; see Note 3.1(g).

The acquisition performed by IFS was recorded using the "Step acquisition" accounting method, pursuant to IFRS 3 "Business Combinations". According to this method, the acquirer company must readjust to fair value the previously participation held in the acquiree entities. Additionally, assets and liabilities must be recorded at their fair values estimated at the purchase date, including the identified intangible assets and the resulting goodwill that were not recorded in the statements of financial position of each acquired entity.

In 2022, as result of the acquisition of Izipay and pursuant to the accounting regulation in force, the previous participation was adjusted to its fair value with an effect of S/222,513,000, and is presented in the caption "Other income" of the consolidated statement of income; see Note 23. The expenses associated to the acquisition for approximately S/381,000 were recorded as expenses and are presented in the caption "Selling and Administrative expenses" of the consolidated statement of income. The table below presents the fair values of assets and liabilities of the acquired entities as of March 31, 2022, which is the closest date to their control taking:

	Fair value of the acquired entities S/(000)
Assets -	
Cash	119,432
Trade accounts receivable and other accounts receivable	178,982
Inventories	13,600
Deferred costs	102,687
Property, furniture and equipment, Note 10(a)	83,486
Right-of-use assets, Note 10(a)	6,593
Intangibles, Note 11(a)	331,421
Deferred Income Tax asset, net	11,014
Other assets	3,903
Liabilities -	
Financial obligations	26,251
Trade accounts payable and other accounts payable	319,456
Deferred income	25,190
Lease liabilities	6,593
Other liabilities	223
Deferred Income Tax liability, Note 17(b)	86,541
Total net assets identified at fair value	386,864
Higher paid value, Note 11(a)	238,429
Market value of the acquired entities	625,293

Below is the net cash flow incurred as result of the acquisition:

	S/(000)
Price paid	312,647
Cash of acquired companies	(119,432)
	193,215

Since the date of its acquisition until December 31, 2022, Izipay contributed to the Group with consolidated revenues of S/595,360,000 and consolidated net income of S/41,075,000. Should the acquisition had taken place at the beginning of the year 2022, would have contributed with consolidated revenues of S/754,284,000 and consolidated net income of S/51,182,000.

2.3 Acquisition of non-controlling interest by Intercorp Perú –

In May 2022, Intercorp Perú acquired a participation of 14.85 percent of Class B shares of NG Education Holdings Corp. The acquisition value amounted to US$48,500,000 (equivalent to approximately S/179,789,000), the cost of the shares amounted to S/40,123,000, which was recorded as increase in investment, and the higher value paid, amounting to S/139,666,000, is presented by decreasing the retained earnings, according to the accounting regulations in force.

After this acquisition, the shareholding of Intercorp Perú in Class B shares of NG Education Holdings Corp. rose from 66.82 percent to 81.66 percent.

2.4 Merger through absorption between NG Education S.A.C. and Servicios Educativos Perú S.A.C.
In September 2023, NG Education S.A.C. (henceforth "NGE") merged with Servicios Educativos Perú S.A.C. (henceforth "SEP"), which was extinguished without being liquidated.

3. Organization of Intercorp Perú Group

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

3.1. Financial and insurance entities

Intercorp Financial Services Inc. (IFS) -

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 business.

As of December 31, 2023, Intercorp Perú holds directly and indirectly 71.44 percent of the issued capital stock, equivalent to 71.20 percent of its outstanding capital stock of IFS (As of December 31, 2022, 70.65 percent of the issued capital stock, equivalent to 70.64 percent of its outstanding capital stock). As of December 31, 2023 and 2022, the indirect participation on IFS amounts 17.02 percent and is held through its Subsidiaries IFH Capital Corp. and Intercorp Capital Investments Inc., of which Intercorp Perú holds 100 percent of their capital stock and, at the same time, each of these Subsidiaries hold 8.44 percent and 8.51 percent of IFS' issued and outstanding capital stock, respectively.

Likewise, as of December 31, 2023 and 2022, IFS holds 99.30 percent of the capital stock of Banco Internacional del Perú S.A.A. – Interbank (henceforth "Interbank"), 99.84 percent of the capital stock of Interseguro Compañía de Seguros S.A. (henceforth "Interseguro"), 100 percent of capital stock of Inteligo Group Corp. (henceforth "Inteligo") and 100 percent of Procesos de Medios de Pago S.A. and its subsidiary Izipay S.A.C (henceforth and collectively "Izipay"). The operations of Interbank, Interseguro and Izipay are concentrated in Peru, while the operations of Inteligo and its Subsidiaries (Inteligo Sociedad Agente de Bolsa S.A., Inteligo Bank Ltd. and Interfondos) are concentrated in Peru and Panama.

Following is the detail of IFS' Subsidiaries and the economic activities they perform:

(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 financial and insurance entities must comply in Peru.

Interbank's headquarters is located at Av. Carlos Villarán 140, Urb. Santa Catalina, La Victoria, Lima, Peru. As of December 31, 2023, Interbank had 153 agencies (164 agencies as of December 31, 2022).

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

Company	Activity
Internacional de Títulos Sociedad Titulizadora S.A. - Intertítulos S.T.	Manages securitization funds.
Compañía de Servicios Conexos Expressnet S.A.C.	Services related to credit card transactions or products related to the trademark "American Express".

(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.

Interseguro holds contributions in Patrimonio en Fideicomiso D.Legislativo No. 861, no inscrito en la SMV, dirigido a Inversionistas Institucionales - Interproperties Perú (henceforth "Patrimonio Fideicometido – Interproperties Perú"), a structured entity incorporated in April 2008, and in which several investors (connected to the Intercorp Group) contributed investment property. Each investor or investors have ownership of and specific control over the contributed investment properties. 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 Peru). Intercorp Perú has ownership and decision-making power over these properties and has the exposure or rights to their returns; therefore, Intercorp Perú consolidates the silos containing the investment properties that it controls.

(c) Inteligo Group Corp. and Subsidiaries -
Inteligo is an entity incorporated in the Republic of Panama. As of December 31, 2023 and 2022, it holds 100 percent of the shares of the following Subsidiaries:

Company	Activity
Inteligo Bank Ltd.	It is incorporated in The Bahamas and has a branch established in 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.

Company	Activity
Inteligo Sociedad Agente de Bolsa S.A.	Brokerage firm incorporated in Peru.
Inteligo Perú Holdings S.A.C.	Financial holding company incorporated in Peru in December 2018. As of December 31, 2023 and 2022, it holds 99.99 percent in Interfondos S.A. Sociedad Administradora de Fondos, company that manages mutual funds and investment funds.
Inteligo USA	Incorporated in the United States of America in January 2019 and provides investment consultancy and related services.

(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. In April 2021, Negocios e Inmuebles S.A. (the absorbing company) merged with Holding Retail Perú S.A. (the absorbed company), and the latter was dissolved without being liquidated. As of December 31, 2023 and 2022, Negocios e Inmuebles S.A. holds 8.50 percent of Interseguro's shares.

(e) San Borja Global Opportunities S.A.C. -
Its corporate purpose is the marketing of products and services through Internet, telephony or related and it operates under the name of Shopstar, an online marketplace dedicated to the sale of products from different stores locally.

(f) IFS Digital S.A.C. –
Company incorporated in August 2020 and its corporate purpose is to perform any type of investments and related services.

(g) Procesos de Medios de Pago S.A. and Izipay S.A. (Izipay)
Both companies were acquired in April 2022, as detailed in Note 2.2. Procesos de Medios de Pago is dedicated to the development, management and operation of the shared service of transaction processing of credit and debit cards, through the acquirer role for the brands MasterCard, Visa and other private brands; also, it renders the processing service, through the issuer role, to entities of the financial system. Izipay is dedicated to the facilitation of payments and services, offering its services of technological, operating and safety infrastructure through the affiliation of commercial stores, as well as installation and maintenance of infrastructure for transactions through the electronic commerce modality, interconnected with the networks of payment methods processors.

3.2. Retail and real estate business -

(i) Intercorp Retail Inc. -

It is a limited liability holding company incorporated in December 2010 in the Republic of Panama, in order to group the entities of Intercorp Group engaged in the retail business in Peru.

As of December 31, 2023 and 2022, the Company holds 100 percent of the capital stock of Intercorp Retail Inc., which in turn owns mainly the following Subsidiaries:

Company	Activity
InRetail Perú Corp. (As of December 31, 2023 and 2022, Intercorp Retail Inc. holds 56.96 percent of its outstanding capital stock. Also, Intercorp Perú, through its Subsidiaries, holds 67.57 percent (directly and indirectly) of its outstanding capital stock as of December 31, 2023 and 2022).	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 D.Legislativo No. 861, no inscrito en la SMV, dirigido a Inversionistas Institucionales - InRetail Shopping Malls, which in turn is owner of (i) Real Plaza S.R.L. (ii) Patrimonio en Fideicomiso D.Legislativo No. 861, no inscrito en la SMV, dirigido a Inversionistas Institucionales - Interproperties Holding and Patrimonio en Fideicomiso D.Legislativo No. 861, no inscrito en la SMV, dirigido a Inversionistas Institucionales - Interproperties Holding II, special-purpose entities, see description in paragraph 3.2(v); (b) Patrimonio en Fideicomiso D.Legislativo No. 861, not registered at the SMV, aimed at institutional investors - Inretail Consumer: This equity trust was incorporated in August 2014, and develops the following retail businesses: (i) Supermarkets: Developed by Supermercados Peruanos S.A. and Subsidiaries, a company that, as of December 31, 2023 and 2022, has stores under the trademarks "Plaza Vea", "Plaza Vea Súper", "Vivanda", "Mass", "Economax" and "Makro". (ii) Pharmacies: Developed by InRetail Pharma S.A. and Subsidiaries, a company that, as of December 31, 2023 and 2022, operates under the trademark "Inkafarma"; and since January 2018, through its Subsidiary Quicorp S.A. and Subsidiaries, operates under the trademark "Mifarma".

Company	Activity
	As of December 31, 2023 and 2022, it holds 100 percent of participation in its capital stock.
	(iii) Digital services: Developed by Agora Servicios Digitales S.A.C. operates the service of digital payments through an online platform and through Indigital XP S.A.C. which is dedicated to manage, operate and provide support on digital services to other companies of Intercorp Retail.
	(c) IR Management S.R.L., company dedicated to the administration of personnel and operations of the Equity Trusts.
IFH Retail Corp. (As of December 31, 2023 and 2022, Intercorp Retail Inc. holds 94.25 percent of its capital stock).	Holding incorporated in the Republic of Panama in September 2006; as of December 31, 2023, it holds 13.74 percent of Tiendas Peruanas S.A. and Subsidiaries, see Note 3.2(ii), a company engaged in the retail business through department stores under the trademark "Oechsle", and 96.50 percent of Financiera OH! S.A., a company that provides financial support to customers of the Group's retail business (13.74 percent of Tiendas Peruanas S.A. and Subsidiaries, and 96 percent of Financiera OH! as of December 31, 2022).
HPSA Corp. (As of December 31, 2023 and 2022, Intercorp Retail Inc. holds 94.97 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 December 31, 2023 and 2022, Intercorp Retail Inc. holds 100 percent of its capital stock).	Holding incorporated in the Republic of Panama in December 2010, owner of 98.79 percent of the capital stock of Inmobiliaria Milenia S.A., a company 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 December 31, 2023 and 2022, it holds 85.53 percent of the capital stock of Tiendas Peruanas S.A.

On the other hand, as of December 31, 2023 and 2022, through Intercorp Retail Inc., Intercorp Perú, holds 94.25 of IFH Retail Corp., which in turn holds 13.74 percent of Tiendas Peruanas S.A. In this sense, as of December 31, 2023 and 2022, the joint shareholding of Intercorp Perú in Tiendas Peruanas, through IFH Retail Corp. and Callao Global Opportunities, is equivalent to 99.27 percent of its capital stock.

(iii) Intercorp Investments Perú Inc. -
It is a limited liability holding company incorporated in September 2006 in the Republic of Panama. The Company holds 100 percent of its capital stock. Additionally, 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.

(iv) Urbi Propiedades S.A. -
As of December 31, 2023 and 2022, the Company holds 100 percent of the capital stock of this entity, incorporated in Peru in 1998, and engaged in real estate management and in the rendering of services of structuring and real estate project management.

As of December 31, 2023 and 2022, Urbi has participation in the following Subsidiaries:

Company	**Activity**
Alameda Colonial S.A. (As of December 31, 2023 and 2022, Urbi Propiedades holds 100 percent of its capital stock).	Incorporated in Lima in May 2006, to build apartments under the Government's program "Mi Vivienda".
Domus Hogares del Norte S.A. (As of December 31, 2023 and 2022, Urbi Propiedades holds 100 percent of its capital stock).	Incorporated in Lima in June 2009, in order to develop real estate projects.
Urbi Proyectos S.A.C. (As of December 31, 2023, Urbi Propiedades holds 84.94 percent of its capital stock).	Incorporated in Lima in September 2015, to engage in all types of activities related to the structuring, management, representation, advisory, consultancy, execution, development, operation and/or financing of real estate projects or of any other nature.
Urbi Solutions S.A.C - Liquidated (As of December 31, 2022, Urbi Propiedades held 100 percent of its capital stock).	Incorporated in Lima in June 2014, to engage in the construction of real estate projects. As of December 31, 2023, this Company is liquidated.

(v) Equity trusts -
In September 2011 and May 2012, the equity trusts called Patrimonio en Fideicomiso – D.S. No. 093-2002-EF – Interproperties Holding, and Patrimonio en Fideicomiso – D.Legislativo No. 861, no inscrito en la SMV, dirigido a Inversionistas Institucionales – Interproperties Holding II (henceforth and collectively "Interproperties Holding") were incorporated with the purpose of creating autonomous equity, independent from each investor constituted as originators.

From these equity trusts, investments are made in real estate projects, whose yields serve to support (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 December 31, 2023 and 2022, the company that consolidates financial information with Intercorp Perú and that owns 100 percent of the participations of Interproperties Holding is InRetail Perú Corp.

Through these equity trusts, Intercorp Group maintains ownership of the real estate where the shopping malls called "Real Plaza" operate. As of December 31, 2023 and 2022, the shopping malls are located in different cities in Peru.

3.3. Educational business -

(i) NG Education Holdings Corp. -

It is a limited liability holding company incorporated in January 2011 in the Republic of Panama, with the purpose to group the companies of the Group engaged in the educational business in Peru.

As of December 31, 2023, Intercorp Perú holds, directly and indirectly, 100 percent of Class A shares and 94.73 percent of Class B shares, representative of the capital stock of NG Education Holdings Corp. It is worth mentioning that the indirect participation is held through the Subsidiary Intercorp Education Holdings S.A., of which its shareholder of the 100-percent of capital stock and also, said Subsidiary holds 13.07 percent of Class B shares representative of the capital stock of NG Education Holdings Corp.; see Note 2.1(a) (held directly 100 percent of Class A and 81.66 percent of Class B shares, representative of the capital stock of NG Education Holdings Corp. as of December 31, 2022).

NG Education Holdings Corp. mainly owns the following Subsidiaries:

Company	**Activity**
Colegios Peruanos S.A. (As of December 31, 2023 and 2022, NG Education Holdings Corp. holds 33.99 percent of its capital stock).	As of December 31, 2023 and 2022, operates 63 schools under the trademark "Innova Schools".
NG Education S.A.C (As of December 31, 2023 and 2022, NG Education Holdings Corp. holds 46.26 and 48.67 percent of its capital stock, respectively).	Holding incorporated in Peru in November 2011. As of December 31, 2023 and 2022, 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 2 business units denominated UTP University and Post-Graduate School. As of

Company	Activity
	December 31, 2023 and 2022, UTP holds 100 percent of its Subsidiary IDAT S.A.C., an institute that offers professional technical degrees, with 13 premises located in Lima and other Peruvian provinces as of December 31, 2023 and 2022. (b) Promotora de la Universidad Tecnológica de Chiclayo S.A.C.: Entity incorporated in Peru which, as of December 31, 2023 and 2022, it is not operating. (c) Corriente Alterna S.A.C.: School of artistic education that provides the career of visual arts. As of December 31, 2023, Corriente Alterna holds 100 of the capital stock of Centro de la Fotografía S.A. (d) Instituto Superior Tecnológico Corriente Alterna S.A.C.: As of the date of this report, it is not operating. (e) Servicios Educativos Empresariales S.A.C.: Company incorporated in Peru in February 2012. As of December 31, 2023, it operates under the trademark "Zegel". As of December 31, 2022, Servicios Educativos Empresariales held 100 percent of participation in the Subsidiary Escuela Peruana de Educación, a company dedicated to develop, on the basis of research and pedagogical practice, future teachers of different specialties. As of December 31, 2023, Servicios Educativos Empresariales is merged with Escuela Peruana de Educación.

(ii) NG Education Holdings II Corp. -

It is a limited liability holding company incorporated in October 2013 in the Republic of Panama. As of December 31, 2023 and 2022, Intercorp Perú holds 57.48 percent of the shareholding of this subsidiary.

As of December 31, 2023, NG Education Holdings II Corp. holds a participation of 4.95 percent of the capital stock of NG Education S.A.C. (a company that absorbed Servicios Educativos Perú S.A.C.; (see Note 2.4)).

As of December 31, 2022, NG Education Holdings II Corp. held 100 percent of the capital stock of Servicios Educativos Perú S.A.C.

(iii) NG Education Holdings III Corp. –
It is a limited liability holding company incorporated in July 2013 in the Republic of Panama. As of December 31, 2023 and 2022, Intercorp Perú holds 85.31 percent of its capital stock and, in turn, 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 December 31, 2023 and 2022, Intercorp Perú holds 100 percent of its capital stock. Through this subsidiary, the Group develops its educational business at the international level, in Mexico, Colombia and Ecuador.

This Subsidiary holds 55 percent of the capital stock of Transformando la Educación en México S.L., of Colegios de Ecuador Coldec S.A.S. and Colegios Colombianos Holding S.A.S.

Starting in December 2022, as result of its merger with Intercorp Education Services Colombia; S.L., it includes the operation performed in Colombia; see (v) below.

(v) Intercorp Education Services Colombia, S.L. –
It is a limited liability holding company incorporated in February 2020 in Spain. As of December 31, 2022, Intercorp Perú holds 100 percent of its capital stock. This Subsidiary holds 55 percent of the capital stock of Colegios Colombianos Holding S.A.S. In March 2023, the merger process between Intercorp Education Services Colombia; S.L., with Intercorp Education Services S.L. was completed, see paragraph (iv) above.

3.4. Other subsidiaries

As of December 31, 2023 and 2022, the Company holds 100 percent of the capital stock of the following Subsidiaries:

Company	Activity	Country of incorporation
IFH Capital Corp.	Financial intermediation	Republic of Panama
Intercorp Capital Investment Inc.	Financial intermediation	Republic of Panama
La Punta Global Opportunities Corp.	Specialized investments	Republic of Panama
Beacon Healthcare S.A.C.	Holding	Peru
Centros de Salud Peruanos S.A.C.	Health	Peru
San Miguel Global Opportunities S.A.C.	Real estate business	Peru
Intercorp Management S.A.C.	Management services	Peru
Intercorp Connectivity Inc.	Holding	Republic of Panama
Punto de Acceso España and Subsidiaries	Holding	Spain
Colectivo 23 S.A.C.	Education	Peru
Intercorp Education Holdings S.A.	Holding	Republic of Panama

The table below presents the financial data of the main Subsidiaries, before eliminations for their consolidation with Intercorp Perú, as of December 31, 2023 and 2022, and for the years then ended:

	Total assets		Total liabilities		Net equity		Net profit (loss)	
	2023 S/(000)	2022 S/(000)	2023 S/(000)	2022 S/(000)	2023 S/(000)	2022 S/(000)	2023 S/(000)	2022 S/(000)
Intercorp Financial Services Inc. and Subsidiaries (*)	89,624,779	87,482,089	79,616,678	78,055,862	10,008,101	9,426,227	1,079,276	1,678,114
Intercorp Retail Inc. and Subsidiaries	25,436,134	24,352,666	19,117,731	18,767,946	6,318,403	5,584,720	774,028	898,557
NG Education Holdings Corp. and Subsidiaries	4,042,848	3,396,889	2,965,001	2,520,396	1,077,847	876,493	296,271	317,279
Urbi Propiedades S.A. and Subsidiaries	663,839	688,776	142,938	151,048	520,901	537,728	(24,183)	31,973
Intercorp Education Services S.L. and Subsidiaries	541,270	271,224	69,724	41,116	471,546	230,108	(57,785)	(35,781)
La Punta Global Opportunities Corp.	378,454	393,211	-	-	378,454	393,211	(4,646)	(29,584)
Beacon Healthcare S.A.C. and Subsidiary	237,914	187,770	138,715	109,517	99,199	78,253	(11,685)	(10,076)
Intercorp Education Holdings S.A.	198,504	-	195,023	-	3,481	-	(3,310)	-
San Miguel Global Opportunities S.A.C.	136,225	129,313	27,008	24,870	109,217	104,443	3,866	(6,326)
Callao Global Opportunities Corp.	79,137	107,988	-	-	79,137	107,988	(28,851)	11,969
NG Education Holdings II Corp. and Subsidiaries (**)	45,860	296,798	-	182,474	45,680	114,324	8,062	4,325
Intercorp Investments Perú Inc. and Subsidiaries	29,817	106,365	216	23,813	29,601	82,552	(16,001)	(3,302)
NG Education Holdings III Corp.	25,237	27,181	-	-	25,237	27,181	(2,006)	(3,998)
Other subsidiaries	66,410	40,989	36,263	24,331	30,147	16,658	(85,229)	(73,875)

(*) As of December 31, 2022, IFS restated its balances as part of the first time adoption of IFRS 17, see Notes 4.2 and 4.7.

(**) As of December 31,2023, NG Education Holdings II does not maintain subsidiaries due to the merge of Servicios Educativos Perú with NG Education S.A.C.

4. Main accounting principles and practices

4.1 Basis of presentation -

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (henceforth "IASB") and are presented in Soles, which is the functional currency of the Group. All values are rounded to the nearest thousands of soles (S/(000)), except when otherwise indicated.

The preparation of the consolidated financial statements in conformity with the IFRS requires Management to make estimations and assumptions that affect the reported amounts of assets, liabilities, income and expenses, as well as the disclosure of significant events in the notes to the consolidated financial statements; see Note 4.6.

4.2 Adoption of new standards and disclosures -

In these consolidated financial statements, the Group has adopted for the first time International Financial Reporting Standard 17 "Insurance Contracts" (henceforth "IFRS 17"), effective for periods beginning on or after January 1, 2023. Other standards, interpretations or amendments are also applied for the first time in 2023, but as of December 31,2023 they had not had a significant impact on these consolidated financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not effective.

- First-time adoption of IFRS 17 "Insurance Contracts"

  IFRS 17 replaces International Financial Reporting Standard 4 "Insurance Contracts" (henceforth "IFRS 4") for annual periods beginning on or after January 1, 2023.

  As permitted by IFRS 17, the Group reformulated the comparative information of the period 2022 for insurance contracts within the scope of IFRS 17. The differences arising due to the adoption of IFRS 17 have been recognized directly in retained earnings as of January 1, 2022, and are disclosed in Note 4.7.

  The nature of changes in the accounting policies is presented below:

  a) Changes in classification and measurement –

  The adoption of IFRS 17 has not changed the classification of the Group's insurance contracts. However, it establishes specific principles for the recognition and measurement of insurance contracts held by the Group.

  The key principles of IFRS 17 consider that the Group:

  - Identifies insurance contracts as those under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

- Distinguishes in insurance contracts investment components (financial derivatives) and goods or services other than insurance services and records them according to other standards.
- Divides insurance contracts into groups that it recognizes and measures:
  - At the risk-adjusted present value of the future cash flows (fulfillment cash flow, or "FCF") that incorporates all available information on cash flows in a manner consistent with observable market information.

  Plus:
  - An amount representing the unearned profit in the group of contracts (the contractual service margin, or "CSM").
  - Recognizes profit on a group of insurance contracts during each period in which the Group provides insurance contract services, as the Group is relieved of risk. If a group of contracts is expected to be onerous (i.e., generate losses) during the remaining coverage period, the Group recognizes the loss immediately.

b) Changes in disclosures –
The differences between IFRS 17 and IFRS 4 are presented in Note 4.7, together with the transition disclosures. The detailed qualitative and quantitative information of the valuation of insurance contract groups, such as assumptions and inputs used, is presented in Notes 4.4(e.1) and 4.7.

- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": definition of accounting estimates
The amendments clarify the difference between changes in accounting estimates from changes in accounting policies, and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. These amendments did not have any impact on the consolidated financial statements of the Group.

- Amendments to IAS 1 and IFRS Practice Statement 2: "Disclosure of accounting policies"
The amendments to IAS 1 and to IFRS Practice Statement 2 "Making Materiality Judgements" provide with guidance and examples on how to apply materiality judgments to the disclosures of accounting policies. The amendments are aimed to help entities to disclose accounting policies in a more useful manner, thus replacing the requirement that entities disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and also adding guidance on how entities apply the concept of "materiality" when making decisions on the disclosure of their accounting policies.

These amendments did not have substantial impact on the disclosures of the Group's accounting policies, neither on the measurement, recognition or presentation of any item of the consolidated financial statements of the Group.

- Amendments to IAS 12 "Income Taxes": Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
  The amendments to IAS 12 "Income Taxes" narrow the scope of the initial recognition exception contained in the standard, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  These amendments did not have any impact on the consolidated financial statements of the Group.

- Amendments to IAS 12 "Income Taxes": International Tax Reform – Pillar Two Model Rules
  The amendments to IAS 12 have been introduced in response to the Pillar Two rules of the inclusive on the taxable base erosion and profit shifting (BEPS) of the Organization for Economic Co-operation and Development (OECD), and include:

  - A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
  - Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

  The mandatory temporary exception (whose use is required to be disclosed) applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim periods ending on or before 31 December 2023.

  In Group's Management opinion, the amendments had no impact on the consolidated financial statements due to, as of December 31, 2023, and as of the date of this report, the standard has not been adopted in the jurisdictions in which the companies of the Group operate. The Group will monitor the adoption of said standard.

4.3 Basis of consolidation -

The consolidated financial statements of Intercorp comprise the financial statements of Intercorp Perú and its Subsidiaries.

For consolidation purposes, control is achieved when the Group is exposed, or has rights, to variable returns from its participation with the investee and has the ability to affect those returns. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its participation with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, it is presumed that a majority of voting rights entitles to control. To support this presumption and when the Group has less than the majority of votes or similar rights in the investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation with a Subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of an acquired or disposed subsidiary during the year are included in the consolidated financial statements from the date the Group obtain control until the date the Group ceases the control.

Profit and loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of controlling and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries in order to align their accounting policies with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are fully eliminated in the consolidation.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling participation and other components of equity, while any resultant gain or loss is recognized in the consolidated state of income. Any investment retained is recognized at fair value.

Assets in custody or managed by the Group, such as investment funds and others, are not part of the Group's consolidated financial statements; see Note 4.4(af).

4.4 Summary of material accounting policies -

(a) Foreign currency translation -

Functional and presentation currency:

The Group has determined that its functional and presentation currency is the "Sol", because it reflects the economic substance of the underlying events and circumstances relevant to most of the Group's entities, insofar as its main operations and/or transactions, such as loans granted, financing obtained, sale of insurance premiums, interest and similar income, interest and similar expenses, inventories sell, lease services, educational services and an important percentage of purchases are established and settled in Soles.

Because certain subsidiaries have a functional currency different from the Sol, their balances were translated for consolidation purposes using the methodology established by IAS 21 "The Effects of Changes in Foreign Exchange Rates", as follows:

- Assets and liabilities at the closing rate at the date of each consolidated statement of financial position.
- Income and expenses, at the average exchange rate for each month of the year.

As result of the translation, the Group has recorded the difference in the caption "Translation of foreign operations" in the consolidated statement of other comprehensive income.

Foreign currency balances and transactions:

Foreign currency transactions and balances are those performed in currencies different from the functional currency. Transactions in foreign currency are initially recorded in the functional currency using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency using the exchange rate in effect on the reporting date. The differences between the closing rate at the date of each consolidated statement of financial position presented and the exchange rate initially used to record the transactions in foreign currency are recognized in the consolidated statement of income in the period in which they arise, in the caption "Exchange difference". Non-monetary assets and liabilities acquired in foreign currency are recorded at the exchange rate at the date of the initial transaction.

(b) Interest income –

(b.1) Effective interest rate method -

Under IFRS 9, interest income is recorded using the effective interest rate (henceforth "EIR") method for all financial assets measured at amortized cost, interest rate derivatives for which hedge accounting is applied and the related amortization/recycling effect of hedge accounting. The interest income of financial assets that accrue interests measured at fair value through other comprehensive income according to IFRS 9 is also recorded using the EIR method. Interest expenses are also calculated using the EIR method for all financial liabilities held at amortized cost. The EIR is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset.

The EIR (and therefore, the amortized cost of the financial asset) is calculated taking into account any discount, premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Group recognizes interest income using the best estimate of a constant rate of return over the expected life of the financial asset. Therefore, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product's life cycle (including prepayments, penalty interest and charges).

If expectations of fixed rate financial assets or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR, and the adjustment is recorded as a positive or negative adjustment of the carrying amount of the financial asset in the consolidated statement of financial position with an increase or decrease in the interest income.

For financial instruments at floating interest rate, periodical re-estimation of the cash flows to reflect the movements in the market interest rates also alters the effective interest rate, but when the instruments were initially recognized at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or liability.

(b.2) Interest and similar income -

The Group calculates the interest income by applying the EIR to the gross carrying amount of financial assets that are not impaired.

When a financial asset becomes impaired, and, therefore, it is classified as Stage 3 (as defined in Note 4.4(j)), the Group calculates the interest income by applying the EIR at the amortized cost of the asset. If the financial assets "recover", as defined in Note 33.1(e), that is, they are no longer impaired, the Group recalculates the interest income in gross figures.

For purchased or originated credit-impaired ("POCI") financial assets, as established in Note 33.1(e), the Group calculates the interest income by determining the credit-adjusted EIR at the net amortized cost of the asset. The credit adjusted EIR is the interest rate that, in the initial recognition, discounts the estimated future cash flows (including credit losses) at the amortized cost of POCI assets.

The interest income for all trading assets, that is, for those that are measured at fair value through profit or loss, is presented in the caption "Net loss on financial assets at fair value through profit or loss" of the consolidated statement of income.

(c) Banking services commissions -

The Group earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognized at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified and determined at the inception of the contract. The Group's income from contracts do not generally include multiple performance obligations.

When the Group provides a service to its clients, the consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

The Group has come to the general conclusion that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

The fees included in the caption "Fee income from financial services, net" that make up part of the consolidated statement of income include fee income where performance obligations are satisfied at a specific time or over a period of time.

Fee income where performance obligations are satisfied over a period of time include, among others, collection services, funds management, memberships, fees for contingent loans and credit card insurance. Likewise, fee income where performance obligations are satisfied at a specific time include, among others, banking service fees, brokerage and custody services, and credit card fees.

Below is the main income from contracts with customers that are recognized in the consolidated statement of financial position:

- Fees receivable for credit cards and certain fees receivable for letters of guarantee included in the caption "Accounts receivable and other assets, net", represent the Group's right to an unconditional consideration (i.e., it only requires the passing of time for the consideration payment). This income is measured at amortized cost and is subject to impairment specifications under IFRS 9.

- Deferred income from commissions for letters of guarantee included in the caption "Accounts payable, provisions and other liabilities", represent the Group's obligation to render services to a customer, from whom the Group has received a consideration (or a due amount). A liability for unearned fees and commissions is recognized when the payment is made or when the payment is due (whichever happens first). Unearned fees and commissions are recognized as income when the Group renders the service.

(d) Recognition of income and expenses from other activities (except insurance; see paragraph 4.4(e) below) -

IFRS 15 establishes a new five-step model that applies to the accounting of revenues arising from contracts with customers. In accordance with IFRS 15, revenues will be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has concluded that it acts as the Principal in its sales contracts, because it controls the goods or services before they are transferred to customers. Income of other Group's activities correspond mainly to sale of goods, lease and administration services, enrollment and teaching rights; which are detailed below:

(i) Sale of goods -

For these revenues, there is only a sole contractual obligation, which is the sale of goods. In this case, the revenue recognition occurs at the moment when control of the asset is transferred to the customer, generally on delivery of the goods. Cost of sales, which is the cost of the products that the Group sells, is recognized when goods are delivered, simultaneously with the recognition of revenue for the corresponding sale.

On the other hand, it has been identified that the sole significant variable considerations correspond to some contracts with customers that provide rights to return the purchased goods. When a contract with a customer provides a right to return the purchase in a specific period, the Subsidiaries recognize such right over a historical estimate of returns. In this sense, the amount of revenues related to the expected returns is adjusted through the recognition of provision for expenses in the consolidated statement of income, each time they directly affect the caption "Gross profit from retail business" of the consolidated statement of income.

(ii) Operating leases revenues -

Lease revenues obtained from investment property are recorded using the straight-line method for the contract terms, and are recorded as revenue in the consolidated statement of income due to their operative nature, except for contingent lease revenues, which are recorded when realized.

The lease term is the non-cancelable period, together with any other additional period for which a lessee has the option of continuing with the lease, whereas of the start date of the lease, Management is reasonably confident that a lessee will exercise such option.

Amounts received from tenants to terminate leases or to compensate impairment of leased facilities are recognized as revenues in the consolidated statement of income when the right to receive them arises.

Service charges, administration expenses and other recoverable expenses paid by the lessees and the revenues resulting from expenses charged to the lessees are recognized in the period in which the compensation becomes an account receivable. Service charges and administration expenses and other receipts are included in the gross revenues from rentals of the related costs, given that Management considers that the Group acts as principal party.

(iii) Key money -
The incentives granted by the lessees to enter into lease agreements (key money) are distributed evenly over the lease contract term, even if the payments are not made on such a basis. The deferral term for incentives will correspond to the non-accrual period of the lease contract, as well as any other term for which the tenant has the option to extend the leasing contract and of which Management is certain that the tenant will exercise it.

Amounts received from tenants to terminate leases or to compensate impairment of leased facilities are recognized as revenues in the consolidated statement of income when the right to receive them arises.

Income related to service charges, management expenses and other expenses recoverable from tenants are recognized in the period in which such compensations are demandable. Management services charges and other revenues are included in the gross leasing income net of the related costs.

(iv) Revenues from enrollment rights and tuition fees -
Revenues from enrollment rights and tuition fees are billed monthly and are recognized in the period in which the services are rendered. Revenues from past due tuition fee payments are recognized in the consolidated statement of income when collected and are recorded in the caption “Other income”.

(v) Other income, costs and expenses -

Income from services billed but not yet provided to customers as of the date of the consolidated statement of financial position are recognized as deferred income in the caption "Accounts payable, provisions and other liabilities" of the consolidated statement of financial position.

Income and costs related to apartment sales (a real estate operation) are presented in the captions "Other income" and/or "Other expenses" of the consolidated statement of income.

Other income and expenses are recorded in the period in which they accrue.

(e) Insurance contracts -

(e.1) Accounting policies for insurance activities (Policy applicable after January 1, 2022)

(e.1.1) Insurance contracts -

(e.1.1.1) Initial recognition -

The Group recognizes, under IFRS 17, a group of insurance contracts when the first of the following events occurs:

- The beginning of the coverage period of the group of contracts,
- The date when the first payment from a policyholder in the group is due, or
- A group of onerous contracts.

At initial recognition, the Group shall measure a group of insurance contracts by the total of:

- The fulfillment cash flows, which comprise:
  - Estimates of the future cash flows.
  - An adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows.
  - A risk adjustment for the non-financial risk.
- The contractual service margin ("CSM").

The book value at the end of period of a group of insurance contracts shall be the sum of:

- The liability for remaining coverage, which comprises:
  - The fulfillment of cash flows related to future services.
  - The contractual service margin or CSM.
  - The adjustment rate at market value (OCI).
- The claims incurred liability, which comprises the fulfillment cash flows related to future services.

(e.1.1.2) Levels of aggregation –

Insurance contract portfolios

The first level of aggregation for insurance contracts consists of determining the portfolio. An insurance portfolio shall be composed by a group of contracts subject to similar risks and jointly managed.

The Group has deemed that the following factors are relevant when defining the insurance portfolios in effect:

- Typology of products and their differentiated management, separating the products by pensions, life, and massive, and below them, based on the specific covered risks: savings, risk, annuities, and accidents, among others. There are not separations of risks within the same contract because they are jointly managed.
- Contract limits: differentiating in equal contracts or shorter than 1 year and longer than 4 years.
- Individual or collective insurances.
- Policy currency: differentiating between policies denominated in different currencies. Currently, the currencies considered are the Sol, the US Dollar, and Sol VAC.
- Funeral (in currency VAC): a different portfolio shall be considered because it is understood that its risk management is different from the management of the main risk of the product Annuity (SPP and Private). This criterion shall only be applicable to funeral VAC of the pensions (SPP and Private), which are adjusted based on the consumer price index published by the regulator.
- The assessment based on the indicated attributes shall continue to be performed for the new products that may be designed and marketed in the future.

Cohorts (unit of account) –

The second level of aggregation is the cohort level, whereby the Group shall not include in the same group contracts issued more than one year apart. Contract issued between January 1 and December 31 of each year shall be included within each cohort for each portfolio.

Grouping by onerosity –

The last grouping level that the Group applies is in function of the expected profitability level or the onerosity at the moment of the contract issuance. Given that the standard requires at least three groups, the Group foresees that the products by level of profitability or onerosity will be grouped into two main groups:

- Groups of onerous contracts.
- Groups of non-onerous contracts: Include contracts with low probability of becoming onerous and the remaining non-onerous contracts at initial recognition.

The Group has defined a ratio to differentiate these groups. In this sense, even though it is foreseen that there will be two groups by profitability level, the groups that will eventually be determined will depend on the compliance of the ratio on the predetermined threshold.

(e.1.1.3) Valuation methods –

The Group applies the following valuation methods in the measurement of insurance contracts:

- Building Block Approach ("BBA"). This method will be applied by default to insurance contracts unless there exist conditions to apply any of the other two methods.
- Two BBA variants, the first one will be applied compulsorily if the conditions for it are met, and the second one will be applied optionally if the following conditions are met:
    - Variable Fee Approach ("VFA").
    - Premium Allocation Approach ("PAA")

The application of one or the other method affects the measurement of the liability for remaining coverage ("LRC") because the liability for incurred claims ("LIC") will be valued according to the BBA method.

General method (BBA) –

This method is applied to contracts with coverage periods longer than one year and whose liability flows do not depend on underlying elements. The Group measures a group of insurance contracts (unit of account) by the total of fulfillment cash flows and the CSM. Following are the details of the elements of said component group:

- Fulfillment Cash Flows ("FCF"): the fulfillment cash flows are comprised of the following elements:
    - Estimation of future cash flows: Weighted estimation by the probability of future cash outflows occurrence minus the future cash inflows from the fulfillment of the

contract. It is necessary to consider solely the cash flows that are within the limits of the insurance contract and the attributable acquisition expenses must be included.
The Group revises the estimations performed in the preceding valuation period and updates them so that they reflect the conditions at the valuation date, and that the changes made to the estimation represent the modifications of the period's conditions.

- Discount effect: IFRS 17 establishes that the fulfillment cash flows shall be adjusted to reflect the time value of money and the financial risks related to the future cash flows. The estimation of cash flows and the inclusion of the discount effect may result in the best estimate liability ("BEL"). In the discount rate estimation procedure, observable market values are used; for pensions contracts, the Matching Adjustment Discount Rate is mainly used and for individual life contracts, the Risk Free Rate – USA is mainly used.

- Risk Adjustment ("RA"): Represents the compensation that an entity requires to bear the non-financial risk that arises from the uncertainty over the cash flows regarding their amount and the moment of payment of the future cash flows, and it shall be calculated in an explicit and separated manner from the cash flows. Likewise, the risk adjustment also reflects the risk aversion degree and the diversification degrees that the entity includes to determine the compensation to bear said nonfinancial risks.

- CSM: Represents the expected profit from the insurance contracts, which shall be recognized in income of the entity as the service is rendered in the future, instead of recognizing it at its estimation moment. The release of the CSM throughout the contract's life shall be made in a systematic manner and consistently with the rendering of the service provided by insurance contract in the future.

Variable Fee Approach (VFA) –

The VFA valuation method is intended for insurance contracts with a direct component participation of the insured (the valuation risk is that of the insured) whereby at initial recognition the following conditions are met:

- The contractual terms specify that the policyholder takes part in a clearly identified set of underlying elements;
- The entity expects to pay the policyholder an amount equal to a substantial part of the profitability at fair value (market value) of the underlying elements; and
- The entity expects that a substantial part of any change in the amounts payable to the policyholder varies with the change in fair value of the underlying elements.

The VFA method has the following characteristics:

- In the CSM, market interest is credited.
- In the CSM the difference in the value of the funds of the underlying asset's funds is adjusted.
- The other components remain the same as the BBA method.

Premium Allocation Approach (PAA)

The PAA valuation method is a simplification of the general method, and its application is optional. The entity shall only apply the simplified method to contracts if one of the following criteria is met:

- If said simplification results in a liability for remaining coverage that does not materially differ from that generated by the general method; or
- The coverage period of the group of contracts is one year or shorter. The criterion that defines the one-year period must be determined according to the contract limits.

To assign the appropriate valuation method to the insurance contracts issued, the Group has assessed the valuation requirements under each method, as well as the minimum criteria and possible approaches for the eligibility of the PAA method and the VFA method. Following are the valuation methods assigned to each product:

- Life: BBA, PAA or VFA, depending on the characteristics and evaluation of the contract.
- Pensions: BBA
- Massive: BBA or PAA, depending on the characteristics and evaluation of the contract.

(e.1.1.4) Accounts receivable from insurance activities –

Accounts receivable from insurance activities of the Group are initially recognized when they are enforceable and are measured at the fair value of the compensation received or receivable. Therefore, at initial recognition, insurance receivables are measured at amortized cost. The book value of insurance receivables is subject to impairment when events or circumstances indicate that the book value cannot be recoverable; the impairment loss is recorded in the consolidated statement of income.

(e.1.2) Reinsurance –

(e.1.2.1) Classification of reinsurance contracts –

The Group deems that all reinsurance contracts are within the scope of the Standard because all underlying contracts comply with the requirements to be classified as insurance contracts. It should be noted that the Group does not have any facultative reinsurance contracts.

(e.1.2.2) Levels of aggregation –

Contracts portfolio –

The first level that the Standard establishes for the grouping of reinsurance contracts consists of the determination of portfolios.

The Group will determine the insurance portfolios considering similar risks that are jointly managed. The Group has deemed that the following factors are relevant when defining the reinsurance portfolios in effect:

- Typology of products and their differentiated management, separating in all cases the proportional reinsurance contracts and the non- proportional reinsurance contracts, and below them, based on the specific covered risks: credit life, "Vida Ley", accidents, Individual life, retirement, CAT.
- Contract limits, separating in all cases the annual and multi-year reinsurance contracts.
- Materiality criteria, i.e., when there are individual contracts that do not comply with the previously described conditions to be grouped, the Group will have the possibility of grouping them as long as they are run-off isolated contracts with little relevance to the Group.
- The assessment based on the indicated attributes will continue to be performed for the new products that may be designed and marketed in the future.

Cohorts –
The second grouping level is the cohort level, whereby the Group shall not include in the same group contracts issued more than one year apart.

Cohorts are defined as being equal to the calendar year. i.e., within each cohort there shall be included the contracts issued between January 1 and December 31 of each year.

(e.1.2.3) Reinsurance fee –
Fees from reinsurance contracts for ceded premiums are amortized in relation to the validity period of the related insurance contract.

(e.1.3) Exchange difference in insurance contract liabilities –
According to IAS 21, for the purpose of converting insurance contracts in foreign currency into the functional currency of the Company, they are treated as a monetary item. The exchange difference generated by the update of the insurance contract liability shall be included in the statement of income, except for the exchange difference related to the interest rate effect for contracts under BBA method, which shall be recorded in the caption "Unrealized results" as is done with the annual movements of the interest rate effect.

(e.1.4) Recognition of income and expenses –
The Group shall recognize income and expenses for the following changes in the book value of the liability for remaining coverage ("LRC"):

- Income from ordinary insurance activities: for the decrease in the LRC due to the service rendered in the period.
- Expenses of the insurance service: for losses in the groups of onerous contracts, and reversions of these losses.
- Financial expenses and income for insurance activities: for the effect of the time value of money and the financial risk effect.

The Group shall recognize income and expenses for the following changes in the book value of the liability for incurred claims (LIC):

- Expenses of the insurance service: for the increase in liability due to claims and expenses incurred in the period, excluding investment components.
- Expenses of the insurance service: for the subsequent changes in the cash flows from the compliance related to claims and expenses incurred.
- Financial expenses and income for insurance activities: for the effect of the time value of money and the financial risk effect.

(e.1.5) Expenses attributable to the fulfillment of contracts –

Attributable expenses are related to the fulfillment of contracts, directly or indirectly.

Expenses directly and indirectly attributable –

The Group classifies expenses directly attributable to those that can be attributable at portfolio level or individual contracts. Indirect expenses are deemed partially attributable if they are necessary for the fulfillment of the insurance contracts, even if they are not directly associated to a portfolio or individual contract. Expenses indirectly attributable must be allocated to groups of contracts by using a systematic and rational method that can be applied in a consistent manner to all expenses with similar characteristics.

Expenses attributable (without considering the acquisition costs attributable) are included in the LRC, being released as income in the statement of income and decreasing the LRC when the service is rendered. At the same time, the expenses of the insurance service are recognized based on the actual expenses incurred.

(e.1.6) Contractual Service Margin (CSM) –

The CSM represents the expected profit from a group of insurance contracts for the services rendered during the coverage period. It is released in the statement of income for each period to reflect the services rendered to the group in that period.

(e.1.6.1) Initial recognition

For the initial recognition of an insurance contract, the Group accounts for the positive balance of the CSM as part of the LRC for the insurance contracts valued by the BBA method and the VFA method.

At initial recognition of a profitable insurance contract, the CSM does not recognize any income (profit). Income (or profit) must only be recognized to the extent that the insurance contract services are rendered. The CSM cannot be negative, any loss at initial moment or subsequent moments must be recognized in the statement of income and recorded as loss component.

(e.1.6.2) Subsequent valuation

Once the initial recognition of the contract has been made, the groups of contracts or Units of Account (UoA) are formed considering their onerosity degree at that moment (additionally to the portfolio and the cohort they belong to); therefore, the CSM shall be measured in the subsequent valuations for the group of contracts as a whole. Also, the release of the CSM shall be performed throughout the life of the contract in a systemic manner, consistent with the rendering of the service provided by the insurance contract.

(e.1.7) Loss component

Analogous to the CSM, the loss component ("LC") is the estimated contract loss. The recording of these two concepts has a different temporality: while the CSM is deferred throughout the contract's life, the LC must be recognized immediately, thus generating an expense in the statement of income once its existence is known.

(e.1.7.1) Determination of the loss component at initial recognition

At initial recognition of a non-profitable insurance contract, the LC must generate an expense in the statement of income once its existence is known.

In the moment at which the existence of an LC is determined, at each subsequent valuation, it shall be necessary to make the following adjustments:

- It shall be allocated exclusively to the LC, until it is reduced to zero.
- It shall be allocated in a systematic manner between the LC and the liability for remaining coverage, excluding the LC (LRC excluding the LC); the changes in the fulfillment cash flows of the LRC.

(e.1.7.2) Subsequent valuation

Once an LC for a group of onerous contracts has been established, the Group distributes the subsequent changes in the fulfillment cash flows between the LC and the LRC, excluding the LC, by making a systematic allocation between both concepts, as applicable, of the amounts related to:

- The release of claims and expenses of the LRC expected cash flows;
- Changes in the risk adjustment (RA) recognized in the income for the period; and
- Financial expenses and income for insurance activities.

In some cases, the LC for adjustments in favorable actuarial experience and hypotheses can reach a positive value, in which case it shall be treated as a contract with a CSM component.

(e.1.8) Risk Adjustment (RA) –

The RA reflects the compensation that the entity requires for assuming the uncertainty that arises from the non-financial risk, over the amount and the moment of payment of the future cash flows of the liability. Under IFRS 17, the RA is an explicit amount and is independent of the estimations of cash flows and the discount.

The Group calculates the RA for the portfolios of life, pensions, and massive insurances with the purpose of quantifying the non-financial risks associated to the insurance contracts and reflecting the uncertainty of the insurance contracts regarding their amount and validity term. However, in the following cases the RI calculation will not be necessary:

- In portfolios whose provision for LRC is valued by the PAA method.

- In portfolios whose provision for LRC is valued by the VFA method.

(e.2) Accounting policies for insurance activities (Policy applicable before January 1, 2022):

The Group applied to insurance contracts the existing accounting policies prior to the adoption of IFRS (i.e., accounting standards established by the SBS for financial and insurance entities in Peru) with certain modifications as described below:

- Incurred but not reported claims reserves (IBNR): These reserves were calculated and applied at each recording period using the Chain Ladder methodology, which considers past experience based on cumulative claims losses in order to estimate future claims.
- Technical reserves for life annuities and retirement, disability and survival pensions: The Group used the Peruvian mortality tables SPP-S-2017 and SPP-I-2017 (men and women), published by the SBS through Resolution No. 886-2018 dated March 7, 2018, and set the discount interest rate through the Matching Adjustment method plus an illiquidity premium to discount all the pension cash flows.

Product classification:
Insurance contracts were those contracts where the Group (the insurer) had accepted significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder for a specified uncertain future event (the insured event) that adversely affects the policyholder. As a general guideline, the Group determined whether it had significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts may also transfer a financial risk. When a contract had a financial component and did not transfer any significant insurance risk pursuant to IFRS 4 "Insurance Contracts", the contract was recorded according to IFRS 9 "Financial Instruments". These contracts were presented in the caption "Accounts payable, provisions and other liabilities" as "Contract liabilities with investment component" of the consolidated statement of financial position; see Note 12(a).

Once a contract was classified as an insurance contract, it remained as an insurance contract for the remanent of its life, even if the insurance risk was reduced significantly during this period, unless all rights and obligations were extinguished or expired.

Life insurance contracts offered by the Group included retirement, disability and survival insurance, annuities and group and individual life. Non-life insurance contracts mainly included the mandatory individual car accident insurance (henceforth "SOAT") and credit card insurance, among others.

Insurance receivables:
Insurance receivables were initially recognized when due and were measured at the fair value of the consideration received or receivable. Consequently, in its initial recognition, insurance receivables were measured at amortized cost. The carrying value of insurance receivables was subject to impairment whenever events or circumstances indicated that the carrying amount might not be recoverable, and the impairment loss was recorded in the consolidated statement of income.

Reinsurance:
The Group ceded the insurance risk in the normal course of its operations mainly due to pension fund risks and life insurance risks (individual and group). The reinsurance assets represented balances due and payable by reinsurance companies. The reinsurance was ceded on a proportional basis.

The amounts recoverable from the contracts with reinsurers were estimated consistently with the loss reserve pending settlement or losses settled and with the premiums ceded, associated with policies ceded, in accordance with the clauses established in the related reinsurance contracts.

Reinsurance assets were reviewed for impairment at each date of the consolidated statement of financial position or more frequently when necessary. Impairment occurred when there was objective evidence the Group could not receive all of the outstanding amounts receivable under the contract terms and the event had a reliably measurable impact on the amounts that the Group would obtain from the reinsurer. Impairment loss was recorded in the consolidated statement of income.

Reinsurance contracts ceded did not release the Group from its obligations to the insured.

The liabilities from reinsurance contracts represented balances due and payable to reinsurance companies. The amounts payable were estimated consistently with the related reinsurance contract.

Premiums and claims were presented as gross amounts for the reinsurance ceded. Reinsurance assets or liabilities were written off when the contractual rights were extinguished, expired, or when the contract was transferred to a third party.

Reinsurance commissions:
The commissions from the reinsurance contracts for premiums ceded were amortized on a straight-line basis over the term of the related insurance contract.

Insurance contract liabilities:
Life insurance contract liabilities were recognized when contracts are entered into.

The technical reserves for retirement, disability and survival insurance and annuities were determined as the sum of the discounted value of expected future pensions to be paid during a defined or non-defined period, computed on the basis of current mortality and morbidity tables and current discount interest rates.
Individual life insurance technical reserves were determined as the sum of the discounted value of expected future benefits, administration expenses, options and policyholder's guarantees and investment income, minus the discounted value of the expected premiums that would be required to meet the future cash outflows. Furthermore, the technical reserves for group life insurance contracts comprised the provision for unearned premiums and unexpired risks.

Insurance claims reserves included reserves for reported claims and an estimate of the IBNR. As of December 31, 2022, IBNR reserves were determined on the basis of the Chain Ladder methodology, whereby the weighted average of past claims was projected into the future. Adjustments to the liabilities at each reporting date were recorded in the consolidated statement of income. The liability was derecognized when the contract expired, was written off or paid.

At each reporting date, an assessment was made on whether the recognized life insurance liabilities were sufficient, by using an existing liability adequacy test as established by IFRS 4. In the case of annuities and retirement, disability and survival insurance, this test was conducted by using current assumptions for mortality and morbidity tables and interest rates.

The accounts payable to reinsurers and coinsurers arose from the ceded premiums issued based on the evaluation of the risk assumed and the losses coming from the reinsurance contracts accepted as well as from the clauses executed for the coinsurance received and are registered in the item "Accounts payable to reinsurers and coinsurers" that was part of the caption "Accounts payable, provisions and other liabilities" of the consolidated statement of financial position.

Income recognition:
Life insurance contracts:
Gross premiums on life insurance were recognized as revenue when due from the policyholder. For single premium products, revenue was recognized on the date when the policy is effective. The net premiums earned included the annual variation of technical reserves.

Property, civil liability and group life insurance contracts:
Unearned premiums were those proportions of premiums written in a year that were related to periods of risk afterwards the reporting date. Unearned premiums were calculated on a daily pro rata basis. The proportion attributable to subsequent periods was deferred as a provision for unearned premiums.

Recognition of benefits, claims and expenses:

(i) Gross benefits and claims -
Gross benefits and claims for life insurance contracts included the cost of all claims arising during the year, including internal and external cost related with handling claims that were directly related to the processing and settlement of claims.

Death, survival and disability claims were recorded on the basis of notifications received. Annuities payments were recorded when earned.

(ii) Reinsurance premiums -
Reinsurance premiums comprised the total premiums payable for the whole coverage provided by contracts entered into in the period and were recognized at the date at which the policy was effective. Unearned ceded premiums were deferred during the period of the related insurance contract.

(iii) Reinsurance claims -
Reinsurance claims were recognized when the related gross insurance claim was recognized according to the terms of the relevant contract.

(iv) Acquisition costs -
Acquisition costs related to the sale of new policies were recognized when incurred.

(f) Financial instruments: Initial recognition –

(f.1) Date of recognition -
Financial assets and liabilities, with the exception of loans and obligations with the public, are initially recognized at the trading date. This includes regular transactions of purchases or sales of financial assets that require the delivery of assets within the time frame generally established by regulation or convention on the marketplace. Loans are recognized when funds are transferred to the customers, and obligations with the public are recognized when founds are received by the Group.

(f.2) Initial measurement of financial instruments -
The classification of financial instruments at initial recognition depends on the characteristics of the business model and contractual flows for managing the instruments, as described in Notes 4.4(g.1.1) and 4.4(g.1.2). Financial instruments are initially measured at their fair value (as defined in Note 4.4(f.4)), except in the case of financial assets and financial liabilities recorded at fair value through profit or loss, transaction costs directly attributable are added to or deducted from, this amount. Accounts receivable are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts profit or loss for day 1, as described below.

(f.3) Day 1 profit or loss -
When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique that only uses inputs observable in market transactions, the Group recognizes the difference between the transaction price and fair value in the net trading income. In those cases where the fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in profit or loss when the inputs become observable, or when the instrument is derecognized.

(f.4) Measurement categories of financial assets and liabilities -
The Group classifies all of its financial assets based on the business model and the contractual terms, measured at:

- Amortized cost, as explained in Note 4.4(g.1)

- Fair value through other comprehensive income, as explained in Notes 4.4(g.4) and 4.4(g.5).
- Fair value through profit or loss, as explained in Note 4.4(g.7)

The Group classifies and measures its derivative and trading portfolio at fair value through profit or loss as explained in Notes 4.4(g.2) and (g.3). The Group may designate financial instruments at fair value through profit or loss, if so doing eliminates or significantly reduces measurement or recognition inconsistencies, as explained in Note 4.4(g.7).

Financial liabilities, other than financial guarantees, are measured at amortized cost or at fair value through profit or loss when they are held for trading, are derivative instruments or the fair value designation is applied, as explained in Note 4.4(g.6). It should be noted that during the years 2023 and 2022, the Group solely presents derivative financial instruments measured in this way.

(g) Financial assets and liabilities -

Following is the description of the assets and liabilities held by the Group, as well as the criteria for their classification:

(g.1) Assets measured at amortized cost -

As required by IFRS 9, the Group measures cash and due from banks, inter-bank funds, financial investments in debt instruments, loans and other financial assets at amortized cost if the following two conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (henceforth “SPPI”) on the principal amount outstanding.

The details of these conditions are detailed below:

(g.1.1) Business model assessment -

The Group's business model is assessed at a higher level of aggregated portfolios, and not instrument by instrument, and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are assessed and reported to the Group's key management personnel.

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking "worst case" or "stress case". If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the classification of the remaining financial assets that remain in that business model will not be changed, but said information shall be incorporated when new acquisitions are assessed.

(g.1.2) The SPPI test (Solely Payments of Principal and Interest) -
As a second step of its classification process, the Group assesses the contractual terms to identify whether they meet the SPPI test.

"Principal", for the purpose of this test, is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are the time value of money and credit risk. To perform the SPPI assessment, the Group applies professional judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. In contrast, contractual terms that introduce volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset must be measured at fair value though profit or loss.

(g.2) Derivatives recorded at fair value through profit or loss -
A derivative is a financial instrument or other contract with the following three characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; provided that, in the case of a non-financial variable, it is not specific to part of the contract (i.e., the "underlying").

- It requires no initial net investment or an initial net investment that is smaller than the required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Group carries out transactions with derivative of different types, such as: interest rate swaps, cross-currency swaps, options, call spreads and range principal only swaps. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The nominal amount and fair value of such derivatives are disclosed separately in Note 12(b). Changes in the fair value of derivatives are recorded in the consolidated statement of income unless hedge accounting is applied. Hedge accounting disclosures are presented in Note 4.4(k).

(g.2.1) Embedded derivatives -

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative cause that some or all of the cash flows that otherwise would be required by the contract to be modified according to an interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, are not specific to part of the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

Embedded derivatives in financial liabilities and non-financial host contracts are treated as separate derivatives and recorded at fair value if they meet the definition of a derivative (as defined above), their economic characteristics and risks are not closely related to those of the host contract, and the host contract was not itself held for trading or designated at fair value through profit or loss. The embedded derivatives separated from the host contract are carried at fair value in the trading portfolio with changes in fair value recognized in the consolidated statement of income.

In the case of embedded derivatives in financial assets, they are not separated from the financial asset and, therefore, the classification rules are applied to the hybrid instrument in its entirety, as described in Note 4.4(f.4).

As of December 31, 2023 and 2022, the Group does not present embedded derivatives in its financial liabilities needing to be separated from the host contracts.

(g.3) Financial assets or financial liabilities held for trading -
The Group classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the consolidated statement of financial position at fair value. Changes in fair value are recognized in the statement of income. Interest income or expense and dividend are recorded in the statement of income according to the terms of the contract, or when the right to payment has been established. Included in this classification are debt securities, equities and short positions that have been acquired mainly for the purpose of selling them in the short term.

(g.4) Debt instruments at fair value through other comprehensive income -
The Group applies the category of debt instruments measured at fair value through other comprehensive income when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset meet the SPPI test.

Debt instruments at fair value through other comprehensive income are subsequently measured at fair value with changes in the fair value recognized in other comprehensive income. Interest income and foreign exchange gains and losses are recognized in the consolidated statement of income in the same manner as for financial assets measured at amortized cost, as explained in Note 4.4(g.1). The expected credit loss calculation for debt instruments at fair value through other comprehensive income is explained in Note 4.4(j)(ii). When the Group holds more than one investment in the same security, they are deemed to be disposed of on a "first-in first-out" basis. On derecognition, retained gains or losses previously recognized in other comprehensive income are reclassified to income.

(g.5) Equity instruments at fair value through other comprehensive income -
Upon initial recognition, the Group occasionally designates irrevocably some of its equity investments as equity instruments at fair value through other comprehensive income when not held for trading. Such designation is determined on an instrument-by-instrument basis.

Cumulative gains and losses on these equity instruments are never reclassified into profit, not even when the asset is sold. Dividends are recognized in the consolidated statement of income as income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in other comprehensive income. Equity instruments at fair value through other comprehensive income are not subject to impairment assessment.

(g.6) Financial liabilities -
After initial measurement, financial liabilities, except those measured at fair value through profit or loss, see (g.7); are measured at amortized cost. Amortized cost includes all commissions and interest, transaction cost and any other premium or discount. A financial instrument that contains both a liability and an equity component is separated at the debt's issuance date.

The Group first establishes whether the instrument is a compound instrument and classifies such instrument's components separately as financial liabilities, financial assets, or equity instruments in accordance with IAS 32. Classification of the liability and equity components of a convertible instrument is not revised as a result of a change in the likelihood that a conversion option will be exercised, even when exercising the option may appear to have become economically advantageous to some holders. When allocating the initial carrying amount of a compound financial instrument to the equity and liability components, the equity component is assigned as the residual amount after deducting from the entire fair value of the instrument, the amount determined separately for the liability component. The value of any derivative item (such as call options) embedded in the compound financial instrument, other than the equity component (such as an equity conversion option), is included in the liability component. Once the Group has determined the split between equity and liability, it further evaluates whether the liability component has embedded derivative that must be accounted for separately.

(g.7) Financial assets and financial liabilities at fair value through profit or loss -
Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by Management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management designates an instrument at fair value through profit or loss upon initial recognition when one of the following criteria is met:

- The designation eliminates, or significantly reduces, an inconsistent measurement or recognition that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on different bases; or

- The liabilities are part of a group of financial liabilities which are managed and their performance is evaluated on a fair value basis, in accordance with a documented strategy of risk management or investment; or
- The liabilities contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract.

Financial assets and liabilities at fair value through profit or loss are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at fair value through profit or loss due to changes in the Group's own credit risk. Such changes in fair value are recorded in other comprehensive income and do not get reclassified to profit or loss. Interest accrued on assets that must be measured at fair value through profit or loss is recorded using the contractual interest rate. Dividend income from equity instruments measured at fair value through profit or loss is recorded in profit or loss as "Interest and similar income" (see Note 21), when the right to the payment has been established.

(g.8) Financial guarantees and letters of credit -
The Group issues financial guarantees and letters of credit.

Financial guarantees are initially recognized in the consolidated financial statements (within provisions) at fair value, which is equivalent to the commission received. Subsequent to initial recognition, the recognized liability is measured at the higher amount between a) the amount initially recognized minus its cumulative amortization; and b) an expected credit loss provision as set out in Note 4.4(j)(ii).

The commission received is recognized in the consolidated statement of income in the caption "Fee income from financial services, net" on a straight-line basis over the life of the guarantee.

Letters of credit are commitments under which, the Group is required to provide a loan with pre-specified terms to the customer. Similarly to financial guarantee contracts, these contracts are within the scope of the ECL requirements.

The nominal contractual value of financial guarantees and letters of credit where the loan agreed to be provided is on market terms, is not recorded in the consolidated statement of financial position. The nominal values of these instruments together with the corresponding ECLs are disclosed in Note 33.1(e).

(g.9) Reclassification of financial assets and liabilities -

The reclassification of financial assets will take place as long as the business model that manages the financial assets is changed. This change is expected to be very rare. These changes are determined by Management as a result of external or internal changes and must be significant for the Group's operations and demonstrable to third parties. Consequently, a change in the Group's business model will take place only when it begins or ceases to carry out an activity that is significant for its operations. As of December 31, 2023 and 2022, the Group has not reclassified its financial assets after their initial recognition. Financial liabilities are never reclassified.

(g.10) Repurchase agreements -

Securities sold under repurchase agreements on a specified future date are not derecognized from the consolidated statement of financial position since the Group retains substantially all of the risks and rewards inherent to its ownership. Cash received is recognized as an asset with the corresponding obligation to return it, including accrued interest, as a liability, reflecting the transaction's economic substance as a loan to the Group. The difference between the sale and repurchase price is recorded as interest expense and is accrued over the life of the agreement using the effective interest rate and is recognized in the caption "Interest and similar expenses" of the consolidated statement of income.

As of December 31, 2023 and 2022, the Group did not hold any repurchase agreements of securities.

(h) Modification of financial assets and liabilities –

(h.1) Modification of financial assets -

When the contractual cash flows of a financial assets are traded or modified as result of a commercial restructuring and not because of credit risk or impairment risk reasons, the Group performs an assessment to determine whether the modification results in the derecognition of that financial asset. For financial assets, this assessment is based on qualitative factors.

When assessing whether or not to derecognize a loan granted to a client, among others, the Group considers the following factors:

- Change in the loan's currency.
- Introduction of an equity characteristic.
- Change in the client's credit risk.
- If the modification causes that the instrument no longer meets the SPPI criterion.

In addition, the Group evaluates whether there is a substantial change based on quantitative factors considering whether the present value of the discounted cash flows under the original effective interest rate and the new conditions differs by at least 10 percent from the discounted present value of the remaining cash flows of the original financial asset. This follows an analogy on the orientation of changes in financial liabilities. This method applies to all contractual changes in financial assets, regardless of the reason for the modification.

The Group made modifications to its agreements with its customers as permitted by the SBS, through its subsidiary Interbank, and performed an analysis described above. The results derived from this evaluation are recognized in profit or loss in the item "Impact from the modification of contractual cash flows due to the loan rescheduling schemes", in the caption "Interest and similar income", see note 21.

If the modification does not generate cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

(h.2) Modification of financial liabilities -
When the modification in the terms of an existing financial liability is not deemed substantial and, consequently, does not result in a derecognition, the amortized cost of the financial liability is recalculated based on the present value of the estimated future contractual cash flows discounted at the original effective interest rate of the financial liability. Any difference resulting from this calculation is recognized in the income of the period.

Regarding the financial liabilities, the Group deems that a modification is substantial based on qualitative factors as long as there exists a difference higher than 10 percent between the present value of the discounted cash flows under the new conditions and the original carrying amount of the financial liability.

(i) Derecognition of financial assets and liabilities

(i.1) Derecognition due to substantial modification in terms and conditions
The Group derecognizes a financial asset, such as a loan granted to a client, when terms and conditions have been renegotiated in a way that, substantially, it has transformed into a new loan, with the difference recognized as profit or loss for derecognition, to the extent that an impairment loss has not yet been recorded.

(i.2) Derecognition not originated from substantial modification

(i.2.1) Financial assets

A financial asset (or, if applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive the cash flows generated by the financial asset have expired.

The Group has transferred the financial asset if, and only if:

- Has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full and punctually to a third party under a "pass-through" arrangement.

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the "original asset"), but assumes a contractual obligation to pay those cash flows to one or more entities (the "eventual recipients"), when all of the following conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset.
- The Group cannot sell, transfer or pledge the original asset except as guarantee to the eventual recipients.
- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of agreed revision with the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset; or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group considers control to be transferred if, and only if, the transferee has the ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Group's continuing involvement, in which case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group retains.

When the continuing involvement of the Group takes the form of a guarantee over the transferred asset, the amount of the Group's continuing involvement will be the lowest between the asset amount and the maximum amount of consideration the Group may be required to pay.

When the Group's continuing involvement takes the form of a r purchased or issued option (or both) over the transferred asset, the amount of the Group's continuing involvement will be the amount of the transferred asset that the Group could repurchase. In the case of a put option issued on an asset that is measured at fair value, the amount of the Group's continuing involvement will be limited to the lowest between the fair value of the transferred asset and the option exercising price.

The net loss originated as consequence of the derecognition of financial asset accounts measured at amortized cost is calculated as the difference between the book value (impairment included) and the amount received.

As of December 31, 2023 and 2022, the Group has not recognized net losses as consequence of derecognition of financial assets.

(i.2.2) Financial liabilities -

A financial liability is derecognized when the obligation under the liability has been paid, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the financial liability that has been cancelled or transferred to a third party and the consideration paid is recognized in income of the period.

(j) Impairment of financial assets –

(i) General description of the expected credit loss principles -

The Group records an allowance for expected credit losses for all loans and other debt financial assets not held at fair value through profit or loss, together with financial guarantee contracts. Equity instruments are not subject to impairment according to IFRS 9.

The determination of the expected credit losses is based on the credit losses expected to arise over the life of the asset, unless there has been no significant increase in credit risk from the initial date of financial instrument, in which case, the allowance is based on the 12 months' expected credit loss as described in (ii) below. The policies for determining whether there has been a significant increase in credit risk are set out in Note 33.1(e).

Both ECLs at 12 months and ECLs during the asset's lifetime are calculated on either an individual basis or a collective basis, depending on the nature of the portfolio. The Group's policy for grouping financial assets measured on a collective basis is explained in Note 33.1(e).

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly from initial date. This is further explained in Note 33.1(e).

Based on the aforementioned process, the Group groups its loans into "Stage 1", "Stage 2", "Stage 3" and purchased or originated credit impaired financial assets (henceforth "POCI"), as described below:

Stage 1: When loans are first recognized, the Group recognizes an allowance based on the 12-month expected credit loss. Stage 1 also includes loans where credit risk has improved and the loan has been reclassified from Stage 2.

Stage2: When a loan has shown a significant increase in credit risk since inception, the Group records an allowance based on the expected credit loss for the entire lifetime of the financial asset. Stage 2 also includes loans whose credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans deemed credit-impaired (as described in Note 33.1(e)). The Group records an allowance based on the expected loss for the entire lifetime of the financial asset.

POCI: Purchased or originated credit impaired assets are financial assets that are impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit adjusted EIR for credit quality. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses. It should be noted that during 2023 and 2022, the Group has not purchased or originated POCI financial assets.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The Group recognizes a value correction for ECLs on the following financial assets:

- Financial assets that are measured at amortized cost.
- Financial assets that are measured at fair value which changes in other comprehensive income if the following two conditions are met:

  (i) The financial asset is maintained within a business model whose objective is achieved by obtaining contractual cash flows and selling financial assets; and
  (ii) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are only payments of the principal and interest on the outstanding principal amount.

- Accounts receivable from leases.
- Assets from contracts.
- Financial guarantee contracts.

In this sense, as of December 31, 2023 and 2022, the Group's financial assets subject to a value correction for expected credit loss include the following:

- Cash and due from banks.
- Inter-bank funds.
- Financial investments; Notes 4.4(f), 6 and 33.1(f).
- Loan portfolio; Notes 4.4(g.1), 7 and 33.1(e).
- Due from customers on acceptances.
- Accounts receivable and other assets, net.

The Group periodically assesses impairment alerts derived from factors such as Covid-19, the political and economic context of the country and the effects of international conflicts that affect Peru, in order to timely identify an increase in the credit loss risk. Therefore, for those financial assets other than financial investments and the loan portfolio, Group's Management has estimated the expected credit loss concluding that it is not significant nor relevant, given that the maximum period considered to measuring expected credit losses is very short or, even if it implies a longer term, because the main debtor is the BCRP, or corresponds to cash in vaults of the Group.

(ii) Calculation of expected credit loss -

The Group calculates the expected credit loss based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the contractual cash flows that are due to the Group and the cash flows that the entity expects to receive.

The mechanism of the ECL calculations is described below, and the key elements include the following:

- PD ("Probability of default"): It is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the financial asset has not been previously derecognized and is still in the portfolio. The PD concept is further explained in Note 33.1(e).

- EAD ("Exposure at default"): It is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether as established in the schedule contract or otherwise, prepayments and accrued and uncollected interest. The definition of EAD is further explained in Note 33.1.(e).

- LGD ("Loss given default"): It is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any guarantee. It is usually expressed as a percentage of the EAD. The definition of LGD is further explained in Note 33.1(e).

When estimating the ECL, the Group considers three scenarios (optimistic, base and pessimistic). Each of these is associated with different PDs, as presented in Note 33.1.(e). When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will "recover" and the value of the collateral or the amount that might be received for selling the asset.

With the exception of credit cards, whose treatment is separately detailed in (iv) below, the maximum period for which the credit losses are determined is the contractual life of a financial instrument (considering the prepayments) unless the Group has the legal right to call it earlier.

Impairment losses and reversions are accounted for and disclosed separately from losses or gains related to modification, which are accounted for as an adjustment of the financial asset's gross carrying value.

The criteria followed for the calculation of expected credit loss based on each stage are described below:

- Stage 1: The provision for credit losses of those financial instruments that do not show a significant increase in risk since the initial recognition will be calculated as the expected credit losses in the following 12 months. The Group calculates the expectation that there is a probability of default (PD) in the 12 months after the presentation date. This probability of default is multiplied by an expected loss given default (LGD) and exposure at default (EAD) and discounting the original effective interest rate. This calculation is made for each of the three scenarios optimistic, base and pessimistic) defined by the Group.

- Stage 2: When the financial instrument shows a significant increase in credit risk since initial recognition, the provision for credit losses of this financial instrument will be calculated as the expected credit loss throughout the life if this asset. The calculation method is similar to that for Stage 1, including the use of multiple scenarios, but expected loss given default is estimated over the lifetime of the instrument.

- Stage 3: When there is objective evidence that the financial instrument is impaired, the provision of credit losses will be calculated as the expected credit loss over the entire life of the asset. The method is similar to that for Stage 2, but the PD is 100 percent.

It is possible that the inputs and models used for calculating the expected loss may not reflect all the market characteristics at the date of the consolidated financial statements. This is why, occasionally, qualitative adjustments posterior to the model are performed when there exist significant differences. See Note 33.1(e.7).

Financial guarantee contracts
The Group measures each financial guarantee as the highest of the amount initially recognized minus cumulative amortization recognized in the consolidated statement of income, and the expected loss provision. For this purpose, the Group estimates the expected loss based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The deficits are discounted by the risk-adjusted interest rate relevant to the exposure. The expected loss related to financial guarantee contracts is recognized as provision.

(iii) Debt instruments measured at fair value through other comprehensive income -
The expected loss for debt instruments measured at fair value through other comprehensive income do not reduce the carrying amount of these financial assets in the consolidated statement of financial position, which remains at fair value. However, the expected losses that arise at each measurement date must be reclassified from other comprehensive income into income of the period.

(iv) Credit cards -
The Group calculates the expected losses in a period that reflects the Group's expectations regarding the client's behavior, probability of default and the Group's future risk mitigation procedures that could include the reduction or cancellation of credit lines. Based on past experience and the Group's expectations, the period during which the Group calculates the expected losses during the lifetime of this product is 16 months for the years 2023 and 2022.

The assessment of whether there has been a significant increase in credit risk for revolving products is similar to other credit products. This is based on changes in the client's credit rating, as explained in Note 33.1(e).

The interest rate used to discount the expected loss for credit cards is based on the average effective interest rate that is expected to be charged over the expected period of exposure. This estimation takes into account that many operations are reimbursed in full each month and are consequently not charged with interest.

(v) Forward-looking information –
In its expected loss models, the Group uses the following macroeconomic variables (inputs) as forward-looking information inputs as of December 31, 2023 and 2022:

	2023	2022
GDP growth		X
Private formal employment	X	
Gross capital formation		X
Consumer		X
Real domestic demand	X	X
Real formal salary	X	
Real informal salary	X	
Real disposable income per-capita	X	

The inputs and models used, see Note 33.1, for calculating the expected losses may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs is provided in Note 33.1(e).

(vi) Valuation of guarantees -
To mitigate the credit risks on financial assets, the Group generally uses three types of guarantees: physical guarantee, personal guarantees and title guarantees.

The guarantee, unless recovered, is not recorded in the Group's consolidated statement of financial position. However, the fair value of the guarantee affects the calculation of the expected losses, and because of that, it is assessed periodically.

The nominal contractual value of the guarantees and the letters of credit not used where the loan was agreed to be granted is in market terms, and is not recorded in the consolidated statement of financial position. The nominal values of these instruments together with the corresponding expected losses are disclosed in Note 33.1(e).

To the extent possible, the Group uses market data for valuing financial assets held as guarantees. Non-financial guarantees, such as real estate, are valued based on data provided by third parties such as appraisers.

(vii) Write-offs –
Financial assets are written off only when the Group no longer has any reasonable expectations of recovering the financial asset, at which time the cumulative provision recorded coincides with the total amount of the asset.

(viii) Refinanced and modified loans -
The Group may grant concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of guarantees. Once the terms have been renegotiated, any impairment is measured using the original effective interest rate (as calculated before the modification of terms). It is the Group's policy to thoroughly monitor refinanced loans to help ensure that future payments continue to be probable to occur.

A refinanced asset is initially classified into Stage 2 and there will be no clean-up period. However, if the financial asset presents a default mark, it will be reclassified from Stage 2 to Stage 3.

(k) Hedge derivatives –
Derivatives are initially recognized at fair value at the subscription date of derivative contract and are subsequently measured at their fair value. All derivatives are recognized as assets when the fair value is positive, and they are recorded as "Accounts receivable from derivative financial instruments" which are part of the caption "Accounts receivable and other assets, net", and as liabilities when they are negative, and are presented in "Accounts payable for derivative financial instruments", which are part of the caption "Accounts payable, provisions and other liabilities" of the consolidated statement of financial position.

Derivatives can be designated as hedging instruments under hedge accounting in the event they qualify as such. Depending on the nature of the hedged item, the method for recognizing gains or losses from changes in fair value will be different. These derivatives, which are used to hedge exposures to risk or to modify the characteristics of financial assets and liabilities and that meet IFRS 9 criteria, are recognized as hedge accounting.

Derivatives not designated as hedging instruments or that do not qualify for hedge accounting are initially recognized at fair value and are subsequently remeasured at their fair value, which is estimated based on market prices. Gains or losses due to changes in their fair value are recorded in the consolidated statement of income; see Note 4.4(g.2).

In accordance with IFRS 9, to qualify for hedge accounting, all of the following conditions must be met:

(i) The hedging relationship consists of only hedging instruments and eligible hedged items.

(ii) At the inception of the hedge, there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge. This documentation shall include the identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and the way the entity will assess if the hedging relationship meets the hedge effectiveness requirements.

(iii) The hedge relationship meets all the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of the credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item.

IFRS 9 presents three hedge accounting categories: fair value hedge, cash flow hedge, and hedge of net investments in foreign operations. The Group uses derivatives as hedging instruments under cash flow hedges, as detailed in Note 12(b).

For derivatives that are designated and qualify as cash flow hedge, the effective portion of derivative gains or losses is recognized in "Other comprehensive income for cash flow hedge", and reclassified to income in the same period or periods in which the hedge transaction affects income. The portion of gain or loss on derivatives that represents the ineffective portion or the hedge components excluded from the assessment of effectiveness is recognized immediately in income. Amounts originally recorded in other comprehensive income and subsequently reclassified to income are recorded in the corresponding income or expenses lines in which the related hedged item is reported.

When a hedging instrument expires, is sold, when a hedge no longer meets the criteria for hedge accounting or when the Group re-designates a hedge, any retained gain or loss existing in other comprehensive income is kept and recognized in income when the hedged item is ultimately recognized in the consolidated statement of income or expense. When a projected transaction is no longer expected to occur, the retained gain or loss recognized in other comprehensive income is immediately transferred to the consolidated statement of income.

(l) Leases -

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement on the commencement date: whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement transfers a right to use the asset, even if it is not explicitly specified in the contract in exchange for consideration.

(i) The Group as lessee –

The Group, as lessee, applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

- Right-of-use assets -

  The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date minus any lease incentives received. The Group holds as right-of-use assets: land lots, buildings and facilities and furniture and equipment. Land lots do not depreciate; buildings and facilities and furniture and equipment depreciate based on the straight-line method during the lease term and are presented in Note 10 "Property, furniture and equipment, net", and are subject to impairment.

- Lease liabilities -

  The Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Given that this interest rate implicit in the lease agreement is not easily determinable, in the calculation of the present value of the lease payments, the Group uses the rate it applies to its loans. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs. Lease liabilities are presented in Note 12 as "Lease liabilities" in the caption "Accounts payable, provisions and other liabilities".

The Group performs accounting estimations related to the determination of terms and rates of the lease agreements, as detailed below:

- Determination of the lease term for lease contracts with renewal and termination options
  The Group as a lessee determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization of the leased asset).

- Estimation of the interest rate of lease contracts
  In order to determine the interest rate implicit in the lease contract, the Group uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the interest rate that the Group would have to pay to borrow over a similar term, and with a similar guarantee, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs such as the free-risk interest rates, yield curves of global bonds (in Dollars) and sovereign bonds (in Soles) issued by Peruvian Government and a credit risk differential, using a spread on the most recent debt issuance.

The Group used the exemption proposed by the standard for short-term and low-value assets; thus, short-term and low-value lease contracts are classified as operating leases, and the disbursements incurred for these leases are recorded in the caption "Selling and administrative expenses" of the consolidated statement of income.

(ii) The Group as lessor –
As of December 31, 2023 and 2022, the Group holds the following types of leases:

- Financial leases –
  Leases in which the Group substantially transfers all risks and benefits related to the ownership of the asset are classified as financial leases.

  Financial leases are recognized as loans at the present value of the installments. The difference between the total value receivable and the present value of the loan is recognized as accrued interest. This income is recognized during the term of the lease using the effective interest rate method, which reflects a constant rate of return.

  As of December 31, 2023 and 2022, leasing receivables are subject to the policy of financial assets impairment; see Note 4.4(g.1) and (h).

- Operating leases –
  Leases in which the Group does not substantially transfer all risks and benefits related to the ownership of the asset are classified as operating leases.

  Lease revenues obtained from investment property are recorded using the straight-line method for the contract terms, and they are recorded as revenue in the consolidated statement of income due to their operative nature, except for contingent lease revenues, which are recorded when realized.

  The lease term is the non-cancelable period, together with any other additional period for which a lessee has the option of continuing with the lease, where, at the start date of the lease, Management is reasonably confident that a lessee will exercise such option.

  Amounts received from tenants to terminate leases or to compensate the impairment of leased facilities are recognized as revenues in the consolidated statement of income when the right to receive them arises.

  Service charges, administration charges and other recoverable expenses paid by the lessees and the revenues resulting from expenses charged to the lessees are recognized in the period in which the compensation becomes an account receivable. Service charges and administration charges and other receipts are included in the gross revenues from rentals of the related costs, given that Management considers that the Group acts as principal party.

(m) Customer Loyalty Program -

The Group has a customer loyalty program that allows customers to accumulate points that can be exchanged for products. Loyalty points give rise to a separated performance obligation, since they provide a material right to the customer. A part of the transaction price is allocated to the loyalty points granted to customers on the basis of the relative independent selling price and is recognized as a contractual liability until the points are redeemed and presented as "Others" in the caption "Accounts payable, provisions and other liabilities" of the consolidated statement of financial position. Expenses are provisioned monthly regardless of the customer's redemption of products.

When estimating the selling price independently from the loyalty points, the Group considers the probability that the customer will use the cumulated points. The Group updates the estimates of points to be monthly redeemed and any adjustment to the liability balance will be recognized in the caption "Selling and administrative expenses" of the consolidated statement of income.

(n) Services of purchase or sale of financial investments "principal versus agent" -

The Group has contracts with customers to buy and sell, on their behalf, financial investments on the stock market and over-the-counter market. The Group acts as an agent in these agreements.

When another party participates in the supply of services to the customer, the Group determines whether it is a principal or an agent in these transactions when evaluating the nature of its agreement with the client. The Group is a principal and records the revenue by gross amounts if it controls the committed services before transferring to the customer. However, if the Group's role is only to arrange for another entity to provide the services, then the Group is an agent and records the revenues for the net amount it retains for its services as agent.

(o) Investments in associates -

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity, but without having control over those policies. The considerations taken for determining significant influence are similar to those needed to determine control over subsidiaries.

The Group's investments in its associates are recognized initially at cost and then are accounted for using the equity method. The Group's investments in associates are included in the caption "Accounts receivable and other assets, net" of the consolidated statement of financial position; see Note 12. Gains resulting from the use of the equity method of accounting are included in the caption "Other income" of the consolidated statement of income.

(p) Financing costs -

Financing costs are recorded as expenses in the period in which they are incurred and include interest and other costs in which the Group incurs in relation to the execution of the respective loan agreements.

(q) Investment property -

Investment property comprises land and buildings (mainly shopping malls, educational institutions and offices) that are not occupied substantially for use in the operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These premises are substantially rented and not intended to be sold in the ordinary course of business. Investment property comprises completed property and property under construction or refurbishment.

The Group measures its investment property at fair value according to the requirements of IAS 40 "Investment Property", as it has chosen to use the fair value model as its accounting policy.

Investment property is measured initially at cost, including transaction costs that include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary to start operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Properties under construction are measured at fair value based on estimates prepared by independent real estate appraisal experts, except where fair value (e.g. work-in-progress incurred on properties under construction) cannot be readily determined. Accordingly, the work-in-progress incurred on properties under construction is measured at cost until either its fair value becomes reliably measurable or construction is completed (whichever happens first). Investment property under construction includes the value of land, which is determined by appraisals performed by an accredited appraiser using the price per square meter as a market comparable method.

Subsequent to initial recognition, investment property is recorded at fair value. Gains or losses arising from changes in fair values are included in the caption "Net gain on investment property" of the consolidated statement of income in the period in which they arise.

Fair values are assessed periodically by Management, based on the discounted cash flows that are expected to be obtained from these investments. Fair values of investment property under construction or investment property held to operate in the future are assessed by an independent external appraiser, through the application of a recognized valuation model. See Note 8 for details of fair value and related assumptions.

Transfers to or from investment property are made only when there is a change in the use of the asset. In case of assets transferred from Investment property to Property, furniture and equipment, the reclassified amount corresponds to the asset's fair value at the date when the asset's use was changed. If an item of Property, furniture and equipment is transferred to Investment property, the Group transfers the fixed asset's net cost to Investment property and the asset is subsequently measured at fair value according to the policies established by the Group; see Note 8(e).

Investment property is derecognized when it has been disposed or withdrawn from use and no future economic benefit is expected from them. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses at the withdrawal or disposal of investment property. Any gains or losses are recognized in the consolidated statement of income of the year of retirement or disposal.

(r) Property, furniture and equipment, net –

Property, furniture and equipment are stated at historical acquisition cost minus the residual value, cumulative depreciation and impairment losses, if applicable. The historical acquisition cost includes the expenses that are directly attributable to the acquired property, furniture or equipment. Maintenance and repair costs are charged to the consolidated statement of income; significant renewals and improvements are capitalized when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will result from the use of the acquired property, furniture or equipment.

Land does not depreciate. Depreciation of property, furniture and equipment is calculated using the straight-line method over the estimated useful lives, according to the following:

	Years
Buildings and facilities	40 -75
Leasehold improvements	5
Furniture and equipment	10
Vehicles	5

An item of property, furniture and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income.

The residual value of each asset, its useful life and the selected depreciation method are periodically reviewed to ensure that they are consistent with current economic benefits and useful life expectations.

If the book value is higher than the estimated recoverable value, the Group constitutes a provision for impairment.

Work-in-progress represents premises under construction and is recorded at cost. This includes the construction cost and other direct costs. Work-in-progress does not depreciate until the relevant assets are completed and are operative.

(s) Assets seized through legal actions –
Assets seized through legal actions are recorded as "Others" in the caption "Accounts receivable and other assets, net" of the consolidated statement of financial position, see Note 12, and are recognized at the lowest value between the cost or the estimated market value (minus cost to sell), determined from valuations made by independent appraisers. Reductions in book value are recorded in the consolidated statement of income.

(t) Intangible assets with finite and indefinite useful lives
Intangible assets with finite useful lives:
Intangible assets with finite useful lives are included in the caption "Goodwill, trademarks and other intangible assets, net" of the consolidated statement of financial position and they are mainly costs incurred in connection with the acquisition of computer software used in operations and other minor intangible assets. The amortization expense is calculated following the straight-line method over the useful life estimated between 1 and 10 years; see Note 11.

Intangible assets with finite useful lives are mainly the costs incurred in connection with the acquisition of computer software used in operations and other minor intangible assets. The amortization expense is calculated following the straight-line method over the estimated useful life between 4 and 5 years; see Note 11.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net amount of the asset's disposal and the book value of said asset and they are recognized in the consolidated statement of income at the derecognition date.

Intangible assets with indefinite useful lives:
Intangible assets with indefinite useful lives such as the trademarks "Mifarma", "Inkafarma", "UTP", "IDAT", "Makro" and "Izipay" are recognized at cost, minus any provision for impairment, if applicable.

These assets are not amortized but are assessed for impairment at least annually and when there are circumstances or evidence that their book value may be impaired. If that is the case, the assessment of the impairment of these assets is performed on the basis of their value in use, for which financial models of discounted cash flows are used.

(u) Goodwill -

Goodwill is initially measured at cost, which corresponds to the excess of the sum of the consideration transferred and the amount recognized for non-controlling interests, if any, over the net value of the assets acquired and liabilities assumed. If the fair value of the net assets acquired exceeds the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If from the reassessment still results in an excess of fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

After initial recognition, goodwill is measured at cost minus any cumulative impairment loss, if any. A goodwill impairment testing is performed on a yearly basis. For purposes of performing an impairment testing, the goodwill acquired in a business combination is allocated, since the acquisition date, to one of the Group's cash-generating units (henceforth "CGU") that are expected to benefit from the business combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units.

Goodwill impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is lower than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

When goodwill has been allocated to the CGU and part of the operation within that unit is disposed of, the goodwill associated to the disposed operation is included in the carrying amount of the operation when determining the gain or loss of disposal. Goodwill sold in these circumstances is measured based on the relative values of the disposed operation and the withheld portion of the retained CGU.

After initial recognition, goodwill is measured at cost minus any cumulative impairment loss. For purposes of the impairment test, the goodwill generated in a business combination is, starting at the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination.

(v) Inventories -

Inventories of the retail business are measured at cost or at net realizable value, whichever is lower, minus the provision for product losses. Trade discounts, rebates and other similar items are deducted in determining the cost of purchase. The Group uses the weighted average cost formula in determining the cost of inventories, except in the case of inventories in transit, which are presented at their specific acquisition cost. The net realizable value is the estimated selling price in the ordinary course of business, minus the estimated costs of completion and the estimated costs necessary to make the sale.

Cost reductions in books of inventories to their net realizable value are performed on the basis of specific assessments and recorded as provision for impairment of inventories in the caption "Gross profit from retail business", charged to the consolidated statement of income of the year when those reductions occur.

The provision for product losses is calculated based on the historical average of losses incurred during the year and until the last physical inventory made before the end of the year. This provision is recorded as an impairment of inventory, charged to the consolidated statement of income.

Discounts, price rebates and other discounts obtained for purchase volumes are deducted from the inventories on the date of delivery from the discounts provided by suppliers, and from the selling cost when the related goods are sold.

The different forms of rebates require that Intercorp Perú and its Subsidiaries estimate the distribution thereof between inventories sold and the inventories held by Intercorp Perú and its Subsidiaries as of the date of the consolidated statement of financial position. Management performs said estimations on the basis of the daily discounts actually granted by suppliers and the rotation indexes per type of product.

Real estate inventories (property held for sale) correspond to disbursements incurred in the acquisition of land lots for the real estate projects "Domus Hogares del Norte" and the land lot called "Pampas de Nuevo Chimbote", whose owner is Urbi Propiedades S.A., which will be destined for development of real estate projects, are measured at cost or at estimated realizable value, whichever the lowest. The land lots intended for the execution of real estate projects are recognized at their acquisition cost. Work-in-progress and finished buildings include costs of design, materials, and direct labor, borrowing costs (directly attributable to the acquisition, construction, and production of qualifying assets), other indirect costs and overhead costs related to the construction and exclude exchange differences.

The estimated realizable value is the selling price in the ordinary course of business, minus the costs to put inventories on selling condition and commercialization and distribution expenses.

(w) Business combinations -

Business combinations are accounted for using the "Purchase" accounting method established by IFRS 3 "Business Combinations". The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date's fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group chooses whether to measure the non-controlling interests in the acquiree, if any, at fair value or at the proportionate part of the acquiree's identifiable net assets. Acquisition-related costs are recorded as incurred and are included in the caption "Selling and administrative expenses" of the consolidated statement of income; see Note 2.2.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the to the ability to create outputs. The acquired process is considered substantive if it is critical for the capacity to the ability to continue producing outputs and the inputs acquired include an organized workforce with the necessary skills, knowledge or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without incurring in significant costs, effort or delay in the ability of continuing producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquired entity.

Any contingency assumed by the acquirer shall be recognized at fair value at the acquisition date. The contingency classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 "Financial Instruments: Recognition and Measurement", is measured at fair value with the changes in the consolidated statement of income or in the consolidated statement of other comprehensive income. If the contingency is not within the scope of IFRS 9, this shall be measured according to the applicable IFRS. The contingency that is classified as equity must not be measured again and its subsequent settlement shall be recorded in equity. As of December 31, 2023 and 2022, there have not been any contingencies arising from business combinations.

A businesses combination between entities or businesses under common control is beyond the scope of IFRS 3, because it corresponds to a business combination in which all entities or businesses that are combined are ultimately controlled by the same part or parts, both before and after the business combination. In these transactions, the Group recognizes the assets acquired under the method of unification of interest, whereby the assets and liabilities of the combined companies are reflected in their book values and no goodwill is recognized as a result of the combination.

(x) Impairment of non-financial assets –
Property, furniture and equipment, right-of-use assets and intangible assets with finite and indefinite life are assessed to determine whether there are any indications of impairment as of the closing of each period. If any indication exists, the Group estimates the asset's recoverable value. The recoverable amount of the assets is the highest between the value of an asset or a CGU minus the costs of sale and its value of use, and it is determined for an individual asset, unless the asset does not generate cash revenues that are largely independent from those of other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable value, the asset is considered to be impaired and is written down to its recoverable amount. When assessing the value of use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When determining the fair value minus costs to sell, an appropriate valuation model is used.

Intangible assets with indefinite useful life, including goodwill, are tested for impairment annually to determine if circumstances indicate that the value of the recoverable amount of the asset or a CGU (or group of CGUs) is greater than its carrying amount or recognize an impairment loss. Impairment losses related to goodwill cannot be reversed in future periods.

(y) Due from customers on acceptances -
Due from customers on acceptances corresponds to accounts receivable from customers for import and export transactions, whose obligations have been accepted by the Group. The obligations that must be assumed by the Group for such transactions are recorded as liabilities.

(z) Defined contribution pension plan –
The Group only operates a defined contribution pension plan. The defined contribution payable in the pension plan is in proportion to the services rendered to the Group by the employees and it is recorded as an expense in the caption "Salaries and employee benefits" of the consolidated statement of income. Unpaid contributions are recorded as liabilities.

(aa) Provisions –
Provisions are recognized when the Group has a present obligation (legal or implicit) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required in order to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense related to any provision is presented in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is significant, provisions are discounted using a pre-tax rate that reflects, where appropriate, the specific risks of the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a financial expense.

(ab) Contingencies –
Contingent liabilities are not recognized in the consolidated financial statements, but are disclosed in the Notes, unless the probability of an outflow of resources is remote. Contingent assets are not recorded in the consolidated financial statements, but they are disclosed if it is probable that an inflow of economic benefits will emerge.

(ac) Fair value measurement –

Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- On the principal market for the asset or liability; or
- In the absence of a principal market, on the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. Also, the fair value of a liability reflects its non-performance risk.

The fair value of an asset or a liability is measured by using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

When possible, the Group measures the fair value of a financial instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price on an active market, then the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure the fair value, maximizing the use of relevant and observable data and variables, and minimizing the use of unobservable data and variables.

The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

In the case of investment property, the Group has considered the specific requirements relating to highest and best use, valuation of premises and principal market (or most advantageous). The fair value determination of investment property requires the use of estimations such as the future cash flows of the assets (e.g., leases, sales, fixed rentals for the different lessees, variable rentals based on sales percentage, operating costs, construction costs, maintenance costs and the use of discount rates).

Additionally, real estate development risks are also taken into account (such as construction and abandonment) when determining the fair value of the land related to the investment property under construction.

The fair value of investment properties in the consolidated statement of financial position must reflect the volatile nature of real estate markets; therefore, Management and its appraisers use their market knowledge and professional criteria and do not depend solely on historical comparable transactions. In this sense, there is a greater degree of uncertainty than when a more active market exists for the estimation of fair value. Significant methods and assumptions used in the estimation of fair value of investment property are detailed in Note 8.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy described below:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which data and variables that have a significant effect on the recorded fair value determination is observable, either directly or indirectly.
- Level 3 - Valuation techniques for which data and variables of the lowest significant level to measurement of the fair value are unobservable.

For assets and liabilities that are recognized at fair value in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by review of categorization at the end of each reporting period.

For the purpose of fair value disclosure, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the hierarchy level of the fair value, as explained above.

Fair values of financial instruments measured at amortized cost are presented in Note 34(b).

(ad) Income Tax –

Income Tax is computed based on the consolidated financial statements of each one of the Subsidiaries and according to the taxable income determined for tax purposes; see Note 19(a).

Income tax assets and liabilities for the current period are measured at the amounts expected to be recovered from or paid to the Tax Authority, based on tax rates and current tax regulations.

Deferred Income Tax is accounted for in accordance with IAS 12 "Income Taxes". In this sense, the deferred Income Tax reflects the effects of temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts determined for tax purposes. Deferred assets and liabilities are measured using the tax rates that are expected to be in force in the years in which such temporary differences are expected to be recovered or settled. Consequently, the deferred Income Tax has been calculated by applying the rates that are effective; see Note 17(b). The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that arise from the manner in which each individual entity of the Group expects, at the consolidated statement of financial position dates, to recover or settle the carrying amount of their assets and liabilities.

Deferred tax assets and liabilities are recognized regardless of when the temporary differences are estimated to be annulled. Deferred tax assets are recognized when it is probable that sufficient taxable income will be generated against which the deferred tax assets can be applied. At consolidated statement of financial position date, unrecognized deferred assets and the carrying amount of deferred tax assets recorded are assessed. A previously unrecognized deferred tax asset is recognized to the extent that it has now become probable that future taxable income will allow the deferred tax asset to be recovered. Likewise, the carrying amount of a deferred tax asset is reduced when it is no longer probable that sufficient taxable income will be available to allow the application of a deferred asset.

According to IAS 12, the deferred Income Tax is determined by applying the Income Tax rate applicable to the retained earnings, recognizing any additional tax on distribution of dividends that may arise at the date when the liability is recognized.

(ae) Segment information -
IFRS 8 "Operating Segments" requires that the information of operating segments be disclosed consistently with information provided by the highest-level chief operating decision maker, who allocates resources to the segments and assesses their performance. Segment information is presented in Note 30.

(af) Fiduciary activities and management of funds -
The Group provides trust management, investment management, advisory and custody services to third parties that result in the holding of assets on their behalf. These assets and the income arising there are excluded from these consolidated financial statements, as they are not assets of the Group; see Note 35.

Commissions generated from these activities are included in the caption "Fee income from financial services, net" of the consolidated statement of income.

(ag) Earnings per share -
The amount of basic earnings per share is calculated by dividing the net profit for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year. As of December 31, 2023 and 2022, the Group does not have financial instruments with dilutive effect; therefore, basic and diluted earnings per share are identical for the years reported.

(ah) Cash and cash equivalents -
Cash presented in the consolidated statement of cash flows includes cash and cash balances and bank deposits with original maturities lower than three months, excluding the restricted funds and accrued interest, which are not subject to a significant risk that may generate a change in their value. The caption "Cash and cash equivalents" does not include accrued interest either.

On the other hand, the cash guarantee committed as part of a repurchase agreement is included in the caption "Cash and due from banks" of the consolidated statement of financial position; see Note 5(d).

(ai) Securities, bonds and obligations outstanding -
The liabilities from the issuance of outstanding securities, bonds and obligations are accounted at their nominal value, recognizing accrued interest in the consolidated statement of income of the year. Issuance costs and discounts granted or income generated in their placement are deferred and presented net of their issue value, amortizing over the effective term of the securities, bonds and obligations outstanding by applying the effective interest rate method.

(aj) Employee benefits –
Short term -
The Group has short-term obligations corresponding to benefits to its employees that include wages, social contributions, perks, performance bonuses, compensation for length of service and employees' profit sharing. These obligations are recorded on a monthly basis with charge to the consolidated statement of income as they accrue.

Long term -
According to the current legislation in Ecuador, it maintains a retirement and layoff plan, which is recorded with charge to other comprehensive income of the year and its liability represents the present value of the obligation at the date of the consolidated statement of financial position, which is determined annually based on actuarial studies made by an independent expert, using the projected unit credit method. The fluctuations in the present value of the defined benefits obligations are recorded in the caption "Others" in the consolidated statement of other comprehensive income; however, the amount of these fluctuations has not been significant during the years 2023 and 2022. The present value of the defined benefit obligations is determined by discounting the estimated cash

outflows using the interest rate determined by the actuary, and is recorded as "Provision reserves" in the caption "Accounts payable, provisions and other liabilities" of the consolidated statement of financial position; see Note 12(a) and (h).

(ak) Treasury stock

Repurchased shares are recorded in equity as treasury stock at their purchase price. No loss or gain from the purchase, sale, issuance or amortization of these instruments is recorded in the consolidated statement of income. Shares that are sold posteriorly are recorded as a decrease in treasury stock, measured at the average price of the treasury stock held at said date, and the resulting gain or loss is recognized in the consolidated statement of changes in equity in the caption "Retained earnings".

(al) Interest Rate Benchmark Reform -

In recent years, global regulators decided to gradually eliminate the LIBOR rate and replace it by an alternative interest rate (risk-free rates). At the end of the year 2022, the Group had exposure to mainly USD-LIBOR rates in the derivative positions (interest rate swaps – IRS, and cross currency swaps – CCS) as well as in its loans. During the year 2023, the Group managed the transition of all its contracts exposed to the new benchmark rate Secured Overnight Financial Rate (SOFR). Regarding other interest rate benchmarks, such as EURIBOR, the financial instruments subject to said rate will not need to perform a transition since the rates comply with the strict regulating requirements to qualify as an interest rate benchmark.

The exposures that were migrated to other benchmarks included, as mentioned above, commercial loan contracts, liability positions, and derivatives mostly. In the case of commercial loans and liability positions (bonds issued) the new conditions of migration to other benchmark were negotiated or the already existing fallback clauses in the contracts were applied. In the case of derivatives agreed under the framework of the International Swaps and Derivatives Association (ISDA), Interbank signed the ISDA Protocol, which allowed the migration to new benchmarks to follow the standard process defined by said protocol. In the case of derivative contracts agreed outside the ISDA framework, mainly domestic contracts, the transition to the new SOFR benchmark was negotiated one by one.

Also, regarding the derivatives valuation, since June 2023, said valuations ceased to refer to the LIBOR benchmark and became being valued under SOFR rates or equivalents.

Regarding the new exposures, since the beginning of 2023, all new contracts refer to liquid standard risk-free rates (SOFR or similar ones) or are fixed rates, so that no new exposures are generated on the basis of LIBOR rates.

Note 12(b)(vi) details the nominal value and the average term in years of derivative financial instruments that are subject to the new interest rate benchmark (SOFR).

(am) Financial statements as of December 31, 2023 and 2022 -
When necessary, certain amounts from the previous year have been reclassified to make them comparable with the presentation of the current year.

(an) Subsequent events –
Subsequent events to year-end that provide additional information about the consolidated financial position of the Group as of the date of the consolidated statement of financial position (adjustment events) are included in the consolidated financial statements. Significant subsequent events that are not adjustment events are disclosed in the Notes to the consolidated financial statements; see Note 36.

4.5 Standards issued but not yet effective –
Following is the description of the new and amended standards and interpretations issued, but which are not yet in force at the date of issuance of these consolidated financial statements. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective:

- Amendments to IFRS 16 "Leases": Lease liability in a sale and leaseback
  In September 2022, the IASB issued amendments to IFRS 16 in order to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted, provided that it is disclosed.

  Amendments are not expected on the Group's consolidated financial statements.

- Amendments to IAS 1 "Presentation of Financial Statements": Classification of liabilities as current or non-current
  In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify the following points:

  - The meaning of the right to defer the settlement of a liability.
  - That a right to defer the liability settlement must exist at the end of the period.
  - That the classification is unaffected by the likelihood that an entity will exercise its right to defer the liability settlement.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a disclosure requirement has been introduced when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is subject on compliance with future covenants within a period included in a twelve months term.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments – Disclosures": Supplier finance arrangements
In May 2023, the IASB issued amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" to clarify the characteristics of supplier finance arrangements and to require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of consolidated financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted, provided that it is disclosed.

It is not expected that these amendments will have a significant impact on the Group's consolidated financial statements.

4.6 Significant accounting judgments, estimates and assumptions –
The preparation of the consolidated financial statements of the Group requires Management to make judgments, estimates and assumptions that affect the reported amount of income, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. In the process of applying the Group's accounting policies, Management has used judgments and assumptions about the future and other key sources to make its estimates at the reporting date, which have a significant risk that may cause a material adjustment to the value in books of assets and liabilities within the next financial year. The estimates and existing assumptions may change due to circumstances beyond the control of the Group and are reflected in assumptions if they occur. The items with the most impact recognized in the consolidated financial statements with judgements and/or considerable estimates include the following: the calculation of the impairment of the portfolio of loans and financial investments, the measurement of the fair value of the financial investments and investment properties, the assessment of the impairment of the goodwill, the liabilities for insurance contracts and the measurement of the fair value of derivative financial instruments; also, there are other estimates

such as provisions for litigation, the estimated useful life of intangible assets, and property, furniture and equipment, and the estimation of assets and liabilities for deferred Income Tax, as well as the determination of terms and estimation of the interest rate of lease agreements. The accounting criteria used for each of these items are described in Note 4.4.

4.7 Transition disclosures of IFRS 17 -

Transition -

As of January 1, 2022, the Group

- Has identified, recognized, and measured each group of insurance contracts as if IFRS 17 had always applied.
- Has identified, recognized, and measured assets for insurance acquisition cash flows as if IFRS 17 had always applied. However, no recoverability assessment was performed before the transition date. At the transition date, a recoverability assessment was performed, and no impairment loss was identified.
- Derecognized any existing balances that would have not existed if IFRS 17 had always applied.
- Recognized any resulting net difference in net equity.

Transition methodology –

The transition approach that the standard considers by default is the full retrospective method, which seeks to identify, recognize, and account for the groups of insurance contracts at the transition date as though the standard had always been in effect, unless it is impracticable; after the assessment of information availability and the application of estimates on this information is done. From the assessment performed, the Group identified that the information availability for the application of the full retrospective method is not possible to obtain until January 1, 2022, for the portfolios valued under the general method (BBA) and the variable fee approach (VFA) without incurring in significant resource and time costs.

Therefore, the Group decided to apply the transition methodology under Fair Value for all portfolios valued under the general method (BBA) and the variable fee approach (VFA) method, which consists of obtaining the amount under which a liability portfolio could be transferred to a third party, said methodology is under the IFRS13 "Fair Value Measurement" approach. This amount was compared with the balance of the estimate of technical provisions (Best Estimate Liability – "BEL") and Risk Adjustment existing at the transition date, and the result was the CSM as of said date. Also, it was determined the future benefit provided by the insurance contracts, which will be released to the statement of income to the extent that the Group renders its services to the insured. The CSM balance at the date of transition to IFRS 17 was applied retrospectively for the policies in force at said date, mainly for Individual life insurance measured under the BBA approach.

Calculation methodology –

The calculation methodology that the Group has applied to determine the Fair Value amount of its portfolios in force as of the date of transition into IFRS 17 is the valuation technique of present value. In this sense, the following calculation components are taken into account:

- An estimation of the future cash flows for the asset or liability subject to valuation.
- The expectations of possible variations in the amount and the cash flows calendar that represent the uncertainty inherent to cash flows.
- The time value of money, represented by the interest rate on risk-free monetary assets that present maturity dates or lives that coincide with the periods covered by the cash flows and do not involve neither uncertainty regarding the calendar nor risk of default for the holder (i.e., risk-free interest rate).
- The price to bear the uncertainty inherent to cash flows (i.e., a risk premium).
- Other factors that market participants may take into account considering the circumstances.
- For a liability, the risk of default related to said liability, including the credit risk of the entity (i.e., the debtor).

The Group applies a discount rate for the valuation of insurance portfolios that are estimated by the general method (BBA). Therefore, when the valuation method applicable is the premium allocation approach (PAA), the interest rates are not applied. In this sense, the interest rate curve that is applied to contracts valued by the general method (BBA) corresponds to the risk-free rate curve ("RFR") as defined for IFRS 17.

Changes in presentation and disclosure –

The disclosures that the Group makes regarding this standard include the recording of insurance and reinsurance contracts issued and the reinsurance contracts held in the consolidated statement of financial position, presented separately:

- Portfolio of insurance and reinsurance contracts issued that are assets.
- Portfolio of insurance and reinsurance contracts issued that are liabilities.
- Portfolio of reinsurance contracts held that are assets.
- Portfolio of reinsurance contracts held that are liabilities.

Additionally, the descriptions of some captions in the consolidated statement of income and the consolidated statement of other comprehensive income have been significantly modified. Under IFRS 17, it is required the separate presentation of:

- Income from insurance activities.
- Expenses of the insurance service.
- Income or expenses for insurance financing.
- Income or expenses for reinsurance contracts held.

Also, the Group provides with disaggregated qualitative and quantitative information about:

- Recognized amounts in the consolidated financial statements from insurance contracts.
- Significant judgments and changes in said judgments at the application of the standard.

As permitted by IFRS 17, the Group reformulated the comparative information of the period 2022 for insurance contracts within the scope of IFRS 17 see note 4.4(e.2).

The table below presents the impact of the adoption of IFRS 17 on the consolidated statements of financial position as of January 1, 2022 and December 31, 2022. In addition, it presents the reconciliation between the book values according to IFRS 4 and the balances reported according to IFRS 17:

	As of December 31, 2022				As of January 1, 2022			
	Balances IFRS 4 S/(000)	Adjustments for first adoption of IFRS 17 S/(000)	Reference	Balances IFRS 17 S/(000)	Balances IFRS 4 S/(000)	Adjustments for first adoption of IFRS 17 S/(000)	Reference	Balances IFRS 17 S/(000)
Assets								
Cash and due from banks	14,325,307	-		14,325,307	18,176,264	-		18,176,264
Financial investment	23,552,045	-		23,552,045	25,432,606	-		25,432,606
Loans, net	45,948,399	-		45,948,399	43,121,030	-		43,121,030
Goodwill, trademarks and other intangibles, net	5,870,899	-		5,870,899	5,312,028	-		5,312,028
Accounts receivable and other assets, net	3,515,884	(34,596)	A	3,481,288	3,415,287	(52,973)	A	3,362,314
Reinsurance contract assets	-	34,053	A	34,053	-	53,849	A	53,849
Other assets	22,271,603	-		22,271,603	20,615,842	-		20,615,842
Total assets	115,484,137	(543)		115,483,594	116,073,057	876		116,073,933
Liabilities								
Deposits and obligations	48,510,965	-		48,510,965	48,647,051	-		48,647,051
Due to banks and correspondents	11,192,168	-		11,192,168	12,220,253	-		12,220,253
Bonds, notes and other obligations outstanding	15,804,263	-		15,804,263	16,246,464	-		16,246,464
Insurance and reinsurance contract liabilities	10,602,372	628,949	B	11,231,321	11,958,058	830,771	B	12,788,829
Accounts payable, provisions and other liabilities	11,415,481	(9,769)	B	11,405,712	10,363,716	(9,361)	B	10,354,355
Other liabilities	955,315	-		955,315	871,954	-		871,954
Total liabilities	98,480,564	619,180		99,099,744	100,307,496	821,410		101,128,906
Equity, net								
Equity attributable to Intercorp Perú's shareholders:								
Capital stock, net of treasury stock	5,519,634	-		5,519,634	5,544,564	-		5,544,564
Reserves	4,993,142	-		4,993,142	4,493,142	-		4,493,142
Unrealized results	(587,846)	41,579	C	(546,267)	(267,313)	(94,784)	C	(362,097)
Retained earnings	1,876,052	(478,641)	D	1,397,411	1,175,488	(483,900)	D	691,588
	11,800,982	(437,062)		11,363,920	10,945,881	(578,684)		10,367,197
Non-controlling interest	5,202,591	(182,661)		5,019,930	4,819,680	(241,850)		4,577,830
Total equity, net	17,003,573	(619,723)		16,383,850	15,765,561	(820,534)		14,945,027
Total liabilities and equity, net	115,484,137	(543)		115,483,594	116,073,057	876		116,073,933

A. Corresponds to the recording of the insurance contract asset under IFRS 17.

B. Corresponds to the net reversal amount of insurance contract liabilities under IFRS 4 and the recording of the insurance contract liability under IFRS 17.

C. As of January 1, 2022, corresponds to the reversal of other comprehensive income resulting from the difference of the discount rate used to discount the flows of insurance contract liabilities. This practice was used for annuities, retirement and SCTR under IFRS 4. This transition approach is in accordance with the guidelines of IFRS 17. As of December 31, 2022, corresponds to the constitution of the "look-in rate" effect versus the market rate.

D. Corresponds to the impact on retained earnings due to the first adoption of IFRS 17.

The table below presents the reconciliation of the main captions in the consolidated statement of income for the year ended December 31, 2022:

	Reported balance S/(000)	Adjustments for first adoption of IFRS 17 Total S/(000)	Reference	Restated balance S/(000)
Interest and similar income	6,524,746	-		6,524,746
Interest and similar expenses	(2,671,781)	409		(2,671,372)
Interest and similar income, net	3,852,965	409		3,853,374
Impairment loss on loans, net of recoveries and financial investments	(1,014,686)	-		(1,014,686)
Net interest and similar income after impairment loss	2,838,279	409		2,838,688
Total other income	9,813,920	(22)		9,813,898
Insurance premiums and claims				
Net premiums earned	668,197	(668,197)	A	-
Net claims and benefits incurred for life insurance contracts and others	(859,991)	859,991	A	-
Total insurance premiums and claims	(191,794)	191,794		-
Result from insurance activities, before expenses	-	(252,854)	A	(252,854)
Total other expenses	(8,695,638)	56,772		(8,638,866)
Income before translation result and Income Tax	3,764,767	(3,901)		3,760,866
Exchange difference	144,531	11,358		155,889
Income Tax	(1,170,004)	-		(1,170,004)
Net profit for the year	2,739,294	7,457		2,746,751
Attributable to:				
Intercorp Perú's shareholders	1,818,101	5,259		1,823,360
Non-controlling interest	921,193	2,198		923,391
	2,739,294	7,457		2,746,751
Earnings per share attributable to Intercorp Perú's shareholders, basic and diluted (in Soles)	12.21			12.24
Weighted average number of outstanding shares (in thousands)	148,960			148,960

A. Corresponds to the net reversal amount of insurance premiums and claims for insurance contracts under IFRS 4 and the recording of the result from insurance activities under IFRS 17.

5. Cash and due from banks and inter-bank funds

(a) Following is the composition of the caption cash and due from banks:

	2023 S/(000)	2022 S/(000)
Cash and clearing (b)	2,296,061	2,951,985
Deposits in the BCRP (b)	5,445,557	7,104,329
Deposits in local and foreign banks (c)	2,468,536	3,753,393
	10,210,154	13,809,707
Accrued interest	23,820	17,415
Restricted funds (d)	753,602	498,185
Total	10,987,576	14,325,307

(b) In accordance with regulations in force, Interbank and Financiera OH! (henceforth “Financiera”) are required to keep a legal reserve to back their obligations with the public. This reserve is comprised of funds deposited in the vaults of Interbank, Financiera and the BCRP, as shown below:

	2023 S/(000)	2022 S/(000)
Legal reserve (*)		
Deposits in the BCRP	4,790,007	6,165,552
Cash in vaults	2,005,760	2,719,277
Subtotal legal reserve	6,795,767	8,884,829
Non-mandatory reserve		
Overnight BCRP deposits (**)	655,550	783,777
Cash and clearing	243,029	145,903
Term deposits in the BCRP (***)	-	155,000
Subtotal non-mandatory reserve	898,579	1,084,680
Cash balances not subject to legal reserve	47,272	86,805
Total	7,741,618	10,056,314

(*) The legal reserve funds kept in the BCRP are non-interest bearing, except for the part that exceeds the minimum reserve required, which accrues interest at a nominal annual rate set by the BCRP. Since February 2022, the rate used is the Secured Overnight Financing Rate (SOFR). As of December

31, 2023 and 2022, the Group only presented excess reserves in foreign currency that accrued interest in US Dollars at an annual average rate of 4.86 and 3.79 percent, respectively.

During the years 2023 and 2022, the Group recognized income for interest related to the excess of the legal reserve, which amounted to S/194,911,000 and S/61,335,000, respectively, and were recorded as "Interest on due from banks and inter-bank funds" of the caption "Interest and similar income" of the consolidated statement of income, see Note 21.

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

(**) As of December 31, 2023, corresponds to overnight deposits in foreign currency for US$139,000,000 (approximately equivalent to S/515,550,000) and an overnight deposit in local currency for S/140,000,000, in the BCRP, with maturity in the first days of January 2024, which accrued interest an annual interest rate of 5.33 and 5.34 percent in foreign currency and 4.00 percent in local currency, (as of December 31, 2022, corresponded to overnight deposits in foreign currency for US$205,500,000 (equivalent to approximately S/783,777,000) in the BCRP, with maturity in the first days of January 2023, and accrued interest at an annual interest rate between 4.31 and 4.39 percent).

During the years 2023 and 2022, the Group recognized interest income on overnight deposits amounting to S/71,403,000 and S/37,443,000, respectively, which were recorded as "Interest on due from banks and inter-bank funds" of the caption "Interest and similar income" of the consolidated statement of income; see Note 21.

(***) As of December 31, 2022, corresponded to term deposits in local currency that Interbank and Financiera kept in the BCRP, with maturity in the first days of January 2023, and accrued interest at an annual rate between 7.46 and 7.50 percent.

During the years 2023 and 2022, the Group recognized interest on term deposits amounting to S/39,083,000 and S/51,876,000, respectively, which were recorded as "Interest on due from banks and inter-bank funds" of the caption "Interest and similar income" of the consolidated statement of income; see Note 21.

(c) Corresponds to balances kept in domestic and foreign banks, mainly in Soles and US Dollars, which are freely available and accrue interest at market rates.

(d) Restricted funds are related to:

	2023 S/(000)	2022 S/(000)
Inter-bank transfers (*)	713,728	454,502
Derivative financial instruments, Note 12(b)(**)	24,725	34,784
Others (**)	15,149	32,349
Total	753,602	521,635

(*) Funds held in the BCRP to guarantee transfers performed through the Electronic Clearing House.

(**) As of December 31, 2023 and 2022, corresponds mainly to current accounts that guarantee the payment of principal and interest of debts incurred by the Group.

(e) Inter-bank funds -

These are loans made between financial institutions with maturity, in general, minor than 30 days. As of December 31, 2023, inter-bank funds assets and liabilities accrue interest at an annual rate of 6.75 percent in local currency and 5.50 percent in foreign currency (annual rate of 7.50 percent in local currency for inter-bank funds assets and liabilities, as of December 31, 2022); and do not have specific guarantees.

6. Financial investments

(a) This caption is made up as follows:

	2023 S/(000)	2022 S/(000)
Debt instruments measured at fair value through other comprehensive income (b) and (c)	20,850,176	16,660,392
Investments at amortized cost (d)	3,383,014	3,231,139
Investments at fair value through profit or loss (e)	2,435,276	2,755,818
Equity instruments measured at fair value through other comprehensive income (f)	444,878	512,884
	27,113,344	23,160,233
Accrued income -		
Debt instruments measured at fair value through other comprehensive income (b)	332,161	320,172
Investments at amortized cost (d)	90,990	71,640
Total	27,536,495	23,552,045

In the determination of the expected loss in the financial investments' portfolio, the Group has not needed to apply any subsequent adjustment to the model through the exercise of expert judgment, as it has been in the case of the loan portfolio (see Note 33.1), because the most significant investments held as of December 31, 2023 and 2022, are permanently evaluated by local and international credit-rating agencies, in an individual manner. Said agencies periodically modify the ratings of the issuers in accordance with the risk variation of each financial instrument, on the basis of the particular situation of the issuer.

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

	Amortized cost S/(000)	Unrealized gross amount Gains S/(000)	Losses (c) S/(000)	Estimated fair value S/(000)	Maturity	Annual effective interest rate S/ Min %	S/ Max %	US$ Min %	US$ Max %
As of December 31, 2023									
Corporate, leasing and subordinated bonds (*)	9,372,948	83,454	(857,169)	8,599,233	Jan-24 / Feb-97	2.22	14.52	4.00	18.00
Sovereign Bonds of the Republic of Peru (**)	8,320,671	13,599	(558,282)	7,775,988	Aug-24 / Feb-55	0.95	6.82	-	-
Negotiable Certificates of Deposit issued by the BCRP (***)	3,445,361	3,638	(15)	3,448,984	Jan-24 / Sep-24	5.60	6.66	-	-
Bonds guaranteed by the Peruvian Government	475,542	7,810	(9,722)	473,630	Oct-24 / Oct-33	2.81	4.65	7.39	7.92
Global Bonds of the Republic of Peru	498,897	-	(35,564)	463,333	Jul-25 / Dec-32	-	-	4.76	5.23
Treasury Bonds of the United States of America	76,556	26	(3,252)	73,330	Jan-24 / Feb-32	-	-	3.87	5.00
Global Bonds of the United Mexican States	17,769	-	(2,091)	15,678	Feb-34	-	-	5.51	5.51
Total	22,207,744	108,527	(1,466,095)	20,850,176					
Accrued interest				332,161					
Total				21,182,337					

	Amortized cost S/(000)	Unrealized gross amount Gains S/(000)	Losses (c) S/(000)	Estimated fair value S/(000)	Maturity	Annual effective interest rate S/ Min %	S/ Max %	US$ Min %	US$ Max %
As of December 31, 2022									
Corporate, leasing and subordinated bonds (*)	8,638,081	9,477	(1,129,481)	7,518,077	Jan-23 / Feb-97	1.60	13.26	5.10	13.14
Sovereign Bonds of the Republic of Peru (**)	7,878,445	590	(1,270,254)	6,608,781	Sep-23 /Feb-55	1.89	8.14	-	-
Variable interest Certificates of Deposit issued by the BCRP	1,434,752	89	(5)	1,434,836	Jan-23 / Mar-23	7.29	7.46	-	-
Bonds guaranteed by the Peruvian Government	512,316	1,698	(26,286)	487,728	Oct-24 / Oct-33	3.48	6.01	6.86	8.25
Global Bonds of the Republic of Peru	508,813	-	(55,527)	453,286	Jul-25 / Dec-32	-	-	5.18	5.60
Global Bonds of the Republic of Colombia	82,836	-	(2,026)	80,810	Mar-23 / Feb-24	-	-	6.07	6.23
Negotiable Certificates of Deposit issued by the BCRP	44,234	-	(366)	43,868	Mar-23	2.28	2.28	-	-
Sovereign Bonds of the United States of America	21,387	-	(3,661)	17,726	Nov-31 / Feb-32	-	-	3.85	3.86
Global Bonds of the United Mexican States	18,240	-	(2,960)	15,280	Feb-34	-	-	6.06	6.06
Total	19,139,104	11,854	(2,490,566)	16,660,392					
Accrued interest				320,172					
Total				16,980,564					

(*) As of December 31, 2023 and 2022, Inteligo holds corporate bonds from several entities for approximately S/101,215,000 and S/116,603,000, which guarantee loans with Bank J. Safra Sarasin; see Note 14(d)(v).

(**) As of December 31, 2023 and 2022, Interbank holds Sovereign Bonds of the Republic of Peru for approximately S/887,454,000 and S/1,047,815,000, respectively, which guarantee loans with the BCRP, see Note 14(b).
As of December 31, 2023, Interbank holds Sovereign Bonds of the Republic of Peru for approximately S/629,265,000, which guarantee loans with foreign banks, see Note 14(d).

(***) As of December 31, 2023, Interbank holds Negotiable Certificates of Deposit issued by the BCRP for approximately S/785,206,000, which guarantee loans with the BCRP, see Note 14(b).

The following table shows the credit quality and maximum exposure to credit risk based on the credit rating of debt instruments measured at fair value through other comprehensive income as of December 31, 2023 and 2022. The amounts presented do not consider impairment:

	2023				2022			
	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)
Not impaired								
High grade	4,261,926	-	-	4,261,926	2,271,038	-	-	2,271,038
Standard grade	15,836,374	750,179	-	16,586,553	13,443,615	945,321	-	14,388,936
Substandard grade	-	-	-	-	-	-	-	-
Impaired								
Individual	-	-	1,697	1,697	-	-	418	418
Total	20,098,300	750,179	1,697	20,850,176	15,714,653	945,321	418	16,660,392

(c) The Group, according to the business model applied to these debt instruments, has the capacity to hold these investments for a sufficient period that allows the early recovery of the fair value, up to the maximum period for the early recovery or the maturity date.

The following table shows the analysis of changes in fair value of the debt instruments measured at fair value with changes in other comprehensive income as well as their expected loss:

	2023			
Gross carrying amount of debt instruments measured at fair value through other comprehensive income	**Stage 1** S/(000)	**Stage 2** S/(000)	**Stage 3** S/(000)	**Total** S/(000)
Balance at the beginning of period	15,714,653	945,321	418	16,660,392
New originated or purchased assets	5,810,766	-	-	5,810,766
Assets matured or derecognized (excluding write-offs)	(2,175,611)	(80,810)	-	(2,256,421)
Change in fair value	777,944	(58,954)	1,289	720,279
Transfers to Stage 1	161,781	(161,781)	-	-
Transfers to Stage 2	(109,392)	109,392	-	-
Transfers to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Foreign exchange effect	(81,841)	(2,989)	(10)	(84,840)
Balance at the end of period	20,098,300	750,179	1,697	20,850,176

	2023			
Movement of the allowance for expected credit losses for debt instruments measured at fair value through other comprehensive income	**Stage 1** S/(000)	**Stage 2** S/(000)	**Stage 3** S/(000)	**Total** S/(000)
Expected credit loss at the beginning of period	10,825	29,598	13,552	53,975
New originated or purchased assets	1,689	-	-	1,689
Assets derecognized or matured (excluding write-offs)	(877)	(116)	-	(993)
Transfers to Stage 1	4,198	(4,198)	-	-
Transfers to Stage 2	(183)	183	-	-
Transfers to Stage 3	-	-	-	-
Effect on the expected credit loss due to the change of Stage during the year	(4,003)	3,414	-	(589)
Others (*)	(1,740)	9,120	-	7,380
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Foreign exchange effect	(30)	(16)	(370)	(416)
Expected credit loss at the end of period	9,879	37,985	13,182	61,046

(*) Correspond mainly to the effects on the expected credit loss as result of changes in investments ratings and that not necessarily have resulted in stage transfers during the year.

	2022			
Gross carrying amount of debt instruments measured at fair value through other comprehensive income	**Stage 1** S/(000)	**Stage 2** S/(000)	**Stage 3** S/(000)	**Total** S/(000)
Balance at the beginning of period	16,670,208	896,506	-	17,566,714
New originated or purchased assets	3,211,041	-	-	3,211,041
Assets derecognized or matured (excluding write-offs)	(1,939,686)	(10,531)	-	(1,950,217)
Change in fair value	(1,899,325)	(14,416)	(9,210)	(1,922,951)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(88,095)	88,095	-	-
Transfers to Stage 3	(2,162)	(7,805)	9,967	-
Write-offs	-	-	-	-
Foreign exchange effect	(237,328)	(6,528)	(339)	(244,195)
Balance at the end of period	15,714,653	945,321	418	16,660,392

	2022			
Movement of the allowance for expected credit losses for debt instruments measured at fair value through other comprehensive income	**Stage 1** S/(000)	**Stage 2** S/(000)	**Stage 3** S/(000)	**Total** S/(000)
Expected credit loss at the beginning of period	9,457	31,652	-	41,109
New originated or purchased assets	3,132	-	-	3,132
Assets derecognized or matured (excluding write-offs)	(416)	(46)	-	(462)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(105)	105	-	-
Transfers to Stage 3	(305)	(993)	1,298	-
Effect on the expected credit loss due to the change of Stage during the year	-	3,237	12,311	15,548
Others (*)	(1,184)	(4,282)	-	(5,466)
Write-offs	-	-	-	-
Foreign exchange effect	246	(75)	(57)	114
Expected credit loss at the end of the period	10,825	29,598	13,552	53,975

(*) Correspond mainly to the effects on the expected credit loss as result of changes in investments ratings and that not necessarily have resulted in stage transfers during the year.

In the determination of the expected loss for the portfolio of financial investments, for the years 2023 and 2022, it has not been necessary to perform a subsequent adjustment to the model because it captures the expected loss in a satisfactory manner considering the portfolio of investments that the Group holds.

As a result of the assessment of the impairment of its debt instruments at fair value through other comprehensive income, the Group recorded an impairment loss of S/7,487,000 and S/12,752,000 during the years 2023 and 2022, which are presented in the caption "Loss due to impairment of financial investments" in the consolidated statement of income. The movement of unrealized results of investments at fair value through other comprehensive income, net of Income Tax and non-controlling interest, is presented in Notes 18(e) and (f).

(d) As of December 31, 2023, investments at amortized cost are composed of Sovereign Bonds of the Republic of Peru issued in Soles for an amount of S/3,393,962,000, including their accrued interest amounting to S/86,652,000 (as of December 31, 2022, investments at amortized cost corresponded to Sovereign Bonds of the Republic of Peru issued in Soles, amounting to S/3,302,779,000, including accrued interest amounting to S/71,640,000). Said investments present low credit risk and the expected credit loss is not significant.

As of December 31, 2023, these investments have maturity dates that range from August 2024 to August 2037, have accrued interest at effective annual rates between 4.36 percent and 7.50 percent, and estimated fair value amounting to approximately S/3,277,672,000 (as of December 31, 2022, their maturity dates ranged from September 2023 to August 2037, accrued interest at effective annual rates between 4.29 percent and 6.64 percent, and their estimated fair value amounted to approximately S/2,949,507,000).

Additionally, as of December 31, 2023, term deposits mainly issued in Soles are held, for an amount of S/80,042,000, included accrued interest amounting to S/4,338,000. As of December 31, 2023, the maturity of these investments fluctuates between April 2024 and February 2029, have accrued interest at an annual effective rate between 3.10 percent and 8.80 percent, and their estimated fair value amounts to approximately S/80,042,000.

As result of the impairment assessment of its instruments at amortized cost, the Group recorded an impairment loss of S/62,000 during the year 2023, which is presented in the caption "Loss due to impairment of financial investments" of the consolidated statement of income.

During the year 2023, the Government of the Republic of Peru performed public offerings to repurchase certain sovereign bonds, with the purpose of renewing its debt and funding the fiscal deficit. Considering the purpose of this offering, subsequently to it, there should not be existing remaining sovereign bonds of the repurchased issuances or, in case of existing, they would become illiquid on the market. In that sense, Interbank took part of these public offering and sold to the Government of the Republic of Peru sovereign bonds classified as investments at amortized cost for approximately S/482,632,000, generating a loss amounting to S/490,000, which was recorded in the caption "Net gain (loss) on sale of financial investments" of the consolidated statement of income. Additionally, with the purpose of maintaining its asset management strategy, Interbank purchased simultaneously other sovereign bonds of the Republic of Peru for approximately S/488,127,000 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, were infrequent and were performed with the sole purpose of facilitating the renewal and the funding of the fiscal deficit of the Republic of Peru, and thus the business model regarding these assets has always been to collect the contractual cash flows.

As December 31, 2023 and 2022, Interbank keeps loans with the BCRP that are guaranteed with these Sovereign Bonds, classified as restricted, for approximately S/2,058,931,000 and S/2,310,536,000, respectively; see Note 14(b).

As of December 31, 2023, Interbank keeps loans with foreign banks that are guaranteed with these Sovereign Bonds, classified as restricted, for approximately S/445,909,000; see Note 14(d).

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

	2023 S/(000)	2022 S/(000)
Equity instruments		
Participations in local and foreign mutual funds and investment funds	1,951,434	2,228,510
Listed shares	332,637	408,269
Non-listed shares	141,007	93,470
Debt instruments		
Negotiable Certificates of Deposit	5,006	-
Corporate, leasing, securitized and subordinated bonds	5,192	2,097
Global Bonds of the United States of America	-	23,472
Total	2,435,276	2,755,818

As of December 31, 2023 and 2022, investments at fair value through profit or loss include investments held for trading for approximately S/194,033,000 and S/209,549,000, respectively, and assets that mandatorily are measured at fair value through profit or loss for approximately S/2,241,243,000 and S/2,546,269,000, respectively.

During the years 2023 and 2022, the Group has recognized losses from valuation of instruments at fair value through profit or loss for approximately S/189,842,000 and S/250,911,000, respectively, which are part of the caption "Net loss on financial assets at fair value through profit or loss" of the consolidated statement of income.

During the years 2023 and 2022, the Group has received dividends from these investments for approximately S/17,590,000 and S/61,244,000, respectively, which were recorded as "Dividends on investments" in the caption "Interest and similar income" of the consolidated statement of income; see Note 21.

(f) Following is the composition of equity instruments measured at fair value through other comprehensive income as of December 31, 2023 and 2022:

	2023 S/(000)	**2022** S/(000)
Listed shares	407,636	474,588
Non-listed shares	37,242	38,296
Total	444,878	512,884

As of December 31, 2023 and 2022, corresponds mainly to investments in shares of the following industries: biological sciences, machinery distribution, energy, telecommunications, finance and mass consumption, which are listed on the domestic and foreign markets.

During the years 2023 and 2022, the Group has received dividends from these investments for approximately S/33,941,000 and S/45,030,000, respectively, which were recorded as "Dividends on investments" in the caption "Interest and similar income" of the consolidated statement of income.

(g) During the year 2023, the Group sold shares of several entities, which were irrevocably designated at fair value through other comprehensive income. The total amount of the sales amounted to S/80,372,000, generating total gains for approximately S/33,433,000 (in 2022, the sales amounted to S/345,791,000, generating total gains for approximately S/16,313,000). In accordance with IFRS 9 and considering the classification of this investment, said gains were reclassified to caption "Retained earnings" of the consolidated statement of changes in equity.

(h) Following is the balance of investments at fair value through other comprehensive income (debt and equity instruments) and investments at amortized cost as of December 31, 2023 and 2022, classified by contractual maturity (without including accrued interest):

	2023		2022	
	Investments at fair value through other comprehensive income S/(000)	Investments at amortized cost S/(000)	Investments at fair value through other comprehensive income S/(000)	Investments at amortized cost S/(000)
Up to 3 months	1,933,761	-	1,610,691	-
From 3 months to 1 year	2,279,986	634,133	152,533	494,872
From 1 to 3 years	2,345,489	485,590	1,160,014	640,314
From 3 to 5 years	1,657,370	146,633	2,329,056	443,799
From 5 years onwards	12,633,570	2,116,658	11,408,098	1,652,154
Equity instruments (without maturity)	444,878	-	512,884	-
Total	21,295,054	3,383,014	17,173,276	3,231,139

(i) Below are the debt instruments measured at fair value through other comprehensive income and investments at amortized cost according to the stages indicated by IFRS 9 as of December 31, 2023 and 2022:

	2023			
Debt instruments measured at fair value through other comprehensive income and at amortized cost	**Stage 1** S/(000)	**Stage 2** S/(000)	**Stage 3** S/(000)	**Total** S/(000)
Sovereign Bonds of the Republic of Peru	11,083,298	-	-	11,083,298
Corporate, leasing and subordinated bonds	7,847,357	750,179	1,697	8,599,233
Negotiable Certificates of Deposit issued by the BCRP	3,448,984	-	-	3,448,984
Bonds guaranteed by the Peruvian Government	473,630	-	-	473,630
Global Bonds of the Republic of Peru	463,333	-	-	463,333
Term deposits	75,704	-	-	75,704
Treasury Bonds of the United States of America	73,330	-	-	73,330
Global Bonds of the United Mexican States	15,678	-	-	15,678
Total	23,481,314	750,179	1,697	24,233,190

Notes to the consolidated financial statements (continued)

	2022			
Debt instruments measured at fair value through other comprehensive income and at amortized cost	**Stage 1** S/(000)	**Stage 2** S/(000)	**Stage 3** S/(000)	**Total** S/(000)
Sovereign Bonds of the Republic of Peru	9,839,920	-	-	9,839,920
Corporate, leasing and subordinated bonds	6,653,148	864,511	418	7,518,077
Variable interest Certificates of Deposit issued by the BCRP	1,434,836	-	-	1,434,836
Bonds guaranteed by the Peruvian Government	487,728	-	-	487,728
Global Bonds of the Republic of Peru	453,286	-	-	453,286
Global Bonds of the Republic of Colombia	-	80,810	-	80,810
Negotiable Certificates of Deposit issued by the BCRP	43,868	-	-	43,868
Sovereign Bonds of the United States of America	17,726	-	-	17,726
Global Bonds of the United Mexican States	15,280	-	-	15,280
Total	18,945,792	945,321	418	19,891,531

7. Loans, net

(a) Following is the detail of the loan portfolio:

	2023 S/(000)	2022 S/(000)
Direct loans		
Loans (*)	34,877,768	35,268,916
Credit cards (**)	7,504,670	7,860,963
Discounted notes	1,567,411	894,588
Leasing	1,249,689	962,552
Factoring	1,029,045	900,082
Advances and overdrafts	14,617	38,762
Refinanced loans	481,825	324,267
Past due and under legal collection loans	1,817,354	1,481,225
	48,542,379	47,731,355
Plus (minus)		
Accrued interest from outstanding loans	698,969	568,649
Unearned interest and interest collected in advance	(41,777)	(24,822)
Impairment allowance for loans (d.1)	(2,674,346)	(2,326,783)
Total direct loans, net	46,525,225	45,948,399
Indirect loans, Note 20(a)	4,739,924	4,479,915

(*) As of December 31, 2023 and 2022, Interbank maintains repo operations of loans represented by securities according to the BCRP's definition. In consequence, the loan portfolio provided as guarantee amounts to S/540,158,000 and S/1,909,375,000, respectively. Furthermore the corresponding liability is presented in the caption "Due to banks and correspondents" of the consolidated statement of financial position; see Note 14(b).

(**) As of December 31, 2023 and 2022, includes non-revolving consumer loans related to credit card lines that amount to approximately S/3,466,892,000 and S/3,290,839,000, respectively.

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

	2023 S/(000)	2022 S/(000)
Commercial loans (c.1)	19,773,048	20,314,938
Consumer loans (c.1)	17,995,248	16,767,285
Mortgage loans (c.1)	9,834,398	9,286,944
Small and micro-business loans (c.1)	939,685	1,362,188
Total	48,542,379	47,731,355

For purposes of estimating the impairment loss in accordance with IFRS 9, the Group's loan portfolio is segmented into homogeneous groups that share similar risk characteristics. In this sense, the Group has determined these 3 types of portfolios: Retail Banking (consumer and mortgage loans), Commercial Banking (commercial loans) and Small Business Banking (loans to small and micro-businesses).

(c) The following table shows the credit quality and maximum exposure to credit risk based on the Group's internal credit rating as of December 31, 2023 and 2022. The amounts presented do not consider impairment:

	2023				2022			
Direct loans	**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)
Not impaired								
High grade	34,597,414	1,068,699	-	35,666,113	35,635,875	1,111,442	-	36,747,317
Standard grade	3,085,681	1,608,735	-	4,694,416	4,408,131	973,091	-	5,381,222
Substandard grade	1,402,550	1,538,018	-	2,940,568	807,315	1,079,389	-	1,886,704
Past due but not impaired	1,992,617	1,587,218	-	3,579,835	1,164,000	1,257,692	-	2,421,692
Impaired								
Individually	-	-	36,257	36,257	-	-	45,907	45,907
Collectively	-	-	1,625,190	1,625,190	-	-	1,248,513	1,248,513
Total direct loans	41,078,262	5,802,670	1,661,447	48,542,379	42,015,321	4,421,614	1,294,420	47,731,355

	2023				2022			
Contingent Loans: Guarantees and stand-by letters, import and export letters of credit (substantially, all indirect loans correspond to commercial loans)	**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)
Not impaired								
High grade	3,985,443	457,518	-	4,442,961	3,937,874	402,336	-	4,340,210
Standard grade	32,433	214,806	-	247,239	12,083	39,541	-	51,624
Substandard grade	2,823	31,101	-	33,924	2,051	59,953	-	62,004
Impaired								
Individually	-	-	6,181	6,181	-	-	9,330	9,330
Collectively	-	-	9,619	9,619	-	-	16,747	16,747
Total indirect loans	4,020,699	703,425	15,800	4,739,924	3,952,008	501,830	26,077	4,479,915

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

Commercial loans	2023				2022			
	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)
Not impaired								
High grade	13,596,929	855,890	-	14,452,819	15,115,958	914,480	-	16,030,438
Standard grade	1,347,961	1,013,803	-	2,361,764	1,991,637	230,180	-	2,221,817
Substandard grade	450,577	314,063	-	764,640	380,679	171,648	-	552,327
Past due but not impaired	1,431,064	364,603	-	1,795,667	704,067	398,185	-	1,102,252
Impaired								
Individually	-	-	36,257	36,257	-	-	45,907	45,907
Collectively	-	-	361,901	361,901	-	-	362,197	362,197
Total direct loans	16,826,531	2,548,359	398,158	19,773,048	18,192,341	1,714,493	408,104	20,314,938

Consumer loans	2023				2022			
	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)
Not impaired								
High grade	12,353,873	199,526	-	12,553,399	12,448,933	181,087	-	12,630,020
Standard grade	1,198,084	550,362	-	1,748,446	1,264,988	717,426	-	1,982,414
Substandard grade	752,526	842,034	-	1,594,560	91,107	681,712	-	772,819
Past due but not impaired	260,301	955,984	-	1,216,285	193,257	633,512	-	826,769
Impaired								
Collectively	-	-	882,558	882,558	-	-	555,263	555,263
Total direct loans	14,564,784	2,547,906	882,558	17,995,248	13,998,285	2,213,737	555,263	16,767,285

Mortgage loans	2023 Stage 1 S/(000)	2023 Stage 2 S/(000)	2023 Stage 3 S/(000)	2023 Total S/(000)	2022 Stage 1 S/(000)	2022 Stage 2 S/(000)	2022 Stage 3 S/(000)	2022 Total S/(000)
Not impaired								
High grade	8,093,031	13,283	-	8,106,314	7,490,495	1,033	-	7,491,528
Standard grade	433,968	17,124	-	451,092	667,599	15,411	-	683,010
Substandard grade	193,340	348,274	-	541,614	334,967	200,226	-	535,193
Past due but not impaired	261,100	200,873	-	461,973	205,728	132,958	-	338,686
Impaired								
Collectively	-	-	273,405	273,405	-	-	238,527	238,527
Total direct loans	8,981,439	579,554	273,405	9,834,398	8,698,789	349,628	238,527	9,286,944

Small and micro-business loans	2023 Stage 1 S/(000)	2023 Stage 2 S/(000)	2023 Stage 3 S/(000)	2023 Total S/(000)	2022 Stage 1 S/(000)	2022 Stage 2 S/(000)	2022 Stage 3 S/(000)	2022 Total S/(000)
Not impaired								
High grade	553,581	-	-	553,581	580,489	14,842	-	595,331
Standard grade	105,668	27,446	-	133,114	483,907	10,074	-	493,981
Substandard grade	6,107	33,647	-	39,754	562	25,803	-	26,365
Past due but not impaired	40,152	65,758	-	105,910	60,948	93,037	-	153,985
Impaired								
Collectively	-	-	107,326	107,326	-	-	92,526	92,526
Total direct loans	705,508	126,851	107,326	939,685	1,125,906	143,756	92,526	1,362,188

(d) The balances of the direct and indirect loan portfolio and the movement of the respective allowance for expected credit loss, calculated according to IFRS 9, is as follows:

(d.1) Direct loans

Gross carrying amount of direct loans	2023 Stage 1 S/(000)	2023 Stage 2 S/(000)	2023 Stage 3 S/(000)	2023 Total S/(000)	2022 Stage 1 S/(000)	2022 Stage 2 S/(000)	2022 Stage 3 S/(000)	2022 Total S/(000)
Balance at the beginning of period	42,015,321	4,421,614	1,294,420	47,731,355	40,634,198	3,093,645	1,357,671	45,085,514
New originated or purchased assets	27,739,775	-	-	27,739,775	28,516,968	-	-	28,516,968
Assets matured or derecognized (excluding write-offs)	(18,732,225)	(1,883,464)	(229,416)	(20,845,105)	(19,092,903)	(2,227,259)	(530,896)	(21,851,058)
Transfers to Stage 1	854,998	(852,630)	(2,368)	-	1,119,402	(1,114,509)	(4,893)	-
Transfers to Stage 2	(5,717,703)	5,759,509	(41,806)	-	(4,714,806)	4,744,485	(29,679)	-
Transfers to Stage 3	(1,704,243)	(1,177,175)	2,881,418	-	(479,514)	(623,984)	1,103,498	-
Write-offs	-	-	(2,103,350)	(2,103,350)	-	-	(1,185,647)	(1,185,647)
Others (*)	(3,217,003)	(453,721)	(131,273)	(3,801,997)	(3,383,890)	575,962	590,019	(2,217,909)
Foreign exchange effect	(160,658)	(11,463)	(6,178)	(178,299)	(584,134)	(26,726)	(5,653)	(616,513)
Balance at the end of period	41,078,262	5,802,670	1,661,447	48,542,379	42,015,321	4,421,614	1,294,420	47,731,355

Changes in the allowance for expected credit losses for direct loans, see (d.1.1)	2023 Stage 1 S/(000)	2023 Stage 2 S/(000)	2023 Stage 3 S/(000)	2023 Total S/(000)	2022 Stage 1 S/(000)	2022 Stage 2 S/(000)	2022 Stage 3 S/(000)	2022 Total S/(000)
Expected credit loss at the beginning of period	703,053	837,425	786,305	2,326,783	1,117,895	512,576	749,079	2,379,550
Impact of the expected credit loss on the consolidated statement of income -								
New originated or purchased assets	1,118,220	-	-	1,118,220	1,046,947	-	-	1,046,947
Assets matured or derecognized (excluding write-offs)	(313,848)	(101,248)	(31,479)	(446,575)	(345,450)	(276,911)	(306,773)	(929,134)
Transfers to Stage 1	115,602	(113,783)	(1,819)	-	179,018	(175,343)	(3,675)	-
Transfers to Stage 2	(504,187)	515,528	(11,341)	-	(527,019)	536,507	(9,488)	-
Transfers to Stage 3	(632,045)	(392,493)	1,024,538	-	(143,906)	(322,161)	466,067	-
Impact on the expected credit loss for credits that change Stage in the year (***)	214,110	233,545	1,220,550	1,668,205	(242,989)	186,717	286,724	230,452
Others (**)	(65,775)	(60,358)	163,834	37,701	(382,355)	375,448	666,582	659,675
Total expenses of the period	(67,923)	81,191	2,364,283	2,377,551	(415,754)	324,257	1,099,437	1,007,940
Write-offs	-	-	(2,202,052)	(2,202,052)	-	-	(1,246,268)	(1,246,268)
Recovery of written-off loans	-	-	174,941	174,941	-	-	192,713	192,713
Foreign exchange effect	(206)	(227)	(2,444)	(2,877)	912	592	(8,656)	(7,152)
Expected credit loss at the end of period	634,924	918,389	1,121,033	2,674,346	703,053	837,425	786,305	2,326,783

(*) Corresponds mainly to: (i) the variation between the amortized cost of the loan at the beginning of the year and its amortized cost at the end of the year (partial amortizations that did not represent a derecognition or cancellation of the loan), and (ii) the execution of contingent loans (conversion of indirect debt into direct debt).

(**) Corresponds mainly to: (i) the variation between the amortized cost of the loan at the beginning of the year and its amortized cost at the end of the year (variation in the provision recorded for partial amortizations that did not represent a derecognition 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).

(***) During 2023 and 2022, the Group applied its expert judgment in order to reflect the possible impact of the El Niño event, and the political and economic uncertainty, respectively, that was not captured by the forward-looking model and that turned out in a higher provision for expected loss, see Note 33.1(e.7).

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

Commercial loans:	2023				2022			
	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)
Expected credit loss at the beginning of period	45,474	47,311	154,299	247,084	100,874	60,100	182,467	343,441
Impact of the expected credit loss in the consolidated statement of income -								
New originated or purchased assets	47,129	-	-	47,129	33,506	-	-	33,506
Assets derecognized or matured (excluding write-offs)	(26,668)	(10,113)	(2,924)	(39,705)	(18,984)	(37,865)	(92,529)	(149,378)
Transfers to Stage 1	2,920	(2,687)	(233)	-	41,140	(40,152)	(988)	-
Transfers to Stage 2	(27,598)	30,826	(3,228)	-	(15,952)	16,311	(359)	-
Transfers to Stage 3	(10,620)	(16,046)	26,666	-	(6,603)	(48,516)	55,119	-
Impact on the expected credit loss for credits that change Stage in the year (**)	(1,988)	7,333	40,748	46,093	(31,403)	4,752	16,864	(9,787)
Others (*)	23,154	8,006	6,579	37,739	(57,822)	91,880	63,218	97,276
Total expenses of the period	6,329	17,319	67,608	91,256	(56,118)	(13,590)	41,325	(28,383)
Write-offs	-	-	(62,960)	(62,960)	-	-	(68,362)	(68,362)
Recovery of written-off loans	-	-	5,189	5,189	-	-	5,942	5,942
Foreign exchange effect	(192)	(160)	(1,751)	(2,103)	718	801	(7,073)	(5,554)
Expected credit loss at the end of period	51,611	64,470	162,385	278,466	45,474	47,311	154,299	247,084

0

Consumer loans:	2023				2022			
	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)
Expected credit loss at the beginning of period	628,401	757,543	533,867	1,919,811	963,362	370,745	380,355	1,714,462
Impact of the expected credit loss in the consolidated statement of income -								
New originated or purchased assets	1,041,578	-	-	1,041,578	978,289	-	-	978,289
Assets derecognized or matured (excluding write-offs)	(264,673)	(88,740)	(16,854)	(370,267)	(312,061)	(184,134)	(104,632)	(600,827)
Transfers to Stage 1	104,019	(102,751)	(1,268)	-	56,689	(55,713)	(976)	-
Transfers to Stage 2	(458,374)	463,183	(4,809)	-	(496,896)	501,656	(4,760)	-
Transfers to Stage 3	(604,179)	(353,861)	958,040	-	(128,704)	(246,952)	375,656	-
Impact on the expected credit loss for loans that change Stage in the year (**)	226,854	195,547	1,077,249	1,499,650	(146,058)	173,956	240,237	268,135
Others (*)	(117,534)	(73,259)	162,060	(28,733)	(286,212)	198,393	580,849	493,030
Total expenses of the period	(72,309)	40,119	2,174,418	2,142,228	(334,953)	387,206	1,086,374	1,138,627
Write-offs	-	-	(2,035,958)	(2,035,958)	-	-	(1,110,929)	(1,110,929)
Recovery of written-off loans	-	-	159,734	159,734	-	-	178,081	178,081
Foreign exchange effect	(1)	(53)	(162)	(216)	(8)	(408)	(14)	(430)
Expected credit loss at the end of period	556,091	797,609	831,899	2,185,599	628,401	757,543	533,867	1,919,811

Mortgage loans:	2023				2022			
	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)
Expected credit loss at the beginning of period	4,236	12,285	45,101	61,622	12,669	42,681	99,850	155,200
Impact of the expected credit loss in the consolidated statement of income -								
New originated or purchased assets	3,949	-	-	3,949	1,473	-	-	1,473
Assets derecognized or matured (excluding write-offs)	(181)	(833)	(10,625)	(11,639)	(435)	(763)	(10,957)	(12,155)
Transfers to Stage 1	6,414	(6,414)	-	-	6,103	(6,103)	-	-
Transfers to Stage 2	(2,052)	5,115	(3,063)	-	(778)	4,871	(4,093)	-
Transfers to Stage 3	(1,915)	(2,423)	4,338	-	(467)	(1,254)	1,721	-
Impact on the expected credit loss for credits that change Stage in the year (**)	(5,956)	15,996	20,982	31,022	(5,871)	4,342	11,518	9,989
Others (*)	2,312	2,040	2,018	6,370	(8,663)	(31,688)	(49,097)	(89,448)
Total expenses of the period	2,571	13,481	13,650	29,702	(8,638)	(30,595)	(50,908)	(90,141)
Write-offs	-	-	(3,580)	(3,580)	-	-	(2,267)	(2,267)
Foreign exchange effect	(13)	(13)	(520)	(546)	205	199	(1,574)	(1,170)
Expected credit loss at the end of period	6,794	25,753	54,651	87,198	4,236	12,285	45,101	61,622

Small and micro-business loans:	2023				2022			
	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)
Expected credit loss at the beginning of period	24,942	20,286	53,038	98,266	40,990	39,050	86,407	166,447
New originated or purchased assets	25,564	-	-	25,564	33,679	-	-	33,679
Assets derecognized or matured (excluding write-offs)	(22,326)	(1,562)	(1,076)	(24,964)	(13,970)	(54,149)	(98,655)	(166,774)
Transfers to Stage 1	2,249	(1,931)	(318)	-	75,086	(73,375)	(1,711)	-
Transfers to Stage 2	(16,163)	16,404	(241)	-	(13,393)	13,669	(276)	-
Transfers to Stage 3	(15,331)	(20,163)	35,494	-	(8,132)	(25,439)	33,571	-
Impact on the expected credit loss for loans that change Stage in the year (**)	(4,800)	14,669	81,571	91,440	(59,657)	3,667	18,105	(37,885)
Others (*)	26,293	2,855	(6,823)	22,325	(29,658)	116,863	71,612	158,817
Total expenses of the period	(4,514)	10,272	108,607	114,365	(16,045)	(18,764)	22,646	(12,163)
Write-offs	-	-	(99,554)	(99,554)	-	-	(64,710)	(64,710)
Recovery of written-off loans	-	-	10,018	10,018	-	-	8,690	8,690
Foreign exchange effect	-	(1)	(11)	(12)	(3)	-	5	2
Expected credit loss at the end of period	20,428	30,557	72,098	123,083	24,942	20,286	53,038	98,266

(*) Corresponds mainly to: (i) the variation between the amortized cost of the loan at the beginning of the year and its amortized cost at the end of the year (variation in the provision recorded for partial amortizations that did not represent a derecognition 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).

(**) During 2023 and 2022, the Group decided to apply its expert judgment in order to reflect the possible impact of the El Niño event, and the political and economic uncertainty, respectively, that was not captured by the forward-looking model and that generated a higher provision for expected loss, see Note 33.1(e.7).

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

Gross carrying amount of contingent credits	2023 Stage 1 S/(000)	2023 Stage 2 S/(000)	2023 Stage 3 S/(000)	2023 Total S/(000)	2022 Stage 1 S/(000)	2022 Stage 2 S/(000)	2022 Stage 3 S/(000)	2022 Total S/(000)
Balance at the beginning of period	3,952,008	501,830	26,077	4,479,915	3,961,119	431,039	25,057	4,417,215
New originated or purchased assets	2,125,943	-	-	2,125,943	1,829,985	-	-	1,829,985
Assets derecognized or matured	(1,606,539)	(135,042)	(1,784)	(1,743,365)	(1,455,080)	(168,603)	(9,627)	(1,633,310)
Transfers to Stage 1	30,259	(30,259)	-	-	25,315	(25,315)	-	-
Transfers to Stage 2	(392,176)	407,454	(15,278)	-	(258,992)	258,992	-	-
Transfers to Stage 3	(12)	(6,687)	6,699	-	(633)	(10,035)	10,668	-
Others (*)	(54,162)	(26,950)	92	(81,020)	(58,323)	25,454	(22)	(32,891)
Foreign exchange effect	(34,622)	(6,921)	(6)	(41,549)	(91,383)	(9,702)	1	(101,084)
Balance at the end of period	4,020,699	703,425	15,800	4,739,924	3,952,008	501,830	26,077	4,479,915

Changes in the allowance for expected credit losses for contingent credits	2023 Stage 1 S/(000)	2023 Stage 2 S/(000)	2023 Stage 3 S/(000)	2023 Total S/(000)	2022 Stage 1 S/(000)	2022 Stage 2 S/(000)	2022 Stage 3 S/(000)	2022 Total S/(000)
Expected credit loss at the beginning of period	8,354	18,205	8,936	35,495	8,594	18,492	13,243	40,329
Impact of the expected credit loss in the consolidated statement of income -								
New originated or purchased assets	4,770	-	-	4,770	5,615	-	-	5,615
Assets derecognized or matured	(1,988)	(4,205)	(631)	(6,824)	(4,838)	(2,016)	(6,241)	(13,095)
Transfers to Stage 1	180	(180)	-	-	109	(109)	-	-
Transfers to Stage 2	(1,986)	3,626	(1,640)	-	(854)	854	-	-
Transfers to Stage 3	(1)	(50)	51	-	(57)	(171)	228	-
Impact on the expected credit loss for credits that change Stage in the year (**)	(57)	(837)	684	(210)	(47)	585	623	1,161
Others (*)	(2,521)	(12,600)	(28)	(15,149)	(274)	(467)	1,054	313
Total expenses of the period	(1,603)	(14,246)	(1,564)	(17,413)	(346)	(1,324)	(4,336)	(6,006)
Foreign exchange effect and others	(127)	(20)	(3)	(150)	106	1,037	29	1,172
Expected credit loss at the end of period, Note 12(a)	6,624	3,939	7,369	17,932	8,354	18,205	8,936	35,495

(*) Corresponds mainly to: (i) the variation between the amortized cost of the loan at the beginning of the year and its amortized cost at the end of the year (partial amortizations that did not represent a derecognition or cancellation of the loan), and (ii) the execution of contingent loans (conversion of indirect debt into direct debt).

(**) Corresponds mainly to: (i) the variation between the amortized cost of the loan at the beginning of the year and its amortized cost at the end of the year (variation in the provision recorded for partial amortizations that did not represent a reduction or derecognition 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).

In Group Management's opinion, the allowance for loan losses recorded as of December 31, 2023 and 2022, has been established in accordance with IFRS 9; and it is sufficient to cover expected and incurred losses on the loan portfolio.

(e) During 2023 and 2022, the interest that the loan portfolio generates is freely agreed considering the interest rates prevailing on the market. Notwithstanding the aforementioned, Act No. 31143, "Act that Protects Consumers of Financial Services from Usury" established that the BCRP is the entity that determines maximum and minimum interest rates for consumer, small and micro-business loans for financial institutions. As of December 31, 2023, the maximum interest rate for the period November 2023 - April 2024 is 101.86 percent in national currency and 82.94 percent in foreign currency (the maximum interest rate for the period November 2022 - April 2023 was 87.91 percent in national currency and 68.27 percent in foreign currency, as of December 31, 2022).

(f) Interest income from loans classified in Stage 3 is calculated through the effective interest rate adjusted by credit quality at amortized cost.

(g) The refinanced loans during the year 2023 amounted to approximately S/152,002,000 (S/193,371,000 during the year 2022), which had no significant effect on the consolidated statement of income.

During the year 2023, the Group performed rescheduling of loans related to the social conflicts, natural disasters and others that amounted to S/1,979,342,000. Said loans are not considered as refinanced loans. See further detail in Note 33.1 (d.6.3).

During the years 2023 and 2022, the Group modified the contractual conditions of a determined number of loans that were granted under the "Reactiva Perú" program, for a total amount of approximately S/25,928,000 and S/133,046,000, respectively; see Note 33.1 (e.6). Said loans have not been deemed as refinanced loans. As of December 31, 2023 and 2022, the balance of the rescheduled loans amounts to approximately S/730,508,000 and S/1,473,770,000, respectively; see further detail in Note 33.1(e.6.2).

Additionally, during 2020, the Group modified the contractual conditions of a determined number of loans as relief for its clients' liquidity as consequence of the Covid-19 pandemic, for a total of approximately S/12,663,960,000. Said loans are not considered as refinanced loans. As of December 31, 2023 and 2022, the balances of the rescheduled loans amount to approximately a S/3,555,207,000 and S/5,110,928,000, respectively; see further detail in Note 33.1 (e.6.1).

(h) The table below presents the maturities of the direct loan portfolio without including accrued interest, interest to be accrued and interest collected in advance as of December 31, 2023 and 2022:

	2023 S/(000)	2022 S/(000)
Outstanding -		
Up to 1 month	4,749,750	5,332,389
From 1 to 3 months	5,969,719	6,017,652
From 3 months to 1 year	11,176,663	10,678,256
From 1 to 5 years	18,842,510	18,389,949
Over 5 years	5,986,383	5,831,884
	46,725,025	46,250,130
Past due and under legal collection, see (h.1) -		
Up to 4 months	544,331	466,504
Over 4 months	802,927	474,163
Under legal collection	470,096	540,558
	48,542,379	47,731,355

(h.1) The tables below present the past due and under legal collection loans for each classification of the direct loan portfolio:

	2023 S/(000)	2022 S/(000)
Commercial loans		
Up to 4 months	98,263	150,607
Over 4 months	143,170	106,081
Under legal collection	228,809	245,786
	470,242	502,474
Consumer loans		
Up to 4 months	344,034	186,319
Over 4 months	505,684	291,567
Under legal collection	78,290	108,162
	928,008	586,048
Mortgage loans		
Up to 4 months	35,934	30,484
Over 4 months	94,568	48,316
Under legal collection	140,018	155,587
	270,520	234,387
Small and micro-business loans		
Up to 4 months	66,100	99,094
Over 4 months	59,505	28,199
Under legal collection	22,979	31,023
	148,584	158,316

See credit risk analysis in Note 33.1.

(i) Part of the loan portfolio is collateralized with guarantees received from clients, which mainly consist of mortgages, trust assignments, financial instruments as well as industrial and commercial pledges.

(j) The following tables present the maturities of direct and indirect loans of Stages 2 and 3, as of December 31, 2023 and 2022, as follows:

- Stage 2: Loans with maturity longer or shorter than 30 days, regardless the criteria that caused their classification into Stage 2.
- Stage 3: Loans with maturity longer or shorter than 90 days, regardless the criteria that caused their classification into Stage 3.

	2023						2022					
	Stage 2		Stage 3		Total		Stage 2		Stage 3		Total	
	Gross amount S/(000)	Expected loss S/(000)	Gross amount S/(000)	Expected loss S/(000)	Gross amount S/(000)	Expected loss S/(000)	Gross amount S/(000)	Expected loss S/(000)	Gross amount S/(000)	Expected loss S/(000)	Gross amount S/(000)	Expected Loss S/(000)
Maturity shorter than or equal to:												
30 days	5,617,403	667,068	-	-	5,617,403	667,068	4,247,522	675,827	-	-	4,247,522	675,827
90 days	-	-	16,217	14,891	16,217	14,891	-	-	1,820	1,583	1,820	1,583
Maturity longer than:												
30 days	888,692	255,260	-	-	888,692	255,260	675,922	179,803	-	-	675,922	179,803
90 days	-	-	1,661,030	1,113,511	1,661,030	1,113,511	-	-	1,318,677	793,658	1,318,677	793,658
Total	6,506,095	922,328	1,677,247	1,128,402	8,183,342	2,050,730	4,923,444	855,630	1,320,497	795,241	6,243,941	1,650,871

(j.1) The following tables present the maturities of direct and indirect loans of Stages 2 and 3 as of December 31, 2023 and 2022, for each classification of the loan portfolio:

	2023						2022					
	Stage 2		Stage 3		Total		Stage 2		Stage 3		Total	
Commercial loans	Gross amount S/(000)	Expected loss S/(000)	Gross amount S/(000)	Expected loss S/(000)	Gross amount S/(000)	Expected loss S/(000)	Gross amount S/(000)	Expected loss S/(000)	Gross amount S/(000)	Expected loss S/(000)	Gross amount S/(000)	Expected Loss S/(000)
Maturity shorter than or equal to:												
30 days	3,155,267	60,880	-	-	3,155,267	60,880	2,089,059	60,403	-	-	2,089,059	60,403
90 days	-	-	2,686	2,259	2,686	2,259	-	-	254	214	254	214
Maturity longer than:												
30 days	96,517	7,532	-	-	96,517	7,532	127,264	5,113	-	-	127,264	5,113
90 days	-	-	411,272	167,494	411,272	167,494	-	-	433,930	163,021	433,930	163,021
Total	3,251,784	68,412	413,958	169,753	3,665,742	238,165	2,216,323	65,516	434,184	163,235	2,650,507	228,751

Consumer loans	2023 Stage 2 Gross amount S/(000)	2023 Stage 2 Expected loss S/(000)	2023 Stage 3 Gross amount S/(000)	2023 Stage 3 Expected loss S/(000)	2023 Total Gross amount S/(000)	2023 Total Expected loss S/(000)	2022 Stage 2 Gross amount S/(000)	2022 Stage 2 Expected loss S/(000)	2022 Stage 3 Gross amount S/(000)	2022 Stage 3 Expected loss S/(000)	2022 Total Gross amount S/(000)	2022 Total Expected loss S/(000)
Maturity shorter than or equal to:												
30 days	1,917,171	565,512	-	-	1,917,171	565,512	1,813,312	591,502	-	-	1,813,312	591,502
90 days	-	-	10,295	9,885	10,295	9,885	-	-	1,356	1,194	1,356	1,194
Maturity longer than:												
30 days	630,735	232,097	-	-	630,735	232,097	400,425	166,041	-	-	400,425	166,041
90 days	-	-	872,263	822,014	872,263	822,014	-	-	553,907	532,673	553,907	532,673
Total	2,547,906	797,609	882,558	831,899	3,430,464	1,629,508	2,213,737	757,543	555,263	533,867	2,769,000	1,291,410

Mortgage loans	2023 Stage 2 Gross amount S/(000)	2023 Stage 2 Expected loss S/(000)	2023 Stage 3 Gross amount S/(000)	2023 Stage 3 Expected loss S/(000)	2023 Total Gross amount S/(000)	2023 Total Expected loss S/(000)	2022 Stage 2 Gross amount S/(000)	2022 Stage 2 Expected loss S/(000)	2022 Stage 3 Gross amount S/(000)	2022 Stage 3 Expected loss S/(000)	2022 Total Gross amount S/(000)	2022 Total Expected loss S/(000)
Maturity shorter than or equal to:												
30 days	463,168	20,311	-	-	463,168	20,311	271,622	9,266	-	-	271,622	9,266
90 days	-	-	546	109	546	109	-	-	-	-	-	-
Maturity longer than:												
30 days	116,386	5,442	-	-	116,386	5,442	78,006	3,019	-	-	78,006	3,019
90 days	-	-	272,859	54,542	272,859	54,542	-	-	238,527	45,101	238,527	45,101
Total	579,554	25,753	273,405	54,651	852,959	80,404	349,628	12,285	238,527	45,101	588,155	57,386

	2023						2022					
	Stage 2		Stage 3		Total		Stage 2		Stage 3		Total	
Small and micro-business loans	Gross amount S/(000)	Expected loss S/(000)	Gross amount S/(000)	Expected loss S/(000)	Gross amount S/(000)	Expected loss S/(000)	Gross amount S/(000)	Expected loss S/(000)	Gross amount S/(000)	Expected loss S/(000)	Gross amount S/(000)	Expected loss S/(000)
Maturity shorter than:												
30 days	81,797	20,368	-	-	81,797	20,368	73,529	14,656	-	-	73,529	14,656
90 days	-	-	2,691	2,637	2,691	2,637	-	-	213	172	213	172
Maturity longer than:												
30 days	45,054	10,189	-	-	45,054	10,189	70,227	5,630	-	-	70,227	5,630
90 days	-	-	104,635	69,461	104,635	69,461	-	-	92,313	52,866	92,313	52,866
Total	126,851	30,557	107,326	72,098	234,177	102,655	143,756	20,286	92,526	53,038	236,282	73,324

(k) The following tables present the exposure and expected credit loss by economic sector for direct loans as of December 31,2023 and 2022:

	2023											
	Carrying amount				Expected credit loss				Percentage of expected credit loss			
	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)	Stage 1	Stage 2	Stage 3	Total
Direct loans												
Consumer loans	13,182,356	2,547,906	882,557	16,612,819	556,092	797,611	831,896	2,185,599	4.2%	31.3%	94.3%	13.2%
Mortgage loans	8,981,439	579,554	273,405	9,834,398	6,794	25,753	54,651	87,198	0.1%	4.4%	20.0%	0.9%
Commerce	3,221,209	390,704	176,989	3,788,902	24,059	38,186	87,557	149,802	0.7%	9.8%	49.5%	4.0%
Manufacturing	4,058,546	384,717	56,169	4,499,432	10,976	13,630	23,883	48,489	0.3%	3.5%	42.5%	1.1%
Professional, scientific and technical activities	3,728,039	555,988	75,172	4,359,199	15,804	18,725	36,580	71,109	0.4%	3.4%	48.7%	1.6%
Communications, storage and transport	998,865	167,002	75,474	1,241,341	6,850	7,976	25,450	40,276	0.7%	4.8%	33.7%	3.2%
Agriculture	1,708,381	173,386	12,667	1,894,434	3,209	1,854	1,632	6,695	0.2%	1.1%	12.9%	0.4%
Electricity, gas, water and oil	746,792	188,577	1,466	936,835	784	1,767	346	2,897	0.1%	0.9%	23.6%	0.3%
Leaseholds and real estate activities	457,473	86,954	46,074	590,501	2,628	2,216	20,693	25,537	0.6%	2.5%	44.9%	4.3%
Construction and infrastructure	404,840	113,431	40,799	559,070	1,499	1,163	27,405	30,067	0.4%	1.0%	67.2%	5.4%
Others	3,590,322	614,451	20,675	4,225,448	6,229	9,508	10,940	26,677	0.2%	1.5%	52.9%	0.6%
Total direct loans	41,078,262	5,802,670	1,661,447	48,542,379	634,924	918,389	1,121,033	2,674,346	1.5%	15.8%	67.5%	5.5%

	2022											
	Carrying amount				Expected credit loss				Percentage of expected credit loss			
	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)	Stage1	Stage 2	Stage 3	Total
Direct loans												
Consumer loans	12,901,095	2,213,737	555,263	15,670,095	628,401	757,544	533,867	1,919,812	4.9%	34.2%	96.1%	12.3%
Mortgage loans	8,698,789	349,628	238,527	9,286,944	4,235	12,281	45,101	61,617	0.0%	3.5%	18.9%	0.7%
Commerce	3,837,554	402,454	173,236	4,413,244	31,855	29,009	78,028	138,892	0.8%	7.2%	45.0%	3.1%
Manufacturing	4,346,345	451,393	63,397	4,861,135	8,408	12,389	21,611	42,408	0.2%	2.7%	34.1%	0.9%
Professional, scientific and technical activities	3,530,230	298,534	64,078	3,892,842	12,069	10,186	26,497	48,752	0.3%	3.4%	41.4%	1.3%
Communications, storage and transport	1,103,045	194,840	75,427	1,373,312	7,050	7,035	23,645	37,730	0.6%	3.6%	31.3%	2.7%
Agriculture	1,747,159	134,545	10,863	1,892,567	1,391	967	1,381	3,739	0.1%	0.7%	12.7%	0.2%
Electricity, gas, water and oil	867,431	55,187	1,652	924,270	886	462	220	1,568	0.1%	0.8%	13.3%	0.2%
Leaseholds and real estate activities	499,385	84,056	23,441	606,882	1,595	1,825	14,515	17,935	0.3%	2.2%	61.9%	3.0%
Construction and infrastructure	415,827	91,910	49,736	557,473	1,669	1,654	32,567	35,890	0.4%	1.8%	65.5%	6.4%
Others	4,068,461	145,330	38,800	4,252,591	5,494	4,073	8,873	18,440	0.1%	2.8%	22.9%	0.4%
Total direct loans	42,015,321	4,421,614	1,294,420	47,731,355	703,053	837,425	786,305	2,326,783	1.7%	18.9%	60.7%	4.9%

(l) The following tables present the exposure and expected credit losses by economic sector for the indirect loan portfolio as of December 31, 2023 and 2022:

	2023											
	Carrying amount				Expected credit loss				Percentage of expected credit loss			
	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)	Stage 1	Stage 2	Stage 3	Total
Indirect loans												
Commerce	297,127	40,894	2,230	340,251	512	342	279	1,133	0.2%	0.8%	12.5%	0.3%
Manufacturing	479,186	155,280	-	634,466	515	337	-	852	0.1%	0.2%	0.0%	0.1%
Professional, scientific and technical activities	1,145,646	110,916	982	1,257,544	1,994	788	105	2,887	0.2%	0.7%	10.7%	0.2%
Communications, storage and transport	541,561	25,927	-	567,488	697	349	-	1,046	0.1%	1.3%	0.0%	0.2%
Agriculture	9,031	37	-	9,068	21	-	-	21	0.2%	0.0%	0.0%	0.2%
Electricity, gas, water and oil	308,428	938	-	309,366	311	6	-	317	0.1%	0.6%	0.0%	0.1%
Leaseholds and real estate activities	41,097	16,276	259	57,632	298	119	48	465	0.7%	0.7%	18.5%	0.8%
Construction and infrastructure	306,042	212,589	12,287	530,918	1,021	1,797	6,932	9,750	0.3%	0.8%	56.4%	1.8%
Others	892,581	140,568	42	1,033,191	1,255	201	5	1,461	0.1%	0.1%	11.9%	0.1%
Total indirect loans	4,020,699	703,425	15,800	4,739,924	6,624	3,939	7,369	17,932	0.2%	0.6%	46.6%	0.4%

	2022											
	Carrying amount				Expected credit loss				Percentage of expected credit loss			
	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)	Stage 1	Stage 2	Stage 3	Total
Indirect loans												
Commerce	264,926	40,527	76	305,529	309	426	49	784	0.1%	1.1%	64.5%	0.3%
Manufacturing	518,115	134,469	-	652,584	487	153	-	640	0.1%	0.1%	0.0%	0.1%
Professional, scientific and technical activities	1,183,657	75,946	485	1,260,088	1,486	700	52	2,238	0.1%	0.9%	10.7%	0.2%
Communications, storage and transport	467,018	19,117	-	486,135	489	91	-	580	0.1%	0.5%	0.0%	0.1%
Agriculture	4,487	-	-	4,487	7	-	-	7	0.2%	0.0%	0.0%	0.2%
Electricity, gas, water and oil	155,621	-	-	155,621	135	-	-	135	0.1%	0.0%	0.0%	0.1%
Leaseholds and real estate activities	45,037	19,150	-	64,187	193	97	-	290	0.4%	0.5%	0.0%	0.5%
Construction and infrastructure	412,386	130,886	24,954	568,226	4,467	4,463	8,775	17,705	1.1%	3.4%	35.2%	3.1%
Others	900,761	81,735	562	983,058	781	12,275	60	13,116	0.1%	15.0%	10.7%	1.3%
Total indirect loans	3,952,008	501,830	26,077	4,479,915	8,354	18,205	8,936	35,495	0.2%	3.6%	34.3%	0.8%

During the years 2023 and 2022, the Group applied its expert judgment, which turned out in a higher provision for expected loss, see Note 31.1(d.7).

8. Investment property

(a) This caption is made up as follows:

	2023 S/(000)	2022 S/(000)	Acquisition or construction year	Valuation methodology
Land -				
Miraflores – Lima	554,683	541,494	2010	Appraisal
San Isidro – Lima	269,194	264,868	2009	Appraisal
San Martín de Porres – Lima	198,481	215,465	2015	Appraisal
Ate Vitarte – Lima	109,066	102,317	2008	Appraisal
Centro Urbano Nuevo Chimbote	79,487	121,167	2010	Appraisal
Chacarilla - Lima	34,712	35,149	2014	Appraisal
Santa Clara - Lima	27,229	26,352	2017	Appraisal
Carabayllo - Lima	24,741	24,980	2012	Appraisal
Sullana	23,751	22,687	2012	Appraisal
Others	63,759	63,883	-	DCF/ Appraisal
	1,385,103	1,418,362		
Completed investment property “Real Plaza” - "Plaza Center" Shopping Malls				
Puruchuco – Lima	549,766	556,686	2008	DCF/ Appraisal
Chiclayo	214,166	214,384	2005	DCF
Primavera – Lima	189,725	177,420	2009	DCF
Trujillo	186,959	187,264	2007	DCF
Piura	168,404	157,881	2010	DCF
Centro Comercial San Isidro – Lima	166,192	167,289	2010	DCF
La Molina – Lima (d)	117,713	120,063	2022	DCF
Cajamarca	87,876	83,657	2013	DCF
Pucallpa	76,968	73,951	2014	DCF
Pro – Lima	63,195	60,785	2008	DCF
Chorrillos Lima	54,306	54,355	2011	DCF
Santa Clara - Lima	42,798	38,763	2009	DCF
Nuevo Chimbote	29,535	29,140	2010	DCF
San Martin de Porres - Lima	19,386	24,619	2022	DCF
Others	35,700	36,707	-	DCF
	2,002,689	1,982,964		

Notes to the consolidated financial statements (continued)

	2023 S/(000)	2022 S/(000)	Acquisition or construction year	Valuation methodology
Built over land use rights -				
Salaverry - Lima	384,433	357,739	2014	DCF
Cuzco	230,227	214,095	2013	DCF
Centro Cívico - Lima	163,786	131,152	2007 / 2014	DCF
Huancayo	102,864	100,301	2008	DCF
Huánuco	69,583	67,831	2012	DCF
Villa Maria del Triunfo - Lima	55,690	54,394	2013 / 2016	DCF
Arequipa	54,343	52,599	2010	DCF
Juliaca	54,194	53,959	2010	DCF
Others	73,324	95,431	-	-
	1,188,444	1,127,501		
Buildings -				
Ate Vitarte - Lima	160,302	149,814	2006	DCF/ Appraisal
Orquídeas - San Isidro- Lima (d)	128,593	138,643	2017	DCF
Chorrillos - Lima	94,184	81,516	2017	DCF
Paseo del Bosque – Lima	87,168	96,193	2021	DCF
Angamos – Lima (d)	58,162	59,599	2022	DCF
Piura	39,080	39,601	2008 / 2020	DCF/ Appraisal
Huancayo	34,978	32,343	2017	DCF
Panorama - Lima	22,136	20,668	2016	DCF
Others	78,189	67,983	-	-
	702,792	686,360		
Total	5,279,028	5,215,187		

DCF: Discounted cash flow

(i) Investment property has been classified by the Group into Level 3 of fair value hierarchy. During the years 2023 and 2022, there were no transfers between levels.

(ii) As of December 31, 2023 and 2022, there are no liens on investment property, with the exception of a lien maintained by the "Real Plaza Puruchuco" Shopping Mall, related to a financial obligation incurred with a financial entity in the country that amounts to S/380,000,000, which matures in 2025.

(b) The net gain on investment property as of December 31, 2023 and 2022, consists of the following:

	2023 S/(000)	2022 S/(000)
Income from rental	599,343	407,093
Net gain on valuation	15,219	76,484
Loss on sale	-	(10,712)
Total	614,562	472,865

(c) The movement of the caption is as follows:

	2023 S/(000)	2022 S/(000)
Balance at the beginning of period	5,215,187	5,032,158
Additions (d)	82,833	208,814
Sales and disposals	-	(10,712)
Valuation gain, net	15,219	76,484
Net transfers (to) and from "Property, furniture and equipment" (e)	(34,211)	(69,573)
Others	-	(21,984)
Balance at the end of period	5,279,028	5,215,187

(d) During 2023, the main additions correspond to disbursements related to the construction of the building called "Orquídeas (San Isidro)", located in Lima, as well as expansion and refurbishment works performed in the shopping malls.

During 2022, the main additions corresponded to the acquisition from third parties of the property called "Plaza Center La Molina" and a building located in the district of San Borja (Angamos – Lima), as well as expansion and refurbishment performed in the shopping malls.

(e) During the year 2023, the Group transferred from the caption "Investment property" to the caption "Property, furniture and equipment, net" mainly part of the building called "Orquídeas", located in San Isidro, Lima, for the amount of S/12,838,000, and the constructions over land use rights located in Lurín for the approximate amount of S/21,373,000.

During the year 2022, the Group transferred from the caption "Investment property" to the caption "Property, furniture and equipment, net" mainly part of the land lot located in San Martín de Porres (Lima) for the amount of S/77,487,000, a land lot located in Zapallal (Lima) for the amount of S/17,063,000, and the construction over land use rights located in Ilo for an approximate amount of S/16,596,000 and also transferred from the caption "Property, furniture and equipment, net" to the caption "Investment property" an investment at Av. Angamos – Lima for the amount of S/44,374,000.

(f) Fair value measurement - Investment property - Valuation techniques –
The discounted cash flow (henceforth "DCF") method is used for shopping malls and buildings built on land use rights and own lands.

This method involves the projection of a series of periodic cash flows at present value through a discount rate. The periodic calculation of the cash flows is normally determined as income from rental net of operating expenses. The series of periodic net operating income, together with an estimation of the terminal value (which uses the traditional valuation method) at the end of the projection period, is discounted at present value. The sum of the net current values is equal to the investment property's fair value.

The fair value of land is determined based on the value assigned by an external appraiser. The external appraiser uses the market comparable method, under this method a property's fair value is estimated based on comparable transactions. The unit of comparison applied by the Group is the price per square meter. Following are the minimum ranges, maximum ranges and the average price for the main land lots, before any adjustment:

	Minimum range US$ per m2	**Maximum range** US$ per m2	**Average** US$ per m2
San Isidro – Lima	5,400	8,487	7,062
Miraflores – Lima	3,442	8,392	5,463
Chacarilla - Lima	1,996	3,730	2,457
Ate Vitarte – Lima	1,935	3,058	2,114
San Borja – Lima	1,578	1,815	1,687
San Martín de Porres – Lima	1,081	1,425	1,254
Piura	650	850	743
Others	156	383	232

Main assumptions -

Below is a brief description of the assumptions considered in the determination of cash flows as of December 31, 2023 and 2022:

- ERV (Estimated Rental Value) -
  Corresponds to the Estimated Rental Value, that is, the rent for which the space could be rented under the market conditions prevailing at the valuation date.

- Long-term inflation –
  It is the increase of the general level of prices expected in Peru for the long term.

- Long-term occupancy rate –
  It is the expected occupancy level of lessees in the leased properties.

- Average growth rate of rental income -
  It is the rate that expresses the rental income growth and includes growth factors of the industry, inflation rates, stable exchange rate, per capita income and increasing expenses.

- Average Net Operating Income (NOI) margin -
  It is projected from the rental income from leasable areas, by property and marketing income, minus costs related to administration fees, other administrative expenses, insurance, taxes and other expenses.

- Discount rate -
  It reflects the current market risk and the uncertainty associated to obtaining cash flows.

The main assumptions used in the valuation and estimation of the market value of investment property are detailed below:

	US$ / Percentage	
	2023	2022
Average ERV	US$129.3	US$125.9
Long-term inflation	2.5 / 3.0	2.8 / 3.0
Long-term occupancy rate	83.2 / 99.9	83.2 / 99.8
Average growth rate of rental income	2.5 / 3.1	2.8 / 3.0
Average NOI margin	60.6 / 93.0	59.2 / 93.6
Discount rate	9.0 / 9.6	9.4 / 10.3

Sensitivity analysis -
The sensitivity analysis on the valuation of investment property, against changes in factors deemed as relevant by Management, is presented below:

		2023 S/(000)	2022 S/(000)
Average growth rate of rental income (basis) -			
Increase	+0.25%	166,285	83,906
Decrease	-0.25%	(144,249)	(124,245)
Discount rate (basis) -			
Increase	+0.5%	(324,980)	(314,158)
Decrease	-0.5%	384,875	275,046

Likewise, a significant increase (decrease) in the price per square meter of the land lots could result in a significantly higher (lower) fair value measurement.

(g) The nominal amounts of the future minimum fixed rental income of the Group's investment property (operating leases), are presented below:

Year	**2023** S/(000)	**2022** S/(000)
Within 1 year	419,387	323,363
After 1 year but not more than 5 years	1,070,226	834,589
Over 5 years	2,811,958	2,834,945
Total	4,301,571	3,992,897

The minimum rental income is computed based on a time horizon between 20 and 56 years as of December 31, 2023 (between 20 and 57 years as of December 31, 2022).

9. Inventories, net

(a) This caption is made up as follows:

	2023 S/(000)	2022 S/(000)
Inventories from retail activities, net (b)	3,372,739	3,463,027
Inventories from real estate activities, net	9,785	11,094
Total	3,382,524	3,474,121

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

	2023 S/(000)	2022 S/(000)
Inventories	3,151,437	3,211,033
In-transit inventories	261,986	285,313
Miscellaneous supplies	6,733	7,279
Raw materials	2,541	2,707
	3,422,697	3,506,332
Minus:		
Allowance for impairment of inventories (b.1)	(49,958)	(43,305)
	3,372,739	3,463,027

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

	2023 S/(000)	2022 S/(000)
Balance at the beginning of period	43,305	29,889
Provision for the period	45,074	33,772
Recoveries and write-offs	(37,726)	(19,952)
Exchange rate variation effect	(695)	(404)
Balance at the end of period	49,958	43,305

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 the Management of Intercorp Perú and its Subsidiaries. In Management's opinion, the balance of this allowance covers adequately the risk of impairment of inventories as of December 31, 2023 and 2022.

10. Property, furniture and equipment, net

(a) The movement of property, furniture and equipment, and cumulative depreciation for the years ended December 31, 2023 and 2022, is as follows:

							Right-of-use assets					
Description	Land S/(000)	Buildings and facilities S/(000)	Furniture and equipment S/(000)	Vehicles S/(000)	Improvements in rented premises S/(000)	In-transit equipment and work-in-progress S/(000)	Land S/(000)	Buildings and facilities S/(000)	Furniture and equipment S/(000)	Vehicles S/(000)	Total 2023 S/(000)	Total 2022 S/(000)
Cost												
Balance as of January 1	2,646,114	7,761,752	3,650,632	8,142	80,876	450,407	477,811	2,839,330	40,670	2,917	17,958,651	16,304,507
Acquisition of Izipay, Note 2.2	-	-	-	-	-	-	-	-	-	-	-	90,079
Additions (b)	261,014	173,498	437,483	310	-	866,291	34,901	636,776	6,863	2,544	2,419,680	2,232,759
Transfers	74,457	322,764	30,788	63	800	(442,086)	-	-	13,214	-	72,104	-
Transfers (to) from investment property, Note 8(e)	11,413	22,154	-	-	-	-	-	-	-	-	33,567	68,287
Others	9,076	(9,639)	4,027	104	-	1,136	605	17,941	-	(36)	23,214	(129,234)
Disposals, write-offs and/or sales (d)	(19,355)	(34,859)	(184,951)	(1,783)	(88)	(7,165)	(45,499)	(260,136)	-	(1,784)	(555,620)	(607,747)
Balance as of December 31	2,982,719	8,235,670	3,937,979	6,836	81,588	868,583	467,818	3,233,911	60,747	3,641	19,879,492	17,958,651
Depreciation												
Balance as of January 1	-	1,820,552	2,303,112	5,856	21,506	-	93,115	1,087,391	22,714	1,805	5,356,051	4,850,468
Additions	-	289,177	397,717	682	4,061	-	20,835	418,415	4,447	817	1,136,151	1,041,111
Transfers	-	264	(9,047)	65	(12)	-	-	-	8,730	-	-	-
Transfers (to) from investment property, Note 8(e)	-	-	-	-	-	-	-	-	-	-	-	(1,286)
Others	-	2,978	1,971	16	-	-	163	17,333	-	(22)	22,439	(38,681)
Disposals, write-offs and/or sales (d)	-	(26,474)	(178,155)	(1,683)	(88)	-	(26,129)	(226,111)	-	(1,414)	(460,054)	(495,561)
Balance as of December 31	-	2,086,497	2,515,598	4,936	25,467	-	87,984	1,297,028	35,891	1,186	6,054,587	5,356,051
Net book value	2,982,719	6,149,173	1,422,381	1,900	56,121	868,583	379,834	1,936,883	24,856	2,455	13,824,905	12,602,600

(b) Additions for the years 2023 and 2022, mainly correspond to the construction and equipping of new premises for the retail business and new premises of the educational segment.

(c) Financial entities established in Peru are prohibited from pledging their fixed assets; furthermore as of December 31, 2023, some companies of the retail sector keep mortgaged certain land lots, buildings and facilities for a net book value of approximately S/1,046,364,000 (approximately S/1,103,034,000 as of December 31, 2022), as collateral for some of their financial obligations.

(d) During the year 2023, includes the sale of a property located in Miraflores – Lima for the amount of S/17,371,000, and a property located in San Isidro – Lima for the amount of S/32,667,000, the effect generated by said sales amounts to S/31,135,000 and is included in the caption "Other income" of the consolidated statement of income; see Note 23.

Additionally, the Group has derecognized unused assets as consequence of the refurbishment and format change process of the stores. These write-offs and derecognitions amount to S/22,898,000 and are included in the caption "Other expenses" of the consolidated statement of income; see Note 23.

Also, as of December 31, 2023 and 2022, disposals of right-of-use assets correspond mainly to the maturity of contracts or the early termination of lease contracts.

(e) The Group holds insurance policies on its main assets in accordance with the policies established by Management.

(f) Management periodically reviews the residual values, useful life and the depreciation method to ensure they are consistent with the economic benefits and life expectation of fixed assets. In Management's opinion, there is no evidence of impairment in its fixed assets as of December 31, 2023 and 2022.

(g) Additionally, as of December 31, 2023 and 2022, this caption includes assets acquired through financial leases, whose cost and cumulative depreciation are as follows:

	2023		
Description	**Cost** S/(000)	**Cumulative depreciation** S/(000)	**Net cost** S/(000)
Property and facilities	653,552	(167,510)	486,042
Furniture and equipment	955,481	(716,427)	239,054
Vehicles	410	(410)	-
	1,609,443	(884,347)	725,096

	2022		
Description	**Cost** S/(000)	**Cumulative depreciation** S/(000)	**Net cost** S/(000)
Property and facilities	643,135	(153,748)	489,387
Furniture and equipment	856,718	(645,615)	211,103
Vehicles	621	(535)	86
	1,500,474	(799,898)	700,576

(h) The following table shows the book values of lease liabilities included in the caption "Accounts payable, provisions and other liabilities"; see Note 12(a), and the movements during the years 2023 and 2022.

	2023 S/(000)	2022 S/(000)
Balance at the beginning of period	2,445,875	2,294,550
Additions	681,084	699,746
Disposals (*)	(48,159)	(123,593)
Interest expenses, Note 21(a)	182,137	164,405
Exchange difference	(42,097)	(64,424)
Payments	(607,509)	(524,809)
Balance at the end of period	2,611,331	2,445,875

(*) As of December 31, 2023 and 2022, these disposals are related to the early termination of lease agreements, see (d) above.

As of December 31, 2023 and 2022, the amortization schedule of these obligations is as follows:

	2023 S/(000)	2022 S/(000)
2023	-	365,659
2024	332,149	264,805
2025	309,773	250,097
2026 onwards	1,969,409	1,565,314
Total	2,611,331	2,445,875

The following table shows the amounts recognized in the consolidated statement of income:

	2023 S/(000)	2022 S/(000)
Depreciation expenses of right-of-use assets	444,514	455,413
Interest expenses of lease liabilities, Note 21(a)	182,137	164,405
Lease expenses, Note 26(c)	118,578	134,504
Total amount recognized in the consolidated statement of income	745,229	754,322

During the year 2023, the Group paid leases for approximately S/637,575,000, out of which S/607,509,000 correspond to payments for financial leases recorded in accordance with IFRS 16 "Leases", see (h) above, and S/30,066,000 to payments for financial leases recorded under IAS 17 "Leases" (as of December 31, 2022, payments for S/611,526,000, out of which S/524,809,000 were related to leases under IFRS 16, and S/86,717,000 were related to leases under IAS 17).

The Group holds lease contracts of commercial premises that contain variable installments in function of sales. Management's purpose is to align the lease expenses with the income generated.

Lease payments made by the Group are presented below:

	2023			2022		
	Fixed payments S/(000)	**Variable payments** S/(000)	**Total** S/(000)	**Fixed payments** S/(000)	**Variable payments** S/(000)	**Total** S/(000)
Fixed lease	605,480	-	605,480	544,922	-	544,922
Variable lease	-	50,057	50,057	-	35,899	35,899
	605,480	50,057	655,537	544,922	35,899	580,821

11. Goodwill, trademarks and other intangible assets, net

(a) Intangible assets -

The movement of intangible assets and cumulative amortization for the years ended December 31, 2023 and 2022, is the following:

	2023										2022
			Trademarks								
Description	Software S/(000)	In-transit-software S/(000)	With definite useful life S/(000)	With indefinite useful life (b) S/(000)	Goodwill (c) S/(000)	Relationship with customers (d) S/(000)	Contracts with represented entities (d) S/(000)	Database S/(000)	Other Intangible assets (*) S/(000)	Total S/(000)	Total S/(000)
Cost											
Balance as of January 1	1,979,342	245,601	38,463	1,185,541	3,461,600	160,342	204,800	97,016	275,208	7,647,913	6,818,795
Acquisition of Izipay, Note 2.2	-	-	-	-	-	-	-	-	-	-	569,850
Additions	245,095	126,054	19	-	-	-	-	-	22,563	393,731	335,664
Disposals and write-offs	(13,859)	(69)	(49)	-	-	(46,300)	(27,000)	-	(41,073)	(128,350)	(55,479)
Transfers	153,054	(153,918)	(4,163)	4,316	-	-	-	-	711	-	-
Impairment (c), note 23(a)	-	-	-	-	(3,000)	-	-	-	-	(3,000)	(20,000)
Others	(2,533)	412	19	-	-	482	-	-	392	(1,228)	(917)
Balance as of December 31	2,361,099	218,080	34,289	1,189,857	3,458,600	114,524	177,800	97,016	257,801	7,909,066	7,647,913
Cumulative amortization											
Balance as of January 1	1,373,569	109	15,837	-	-	55,992	186,745	7,276	137,486	1,777,014	1,506,767
Amortization of the year	269,901	1	3,127	-	-	11,627	7,492	9,702	21,591	323,441	312,799
Transfers	112	(109)	-	-	-	-	-	-	(3)	-	-
Disposals and write-offs	(12,632)	-	(153)	-	-	(46,300)	(27,000)	-	(37,020)	(123,105)	(41,629)
Others	(324)	-	14	-	-	193	-	-	(519)	(636)	(923)
Balance as of December 31	1,630,626	1	18,825	-	-	21,512	167,237	16,978	121,535	1,976,714	1,777,014
Book value	730,473	218,079	15,464	1,189,857	3,458,600	93,012	10,563	80,038	136,266	5,932,352	5,870,899

(*) "Other intangible assets" comprise intangibles such as "Trademark right of use" and other intangibles identified at the time of acquisition of Zegel and intangibles identified from the transfer of the insurance contract for SCTR of Mapfre Perú Vida Compañía de Seguros y Reaseguros S.A.

Management assesses periodically the amortization method used with the purpose of ensuring that it is consistent with the economic benefit of the intangible assets. In Management's opinion, except for impairment recorded from Inmobiliaria Milenia, explained in (c), there is no evidence of impairment in the Company's intangible assets as of December 31, 2023 and 2022.

(b) Management has estimated the fair value of this intangible assets using the "Relief from royalty" method, which is a usual method of discounted cash flows used for the valuation of trademarks. The main assumption of this method is that the owner company of the trademark saves the royalty payment to other hypothetical owner, therefore the value of this trademark would be represented by the amount that is avoided to pay for these royalties. As of December 31, 2023 and 2022, the detail of the trademarks with indefinite useful lives is presented below:

	2023 S/(000)	2022 S/(000)
Trademark with indefinite useful life -		
Mifarma	395,355	395,355
Inkafarma	373,054	373,054
Makro	205,593	205,593
UTP – IDAT	82,567	82,567
Izipay, Note 2.2	82,546	82,546
Others	50,742	46,426
	1,189,857	1,185,541

These assets have been allocated to the Cash Generating Units (CGU) "Pharmacies", "Supermarkets", "Manufacturing, Distribution and Marketing", "Payments" and "Education", respectively, which are used for impairment testing.

The factors considered to determine whether the trademarks have an indefinite life are the following:

- History and expected use of the asset: This is the most important factor to consider in the definition of the useful life of the trademark. The acquired trademark is the most recognized in the industries (sectors) where operate the Subsidiaries in Peru, and the Group expects to further strengthen them on the market in the long term.

- Legal, regulatory or contractual limits to the useful life of the intangible asset: There are no legal regulatory or contractual limits linked to the trademarks, which are duly protected and the pertinent registrations remain valid.

- Effect of obsolescence, demand, competition and other economic factors: The registered trademarks are highly renowned in their respective industries in Peru. This implies a low risk of obsolescence.

- Maintenance of the necessary investment levels to produce the projected future cash flows for the trademarks is based on investments in marketing, technology and the growth and revamping of infrastructure. Furthermore, efficiencies are expected as a result of synergies and the growth in scale of the operations, which are compatible and reasonable for the industries where operate these subsidiaries. Nonetheless, an increase in general administration expenses is also contemplated to sustain the projected increase in sales.

- Relationship of the useful life of an asset or group of assets with the useful life of an intangible asset: The trademarks do not depend on the useful life of any asset or group of assets as they exist independently and it is not related to sectors subject to technological obsolescence or other causes.

(c) The table below presents the composition of goodwill, trademarks and other intangibles, net:

	2023 S/(000)	2022 S/(000)
Goodwill:		
Quicorp S.A. and Subsidiaries	1,272,634	1,272,634
InRetail Pharma – Inkafarma	709,472	709,472
Makro	628,578	628,578
Seguros Sura	430,646	430,646
Izipay, Note 2.2	238,429	238,429
Inmobiliaria Milenia	60,478	63,478
Others	118,363	118,363
	3,458,600	3,461,600

Management performs annually an assessment on the recoverability of its assets with indefinite useful lives, which comprises the trademarks and goodwill, based on the CGUs “Pharmacies” (for the trademarks “Inkafarma”, “Mifarma”, “Química Suiza” and on the goodwill corresponding to the acquisition of InRetail Pharma (formerly Eckerd)), “Real Estate” (for goodwill corresponding to the acquisition of Inmobiliaria Milenia S.A.), “Education” (for the trademark “UTP” and for the goodwill corresponding to the acquisition of Universidad Tecnológica del Perú and Servicios Educativos Empresariales S.A.C.), "Insurance" (for the goodwill corresponding to the acquisition of Seguros Sura), “Payments methods” (for the goodwill corresponding to the acquisition of Procesos de Medios de Pago and its subsidiary Izipay) and “Supermarkets” (for the goodwill corresponding to the purchase of Makro).

The recoverable amount from the cash generating units "Pharmacies", "Supermarkets", "Real Estate", "Education", "Payments methods" and "Insurance" has been determined on the basis of a value in use calculation by using projected cash flows for the CGU of "Pharmacies", "Real Estate" and "Education", discounted cash flows for the CGU "Payments methods" and discounted dividend flows for the CGU "Insurance"; over budgets approved by Management which cover a determined period. The cash flows that extend beyond the period determined in the projections were extrapolated by using a specific growth rate that is similar to the long-term average growth rate for the industry in which each cash generating unit operates.

Following are the key assumptions used in the impairment assessment for each CGU as of December 31, 2023 and 2022:

- Sales growth rate – As of December 31, 2023, a sales growth rate between 2.93 and 8.20 percent was considered (between 2.50 and 4.20 percent as of December 31, 2022). Said growth rate is based on published market research and, in general, is in line with the projected long-term inflation for the countries where each CGU operates.

- Perpetual growth rate – Cash flows at 5 years and 10 years were included, plus an estimated perpetual value were included in the discounted dividend flows model. The estimated growth rates are based on the historical performance and the expectations of Management over the development of the market. The long-term perpetual growth rate of 6.30 percent as of December 31, 2023 (3.00 and 4.50 percent as of December 31, 2022) has been determined based on reports from the industry.

- EBITDA margins – As of December 31, 2023, an average margin between 9.80 and 19.20 percent was considered (between 8.50 and 13.90 percent as of December 31, 2022) in relation to sales in the segments "Pharmacies" and "Food Retail". EBITDA margins are based on historical values recorded in years prior to the beginning of the budgeted period and increases during the budgeted period with the normal expected efficiency improvements.

- Royalty rate – As of December 31, 2023, a royalty rate between 1.20 and 1.80 percent was considered (between 1.20 and 1.90 percent as of December 31, 2022). Royalty rates are based on the values considered in the purchase allocation price of Quicorp. Likewise, these rates were contrasted with transaction information comparable in purchase allocation processes.

- Discount rate – As of December 31, 2023, the discount rates used for each CGU are between 9.0 and 15.1 percent (between 9.64 and 16.2 percent, as of December 31, 2022. Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the CGU and represents its weighted average cost of capital (WACC). The beta factors are evaluated annually based on publicly available market data. The factors that have an impact on the discount rate calculation, as country risk, free discount rate, beta, market premium and cost of debt are evaluated annually based on market data available for the public.

Sensitivity to changes in assumptions
The key assumptions described above can change if market conditions and the economy change. As of December 31, 2023 and 2022, the Group estimates that the reasonableness of possible changes in the assumptions would not make the recoverable amount of the CGU decrease to an amount lower than its book value, except for those related to the goodwill of Inmobiliaria Milenia for which the Group has recorded an impairment that would make the book value substantially higher than the recoverable amount.

(d) For the valuation of relationships with customers and contracts with represented companies, the Multi Period Excess Earning Method was applied, which reflects the present value of excess cash flows generated by the intangible asset during its useful life, after deducting the contributory charges for the operating tangible and intangible assets used.

Relationships with customers are defined as the hiring of services for the manufacture of one or more specific products or the relation with students. To determine the useful life, analyses were performed on the historical loss of customers in each business operation, as well as the consistency of the latter with the business characteristics and the market they interact with.

On the other hand, the contracts with represented companies mainly delimit the exclusivity for the distribution of a product as well as the inventory levels required to maintain the operation. To determine their useful lives, it was considered the useful lives of the remaining contracts in force at the transaction date and the historical record of renewals.

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

(a) These captions are comprised of the following:

	2023 S/(000)	2022 S/(000) Note 4.7 Restated
Accounts receivable and other assets		
Financial instruments		
Sundry accounts receivable	1,090,839	1,027,902
Trade accounts receivable, net (f)	1,081,341	986,813
Accounts receivable from POS commissions	420,644	110,906
Accounts receivable from derivative financial instruments (b)	302,427	697,232
Operations in process (d)	83,640	112,194
Accounts receivable from sale of investments (c)	63,466	37,987
Others	24,553	32,039
Total	3,066,910	3,005,073
Non-financial instruments		
Recoverable tax	649,432	39,580
Deferred charges	234,505	190,722
Tax credit for Value-added Tax – IGV (e)	143,222	77,738
Deferred cost of POS affiliation and subscription	92,511	95,265
Investments in associates	26,048	26,276
POS equipment supplies (*)	14,854	18,698
Others	27,964	27,936
	1,188,536	476,215
Total	4,255,446	3,481,288

(*) Comprise the Points of Sale (POS) required for the rendering of the service. Their supplies are recorded at cost, which is determined by applying the weighted average method.

Notes to the consolidated financial statements (continued)

	2023 S/(000)	2022 S/(000)
Accounts payable, provisions and other liabilities		
Financial instruments		
Trade accounts payable (g)	5,312,533	5,089,550
Lease liabilities, Note 10(h)	2,611,331	2,445,875
Contract liabilities with investment component, Note 4.4(e)	883,268	873,499
Third party compensation (**)	763,039	386,136
Other accounts payable	657,416	743,268
Workers' profit sharing and salaries payable	484,900	520,117
Operations in process (d)	229,084	187,082
Accounts payable for derivative financial instruments (b)	180,197	315,027
Accounts payable for acquisition of investments (c)	106,955	53,905
Provision reserves (h)	23,362	23,761
Allowance for indirect loans losses, Note 7(d.2)	17,932	35,495
Others	7,260	5,648
Total	11,277,277	10,679,363
Non-financial instruments		
Taxes payable	802,176	438,454
Deferred income (***)	170,181	164,624
Provision for contingencies (i)	85,307	99,563
Registration for use of POS	21,962	17,029
Others	9,316	6,679
	1,088,942	726,349
Total	12,366,219	11,405,712

(**) Correspond mainly to balances pending payment to affiliated businesses, for consumptions made by card users that are settled mainly one day after the transaction was made.

(***) Corresponds mainly to deferred fees on indirect loans (mainly letters of guarantee) and balance recorded in Izipay related to the installments pending accrual with the affiliated businesses.

(b) The following table presents the fair value of derivative financial instruments recorded as assets or liabilities, including their notional amounts, as of December 31, 2023 and 2022:

As December 31, 2023	Note	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 statement of financial position where the hedged item has been recognized
Derivatives held for trading (*) –								
Forward exchange contracts		36,595	29,517	4,875,692	-	Between January 2024 and December 2025	-	-
Currency swaps		20,982	44,897	1,370,799	-	Between January 2024 and April 2028	-	-
Interest rate swaps		40,350	25,196	1,530,493	-	Between March 2024 and June 2036	-	-
Options		1,172	1,174	279,047	-	Between January 2024 and December 2024	-	-
		99,099	100,784	8,056,031	-			
Derivatives held as hedges -								
Cash flow hedges:								
Call Spread (i) - JP Morgan	15(m)	68,904	-	928,250	16,711	April 2028	Senior unsecured notes	Bonds, notes and obligations outstanding
Call Spread (i) - JP Morgan	15(m)	11,540	-	371,300	(759)	March 2028	Senior unsecured notes	Bonds, notes and obligations outstanding
Call Spread (ii)	15(e)	4,137	-	89,112	2,755	March 2028	Senior unsecured notes	Bonds, notes and obligations outstanding
Call Spread (ii)	15(e)	27,725	-	512,394	16,764	March 2028	Senior unsecured notes	Bonds, notes and obligations outstanding
Call Spread (ii)	15(e)	23,781	-	512,394	16,899	March 2028	Senior unsecured notes	Bonds, notes and obligations outstanding
Range principal only swaps (ii)	15(e)	2,889	-	371,300	4,124	March 2028	Senior unsecured notes	Bonds, notes and obligations outstanding
Range principal only swaps (ii)	15(e)	2,889	-	371,300	4,126	March 2028	Senior unsecured notes	Bonds, notes and obligations outstanding
Range principal only swaps (ii)	15(e)	1,225	-	185,650	2,031	March 2028	Senior unsecured notes	Bonds, notes and obligations outstanding
Range principal only swaps (ii)	15(e)	1,225	-	185,650	2,030	March 2028	Senior unsecured notes	Bonds, notes and obligations outstanding
Cross currency swap (CCS) (i)	15(m)	-	34,791	371,300	(5,617)	April 2028	Senior unsecured notes	Bonds, notes and obligations outstanding
Cross currency swap (CCS)	15(h)	2,969	7,394	1,112,700	(10,199)	October 2026	Corporate bonds	Bonds, notes and obligations outstanding
Cross currency swap (CCS)	15(j)	56,044	-	556,950	(3,309)	October 2027	Senior bond	Bonds, notes and obligations outstanding
Cross currency swap (CCS)	14(d)(i)	-	3,020	241,085	(1,374)	January 2025	Due to banks	Due to banks and correspondents
Cross currency swap (CCS)	14(d)(ii)	-	3,823	185,450	(1,234)	May 2025	Due to banks	Due to banks and correspondents
Cross currency swap (CCS)	14(d)(iii)	-	6,708	111,270	(578)	August 2024	Due to banks	Due to banks and correspondents
Cross currency swap (CCS)	14(d)(iv)	-	9,442	111,270	(277)	October 2024	Due to banks	Due to banks and correspondents
Cross currency swap (CCS)	15(j)	-	5,245	74,260	(2,401)	October 2027	Senior bond	Bonds, notes and obligations outstanding
Cross currency swap (CCS)	15(j)	-	5,041	74,260	(1,923)	October 2027	Senior bond	Bonds, notes and obligations outstanding
Cross currency swap (CCS)	14(d)(vi)	-	811	74,180	(619)	February 2025	Due to banks	Due to banks and correspondents
Cross currency swap (CCS)	14(e)(i)	-	3,138	37,090	(88)	November 2024	Due to banks	Due to banks and correspondents
Cross currency swap (CCS)	15(o)	-	-	-	(669)	-	Corporate bonds	Bonds, notes and obligations outstanding
		203,328	79,413	6,477,165	36,393			
		302,427	180,197	14,533,196	36,393			

As of December 31, 2022	Note	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 statement of financial position where the hedged item has been recognized
Derivatives held for trading (*) –								
Forward exchange contracts		58,201	27,556	6,328,060	-	Between January 2023 and December 2023	-	-
Currency swaps		77,045	141,823	2,672,533	-	Between January 2023 and December 2023	-	-
Interest rate swaps		67,737	38,551	2,424,566	-	Between January 2023 and December 2023	-	-
Cross currency swaps		-	75,489	224,485	-	January 2023	-	-
Options		99	463	80,151	-	Between January 2023 and December 2023	-	-
		203,082	283,882	11,729,795	-			
Derivatives held as hedges -								
Cash flow hedges:								
Call Spread (i) - JP Morgan	15(m)	67,348	-	955,000	(14,319)	April 2028	Senior unsecured notes	Bonds, notes and obligations outstanding
Call Spread (ii)	15(e)	32,164	-	527,160	4,335	March 2028	Senior unsecured notes	Bonds, notes and obligations outstanding
Call Spread (ii)	15(e)	27,288	-	527,160	4,531	March 2028	Senior unsecured notes	Bonds, notes and obligations outstanding
Call Spread (ii)	15(e)	4,746	-	91,680	34	March 2028	Senior unsecured notes	Bonds, notes and obligations outstanding
Range principal only swaps (ii)	15(e)	16,762	-	382,000	(1,712)	March 2028	Senior unsecured notes	Bonds, notes and obligations outstanding
Range principal only swaps (ii)	15(e)	8,181	-	191,000	(857)	March 2028	Senior unsecured notes	Bonds, notes and obligations outstanding
Range principal only swaps (ii)	15(e)	8,181	-	191,000	(856)	March 2028	Senior unsecured notes	Bonds, notes and obligations outstanding
Range principal only swaps (ii)	15(e)	16,762	-	382,000	(1,715)	March 2028	Senior unsecured notes	Bonds, notes and obligations outstanding
Cross currency swap (CCS)	15(o)	237,438	-	1,681,974	(20,199)	January 2023	Corporate bonds	Bonds, notes and obligations outstanding
Cross currency swap (CCS)	15(j)	75,280	-	573,000	(33,565)	October 2027	Senior bonds	Bonds, notes and obligations outstanding
Cross currency swap (CCS) (i)	15(m)	-	17,989	382,000	(3,575)	April 2028	Senior unsecured notes	Bonds, notes and obligations outstanding
Cross currency swap (CCS)	14(d)(iii)	-	3,916	114,420	360	August 2024	Due to banks	Due to banks and correspondents
Cross currency swap (CCS)	14(d)(iv)	-	6,295	114,420	(355)	October 2024	Due to banks	Due to banks and correspondents
Cross currency swap (CCS)	14(e)(i)	-	931	57,210	(225)	January 2025	Due to banks	Due to banks and correspondents
Cross currency swap (CCS)	14(d)(i)	-	2,014	38,140	(156)	November 2024	Due to banks	Due to banks and correspondents
		494,150	31,145	6,208,164	(68,274)			
		697,232	315,027	17,937,959	(68,274)			

(*) During the years2023 and 2022, the Group recognized gains for S/68,315,000 and losses for S/4,523,000, respectively, for the valuation of derivative financial instruments held for trading, which were recorded in the caption "Net loss on financial assets at fair value through profit or loss" in the consolidated statement of income.

(**) As of December 31, 2023 and 2022, the Group maintains deposits classified as "restricted funds" in guarantee for derivative financial instruments r; see Note 5(d).

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 not been hedge ineffectiveness as of December 31, 2023 and 2022.

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 derivatives that do not comply with IFRS 9 hedge accounting requirements.

(i) This Call Spread contract was entered in 2018 with JP Morgan for a total notional amount of US$350,000,000 and its purpose was to reduce the exposure to exchange rate risk originated by debts in foreign currency issued by InRetail Shopping Malls in March 2018; see Note 15(m).

The cost of the Call Spread premium was financed by JP Morgan, generating a liability that as of December 31, 2023, amounts to US$9,496,000, equivalent to approximately S/35,259,000 (US$11,102,000 equivalent to approximately S/42,411,000, as of December 31, 2022), that is presented as "Obligations for purchase of financial instruments" in the caption "Due to banks and correspondents"; see Note 14. According to IFRS 9, the financed premium cost was recorded with charge to assets and is presented as "Accounts receivable from derivative financial instruments" in the caption "Accounts receivable and other assets, net"; and is recognized in the consolidated statement of income in a linear manner during the term of the hedge. In this sense, the amount accrued during the years ended December 31, 2023 and 2022, amounted to S/7,183,000 and S/8,990,000, respectively, and is presented as "Premium time value – Call Spread" in the caption "Interest and similar expenses" of the consolidated statement of income; see Note 21.

In July 2021, InRetail Shopping Malls replaced US$100,000,000 of the aforementioned Call Spread with US$100,000,000 of a Cross Currency Swap, which establishes the currency exchange at the exchange rate of S/3.887 per US$1.00. The early partial settlement of the Call Spread included the payment of the liability held for the financing received from JP Morgan. As result of this transaction, a total net expense amounting to S/38,826,000 was generated.

As of December 31, 2023 and 2022, the Call Spread hedges US$250,000,000 of the exposure in foreign currency of the issuance's principal and protects from exchange rate variations between S/3.26 and S/3.75 per US$1.00. As of December 31, 2023 and 2022, the exchange rate has experienced increases that have not been hedged by the Call Spread, said exchange rate variation is recorded in the consolidated statement of income.

In April 20213, InRetail Shopping Malls entered into a hedging operation of a foreign currency Call Spread for US$100,000,000 to hedge exchange rate variations between S/3.90 and S/4.30 per US$1.00; see Note 15(m).

The cost of the Call Spread premium was financed by JP Morgan, generating a liability amounting to S/15,704,000, whose balance as of December 31, 2023, amounts to S/12,789,000, that is presented as "Obligations for purchase of financial instruments" in the caption "Due to banks and correspondents"; see Note 14. According to IFRS 9, the financed premium cost was recorded with charge to assets and is presented as "Accounts receivable from derivative financial instruments" in the caption "Accounts receivable and other assets, net"; and is recognized in the consolidated statement of income in a linear manner during the term of the hedge. In this sense, the amount accrued during the year ended December 31, 2023, amounted to S/2,915,000, and is presented as "Premium time value – Call Spread" in the caption "Interest and similar expenses" of the consolidated statement of income; see Note 21.

(ii) In March 2021, the Group, through its Subsidiaries InRetail Consumer, InRetail Pharma S.A. and Supermercados Peruanos S.A. acquired three Call Spread for total notional values of US$24,000,000, US$288,000,000 and US$288,000,000, respectively, which were entered into with Citibank N.A. with the purpose of reducing the exposure to exchange rate for the senior notes in foreign currency issued in March 2021; see Note 15(e).

The Call Spread acquired by InRetail Pharma for a notional value of US$288,000,000 generated a premium of US$22,203,000, paid in cash. The Call Spread acquired by Supermercados Peruanos S.A. for a notional value of US$288,000,000 generated a premium of US$18,658,000, which was financed for the same term of the loan received.

In September 2021, InRetail Pharma S.A. and Supermercados Peruanos S.A. swapped part of the aforementioned Call Spreads for US$150,000,000 each for two Range principal only swaps for US$100,000,000 and two for US$50,000,000, which fix the exchange rate at S/4.1045 and S/4.1100 per US$1.00, respectively.

The swapping of the financial instruments included the partial derecognition of the respective liability maintained for the financing and is presented as "Obligations for purchase of financial instruments" in the caption "Due to banks and correspondents"; see Note 14. This swap follows a successive renewal (roll over) of a hedge instrument for another one and is part of the objective of the Group's risk management. Therefore, the time value of the substituted instrument as of the transaction date will be recognized in the consolidated statement of income, in a linear manner until the hedge's maturity.

Therefore, the time value of the instrument substituted as of the date of the transaction is S/99,070,000, for which the expense will be made in a linear manner until de hedge's maturity. As of December 31, 2023, a total net expense of S/15,194,000 was generated (S/15,069,000 as of December 31, 2022), which is presented as "Time value accrual of derivative financial instruments swap" in the caption "Interest and similar expenses" of the consolidated statement of income; see Note 21.

The premiums for the Range Principal Only Swaps were financed by Citibank N.A., generating liabilities amounting to US$9,929,000 and S/137,007,000, which are presented as "Obligations for purchase of financial instruments" in the caption "Due to banks and correspondents"; see Note 14. As of December 31, 2023, the balance of the liabilities amounts to US$7,016,000 (equivalent to approximately S/26,050,000) and S/96,901,000. As of December 31, 2022, the balance of the liabilities amounts to US$8,445,000 (equivalent to approximately S/32,260,000) and S/114,027,000.

The premiums were recorded with charge to assets and are presented as "Accounts receivable from derivative financial instruments" in the caption "Accounts receivable and other assets, net"; and are recognized in the consolidated statement of income in a linear manner during the term of the hedge, thus as of December 2023, the accrued expense amounted to S/38,794,000 (S/39,072,000 as of December 2022), and is presented as "Premium time value – Call Spread" in the caption "Interest and similar expenses" of the consolidated statement of income; see Note 21.

(iii) The controlling participation of the derivatives designated as hedge in the consolidated statement of income, net of the deferred Income Tax, which will be included in the caption "Net loss on financial assets at fair value through profit or loss" when realized, is presented below:

	As of December 31, 2023				As of December 31, 2022			
	Up to 1 year S/(000)	From 1 to 3 years S/(000)	Over 3 years S/(000)	Expected effect S/(000)	Up to 1 year S/(000)	From 1 to 3 years S/(000)	Over 3 years S/(000)	Expected effect S/(000)
Consolidated statement of income – expense	(1,523)	(9,767)	(94,730)	(106,020)	302	(516)	(125,388)	(125,602)

The transfer of net unrealized losses on cash flow hedges to the consolidated statement of income is presented in Note 18(e) and (f).

(iv) The (loss) gain from cash flow hedges reclassified to the consolidated statement of income for the year ended as of December 31, 2023 and 2022, is as follows:

	2023 S/(000)	2022 S/(000)
Interest expenses from cash flow hedges	(144,214)	(104,160)
Interest income from cash flow hedges	92,637	62,158
Expenses for exchange difference from cash flow hedges	(221,737)	(462,507)
Income for exchange difference from cash flow hedges	118,180	225,399
	(155,134)	(279,110)

These amounts offset the effects of interest rate risk and exchange rate risk of the hedged item.

Notes to the consolidated financial statements (continued)

(v) The following table shows the maturities of the instruments that the Group uses in its cash flow hedges:

December 31, 2023	Less than 1 month	3 to 12 months	1 to 5 years	Over 5 years	Total
Cross currency swaps (CCS)					
Nominal S/(000)	-	259,630	2,690,185	-	2,949,815
Average interest rate in US Dollars	-	3.60%	3.07%	-	-
Average interest rate in Soles	-	8.09%	3.86%	-	-
Average exchange rate S / USD	-	3.94	3.66	-	-
Call Spread					
Nominal S/(000)	-	-	2,413,450	-	2,413,450
Average exchange rate S / USD	-	-	-	-	-
Range principal only swaps					
Nominal	-	-	1,113,900	-	1,113,900
Average exchange rate S / USD	-	-	3.71	-	-

December 31, 2022	Less than 1 month	3 to 12 months	1 to 5 years	Over 5 years	Total
Cross currency swaps (CCS)					
Nominal S/(000)	1,681,974	-	897,190	382,000	2,961,164
Average interest rate in US Dollars	3.38%	-	3.80%	-	-
Average interest rate in Soles	4.87%	-	5.03%	-	-
Average exchange rate S / USD	3.26	-	3.58	3.89	-
Call Spread					
Nominal S/(000)	-	-	-	2,101,000	2,101,000
Average exchange rate S / USD	-	-	-	3.820	-
Range principal only swaps					
Nominal S/(000)	-	-	-	1,146,000	1,146,000
Average exchange rate S / USD	-	-	-	3.820	-

(vi) The following table shows the nominal value and the weighted average maturity of derivative financial instruments held for trading that are subject to the interest rate benchmark reform; see Note 4.4(al):

	2022	
	Derivative nominal value S/(000)	**Average term in years**
Position purchased (LIBOR is paid)		
Interest rate swaps		
3-month LIBOR	208,002	5.8
6-month LIBOR	278,060	8.2
12-month LIBOR	-	-
	486,062	
Cross currency swaps		
6-month LIBOR	114,420	1.5
Total	600,482	
Position sold (LIBOR is received)		
Interest rate swaps		
3-month LIBOR	251,873	5.3
6-month LIBOR	346,712	7.1
12-month LIBOR	-	-
	598,585	
Cross currency swaps		
6-month LIBOR	202,142	1.8
Total	800,727	

As of December 31, 2022, the Group did not present derivative financial instruments classified as hedge accounting that were subject to the interest rate benchmark reform; see Note 4.4(al).

In addition, the Group held non-derivative assets and liabilities which were subject to the interest rate benchmark reform; see Note 4.4(al), which are presented below:

	2022	
Non-derivative financial instruments	**Nominal value** S/(000)	**Average term in years**
Assets -		
Loans, net – Promissory notes		
1-month LIBOR	-	-
3-month LIBOR	465,494	3.8
6-month LIBOR	197,891	11.8
12-month LIBOR	-	-
Total	663,385	
Liabilities		
Bonds, notes and obligations outstanding – Issuances		
3-month LIBOR	1,144,200	5.0
Total	1,144,200	

(c) As of December 31, 2023 and 2022, corresponds to accounts receivable and payable for the sale and purchase of financial investments negotiated during the last days of the month, settled during the first days of the following month. The balance corresponds mainly to the purchase and sale of Sovereign Bonds issued by the Peruvian Government and Global Bonds issued by the Treasury of the United States of America.

(d) Operations in process include transactions made during the last days of the month and other types of similar transactions that are reclassified to their corresponding accounts in the following month. The regularization of these transactions does not affect the consolidated statement of income as of December 31, 2023 and 2022.

(e) Corresponds mainly to the Value-Added Tax (IGV) resulting from (i) construction of Shopping Malls and premises, see Note 8(d); and (ii) the purchase of goods aimed mostly to grant financial leasing loans performed by Interbank.

(f) This balance includes mainly trade accounts receivable of retail business due to (i) sales by credit card in the last days of every year; (ii) sale of merchandise vouchers to various companies and public institutions; and (iii) pensions. These receivable balances are denominated in US Dollars and Soles, have current maturities and do not bear interest. As of the date of this report, these balances are mostly collected.

(g) This caption mainly includes obligations with non-related local and foreign suppliers, which are denominated mainly in local currency and US Dollars, have current maturity, do not accrue interest and do not have specific guarantees.

The Group offers its suppliers a program for the payments of the accounts through financial institutions. This program allows suppliers to sell their accounts receivable to financial institutions under agreements negotiated separately between the supplier and the financial institution, thus allowing suppliers to better manage their cash flows and the Group to reduce its payment processing costs. The Group does not have any direct financial interest in these transactions. All the Group's obligations with its suppliers, including balances payable, are kept according to the contractual agreements subscribed with them.

(h) Corresponds to the provision for retirement and eviction pensions, for the existing business in Ecuador, according to labor legislation in force in said country. According to said regulation, workers who meet certain conditions during their work period shall have the right to be retired by their employers or to receive a pension in case of layoff. The provision for retirement and layoff pensions is determined for an external qualified appraiser by using market factors and actuarial estimation As of December 31, 2023 and 2022, the provision for retirement and layoff pensions covers appropriately the amount estimated by the actuarial valuation.

(i) As of December 31, 2023 and 2022, includes provisions for several legal contingencies arising from lawsuits of Intercorp Perú and its Subsidiaries due to the nature of their businesses. For such lawsuits, provisions are made when, in the opinion of Management and its legal advisors, it is probable that the liability will be assumed by Intercorp Perú Ltd. and its Subsidiaries and the amount may reasonably be estimated.

13. Deposits and obligations

(a) This caption is made up as follows:

	2023 S/(000)	2022 S/(000)
Savings deposits	18,108,664	21,155,980
Time deposits (e)	17,766,660	13,402,607
Demand deposits	12,702,132	13,024,708
Severance indemnities (d)	760,551	921,288
Other obligations	17,413	6,382
Total	49,355,420	48,510,965

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

(c) As of December 31, 2023 and 2022, out of the total deposits and obligations, approximately S/19,449,556,000 and S/19,037,336,000, respectively, are covered by the Deposit Insurance Fund. Also, at said dates, the coverage of the Deposit Insurance Fund for each client is up to S/123,810 and S/125,603, respectively.

(d) In May 2022, through Act No.31480, "Act Authorizing the Withdrawal of Severance Indemnities to Cover Economic Needs Caused by the Covid-19 Pandemic", the Peruvian government authorized workers to freely withdraw, until December 31, 2023, 100 percent of their severance indemnity deposits (CTS). Due to this benefit, approximately 341,955 clients withdrew the approximate amount of de S/1,167,436,000 during the year 2023 (287,361 clients withdrew the approximate amount of S/835,477,000 during the year 2022).

(e) The table below presents the balance of time deposits classified by maturity as of December 31, 2023 and 2022:

	2023 S/(000)	2022 S/(000)
Up to 1 month	6,099,340	2,747,787
From 1 to 3 months	3,953,643	2,092,710
From 3 months to 1 year	6,785,613	7,113,491
From 1 to 5 years	632,062	1,165,161
Over 5 years	296,002	283,458
Total	17,766,660	13,402,607

14. Due to banks and correspondents

(a) This caption is made up as follows:

	2023 S/(000)	2022 S/(000)
By type –		
BCRP (b)	3,683,687	4,481,137
Loans received from Peruvian entities (e)	3,928,571	4,041,672
Promotional credit lines (c)	2,014,600	1,863,482
Loans received from foreign entities (d)	2,989,206	351,095
Obligations for purchase of financial instruments, Note 12(b)(i), and (ii)	170,999	188,698
Obligations with third parties	139,500	146,706
	12,926,563	11,072,790
Interest and commissions payable	135,667	119,378
	13,062,230	11,192,168
By term –		
Short term	6,091,865	3,904,380
Long term	6,970,365	7,287,788
Total	13,062,230	11,192,168

(b) As part of the exceptional measures implemented to mitigate the financial and economic impact generated by the Covid-19 pandemic; see Note 1.3, the BCRP issued a series of regulations related to the loan portfolio repurchase agreements. In this sense, during 2022, Interbank took in repurchase agreements of loan portfolio for an amount of S/42,461,000.

As of December 31, 2023, include repurchase operations of loan portfolio represented by securities according to which Interbank received a debit in local currency for approximately S/540,158,000 (S/1,909,375,000 as of December 31, 2022) and pledges commercial to micro and small business loans as guarantee; see Note 7(a). As of December 31, 2022, these obligations have maturities between July 2024 and November 2025, and accrue interest at an effective rate of 0.50 percent; these operations accrued interest payable for approximately S/114,000 (as of December 31, 2022, these obligations had maturities between May 2023 and November 2025, and accrued interest at effective rates of 0.50 percent; these operations accrued interest payable for S/4,049,000).

Additionally, as of December 31, 2023, it includes repurchase agreements of securities whereby Interbank receives loans in Soles for approximately S/3,143,529,000, and pledges securities of its investment portfolio as guarantee. In relation to said operations, Interbank pledged Peruvian Sovereign Bonds and Certificates of Deposit issued by the BCRP as guarantee, which are recorded as investments at fair value through other comprehensive income and investments at amortized cost; see Note 6(b) and (d), respectively. These operations have maturities between January 2024 and October 2024, and accrue interest at effective interest rates between 0.50 and 7.33 percent generating interest payable for approximately S/59,864,000 (as of December 31, 2022, Interbank was granted loans in Soles for approximately S/2,571,763,000, and pledged as guarantee Peruvian Sovereign bonds, which are recorded as investments at fair value through other comprehensive income and at amortized cost, see Note 6(b) and (d), with maturities between January 2023 and October 2024, and bear interest at effective interest rates between 0.50 and 8.64 percent, and bear interest payable for approximately S/45,150,000).

(c) Promotional credit lines are loans in Soles and US Dollars granted by the Corporación Financiera de Desarrollo ("COFIDE") and Fondo Mivivienda ("FMV") whose purpose is to promote development in Peru. These liabilities are guaranteed by a loan portfolio up to the amount of the line and include specific agreements on the use of funds, the financial conditions to be met and other management issues. In Management's opinion, Interbank is meeting these requirements.

As of December 31, 2023, COFIDE's loans generated interest with effective annual interest rates in foreign currency that fluctuated between 5.81 and 10.62 percent, and have maturities between December 2029 and October 2034 (as of December 31, 2022, in local currency, the effective annual interest rate fluctuated between 7.55 and 7.67 percent with maturities in January 2027, and in foreign currency, between 5.81 and 8.05 percent, with maturities between December 2029 and October 2034).

As of December 31, 2023, the FMV loans generated interest effective annual interest rates in local currency that fluctuated between 5.00 and 8.30 percent and have maturities between January 2024 and December 2048, and in foreign currency, 7.75 percent with maturities between January 2024 and November 2028 (as of December 31, 2022, in local currency, the effective annual interest rates fluctuated between 5.00 percent and 8.30 percent, and maturities between January 2023 and December 2047, and in foreign currency, 7.75 percent, and maturities between January 2023 and November 2028).

(d) As of December 31, 2023 and 2022, corresponds to the following financing:

Entity	Country	Final maturity	Agreed rate	Initial amount (000)	2023 S/(000)	2022 S/(000)
Standard Chartered London, note 6(b)(**) and (d)	United Kingdom	2026	6.55% -7.51%	S/662,161	662,161	-
Wells Fargo	United States of America	2024	Term SOFR 6m + 0.73%	US$80,000	296,720	-
Citigroup Global Markets Inc., note 6(d)	United States of America	2026	7.5%	S/289,867	289,867	-
Sumitomo Mitsui Banking	Japan	2026	Term SOFR 6m + 1.6%	US$70,000	259,630	-
Banco del Estado de Chile (i)	Chile	2025	Term SOFR 6m + 1.7% -1.99%	US$50,000 and US$10,000	241,085	57,210
Bank of America	United States of America	2024	Term SOFR 6m + 0.73% -0.78%	US$35,000	203,995	-
Bank of Montreal	Canada	2024	Term SOFR 6m + 0.95%	US$50,000	185,450	-
Banco Bilbao Vizcaya Argentaria NY Branch (ii)	Spain	2025	Term SOFR 6m + 1.7%	US$50,000	185,450	-
Caixabank S.A. Barcelona (iii)	Spain	2024	Term SOFR 6m + 0.74% -1.35%	US$15,000 and US$30,000	166,905	114,420
JP Morgan Chase Bank NY (iv)	United States of America	2024	Term SOFR 6m + 1.75%	US$30,000	111,270	114,420
Bank of New York	United States of America	2024	Term SOFR 6m + 0.73%	US$25,000	92,725	-
Bank J. Safra Sarasin (v)	Switzerland	2024/2023	6.53% - 6.58%	US$7,000 and US$15,000	81,598	53,396
Citibank N.A.	United States of America	2025	10.99%	S/79,000	78,930	-
Standard Chartered Bank NY (vi)	United States of America	2025	Term SOFR 3m + 1.9%	US$20,000	74,180	-
HSBC Branch India	India	2024	Term SOFR 12m + 1.35%	US$10,000	37,090	-
BanColombia	Colombia	2036	7.68%	COP15,100,000	14,639	11,649
Inter-American Development Bank	Multilateral	2024	Term SOFR 3m + 0.75%	US$2,025	7,511	-
					2,989,206	351,095

During the year 2023, the operations with foreign entities accrue average interest between rates 6-month Term SOFR plus 0.75 percent and 6-month Term SOFR plus 1.70 percent (between 6-month Term SOFR plus 0.44 percent and 6-month Term SOFR plus 1.99 percent, during the year 2022).

(i) As of December 31, 2023, Interbank holds two cross currency swaps agreements for a total of US$65,000,000 (equivalent to approximately S/241,085,000), that were designated as cash flow hedges (one agreement for US$15,000,000, equivalent to approximately S/57,210,000 as of December 31, 2022); see Note 12(b). Through these operations, the loans were economically converted into fixed rates of 8.59 percent and 7.88 percent, respectively.

(ii) In April 2023, Interbank entered into a cross currency swap agreement for US$50,000,000 (equivalent to approximately S/185,450,000) that was designated as cash flow hedge; see Note 12(b). Through this operation, the loan was economically converted into a fixed rate of 7.90 percent.

(iii) As of December 31, 2023, Interbank holds a cross currency swap agreement for US$30,000,000 (equivalent to approximately S/111,270,000), that was designated as cash flow hedge (one agreement for US$30,000,000, equivalent to approximately S/114,420,000 as of December 31, 2022); see Note 12(b). Through these operations, the loan was economically converted into a fixed rate of 7.74 percent.

(iv) As of December 31, 2023, Interbank holds a cross currency swap agreement for US$30,000,000 (equivalent to approximately S/111,270,000), that was designated as cash flow hedge (one agreement for US$30,000,000, equivalent to approximately S/114,420,000 as of December 31, 2022); see Note 12(b). Through this operation, the loan was economically converted into a fixed rate of 8.40 percent.

(v) As of December 31, 2022, corresponded to a loan received by Inteligo Bank in December 2022 for US$14,000,000, which accrued interest at an effective annual rate of 5.61 percent and was guaranteed by corporate bonds; see Note 6(b).

(vi) As of December 31, 2023, Interbank holds a cross currency swap agreement for US$20,000,000 (equivalent to approximately S/74,180,000, that was designated as cash flow hedge; see Note 12(b). Through this operation, the loan was economically converted into a fixed rate of 8.59 percent.

(e) As of December 31, 2023 and 2022, corresponds to the following financing in local and foreign currency:

Entity	Final maturity	2023 S/(000)	2022 S/(000)
Scotiabank Perú S.A.A.	2030	2,227,995	2,460,419
Banco de Crédito del Perú S.A.	2030	617,817	550,934
BBVA Banco Continental S.A.	2024	358,784	298,040
Banco GNB Perú S.A.	2024	180,815	172,365
Citibank del Perú S.A.	2024	173,000	160,860
Banco Interamericano de Finanzas S.A.	2028	85,112	157,300
Banco Pichincha S.A.	2026	64,987	68,344
Banco de Crédito e Inversiones S.A. – BCI	2030	74,505	-
Corporación Financiera de Desarrollo (COFIDE)	2024	45,000	84,957
Bank of China (Perú) (i)	2024	37,090	38,140
Others	-	63,466	50,313
		3,928,571	4,041,672

(i) As of December 31, 2023, includes a loan received from Bank of China Peru in October 2022 for US$10,000,000, which accrues interest at a 6-month Term SOFR rate plus 1.50 percent. As of December 31, 2023, Interbank holds a cross currency swap agreement for an amount of US$10,000,000 (approximately equivalent to S/37,090,000), which was designated as cash flow hedge (an agreement for US$10,000,000, equivalent approximately to S/38,140,000, as of December 31, 2022), see Note 12(b). Through this operation, the loan was economically converted to a fixed rate of 8.18 percent.

(f) As of December 31, 2023 and 2022, the Group is not subject to any clause mandating the compliance of certain financial ratios for obligations with foreign entities. Regarding the loans with local entities kept by some companies of the Group, these include the following covenants:

1) Maximum debt ratio.
2) Maximum number of years to pay the structural debt.
3) Minimum net interest coverage ratio.
4) Minimum debt service coverage ratio.

As of December 31, 2023 and 2022, the Group has complied with the aforementioned covenants.

(g) As of December 31, 2023 and 2022, the amortization schedule of due to banks and other financial obligations is the following:

Year	2023 S/(000)	2022 S/(000)
2023	-	3,904,380
2024	6,091,865	2,268,587
2025	2,206,958	3,619,241
2026 onwards	4,763,407	1,399,960
Total	13,062,230	11,192,168

15. Bonds, notes and other obligations outstanding

(a) This caption is made up as follows:

Issuance	Issuer	Annual nominal interest rate	Interest payment frequency	Maturity	Amount issued S/(000)	2023 S/(000)	2022 S/(000)
Local issuances							
Subordinated bonds – first program (b)							
First (A series)	Financiera OH!	10.30%	Semi-annually	2033	S/50,000	50,000	-
						50,000	-
Subordinated bonds – second program (b)							
Second (A series)	Interbank	5.81%	Semi-annually	2023	S/150,000	-	149,998
Third (A series)	Interbank	7.50%	Semi-annually	2023	US$50,000	-	190,616
						-	340,614
Subordinated bonds - third program (b)							
First - single series	Interseguro	6.00%	Semi-annually	2029	US$20,000	74,102	76,213
Second - single series	Interseguro	4.34%	Semi-annually	2029	US$20,000	74,180	76,280
Third - single series (c)	Interseguro	4.84%	Semi-annually	2030	US$25,000	92,725	95,350
						241,007	247,843
Subordinated bonds - First (A series) (b)							
Private	Intercorp Retail	8.76%	Semi-annually	2025	US$ 40,000	148,520	114,600
						148,520	114,600
Corporate bond – first program (d)							
Third (A series)	Financiera OH!	6.41%	Quarterly	2023	S/95,885	-	95,854
						-	95,854
Corporate bond – second program							
Fifth (A series)	Interbank	3.41% + VAC (*)	Semi-annually	2029	S/ 150,000	150,000	150,000
						150,000	150,000
Corporate bond – second program							
Second (A series)	Financiera OH!	4.38%	Quarterly	2025	S/ 70,000	67,964	69,771
						67,964	69,771
Corporate bonds – first private program							
First (A series)	Financiera OH!	6.75%	Quarterly	2026	S/ 10,000	9,980	9,971
Second (A series)	Financiera OH!	7.00%	Quarterly	2024	S/102,800	102,799	102,793
Third (A series)	Financiera OH!	7.40%	Quarterly	2024	S/25,000	24,997	24,994
First (B series)	Financiera OH!	7.60%	Quarterly	2026	S/10,000	9,995	9,992
First (A series)	Colegios Peruanos	11.95%	Semi-annually	2028	S/41,000	40,564	-
Second (A series)	Colegios Peruanos	10.25%	Semi-annually	2028	S/20,000	19,768	-
						208,103	147,750

Issuance	Issuer	Annual nominal interest rate	Interest payment frequency	Maturity	Amount issued S/(000)	2023 S/(000)	2022 S/(000)
Securitized bonds							
First (A series)	Colegios Peruanos	5.97%	Semi-annually	2034	S/230,000	228,139	227,827
Second (A series)	Colegios Peruanos	Between 9.50% and 10.15%	Semi-annually	2035	S/66,000	37,377	39,882
Third (A series)	Colegios Peruanos	Between 7.61% and 7.68%	Semi-annually	2037	S/70,000	53,464	56,571
Fourth private issuance (1 series)	Colegios Peruanos	9.85%	Semi-annually	2028	S/35,000	34,567	34,452
Second private issuance (1 series)	Colegios Peruanos	Between 4% and 12%	Semi-annually	2035	S/50,000	41,567	43,059
First A class (1 series)	Homecenter Peruanos	6.59%	Semi-annually	2025	S/100,000	-	64,854
						395,114	466,645
Negotiable certificates of deposit							
Third issuance (A series) – Fourth program	Financiera OH!	5.00%	Annually	2023	S/80,000	-	79,993
Twentieth issuance – Direct issuance	Financiera OH!	7.90%	Annually	2023	S/30,000	-	30,000
Twenty-first issuance- Direct issuance	Financiera OH!	8.10%	Annually	2023	S/90,000	-	90,000
Twenty-second issuance- Direct issuance	Financiera OH!	8.75%	Annually	2023	S/100,000	-	100,000
Twenty-third issuance- Direct issuance	Financiera OH!	8.60%	Annually	2023	S/50,000	-	50,000
First issuance (A series) – Fifth program	Financiera OH!	8.69%	Annually	2024	S/60,000	58,952	-
Twenty-fourth issuance – Direct issuance	Financiera OH!	8.30%	Annually	2024	S/90,000	90,000	-
Twenty-fifth issuance – Direct issuance	Financiera OH!	8.35%	Annually	2024	S/150,000	150,000	-
Twenty-sixth issuance – Direct issuance	Financiera OH!	8.20%	Annually	2024	S/60,000	60,000	-
						358,952	349,993
Total local issuances						1,619,660	1,983,070
International issuances							
Senior secured notes (e)	InRetail Consumer	3.25%	Semi-annually	2028	US$600,000	2,102,067	2,159,664
Senior secured notes (e)	InRetail Consumer	4.90%	Semi-annually	2028	S/555,000	551,544	550,723
Subordinated bonds (f)	Interbank	4.00%	Semi-annually	2030	US$300,000	1,107,228	1,137,691
Corporate bonds (g)	Interbank	5.00%	Semi-annually	2026	S/312,000	311,644	311,522
Corporate bonds (h)	Interbank	3.25%	Semi-annually	2026	US$400,000	1,477,909	1,517,661
Subordinated bonds (i)	Interbank	6.63%	Semi-annually	2029	US$300,000	1,112,438	1,142,764
Senior bonds (j)	IFS	4.13%	Semi-annually	2027	US$300,000	1,045,258	1,074,396
Senior bonds (k)	Intercorp Perú	3.88%	Semi-annually	2029	US$325,000	1,157,527	1,183,245
Senior bonds (l)	Intercorp Perú	5.78%	Semi-annually	2029	S/300,000	297,434	297,056
Senior bonds (l)	Intercorp Perú	7.66%	Semi-annually	2030	S/301,500	299,261	298,983
Senior unsecured notes (m)	InRetail Shopping Malls	7.88%	Semi-annually	2034	S/141,000	97,117	135,656
Senior unsecured notes (m)	InRetail Shopping Malls	5.75%	Semi-annually	2028	US$350,000	1,254,059	1,274,644
Senior unsecured notes (m)	InRetail Shopping Malls	6.56%	Semi-annually	2028	S/313,500	311,281	267,122
Senior unsecured notes (n)	InRetail Pharma	6.44%	Semi-annually	2025	S/385,800	385,198	384,786
Corporate bonds (o)	Interbank	3.38%	Semi-annually	2023	US$484,895	-	1,849,133
Total international issuances						11,509,965	13,585,046
Total local and international issuances						13,129,625	15,568,116
Interest payable						254,070	236,147
Total						13,383,695	15,804,263

(*) The Spanish term "Valor de actualización constante" ("VAC") is referred to amounts in Soles indexed by inflation.

(b) Subordinated bonds do not have specific guarantees and in accordance with SBS rules, qualify as second level equity (Tier 2) in the determination of the effective equity; see Note 18(f).

On January 11, 2023, the Bank redeemed the bond whose nominal value was S/150,000,000, and on December 13, 2023, redeemed the bond whose nominal value was US$50,000,000.

(c) On September 29, 2020, Interseguro issued subordinated bonds denominated "Third Issuance of the Third Program of Subordinated Bonds Interseguro (Single Series)" for the amount of US$25,000,000, recorded in Section "Transferable Securities and Issuance Programs" of the Public Registry of the Stock Market, under the Third Program of Subordinate Bonds of Interseguro.

(d) Through SBS Resolution No. 1288-2020, issued on Abril 16, 2020, the "Second Program of Corporate Bonds Issuance by Financiera OH! S.A." was authorized up to a maximum outstanding amount of S/500,000,000.

(e) In March 2021, the Group, through InRetail Consumer issued a private offering on the domestic and foreign market (Luxembourg) of "Senior Secured Notes" for US$600,000,000 and S/555,000,000. Said obligations were recorded in the consolidated financial statements at amortized cost at annual effective interest rates of 3.422 and 5.078 percent, respectively, after considering the respective initial charges of approximately US$3,863,000 (equivalent to approximately S/14,343,000) and S/3,965,000, respectively.

The proceeds from the aforementioned issuances were used mainly for the payment of the bridge loan obtained by the Company, through InRetail Consumer with JP Morgan to finance the acquisition of Makro Supermayorista S.A., and to early settle of the "Senior Unsecured Notes" by InRetail Pharma S.A. for US$400,000,000, the remaining balance was used in general for corporate purposes.

As of December 31, 2023 and 2022, InRetail Consumer, InRetail Pharma S.A. and Supermercados Peruanos S.A. hold Call Spread contracts with Citibank N.A. for a notional value of US$300,000,000, which hedge 50 percent of the aforementioned "Senior Unsecured Notes" and reduce the exposure to exchange rate risk arising from these liabilities, hedging exchange rate variations between S/3.70 and S/4.20 per US$1.00. Additionally, InRetail Pharma S.A. and Supermercados Peruanos S.A. hold "Range Principal Only Swaps" contracts with Citibank N.A. for a notional value of US$300,000,000, which hedge the remaining 50 percent of the aforementioned "Senior Unsecured Notes" and reduce the exposure to exchange rate risk originated by these liabilities, hedging exchange rate variations between S/3.70 and S/6.00 per US$1.00; see Note 12(b)(ii). Both contracts were designated as cash flow hedges.

(f) On June 30, 2020, Interbank placed subordinated bonds called "4.00% Subordinated Notes due 2030" for an amount of US$300,000,000, under Rule 144A and Regulation S of the U.S. Securities Act of 1933 of the United States of America. The issuance date of these bonds was July 8, 2020.

Starting on July 8, 2025, prior authorization by the SBS, Interbank will be able to redeem the entirety of the bond, having to pay a redemption price of 100 percent of the issued subordinated bonds. From that date onwards, in case Interbank does not perform the early redemption, the interest rate will increase by 371.1 basis points. After July 8, 2025, prior authorization by the SBS, Interbank will be able to redeem the entirety of the bonds, having to pay a redemption price of 100 percent of the issued subordinated bonds plus the present value of each scheduled coupon payment, discounted at the redemption date.

(g) On September 24, 2019, Interbank placed corporate bonds denominated "5.00% Senior Notes due 2026" for S/312,000,000, under Rule 144A and Regulation S of the U.S. Securities Act of 1933 of the United States of America. These bonds were issued on October 1, 2019.

(h) On September 25, 2019, Interbank placed corporate bonds denominated "3.25% Senior Notes due 2026" for US$400,000,000, under Rule 144A and Regulation S of the U.S. Securities Act of 1933 of the United States of America. These bonds were issued on October 4, 2019.

As of December 31, 2023, Interbank holds four cross currency swap agreements for a total of US$300,000,000 (equivalent to approximately S/1,112,700,000), which were designated as cash flow hedges; see Note 12(b); through these operations, part of the amount issued of said bonds was economically converted to Soles at rates of 2.12, 5.10, 5.32 and 4.92 percent.

(i) Starting in March 2024, the interest rate changes to 8.625 percent. From that date, Interbank can redeem the entirety of the bonds without penalties.

In accordance with SBS regulation, this issuance qualifies as second level equity (Tier 2) in the determination of the effective equity; see Note 18(g).

As of December 31, 2023, Management does not intend to redeem these bonds before their maturity date; said situation may change in the future, depending on market conditions.

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

In October 2017, IFS entered into a cross currency swap for US$150,000,000 (as of December 31, 2023 and 2022, equivalent to approximately a S/556,950,000 and S/573,000,000, respectively). Subsequently, during January and February 2023, IFS entered into two cross currency swap agreements for US$20,000,000 each (equivalent to approximately S/74,260,000 each), which were designated as cash flow hedges; see Note 12(b).

As of December 31, 2023, Group´s Management does not intend to redeem these bonds before their maturity date; said situation may change in the future, depending on market conditions.

(k) In July 2019, Intercorp Perú performed a private offering of corporate bonds denominated "3.875 Senior Notes due 2029" and "5.78125 Senior Notes due 2029", for US$325,000,000 and S/300,000,000, respectively, in the foreign and local market. The bonds were issued in accordance with Rule 144A and Regulation S of the U.S. Securities Act of 1933 of the United States of America. The issuance expenses (structuring costs, exchange premium, among others) amounted approximately to S/82,615,000, which are presented by reducing the nominal value of the issued bonds. As of December 31, 2023, approximately S/29,826,000 have been accrued (S/22,545,000 as of December 31, 2022). The proceeds from these issuances were mainly used for:

- Repurchase and redemption of the corporate bonds "5.875 Senior Notes due 2025" issued by Intercorp Perú, and payment of the repurchase premium of said bonds.
- Payment of other financial obligations.
- General corporate purposes.

Likewise, as part of the repurchase and redemption of the aforementioned bonds, Intercorp Perú exchanged bonds for US$60,654,000, which generated an exchange premium of US$2,805,000, that is presented as part of the corporate bonds denominated "3.875 Senior Notes due 2029".

(l) In February 2015, Intercorp Perú performed a private offering of "5.875 Senior Notes due 2025" and "7.656 Senior Notes due 2030" for US$250,000,000 and S/301,500,000, respectively, in the foreign and local market. The issuance expenses amounted approximately to S/18,800,000, which are presented by reducing the nominal value of the issued bonds. The issuance expenses related to the "Senior Notes due 2030" amounted to approximately S/4,106,000, which are presented by deducting the nominal value of the issued bonds. As of December 31, 2023 and 2022, approximately S/1,867,000 and S/1,589,000, respectively, have been accrued. The proceeds from these issuances were mainly used for the redemption of the corporate bonds "8.625 Secured Notes due 2019" issued by Intercorp Perú, payment of the repurchase premium of said bonds, and payment of other financial obligations.

(m) In April 2018, InRetail Shopping Malls issued corporate bonds called "5.750 Senior Unsecured Notes" for US$68,312,000, under the Rule 144A and Regulation S of the U.S. Securities Act of 1933 of the United States of America.

InRetail Shopping Malls performed a bond exchange offer aimed at holders of corporate bonds called "6.500% Senior Notes due 2021", which were issued in 2014, thus exchanging bonds for US$263,723,000, which generated financial charges for approximately US$17,965,000. In this sense, considering the bond issuance of April 2018 and the bonds exchange, the total amount of the bonds "5.750 Senior Unsecured Notes" amounted to US$350,000,000.

The proceeds from this issuance were used to prepay the bondholders who chose to not take part in the bonds exchange explained above.

The Group concluded that the aforementioned bond exchange did not generate a significant modification in the terms and conditions of the financial liability; therefore, it did not recognize a new financial liability. The original costs of the transaction related to the exchanged bonds will continue to be amortized based on the calendar of the new bond.

Regarding the senior notes in foreign currency issued in April 2018, InRetail Shopping Malls entered into a Call Spread contract with JP Morgan for a notional value of US$350,000,000, with the purpose of reducing the exposure to exchange rate risk originated by this liability. Posteriorly, in July 2021, InRetail Shopping Malls decided to replace US$100,000,000 of the aforementioned Call Spread for US$100,000,000 of a cross currency swap. Posteriorly, in April 2023, InRetail Shopping Malls performed a hedge operation of a Call Spread in foreign currency for US$100,000,000. As of December 31, 2023, the Call Spreads hedge US$250,000,000 and US$100,000,000 of the issued senior notes in foreign currency, hedging exchange rate variations between S/3.26 and S/3.75 per US$1.00 and between S/3.90 and S/4.30 per US$1.00 (as of December 31, 2022, the Call Spread hedges US$250,000,000 of the debt and exchange rate variations between S/3.26 and S/3.75 per US$1.00), and the cross currency swap hedges the remaining amount of the debt for US$100,000,000, which establishes the currency exchange at the exchange rate of S/3.887 per US$1.00.

On the other hand, in April 2018, debt instruments ("Notes") in Soles were issued for S/313,500,000, which accrue interest at an annual rate of 6.5625 percent, mature in 10 years, semi-annually interest payments, and whose principal will be paid in one installment at maturity date. This obligation was recorded in the consolidated financial statements at amortized cost at an effective annual rate of 6.730 percent, after considering the respective structuring costs of approximately S/2,123,000 as of December 31, 2023 (S/2,541,000 as of December 31, 2022).

In July 2014, InRetail Shopping Malls performed a private offering of "Senior Unsecured Notes" on the domestic and foreign market for S/141,000,000 at an interest rate of 7.875 percent and with maturity in 2034. This obligation was recorded at amortized cost and includes issuance charges amounting to approximately S/1,152,000 as of December 31, 2023 (S/1,245,000 as of December 31, 2022).

(n) In May 2018, InRetail Pharma S.A. made a private offering of "Senior Unsecured Notes" on the foreign market (Luxembourg) for S/385,800,000. Said obligation war recorded in the consolidated financial statements at amortized cost at an effective annual interest rate of 6.559 percent, after considering the corresponding initial charges of approximately S/603,000 as of December 31, 2023 (S/1,014,000 as of December 31, 2022).

As consequence of these issuances, certain obligations and restrictive clauses must be complied with until their maturity and settlement, which were fulfilled did not limit the operations of InRetail Pharma S.A. and its Subsidiaries.

(o) In January 2018, Interbank issued corporate bonds called "3.375 Senior Unsecured Notes" for US$200,000,000, under Rule 144A and Regulation S of the U.S. Securities Act of 1933 of the United States of America.

As part of said program, Interbank performed a bond swapping offer aimed to the bondholders of the corporate bonds called "5.750% Senior Notes due 2020" issued by its Panama branch, thus exchanging bonds for an amount of US$263,322,000, which generated an exchange premium for approximately US$21,573,000, for an amount of US$284,895,000.

Considering the issuance of bonds in January 2018 and the exchange of bonds previously issued carried out on said date, the total balance of the "3.375 Senior Unsecured Notes" amounted to US$484,895,000.

As of December 31, 2022, Interbank held fourteen cross-currency swaps for US$441,000,000 (equivalent to approximately S/1,681,974,000), which were designated as cash flow hedges; see Note 12(b). Through these operations, part of the issued bonds amount was economically converted into Soles at a rate of 4.88 percent.

On January 18, 2023, the bond was paid according to its maturity date.

(p) International issuances are listed at the Luxembourg Stock Exchange. On the other hand, the local and international issuances include standard clauses of compliance with financial ratios, the use of funds and other administrative matters, which in the opinion of Group´s Management and its legal advisors have been complied with by the Group as of December 31, 2023 and 2022.

As of December 31, 2023 and 2022, the international issuances are subject to the presentation of quarterly financial statements. In the opinion of Management and its legal advisors, this clause has been met by the Group as of December 31, 2023 and 2022.

As of December 31, 2023 and 2022, international issuances are subject to the presentation of quarterly financial statements. In the opinion of Group´s Management and its legal advisors, said clause has been complied with by the Group as of December 31, 2023 and 2022.

(q) As of December 31, 2023 and 2022, the amortization schedule of these obligations is as follows:

Year	**2023** S/(000)	**2022** S/(000)
2023	-	2,871,742
2024	740,820	127,787
2025	601,681	634,011
2026 onwards	12,041,194	12,170,723
Total	13,383,695	15,804,263

16. Insurance and reinsurance contract assets and liabilities

(a) These captions are comprised of the following:

	2023			2022		
	Assets S/(000)	Liabilities S/(000)	Neto S/(000)	Assets S/(000)	Liabilities S/(000)	Neto S/(000)
Reinsurance contracts held (*)	(26,287)	1,895	(24,392)	(34,053)	3,476	(30,577)
Insurance contracts issued						
Liability for remaining coverage	-	12,000,220	12,000,220	-	11,022,665	11,022,665
Liability for incurred claims	-	205,421	205,421	-	205,180	205,180
Total insurance contracts issued (b) and (c)	-	12,205,641	12,205,641	-	11,227,845	11,227,845
Total reinsurance contracts held and insurance contracts issued	(26,287)	12,207,536	12,181,249	(34,053)	11,231,321	11,197,268

(*) Correspond to the ceded part of the reinsurance contracts, mainly life insurance contracts.

The Group separate the information to differentiate the life insurance contracts issued and reinsurance contracts. This separation has been determined based on how the insurance company is managed.

(b) The movement of issued insurance contract liabilities is presented below:

	2023						
	Liabilities for remaining coverage		Liabilities for incurred claims in contracts measured by the general model (BBA) and variable fee approach (VFA)		Liabilities for incurred claims in contracts measured by the premium allocation approach (PAA)		
	Excluding loss component S/(000)	Loss component S/(000)	Fulfillment Cash Flows (FCF) S/(000)	Risk Adjustment (RA) S/(000)	Fulfillment Cash Flows (FCF) S/(000)	Risk Adjustment (RA) S/(000)	Total S/(000)
Balance as of January 1, 2023	10,337,035	685,630	151,594	5,411	45,278	2,897	11,227,845
Insurance revenue	(720,636)	-	-	-	-	-	(720,636)
Contracts under fair value, BBA and VFA approaches	(495,923)	-	-	-	-	-	(495,923)
Contracts under PAA approach	(224,713)	-	-	-	-	-	(224,713)
Insurance service expenses	127,009	(12,547)	433,958	(81)	106,801	(1,566)	653,574
Claims and other expenses incurred	-	-	965,054	(81)	58,884	(1,566)	1,022,291
Amortization of insurance acquisition cash flows	127,009	-	-	-	-	-	127,009
Losses on onerous contracts and reversals of those losses	-	(12,547)	-	-	-	-	(12,547)
Changes to liabilities for incurred claims	-	-	(531,096)	-	47,917	-	(483,179)
Insurance service result	(593,627)	(12,547)	433,958	(81)	106,801	(1,566)	(67,062)
Insurance financing expenses	1,499,572	29,771	-	-	(545)	-	1,528,798
Insurance financial result	543,941	29,771	-	-	(545)	-	573,167
Interest rate effect (*), see Note 4.4(e.1)	955,631	-	-	-	-	-	955,631
Effect of movements in exchange rates	(135,726)	(3,736)	(447)	(73)	(213)	(53)	(140,248)
Total changes in the statements of income and other comprehensive income	770,219	13,488	433,511	(154)	106,043	(1,619)	1,321,488
Net cash flow and investment component	193,895	(47)	(429,456)	-	(108,084)	-	(343,692)
Premiums received	974,312	-	-	-	-	-	974,312
Claims and other service expenses paid	-	-	(996,755)	-	(108,084)	-	(1,104,839)
Insurance acquisition cash flows	(213,118)	(47)	-	-	-	-	(213,165)
Investment component	(567,299)	-	567,299	-	-	-	-
Balance as of December 31, 2023	11,301,149	699,071	155,649	5,257	43,237	1,278	12,205,641

(*) Comprises the variations in the market interest rate. In 2023, the rates for pension business in US Dollars presented a decrease from 6.472 percent in 2022 to 6.409 percent in 2023; whereas for pension business in Soles presented a decrease from 8.139 percent in 2022 to 6.962 percent in 2023; and for pension business in Soles VAC presented a decrease, from 4.765 percent in 2022 to 3.722 percent in 2023.

	2022						
	Liabilities for remaining coverage		Liabilities for incurred claims in contracts measured by the general model (BBA) and variable fee approach (VFA)		Liabilities for incurred claims in contracts measured by the premium allocation approach (PAA)		
	Excluding loss component S/(000)	Loss component S/(000)	Fulfillment Cash Flows (FCF) S/(000)	Risk Adjustment (RA) S/(000)	Fulfillment Cash Flows (FCF) S/(000)	Risk Adjustment (RA) S/(000)	Total S/(000)
Balance as of January 1, 2022	12,063,449	509,792	164,040	5,936	43,508	1,242	12,787,967
Insurance revenue	(677,175)	-	-	-	-	-	(677,175)
Contracts under fair value, BBA and VFA approaches	(462,266)	-	-	-	-	-	(462,266)
Contracts under PAA approach	(214,909)	-	-	-	-	-	(214,909)
Insurance service expenses	118,287	162,882	364,676	(509)	77,012	1,524	723,872
Claims and other expenses incurred	-	-	969,231	130	39,809	16,104	1,025,274
Amortization of insurance acquisition cash flows	118,287	-	-	-	-	-	118,287
Losses on onerous contracts and reversals of those losses	-	162,882	-	-	-	-	162,882
Changes to liabilities for incurred claims	-	-	(604,555)	(639)	37,203	(14,580)	(582,571)
Insurance service result	(558,888)	162,882	364,676	(509)	77,012	1,524	46,697
Insurance financing expenses	(1,251,364)	24,950	5,270	-	10,073	124	(1,210,947)
Insurance financial result	462,970	24,950	5,270	-	10,073	124	503,387
Interest rate effect (*), see Note 4.4(e.1)	(1,714,334)	-	-	-	-	-	(1,714,334)
Effect of movements in exchange rates	(227,427)	(11,994)	(894)	(16)	(349)	7	(240,673)
Total changes in the statements of income and other comprehensive income	(2,037,679)	175,838	369,052	(525)	86,736	1,655	(1,404,923)
Net cash flow and investment component	311,265	-	(381,498)	-	(84,966)	-	(155,199)
Premiums received	1,036,338	-	-	-	-	-	1,036,338
Claims and other service expenses paid	-	-	(913,330)	-	(84,966)	-	(998,296)
Insurance acquisition cash flows	(193,241)	-	-	-	-	-	(193,241)
Investment component	(531,832)	-	531,832	-	-	-	-
Balance as of December 31, 2022	10,337,035	685,630	151,594	5,411	45,278	2,897	11,227,845

(*) Comprises the variations in market interest rate. In 2022, the rates for pension business in US Dollars presented an increase from 3.950 percent in 2021 to 6.472 percent in 2022; whereas for pension business in soles presented an increase from 6.817 percent in 2021 to 8.139 percent in 2022; and for pension business in soles VAC presented an increase, from 3.734 percent in 2021 to 4.765 percent in 2022.

(c) Following is the movement of the issued insurance contracts' net asset or liability, showing the present value estimates of future cash flows, risk adjustment and the contractual service margin (CSM) for portfolios included in the life insurance unit:

	2023				2022			
	Estimates of the present value of future cash flows S/(000)	Risk adjustment S/(000)	Contractual service margin – CSM (d) S/(000)	Total S/(000)	Estimates of the present value of future cash flows S/(000)	Risk adjustment S/(000)	Contractual service margin – CSM (d) S/(000)	Total S/(000)
Balance as of January 1	10,256,194	277,973	599,799	11,133,966	11,867,379	343,110	491,244	12,701,733
Changes related to current services								
Contractual service margin recognized for services provided	-	-	(80,622)	(80,622)	-	-	(70,761)	(70,761)
Risk adjustment recognized for the risk expired	-	(306)	-	(306)	-	(3,995)	-	(3,995)
Expertise adjustments	(114,952)	-	-	(114,952)	84,129	-	-	84,129
Changes related to future services								
Contracts initially recognized in the period	(249,907)	9,441	289,323	48,857	(259,667)	12,591	252,526	5,450
Changes in estimates that adjust the contractual service margin	98,096	609	(98,705)	-	109,771	(16,594)	(93,177)	-
Changes in estimates that do not adjust the contractual service margin	70,637	17,930	-	88,567	171,284	(50,137)	-	121,147
Changes that relate to past services								
Adjustments to liabilities for incurred claims	2,866	-	-	2,866	(16,698)	-	-	(16,698)
Insurance service result	(193,260)	27,674	109,996	(55,590)	88,819	(58,135)	88,588	119,272
Insurance financing expenses	1,471,337	111	37,712	1,509,160	(1,226,728)	-	27,688	(1,199,040)
Insurance financial result	515,706	111	37,712	553,529	487,606	-	27,688	515,294
Interest rate effect (*), see Note 4.4(e.1)	955,631	-	-	955,631	(1,714,334)	-	-	(1,714,334)
Effect of movements in exchange rates	(111,021)	(2,994)	(4,637)	(118,652)	(231,240)	(7,002)	(7,721)	(245,963)
Total changes in the statements of income and other comprehensive income	1,167,056	24,791	143,071	1,334,918	(1,369,149)	(65,137)	108,555	(1,325,731)
Cash flow	(350,975)	-	-	(350,975)	(242,036)	-	-	(242,036)
Premiums received	749,090	-	-	749,090	816,911	-	-	816,911
Claims and other service expenses paid	(1,008,640)	-	-	(1,008,640)	(967,912)	-	-	(967,912)
Insurance acquisition cash flows	(91,425)	-	-	(91,425)	(91,035)	-	-	(91,035)
Balance as of December 31	11,072,275	302,764	742,870	12,117,909	10,256,194	277,973	599,799	11,133,966

(*) The balance does not include PPA movement of LRC and LIC amounting to S/87,732,000 and S/93,879,000 as of December 31, 2023 and 2022, respectively.

(d) Following is the CSM movement for insurance contract portfolios for the periods 2023 and 2022:

	2023	2022
	Total contracts using the fair value approach S/(000)	Total contracts using the fair value approach S/(000)
Contractual service margin as of January 1	599,799	491,244
Changes related to current services		
Contractual service margin recognized for services rendered	(80,622)	(70,761)
Changes related to future services		
Contracts initially recognized in the period	289,323	252,526
Changes in estimates that adjust the contractual service margin	(98,705)	(93,177)
Insurance service result	109,996	88,588
Insurance financing expenses	37,712	27,688
Effect of movements in exchange rates	(4,637)	(7,721)
Total changes in the statement of income	143,071	108,555
Other movements	-	-
Balance as of December 31	742,870	599,799

(e) The following table details the components of the new insurance contracts issued and included in the life insurance unit:

	2023			2022		
	Contracts issued			Contracts issued		
	Non-onerous S/(000)	Onerous S/(000)	Total S/(000)	Non-onerous S/(000)	Onerous S/(000)	Total S/(000)
Life insurance contract liabilities						
Estimate present value of future cash outflows, excluding insurance acquisition cash flows	683,302	99,200	782,502	740,236	119,087	859,323
Estimates of insurance acquisition cash flows	81,957	8,875	90,832	72,206	9,564	81,770
Estimate of present value of future cash outflows	765,259	108,075	873,334	812,442	128,651	941,093
Estimates of present value of future cash inflows	(1,063,336)	(59,905)	(1,123,241)	(1,076,183)	(124,577)	(1,200,760)
Risk adjustment	8,754	687	9,441	11,215	1,376	12,591
Contractual service margin	289,323	-	289,323	252,526	-	252,526
Losses on onerous contracts at initial recognition	-	48,857	48,857	-	5,450	5,450

(f) Following is the disclosure of when the CSM is expected to be in profit or loss in future years:

	2023						
	Less than 1 year S/(000)	From 1 to 2 years S/(000)	From 2 to 3 years S/(000)	From 3 to 4 years S/(000)	From 4 to 5 years S/(000)	More than 5 years S/(000)	Total S/(000)
Insurance contracts issued -							
Pensions	(11,028)	(10,474)	(9,441)	(8,398)	(7,570)	294,707	247,796
Life	(3,681)	(2,111)	(776)	1,271	4,240	347,975	346,918
Massive	38,088	27,662	19,468	12,920	8,397	41,621	148,156
	23,379	15,077	9,251	5,793	5,067	684,303	742,870

	2022						
	Less than 1 year S/(000)	From 1 to 2 years S/(000)	From 2 to 3 years S/(000)	From 3 to 4 years S/(000)	From 4 to 5 years S/(000)	More than 5 years S/(000)	Total S/(000)
Insurance contracts issued -							
Pensions	(7,229)	(6,989)	(6,421)	(5,633)	(4,719)	209,288	178,297
Life	(6,205)	(4,417)	(2,444)	(442)	1,991	294,616	283,099
Massive	29,172	21,900	16,227	11,473	7,830	51,801	138,403
	15,738	10,494	7,362	5,398	5,102	555,705	599,799

(g) Reconciliation of the amount included in net unrealized income for insurance premium reserves. On transition to IFRS 17, the Group applied the fair value approach for certain groups of contracts with term-life cover and surrender options, see Note 4.7 for further details. The movement in the fair value reserve for related financial assets measured at fair value through other comprehensive income is disclosed below:

Other comprehensive income	2023 S/(000)	2022 S/(000)
Initial balance	1,714,334	-
(Loss) gain recognized in other comprehensive income in the period	(955,631)	1,714,334
Rate effect of "Renta Particular" contract (*)	(14,587)	-
Closing balance	744,116	1,714,334

(*) Corresponds to the variation in the market interest rate of contracts with investment component recorded in the caption "Accounts payable, provisions and other liabilities", see Note 12.

17. Deferred Income Tax asset and liability

(a) The following table presents a summary of the caption detailed by subsidiaries:

	2023		2022	
	Deferred asset, net S/(000)	**Deferred liability, net** S/(000)	**Deferred asset, net** S/(000)	**Deferred liability, net** S/(000)
Intercorp Retail Inc. and Subsidiaries	531,905	(558,543)	430,560	(548,558)
Intercorp Financial Services Inc. and Subsidiaries	55,936	(75,712)	165,786	(81,901)
NG Education Holdings II Corp. and Subsidiaries	9,960	(1,282)	9,208	(2,386)
NG Education Holdings Corp. and Subsidiaries	2,108	(74,723)	1,909	(76,850)
Intercorp Investments Perú Inc. and Subsidiaries	-	(13,700)	-	(31,034)
Other subsidiaries	33,427	(130,276)	30,304	(138,765)
	633,336	(854,236)	637,767	(879,494)
Liabilities, net		(220,900)		(241,727)

(b) Following is a summary of the items that determine the Group's deferred Income Tax:

	2023 S/(000)	2022 S/(000)
Deferred Income Tax asset, net		
Deferred asset		
Provision for credit losses and other provisions	368,459	400,750
Tax loss (*)	207,532	152,232
Depreciation of property, furniture and equipment	86,773	66,678
Right-of-use assets, net	80,029	74,382
Inventory losses	40,468	29,955
Net unrealized loss from fluctuation of financial investments	9,853	11,688
Levelling of assets and liabilities	7,474	16,357
Effect of hedging, linear accrual and accrual of structuring costs of Call Spread	2,844	10,999
Modification of cash flows of rescheduled loans	731	(7,943)
Others	162,524	139,318
Deferred liability		
Recording of interest of past due and refinanced loans (Stages 1, 2 and 3)	(121,928)	(74,401)
Amortization of intangible assets, net	(87,997)	(69,495)
Cost attributed to fixed assets	(60,731)	(61,403)
Costs for deferred services	(25,348)	(26,980)
Higher tax depreciation for financial leases	(9,538)	(7,060)
Others	(27,809)	(17,310)
Total deferred Income Tax asset, net	633,336	637,767

(*) In Note 19(l) present the detail of the subsidiaries that maintain tax losses.

	2023 S/(000)	2022 S/(000)
Deferred Income Tax liability, net		
Deferred asset		
Provision for loan portfolio and other provisions	64,740	55,322
Inventory losses	44,866	47,169
Right-of-use assets, net	40,478	45,439
Unrealized gain on merchandise sales	35,866	33,013
Update of Call Spread fair value	18,111	20,063
Estimation of trade discounts	10,410	10,410
Others	21,694	39,642
Deferred liability		
Higher value of intangibles for trademarks and relationship with clients	(503,595)	(510,352)
Higher value of investment property	(225,103)	(250,098)
Depreciation for financial lease	(159,547)	(168,050)
Voluntary revaluation of fixed assets	(59,473)	(59,141)
Cost attributed to fixed assets	(48,425)	(46,098)
Depreciation of investment property	(45,362)	(33,895)
Depreciation of property, furniture and equipment	(41,809)	(38,334)
Others	(7,087)	(24,584)
Total deferred Income Tax liability, net	(854,236)	(879,494)
Deferred liability, net	(220,900)	(241,727)

(c) In Management's opinion, the deferred Income Tax assets will be recovered from the tax profit that will be generated by the Group over the coming years.

(d) The table below presents the amounts reported in the consolidated statement of income:

	2023 S/(000)	2022 S/(000)
Current – (Expense)	(934,881)	(1,134,225)
Deferred – Income	41,040	25,829
Income Tax on dividends	(41,101)	(61,608)
	(934,942)	(1,170,004)

(e) The table below presents the reconciliation of the effective Income Tax rate to the statutory tax rate applicable to the Group:

	2023		2022	
	S/(000)	%	S/(000)	%
Income before Income Tax	2,566,763	100	3,916,755	100
Theoretical tax	(757,195)	(29.5)	(1,155,443)	(29.5)
Results of Subsidiaries not domiciled in Peru	(177,599)	(6.9)	(46,022)	(1.2)
Non-taxable income, net	230,758	9.0	208,862	5.3
Non-taxable translation result	5,437	0.2	(3,070)	(0.1)
Non-deductible expenses	(164,524)	(6.4)	(115,739)	(3.0)
Change in Income Tax rate	(1,709)	(0.1)	1,999	0.1
Others	(70,110)	(2.7)	(60,591)	(1.5)
Income Tax	(934,942)	(36.4)	(1,170,004)	(29.9)

18. Net equity

(a) Capital stock and distribution of dividends -

As of December 31, 2023 and 2022, 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' members (5 directors), while Class B shares can choose one director.

As of December 31, 2023 and 2022, the shareholders structure of the Company is as follows:

Shareholder	**Total participation percentage** %
Class "A" shares:	
International Financial Holding Inc.	7.73
Southern Hill Corp.	2.27
Class "B" shares:	
Bank of New York-ADR Programs	39.77
International Financial Holding Inc.	21.79
Shetland Securities Inc.	16.37
Southern Hill Corp.	9.10
Others minor	2.97
	100.00

The General Shareholders' Meeting held on March 30, 2023, agreed to distribute dividends charged to profits for the year 2022 for US$35,000,000 (equivalent to S/131,775,000), which were paid in two equal installments in June and September 2023.

The General Shareholders' Meeting held on March 30, 2022, agreed to distribute dividends charged to profits for the year 2021 for US$30,000,000 (equivalent to S/111,600,000), which were paid in two equal installments in June and September 2022.

(b) Treasury stock
As of December 31, 2023 and 2022, corresponds to 455,230 shares and 381,090 shares, respectively, with a cost equivalent to S/33,708,000 and S/28,037,000, respectively.

During the years 2023 and 2022, the Company acquired 74,140 shares and 338,500 shares for the amounts of S/5,671,000 and S/24,930,000, respectively.

(c) Reserves –
The Board's Session held on December 12, 2023, agreed to constitute reserves for S/300,000,000 with charge to retained earnings of the year 2022.

The Board's Session held on August 22, 2023, agreed to constitute reserves for S/100,000,000 with charge to retained earnings of the year 2022.

The General Shareholders' Meeting held on March 30, 2023, agreed to constitute reserves for S/500,000,000 with charge to retained earnings of the year 2022.

The Board's Session held on November 15, 2022, agreed to constitute reserves for S/200,000,000 with charge to retained earnings of the year 2021.

The General Shareholders' Meeting held on March 30, 2022, agreed to constitute reserves for S/300,000,000 with charge to retained earnings of the year 2021.

(d) Unrealized results –
Unrealized results correspond to those resulting from the fluctuation of equity instruments at fair value through other comprehensive income of the Subsidiaries, financial instruments held by Subsidiaries in application of the equity method for the recognition of investments, the insurance premiums reserves and the exchange difference originated by the translation of Subsidiaries located abroad with a functional currency different from the Company's functional currency.

(e) Unrealized results

This item is made up as follows:

	Unrealized gain (loss)						
	Instruments that will not be reclassified to consolidated statement of income	Instruments to be reclassified to the consolidated statement of income					
	Equity instruments at fair value S/(000)	Debt instruments at fair value S/(000)	Insurance premiums reserve S/(000)	Cash flow hedge derivatives S/(000)	Translation of foreign operations S/(000)	Others S/(000)	Total S/(000)
Balances as of January 1, 2022	(6,210)	(404,902)	94,788	(87,168)	135,705	474	(267,313)
Changes for first-time adoption of IFRS 17, see Note 4.7			(94,784)				(94,784)
Balances as of January 1, 2022 - Restated (Note 4.7)	(6,210)	(404,902)	4	(87,168)	135,705	474	(362,097)
Effect of changes in the discount rates of pension reserves, Note 4.4 (e)	-	-	1,208,991	-	-	-	1,208,991
Unrealized loss in equity instruments at fair value through other comprehensive income, net of unrealized gain	15,304)	-	-	-	-	-	(15,304)
Transfer to retained earnings of realized gain in equity instruments at fair value through other comprehensive income	(11,523)	-	-	-	-	-	(11,523)
Unrealized results in debt instruments at fair value through other comprehensive income		(1,302,457)	-	-	-	-	(1,302,457)
Transfer to income of unrealized loss in debt instruments at fair value through other comprehensive income, net of realized gain	-	10,064	-	-	-	-	10,064
Transfer of impairment loss of debt instruments at fair value through other comprehensive income, Note 6(c)	-	9,004	-	-	-	-	9,004
Net unrealized loss on cash flow hedge derivatives	-	-	-	(49,757)	-	-	(49,757)
Transfer to income of realized net loss in cash flow hedge derivatives	-	-	-	11,323	-	-	11,323
Translation of foreign operations	-	-	-	-	(44,381)	-	(44,381)
Others	-	-	-	-	-	(130)	(130)
Balances as of December 31, 2022	(33,037)	(1,688,291)	1,208,995	(125,602)	91,324	344	(546,267)
Effect of changes in the discount rates of pension reserves, Note 4.4(e)	-	-	(689,624)	-	-	-	(689,624)
Unrealized loss in equity instruments at fair value through other comprehensive income, net of unrealized gain	11,431	-	-	-	-	-	11,431
Transfer to retained earnings of realized gain in equity instruments at fair value through other comprehensive income	(23,804)	-	-	-	-	-	(23,804)
Unrealized results in debt instruments at fair value through other comprehensive income	-	793,729	-	-	-	-	793,729
Transfer to income of realized gain in debt instruments at fair value through other comprehensive income, net of realized loss	-	(5,945)	-	-	-	-	(5,945)
Transfer of impairment loss of debt instruments at fair value through other comprehensive income, Note 6(c)	-	5,262	-	-	-	-	5,262
Net unrealized loss on cash flow hedge derivatives	-	-	-	(46,321)	-	-	(46,321)
Transfer to income of realized net loss in cash flow hedge derivatives	-	-	-	65,903	-	-	65,903
Translation of foreign operations	-	-	-	-	8,767	-	8,767
Others	-	-	-	-	-	(66)	(66)
Balances as of December 31, 2023	(45,410)	(895,245)	519,371	(106,020)	100,091	278	(426,935)

Notes to the consolidated financial statements (continued)

(f) Components of other comprehensive income -

The consolidated statement of comprehensive income include: (i) Other comprehensive income that will not be reclassified to the consolidated statement of income in future periods, such as the revaluations of gains (loss) in equity instruments at fair value through other comprehensive income; which will not be reclassified to the consolidated statement of income at the time of its disposal, but will be reclassified to retained earnings; and (ii) Other comprehensive income to be reclassified to the consolidated statement of income in future periods, such as the comprehensive income of premium reserves, financial instruments derivatives used as cash flow hedges, debt instruments at fair value through other comprehensive income and translation for foreign operations. Below is the movement of this caption:

	2023 S/(000)	2022 S/(000)
Other comprehensive income that will not be reclassified to the consolidated statement of income in future periods:		
Equity instruments measured at fair value through other comprehensive income		
Gain (loss) on equity instruments at fair value through other comprehensive income	11,431	(15,304)
Subtotal	11,431	(15,304)
Non-controlling interest	4,632	(6,404)
Income Tax	157	(218)
Total	16,220	(21,926)
Other comprehensive income to be reclassified to the consolidated statement of income in future periods:		
Debt instruments measured at fair value through other comprehensive income		
Unrealized net gain (loss) on debt instruments at fair value through other comprehensive income	793,729	(1,302,457)
Transfer to income of realized (net gain) net loss on debt instruments at fair value through other comprehensive income	(5,945)	10,064
Transfer to income of loss for impairment of debt instruments at fair value through other comprehensive income	5,262	9,004
Subtotal	793,046	(1,283,389)
Non-controlling interest	319,007	(541,751)
Income Tax	3,645	(8,250)
Total	1,115,698	(1,833,390)
Insurance premiums reserve, Note 16(b)	(689,624)	1,208,991
Non-controlling interest	(280,567)	505,342
Total	(970,191)	1,714,333

	2023 S/(000)	2022 S/(000)
Cash flow hedges:		
Net loss in cash flow hedges	(46,321)	(49,757)
Transfer to income of net realized loss in cash flow hedge derivatives	65,903	11,323
Sub total	19,582	(38,434)
Non-controlling interest	14,578	(22,890)
Income Tax	12,902	5,243
Total	47,062	(56,081)
Translation of foreign operations	8,767	(44,381)
Non-controlling interest	(9,581)	(14,632)
Total	(814)	(59,013)
Others	(66)	(130)
Non-controlling interest	(42)	-
Total	(108)	(130)

(g) Shareholders' equity for legal purposes (regulatory capital) -

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, through SBS Resolution No. 11823-2010 and amendments. As of December 31, 2023 and 2022, Intercorp Perú has met the aforementioned requirements and complementary provisions issued by the SBS as of said dates.

Interbank's regulatory capital -

According to Legislative Decree No. 1028, Interbank's regulatory capital must be equal to or higher than 10 percent of the assets and contingent credits weighted by total risk represented by the sum of the regulatory capital requirement for market risk multiplied by 10, the regulatory capital requirement for operational risk multiplied by 10 and the assets and contingent loans weighted by credit risk.

Through Official Multiple Letter No. 27358-2021-SBS and Emergency Decree No.003-2022, it was established that in the period between April 2021 and August 2022, the regulatory capital for financial companies shall be equal or higher than 8 percent of total risk-weighted assets and contingent assets, and from September 2022 to March 2023, it will be of 8.5 percent once this period ends,, the regulatory capital shall go back to be equal or higher than 10 percent determined, as indicated above.

Through SBS Resolution No. 3952-2022, and amendments, established that within the period between January and March 2023, the regulatory capital for financial companies must be equal or higher than 8.5 percent of the assets and contingent assets weighted by total risks; equal or higher than 9 percent from April 2023 to August 2024; equal or higher than 9.5 percent from September 2024 to February 2025; and 10 percent from March 2025 onwards; this also modifies the Regulation on regulatory capital requirements for credit risk, revoking Official Multiple Letter No. 27358-2021-SBS and Emergency Decree No. 003-2022.

As of December 31, 2023 and 2022, in application of the provisions of the SBS Resolutions, Interbank maintains the following amounts related to the risk weighted assets and contingent and regulatory capital (basic and supplementary):

	2023 S/(000)	2022 S/(000)
Total risk weighted assets and credits	63,494,884	64,690,083
Total regulatory capital	9,811,486	9,754,806
Basic regulatory capital (Tier 1)	7,461,727	7,016,417
Supplementary regulatory capital (Tier 2)	2,349,759	2,738,389
Global capital to regulatory capital ratio	15.45%	15.08%

As of December 31, 2023 and 2022, Interbank has complied with the SBS Resolutions No. 2115-2009, No. 6328-2009, No. 14354-2009 and No. 4128-2014, Regulations on "Regulatory Capital Requirements for Operational Risk", "Market Risk" and "Credit Risk", respectively, and their amendments. These resolutions established, mainly, the methodologies to be applied by financial entities to calculate the weighted assets and credits for each type of risk.

Through SBS Resolution No. 3953-2022 establishes the calculation of the regulatory capital requirement for additional risks, which shall be equal to the sum of the regulatory capital requirements for concentration risk plus the regulatory capital requirements of interest rate risk in the Banking Book, thus revoking SBS Resolution No. 8425-2011. Also, it establishes an adaptation period until December 2023. As of December 31, 2023, the regulatory capital requirement for additional risks is approximately S/594,256,000.

Formerly, Resolution No. 8425-2011 was in force, and in application of said regulation, the requirement of the additional regulatory capital was equal to the sum of the regulatory capital requirements calculated for each of the following components: economic cycle, concentration risk, market concentration risk, interest rate risk in the banking book and other risks. As of December 31, 2022, the additional regulatory capital requirement estimated by Interbank amounted to approximately S/840,914,000

On March 26, 2020, the SBS issued Resolution No. 1264-2020, establishing that for the calculation of regulatory capital, the weighting factor for mortgage loans and non-revolving consumer loans that have not been subject to rescheduling where their maturity has been extended, shall not be increased. In that sense, said extension in the loan maturity has not generated that Interbank might need higher regulatory capital requirements regarding the weighting factor. Likewise, said Resolution authorizes the financial entities to use the additional regulatory capital accumulated for the economic cycle component.

In Group Management's opinion, Interbank has complied with the requirements established by the aforementioned Resolutions.

Interseguro's regulatory capital -
In accordance with SBS Resolution No. 1124-2006, and its amendments, Interseguro is required to maintain a minimum regulatory capital in order to support technical risks and other risks that could affect it. The regulatory capital must be higher than the amount resulting from the sum of the solvency equity, the guarantee fund and the regulatory capital intended to cover credit risks.

The solvency equity is represented by the higher amount between the solvency margin and the minimal capital. As of December 31, 2023 and 2022, the solvency equity is represented by the solvency margin. The solvency margin is the complementary support that insurance entities must maintain to deal with possible situations of excess claims not foreseen in the establishment of technical reserves. The total solvency margin corresponds to the sum of the solvency margins of each insurance line in which Interseguro operates.

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

As of December 31, 2023 and 2022, Interseguro's surplus equity is as follows:

	2023 S/(000)	2022 S/(000)
Regulatory capital	1,370,151	1,338,237
Minus		
Solvency equity (solvency margin)	698,409	714,875
Guarantee fund	455,253	250,207
Surplus equity	216,489	373,155

Inteligo Bank's regulatory capital -

The Central Bank of The Bahamas requires Inteligo Bank to maintain a regulatory capital of not less than 12 percent of its risk weighted assets as of December 31,2023 (8 percent as of December 31, 2022). Inteligo Bank's capital ratio as of December 31, 2023 and 2022, is the following:

	2023 US$(000)	2022 US$(000)
Total eligible capital	137,460	195,806
Total risk weighted assets	792,352	959,241
Capital adequacy ratio (in percentage)	17.35	20.41

Financiera OH!'s regulatory capital -

In compliance with Legislative Decree No. 1028 and amendments, as of December 31, 2023 and 2022, Financiera OH! maintains the following amounts related with its risk weighted assets and contingent loans and regulatory capital (basic and supplementary):

	2023 S/(000)	2022 S/(000)
Total risk weighted assets and loans	1,910,332	2,649,973
Total regulatory capital	317,105	370,572
Basic regulatory capital (Tier 1)	243,226	342,948
Supplementary regulatory capital (Tier 2)	73,879	27,624
Global capital to regulatory capital ratio	16.60%	13.98%

As of December 31, 2023 and 2022, Financiera has complied with SBS Resolutions No.2115-2009, No.6328-2009 and No.14354-2009, Regulations on "Regulatory Capital Requirements for Operational Risk", "Market Risk" and "Credit Risk", respectively, and amendments. These resolutions establish, mainly, the methodologies to be applied by financial entities to calculate the risk weighted assets and loans for each type of risk.

As of December 31, 2023, the additional regulatory capital estimated by Financiera amounts to approximately S/11,999,000 (S/64,566,000 as of December 31, 2022).

In Group Management's opinion, the Subsidiaries have complied with the requirements established by their respective regulators.

(h) Legal and special reserves of Subsidiaries -

In application of current regulations, subsidiaries domiciled in Peru are required to constitute annual reserves of no less than 10 percent of their net profits, until reaching a portion of their paid- in capital (20 or 35 percent, depending on their economic activity).

19. Tax situation

(a) Intercorp Perú is incorporated and domiciled in The Bahamas; therefore, it is not subject to any Income Tax or any taxes on capital gains, equity or property.

The Subsidiaries of the Company incorporated and domiciled in Peru (see Note 3) are subject to the Peruvian Tax Legislation; see paragraph (b). Peruvian life insurance companies are exempted from Income Tax regarding the income derived from assets linked to technical reserves for the pension insurance and annuities from the Private Pension Fund Administration System, as well as income generated through assets related to life insurance contracts with savings component.

In Peru, all income from Peruvian sources obtained from the direct or indirect disposal of shares or participations representing stock capital of legal persons domiciled in the country are subject to Income Tax. For that purpose, an indirect disposal shall be considered when shares or participations representing stock capital 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 participations representing stock capital of one or more legal entities domiciled in the country, provided that certain conditions established by law occur.

In this sense, the Act states that an assumption of indirect transfer of shares arises when in any of the 12 months prior to disposal, the market value of the shares or stock capital participations of the domiciled legal person is equivalent to 50 percent or more of the market value of shares or participations of the non-domiciled legal person. Additionally, as a concurrent condition, it is established when in any 12-month period, shares or participations representing 10 percent or more of the stock capital of non-domiciled legal persons are disposed.

Also, an indirect disposal assumption arises when the total amount of the shares of the domiciled legal person whose indirect disposal is performed, is equal or greater than 40,000 taxation units (henceforth "UIT", by its Spanish acronym).

(b) The Company's subsidiaries are subject to the tax regime of the country in which they operate; and pay taxes on the basis of their consolidated financial statements. On the other hand, the Subsidiaries of Intercorp Perú, incorporated in Peru, are subject to the payment of Peruvian taxes; therefore, they must assess their tax liabilities on the basis of their separated financial statements.

As of December 31, 2023 and 2022, the applicable Income Tax rates over the taxable income in the main countries where the Company and its Subsidiaries operate are presented below:

	Tax rates
	2023 - 2022
	%
Peru	29.5
Spain and Ecuador	25
Colombia	35
Mexico	30

(c) According to legislation in effect as of December 31, 2023 and 2022, in some countries cash dividends in favor of non-domiciled shareholders are subject to Income Tax with the following rates:

	Tax rates
	2023 - 2022
	%
Peru	5.0
Ecuador and Colombia	10.0
Spain (*)	-

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

(d) The Peruvian Tax Authority is legally entitled to perform tax audit procedures for up to four years subsequent to the date at which the tax return regarding a taxable period must be filed.

As of December 31, 2023, the following taxable periods of the main Subsidiaries are subject to inspection by the Tax Authority:

Company	Income tax	Value-added Tax
Administración Food Regional S.A.C.	2021 to 2023	2021 to 2023
Agora Servicios Digitales S.A.C.	2019 to 2023	2020 to 2023
Albis S.A.C.	2019 to 2021	2020 to 2021
Banco Internacional del Perú S.A.A. – Interbank	2020 to 2023	2018 to 2023
Boticas del Oriente S.A.C.	2019 to 2021	2020 to 2021
Boticas IP S.A.C.	2021 to 2023	2021 to 2023
Colegios Peruanos S.A.	2019, 2021 to 2023	2019 to 2023
Compañía Food Retail S.A.C.	2021 to 2023	2021 to 2023
Compañía Hard Discount S.A.C.	2021 to 2023	2021 to 2023
Desarrolladora de Strip Center S.A.C.	2019 to 2023	2020 to 2023
Droguería InRetail Pharma S.A.C.	2019 to 2022	2020 to 2022
Eckerd Amazonía S.A.C.	2019 to 2021	2020 to 2021
Farmacias Peruanas S.A.C.	2020 to 2023	2020 to 2023
Financiera OH! S.A.	2019 to 2023	2020 to 2023
FP Servicios Generales S.A.C.	2021 to 2023	2021 to 2023
Homecenters Peruanos Oriente S.A.C.	2019 to 2023	2020 to 2023
Homecenters Peruanos S.A.	2019 to 2023	2020 to 2023
IDAT S.A.C.	2019 to 2020, 2022 and 2023	2019 to 2020, 2022 and 2023
InDigital XP S.A.C.	2019 to 2023	2020 to 2023
Inmobiliaria Food Retail S.A.C	2021 to 2023	2021 to 2023
Inmobiliaria Milenia S.A.	2019 to 2023	2020 to 2023
Inmobiliaria Puerta del Sol S.A.	2019 to 2023	2020 to 2023
InRetail Foods S.A.C.	2020 to 2021	2020 to 2021
InRetail Pharma S.A.	2019 to 2023	2020 to 2023
Interseguro Compañía de Seguros S.A.	2019, 2021, 2022 and 2023	2019 to 2023
Inversiones Real Estate S.A.C.	2019 to 2023	2020 to 2023
IR Management S.R.L.	2019 to 2023	2020 to 2023
Izipay S.A.C.	2019 to 2023	2019 to 2023
Jorsa de la Selva S.A.C.	2019 to 2023	2020 to 2023
Makro Supermayorista S.A.	2019 to 2023	2020 to 2023
Mifarma S.A.C.	2019 to 2023	2020 to 2023
Operadora de Servicios Logísticos S.A.C.	2021 to 2023	2021 to 2023
Plaza Vea Oriente S.A.C.	2019 to 2023	2020 to 2023
Plaza Vea Sur S.A.C.	2019 to 2020	2020
Procesos de Medios de Pago S.A.	2019 to 2023	2019 to 2023
Quicorp S.A.	2019 to 2023	2020 to 2023

Company	Income tax	Value-added Tax
Quifatex S.A.	2020 to 2023	2020 to 2023
Química Suiza Comercial S.A.C.	2017 to 2018	2017 to 2018
Química Suiza S.A.C.	2019 to 2023	2020 to 2023
Quimiza Ltda.	2015 to 2023	2015 to 2023
Real Plaza S.R.L.	2020 to 2023	2020 to 2023
Supermercados Peruanos S.A.	2015 and 2018 to 2023	2020 to 2023
Tiendas Peruanas Oriente S.A.C.	2015 and 2020 to 2023	2020 to 2023
Tiendas Peruanas S.A.	2018 to 2019 and 2021 to 2023	2020 to 2023
Universidad Tecnológica del Perú S.A.C.	2018 to 2023	2018 to 2023
Urbi Propiedades S.A.	2019 to 2023	2019 to 2023
Vanttive Cía Ltda.	2020 to 2023	2020 to 2023
Vanttive S.A.C.	2019 to 2023	2020 to 2023

Given the possible interpretations that the Tax Authority may give for the legislation in effect, up to date, it is not possible to determine whether or not any review to be conducted would result in liabilities for Subsidiaries of Intercorp Group; thus any increased tax or surcharge that could arise from possible tax audits would be applied to the results of the period in which such tax increase or surcharge may be determined. However, Management and its legal advisors believe that any additional determination of the Income Tax would not have a significant impact on the separate financial statements as of December 31, 2023 and 2022.

Following is the description of the main ongoing tax procedures for the main businesses:

(d.1) Financial and insurance business –
Interbank –
Following is the description of the main ongoing tax procedures for Interbank:

Tax periods 2000 to 2006:
Between the years 2004 and 2010, Interbank received several of Determination and Penalty Tax Resolutions corresponding mainly to the Income Tax determination for the fiscal years 2000 to 2006, for which filed claim and appeal recourses and subsequent contentious administrative proceedings were started.

The most relevant matter subject to discrepancy with Tax Authority corresponds to whether the "interest in suspense" are subject to Income Tax or not. In this sense, Interbank considers that the interest in suspense do not constitute accrued income, in accordance with the SBS´s regulations and the IFRS, which is also supported by a ruling by the Permanent Constitutional and Social Law Chamber of the Supreme Court issued in August 2009 and a pronouncement in 2019.

In June and September 2022, the Permanent Constitutional and Social Law Chamber of the Supreme Court declared unfounded the cassation appeals filed by SUNAT and the MEF, thus reaffirming the position held by Interbank in the sense that interest in suspense does not constitute taxable income, regarding both the 2001 Income Tax and the 2004 Income Tax.

In January 2023, Interbank was notified with Resolution of Compliance No. 4070150000145, which rectified and resettled the debt contained in Resolutions of Determination No. 0120030012106 and No. 0120030012107, related to advance payments of the Income Tax for the period 2003, thus reducing the debt to S/0.

In March 2023, Interbank was notified with Resolution of Compliance No. 470150000186, regarding the Income Tax for the period 2003, which rectified the tax debt contained in Resolution of Penalty No. 012-002-0011622, thus reducing the fine from S/69,000,000 to S/25,000,000. Also, Interbank filed the respective Appeal Recourse against said Resolution of Compliance No. 470150000186. In September 2023, Interbank was notified with Tax Court Resolution No. 07915-4-2023, which revokes Resolution of Compliance No. 4070150000186, regarding the debt update contained in Resolution of Penalty No. 012-002-0011622. SUNAT shall proceed in accordance with said Resolution and confirm its content. In October 2023, Interbank was notified with Resolution of Compliance No. 4070150000348 and filed an Appeal Recourse, which is pending resolution by the Tax Court.

As of December 31, 2023, the tax debt requested for this concept and other minor contingencies amounts to approximately S/124,000,000 and includes taxes, fines and interest arrears; of which S/59,000,000 correspond to the interest in suspense and S/65,000,000 correspond to other repairs. As of December 31, 2022, the tax debt requested amounted to S/290,000,000, including taxes, fines and interest arrears.

In February 2023, Interbank was notified with Tax Court Resolution No. 00227-2-2023, which declared null the Resolution of Intendence No. 0150150002380, dated May 2020, regarding the advance payments of the Income Tax for the period 2004 in the part referred to interest in suspense and related fines.

In April 2023, Interbank was notified with Resolution of Intendence No. 4070150000211, issued in compliance with Resolution No. 00227-2-2023, which rectifies the determination of the advance payments of the Income Tax for the period 2004. Interbank filed the respective Appeal Recourse, which is pending resolution by the Tax Court.

In August 2023, Cassation Ruling No. 1035-2022 Lima was published, which resolves the claim filed by SUNAT regarding the Income Tax for the period 2004, with a judgment favorable to Interbank.

In May 2020, Interbank was notified with the Resolution of Compliance related to the Income Tax and advance payments of the Income Tax for the year 2005 (linked to the claims over interest in suspense). Through said notification, Tax Authority increased the requested tax debt from S/1,000,000 to S/35,000,000, due toas result of the Resolution of Compliance, certain deductions previously accepted by Tax Authority were unknown. In June 2020, Interbank filed an Appeal Recourse, which is pending pronouncement by the Tax Court.

In December 2022, the Tax Court notified to Interbank the Resolution No. 09431-9-2022, through which it revoked the claims over interest in suspense, financial pro-rata, advance payments and fines. To date, Interbank is awaiting the Resolution of Compliance.

In October 2023, Interbank was notified with Resolution of Intendence No. 4070150000358, issued in compliance with the Tax Court Resolution No. 09431-9-2022. In November 2023, it filed the respective Appeal Recourse, which is pending resolution by the Tax Court.

In December 2023, Interbank was notified with Resolution of Intendence No. 4070150000379, issued in compliance with the Tax Court Resolution No. 09431-9-2022, and filed the respective Appeal Recourse, which is pending resolution by the Tax Court.

In February 2021, Interbank was notified with the Resolution of Compliance related to the Income Tax and advance payments of the Income Tax for the year 2006 (related to repair about the interest in suspense). Through said Resolution, Tax Authority rejected an excess payment of S/3,500,000 and determined a tax debt of S/23,000,000.

In December 2022, the Tax Court notified to Interbank the of Resolution No. 09451-1-2022, through which it revoked the claims over interest in suspense, advanced prepayment coefficient and fines. To date, Interbank is awaiting the Resolution of Compliance.

Tax period 2010:
In the year 2017, Tax Authority closed the audit corresponding to the Income Tax for the year 2010. Interbank paid the debt under protest and filed a Claim Recourse. As of the date of this report, this procedure has been appealed and is pending resolution by Tax Court.

Tax period 2012:
In July 2020, Interbank was notified of the Determination and Penalty Resolutions corresponding to the audit of the Income Tax for the fiscal year 2012. As of December 31, 2023 and 2022, the tax debt requested by Tax Authority amounts to S/14,400,000 and S/14,000,000, respectively. During the years 2021 and 2022, Interbank filed diverse Appeal Recourses. Tax Authority declared unfounded all of these recourses. As of the date of this report, the process is on appeal and pending resolution by the Tax Court.

Tax period 2013:
In 2019, Interbank was notified of the Determination and Penalty Resolutions corresponding to the audit of the Income Tax for the year 2013. The main concept observed correspond to the deduction of loan write-offs without proof by the SBS.

During 2021, Interbank filed a demand against the Resolution of the Tax Court. This authority confirmed, revoked and mandated the resettle of the aforementioned concepts. At the end of 2022, the Tax Court reconfirmed its ruling in the aforementioned Resolution. In December 2022, through Resolution of Coactive Collection No. 0110060065138, Tax Authority notified the payment of the third-category Income Tax debt corresponding to the period 2013, for approximately S/62,000,000, which was paid by Interbank on February 2, 2023; however, the process continues in the Judiciary instance. Interbank recorded this payment as an account receivable from SUNAT, which was recorded as "Recoverable tax", in the caption "Accounts receivable and other assets, net", see Note 12(a).

Tax periods 2014 and 2015:
In September and December 2019, Tax Authority notified Interbank about the beginning of the definitive audit process on the Income Tax corresponding to the years 2014 and 2015, respectively. During the years 2021 and 2022, Interbank fiked diverse Appeal Recourses. Tax Authority declared unfounded all of these recourses.

As of December 31, 2023 and 2022, the tax debt requested in relation to the Income Tax advance payments for the period 2015 and to the application of the additional Income Tax rate of 4.1 percent, amounted to S/14,600,000 and S/14,000,000, respectively.

Tax period 2017:
In December 2021, Tax Authority notified Interbank about the beginning of the definitive audit process on the Income Tax corresponding to the period 2017. In October 2022, Tax Authority notified of Resolutions of Determination No. 0120030127896 to 0120030127908, issued regarding the third-category Income Tax corresponding to the year 2017 and Income Tax advance payments from January to December 2017, through which no tax debt was determined regarding the third-category Income Tax. However, in November 2022, Interbank filed a Claim Recourse on minor concepts observed by Tax Authority.

In June 2023, Interbank was notified with Resolution of Intendence No. 4070140000600, which declared unfounded the Claim Recourse. In July 2023, Interbank filed the respective Appeal Recourse against said Resolution, which is pending resolution by the Tax Court.

Tax period 2018:
In April 2019, Tax Authority notified about the beginning of the definitive audit process on Income Tax withholdings of non-domiciled entities corresponding to 2018.

In November 2023, Tax Authority notified of Resolution of Determination No. 012-003-0135114, issued regarding the third-category annual Income Tax for the period 2018, Resolutions of Determination No. 012-003-0135102 to No. 012-003-0135113, issued regarding advance payments from January to December 2018, Resolution of Penalty No. 012-002-0039136, issued regarding an alleged commission infringement of Article 178.1 of the Tax Code corresponding to the determination of the annual Income Tax for the period 2018, and Resolutions of Penalty No. 012-002-0039127 to No. 012-002-0039135, issued regarding an alleged infringement specified by subparagraph 1 of Article 178 of the Tax Code relating to the determination of advance payments from April to December 2018. The tax debt requested by SUNAT amounts to S/74,000,000.

In December 2023, the respective Claim Recourse was filed, which to date is under resolution procedure by Tax Authority.

Interseguro:
In October 2023, Tax Authority completed the definitive tax audit on the Income Tax corresponding to the period 2020, which was commenced in December 2022, without additional observations.

Izipay:
As of December 31, 2023 and 2022, Izipay keeps carryforward tax losses amounting to S/71,552,053 and S/82,931,174, respectively. In application of current tax regulations, Izipay opted for system "B" to offset its tax losses. Through this system, the tax loss may be offset against the net income obtained in the following years, up to 50 percent of said income until they are extinguished; therefore, they do not have an expiration date.

In the opinion of Company´s Management its subsidiaries and its legal advisors, any eventual additional tax settlement would not be significant for the separate financial statements as of December 31, 2023 and 2022.

(d.2) Retail and real estate businesses -
Supermercados Peruanos S.A.
Tax Authority has audited its Income Tax returns and its monthly Value-added Tax ("IGV" by its Spanish acronym) returns for the years 2004 to 2017. All the audits resulted in Determination and Penalty Resolutions generating decreases in the recoverable balances of the Income Tax, higher payments of taxes, penalties and interest for approximately of S/180,000,000 as of December 31, 2023 (S/137,000,000 as of December 31, 2022). The notified resolutions have been challenged and are in different instances (Tax Authority, the Tax Court and the Judiciary), and are pending resolution.

As of December 31, 2023, Supermercados Peruanos S.A. has paid to Tax Authority an amount of S/180,000,000 (S/137,000,000 as of December 31, 2022), corresponding to the procedures detailed in the paragraph above. Those new tax procedures that have been completed in the present tax period which will also be claimed before Tax Authority.

Makro Supermayorista S.A.
Tax Authority has audited its Income Tax return and its monthly IGV returns submitted in the year 2014. The audit of the tax period resulted in Resolutions of Determination and Penalty that generated a tax debt for approximately S/4,000,000 as of December 31, 2023 and 2022. Said Resolutions have been challenged before the Judiciary.

Jorsa de la Selva S.A.C. (absorbing Eckerd Amazonía S.A.C.)
In previous years, it filed Claim Recourses against several Resolutions of Determination and Penalty due to alleged omissions regarding the IGV for the period April to December 2004 for a total of approximately S/17,900,000. In August 2021, issued Resolutions of Coactive Collection for the requested amount; said Resolutions were paid by this Subsidiary within the stated time limit. Jorsa recorded this payment as an Account receivable from SUNAT, which was recorded as "Recoverable tax" that is presented within the caption "Accounts receivable and other assets, net" of the consolidated statement of financial position. As of the date of this report, this procedure is in the judicial filed and is pending resolution. In the opinion of Management and its legal advisors, this case will be solved favorably.

As of December 31, 2023, InRetail Pharma S.A., Química Suiza S.A.C., Mifarma S.A.C., and Jorsa de la Selva S.A.C. keep tax legal contingencies for a total amount of approximately S/30,300,000.

In the opinion of Management and its legal advisors, said procedures may be ruled favorably; therefore, it is not necessary to record additional liabilities for these concepts as of December 31, 2023 and 2022.

(e) For the purpose of determining the Income Tax, the transfer prices of transactions with related companies and with companies domiciled in countries or territories thar are non-cooperating or low or zero taxation, or with entities or permanent establishments whose income, revenues or gain from said contracts are subject to a preferential tax regime, must be supported by documentation and information on the valuation methods used and the criteria considered for their determination. On the basis of the analysis of the operations of the Group, Management and its internal legal advisors believe that, as a consequence of the application of these standards, contingencies of importance for the Subsidiaries domiciled in Peru will not arise as December 31, 2023 and 2022.

Through Legislative Decree No. 1312, published on December 31, 2016, the formal obligations for entities included within the scope of application of transfer pricing are modified, thus incorporating three new information requirements: the first is a Local Report; the second is a Master Report; and the third is a Country-by-Country Report. The first entered into effect since 2017 for the operations that occurred during 2016, and the last 2 since 2018 for the operations that have 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 defensive measures already existing for countries and territories with low or zero taxation are imposed.

(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 of the compensation. For said cost or expense to be deductible for the local company, the remuneration must have been paid to the filling date of the annual tax return for the Income Tax (Legislative Decree No. 1369).

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

On December 23, 2022, Resolution of Superintendence No. 000278-2022/SUNAT was published, establishing that legal entities shall submit the Declaration of Final Beneficiary until the dates established for the compliance of the monthly obligations corresponding to the period December 2023, thus modifying the original date of corresponding submission to December 2022. To date, the Group has been complying with the provisions of the aforementioned Resolution.

(iii) The Tax Code was amended with the purpose of offering taxpayers more assurance to taxpayers regarding the application of the general anti-avoidance rule (Rule XVI of the Preliminary Title of the Tax Code), as well as to provide Tax Authority with tools for its effective implementation (Legislative Decree No. 1422).

As part of this amendment, a new assumption of joint and several liabilities is envisaged, when the tax debtor is subject to the application of the measures provided by Rule XVI in the event that tax evasion cases are detected; in such case, the joint and several liability will 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, 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 entity for the purpose of ratification or modification until March 29, 2019, without prejudice to the fact that the management or other administrators of the company have approved the aforementioned actions, situations and economic relations.

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

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

- Income obtained from the indirect disposal of shares of stock or capital representing participations of legal persons domiciled in the country. Among the most relevant changes is the inclusion of a new indirect sale assumption, which is triggered 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 taxation units (UIT).

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

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

- 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 since September 14, 2018. Beginning in 2021, the limit for the deduction of financial expenses shall be equivalent to 30 percent of taxable EBITDA (Net invome – Compensation of losses + Net interest + Depreciation + Amortization) of the previous year. There are some exceptions to the application of this limitation, such as in the case of banks, taxpayers with income lower than 2,500 UITs, infrastructure, public services, among others.

- Supreme Decree No. 402-2021, published on December 30, 2021, in force since December 31, 2021, amended the Regulation of the Income Tax Act that regulates the calculation of the taxable EBITDA regarding the limit of debt interest.

(v) Regulations have been established for the accrual of income and expenses for tax purposes beginning on January 1, 2019 (Legislative Decree No. 1425). Until the year 2018, there was no rule 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 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 will 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) Supreme Decree No. 430-2020-EF, published on December 31, 2020, approved the Regulation that establishes the financial information that the companies of the financial system must provide to SUNAT in the fight against tax evasion and avoidance pursuant to Legislative Decree No. 1434. Said Regulation entered into force on January 1, 2021.

The aforementioned Regulation establishes the concepts that the financial entities must report to SUNAT, which are, among others, cumulative balances and/or amounts, averages or highest amounts and the returns generated in the accounts during the reporting period and are equal or higher than S/30,800 in said period. The information shall be provided to SUNAT semi-annually through informative declarations containing monthly information.

Act No. 31106 extends until December 31, 2023, the validity of all the tax exemptions in force to date contained in Article 19 of the Income Tax Act and through Legislative Decree No. 1549 the validity of these exemptions was enacted until December 31, 2026.

In this regard, among the aforementioned extended exemptions that are applicable or related to the operations of Interbank and Financiera OH!, are subsection i) of Article 19, which indicates that shall be exempted any type of fixed or variable interest rate, in local or foreign currency, that is paid for a deposit or levy pursuant to the Banking and Insurance Act, as well as the capital increases of said deposits or levies, in local or foreign currency, except when said gains constitute third category income. This exemption was in force until December 31, 2023, so that beginning on January 1, 2024, said operations are subject to the Income Tax.

(i) On March 26, 2022, Legislative Decree No. 1539 was published. It amends the Income Tax Act in order to incorporate new methods to establish the market value of marketable securities in transaction between unrelated third parties. The aforementioned regulation entered into force on January 1, 2023.

Supreme Decree No. 326-2022-EF, published on December 29, 2022, amended Article 19 of the Regulation on the Income Tax Act in order to adapt it to modifications established by Legislative Decree No. 1539. In that sense, the Decree lays down the following:

- In cases that the quoted price is not available, the market value shall be the highest value resulting from comparing the transaction value and the discounted cash flow values, or the equity-method value, as applicable.
- In case there are transferable securities listed at more than one Stock Exchange or centralized trading mechanism, it shall be considered the highest daily value recorded at the transaction date.
- Transferable securities representing debt that are not listed at the Stock Exchange or in some centralized trading mechanism, shall be valued according to their Price Vector. If a Price Vector for said security is not available, it shall be used the one determined by a Price Supplier supervised by the SMV.
- The discounted cash flow method shall be applied when the value of all future cash flows of the company discounted at their present value is determined. If the company has several business units, said value shall consider the forecast performed for each business unit that includes a foreseeable horizon of future cash flows.
- When the equity value of the legal person is calculated on the basis of the last audited balance sheet that has been closed before the date of the disposal of shares or representative participations of the capital, regarding legal persons that are under the control and supervision of the SMV, said balance sheet must have been closed within the 90 days prior to the mentioned disposal, and must be audited by an audit firm domiciled in the country that is currently registered in the Audit Firms Registry at an Association of Public Accountants.

(j) On June 29, 2023, Supreme Decree No. 137-2023-EF was published. It amended Article 30 of the Regulation of the Income Tax Act, which regulates the predominant preferential rates applicable to operations with non-domiciled entities. The amendment updates the use of the SOFR rate as the prevailing preferential rate, for the purpose of applying the reduced rate of Income Tax of 4.99 percent. It is worth pointing out that the aforementioned legislation is effective from June 30, 2023.

(k) Subsidiaries that calculate Income Tax expenses for the period use the best estimation of the weighted average annual tax rate for the entire annual income. The amounts reported in the consolidated statement of income for the years ended December 31, 2023 and 2022, are presented in Note 17(d).

(l) As of December 31, 2023 and 2022, the carried forward losses determined by the Subsidiaries for tax purposes are as follows:

Entity	**2023** S/(000)	**2022** S/(000)
Tiendas Peruanas S.A.	373,100	359,108
Colegios Peruanos S.A.	243,289	239,332
Agora Servicios Digitales S.A.C.	191,628	76,534
Tiendas Peruanas Oriente S.A.C.	17,997	16,327

According to the Income Tax Act and its amendments, the entities established in Peru can choose one of the following two methods to carry forward their tax losses:

(i) The tax loss may be offset with future income until it is extinguished, applying said loss up to 50 percent of the taxable income per year, or

(ii) The tax loss can be used until 4 years after it has been generated.

The Group´s Management decided to use both methods as necessary.

20. Off-balance sheet accounts

(a) The table below presents the components of this caption:

	2023 S/(000)	2022 S/(000)
Contingent credits - indirect loans (b), Note 7(a)		
Guarantee and stand-by letters	4,299,217	3,994,373
Import and export letters of credit	440,707	485,542
	4,739,924	4,479,915
Derivatives		
Held for trading: Note 12(b)		
Foreign currency forward agreements, see Note 33.2(b)(ii):		
Forward currency agreements – purchase	1,811,147	1,977,324
Forward currency agreements – sale	2,316,809	4,057,830
Forward foreign currency agreements in other currencies	747,736	292,906
Foreign currency options	279,047	80,151
Swap agreements, see Note 33.2(b)(ii):		
Foreign currency delivery / receipt in Soles	283,648	644,019
Soles delivery / receipt in foreign currency	1,087,151	2,028,514
Cross currency swaps	-	224,485
Interest rate swaps	1,530,493	2,424,566
Designated as hedges: Note 12(b)		
Cash flow:		
Cross currency swaps	2,949,815	2,961,164
Call spreads	2,413,450	2,101,000
Range principal only swaps	1,113,900	1,146,000
	14,533,196	17,937,959
Responsibility for credit lines granted (c)	16,146,841	17,785,840
Responsibility for credit lines – commercial and others (d)	2,015,304	1,545,698
Total	37,435,265	41,749,412

(b) In the normal course of its operations, the Group performs contingent operations (indirect loans). These transactions expose the Company to additional credit risks to the amounts recognized in the consolidated statement of financial position.

The Group applies the same credit policies for granting and evaluating the provisions required for direct loans when performing contingent operations (see Note 7(a)), including obtaining guarantees when deemed necessary. Guarantees vary and include deposits in financial institutions or other assets.

Taking into account that most of the contingent operations are expected to expire without the Company having to disburse cash, the total committed amounts do not necessarily represent future cash requirements.

(c) Responsibilities under credit lines agreements include consumer credit lines and other consumer loans that are cancellable by the Group.

(d) Corresponds to commitments of disbursement of future loans that the Group has committed to carry out; provided that the borrower complies with the obligations under the corresponding loan agreements. However, they may be cancelled by the Group.

21. Interest and similar income; Interest and similar expenses

(a) These captions are comprised of the following:

	2023 S/(000)	2022 S/(000) Note 4.7 Restated
Interest and similar income		
Interest on loan portfolio	5,885,875	4,786,908
Impact from the modification of contractual cash flows due to the loan rescheduling schemes (*)	(31,507)	42,708
Interest on investments at fair value through other comprehensive income	1,205,731	1,199,697
Interest on due from banks and inter-bank funds	416,694	222,521
Interest on investments at amortized cost	172,602	161,966
Dividends on investments, Note 6(e) and (f)	51,531	106,274
Others	8,035	4,672
Total	7,708,961	6,524,746
Interest and similar expenses		
Interest and fees on deposits and obligations	(1,706,081)	(898,044)
Interest on bonds, notes and other obligations outstanding	(775,203)	(859,742)
Interest and fees on due to banks and correspondents	(749,470)	(499,628)
Interest on lease payments, Note 10(h)	(182,137)	(164,405)
Contribution to the deposit insurance fund	(84,595)	(79,903)
Premium time value – Call Spreads, Note 12(b)(i) and (ii)	(48,892)	(48,062)
Time value accrual of derivative financial instruments swap, Note 12(b)(ii)	(15,194)	(15,069)
Others	(105,652)	(106,519)
	(3,667,224)	(2,671,372)
Interest and similar income, net of expenses	4,041,737	3,853,374

(*) For rescheduled loans, Interbank recalculated the carrying amount of these financial assets as the present value of the modified contractual cash flows, discounted at the loan's original effective interest rate. During the years 2023 and 2022, recorded the recognition of these interest income according to the rescheduled term for approximately S/7,143,000 and S/24,528,000, respectively. Likewise, during the years 2023 and 2022, as result of the rescheduling of loans under "Reactiva Peru" program, expenses for approximately S/38,650,000, and income for approximately S/18,180,000, respectively; were recorded.

(b) The amounts shown in (a) above include interest income and expenses calculated using the effective interest rate (EIR), which are related to the following items:

	2023 S/(000)	2022 S/(000) Note 4.7 Restated
Financial assets measured at amortized cost	6,443,664	5,214,103
Financial assets measured at fair value through other comprehensive income	1,205,731	1,199,697
Total interest from financial assets calculated at EIR	7,649,395	6,413,800
Financial liabilities measured at amortized cost	(3,412,891)	(2,421,819)

22. Fee income from financial services, net

(a) This caption is comprised of the following:

	2023 S/(000)	2022 S/(000) Note 4.7 Restated
Income		
Performance obligations at a point in time:		
Accounts maintenance, carriage, transfers, and debit and credit card fees	862,162	813,054
Income from services (acquirer role and issuer role) (b)	738,177	523,313
Banking services fees	201,058	245,085
Correspondent teller services (d)	36,393	34,438
Brokerage and custody services (c)	5,047	4,865
Performance obligations over time:		
Funds management	136,594	152,816
Contingent loans fees	68,238	69,829
Collection services	59,072	60,583
Commission for loans rescheduling “Reactiva Perú” program	9,343	16,909
Others	15,799	21,927
Total	2,131,883	1,942,819
Expenses		
Expenses for services (acquirer and issuer role) (b)	(339,846)	(238,997)
Fees to trademarks for Credit Card use	(221,725)	(204,577)
MasterCard – Visa fees	(85,741)	(56,845)
Credit life insurance premiums	(71,796)	(97,380)
Local banks fees	(58,956)	(50,192)
Foreign banks fees	(26,285)	(24,920)
Commission for loan rescheduling under “Reactiva Perú” program	(12,930)	(22,373)
Brokerage and custody services (c)	(675)	(961)
Others	(54,127)	(48,123)
Total	(872,081)	(744,368)
Total, net	1,259,802	1,198,451

(b) Corresponds to the management and operation of the shared service of transaction processing of credit and debit cards for clients of Izipay since April 2022, month since which Izipay became a subsidiary of the Group.

(c) As of December 31, 2023 and 2022, the Group has recognized net income for transactions carried out on behalf of its clients amounting to S/4,372,000 and S/3,904,000, respectively.

(d) As of December 31, 2023 and 2022, corresponds to income from the correspondent teller service amounting to S/36,393,000 and S/34,438,000, respectively, which come from Izipay.

(e) The following table presents fee income from banking services, by geographic distribution for the years ended December 31, 2023 and 2022:

	2023 S/(000)	2022 S/(000)
Country		
Peru	2,031,920	1,821,649
Panama	99,963	121,170
Total	2,131,883	1,942,819

23. Other income and expenses

(a) This caption is comprised of the following:

	2023 S/(000)	2022 S/(000) (Restated, Note 4.7)
Other income		
Income from sale of property, furniture and equipment, Note 10(d)	31,135	-
Lease income	27,173	150,891
Maintenance, installation and sale of POS equipment	28,743	22,000
Gain from sale of written-off-loans (c)	20,278	21,442
Services rendered to third parties	15,722	13,161
Recovery of other accounts receivable	13,558	20,031
Other technical income from insurance operations	10,163	6,489
Participation in investments in associates (b)	-	14,801
Fair value adjustment of the participation held by Interbank in Izipay, Note 2.2	-	222,513
Others	106,156	145,805
Total other income	252,928	617,133
Other expenses		
Provision for accounts receivable	(191,376)	(144,943)
Donations	(82,829)	(81,919)
Insurance commissions	(42,400)	(79,557)
Cost of disposal of property, furniture and equipment	(22,898)	(9,594)
Administrative and tax penalties	(22,450)	(7,822)
Write-off of intangibles	(13,320)	(11,328)
Cost of sale of POS equipment	(12,819)	(27,366)
Sundry technical insurance expenses	(10,066)	(11,048)
Loan adjustment for claims, retentions and others	(7,234)	(10,520)
Provision for sundry risks	(6,585)	(14,707)
Expenses related to rental income	(5,814)	(7,521)
Goodwill impairment, Note 11(a)	(3,000)	(20,000)
Others (*)	(87,029)	(62,835)
Total other expenses	(507,820)	(489,160)

(*) During the years 2023 and 2022, correspond mainly to write-offs and technological failures, among other minor expenses.

(b) As of December 31, 2022, include S/5,033,000 corresponding to the participation that Interbank held in Izipay until the date of its acquisition; see Note 2.2.

(c) During the years 2023 and 2022, Interbank sold, written-off loan portfolios, in cash and to non-related third parties. The nominal value of the loans sold amounted to S/1,300,296,000 and S/973,966,000, respectively.

24. Result from insurance activities, before expenses

(a) This caption is comprised of the following:

	2023				2022 (Note 4.7 – Restated)			
	Massive S/(000)	Pensions S/(000)	Life S/(000)	Total S/(000)	Massive S/(000)	Pensions S/(000)	Life S/(000)	Total S/(000)
Insurance service income -								
Contracts measured under BBA and VFA (*):								
CSM recognized for services rendered	49,191	3,609	27,978	80,778	43,496	1,945	25,320	70,761
Change in risk adjustment for non-financial risk	1,476	255	(1,850)	(119)	1,562	(828)	2,014	2,748
Insurance service expenses and expected claims incurred	69,145	273,396	62,348	404,889	76,567	266,433	42,398	385,398
Recovery of cash for insurance acquisition	3,489	273	6,613	10,375	1,159	121	2,078	3,358
Contracts measured under PAA:								
Premiums assigned to the period	220,616	-	4,097	224,713	208,446	-	6,464	214,910
	343,917	277,533	99,186	720,636	331,230	267,671	78,274	677,175
Insurance service expenses -								
Claims incurred expenses and other expenses	(108,805)	(798,733)	(114,753)	(1,022,291)	(118,621)	(813,703)	(92,950)	(1,025,274)
Onerous contract losses and loss reversion	38,101	(37,190)	11,636	12,547	5,872	(174,608)	5,854	(162,882)
Amortization of insurance acquisition cash flows	(120,123)	(273)	(6,613)	(127,009)	(116,088)	(121)	(2,078)	(118,287)
Changes in liabilities for incurred claims	(58,030)	477,027	64,182	483,179	11,757	521,781	49,033	582,571
	(248,857)	(359,169)	(45,548)	(653,574)	(217,080)	(466,651)	(40,141)	(723,872)
Insurance activity results	95,060	(81,636)	53,638	67,062	114,150	(198,980)	38,133	(46,697)
Reinsurance income	-	-	-	(6,889)	-	-	-	(16,417)
Financial result of insurance operations (b)	-	(542,361)	(30,806)	(573,167)	-	(522,725)	19,338	(503,387)
Result from insurance activities (**)	95,060	(623,997)	22,832	(512,994)	114,150	(721,705)	57,471	(566,501)

(*) BBA Method (Building Block Approach) and VFA (Variable Fee Approach).

(**) Before expenses attributed to the insurance activity that are presented in the caption "Other expenses" in the consolidated statement of income, and that correspond to salaries and employee benefits, administrative expenses, depreciation and amortization, and other expenses for S/334,602,000 and S/313,647,000 as of December 31, 2023 and 2022, respectively.

(b) The composition of the financial result of insurance operations, is as follows:

	2023			2022		
	Pensions S/(000)	Life S/(000)	Total S/(000)	Pensions S/(000)	Life S/(000)	Total S/(000)
Financial expenses for insurance contracts issued -						
Changes in the obligation to pay the fair value holder of the underlying assets of direct participation agreements due to the investment's return	-	(10,499)	(10,499)	-	27,284	27,284
Interest credited	(541,468)	(23,088)	(564,556)	(523,539)	(9,526)	(533,065)
Changes in interest rate and other financial hypotheses	(433)	3,257	2,824	754	1,728,374	1,729,128
Effect of changes in current estimates and in CSM adjustment rates in relation to the rates used in the initial recognition	4	(621)	(617)	(16)	(1,729,032)	(1,729,048)
	(541,897)	(30,951)	(572,848)	(522,801)	17,100	(505,701)
Financial income from insurance contracts -						
Interest credited	(388)	(1,086)	(1,474)	76	72	148
Effect of changes in interest rates and other financial hypotheses	(76)	1,130	1,054	-	(1,451)	(1,451)
Exchange differences	-	-	-	-	-	-
Effect of changes in current estimates and in CSM adjustment rates in relation to the rates used in the initial recognition	-	101	101	-	3,617	3,617
	(464)	145	(319)	76	2,238	2,314
Result from insurance activities	(542,361)	(30,806)	(573,167)	(522,725)	19,338	(503,387)

25. Salaries and employee benefits

This caption is comprised of the following:

	2023 S/(000)	2022 S/(000)
Salaries	2,603,689	2,400,554
Vacation, health insurance and others	353,644	378,165
Social security and pensions	240,031	221,540
Workers' profit sharing	189,079	246,211
Severance indemnities	181,572	170,550
Total	3,568,015	3,417,020

The average number of employees of the Group during the years 2023 and 2022 was 87,367 and 79,071, respectively.

26. Selling and administrative expenses

(a) This caption is comprised of the following:

	2023 S/(000)	2022 S/(000)
Services received from third parties (b)	3,396,546	3,081,296
Taxes and contributions	180,750	162,976
Lease expenses (c) and Note 10(h)	118,578	134,504
Total	3,695,874	3,378,776

(b) Services received from third parties correspond mainly to expenses related to credit cards, securities transportation services, repair and maintenance services, advertising and public relations, telecommunications and fees, among others.

(c) Below is the composition of the lease expenses as of December 31, 2023 and 2022:

	2023 S/(000)	2022 S/(000)
Expenses for low value assets leases	90,084	99,228
Expenses for variable leases	28,494	35,276
Total	118,578	134,504

27. Gross profit from retail business

(a) This caption is comprised of the following:

	2023 S/(000)	2022 S/(000)
Net sales	23,169,317	22,490,873
Cost of sales	(17,202,511)	(16,713,206)
Total	5,966,806	5,777,667

(b) Net sales corresponding to retail activities mainly comprise the sale of goods. These sales were mainly made in Peru.

Revenues from the sale of goods have been recognized at the time control of the assets was transferred to the customer, that is, at the time of delivery of the goods. Intercorp Perú and its Subsidiaries have concluded that they act as Principal in their sales agreements, as they control the goods or services before transferring them to their customers.

28. Earnings per share

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

	Outstanding shares (in thousands)	**Shares considered in computation** (in thousands)	**Effective days in the year**	**Weighted average number of shares** (in thousands)
Year 2022				
Balance as of January 1	148,976	148,976	360	148,976
Acquisition of treasury stock	(338)	(338)	17	(16)
Balance as of December 31	148,638	148,638		148,960
Net earnings for the period S/(000), restated Note 4.7				1,823,360
Earnings per share, in Soles				12.24
Year 2023				
Balance as of January 1	148,638	148,638	360	148,638
Acquisition of treasury stock	(26)	(26)	354	(26)
Acquisition of treasury stock	(48)	(48)	264	(35)
Balance as of December 31	148,564	148,564		148,577
Net earnings for the year S/(000)				910,678
Earnings per share, in Soles				6.13

29. Transactions with related parties and affiliated companies

(a) The table below presents the main transactions with related parties and affiliated companies as of December 31, 2023 and 2022:

	2023 S/(000)	2022 S/(000)
Assets		
Financial instruments at fair value through profit or loss	381,057	394,281
Loans, net (c)	298,772	209,177
Accounts receivable	15,563	1,411
Liabilities		
Deposits and obligations	165,560	65,430
Loans payable (b)	44,000	61,150
Off-balance sheet accounts		
Indirect loans (c)	61,269	70,875
Income (expenses)		
Interest and similar income	21,288	15,553
Interest and similar expenses	(5,781)	(1,651)
Income from lease of investment property	61,229	50,202
Administrative expenses	(3,225)	(5,372)
Others	44,844	40,107

(b) As of December 31, 2023 and 2022, Colegios Peruanos keeps loans payable with diverse mutual funds managed by Interfondos SAFM, an affiliated company, which accrue interest at market rates and have current maturities.

(c) As of December 31, 2023 and 2022, the detail of loans is the following:

	2023			2022		
	Direct loans S/(000)	**Indirect loans** S/(000)	**Total** S/(000)	**Direct loans** S/(000)	**Indirect loans** S/(000)	**Total** S/(000)
Related entities	298,772	61,269	360,041	209,177	70,875	280,052
	298,772	61,269	360,041	209,177	70,875	280,052

(d) As of December 31, 2023 and 2022, the directors, executives and employees of Intercorp Group have been involved in credit transactions, directly and indirectly, with certain Subsidiaries of the Intercorp Group, as permitted by Peruvian law, which regulates and limits on certain transactions with employees, directors and executives of financial entities. As of December 31, 2023 and 2022, direct loans to employees, directors and executives amount to S/209,671,000 and S/214,299,000, respectively; said loans are repaid monthly and accrue 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 basic remuneration for the years ended December 31, 2023 and 2022, is presented below:

	2023 S/(000)	**2022** S/(000)
Salaries	138,022	135,576
Board of Directors' compensation	28,357	45,554
Total	166,379	181,130

(f) In Management's opinion, transactions with related companies have been performed under 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 regulations in force.

30. Business segments

The Chief Operating Decision Maker (henceforth "CODM") of Intercorp Group is the Chief Executive Officer (henceforth "CEO"). The Group presents seven operating segments: (i) Banking, (ii) Insurance, (iii) Wealth management, (iv) Payments, (v) Food retail, (vi) Pharmacies and (vii) Shopping Malls, which are based on products and services.

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

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

Wealth management -
Provides brokerage and investment management services. It serves mainly Peruvian citizens.

Payments -
Provides mainly services of administration, operation and processing of credit and debit cards. Taking into account that Izipay became a subsidiary of IFS since April 2022, the results shown for this segment correspond to those obtained since the second quarter of 2022.

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

Pharmacies -
Provides pharmaceuticals, cosmetics, food for medical use and other elements intended for the protection and recovery of health through its chain of pharmacies.

Shopping malls -
Engaged in the management and administration of shopping malls consisting of department stores, medium stores and sales booths; likewise, 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. The segments performance is assessed 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 for the years ended December 31, 2023 and 2022.

The following table presents the Group's financial information by reportable business segments for the years ended December 31, 2023 and 2022:

	2023								
	Banking S/(000)	Insurance S/(000)	Wealth management S/(000)	Payments S/(000)	Food retail S/(000)	Pharmacies S/(000)	Shopping malls S/(000)	Holding, others and consolidation adjustments S/(000)	Total consolidated S/(000)
Total income									
Third parties	7,812,858	1,695,222	291,408	829,766	2,761,666	2,794,230	650,114	2,677,890	19,513,154
Inter-segment	(126,620)	(4,975)	(1,386)	(13,862)	(52,140)	(42,332)	(132,253)	373,568	-
Total income	7,686,238	1,690,247	290,022	815,904	2,709,526	2,751,898	517,861	3,051,458	19,513,154
Interest and similar income	6,076,020	851,648	183,926	9,255	3,623	15,652	34,594	534,243	7,708,961
Interest and similar expenses	(2,363,800)	(126,704)	(98,370)	(4,907)	(317,013)	(188,150)	(176,859)	(391,421)	(3,667,224)
Net interest and similar income	3,712,220	724,944	85,556	4,348	(313,390)	(172,498)	(142,265)	142,822	4,041,737
Impairment loss on loans, net of recoveries	(1,981,988)	-	170	-	-	-	-	(378,320)	(2,360,138)
Reversion (loss) due to impairment of financial investments	15	(7,858)	347	-	-	-	-	(53)	(7,549)
Net interest after impairment losses	1,730,247	717,086	86,073	4,348	(313,390)	(172,498)	(142,265)	(235,551)	1,674,050
Gross profit from retail business	-	-	-	-	2,697,204	2,770,911	498,915	(224)	5,966,806
Fee income from banking services, net	813,279	(13,431)	146,223	345,583	-	-	-	(31,852)	1,259,802
Net gain on foreign exchange transactions	306,431	-	-	-	-	-	-	-	306,431
Net gain (loss) on sale of financial investments	(660)	9,948	(2,857)	-	-	-	-	(2,748)	3,683
Net gain (loss) on financial assets at fair value through profit or loss	80,727	19,100	(33,852)	-	-	-	5,327	(192,829)	(121,527)
Income from educational services	-	-	-	-	-	-	-	1,938,574	1,938,574
Net gain on investment property	-	73,072	-	-	953	-	101,909	438,628	614,562
Other income	108,342	20,818	(3,480)	45,942	59,886	7,667	9,369	4,384	252,928
	1,308,119	109,507	106,034	391,525	2,758,043	2,778,578	615,520	2,153,933	10,221,259
Result from insurance activities, before expenses	-	(178,379)	-	-	-	-	-	(13)	(178,392)
Other expenses									
Salaries and employee benefits	(621,835)	(104,704)	(89,493)	(75,787)	(583,400)	(878,443)	(27,834)	(1,186,519)	(3,568,015)
Selling and administrative expenses	(977,735)	(74,535)	(46,663)	(179,113)	(1,013,548)	(519,598)	(18,879)	(865,803)	(3,695,874)
Depreciation and amortization	(271,526)	(21,658)	(15,018)	(55,144)	(377,724)	(439,800)	(8,204)	(270,518)	(1,459,592)
Other expenses	(78,786)	(173,694)	(2,433)	(22,678)	(54,083)	(21,498)	(6,369)	(148,279)	(507,820)
	(1,949,882)	(374,591)	(153,607)	(332,722)	(2,028,755)	(1,859,339)	(61,286)	(2,471,119)	(9,231,301)
Income before exchange difference and Income Tax	1,088,484	273,623	38,500	63,151	415,898	746,741	411,969	(552,750)	2,485,616
Exchange difference	(15,969)	18,430	761	(2,347)	16,869	15,751	17,749	29,903	81,147
Income Tax	(216,366)	-	(3,081)	(27,735)	(143,883)	(255,539)	(127,208)	(161,130)	(934,942)
Net profit for the period	856,149	292,053	36,180	33,069	288,884	506,953	302,510	(683,977)	1,631,821
Attributable to:									
Intercorp Perú's shareholders	856,149	292,053	36,180	33,069	288,884	506,953	302,510	(1,405,120)	910,678
Non-controlling interest	-	-	-	-	-	-	-	721,143	721,143
	856,149	292,053	36,180	33,069	288,884	506,953	302,510	(683,977)	1,631,821

	2022 (Restated)								
	Banking S/(000)	Insurance S/(000)	Wealth management S/(000)	Payments (*) S/(000)	Food retail S/(000)	Pharmacies S/(000)	Shopping malls S/(000)	Holding, others and consolidation adjustments S/(000)	Total consolidated S/(000)
Total income									
Third parties	6,459,232	1,663,992	75,706	595,360	2,537,932	2,674,887	496,728	3,252,403	17,756,240
Inter-segment	(125,848)	(3,288)	(1,668)	(12,548)	(52,140)	(42,332)	(132,253)	370,077	-
Total income	6,333,384	1,660,704	74,038	582,812	2,485,792	2,632,555	364,475	3,622,480	17,756,240
Interest and similar income	4,774,378	940,894	155,116	1,569	11,933	12,247	30,601	598,008	6,524,746
Interest and similar expenses	(1,476,942)	(130,049)	(50,306)	(1,269)	(260,033)	(202,574)	(180,009)	(370,190)	(2,671,372)
Net interest and similar income	3,297,436	810,845	104,810	300	(248,100)	(190,327)	(149,408)	227,818	3,853,374
Impairment loss (gain) on loans, net of recoveries	(832,919)	-	2,368	-	-	-	-	(171,383)	(1,001,934)
(Loss) reversion due to impairment of financial investments	(732)	(26)	(11,981)	-	-	-	-	(13)	(12,752)
Net interest after impairment losses	2,463,785	810,819	95,197	300	(248,100)	(190,327)	(149,408)	56,422	2,838,688
Gross profit from retail business	-	-	-	-	2,428,583	2,550,761	(14,818)	813,141	5,777,667
Fee income from banking services, net	797,711	(7,160)	163,325	258,728	-	-	-	(14,153)	1,198,451
Net gain on foreign exchange transactions	380,154	-	-	-	-	-	-	-	380,154
Net loss on sale of financial investments	(2,891)	(1,613)	(9,781)	-	-	-	-	-	(14,285)
Net loss (gain) financial assets at fair value through profit or loss	(15,395)	(87,049)	(233,070)	-	-	-	1,851	78,229	(255,434)
Income from educational services	-	-	-	-	-	-	-	1,637,347	1,637,347
Net gain on investment property	-	84,668	-	-	84,584	97,091	477,121	(270,599)	472,865
Other income	113,549	49,917	(1,632)	36,040	12,832	14,788	1,973	389,666	617,133
	1,273,128	38,763	(81,158)	294,768	2,525,999	2,662,640	466,127	2,633,631	9,813,898
Result from insurance activities, before expenses	-	(252,854)	-	-	-	-	-	-	(252,854)
Other expenses									
Salaries and employee benefits	(656,642)	(71,489)	(84,000)	(52,351)	(561,955)	(916,038)	(27,963)	(1,046,582)	(3,417,020)
Selling and administrative expenses	(930,967)	(60,993)	(45,146)	(118,389)	(910,667)	(536,706)	(16,073)	(759,835)	(3,378,776)
Depreciation and amortization	(257,210)	(23,682)	(15,044)	(30,185)	(353,512)	(426,083)	(17,661)	(230,533)	(1,353,910)
Other expenses	(85,972)	(186,046)	(1,307)	(31,825)	(32,960)	(10,863)	1,958	(142,145)	(489,160)
	(1,930,791)	(342,210)	(145,497)	(232,750)	(1,859,094)	(1,889,690)	(59,739)	(2,179,095)	(8,638,866)
Income before exchange difference and Income Tax	1,806,122	254,518	(131,458)	62,318	418,805	582,623	256,980	510,958	3,760,866
Exchange difference	(22,800)	950	(7,146)	2,316	47,485	18,847	47,107	69,130	155,889
Income Tax	(409,201)	-	(2,791)	(23,560)	(154,749)	(199,163)	(90,911)	(289,629)	(1,170,004)
Net profit for the period	1,374,121	255,468	(141,395)	41,074	311,541	402,307	213,176	290,459	2,746,751
Attributable to:									
Intercorp Perú's shareholders	1,374,121	255,468	(141,395)	41,074	311,541	402,307	213,176	(632,932)	1,823,360
Non-controlling interest	-	-	-	-	-	-	-	923,391	923,391
	1,374,121	255,468	(141,395)	41,074	311,541	402,307	213,176	290,459	2,746,751

(*) Taking into account that Izipay became a Subsidiary of the Group in April 2022, results for this segment as of the first quarter of 2022 are not shown.

	2023								
	Banking S/(000)	Insurance S/(000)	Wealth management S/(000)	Payments S/(000)	Food retail S/(000)	Pharmacies S/(000)	Shopping Malls S/(000)	Holding, others and consolidation adjustments S/(000)	Total consolidated S/(000)
Equity investments (*)	327,513	21,184	6,430	89,646	350,954	231,837	227,533	960,063	2,215,160
Total assets	68,437,614	15,225,254	4,374,266	1,196,049	8,591,700	6,087,494	6,252,135	8,784,142	118,948,654
Total liabilities	60,380,895	14,787,105	3,453,408	946,660	7,542,032	5,378,473	3,140,904	5,760,136	101,389,613

	2022 (Restated)								
	Banking S/(000)	Insurance S/(000)	Wealth management S/(000)	Payments S/(000)	Food retail S/(000)	Pharmacies S/(000)	Shopping Malls S/(000)	Holding, others and consolidation adjustments S/(000)	Total consolidated S/(000)
Equity investments (*)	258,887	41,599	3,443	92,133	578,347	324,351	233,831	566,518	2,099,109
Total assets	66,977,277	14,133,681	5,102,598	902,610	8,351,749	6,147,134	5,893,547	7,974,998	115,483,594
Total liabilities	59,498,433	13,769,222	4,208,369	686,292	7,365,582	5,621,010	3,107,493	4,843,343	99,099,744

(*) Includes the acquisition of property, furniture and equipment, intangible assets and investment property.

The distribution of the Group's total income based on the location of the customer and its assets, as of December 31, 2023, is S/17,952,606 in Peru and S/1,561,112 in Panama and other countries (as of December 31, 2022, was S/15,799,889,000 in Peru and S/1,956,351,000 in Panama and other countries). The distribution of the Group's total assets based on the location of the customer and its assets as of December 31, 2023 is S/110,747,885 in Peru and S/8,202,909 in Panama and other countries (as of December 31, 2022, was S/109,890,371,000 in Peru and S/5,864,701,000 in Panama and other countries). It is worth mentioning that both income and assets located in Panama mainly come from Peruvian citizens.

31. Non-controlling interest

(a) The information related to the Subsidiaries of Intercorp Group that have significant non-controlling interest is presented below:

Entity	Non-controlling interest 2023 %	Non-controlling interest 2022 %	Non-controlling interest 2023 S/(000)	Non-controlling interest 2022 S/(000) (Restated Note 4.7)	Gain (loss) attributable to non-controlling interest 2023 S/(000)	Gain (loss) attributable to non-controlling interest 2022 S/(000) (Restated Note 4.7)
Intercorp Financial Services Inc. and Subsidiaries	28.80	29.36	2,909,954	2,795,375	315,395	495,088
Intercorp Retail Inc. and Subsidiaries (*)	-	-	1,779,847	1,560,572	253,259	245,731
NG Education Holdings Corp. and Subsidiaries	11.90	11.90	544,066	504,919	175,702	196,358
NG Education Holdings II Corp. and Subsidiaries	42.52	42.52	19,424	49,780	2,263	3,004
NG Education Holdings III Corp.	14.69	14.69	3,580	3,872	(301)	(593)
Intercorp Education Services S.L. and Subsidiaries (**)	-	-	211,491	80,843	(25,175)	(10,187)
Intercorp Education Services Colombia S.L. and Subsidiaries (***)	-	-	-	22,775	-	(5,645)
Intercorp Connectivity Inc. and Subsidiaries (****)	-	-	-	1,794	-	(365)
			5,468,362	5,019,930	721,143	923,391

(*) Intercorp Perú holds 100 percent participation in Intercorp Retail Inc. The non-controlling interest over Intercorp Retail Inc. and Subsidiaries recorded in Intercorp Group's consolidated financial statements, corresponds to the non-controlling interest in InRetail Perú Corp. and Subsidiaries, IFH Retail Corp. and Subsidiaries and HPSA Corp. and Subsidiaries.

(**) Intercorp Perú holds 100 percent participation in Intercorp Education Services S.L. The non-controlling interest in this company recorded in Intercorp Group's consolidated financial statements corresponds to the non-controlling interest over its subsidiary Servicios Administrativos Transformando la Educación en México, S.C., Colegios Colombianos Holding S.A.S. and Coldec.

(***) As of December 31, 2022, Intercorp Perú held 100 percent participation in Intercorp Education Services Colombia S.L. The non-controlling interest in this company recorded in Intercorp Group's consolidated financial statements corresponded to the non-controlling interest in its subsidiary Colegios Colombianos Holding S.A.S. As of December 31, 2023, Intercorp Education Services Colombia S.L merged with Intercorp Education Services S.L.

(****) As of December 31, 2022, the non-controlling interest in this company recorded in Intercorp Group's consolidated financial statements corresponds to the non-controlling interest in its subsidiary Punto de Acceso Holdings Corp. In February 2023, Intercorp Connectivity acquired 45 percent of shares of Punto de Acceso Holdings Corp. corresponding to the non-controlling participation, and then it was liquidated.

(b) The summarized financial information of these subsidiaries, based on amounts prior to inter-company eliminations and consolidation adjustments, is presented below:

	2023					
Summarized statement of financial position	**Intercorp Financial Services Inc. and Subsidiaries** S/(000)	**Intercorp Retail Inc. and Subsidiaries** S/(000)	**NG Education Holdings Corp. and Subsidiaries** S/(000)	**NG Education Holdings II Corp.** S/(000)	**NG Education Holdings III Corp.** S/(000)	**Intercorp Education Services and Subsidiaries** S/(000)
Assets						
Cash and due from banks	9,818,711	1,454,639	210,460	17	17	48,998
Financial investments	26,721,991	209,077	-	-	-	-
Loans, net	46,520,382	1,395,372	-	-	-	-
Investment property	1,298,892	3,500,290	-	-	-	-
Property, furniture and equipment, net	804,832	9,060,881	3,365,276	-	-	451,729
Inventories, net	-	3,371,263	-	-	-	-
Accounts receivable and other assets, net	4,459,971	6,444,613	467,112	45,663	25,220	40,543
Liabilities and net equity						
Deposits and obligations	49,188,234	953,481	-	-	-	-
Due to banks and correspondents	9,025,930	3,577,862	1,329,368	-	-	14,639
Bonds, notes and other obligations outstanding	5,551,629	5,611,196	493,046	-	-	-
Insurance contract liabilities	12,207,536	-	-	-	-	-
Accounts payable, provisions and other liabilities, net	3,643,349	8,975,193	1,142,587	-	-	55,085
Net equity	10,008,101	6,318,403	1,077,847	45,680	25,237	471,546
Attributable to:						
Intercorp Perú's shareholders	9,950,217	3,885,316	481,461	45,680	-	260,055
Non-controlling interest	57,884	2,433,087	596,386	-	25,237	211,491

	2022							
Summarized statement of financial position	**Intercorp Financial Services Inc. and Subsidiaries** S/(000)	**Intercorp Retail Inc. and Subsidiaries** S/(000)	**NG Education Holdings Corp. and Subsidiaries** S/(000)	**NG Education Holdings II Corp. and Subsidiaries** S/(000)	**NG Education Holdings III Corp.** S/(000)	**Intercorp Education Services S.L. and Subsidiaries** S/(000)	**Intercorp Education Services Colombia S.L. and Subsidiaries** S/(000)	**Intercorp Connectivity Inc. and Subsidiaries** S/(000)
Assets								
Cash and due from banks	13,193,411	1,523,280	166,743	18,244	45	10,822	9,987	4,768
Financial investments	22,787,598	6,391	-		-	-	-	-
Loans, net	45,502,998	1,551,143	-	-	-	-	-	-
Investment property	1,287,717	3,430,158	-	-	-	-	-	-
Property, furniture and equipment, net	791,432	8,353,924	2,854,445	230,721	-	179,293	51,714	-
Inventories, net	-	3,462,197	-	-	-	-	-	-
Accounts receivable and other assets, net	3,918,929	6,025,574	375,700	47,833	27,136	6,838	12,570	77
Liabilities and net equity								
Deposits and obligations	48,530,708	917,283	-	-	-	-	-	-
Due to banks and correspondents	7,100,646	3,838,510	1,135,668	39,087	-	-	11,649	-
Bonds, notes and other obligations outstanding	7,906,303	5,712,368	438,631	-	-	-	-	-
Insurance contract liabilities	11,231,321	-	-	-	-	-	-	-
Accounts payable, provisions and other liabilities, net	3,286,880	8,299,786	946,096	143,387	-	17,391	12,076	756
Net equity	9,426,227	5,584,720	876,493	114,324	27,181	179,562	50,546	4,089
Attributable to:								
Intercorp Perú's shareholders	9,372,468	3,410,781	404,006	114,324	27,181	98,719	27,771	2,295
Non-controlling interest	53,759	2,173,939	472,487	-	-	80,843	22,775	1,794

	2023					
Summarized statement of income	Intercorp Financial Services Inc. and Subsidiaries S/(000)	Intercorp Retail Inc. and Subsidiaries S/(000)	NG Education Holdings Corp. and Subsidiaries S/(000)	NG Education Holdings II Corp. S/(000)	NG Education Holdings III Corp. S/(000)	Intercorp Education Services and Subsidiaries S/(000)
Operating revenues	8,856,615	7,368,457	1,923,269	8,064	(1,982)	41,558
Operating expenses	(7,510,170)	(6,135,420)	(1,473,947)	-	(23)	(91,804)
Income before translation result and Income Tax	1,346,445	1,233,037	449,322	8,064	(2,005)	(50,246)
Translation result	8,427	46,124	6,262	(2)	(1)	(7,539)
Income Tax (current and deferred)	(275,596)	(505,133)	(159,313)	-	-	-
Net profit (loss) for the year	**1,079,276**	**774,028**	**296,271**	**8,062**	**(2,006**	**(57,785)**
Attributable to:						
Intercorp Perú's shareholders	1,072,728	453,748	141,521	8,062	(2,006)	(32,610)
Non-controlling interest	6,548	320,280	154,750	-	-	(25,175)
	1,079,276	774,028	296,271	8,062	(2,006)	(57,785)

	2022							
Summarized statement of income	Intercorp Financial Services Inc. and Subsidiaries S/(000)	Intercorp Retail Inc. and Subsidiaries S/(000)	NG Education Holdings Corp. and Subsidiaries S/(000)	NG Education Holdings II Corp. and Subsidiaries S/(000)	NG Education Holdings III Corp. S/(000)	Intercorp Education Services S.L. and Subsidiaries S/(000)	Intercorp Education Services Colombia S.L. and Subsidiaries S/(000)	Intercorp Connectivity Inc. and Subsidiaries S/(000)
Operating revenues	7,550,972	7,046,823	1,528,966	115,012	(3,971)	19,203	1,663	233
Operating expenses	(5,384,843)	(5,718,316)	(1,067,280)	(106,870)	(30)	(41,362)	(19,092)	(1,084)
Income before translation result and Income Tax	2,166,129	1,328,507	461,686	8,142	(4,001)	(22,159)	(17,429)	(851)
Translation result	(25,478)	110,309	7,006	970	3	(853)	5,187	(99)
Income Tax	(462,537)	(540,258)	(151,413)	(4,787)	-	-	(522)	-
Net profit (loss) for the year	1,678,114	898,558	317,279	4,325	(3,998)	(23,012)	(12,764)	(950)
Attributable to:								
Intercorp Perú's shareholders	1,668,026	652,827	155,014	4,325	(3,998)	(12,827)	(7,120)	(585)
Non-controlling interest	10,088	245,731	162,265	-	-	(10,185)	(5,644)	(365)
	1,678,114	898,558	317,279	4,325	(3,998)	(23,012)	(12,764)	(950)

32. Financial instruments classification

The financial assets and liabilities of the consolidated statement of financial position as of December 31, 2023 and 2022, are presented below:

	As of December 31, 2023				
	At fair value through profit or loss S/(000)	Debt instruments measured at fair value through other comprehensive income S/(000)	Equity instruments measured at fair value through other comprehensive income S/(000)	Amortized cost S/(000)	Total S/(000)
Financial assets					
Cash and due from banks	-	-	-	10,987,576	10,987,576
Inter-bank funds	-	-	-	524,915	524,915
Financial investments	2,435,276	21,182,337	444,878	3,474,004	27,536,495
Loans, net	-	-	-	46,525,225	46,525,225
Due from customers on acceptances	-	-	-	40,565	40,565
Reinsurance contract assets				26,287	26,287
Accounts receivable and other assets, net	302,427	-	-	2,764,483	3,066,910
	2,737,703	21,182,337	444,878	64,343,055	88,707,973
Financial liabilities					
Deposits and obligations	-	-	-	49,355,420	49,355,420
Inter-bank funds	-	-	-	119,712	119,712
Due to banks and correspondents	-	-	-	13,062,230	13,062,230
Bonds, notes and other obligations outstanding	-	-	-	13,383,695	13,383,695
Due from customers on acceptances	-	-	-	40,565	40,565
Insurance and reinsurance contract liabilities	-	-	-	12,207,536	12,207,536
Accounts payable, provisions and other liabilities	180,197	-	-	11,097,080	11,277,277
	180,197	-	-	99,266,238	99,446,435

	As of December 31, 2022				
	At fair value through profit or loss S/(000)	Debt instruments measured at fair value through other comprehensive income S/(000)	Equity instruments measured at fair value through other comprehensive income S/(000)	Amortized cost S/(000)	Total S/(000)
Financial assets					
Cash and due from banks	-	-	-	14,325,307	14,325,307
Inter-bank funds	-	-	-	296,119	296,119
Financial investments	2,755,818	16,980,564	512,884	3,302,779	23,552,045
Loans, net	-	-	-	45,948,399	45,948,399
Due from customers on acceptances	-	-	-	45,809	45,809
Reinsurance contract assets	-	-	-	34,053	34,053
Other accounts receivable and other assets, net	697,232	-	-	2,307,841	3,005,073
	3,453,050	16,980,564	512,884	66,260,307	87,206,805
Financial liabilities					
Deposits and obligations	-	-	-	48,510,965	48,510,965
Inter-bank funds	-	-	-	30,012	30,012
Due to banks and correspondents	-	-	-	11,192,168	11,192,168
Bonds, notes and other obligations outstanding	-	-	-	15,804,263	15,804,263
Due from customers on acceptances	-	-	-	45,809	45,809
Insurance contract liabilities	-	-	-	11,231,321	11,231,321
Accounts payable, provisions and other liabilities	315,027	-	-	10,364,336	10,679,363
	315,027	-	-	97,178,874	97,493,901

33. Financial risk management

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

- Credit risk: possibility of loss due to inability or lack of willingness to pay of debtors, counterparts or third parties bound to comply with their contractual obligations.

- Market risk: probability of loss in positions on and off the consolidated statement of financial position derived from variations in market conditions; it generally includes the following types of risk: exchange rate; fair value by interest rate, price, among others.

- Liquidity risk: possibility of loss due to noncompliance with the requirements of financing and fund application that arise from mismatches of cash flows.

- Insurance risk: possibility that the actual cost of claims and their payments, or their occurrence, will differ from expectations.

- Real estate risk: possibility of significant loss in rental income due to the insolvency of the lessee or, a decrease in the market value of real estate investments.

To manage the risks detailed above, every Subsidiary of the Group has a specialized structure and organization in their management, measurement systems, as well as mitigation and coverage processes, according to specific regulatory needs and requirements for the development of its business. The Group operate independently but in coordination with the general provisions issued by the Board and Management of Intercorp. Board and Management of Intercorp Perú are ultimately responsible for identifying and controlling risks. In addition, the Board of Intercorp Perú has among its objectives to verify the adequacy of the accounting processes and financial information of each Subsidiary, as well as to evaluate the activities carried out by internal and external auditors. The Board of Intercorp Perú is comprised of five Directors and the General Manager and reports directly to the Shareholders' Meeting.

(a) Structure and organization of risk management -

The structure and organization of risk management of the main Subsidiaries is as follows:

(i) Entities of the financial sector -

IFS

Audit Committee

The Company has an Audit Committee comprised of three independent directors, pursuant to Rule 10A-3 of the Securities Exchange Act of the United States; and one of them is the financial expert according to the regulations of the New York Stock Exchange. The Audit Committee is appointed by the Board of Directors and its main purpose is to monitor and supervise the preparation processes of financial and accounting information, as well as the audits over the financial statements of IFS and its Subsidiaries.

Also, the Committee is responsible of assisting the Board of Directors in the monitoring and supervising, thus helping to ensure:

- The quality and completeness of IFS's financial statements, including its disclosures.
- The existence of adequate procedures to assess, objectively and periodically, the effectiveness of the internal control system over the financial report.
- The compliance with the legal and regulatory framework.
- The qualifications and independence of External Auditors.
- The performance of External Auditors' function.
- The implementation by Management of an adequate internal control system, in particular the internal control system over the financial report.

IFS has an Internal Audit Division which is responsible for monitoring the key processes and controls to ensure an adequate low risk control according to the standards defined in the Sarbanes-Oxley Act.

Interbank -

Board-

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

The Board has created several specialized committees to which it has delegated specific tasks in order to strengthen risk management and internal control.

Audit Committee -

The Audit Committee's main purpose is to monitor that the accounting and financial reporting processes are appropriate, as well as to evaluate the activities performed by External and Internal auditors. The Committee is comprised of three Board members and may also participate the General Manager, the Internal Auditor, the Vice-President of Corporate and Legal Affairs and other executives when required. The Committee meets at least six times a year in ordinary sessions and informs the Board about the most relevant issues discussed.

Comprehensive Risk Management Committee -
The Comprehensive Risk Management Committee (henceforth "GIR", by its Spanish acronym) is responsible for approving the policies and organization for comprehensive risk management, as well as the amendments to said policies. The Committee defines the level of tolerance and the exposure degree to risk that Interbank is willing to assume in its business and decides on the necessary actions aimed at implementing the required corrective measures in case of deviations from the levels of tolerance to risk. The Committee is comprised of two Directors, the General Manager and the Vice-Presidents. The Committee reports monthly to the Board the main issues it has discussed, and the resolutions taken in each session.

Assets and Liabilities Committee –
The main purpose of the Assets and Liabilities Committee (henceforth "ALCO") is to manage the financial structure of the statement of financial position of Interbank, based on profitability and risk targets. The ALCO is also responsible for the proposal of new products or operations that contain components of market risk. Likewise, it is the communication channel with the units that generate market risk. The ALCO meets monthly, and it is comprised of the General Manager, the Vice-Presidents of Risks, Commercial, Finance, Operations, Distributions Channels, Capital Market, and the Treasury Manager / Position Desk.

Internal Audit Division -
Risk management processes of Interbank are monitored by the Internal Audit Division, which examines both the adequacy of the procedures and the compliance with them. The Internal Audit Division discusses the results of all assessments with Management and reports its findings and recommendations to the Audit Committee and Board.

Interseguro -
Board of Directors
The Board is responsible for the general approach to risk management, and it is responsible for the approval of the policies and strategies currently used. The Board provides the principles for general risk management, as well as the policies prepared for specific areas, such as foreign exchange risk, interest rate risk, credit risk and the use of derivative and non-derivative financial instruments.

Audit Committee

The Audit Committee's main purpose is to monitor that the accounting and financial reporting process are appropriate, as well as to evaluate the activities performed by External and Internal Auditors. The Audit Committee is comprised of three Board members who do not fulfil any executive position within Interseguro, being at least one of them an Independent Director, who leads the Committee and cannot lead any other Committee within Interseguro. The Committee sessions can be attended by the General Manager, the Audit Manager, the External Auditors and other executives when required. The Committee meets at least six times a year in ordinary sessions and informs the Board on the most relevant issues it has addressed.

Risk Committee

The Risk Committee is a corporate body created by the Board; responsible of defining the risk limits of Interseguro's business through the approval of risk policies and the corrective measures needed to maintain adequate levels of risk tolerance. The Risk Committee is comprised of four Board members, the Risk Manager and the General Manager.

Investments Committee

The Investments Committee is responsible of approving the limits of each security or real estate that may be included in Interseguro's investment portfolio. This Committee is comprised of several Board Members, the General Manager and the Vice-President of Investments.

Internal Audit Division

Risk management processes of Interseguro are monitored by the Internal Audit Division, which reviews and assesses the design, scope and functioning of the internal control system, and verifies the compliance of the legal requirements, policies, standards and procedures. The Internal Audit Division discusses the results of all assessments with Management and reports its findings and recommendations to the Audit Committee and Board.

Inteligo Bank -

Inteligo Bank's Board is responsible for the establishment and monitoring of the risk management policies. In order to manage and monitor the risks Inteligo Bank is exposed to, the Board has created the Credit and Investments Committee, the Assets and Liabilities Committee, the Comprehensive Risk Management Committee and the Audit Committee.

Izipay

The Board of Izipay is responsible for the approval of risk management policies. Likewise, in order to monitor the risks to which Izipay is exposed, the Board has created the Risk and Compliance Committee and the Audit Committee.

The Group, through its different risk management bodies, has been monitoring and implementing in its Subsidiaries diverse measures to address and counter the negative effects caused by the political and social context in the country and the pandemic, which began in March 2020.

(ii) Entities of the retail, real estate and educational sectors -

Board of Directors

The Board of each of the retail, real estate and educational entities is responsible for the general approach on risk management and the approval of the policies and strategies currently in effect. Each Board provides with the principles on risk management as well as the policies for specific areas such as exchange rate risk, interest rate risk, credit risk and the use of derivative and non-derivative financial instruments.

Management

Management of each of the retail, real estate and educational entities oversees the risk management of these Subsidiaries. Financial Manager provide assurance to Management about the identification, measurement and management of procedures and financial risks pursuant to the Board's guidelines.

Internal Audit

Risk management processes of each subsidiary are monitored by the Internal Audit Area, which examines both the adequacy of the procedures and the compliance with them. Internal Audit reports its findings and conclusions to Management and the Board of each subsidiary.

(b) Risk measurement and reporting systems -

The Group uses different models and tools of risk rating that measure and value risk with a prospective vision, thus allowing the making of better risk decisions in the different stages or life cycle of client or product.

The models and tools are permanently monitored and periodically validated in order to assure that the levels of prediction and performance are being maintained and to make the corrective measure or adjustments, when needed.

(c) Risk mitigation and coverage -

To mitigate the exposure to the various financial risks and provide adequate coverage, the Group has established a series of measures, among which the following stand out:

- Policies, procedures, methodologies, models and parameters aimed to allow for the identification, measurement, control and reporting of diverse financial risks.
- Review and assessment of diverse financial risk, through specialized admission units;
- Timely monitoring and tracking of diverse financial risks and their maintenance within a defined tolerance level;

- Compliance with regulatory limits and establishment of internal limits for exposure concentration; and
- Procedures for guarantee's management.

Likewise, as part of its comprehensive risk management, in certain circumstances the Group uses derivative financial instruments to mitigate its risk exposure, which arises from the variations in interest rates and foreign exchange rates.

(d) Risk concentration -
Through its policies and procedures, the Group has established the guidelines and mechanisms needed to prevent excessive risk concentration. In case any concentration risk is identified, the Group works with specialized units that enable it to control and manage said risks.

33.1 Credit risk

(a) Financial entities –
The Group opts for a credit risk policy that ensures sustained and profitable growth in all its products and business segments it operates. In doing so, it applies assessment procedures for the adequate decision-making, and uses tools and methodologies that allow the identification, measurement, mitigation and control of the different risks in the most efficient manner. Likewise, the Group incorporates, develops and reviews regularly management models through all the credit risk cycle to ensure its effectiveness and validity that allow an adequate measurement, quantification and monitoring of the loans granted by each business unit and also encouraging the continuous improvement of its policies, tools, methodologies and processes. Additionally, as consequence of the political, economic and social context that arose during 2022 and 2021,see Note 1.2, and the high uncertainty about the intensity of the El Niño event in the year 2023, the behavior and performance of the expected credit losses of the retail and commercial clients has been affected, thus requiring a greater monitoring of results, which has also implied to perform certain subsequent adjustments to the expected loss model in order to be able to capture the effects of the current situation which has generated a high level of uncertainty in the expected loss estimate for loan portfolio.

In compliance with the policy of monitoring the Group's credit risk, during the years 2023 and 2022, Interbank and Financiera performed the recalibration process of their risk parameters for the calculation of expected credit losses.

The Group is exposed to credit risk, which is the risk that a counterparty causes a financial loss by not fulfilling an obligation. Credit risk is the most important for financial entities; therefore, Management carefully manages its exposure to credit risk which arise mainly in financing activities that lead to loans and investment activities that contribute with securities and other financial instruments to the Group's asset portfolio. There is also credit risk in the financial instruments out of the consolidated statement of financial position, such as contingent credits (indirect loans), which expose the Group to risks similar to those of direct loans, being mitigated with the same control processes and policies. Likewise, credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the consolidated statement of financial position.

As of the date of the consolidated statement of financial position and pursuant to IFRS 9, impairment allowances are established for expected losses. Significant changes in the economy or in the particular situation of an economic sector that represents a concentration in the Group's portfolio, could result in losses that are different from those provisioned as of the date of the consolidated statement of financial position.

The Group structures the levels of credit risk it assumes by placing limits on the amount of risk accepted in relation to one counterparty or groups of counterparties, geographical and industry segments. Said risks are constantly monitored and subject to continuous review.

The Group's exposure to credit risk is managed through the regular assessment of counterparty and their potential capability to pay the principal and interest of their obligations, and through the change in exposure limits when appropriate.

The exposure to credit risk is also mitigated, in part, for obtaining of personal and corporate guarantees. Nevertheless, there is a significant part of the financial instruments where said guarantees cannot be obtained. Following is a description of the policies and procedures related to management and valuation of guarantees:

Policies and procedures for management and valuation of guarantees -
Guarantees required for financial assets other than the loan portfolio are determined according to the nature of the instrument. However, debt instruments, treasury papers and other financial assets, generally are not guaranteed, except for securities guaranteed with similar assets and instruments.

The Group has policies and guidelines established for the management of guarantees received to back loans granted. The assets that guarantee loan operations bear a certain value prior to the loan approval and the procedures for their updating are described in the internal rules. To manage guarantees, the Group has specialized divisions for the establishment, management and release of guarantees:

Guarantees that back loan operations include different goods, properties and financial instruments (including cash and securities). Their preferential status depends on the following conditions:

- Ease of convertibility into cash.
- Proper legal documentation, duly registered in the corresponding public registry.
- Non-existence of previous obligations that could reduce their value.

- Their fair value must be updated.

Long-term loans and fundings granted to corporate entities are generally guaranteed. Consumer loans and small and micro-business loans are not generally guaranteed.

Management monitors the fair value of guarantees, and with the purpose of mitigating credit losses, requests additional guarantees to the counterparty as soon as impairment evidence exists. The proceeds from the settlement of the guarantees obtained are used to reduce or repay the outstanding loan.

In the case of derivative financial instruments, the Group maintains control limits on net open derivative positions (the difference between purchase and sale contracts), both in amount and term. The amount subject to credit risk is limited to the current fair value of instruments that are favorable to the Group (for example, an asset when its fair value is positive), which in relation to derivatives is only a small fraction of the contract, or nominal values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the total credit limits with customers, together with potential exposures from market movements. Guarantees or other securities are not usually obtained for risk exposures on these instruments.

Settlement risk arises in any situation where a payment in cash, securities or equity is made in the expectation of receiving cash in exchange. Daily settlement limits are established for each counterparty in order to cover the total of settlement risk arising from the Group's market transactions on any single day.

(b) Accounts receivable from insurance activities -
The portfolio of clients to whom Interseguro provides individual life insurance and annuities is an atomized one. On the other hand, for the category of credit life insurance, the portfolio is concentrated on the clients of Interbank and Financiera and is equivalent to approximately 98 percent of the balance.

(c) Trade accounts receivable from the retail, real estate and education businesses -
Intercorp Perú and its Subsidiaries assess risk concentration regarding the trade accounts receivable of the retail, real estate and education business, and other accounts receivable. In general, no significant concentrations of accounts receivable from any entity in particular are maintained. Intercorp Group performs an assessment on the collectability risk of the accounts receivable in order to determine the respective provision.

In the case of trade accounts receivable from retail sales, which are mainly generated from sales with credit cards, the credit risk is minimal because they have a period of 2 to 7 days to become into cash.

Accounts receivable from the manufacturing and distribution of different pharmaceutical and mass market products are reviewed periodically to ensure their recovery. Trade accounts receivable are collected from clients with credit solvency and soundness, and large credit lines, which ensures the timely collection of accounts receivable.

In the case of rentals receivable and merchandising coupons, effective contracts are maintained.

In the case of accounts receivable from the educational business, the credit risk is mainly related to tuitions receivable, which are atomized.

In the case of accounts receivable from the real estate activity, the Group finances the sale for a maximum period of two years. Likewise, it maintains ownership of the land lots as guarantee until cancellation.

(d) Maximum exposure to credit risk -

As of December 31, 2023 and 2022, Management estimates that the maximum credit risk to which the Group is exposed is represented by the book value of the financial assets which show a potential credit risk and consist mostly of deposits in banks, inter-bank funds, investments, loans (direct and indirect), without considering the fair value of the collateral or guarantees, derivative financial instruments transactions, accounts receivable from insurance transactions and other monetary assets. In this sense, as of December 31, 2023 and 2022, the main captions were comprised as follows:

- 70.5 percent and 70.2 percent, respectively, of cash represent amounts deposited in the Group's vaults or in the BCRP.
- 83.1 percent and 88.3 percent, respectively, of the loan portfolio is classified into the two lower credit risk categories defined by the Group under IFRS 9 (high and standard grade).
- 89.2 percent and 92.2 percent, respectively, of the loan portfolio is deemed non-past-due and non-impaired. It is worth mentioning that, because of the effects of Covid-19, the Group has rescheduled loans that met certain requirements. The balance of rescheduled loans related to Covid-19 as of December 31, 2023 and 2022, amounts to approximately S/3,555,207,000 and S/5,110,928,000, respectively. Additionally, as consequence of the "Reactiva Perú" program, the Group has rescheduled loans that complied with certain requisites; thus, the balance of rescheduled loans under this program as of December 31, 2023 and 2022, amounts to approximately S/730,508,000 and S/1,473,770,000, respectively.
- 90.4 percent and 88.3 percent, respectively, of investments at fair value through other comprehensive income and investments at amortized cost have at least an investment grade rating (BBB- or higher) or are debt instruments issued by the BCRP or the Peruvian Government.

- 97.2 percent and 97.7 percent, respectively, of accounts receivable from insurance premiums and leases of the investment properties is deemed non-past due and non-impaired.

- In addition, as of December 31, 2023, the Group holds loans (direct and indirect) and investments in fixed income instruments related to the infrastructure sector that, in recent years, have been exposed to local and international events, for an amount of approximately S/588,659,000 (S/200,177,000 in direct loans and S/388,482,000 in indirect loans) and investments for S/1,011,043,000, (S/712,662,000 (S/163,534,000 in direct loans and S/549,128,000 in indirect loans) and investments for S/1,036,763,000, as of December 31, 2022).

(e) Impairment assessment for loan portfolio –

The main objective of the impairment requirements is to recognize expected credit losses during the average life of financial instruments which there has been a significant increase in credit risk from the initial recognition — as evaluated on a collective or individual basis — considering all reasonable and sustainable information, including that which refers to the future. If the financial instrument does not show a significant increase in credit risk after the initial recognition, the provision for credit losses shall be calculated as expected credit losses in the next 12 months (Stage 1), as defined in Note 4.4(j).

Under some circumstances, an entity may not have reasonable and sustainable information available without disproportionate effort or cost to measure the expected credit losses during the lifetime of the asset on an individual instrument basis. In that case, expected credit losses during the asset's lifetime shall be recognized on a collective basis considering information about the comprehensive credit risk. The financial assets for which the Group calculates the expected loss under a collective assessment include:

- All direct and indirect (contingent) loans related to stand-by letters, bank guarantees and letters of credit. Except for situation reasons, certain clients that belong to the infrastructure sector.
- Debt instruments measured at amortized cost or at fair value through other comprehensive income.

The expected loss is estimated collectively for each loan portfolio with shared similar risk characteristics. Not only default indicators, but all information such as: macroeconomic projections, type of instrument, credit risk ratings, types of guarantees, date of initial recognition, remaining time to maturity, among other indicators.

For the collective impairment assessment, the financial assets are grouped based on the Group's internal credit rating system, which considers credit risk characteristics, such as: type of asset, economic sector, geographical location, type of guarantee, among other relevant factors.

The expected loss is calculated under the identification and multiplication of the following risk parameters:

- Probability of default (PD): It is the likelihood that a counterpart will be unable to meet its debt obligations in a certain period and with it is cataloged as default.
- Loss given default (LGD): Measures the loss in percentage terms on total exposure at default (see exposure at default).
- Exposure at default (EAD): Represents the maximum amount that the Group can lose at the time of entry into default.

(e.1) Definition of default:
In accordance with IFRS 9, the Group determines that there is default on a financial asset when:

- The borrower is unlikely to pay their credit obligations to the Group in full, without considering that the Group can resort to actions such as realizing guarantee (if applicable); or
- The borrower is past due by more than 90 days on any significant credit obligation to the Group.

In assessing whether a borrower present a default, the Group considers the following indicators:

- Qualitative: contracts in judicial and pre-judicial proceedings.
- Quantitative: contracts in default for more than 90 days.
- Based on data prepared internally and obtained from external sources such as:
  - Significant changes in indicators of credit risk.
  - Significant changes in external market indicators.
  - Real or expected significant change in the external and/or internal credit rating.
  - Existing or forecast adverse changes in the business, economic or financial conditions that are expected to cause a significant change in the borrower's ability to meet their debt obligations.
  - Real or expected significant change in the operating results of the borrower.
  - Real or expected significant adverse change in the regulatory, economic or technological environment of the borrower that results in a significant change in the borrower's ability to meet their debt obligations.

Likewise, the loss recognized in the period is affected by several factors, such as:

- Transfers from Stage 1 to Stage 2 or Stage 3 because the financial asset has experimented a significant increase in its risk since initial recognition or presents impairment at the analysis date, respectively. As a result, lifetime expected losses are calculated.
- Impact on the measurement of expected losses due to changes in PD, EAD and LGD resulting from the update of the inputs used.
- Impact on the measurement of expected losses due to changes in the models and assumptions used.
- Additional provisions for new financial instruments reported during the period.
- Periodic reversal of the discount of the expected loss due to the passage of time, as they are measured based on the present value.
- Financial assets derecognized and written-off during the period.
- Exchange difference arising from financial assets denominated in foreign currency.

(e.1.1) Scoring or internal rating and PD:

The Group's loan portfolio is segmented into homogeneous groups with shared similar credit risk characteristics as detailed below:

- Personal Banking (Credit cards, mortgages, payroll loans, consumer loans and vehicular loans).
- Small Business Banking.
- Commercial Banking (Corporate, Institutional, Companies and Real Estate).

In the case of Interbank and Financiera, the Credit Risk Department determines its risk level according to the following classification as of December 31, 2023 and 2022:

2023

Banking	Segment	High grade PD less or equal to (*)	Standard grade PD range (*)	Grade lower than standard PD equal or higher than (*)
Personal banking	Credit Cards – Interbank	7.12%	7.13% - 16.98%	16.99%
	Credit Cards - Financiera	7.88%	7.88% - 14.96%	14.96%
	Mortgage	2.07%	2.08% - 6.80%	6.81%
	Payroll loans	2.80%	2.81% - 6.43%	6.44%
	Consumer	9.32%	9.33% - 20.78%	20.79%
	Vehicular	9.13%	9.14% - 22.90%	22.91%
Small business banking		15.26%	15.27% - 31.69%	31.70%
Commercial banking	Corporate	0.22%	0.22%	0.22%
	Institutional	0.55%	0.55%	0.55%
	Companies	5.23%	5.24% - 9.67%	9.68%
	Real estate	3.71%	3.71%	3.71%

2022

Banking	Segment	High grade PD less or equal to	Standard grade PD range	Grade lower than standard PD equal or higher than
Personal banking	Credit Cards – Interbank	7.36%	7.37% - 17.52%	17.53%
	Credit Cards - Financiera	5.78%	5.79% - 11.44%	11.45%
	Mortgage	1.15%	1.16% - 3.76%	3.77%
	Payroll loans	3.94%	3.95% - 16.89%	16.90%
	Consumer	7.94%	7.95% - 18.15%	18.16%
	Vehicular	3.24%	3.25% - 9.09%	9.10%
Small business banking		15.05%	15.06% - 24.59%	24.60%
Commercial banking	Corporate	0.28%	0.28%	0.28%
	Institutional	0.28%	0.28%	0.28%
	Companies	3.72%	3.73% - 6.84%	6.85%
	Real estate	1.66%	1.66%	1.66%

(*) It is worth mentioning that the probabilities of default indicated are exclusively those determined by the statistical model and, therefore, do not include the subsequent adjustments to the model that have been originated as consequence of the pandemic, see further detail in Note 34.1(e.7).

The main objective is to generate statistical models that allow forecasting the applicant's level of credit risk. The development of these models incorporates both qualitative and quantitative information, as well as client specific information that may affect their performance.

These rating models are monitored on a regular basis because with the time passing some factors may have a negative impact on the model's discriminating power, and stability due to changes in the population or its characteristics.

Each scoring or rating has an associated PD, which is adjusted to incorporate prospective information. This is replicated for each macroeconomic scenario, as appropriate.

To calculate the PD, two differentiated methodologies have been developed, which are described below:

- Transition matrixes
  Its objective is to determine the probability of default over a 12-month horizon based on the maturity of the operation, by analyzing the conditional probability of transition from one credit rating state to another. This method is suitable for loans with high exposure, wide data availability and in which the intention is to calculate the PD based on the antiquity (maturity) of the operation.

- Default ratio
  Its objective is to determine the probability of default over a 12-month horizon based on the level of risk with which the operation begins, based on a counting analysis and the percentage of cases that report a default mark. This type of method is suitable for loans with poor data availability by type of maturity.

Given the nature of the portfolios and the availability of historical information, the method to estimate the PD for each portfolio is presented below:

Loan portfolios	Transition matrix	Default ratio
Personal banking:		
Credit cards	X	
Mortgage	X	
Payroll loans	X	
Consumer		X
Vehicular		X
Small business banking		X
Commercial banking:		
Corporate		X
Institutional		X
Companies	X	
Real estate		X

Likewise, the Group has implemented a system to monitor its commercial sector clients in a more personalized manner, based on warnings, changes in rating, reputation problems, among others.

On the other hand, at each reporting date, for indirect loans (contingent), similar to direct loans, the expected loss is calculated depending on the stage in which each operation is classified; that is, if it is in Stage 1, the expected loss is calculated with 12-month view. If it is in Stage 2 (if the operation shows a significant risk increase since the initial recognition) or Stage 3 (if the operation presents default), the expected loss is calculated for the remaining life of the asset.

The Group considers the changes in risk based on the probability that the borrower will fail to comply with the loan agreement.

As of December 31, 2023 and 2022, the Group holds stand-by letters and guarantees with entities related to the infrastructure sector that, in recent years, for situation reasons; has been exposed to national and international events. To determine the expected losses of these entities, the Group perform an individual assessment to determine if the operation is in Stage 1, Stage 2 or Stage 3.

The criteria established to assign the risk to each one of the operations that are evaluated under an individual evaluation use the following combination of factors: quantitative, qualitative and financial.

To estimate the PD for the lifetime of a financial asset, a transformation to a 12-month PD is made according to the year of remaining life. That is, the PD is determined for a lifetime by an exponentiation of the 12-month PD.

In the case of Inteligo Bank, both for Personal Banking and Commercial Banking, through the internal model developed (scorecard) assigns 5 levels of risk: low, medium low, medium, medium high, and high. This methodology evaluates the scoring, increase or decrease of risks, taking into consideration the loan structure and the type of client; therefore, there is one scorecard for Personal Banking and another for Commercial Banking.

Financiera assessed the probability of default in credit cards based on the transition matrixes model that calculates 12 monthly matrixes using buckets from the scoring model of Buró, which contains information about client’s behavior regarding their credits. Each bucket corresponds to the segmentation of the loan portfolio by risk level, which is determined through a statistic method according to the client’s behavior considering variables such as PD and the distribution of balances, where bucket [<861-+] is the least risky and bucket [0-197] is the riskiest. In addition, “default”, “cancelled” and “refinanced” buckets or other deemed appropriate are created. The first two are considered absorbing as it is not possible to transition into another bucket, while, once in the status “refinanced”, it is only possible to transition into the status of “default” or “cancelled”.

To estimate the PD for the financial asset’s entire lifetime, the 12 monthly transition matrixes are multiplied to obtain the transition matrix with 12-month view.

(e.2) Loss given default (LGD):
It is an estimation of the loss in case of default. It is the difference between contractual cash flows and those expected to be received, including guarantees. Generally, it is expressed as an EAD percentage.

In the case of Interbank and Financiera, the calculation of the LGD has been developed under two differentiated methodologies, which are described below:

- Closed recoveries
  Correspond to those process in which a client entered and exit default (due to debt settlement, application of penalty or refinancing) in a time window of up to 100 months and 88 months in the case of Interbank, as of December 31, 2023 and 2022, respectively, and 24 months in the case of Financiera.

Financiera estimates the expected loss given default considering transactions since December 2021 with past due days between 91 and 120 days in a time window of 24 months. Subsequently, closed recovery processes are identified, processes in which the client entered and exit default.

- Open recoveries
  Corresponds to those processes in which a client entered and did not manage to exit default in a time window of up to 100 months and 88 months in the case of Interbank, as of December 31, 2023 and 2022, respectively; and 24 months in the case of Financiera, as of December 31, 2023 and 2022. This methodology identifies the adjustment factor that allows to simulate the effect of a closed recovery process. Thus, a recovery curve is built from the information of closed recovery processes and a recovery rate curve is estimated based on the number of months presented by each process.

  The methodology previously detailed is applied by Interbank to the Mortgage and Commercial Banking loan portfolios.

In the case of Inteligo Bank, for those credits that are classified in Stage 1 or Stage 2 at the reporting date, the regulatory recoveries of the Central Bank of The Bahamas and the Superintendence of Banks of Panama are used, using stressed scenarios for each type of guarantee.

(e.3) Exposure at default (EAD):
Exposure at default represents the gross carrying amount of financial instruments subject to impairment, which involves both the client's ability to increase exposure as default approaches and possible early repayments. To calculate the EAD of a loan in Stage 1, potential default events are evaluated over a 12-month horizon. For financial assets in Stage 2 and Stage 3, exposure at default is determined over the lifetime of the instrument.

A calculation methodology has been developed for those loans that present a defined schedule, differentiating those transactions that consider prepayment and those that do not consider prepayment; and another methodology that is based on building the credit risk factor for those loans allows the client the ability to use a credit line (revolving products) and, therefore, it must be calculated the percentage of additional use of the credit line that the client could use in case of a default.

(e.4) Significant increase in credit risk:

The Group has established a framework that incorporates quantitative and qualitative information to determine whether the credit risk on a financial instrument has significantly increased since initial recognition, both for loans and investments. The framework is aligned with the Group's internal credit risk management process.

In certain cases, using its expert credit judgment and, where possible, with relevant historical experience, the Group may determine that an exposure has experienced a significant increase in credit risk when certain qualitative indicators indicate it and those indicators that may not be captured by a timely quantitative analysis.

At each reporting date, expected losses are calculated depending on the stage of each loan, because each one is assessed with a different life period.

Interbank

- Stage 1 -
  The expected loss is calculated over a 12-month horizon. For this purpose, the following risk parameters are multiplied: the 12-month forward-looking PD for year 1 of the remaining life, the client's LGD, and the EAD for year 1 of the remaining life for operations with payment schedule or the balance as of the reporting date for operations without payment schedule.

- Stage 2
  The expected loss is calculated for the entire remaining life of the asset. For operations with payment schedule, they are calculated in each year of remaining life by multiplying the following risk parameters: 12-month forward-looking PD, the client's LGD, and the EAD of the corresponding year of remaining life, and then the summation is done. For operations without payment schedule, they are calculated by multiplying the lifetime forward-looking PD, the client's LGD, and the balance at the reporting date.

- Stage 3
  The expected loss is calculated by multiplying the PD (equal to 100 percent) by the client’s LGD and the balance as of the reporting date.

Financiera:

- Stage 1 -
  The expect loss is calculated over a 12-month horizon. For this purpose, the following risk parameters are multiplied: the 12-month forward-looking PD, the client’s LGD, and the EAD as the balance as of the reporting date.

- Stage 2 -
  The expected loss is calculated for the entire remaining life of the asset by multiplying the following risk parameters: 18-month forward-looking PD, the client's LGD, and the EAD at the reporting date.

- Stage 3 -
  The expected loss is calculated by multiplying the PD (equal to 100 percent) by the client's LGD and the balance as of the reporting date.

The Group classifies the operations with a significant risk increase of each portfolio such as marked refinanced operations, operations with arrears longer than 30 days (for all portfolios except Mortgages that considers arrears longer than 60 days), or operations marked "Leave" or "Reduce" in the surveillance system for the Commercial Banking portfolio.

Likewise, the evaluation of the significant risk increase is performed by comparing the 12-month PD to the date of origin and the 12-month PD to the date of the report adjusted by the forward-looking factor, according to the quantitative criteria of absolute and relative variation. Interbank has established a range of average absolute variation of 7.5 percent and an average relative variation of 417.2 percent. In the case of Financiera, it has been established a range of average absolute variation of 6 percent and an average relative variation of 200 percent.

The Group periodically evaluates the following warning signs and criteria to assess whether the placement presents a significant increase in credit risk (Stage 2):

- Rescheduled loans.
- Infraction to the covenants.
- Forced interventions by governments in the primary and secondary markets of the borrowers.
- Involvement of the borrower in illicit, political and fraud business.
- Impairment of collaterals (underlying assets).
- Arrears or short-timed and frequent defaults in payment of installments.
- Significantly adverse macroeconomic, regulatory, social, technological and environmental changes.
- Other assessments and/or warnings (financial statements, EBIT evaluation, financial indicators by industry, regulatory criteria and others).

On the other hand, the Group will monitor the effectiveness of the criteria used to identify significant increases in credit risk through periodic reviews to confirm that:

- Criteria are able to identify significant increases in credit risk before an exposure is in default.

- The average time between the identification of a significant increase in credit risk and default is reasonable.
- The exposures usually do not transfer directly from the measurement of 12-month expected losses to impaired loans; and
- There is no unjustified volatility in the allocation of expected credit losses between the measurement of 12-month expected credit losses and lifetime expected credit losses.

Subsequently, the expected loss of each scenario (optimistic, base and pessimistic) is calculated as the sum of the expected loss of each Stage. Finally, the expected loss of the portfolio is calculated by assigning weights to each scenario based on their respective probability of occurrence.

An operation shall migrate from Stage 1 to Stage 2 due to significant risk increase, if comparing the current PD with the PD in the moment it was generated, it is observed an increase (relative and absolute variation) in the PD that exceeds the established limits.

On the other hand, the methodology introduces the concept of cure for the Mortgage, Corporate and Business portfolios. According to this concept, a loan in Stage 3 that has been recovered through the payment of the debt, does not migrate directly to Stage 1, instead of continuing in Stage 2 during an observation window of 12 months, in order to secure a consistent behavior in the transaction's risk, as well as to mitigate the migration volatility between risk stages.

(e.5) Reactiva Perú

The National Government Guarantees Program "Reactiva Perú", created by Legislative Decree No. 1455 and amended by Legislative Decree No. 1457, aims to provide a quick and effective response to the liquidity needs faced by companies due to the impact of Covid-19.

During the year 2020, Interbank granted loans for S/6,617,142,000. As of December 31, 2023 and 2022, Interbank keeps loans from the "Reactiva Perú" program for an approximate balance of S/848,886,000 and S/2,357,201,000, respectively; including accrued interest amounting to S/46,277,000 and S/57,254,000. The amounts covered by the Peruvian government guarantee amounted to S/675,492,000 and S/2,040,379,000, respectively.

Likewise, during the years 2023 and 2022, the Peruvian government established measures for the rescheduling of these loans, setting new grace periods additional to the grace periods of the original loan. Also, certain requirements were established that the client had to comply with to access to this rescheduling.

(e.6) Rescheduled loans:

(e.6.1) Rescheduling due to Covid-19

Because of the pandemic scenario as consequence of the Covid-19 explained in Note 1.3, the SBS authorized financial entities to grant credit facilities (rescheduling) to clients that meet certain requirements specified by the regulations issued by this regulatory entity. In that sense, Interbank granted repayment facilities to its customers that included: modification of repayment schedules, granting of grace periods, reduction of interest rates, fractioning and downsizing of installments, among others. The effects of these rescheduling have been recorded in the caption "Interest and similar income" of the consolidated income statement, see Note 21.

As of December 31, 2023 and 2022, the balance of these rescheduling amount to S/3,555,207,000 and S/5,110,928,000, respectively.

(e.6.2) "Reactiva Peru" rescheduling

During the years 2023 and 2022, the MEF and the SBS established measures to reschedule the loans guaranteed under the "Reactiva Peru" program. See Note 33.1 (e.5).

As of December 31, 2023 and 2022, Interbank performed reschedulings of loans under the "Reactiva Peru" program for an amount of S/25,928,000 and S/133,046,000, respectively. As of December 31, 2023 and 2022, the balance of rescheduled credits of the "Reactiva Peru" program amounts to approximately S/730,508,000 and S/1,473,770,000, respectively. As a result of these rescheduling, during 2023 expenses of approximately S/38,650,000 were recorded and during 2022, revenues of approximately S/18,180,000 were recorded. Both amounts are presented as a decrease and increase, respectively, see Note 21.

Interbank performed an assessment aimed to define whether these rescheduled loans represented a substantial modification under IFRS 9 "Financial Instruments". From that assessment, the new cash flows of the rescheduled loans did not generate substantial nor significant changes in the conditions initially contracted by the client; therefore, the adjustments in the conditions did not generate any substantial modification and, thus, neither a derecognition of the asset.

(e.6.3) Rescheduling due to political and social conflicts

As result of the social conflicts the country faced, explained in Note 1(b), during 2023, the SBS authorized the entities of the financial sector to modify the contractual conditions of retail loans (consumer, mortgage, small and micro-businesses) in order to facilitate the debt payment of the financial sector's clients, provided they comply with several conditions related to their risk classification, such as maximum past due days as of the date of the rescheduling and maximum term extensions, among others. The effects of these rescheduling have been recorded in the caption "Interest and similar income" of the consolidated statement of income; see Note 21.

During the year 2023, in application of the aforementioned measures and other Resolutions, Interbank has performed loan rescheduling for an amount of S/1,979,342,000.

(e.7) Subsequent adjustments to the model

The risks and uncertainties originated by Covid-19 during the year 2021, and the political and economic situation in Peru in the years 2022 and 2021, as well as the probability of occurrence of the El Niño event in the year 2023, have not been adequately reflected by the existing statistical models which have been parameterized to determine the expected loss of the Group, considering that both events are of extraordinary nature and they do not have historical precedents that could have been the basis to model them in the calculation of the expected loss. For this reason, the Group incorporated a series of expert judgments with the purpose of calculating the expected loss pursuant to the requirement established by IFRS 9.

Following is the detail of the subsequent adjustments to the model of expected loss that were made to incorporate in the calculation the effects of the uncertainty and risks generated by the current situation as of December 31, 2023 and 2022:

(i) Subsequent adjustments to the model incorporated in the year 2023

An expert judgment was set out that seeks to stress the possibility of default of clients due to the uncertainty of the probability of occurrence and intensity of the El Niño event.

- Stress of the probability of default (PD) for loans in Stage 1 and Stage 2

  This judgment is related to the reviewing of the forward-looking factors used by the model, which are built from macroeconomic models and forecasts performed by an external provider; and it is based on a more stressed forward-looking scenario of the economy's performance compared with the weighted factors of the expected loss model. The difference between both represents, for each portfolio, the additional provision requirement. In this sense, it is possible to stress the expected loss by applying more severe macroeconomic forecasts to the probability of default.

Following is the amount of the expected loss to direct and indirect loans as of December 31, 2023, as determined by the model and the subsequent adjustments to the model explained in the previous paragraphs.

	Expected loss (according to the model) S/(000)	**Subsequent adjustments to the model** S/(000)	**Expected loss (Total)** S/(000)
Commercial loans	278,145	18,107	296,252
Consumer loans	2,034,177	153,126	2,187,303
Mortgage loans (*)	84,731	2,464	87,195
Small and micro-business loans	114,629	6,899	121,528
Total	2,511,682	180,596	2,692,278

(*) Considering the nature of these loans, it has not been necessary to determine a subsequent adjustment to the model.

(ii) Subsequent adjustments to the model incorporated in the year 2022

Two expert judgments were set out that seek to stress the possibility of default from clients due to the political and economic uncertainty in Peru, as described in Note 1.2.

- Stress of PD for loans in Stage 1 and Stage 2

  This judgment includes an additional stress scenario for Stages 1 and 2 based on the uncertainty of the political and economic context, and that the expected loss model could not include due to its extraordinary nature. In this sense, it can be incorporated a stress to the forward-looking factors used in the macroeconomic forecasts, thus increasing the provision for expected loss requirement in Stages 1 and 2, considering the historical behavior of the forward-looking factors during a concrete period and excluding any factor that could skew the results of this period by showing an atypical trend as result of the presented environment.

- Stress for clients in Stage 3
The expert judgement applied to these clients considers the relative participation of the exposure of clients in Stage 3 in function of the total portfolio exposure (Stage 3 exposure divided by the total exposure) during a concrete period and excluding any factors that could skew the results of this period, showing an atypical trend due to the presented environment.

Once this period of analysis is excluded, the series average is calculated, and a standard deviation is added with the purpose of determining the level of additional provisions for clients in Stage 3.

Following is the amount of the expected loss to direct and indirect loans as of December 31, 2022, as determined by the model and subsequent adjustments to the model explained in previous paragraphs:

	Expected loss (according to the model) S/(000)	**Subsequent adjustments to the model** S/(000)	**Expected loss (Total)** S/(000)
Commercial loans	261,187	21,231	282,418
Consumer loans	1,595,488	325,822	1,921,310
Mortgage loans (*)	61,618	-	61,618
Small and micro-business loans	90,685	6,247	96,932
Total	2,008,978	353,300	2,362,278

(*) Considering the nature of these loans, it has not been necessary to determine a subsequent adjustment to the model.

(e.8) Prospective information
Expected credit losses consider information about the comprehensive credit risk. Information about the comprehensive credit risk must incorporate not only information on delinquency, but also all relevant credit information, including forward-looking macroeconomic information.

To comply with the regulatory requirement, it has been determined that the methodology includes the aforementioned effects within the expected loss.

The estimation of expected credit losses will always reflect the possibility of a credit loss, even if the most likely result is the non-occurrence of credit loss. Therefore, estimates of expected credit losses are required to reflect a weighted probable and not skewed amount that is determined by evaluating a range of possible outcomes.

To capture these effects, stress models have been used and internally developed and seek to stress the probability of default based on different projection scenarios for macroeconomic variables.

The Group has defined 3 possible scenarios for each portfolio: optimistic, base and pessimistic.

Within the analysis carried out for the projection of probability of default, the projection period determined for Interbank is 36 months (3 years) and for Financiera is 18 months. For projections after that period, the same information of that last year is considered, as it is deemed that projections beyond this period lose statistical significance, as evidenced by observing confidence level thresholds.

Macroeconomic variables used as of December 31, 2023:

	Scenario	2024	2025	2026
Gross domestic product – Services (annual % var.)	Optimistic	2.90%	3.50%	3.40%
	Base	1.90%	2.50%	2.40%
	Pessimistic	0.90%	1.50%	1.40%
Domestic demand (annual % var.)	Optimistic	3.3%	2.9%	2.8%
	Base	3.0%	2.7%	2.4%
	Pessimistic	1.8%	2.8%	2.3%
Private formal employment (annual % var.)	Optimistic	3.0%	3.1%	2.6%
	Base	2.7%	2.9%	2.5%
	Pessimistic	1.8%	2.9%	3.1%
Real disposable income per-capita (annual % var.)	Optimistic	2.3%	1.8%	2.9%
	Base	2.0%	1.6%	2.6%
	Pessimistic	0.7%	1.7%	2.3%
Real formal salary (annual % var.)	Optimistic	1.3%	1.7%	2.1%
	Base	1.1%	1.6%	1.9%
	Pessimistic	(2.6%)	0.6%	1.0%
Real informal salary (annual % var.)	Optimistic	3.3%	3.0%	3.1%
	Base	2.9%	2.9%	2.8%
	Pessimistic	(0.1%)	1.8%	2.2%

Macroeconomic variables used as of December 31, 2022:

	Scenario	2023	2024	2025
	Optimistic	2.6%	3.1%	3.2%
Gross domestic product (annual % var.)	Base	2.3%	2.5%	2.8%
	Pessimistic	1.3%	2.0%	2.4%
	Optimistic	3.5%	4.6%	4.0%
Gross domestic product – Services (annual % var.)(*)	Base	2.3%	3.5%	3.5%
	Pessimistic	2.0%	2.9%	2.6%
	Optimistic	(13.8%)	(3.9%)	(3.6%)
Unemployment rate (annual % var.)	Base	(10.1%)	(3.7%)	(3.5%)
	Pessimistic	(5.4%)	(3.5%)	(3.3%)
	Optimistic	1.7%	2.5%	2.8%
Domestic demand (annual % var.)	Base	1.1%	1.7%	2.3%
	Pessimistic	(0.1%)	1.0%	1.8%
	Optimistic	(0.7%)	1.3%	1.4%
Average formal salarywage (annual % var.)	Base	(1.4%)	1.0%	1.2%
	Pessimistic	(3.6%)	(0.7%)	0.5%
	Optimistic	1.8%	3.4%	3.5%
Average informal salary (annual % var.)	Base	1.0%	2.9%	3.0%
	Pessimistic	(1.1%)	1.3%	2.3%

(*) Correspond to variables used exclusively by Financiera.

For the determination of these macroeconomic variables, different external sources of recognized prestige have been considered. The impact of these macroeconomic variables on the expected loss differs for each portfolio depending on the sensibility in each of them.

The following tables summarize the impact of the expected loss of direct and indirect loans for each scenario (optimistic, base and pessimistic):

December 31, 2023	%	Total S/(000)
Optimistic	7	190,948
Base	49	1,294,726
Pessimistic	44	1,206,604
Total		2,692,278

December 31, 2022	**%**	**Total** S/(000)
Optimistic	10	287,792
Base	52	1,169,903
Pessimistic	38	904,583
Total		2,362,278

Guarantees:

The fair value of the guarantees or loan improvements as of December 31, 2023 and 2022, is presented below:

	Fair value of the credit guarantee under the base scenario							
As of December 31, 2023	Maximum exposure to credit risk S/(000)	Cash S/(000)	Investments S/(000)	Properties S/(000)	Others S/(000)	Total guarantee (*) S/(000)	Net exposure S/(000)	Expected loss associated S/(000)
Subject to impairment								
Financial assets at amortized cost								
Cash and due from banks	10,987,576	-	-	-	-	-	10,987,576	-
Commercial loans	19,773,048	665,532	1,242,105	11,585,327	3,202,231	16,695,195	3,077,853	278,466
Small and micro-business loans	939,685	-	-	-	-	-	939,685	123,083
Consumer loans	17,995,248	-	-	-	-	-	17,995,248	2,185,599
Mortgage loans	9,834,398	-	-	17,005,359	-	17,005,359	(7,170,961)	87,198
Direct loans	48,542,379	665,532	1,242,105	28,590,686	3,202,231	33,700,554	14,841,825	2,674,346
Debt instruments at amortized cost	3,474,004	-	-	-	-	-	3,474,004	62
Total financial assets at amortized cost	63,003,959	665,532	1,242,105	28,590,686	3,202,231	33,700,554	29,303,405	2,674,408
Debt instruments at fair value through other comprehensive income	21,182,337	-	-	-	-	-	21,182,337	61,046
Total debt instruments at fair value through other comprehensive income	21,182,337	-	-	-	-	-	21,182,337	61,046
Not subject to impairment								
Derivative financial instruments - Trading	99,099	9,755	-	-	-	9,755	89,344	-
Derivative financial instruments - Hedges	203,328	-	-	-	-	-	203,328	-
Financial assets at fair value through profit or loss	2,435,276	-	-	-	-	-	2,435,276	-
Total financial instruments at fair value through profit or loss	2,737,703	9,755	-	-	-	9,755	2,727,948	-
	86,923,999	675,287	1,242,105	28,590,686	3,202,231	33,710,309	53,213,690	2,735,454
Indirect loans	4,739,924	42,023	139,920	1,838,666	785,774	2,806,383	1,933,541	17,932
Total	91,663,923	717,310	1,382,025	30,429,352	3,988,005	36,516,692	55,147,231	2,753,386

(*) Includes the total fair value of guarantees held by the Group as of December 31, 2023, regardless the loan balance they guarantee.

	Fair value of the credit guarantee under the base scenario							
As of December 31, 2022	Maximum exposure to credit risk S/(000)	Cash S/(000)	Investments S/(000)	Properties S/(000)	Others S/(000)	Total guarantee (*) S/(000)	Net exposure S/(000)	Expected loss associated S/(000)
Subject to impairment								
Financial assets at amortized cost								
Cash and due from banks	14,325,307	-	-	-	-	-	14,325,307	-
Commercial loans	20,314,938	815,190	1,380,441	11,327,344	4,361,481	17,884,456	2,430,482	247,084
Small and micro-business loans	1,362,188	-	-	-	-	-	1,362,188	98,266
Consumer loans	16,767,285	-	-	-	-	-	16,767,285	1,919,811
Mortgage loans	9,286,944	-	-	16,578,513	-	16,578,513	(7,291,569)	61,622
Direct loans	47,731,355	815,190	1,380,441	27,905,857	4,361,481	34,462,969	13,268,386	2,326,783
Debt instruments at amortized cost	3,302,779	-	-	-	-	-	3,302,779	-
Total financial assets at amortized cost	65,359,441	815,190	1,380,441	27,905,857	4,361,481	34,462,969	30,896,472	2,326,783
Debt instruments at fair value through other comprehensive income	16,980,564	-	-	-	-	-	16,980,564	53,975
Total debt instruments at fair value through other comprehensive income	16,980,564	-	-	-	-	-	16,980,564	53,975
Not subject to impairment								
Derivative financial instruments - Trading	203,082	235,133	-	-	-	235,133	(32,051)	-
Derivative financial instruments - Hedges	494,150	-	-	-	-	-	494,150	-
Financial assets at fair value through profit or loss	2,755,818	-	-	-	-	-	2,755,818	-
Total financial instruments at fair value through profit or loss	3,453,050	235,133	-	-	-	235,133	3,217,917	-
	85,793,055	1,050,323	1,380,441	27,905,857	4,361,481	34,698,102	51,094,953	2,380,758
Indirect loans	4,479,915	17,363	76,398	1,404,684	1,169,387	2,667,832	1,812,083	35,495
Total	90,272,970	1,067,686	1,456,839	29,310,541	5,530,868	37,365,934	52,907,036	2,416,253

(*) Includes the total fair value of guarantees held by the Group as of December 31, 2022, regardless the loan balance they guarantee.

The following table shows the analysis of the fair values of the guarantees classified in Stage 3:

As of December 31, 2023	Maximum exposure to credit risk S/(000)	Cash S/(000)	Investments S/(000)	Guarantees from third parties or governments S/(000)	Properties S/(000)	Others S/(000)	Total guarantee (*) S/(000)	Net exposure S/(000)	Expected loss associated S/(000)
	Fair value of the credit guarantee under the base scenario								
Commercial loans	398,158	-	962	-	608,852	55,610	665,424	(267,266)	162,385
Small and micro-business loans	107,326	-	-	-	-	-	-	107,326	72,098
Consumer loans	882,558	-	-	-	-	-	-	882,558	831,899
Mortgage loans	273,405	-	-	-	679,945	-	679,945	(406,540)	54,651
Total	1,661,447	-	962	-	1,288,797	55,610	1,345,369	316,078	1,121,033
Indirect loans	15,800	-	275	-	7,451	-	7,726	8,074	7,369
Total	1,677,247	-	1,237	-	1,296,248	55,610	1,353,095	324,152	1,128,402

As of December 31, 2022	Maximum exposure to credit risk S/(000)	Cash S/(000)	Investments S/(000)	Guarantees from third parties or governments S/(000)	Properties S/(000)	Others S/(000)	Total guarantee (*) S/(000)	Net exposure S/(000)	Expected loss associated S/(000)
	Fair value of the credit guarantee under the base scenario								
Commercial loans	408,104	10	2,818	-	495,872	66,074	564,774	(156,670)	154,299
Small and micro-business loans	92,526	-	-	-	-	-	-	92,526	53,038
Consumer loans	555,263	-	-	-	-	-	-	555,263	533,867
Mortgage loans	238,527	-	-	-	624,486	-	624,486	(385,959)	45,101
Total	1,294,420	10	2,818	-	1,120,358	66,074	1,189,260	105,160	786,305
Indirect loans	26,077	-	-	-	-	-	-	26,077	8,936
Total	1,320,497	10	2,818	-	1,120,358	66,074	1,189,260	131,237	795,241

(*) Includes the total fair value of the guarantees held by the Group as of December 31, 2023 and 2022, regardless the loan balance they guarantee.

(f) Credit risk management for investments

(f.1) Scoring or internal rating and PD:

For this type of financial instruments, the Group analyzes the public information available from international risk rating agencies such as: Fitch, Moody's and Standard & Poor's, and assigns a rating to each instrument.

For each rating agency, the ratings associated with higher to lower credit quality are shown below:

Fitch	**Moody's**	**Standard & Poor's**
AAA	Aaa	AAA
AA+	Aa1	AA+
AA	Aa2	AA
AA-	Aa3	AA-
A+	A1	A+
A	A2	A
A-	A3	A-
BBB+	Baa1	BBB+
BBB	Baa2	BBB
BBB-	Baa3	BBB-
BB+	Ba1	BB+
BB	Ba2	BB
BB-	Ba3	BB-
B+	B1	B+
B	B2	B
B-	B3	B-
CCC	Caa1	CCC+

Notes to the consolidated financial statements (continued)

The Group determines its risk level according to the following classification as of December 31, 2023 and 2022:

2023	**High grade** **Rating: from AAA to A** **PD less than or equal to:**	**Standard grade** **Rating: from BBB to B** **PD range:**	**Grade lower than standard** **Rating: from CCC to C** **PD equal or higher to:**
Global	0.04% - 0.11%	0.12% - 2.11%	22.97%
Latin America	0.00%	0.09% - 2.91%	22.80%
Sovereign	0.00%	0.00% - 1.87%	25.45%

2022	**High grade** **Rating: from AAA to A** **PD less than or equal to:**	**Standard grade** **Rating: from BBB to B** **PD range:**	**Grade lower than standard** **Rating: from CCC to C** **PD equal or higher to:**
Global	0.05% - 0.11%	0.12% - 2.09%	23.34%
Latin America	0.00%	0.09% - 3.02%	24.64%
Sovereign	0.00%	0.00% - 1.55%	27.08%

Finally, each instrument is assigned a PD according to the transition matrices published by Fitch.

(f.2) Loss given default (LGD):
For those issuers that are classified in Stage 1 or Stage 2 at the reporting date, the Group uses the recovery matrix published by Moody's.

For those investments in Stage 3, an evaluation must be made to determine the severity of the expected loss according to the progress of the recovery process initiated.

(f.3) Exposure at default (EAD):
EAD represents the gross book value of the financial instruments subject to impairment. To calculate the EAD of an investment in Stage 1, possible non-compliance events are evaluated within 12 months. For financial assets in Stage 2 and Stage 3, exposure at default is determined for events throughout the life of the instrument.

(f.4) Significant increase in credit risk:
The Group has assumed that the credit risk of a financial instrument has not increased significantly since the initial recognition if it is determined that the investment has a low credit risk at the reporting date, which occurs when the issuer has a strong ability to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the long term may reduce, but not necessarily, the ability of the borrower to meet its cash flow obligations contractual.

In accordance with the rating assigned to each debt instrument, the Group determines whether there is a significant increase in credit risk by comparing the rating at the date of acquisition with the rating at the reporting date, and designates the Stage in which each debt instrument is classified according to the quantitative and qualitative criteria, defined as follows:

(i) Quantitative criteria -
The Group holds an investment that does not present a significant increase in risk if there is a movement of its credit risk rating within the investment grade. In case there is a movement of its credit risk rating outside the investment grade, it is deemed that the instrument presents a significant increase in risk.

(ii) Qualitative criteria -
The Group periodically evaluates the following warning signs and criteria to assess whether the financial instrument presents a significant risk increase (Stage 2) at the reporting date:

- Significant decrease (30 percent of its original value) and prolonged (12 months) of the market value of the investment.
- Infractions of covenants without a waiver from the bondholders committee.
- Forced interventions by governments in the primary and secondary markets of the issuers.
- Linkage of the issuer in illicit, political and fraud activities.
- Impairment of collaterals (underlying assets) in the case of securitized instruments.
- Delays or short and frequent breaches in the payment of coupons.
- Macroeconomic, regulatory, social, technological and environmental changes are significantly adverse.
- Other assessments and/or alerts made by each Subsidiary (financial statements, evaluation of EBIT, financial indicators by industry, regulatory criteria, and others).

The table below presents the credit risk ratings issued by risk rating agencies of recognized prestige local and international financial investments:

	As of December 31, 2023		As of December 31, 2022	
	S/(000)	%	S/(000)	%
Instruments issued and rated in Peru:				
AAA	-	-	19,125	0.1
AA-/ AA+	-	-	2,944	0.0
BBB- / BBB+	2,611,807	9.5	2,367,420	10.1
BB- / BB+	629,071	2.3	665,708	2.8
B- / B+	4,770	-	-	-
	3,245,648	11.8	3,055,197	13.0
Instruments issued in Peru and rated abroad:				
BBB- / BBB+	13,174,622	47.9	11,710,338	49.7
BB- / BB+	451,484	1.6	510,291	2.2
B- / B+	214,083	0.8	-	-
	13,840,189	50.3	12,220,629	51.9
Instruments issued and rated abroad:				
AAA	11,105	-	41,198	0.2
AA- / AA+	145,599	0.5	26,077	0.1
A- / A+	656,237	2.4	489,765	2.1
BBB- / BBB+	2,565,054	9.4	2,247,646	9.4
BB- / BB+	228,812	0.8	295,812	1.3
B- / B+	16,190	0.1	61,089	0.3
Lower than B-	1,723	-	983	0.0
	3,624,720	13.2	3,162,570	13.4
Unrated				
Mutual funds and investment funds participations	1,951,434	7.1	2,228,510	9.5
Certificates of deposit with variable interest rate issued by the BCRP	-	-	1,434,836	6.1
Negotiable certificates of deposit issued by the BCRP	3,448,984	12.5	43,868	0.2
Others	83,847	0.3	-	-
Listed shares	740,273	2.7	882,857	3.7
Non-listed shares and participations	178,249	0.6	131,766	0.6
Total	27,113,344	98.5	23,160,233	98.4
Accrued interest	423,151	1.5	391,812	1.6
Total	27,536,495	100	23,552,045	100.0

(g) Concentration of financial instruments exposed to credit risk

Financial instruments exposed to credit risk were distributed in the following economic sectors:

	As of December 31, 2023				
	Designated at fair value through profit or loss S/(000)	Debt instruments measured at fair value through other comprehensive income S/(000)	Equity instruments measured at fair value through other comprehensive income S/(000)	Amortized cost S/(000)	Total S/(000)
Consumer loans	-	-	-	18,024,471	18,024,471
Government of Peru	-	8,239,321	-	3,307,309	11,546,630
Mortgage loans	-	2,663	-	9,844,293	9,846,956
Financial services	2,273,504	1,610,039	121,083	5,516,243 (*)	9,520,869
BCRP	-	3,448,984	-	5,926,921	9,375,905
Manufacturing	92,675	805,783	119,938	4,513,566	5,531,962
Commerce	64,919	223,255	-	4,928,533	5,216,707
Professional, scientific and technical activities	22,105	168,609	-	4,386,115	4,576,829
Construction and infrastructure	2,915	2,566,009	31,917	559,070	3,159,911
Electricity, gas, water and oil	14,561	1,698,582	81,438	936,836	2,731,417
Mining	1,079	1,125,295	-	1,333,655	2,460,029
Communications, storage and transportation	144,981	493,467	78,384	1,249,653	1,966,485
Agriculture	989	26,339	2,806	1,894,430	1,924,564
Leaseholds and real estate activities	96,195	184,898	5,707	860,861	1,147,661
Commercial and micro-business loans	-	-	-	804,212	804,212
Fishing	-	-	3,605	600,848	604,453
Community services	871	4,710	-	594,535	600,116
Education	2	80,603	-	453,885	534,490
Medicine and biotechnology	3,138	28,596	-	450,704	482,438
Public administration and defense	16,075	41,187	-	42,714	99,976
Foreign governments	-	89,007	-	-	89,007
Insurance	3,694	8,501	-	2,034	14,229
Others	-	4,328	-	38,331	42,659
Total	2,737,703	20,850,176	444,878	66,269,219	90,301,976
Impairment allowance for loans					(2,674,346)
Accrued interest					1,080,343
Total					88,707,973

(*) Includes mainly cash and due from banks deposited in the vaults of Interbank and in foreign and local banks; see Note 5.

	As of December 31, 2022				
	Designated at fair value through profit or loss S/(000)	Debt instruments measured at fair value through other comprehensive income S/(000)	Equity instruments measured at fair value through other comprehensive income S/(000)	Amortized cost S/(000)	Total S/(000)
Consumer loans	-	-	-	16,806,173	16,806,173
Financial services	2,790,970	1,845,915	170,250	7,270,534(*)	12,077,669
BCRP	-	1,478,704	-	7,362,737	8,841,441
Mortgage loans for housing	22,026	-	-	9,293,900	9,315,926
Government of Peru	-	7,062,066	-	3,231,139	10,293,205
Manufacturing	149,942	559,581	111,069	4,873,796	5,694,388
Commerce	118,390	167,851	-	5,695,459	5,981,700
Construction and infrastructure	6,239	2,414,756	36,759	557,474	3,015,228
Professional, scientific and technical activities	19,473	160,772	-	3,931,208	4,111,453
Electricity, gas, water and oil	32,621	1,317,718	95,572	924,270	2,370,181
Agriculture	3,085	24,768	3,054	1,892,566	1,923,473
Communications, storage and transportation	161,698	294,171	86,224	1,375,128	1,917,221
Leaseholds and real estate activities	91,510	134,947	5,246	646,629	878,332
Mining	3,554	899,083	-	1,228,508	2,131,145
Education	236	73,659	-	469,758	543,653
Fishing	-	-	4,710	448,166	452,876
Public administration and defense	23,472	113,230	-	81,371	218,073
Commercial and micro-business loans	-	-	-	1,065,159	1,065,159
Community services	10,213	-	-	582,602	592,815
Medicine and biotechnology	4,661	-	-	190,302	194,963
Insurance	6,345	-	-	1,427	7,772
Foreign governments	-	113,171	-	-	113,171
Others	8,615	-	-	43,317	51,932
Total	3,453,050	16,660,392	512,884	67,971,623	88,597,949
Impairment allowance for loans					(2,326,783)
Accrued interest					935,639
Total					87,206,805

(*) Includes mainly cash and due from banks deposited in the vaults of Interbank and in foreign and local banks; see Note 5.

The table below presents the financial instruments with exposure to credit risk, distributed by geographic area:

	As of December 31, 2023				
	Designated at fair value through profit or loss	Debt instruments measured at fair value through other comprehensive income	Equity instruments measured at fair value through other comprehensive income	Amortized cost	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Peru	706,801	17,227,477	245,411	63,339,172	81,518,861
United States	1,734,046	853,799	78,384	517,516	3,183,745
Mexico	15,559	1,054,480	-	31,450	1,101,489
Panama	-	147,198	190	741,202 (*)	888,590
Chile	1	710,106	10,011	46,243	766,361
Ecuador	-	-	-	513,984	513,984
United Kingdom	64,727	266,974	109,045	32,562	473,308
Colombia	96	309,994	-	119,371	429,461
Canada	12,898	12,095	-	369,993	394,986
Cayman Islands	133,739	4,132	-	101,554	239,425
Brazil	-	150,120	-	41,231	191,351
Germany	24,487	582	-	58,025	83,094
Luxembourg	-	14,395	-	60,909	75,304
Ireland	-	-	-	2,896	2,896
Others	45,349	98,824	1,837	293,238	414,768
Total	2,737,703	20,850,176	444,878	67,971,623	88,597,949
Impairment allowance for loans					(2,674,346)
Accrued interest					1,080,343
Total					87,206,805

(*) Corresponds mainly to the loan portfolio held by Inteligo Bank (domiciled in Panama) with Peruvian citizens.

	As of December 31, 2022				
	Designated at fair value through profit or loss S/(000)	Debt instruments measured at fair value through other comprehensive income S/(000)	Equity instruments measured at fair value through other comprehensive income S/(000)	Amortized cost S/(000)	Total S/(000)
Peru	552,405	13,523,299	270,166	64,545,615	78,891,485
United States of America	2,320,480	360,279	86,224	1,479,634	4,246,617
Mexico	11,410	1,049,305	-	25,507	1,086,222
Brazil	-	153,977	-	21,258	175,235
Panama	-	206,088	128	461,508 (*)	667,724
Colombia	95	322,840	-	67,263	390,198
Chile	1	668,122	-	28,100	696,223
Ecuador	-	-	-	359,796	359,796
Ireland	-	-	-	455	455
Cayman Islands	159,115	-	-	-	159,115
Canada	5,560	-	-	499,111	504,671
Luxembourg	68,553	12,510	-	47,500	128,563
United Kingdom	187,928	306,888	154,476	27,577	676,869
Germany	24,947	-	-	175,061	200,008
Others	122,556	57,084	1,890	233,238	414,768
Total	3,453,050	16,660,392	512,884	67,971,623	88,597,949
Impairment allowance for loans					(2,326,783)
Accrued interest					935,639
Total					87,206,805

(*) Corresponds mainly to the loan portfolio held by Inteligo Bank (domiciled in Panama) with Peruvian citizens.

(h) Offsetting of financial assets and liabilities

The information contained in the tables below includes financial assets and liabilities that:

- Are offset in the statement of financial position of the Group; or
- Are subject to an enforceable master netting agreements 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 offset agreements. Financial instruments such as loans and deposits are not disclosed in the following tables due to 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 agreements do not meet the accounting requirements so the offsetting can be made in the statement of financial position, because of such agreements were created in order to have an offsetting right between interested parties, which is mandatory only after an event 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 5.

(h.1) Financial assets subject to offsetting, enforceable master netting agreements and similar agreements as of December 31, 2023 and 2022, are presented below:

	Gross amounts of recognized financial assets S/(000)	Gross amounts of recognized financial liabilities and offset in the consolidated statement of financial position S/(000)	Net amounts of financial assets presented in the consolidated statement of financial position S/(000)	Related amounts not offset in the consolidated statement of financial position: Financial instruments (including non-cash guarantees) S/(000)	Related amounts not offset in the consolidated statement of financial position: Cash guarantees received S/(000)	Net amount S/(000)
Assets						
2023						
Derivatives, Note 12(b)	302,427	-	302,427	(65,099)	(9,755)	227,573
Total assets	302,427	-	302,427	(65,099)	(9,755)	227,573
2022						
Derivatives, Note 12(b)	697,232	-	697,232	(169,050)	(235,133)	293,049
Total assets	697,232	-	697,232	(169,050)	(235,133)	293,049

(h.2) Financial liabilities subject to offsetting, enforceable master netting agreements and similar agreements as of December 31, 2023 and 2022, are presented below:

	Gross amounts of recognized financial assets S/(000)	Gross amounts of recognized financial liabilities and offset in the consolidated statement of financial position S/(000)	Net amounts of financial assets presented in the consolidated statement of financial position S/(000)	Related amounts not offset in the consolidated statement of financial position: Financial instruments (including non-cash guarantees) S/(000)	Related amounts not offset in the consolidated statement of financial position: Cash guarantees received Note 5(d) S/(000)	Net amount S/(000)
Liabilities						
2023						
Derivatives, Note 12(b)	180,197	-	180,197	(65,099)	(24,725)	90,373
Total liabilities	180,197	-	180,197	(65,099)	(24,725)	90,373
2022						
Derivatives, Note 12(b)	315,027	-	315,027	(169,050)	(34,784)	111,193
Total liabilities	315,027	-	315,027	(169,050)	(34,784)	111,193

33.2 Market risk management

Market risk is the possibility of loss due to variations in the financial market conditions. The main variations to which the Group is exposed to are: exchange rates, interest rates and prices. Said variations can affect the value of the Group's financial assets and liabilities.

During 2023, interest rates kept a downward trend, aligned with the reductions defined by the BCRP on the reference rate. These reductions are explained by the favorable evolution of inflation, which is approaching the target range. Regarding sovereign bonds, volatility continued with a downward trend accompanied by an improvement in prices.

On the other side, the Banking Book was also affected by the decreases in interest rates in the second half of the year, affecting both assets and liabilities, particularly in products that reprice quickly such as time deposits.

During 2022, the volatility of interest rates in Soles remained high, but with downward trend. Also, during the year 2022, interest rates in Soles increased significantly as result of the rise of both the benchmark rate of the BCRP and inflation. This affected the bond prices of the Trading Book, reaching minimum valuations during the third quarter and then recovering by the end of the year.

On the other side, the Banking Book was also affected by changes in interest rates, especially by the increase of shorter-term rates, which drove the growth of financial income to a greater extent than expenses, resulting in higher margins.

The Group separates its exposure to market risk into two blocks: (i) one that arises from the fluctuation of the value of the trading investment portfolios, due to changes in of market rates or prices (henceforth "Trading Book") and (ii) one that arises from changes in the structural positions (henceforth "Banking Book") due to changes in interest rates, prices and exchange rates.

(a) Trading Book -

In order to control and monitor the risks arising from the volatility of risk factors involved within each instrument, maximum exposure limits by currency, by type of investment and Value-at-Risk (henceforth "VaR"), which are controlled on a daily basis, have been established.

The main measurement technique used to measure and control market risk is VaR, which is a statistical measurement that quantifies the maximum loss expected for a period of time and a determined significance level under normal market conditions. The Group uses the VaR model for a period of one day, and a 99 percent confidence level. VaR is calculated by risk factor: interest rate, price or exchange rate and by type of investment: derivatives, fixed income and variable income.

VaR models are designed to measure the market risk within a normal market environment. Given that VaR is based mainly on historical data to provide information and does not clearly predict future changes and modifications in risk factors, the probability of big market movements may be underestimated. VaR can also be under or overestimated due to the hypotheses made on the risk factors and the relation among these factors with specific instruments. To determine the reliability of VaR models, the actual results are regularly monitored to prove the validity of the assumptions and parameters used in VaR calculation.

The Group includes within the VaR calculation the potential loss that may arise from the exposure to exchange rate risk. This risk is included in the VaR calculation because the exchange position is the result of the spot position plus the position in derivative products. Likewise, the total VaR includes the diversification effect that arises as a result of the interaction of the various market risk factors to which the Group is exposed.

The validity of the VaR calculation is proven through back-testing, whereby historical data is utilized to ensure the model's ability to accurately estimate potential losses. Furthermore, the sensitivity of risk factors is calculated, which shows the potential portfolio losses that may arise in response to certain fluctuations in these factors. Said fluctuations include interest rate shocks, exchange rate shocks and price shocks.

The VaR results of the Group's portfolio by type of asset are presented below:

	2023 S/(000)	2022 S/(000)
Equity investments	26,584	41,083
Debt investments	709	5,088
Derivatives	1,548	2,925
Diversification effect	(237)	(4,390)
Consolidated VaR by type of asset (*)	28,604	44,706

The Group's VaR results by type of risk are the following:

	2023 S/(000)	2022 S/(000)
Exchange rate risk	4,813	4,859
Interest rate risk	1,417	4,827
Capital risk	25,733	39,359
Diversification effect	(3,359)	(4,339)
Consolidated VaR by type of risk (*)	28,604	44,706

(*) The total VaR is lower than the sum of its components due to the benefits of risk diversification.

(b) Banking Book -

The portfolios which are not for trading are exposed to different financial risks, since they are sensitive to movements of the market rates, which can result in a negative effect on the value of the assets compared to its liabilities; therefore, on its net value.

(i) Interest rate risk

Interest rates fluctuate permanently on the market. These fluctuations affect the Group in two ways: first, through the change in the valuation of assets and liabilities; and secondly, affecting the cash flows at repricing. The variation in the valuation of assets and liabilities is increasingly sensitive as the term at which the asset or liability is repriced is extended. This process consists in the assessment of repricing periods. On the other hand, cash flows are affected when the instruments reach maturity, when they are invested or placed at new interest rates effective on the market.

Repricing gap

An analysis of the repricing gaps is performed in order to determine the impact of the interest rates movements. This analysis consists of assigning the balances of the operations that will change the interest rate into different time gaps. Based on this analysis, the impact of the variation in the valuation of assets and liabilities on each gap is calculated.

The following table summarizes the Group's exposure to interest rate risk. The Group's financial instruments are presented at book value (including interest accrued), classified by the repricing period of the contract's interest rate or maturity date, whichever occurs first:

	As of December 31, 2023						
	Up to 1 month S/(000)	From 1 to 3 months S/(000)	From 3 to 12 months S/(000)	From 1 to 5 years S/(000)	More than 5 years S/(000)	Non-interest bearing S/(000)	Total S/(000)
Financial assets							
Cash and due from banks	6,581,832	180,309	245,371	26,894	21,087	3,932,083	10,987,576
Inter-bank funds	524,915	-	-	-	-	-	524,915
Investments at fair value through other comprehensive income (debt and equity)	498,976	1,540,643	2,293,382	4,036,278	12,813,058	444,878	21,627,215
Investments at amortized cost	23,583	86,652	634,133	636,561	2,093,075	-	3,474,004
Loans, net (*)	4,528,064	5,799,442	11,454,533	18,758,667	6,548,314	(563,795)	46,525,225
Other assets (**)	14,802,992	806,523	547,755	1,019,386	149,908	15,948,780	33,275,344
Total assets	26,960,362	8,413,569	15,175,174	24,477,786	21,625,442	19,761,946	116,414,279
Financial liabilities							
Deposits and obligations	30,114,078	4,073,852	6,934,174	902,533	46,902	7,283,881	49,355,420
Inter-bank funds	119,712	-	-	-	-	-	119,712
Due to banks and correspondents	1,597,024	2,372,625	3,333,543	4,266,805	1,477,594	14,639	13,062,230
Bonds, notes and other obligations outstanding	234,934	1,198,805	548,197	9,226,001	421,536	1,754,222	13,383,695
Insurance contract liabilities	52,793	104,011	470,253	2,549,908	8,784,208	246,363	12,207,536
Accounts payable, provisions and other liabilities (***)	893,504	5,480,249	1,006,183	1,608,284	3,299,952	872,064	13,160,236
Equity	-	-	-	-	-	17,559,041	17,559,041
Total liabilities and equity	33,012,045	13,229,542	12,292,350	18,553,531	14,030,192	27,730,210	118,847,870
Off-balance sheet accounts							
Derivatives held as assets	185,450	111,270	1,576,325	4,604,120	-	-	6,477,165
Derivatives held as liabilities	185,450	111,270	1,576,325	4,604,120	-	-	6,477,165
	-	-	-	-	-	-	-
Marginal gap	(6,051,683)	(4,815,973)	2,882,824	5,924,255	7,595,250	(7,968,264)	(2,433,591)
Cumulative gap	(6,051,683)	(10,867,656)	(7,984,832)	(2,060,577)	5,534,673	(2,433,591)	-

(*) The balance presented in "Non-interest bearing" corresponds mainly to accrued interest on loans, past-due loans, loans under legal collection and the provision for doubtful accounts.

(**) Includes investment property; property, furniture and equipment, net; due from customers on acceptances; intangibles and goodwill, net; other accounts receivable and other assets, net (except accounts receivable from derivative financial instruments held for trading); and deferred Income Tax assets, net.

(***) Includes due from customers on acceptances, deferred Income Tax liabilities and Other accounts payable, provisions and other liabilities (except accounts payable for derivative financial instruments held for trading).

Investments at fair value through profit or loss and derivatives held for trading are not considered as these instruments are part of the trading book and the methodology used for the measurement of their market risk is VaR.

	As of December 31, 2022						
	Up to 1 month S/(000)	From 1 to 3 months S/(000)	From 3 to 12 months S/(000)	From 1 to 5 years S/(000)	More than 5 years S/(000)	Non-interest bearing S/(000)	Total S/(000)
Financial assets							
Cash and due from banks	9,139,328	70,398	296,177	6,964	45,501	4,766,939	14,325,307
Inter-bank funds	296,119	-	-	-	-	-	296,119
Investments at fair value through other comprehensive income (debt and equity)	638,048	1,129,911	275,048	4,159,999	10,769,046	521,396	17,493,448
Investments at amortized cost	-	71,640	494,872	1,084,113	1,652,154	-	3,302,779
Loans, net (*)	4,979,201	6,059,981	10,779,680	18,263,212	6,407,295	(540,970)	45,948,399
Other assets (**)	14,097,102	617,297	273,961	937,726	273,339	14,959,217	31,158,642
Total assets	29,149,798	7,949,227	12,119,738	24,452,014	19,147,335	19,706,582	112,524,694
Financial liabilities							
Deposits and obligations	30,613,781	1,910,614	6,423,140	1,355,559	323,521	7,884,350	48,510,965
Inter-bank funds	30,012	-	-	-	-	-	30,012
Due to banks and correspondents	615,902	2,214,468	1,589,868	5,548,224	1,212,058	11,648	11,192,168
Bonds, notes and other obligations outstanding	2,538,825	166,999	633,115	5,773,047	4,912,994	1,779,283	15,804,263
Insurance contract liabilities	53,926	107,091	480,885	2,555,889	7,803,150	230,380	11,231,321
Accounts payable, provisions and other liabilities (***)	543,684	5,271,663	1,065,938	1,369,038	3,112,137	684,673	12,047,133
Equity	-	-	-	-	-	16, 383,850	16,383,850
Total liabilities and equity	34,396,130	9,670,835	10,192,946	16,601,757	17,363,860	26,974,184	115,199,712
Off-balance sheet accounts							
Derivatives held as assets	1,681,974	-	-	897,190	3,629,000	-	6,208,164
Derivatives held as liabilities	1,681,974	-	-	897,190	3,629,000	-	6,208,164
	-	-	-	-	-	-	-
Marginal gap	(5,246,332)	(1,721,608)	1, 926,792	7,850, 257	1,783,475	(7,267,602)	(2,675,018)
Cumulative gap	(5,246,332)	(6,967,940)	(5,041,148)	2,809,109	4,592,584	(2,675,018)	-

(*) The balance presented in "Non-interest bearing" corresponds mainly to accrued interest on loans, past-due loans, loans under legal collection and the provision for doubtful accounts.

(**) Includes investment property; property, furniture and equipment, net; due from customers on acceptances; intangibles and goodwill, net; other accounts receivable and other assets, net (except accounts receivable from derivative financial instruments held for trading); and deferred Income Tax assets, net.

(***) Includes due from customers on acceptances, deferred Income Tax liabilities and Other accounts payable, provisions and other liabilities (except accounts payable for derivative financial instruments held for trading).

Investments at fair value through profit or loss and derivatives held for trading are not considered as these instruments are part of the trading book and the methodology used for the measurement of their market risk is VaR.

(i.2) Sensitivity to changes in interest rates –

The exposure to the interest rate in the case of Interbank and Financiera is supervised by the GIR Committee and the ALCO Committee. The GIR Committee approves the various limits applicable to the financial instruments' management. The ALCO Committee analyzes and monitors the results of the asset and liability management strategies and decisions implemented. Likewise, it defines the strategies and analyzes the sources of financing, as well as the coverage of the balance executed by Interbank and Financiera. In particular, the latter could be considered to cover the exposure due to the variation in cash flows attributed to changes in variable market rates, to fix the cost of funds considering the global context of future movement of rates in the currencies under evaluation, to transform the cost of funds from foreign currency to the functional currency, among other casuistic as reviewed and approved by the Committee, considering the risk limits.

In this regard, the effect of fluctuations in interest rates is analyzed on the basis of the Regulatory Model and takes into account: (i) the financial margin for the next 12 months or Earning at Risk (EaR); and (ii) the Equity Value at Risk (EVaR), as detailed below:

- The Earning at Risk indicator, calculated as a percentage of the ffective equity.
- Cash, the legal limit of 5 percent and an early warning of 4 percent are set.
- Value at Risk indicator, calculated as a percentage of the effective equity, establishes the internal limit of 15 percent and an early warning of 13 percent.

Thus, the interest rate risk is managed and supervised by monitoring the aforementioned indicators, which allows Management to assess the potential effect of interest rates movements on the Group's financial margin and thus manage the terms and the fixed and/or variable yields generated by the financial instruments held by the Group, including strategies on the derivative financial instruments designated as hedge accounting.

For its part, the GIR Committee oversees the approval levels of structural interest-rate risk capacity and appetite, which are detailed in Interbank's Risk Appetite of Framework.

In the case of Interseguro and Inteligo Bank, their Boards establish limits, which are controlled by their respective Investment Risk Unit. Regarding Izipay, its Management considers that the risk is not significant because its interest rates do not differ significantly from market rates.

The table below presents the sensitivity to a possible change in interest rates, with all other variables kept constant, in the consolidated statements of income and in the consolidated statement of changes in equity, before Income Tax and non-controlling interest.

	As of December 31, 2023				
Currency	Changes in basis points		Sensitivity of net income S/(000)		Sensitivity of other net comprehensive income S/(000)
US Dollar	+/-25	+/-	105	+/-	103,189
US Dollar	+/-50	+/-	261	+/-	206,551
US Dollar	+/-75	+/-	391	+/-	310,258
US Dollar	+/-100	+/-	523	+/-	414,485
Soles	+/-50	+/-	45,808	+/-	444,244
Soles	+/-75	+/-	68,711	+/-	677,590
Soles	+/-100	+/-	91,616	+/-	904,721
Soles	+/-150	+/-	137,424	+/-	1,362,566

	As of December 31, 2022				
Currency	Changes in basis points		Sensitivity of net income S/(000)		Sensitivity of other net comprehensive income S/(000)
US Dollar	+/-25	+/-	9,381	+/-	108,457
US Dollar	+/-50	+/-	18,817	+/-	217,095
US Dollar	+/-75	+/-	28,226	+/-	326,095
US Dollar	+/-100	+/-	37,635	+/-	435,640
Soles	+/-50	+/-	40,705	+/-	388,047
Soles	+/-75	+/-	63,279	+/-	582,844
Soles	+/-100	+/-	84,784	+/-	778,196
Soles	+/-150	+/-	126,557	+/-	1,171,915

The interest rate sensitivities shown in the tables above are only illustrative and are based on simplified scenarios. The figures represent the effect of the pro-forma movements in the net interest income based on the projected scenarios yield curve and the Group's current interest rate risk profile. However, this effect, does not include actions that would be taken by Management to mitigate the impact of this interest rate risk. In addition, the Group seeks proactively to change the interest rate risk profile to minimize losses and optimize net revenues. The above projections also assume that interest rate of all maturities move by the same amount and, therefore, do not reflect the potential impact on net interest income of some rates changing while others remain unchanged. The projections also include assumptions to facilitate calculations, such as that all positions are held to maturity.

As described in Note 4.4(al), in previous years, regulators eliminated LIBOR rates and replaced them by an alternative interest rate. During 2023, the Group successfully managed the transition of all its contracts to the alternative interest rate benchmark Secured Overnight Financial Rate (SOFR); the reform of said interest rate benchmark exposes the Group to various risks, which have been closely managed and monitored. These risks include, among others, the following:

- Conduct risk arising from discussions with clients and market counterparties due to the amendments required to existing contracts necessary to perform the interest rate benchmark reform.
- Financial risk to the Group and its clients that markets are disrupted due to interest rate benchmark reform giving rise to financial losses.
- Pricing risk from the potential lack of market information if liquidity in interest rate benchmarks reduces and new alternative interest rates are illiquid and unobservable.
- Operational risk arising from changes to the Group's IT systems and processes, also the risk of payments being disrupted if an interest rate benchmark ceases to be available.
- Accounting risk if the Group's hedging relationships fail and from unrepresentative income statement volatility as financial instruments transition to the alternative interest rate benchmark.

As of December 31, 2023, the Group does not have exposure to USD-LIBOR rates. The contracts that referenced the USD-LIBOR were entirely migrated to new benchmarks, whether to other rates such as SOFR or fixed interest rate.

(i.3) Sensitivity to price variation -

Shares classified as investments at fair value through other comprehensive income, for the years 2023 and 2022, are not considered as part of the investments for interest rate sensitivity calculation purposes. However, a calculation of sensitivity in market prices and the effect on expected unrealized gain or loss in the consolidated statement of other comprehensive income, before Income Tax and non-controlling interest, as of December 31, 2023 and 2022, is presented below:

	Changes in market price %	**2023** S/(000)	**2022** S/(000)
Shares	+/-10	44,488	51,288
Shares	+/-25	111,220	128,221
Shares	+/-30	133,463	153,865

(ii) 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 performed at free market exchange rates.

As of December 31, 2023, the free market weighted average exchange rate published by the SBS for transactions in US Dollars was S/3.705 per US$1 bid and S/3.713 per US$1 ask (S/3.808 and S/3.820 as of December 31, 2022, respectively). As of December 31, 2023, the exchange rate for the accounting of asset and liability accounts in foreign currency set by the SBS was S/3.709 per US$1 (S/3.814 as of December 31, 2022).

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

	As of December 31, 2023				As of December 31, 2022			
	US Dollars S/(000)	Soles S/(000)	Other currencies S/(000)	Total S/(000)	US Dollars S/(000)	Soles S/(000)	Other currencies S/(000)	Total S/(000)
Assets								
Cash and due from banks	6,974,776	3,589,178	423,622	10,987,576	10,545,137	3,168,887	611,283	14,325,307
Inter-bank funds	55,660	469,255	-	524,915	-	296,119	-	296,119
Financial investments	7,845,821	19,638,558	52,116	27,536,495	7,683,380	15,826,158	42,507	23,552,045
Loans, net	13,941,071	32,584,154	-	46,525,225	13,504,957	32,443,442	-	45,948,399
Due from customers on acceptances	40,565	-	-	40,565	45,809	-	-	45,809
Insurance contract assets	166	26,121	-	26,287	1,032	33,021	-	34,053
Other accounts receivable and other assets, net	694,748	2,345,262	26,900	3,066,910	725,685	2,260,973	18,415	3,005,073
	29,552,807	58,652,528	502,638	88,707,973	32,506,000	54,028,600	672,205	87,206,805
Liabilities								
Deposits and obligations	18,313,457	30,551,954	490,009	49,355,420	19,218,448	28,792,566	499,951	48,510,965
Inter-bank funds	63,081	56,631	-	119,712	-	30,012	-	30,012
Due to banks and correspondents	2,705,588	10,342,003	14,639	13,062,230	794,490	10,386,029	11,649	11,192,168
Bonds, notes and other obligations outstanding	9,726,791	3,656,904	-	13,383,695	12,010,159	3,794,104	-	15,804,263
Due from customers on acceptances	40,565	-	-	40,565	45,809	-	-	45,809
Insurance and reinsurance contract liabilities	3,997,075	8,210,461	-	12,207,536	4,240,359	6,990,962	-	11,231,321
Accounts payable, provisions and other liabilities	3,307,315	7,908,218	61,744	11,277,277	3,386,552	7,263,545	29,266	10,679,363
	38,153,872	60,726,171	566,392	99,446,435	39,695,817	57,257,218	540,866	97,493,901
Forwards position, net	(631,449)	505,661	125,788	-	(1,993,217)	2,074,784	(81,567)	-
Currency swaps position, net	951,864	(951,864)	-	-	1,384,495	(1,384,495)	-	-
Cross currency swaps position, net	2,801,455	(2,801,455)	-	-	2,736,679	(2,736,679)	-	-
Options position, net	(51)	51	-	-	(172)	172	-	-
Call spreads position	2,413,450	(2,413,450)	-	-	2,101,000	(2,101,000)	-	-
Range principal only swaps position	1,113,900	(1,113,900)	-	-	1,146,000	(1,146,000)	-	-
Monetary position, net	(1,951,896)	(8,848,600)	62,034	(10,738,462)	(1,815,032)	(8,521,836)	49,772	(10,287,096)

(*) As of December 31,2023, the Group granted indirect loans (contingent operations) in foreign currency for approximately US$740,043,000 equivalent to S/2,744,819,000 (US$611,461,000 equivalent to S/2,332,112,000 as of December 31,2022), see Note 20.

The Group manages the exchange rate risk through the matching of its assets and liabilities transactions, supervising its global exchange position on a daily basis. The global exchange position of the Group is equivalent to long positions minus short positions in currencies other than the Sol. The global exchange position includes balance positions (spot) and also the positions in derivatives, including the positions of derivatives that have been designated as accounting hedges with the purpose of covering the exposure due to the fluctuation of exchange rates; see Note 12(b). Any depreciation/appreciation of the foreign currency would affect the consolidated statement of income. An imbalance in the monetary position would make the Group's consolidated statement of financial position vulnerable to the fluctuation of the foreign currency (exchange rate "shock").

The table below shows the sensitivity analysis to fluctuations of the US Dollar, the main foreign currency to which the Group has exposure as of December 31, 2023 and 2022. The analysis determines the effect of a reasonably possible variation of the exchange rate US Dollar to the Sol, considering all the other variables constant in the consolidated statement of income, before Income Tax. A negative amount shows a potential net reduction in the consolidated statement of income, while a positive amount reflects a net potential increase:

Sensitivity analysis	**Changes in currency rates**	**2023**	**2022**
	%	S/(000)	S/(000)
Devaluation			
US Dollar	5	107,068	103,904
US Dollar	10	214,135	209,809
US Dollar	15	321,203	311,713
Revaluation			
US Dollar	5	(107,068)	(103,904)
US Dollar	10	(214,135)	(209,809)
US Dollar	15	(321,203)	(311,713)

The exchange rate risk exposure in the case of Interseguro is presented in Note33.5(a.3).

33.3 Liquidity risk

Liquidity risk consists in the Group's inability to comply with the maturity of its obligations, thus incurring in losses that significantly affect its equity position. This risk may arise as a result of various events such as: the unexpected decrease of funding sources, the inability to rapidly settle assets, among others.

The Group has a set of indicators that are controlled and reported daily, which establish the minimum liquidity levels allowed for the short-term and reflect several risk aspects such as: concentration, stability, position by currency, main depositors, etc.

Likewise, the Group assesses medium-term and long-term liquidity through a structural analysis of its fund's inflows and outflows in different maturity terms. This process allows to know, for each currency, the various funding sources, how liquidity needs increase and which terms are mismatched. Both for assets and liabilities, assumptions are considered for the operations that do not have determined maturity dates, such as revolving loans, savings and similar ones, as well as contingent liabilities, such as non-used letters of credit or lines of credit. Based on this information, the necessary decisions to maintain target liquidity levels are made.

In the case of Interbank, liquidity is managed by the Vice-Presidency of Capital Markets, which chairs the ALCO Committee, in which positions, movements, indicators and limits on liquidity management are presented. Liquidity risk is supervised by the GIR Committee, defining the risk level that is willing to assume and the corresponding indicators, limits and controls are reviewed. The Market Risk Division is in charge of tracking said indicators. Interbank takes short-term deposits and transforms them into longer-term loans. Therefore, its exposure to liquidity risk increases. Interbank maintains a set of deposits that are historically renewed or maintained, and which represent a stable funding source.

The liquidity of Financiera is managed by the Financial Manager, which chairs the ALCO Committee, in which positions, movements, indicators and limits on liquidity management are presented. The liquidity risk, in turn, is overseen by the Risk Committee, where the level of risk to be assumed is defined, and the corresponding indicators, limits and controls are reviewed.

In the case of Interseguro, they are exposed to requirements other than their cash resources, mainly claims resulting from their short-term insurance contracts. The Company's Board establishes limits on the minimum proportion of the maturity funds available to meet these requirements and on a minimum level of credit lines that must be available to cover claims at unexpected levels.

The exposure of Interseguro to this risk is presented in Note 33.5(a.3).

Regarding long-term insurance contracts, considering the types of products offered and the long-term contractual relationship with clients (the liquidity risk is not material), the emphasis is on sufficient availability of flow of assets, and the term matching of the latter with the liability obligations (mathematical technical reserves), for which there are sufficiency and adequacy indicators.

The exposure of Interseguro to this risk is presented in Note 33.5(a.2).

In the case of Inteligo Bank, the Board has established liquidity levels as to the minimum amount of available funds required to meet such requirements and the minimum level of inter-banking facilities and other loan mechanisms that should exist to cover unexpected withdrawals. Inteligo Bank holds a short-term asset portfolio comprised of loans and liquid investments to ensure sufficient liquidity.

Inteligo Bank's financial assets include unlisted equity investments, which generally are illiquid. Furthermore, Inteligo Bank holds investments in closed (unlisted) and open-ended investment funds, which may be subject to redemption restrictions such as "side pockets" and redemption limits. As a result, Inteligo Bank may not be able to settle some of its investments in these instruments in due time to meet its liquidity requirements.

With respect to the retail and real estate segments, the Management of these segments directs its efforts towards maintaining sufficient cash and financing availability, through an adequate array of committed credit sources and the ability to settle transactions, primarily those involving debt. In this regard, although significant short and long-term financial obligations are maintained, Management considers that this situation does not pose a constraint on its operations, given the financial and managerial support and backing that the Intercorp Group can provide for the ongoing monitoring of the liquidity requirements.

The following tables present the Group's non-discounted cash flows payable according to contractual terms agreed (including the payment of future interest):

	As of December 31, 2023					
	Up to 1 month S/(000)	From 1 to 3 months S/(000)	From 3 to 12 months S/(000)	From 1 to 5 years S/(000)	Over 5 years S/(000)	Total S/(000)
Financial liabilities by type -						
Deposits and obligations	36,078,874	4,242,734	7,206,988	1,626,062	766,801	49,921,459
Inter-bank funds	119,712	-	-	-	-	119,712
Due to banks and correspondents	1,323,220	2,093,595	3,109,596	5,919,756	2,031,005	14,477,172
Bonds, notes and other obligations outstanding	38,877	1,203,376	694,792	10,100,947	2,713,294	14,751,286
Due from customers on acceptances	7,080	19,300	14,185	-	-	40,565
Insurance contract liabilities	112,189	222,530	972,318	4,604,074	18,186,412	24,097,523
Accounts payable, provisions and other liabilities	1,737,914	5,211,194	1,213,017	1,189,705	1,750,225	11,102,055
Total non-derivative liabilities	39,417,866	12,992,729	13,210,896	23,440,544	25,447,737	114,509,772
Derivatives held for trading (*) -						
Contractual amounts receivable (inflow)	387,872	479,652	1,261,268	993,514	516,340	3,638,646
Contractual amounts payable (outflow)	387,923	479,288	1,274,079	983,356	514,785	3,639,431
Total	(51)	364	(12,811)	10,158	1,555	(785)
Derivatives held as hedging (**) -						
Contractual amounts receivable (inflow)	3,763	4,061	323,273	1,750,880	-	2,081,977
Contractual amounts payable (outflow)	6,215	5,065	390,706	1,759,660	-	2,161,646
Total	(2,452)	(1,004)	(67,433)	(8,780)	-	(79,669)

	As of December 31, 2022					
	Up to 1 month S/(000)	From 1 to 3 months S/(000)	From 3 to 12 months S/(000)	From 1 to 5 years S/(000)	Over 5 years S/(000)	Total S/(000)
Financial liabilities by type -						
Deposits and obligations	36,575,105	2,085,433	6,967,513	1,864,936	1,562,615	49,055,602
Inter-bank funds	30,012	-	-	-	-	30,012
Due to banks and correspondents	708,355	1,763,428	2,572,889	5,516,822	1,678,948	12,240,442
Bonds, notes and other obligations outstanding	2,074,488	185,652	824,121	7,085,723	7,366,277	17,536,261
Due from customers on acceptances	18,909	4,854	22,046	-	-	45,809
Insurance contract liabilities	-	-	840,606	2,977,231	20,063,265	23,881,102
Accounts payable, provisions and other liabilities	1,573,678	5,204,007	888,610	923,505	1,775,298	10,365,098
Total non-derivative financial liabilities	40,980,547	9,243,374	12,115,785	18,368,217	32,446,403	113,154,326
Derivatives held for trading (*) -						
Contractual amounts receivable (inflow)	583,440	711,292	2,059,478	841,875	344,267	4,540,352
Contractual amounts payable (outflow)	604,526	568,112	2,051,065	1,041,851	354,758	4,620,312
Total	(21,086)	143,180	8,413	(199,976)	(10,491)	(79,960)
Derivatives held as hedging (**) -						
Contractual amounts receivable (inflow)	1,712,865	3,289	13,772	432,103	-	2,162,029
Contractual amounts payable (outflow)	1,479,047	5,038	28,784	406,806	-	1,919,675
Total	233,818	(1,749)	(15,012)	25,297	-	242,354

(*) It includes contracts whose future flows agreed to be exchanged are settled on a net basis (non-delivery) and a gross basis (full-delivery).

(**) It only includes contracts whose future flows agreed to be exchanged are settled on a net basis (non-delivery).

The table below shows maturity of the contractual term of the contingent credits (indirect loans) granted by the Group as of the dates of the consolidated statement of financial position:

	2023 S/(000)	2022 S/(000)
Contingent credits (indirect loans)		
Up to 1 month	1,095,222	686,322
From 1 to 3 months	1,062,605	1,358,990
From 3 to 12 months	2,391,661	2,053,759
From 1 to 5 years	189,880	380,844
Over 5 years	556	-
Total	4,739,924	4,479,915

The Group estimates that not all of the contingent loans (indirect) or commitments will be used before the maturity date of the commitments.

The following table shows the changes in liabilities from financing activities, according to IAS 7:

	2023					
	Balance as of January 1 S/(000)	Dividends paid S/(000)	Cash flow S/(000)	Effect of movement in exchange rate S/(000)	Others S/(000)	Balance as of December 31 S/(000)
Inter-bank funds payable	30,012	-	91,245	(1,592)	47	119,712
Due to banks and correspondents	11,192,168	-	1,555,355	(45,625)	360,332	13,062,230
Bonds, notes and other obligations outstanding	15,804,263	-	(2,570,363)	(196,573)	346,368	13,383,695
Lease liability related to right-of-use assets	2,445,875	-	(608,548)	(42,097)	816,101	2,611,331
Dividends payable	-	131,775	(128,629)	(3,146)	-	-
Total liabilities for financing activities	29,472,318	131,775	(1,660,940)	(289,033)	1,522,848	29,176,968

	2022					
	Balance as of January 1 S/(000)	Dividends paid S/(000)	Cash flow S/(000)	Effect of movement in exchange rate S/(000)	Others S/(000)	Balance as of December 31 S/(000)
Inter-bank funds payable	-	-	30,482	(470)	-	30,012
Due to banks and correspondents	12,220,253	-	(1,356,154)	(211)	328,280	11,192,168
Bonds, notes and other obligations outstanding	16,246,464	-	(259,405)	(592,415)	409,619	15,804,263
Lease liability related to right-of-use assets	2,294,550	-	(752,749)	(64,424)	968,498	2,445,875
Dividends payable	19,990	111,600	(132,969)	1,379	-	-
Total liabilities for financing activities	30,781,257	111,600	(2,470,795)	(656,141)	1,706,397	29,472,318

33.4 Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When internal controls fail, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control matrix and by monitoring and responding to potential risks, the Group is able to manage these risks. Controls include mainly the segregation of duties, accesses, authorization and reconciliation procedures, staff training and assessment processes, including the review of the Internal Audit areas.

Management has focused its attention on the implementation of a series of measures aimed to ensure the Group's workers an optimal environment of information technology systems and cybersecurity systems for the execution of their operations within a mixed labor environment (home or office).

33.5 Insurance risk management

The risk under an insurance contract, in any of its various forms, is the possibility that the insured event occurs and; therefore, uncertainty is realized in the amount of the resulting claim. Given the nature of the insurance contract, this risk is aleatory and, therefore, unpredictable.

In relation to a portfolio of insurance contracts where the theory of large numbers and probabilities for pricing and provisions is applied, the main risk faced by the insurance business of the Group, managed by Interseguro, is that claims and/or payments of benefits covered by the policies exceed the book value of insurance liabilities. This could happen to the extent that the frequency and/or severity of claims and benefits are higher than estimated. The factors that are considered to perform the assessment of insurance risks include the following:

- Frequency and severity of claims.
- Sources of uncertainty in the calculation of payment of future claims.
- Mortality tables for different coverage plans in the life insurance segment.
- Changes in market rates of investments that directly affect the discount rates to calculate mathematical reserves; and
- Specific requirements established by the SBS according to insurance plans.

On the other hand, Interseguro has signed contracts of automatic reinsurance coverage mainly in credit life, retirement and life insurances that protect it from losses due to frequency and severity. The objective of this reinsurance negotiation is that the total net insurance losses do not affect the equity and liquidity of Interseguro. Interseguro's policy is to sign contracts with companies with international rating determined by SBS rules. Annuities contracts do not have reinsurance coverage.

(a) Life insurance contracts –

Interseguro has developed its insurance underwriting strategy in order to diversify the type of insurance risks accepted. Factors that aggravate the insurance risk include lack of risk diversification in terms of type and amount of risk and geographic location. The underwriting strategy aims to ensure that underwriting risks are well diversified in terms of type and amount of risk. Underwriting limits serve to implement the selection criteria for appropriate risk. As of December 31, 2023 and 2022, most of the insurance contracts entered into by Interseguro are located in the city of Lima.

The sufficiency of reserves is a principle of insurance management. Technical reserves for claims and premiums are estimated by Interseguro's actuaries and reviewed by independent experts when deemed necessary.

Interseguro's Management constantly monitors trends in claims, which allows it to perform estimates of claims incurred but not reported (IBNR) that are supported by recent information.

On the other hand, Interseguro is exposed to the risk that mortality and morbidity rates associated with customers do not reflect the actual mortality and morbidity and may cause the premium calculated for the coverage offered to be insufficient to cover claims. For this reason, Interseguro performs a careful risk selection or underwriting when issuing policies, because by doing so it can classify the risk grade presented by a proposed insured, analyzing characteristics such as gender, smoking status, health condition, among others.

In the particular case of pensions, the risk assumed by Interseguro is that the real-life expectancy of the insured population is greater than that estimated when determining income, which would mean a deficit of reserves to comply with the payment of pensions.

On the other hand, insurance products do not have particularly relevant terms or clauses that could have a significant impact or represent significant uncertainties over Interseguro's cash flows.

(a.1) Insurance risk

Sensitivity of life insurance contracts and reinsurance contracts -

The following sensitivity analysis shows the impact (gross and net of the reinsurance held) on the contractual service margin, income before taxes and net equity for the reasonably possible movements in the key assumptions, the rest of the assumptions remaining constant. The correlation of the assumptions will have a significant effect on the determination of the final impacts, but to demonstrate the impact resulting from changes in each assumption, the assumptions had to be changed individually. It is worth noting that the movements of these assumptions are non-linear. The method used to obtain information of the sensitivity and the significant hypotheses did not vary regarding the previous period.

Life insurance contracts issued

		2023				2022			
	Change in assumptions %	Impact on income before taxes, gross of reinsurance S/(000)	Impact on income before taxes, net of reinsurance S/(000)	Impact on net equity, gross of reinsurance S/(000)	Impact on net equity of reinsurance S/(000)	Impact on income before taxes, gross of reinsurance S/(000)	Impact on income before taxes, net of reinsurance S/(000)	Impact on net equity, gross of reinsurance S/(000)	Impact on net equity of reinsurance S/(000)
Mortality/morbidity rate	+10%	(13,198)	(12,808)	(5,827)	(5,264)	(14,085)	(13,955)	(4,767)	(4,952)
Longevity	+10%	(210,185)	(210,185)	(172,323)	(172,323)	(197,945)	(197,945)	(130,110)	(130,110)
Expenses	+10%	(32,980)	(32,985)	(28,421)	(28,426)	(37,627)	(37,740)	(29,039)	(29,152)
Expiration and abandonment rate	+10%	11,877	11,699	8,871	8,629	13,773	14,232	5,411	5,897
Mortality/morbidity rate	- 10%	13,048	12,642	6,062	5,488	14,494	14,021	4,995	4,851
Longevity	- 10%	147,670	147,670	114,215	114,215	146,826	146,826	86,496	86,496
Expenses	- 10%	32,960	33,006	28,407	28,453	37,611	37,658	29,024	29,071
Expiration and abandonment rate	- 10%	(12,787)	(12,522)	(9,367)	(9,023)	(14,856)	(14,182)	(5,844)	(5,204)

		2023		2022	
	Change in assumptions %	Impact on CSM before taxes, gross of reinsurance S/(000)	Impact on CSM before taxes, net of reinsurance S/(000)	Impact on CSM before taxes, gross of reinsurance S/(000)	Impact on CSM before taxes, net of reinsurance S/(000)
Mortality/morbidity rate	+10%	(24,696)	(17,314)	(24,079)	(18,190)
Longevity	+10%	(37,318)	(37,318)	(47,424)	(47,424)
Expenses	+10%	(20,613)	(20,608)	(17,552)	(17,439)
Expiration and abandonment rate	+10%	(1,562)	(1,972)	(1,726)	(2,495)
Mortality/morbidity rate	- 10%	25,277	18,034	24,135	18,787
Longevity	- 10%	77,609	77,609	76,554	76,554
Expenses	- 10%	20,591	20,544	17,551	17,504
Expiration and abandonment rate	- 10%	1,944	2,375	1,837	1,524

(a.2) Liquidity risk –

Analysis of maturities of insurance and reinsurance contracts liabilities (present value of the future cash flows) –

The following table summarizes the maturity profile of the portfolios of insurance contracts issued and the portfolios of reinsurance contracts held that are liabilities of the Group, based on the estimations of the present value of the future cash flows that are expected to be paid in the following periods:

	2023						
	Less than 1 year S/(000)	From 1 to 2 years S/(000)	From 2 to 3 years S/(000)	From 3 to 4 years S/(000)	From 4 to 5 years S/(000)	More than 5 years S/(000)	Total S/(000)
Life insurance contractual liabilities	849,238	660,864	717,179	751,224	781,239	20,348,966	24,108,710
Life reinsurance contractual liabilities	(27,849)	(577)	(589)	(608)	(626)	(38,029)	(68,278)
Other liabilities	78,253	83,650	118,419	134,337	141,352	858,734	1,414,745
Total	899,642	743,937	835,009	884,953	921,965	21,169,671	25,455,177

	2022						
	Less than 1 year S/(000)	From 1 to 2 years S/(000)	From 2 to 3 years S/(000)	From 3 to 4 years S/(000)	From 4 to 5 years S/(000)	More than 5 years S/(000)	Total S/(000)
Life insurance contractual liabilities	874,518	683,879	727,831	772,743	794,191	19,943,775	23,796,937
Life reinsurance contractual liabilities	(33,911)	(336)	(347)	(359)	(373)	(19,305)	(54,631)
Other liabilities	57,085	74,489	81,473	106,116	129,276	810,573	1,259,012
Total	897,692	758,032	808,957	878,500	923,094	20,735,043	25,001,318

Analysis of maturities of financial assets (based on non-discounted contractual cash flows) –

The following table summarizes the maturity profile of the Group's financial assets in function of the non-discounted contractual cash flows, including interest receivable.

	2023						
	Less than 1 year S/(000)	From 1 to 2 years S/(000)	From 2 to 3 years S/(000)	From 3 to 4 years S/(000)	From 4 to 5 years S/(000)	More than 5 years S/(000)	Total S/(000)
Financial assets							
Cash and cash equivalents	-	-	-	-	-	-	-
Investments at fair value through profit or loss	97	97	97	97	97	2,888	3,373
Debt instruments measured at fair value through othercomprehensive income	1,020,609	969,034	991,445	1,079,552	1,064,316	18,247,679	23,372,635
Investments at amortized cost	-	-	-	-	-	27,201	27,201
Total	1,020,706	969,131	991,542	1,079,649	1,064,413	18,277,768	23,403,209

	2022						
	Less than 1 year S/(000)	From 1 to 2 years S/(000)	From 2 to 3 years S/(000)	From 3 to 4 years S/(000)	From 4 to 5 years S/(000)	More than 5 years S/(000)	Total S/(000)
Financial assets							
Cash and cash equivalents	-	-	-	-	-	-	-
Investments at fair value through profit or loss	99	99	99	99	99	3,070	3,565
Debt instruments measured at fair value through othercomprehensive income	896,760	940,922	887,257	899,474	982,379	18,010,752	22,617,544
Total	896,859	941,021	887,356	899,573	982,478	18,013,822	22,621,109

(a.3) Financial risk -

Exchange rate risk –

It is the risk that the fair value of future cash flows of a financial instrument, assets and/or liabilities of insurance contracts may fluctuate due to changes in the exchange rate.

The main operations of the Group are performed in Soles and their exposure to exchange rate risk arises mainly regarding the US Dollar. The Group's financial assets are mainly denominated in the same
currencies as its insurance contracts liabilities.

The Group partially mitigates the foreign currency risk associated with insurance contracts through the holding of reinsurance contracts denominated in the same currencies as its insurance contractual liabilities.

The following table summarizes the financial assets and the insurance contracts assets and liabilities of the Company by main currency:

	2023			2022		
	US Dollar S/(000)	Sol S/(000)	Total S/(000)	US Dollar S/(000)	Sol S/(000)	Total S/(000)
Financial assets						
Cash and due from banks	48,899	217,411	266,310	419,481	211,676	631,157
Investments at fair value through profit or loss	300,007	7,029	307,036	247,998	11,424	259,422
Debt instruments measured at fair value through other comprehensive income	4,159,311	8,286,854	12,446,165	3,792,194	7,243,452	11,035,646
Investments at amortized cost	-	23,584	23,584	-	-	-
Insurance contract assets -						
Life insurance issued	-	-	-	-	-	-
Life reinsurance issued	166	26,121	26,287	1,032	33,019	34,051
Reinsurance held	-	-	-	-	-	-
Insurance contract liabilities -						
Life insurance issued	3,997,075	8,208,566	12,205,641	4,240,359	6,987,486	11,227,845
Life reinsurance issued	-	1,895	1,895	-	3,476	3,476
Reinsurance held	-	-	-	-	-	-

Interest rate risk

It is the risk that the fair value or future cash flows of a financial instrument or insurance or reinsurance contract may fluctuate due to changes in the market interest rates. Instruments at variable rates expose the Group to cash flow interest risk, while instruments at fixed rates expose the Group to fair value risk. There is not any direct contractual relation between financial assets and insurance contracts. However, the Group's policy on interest rate risk requires it to manage the scope of the net interest rate risk by keeping an adequate combination of instruments at variable and fixed rates to support the insurance contract liabilities. The policy also requires it to manage the maturity of financial assets that accrue interest. The Group does not have a significant concentration of the interest rate risk. The Group's exposure to insurance and reinsurance contracts sensitive to interest rate risk and debt instruments is the following:

	2023 S/(000)	2022 S/(000)
Insurance contract assets -		
Life insurance issued	-	-
Life reinsurance issued	26,287	34,051
Reinsurance held	-	-
Insurance contract liabilities -		
Life insurance issued	12,205,641	11,227,845
Life reinsurance issued	1,895	3,476
Reinsurance held	-	-
Investments at fair value through profit or loss	307,036	259,422
Debt instruments measured at fair value through othercomprehensive income	12,446,165	11,035,646
Investments at amortized cost	23,584	-
Total	25,010,608	22,560,440

The following analysis is made for the reasonably possible movements of the key variables, the rest of the variables remaining constant, showing the impact on income before taxes and equity. The correlation of the variables will have a significant effect on the determination of the final impact of the interest rate risk, but to demonstrate the impact due to changes in variables, the variables had to be changed individually. It is worth noting that the movements of these variables are non-linear. The method used to obtain information of the sensitivity and the significant variables did not vary regarding the previous period.

		2023		2022	
	Change in basis points	Impact on income before taxes S/(000)	Impact on equity S/(000)	Impact on income before taxes S/(000)	Impact on equity S/(000)
Insurance and reinsurance contracts	+100	16,542	1,075,830	15,554	921,286
Debt instruments	+100	(100)	(906,268)	(107)	(796,455)
Insurance and reinsurance contracts	-100	(20,226)	(1,293,888)	(18,703)	(1,096,629)
Debt instruments	-100	115	1,048,722	124	924,796

(b) Real estate risk management –
Real estate risk is defined as the possibility of losses due to changes or volatility of market prices of properties; see Note 8. Investment properties are held by Interseguro in order to manage its long-term inflows and match its technical reserves. SBS Resolution No. 2840-2012, dated May 11, 2012, "Regulations on Real Estate Risk Management in Insurance Companies", requires that insurance companies adequately identify, measure, control and report the real estate risk level they are exposed to.

Additionally, the Group has identified the following risks associated with its real estate portfolios:

- The cost to develop a project may increase if there are delays in the planning process; however, Interseguro receives services from advisors in order to reduce the risks that may arise in the planning process.

- A major lessee may become insolvent thus causing a significant loss in rental income and a reduction in the value of the associated property. To reduce this risk, Interseguro reviews the financial position of all prospective lessees and requires on the appropriate level of safety required, such as lease deposits or guarantees.

- The fair values of the investment property could be affected by the cash flows generated by the tenants and/or lessees, as well as by the economic conditions of Peru and future expectations.

33.6 Capital management
The Group manages in an active manner a capital base in order to cover the risks inherent to its activities. Capital adequacy of the Group is monitored by using regulations and ratios established by the different regulators; see Note 18(g).

34. Fair value

(a) Financial instruments measured at their fair value

The following table presents an analysis of the financial instruments that are measured at their fair value.

The amounts are based on the balances presented in the consolidated statement of financial position:

	As of December 31, 2023				As of December 31, 2022			
	Level 1 S/(000)	Level 2 S/(000)	Level 3 S/(000)	Total S/(000)	Level 1 S/(000)	Level 2 S/(000)	Level 3 S/(000)	Total S/(000)
Financial assets								
Financial investments								
At fair value through profit or loss (*)	407,881	553,231	1,474,164	2,435,276	521,086	570,953	1,663,779	2,755,818
Debt instruments measured at fair value through other comprehensive income	11,785,250	9,064,926	-	20,850,176	9,942,911	6,717,481	-	16,660,392
Equity instruments measured at fair value through other comprehensive income	397,247	10,541	37,090	444,878	464,556	10,188	38,140	512,884
Derivatives receivable	-	302,427	-	302,427	-	697,232	-	697,232
	12,590,378	9,931,125	1,511,254	24,032,757	10,928,553	7,995,854	1,701,919	20,626,326
Accrued interest				332,161				320,172
Total financial assets				24,364,918				20,946,498
Financial liabilities								
Derivatives payable	-	180,197	-	180,197	-	315,027	-	315,027

(*) As of December 31, 2023 and 2022, 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. The valuation requires Management to make certain assumptions about the model variables and data, including the forecast of cash flow, discount rate, credit risk and volatility.

During 2023, there were transfers of certain financial instruments from Level 1 to Level 2 for an amount of S/32,577,000, because they stopped being actively traded during the year and, consequently, fair values were obtained by using observable market data. Likewise, during 2023, there were transfers of certain financial instruments from Level 2 to Level 1 for an amount of S/717,011,000. During 2023 and 2022, there were no transfers of financial instruments to or from Level 3 to Level 1 or Level 2.

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

	Valuation technique	Significant unobservable inputs	Valuation 2023	Valuation 2022
Private equity shares	NAV	NAV	Depends on each investment	Depends on each investment
Private equity funds	NAV	NAV	Depends on each investment	Depends on each investment
		Discount rate	15.60%	15.80%
	EBITDA multiple	Total value of the company / EBITDA of the last 12 months	Depends on the company's industry	Depends on the company's industry
Listed shares	Equity method	-	Depends on the credit risk	Depends on the credit risk

The table below shows the sensitivity of inputs to fair value:

	Significant unobservable inputs	Changes in fair value %	2023 S/(000)	2022 S/(000)
Private equity shares	NAV	+/-10	7,678	7,022
Private equity funds	NAV	+/- 10	80,597	86,944
Listed shares	Discount rate	+5	3,716	3,478
		+5	3,997	1,858
Listed shares	EBITDA multiple	+/-5	7,692	10,255
		+/-5	119	385
Listed shares	Equity method	+/-5	3,695	3,622

Starting in the year 2020, the Group implemented changes in determining of its fair value estimates for these level 3 investments, considering their nature, underlying assets and the information available at the valuation date; concluding that the most appropriate valuation method for these investments is the use of the Net Asset Value ("NAV").

Notes to the consolidated financial statements (continued)

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

	2023 S/(000)	2022 S/(000)
Initial balance as of January 1	1,701,919	1,744,991
Purchases	85,777	180,344
Sales	(35,625)	(280,297)
(Loss) gain recognized in the consolidated statement of income	(240,817)	56,881
Subtotal	(190,665)	(43,072)
Final balance	1,511,254	1,701,919

(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 December 31, 2023					As of December 31, 2022				
	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)
Assets										
Cash and due from banks	-	10,987,576	-	10,987,576	10,987,576	-	14,325,307	-	14,325,307	14,325,307
Inter-bank funds	-	524,915	-	524,915	524,915	-	296,119	-	296,119	296,119
Investments at amortized cost	3,277,672	80,042	-	3,357,714	3,474,004	2,949,507	-	-	2,949,507	3,302,779
Loans, net	-	44,742,838	-	44,742,838	46,525,225	-	43,377,661	-	43,377,661	45,948,399
Due from customers on acceptances	-	40,565	-	40,565	40,565	-	45,809	-	45,809	45,809
Insurance contract assets	-	26,287	-	26,287	26,287	-	34,053	-	34,053	34,053
Other accounts receivable and other assets, net	-	2,764,483	-	2,764,483	2,764,483	-	2,307,841	-	2,307,841	2,307,841
Total	3,277,672	59,166,706	-	62,444,378	64,343,055	2,949,507	60,386,790	-	63,336,297	66,260,307
Liabilities										
Deposits and obligations	-	49,562,054	-	49,562,054	49,355,420	-	48,444,352	-	48,444,352	48,510,965
Inter-bank funds	-	119,712	-	119,712	119,712	-	30,012	-	30,012	30,012
Due to banks and correspondents	-	12,815,981	-	12,815,981	13,062,230	-	10,662,787	-	10,662,787	11,192,168
Bonds, notes and other obligations outstanding	4,587,631	8,129,175	-	12,716,806	13,383,695	6,447,282	8,391,062	-	14,838,344	15,804,263
Due from customers on acceptances	-	40,565	-	40,565	40,565	-	45,809	-	45,809	45,809
Insurance contract liabilities	-	12,207,536	-	12,207,536	12,207,536	-	11,231,321	-	11,231,321	11,231,321
Accounts payable and other liabilities	-	11,097,080	-	11,097,080	11,097,080	-	10,364,336	-	10,364,336	10,364,336
Total	4,587,631	93,972,103	-	98,559,734	99,266,238	6,447,282	89,169,679	-	95,616,961	97,178,874

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 solvency of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are considered for the estimated losses of these loans. As of December 31, 2023 and 2022, 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.

35. 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 as trust are not included in the consolidated financial statements.

As of December 31, 2023 and 2022, the value of the managed off-balance sheet financial assets is as follows:

	2023 S/(000)	2022 S/(000)
Investment funds	17,829,262	16,821,566
Mutual funds	5,352,241	4,495,832
Total	23,181,503	21,317,398

36. Subsequent event

On January 16, 2024, Interbank issued subordinated bonds called "7.625 Subordinated Notes due 2034" for the amount of US$300,000,000, under Rule 144A and Regulation S of the U.S. Securities Act of 1933 of the United States of America. This bond has maturity in 2034 and the agreed annual interest effective rate was 7.625 percent.

37. 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.

EY | Auditoría | Consultoría | Impuestos | Transacciones y Finanzas Corporativas

Acerca de EY

EY es la firma líder en servicios de auditoría, consultoría, impuestos, transacciones y finanzas corporativas. La calidad de servicio y conocimientos que aportamos ayudan a brindar confianza en los mercados de capitales y en las economías del mundo. Desarrollamos líderes excepcionales que trabajan en equipo para cumplir nuestro compromiso con nuestros stakeholders. Así, jugamos un rol fundamental en la construcción de un mundo mejor para nuestra gente, nuestros clientes y nuestras comunidades.

Para más información visite ey.com/pe