Interseguro Compañía de Seguros S.A.

Financial statements as of December 31, 2021 and 2020
together with Independent Auditors' Report

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Content

Independent Auditors' Report

To the Shareholders and Directors of Interseguro Compañía de Seguros S.A.

We have audited the accompanying financial statements of Interseguro Compañía de Seguros S.A. (a company incorporated in Peru, subsidiary of Intercorp Financial Services Inc., which is also a subsidiary of Intercorp Perú Ltd.), which comprise the statement of financial position as of December 31, 2021 and 2020, and the corresponding statements of income, statements of income and other comprehensive income, changes in shareholders' equity and cash flows for the years ended on said dates, and the summary of significant accounting policies and other explanatory notes.

Management's responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the generally accepted accounting principles in Peru for insurance companies, established by the Banking, Insurance and Private Pension Fund Management Entities Superintendence (SBS) and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. Our audits were conducted in accordance with the International Standard son Auditing approved for their use in Peru by the Board of Deans of Peruvian Associations of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making this risk assessment, the auditor considers the relevant internal control of the Company for the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

Independent Auditors’ Report (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Interseguro Compañía de Seguros S.A. as of December 31, 2021 and 2020, as well as its financial position and its cash flows for the years ended on said dates, in accordance with the generally accepted accounting principles in Peru for insurance companies, established by the Banking, Insurance and Private Pension Fund Management Entities Superintendence, described in note 2.

Lima, Peru,
February 28, 2022

Countersigned by:

Víctor Camarena
C.P.C.C. Register No. 22566

Interseguro Compañía de Seguros S.A.

Statement of financial position

As of December 31, 2021 and 2020

	Note	2021 S/(000)	2020 S/(000)
Assets			
Current assets			
Cash and cash equivalents	3	1,054,321	355,730
Investments at fair value through profit or loss	4	317,252	117,731
Available-for-sale investments	8	11,087	-
Accounts receivable from insurance operations, net	5	9,067	9,869
Accounts receivable from reinsurers and coinsurers	15	11,254	14,872
Technical reserves assets for claims by reinsurers	15	53,030	59,003
Other accounts receivable, net	6	110,866	54,331
Prepaid taxes and expenses	7	6,735	6,356
Total current assets		1,573,612	617,892
Other accounts receivable, net	6	1,675	8,413
Technical reserves assets for premiums by reinsurers	15	74	232
Available-for-sale investments, net	8	2,761,561	2,314,885
Held-to-maturity investments	9	8,876,229	9,036,639
Real estate investments, net	10	1,432,240	1,282,340
Property, furniture and equipment, net	11	25,646	28,281
Intangibles, net	12	13,841	17,057
Total assets		14,684,878	13,305,739
Contingent and memorandum accounts	20	60,262	216,961

	Note	2021 S/(000)	2020 S/(000)
Liabilities and shareholders’ equity			
Current liabilities			
Financial obligations	13	226,713	-
Taxes and other accounts payable	14	95,605	115,539
Accounts payable to reinsurers and coinsurers	15	4,215	7,177
Technical reserves for claims	16	222,182	203,648
Total current liabilities		548,715	326,364
Subordinated bonds	17	259,155	235,365
Technical reserves for premiums	18	12,362,856	11,133,064
Deferred income	19	28,031	34,118
Total liabilities		13,198,757	11,728,911
Shareholders’ equity	21		
Capital stock		891,833	825,530
Treasury stock		(17,708)	(17,708)
Additional capital		(63,460)	(63,460)
Legal reserve		316,716	293,510
Optional reserves		1,177	1,177
Unrealized results, net		53,950	171,362
Retained earnings		303,613	366,417
Total shareholders’ equity		1,486,121	1,576,828
Total liabilities and shareholders’ equity		14,684,878	13,305,739
Contingent and memorandum accounts	20	60,262	216,961

The accompanying notes to the financial statements are an integral part of this statement.

Interseguro Compañía de Seguros S.A.

Statement of income

For the years ended December 31, 2021 and 2020

	Note	2021 S/(000)	2020 S/(000)
Insurance premiums, net	31	1,270,782	743,550
Adjustment of technical reserves for insurance premiums	31	(725,327)	(174,307)
Net premiums of the year		545,455	569,243
Ceded premiums, net	31	(10,864)	(10,159)
Adjustment of technical reserves for ceded premiums	31	(161)	(434)
Net earned premiums of the year		534,430	558,650
Claims on insurance premiums	31	(974,037)	(832,670)
Claims on ceded premiums	31	26,538	11,250
Net incurred claims		(947,499)	(821,420)
Gross technical result		(413,069)	(262,770)
Commissions on insurance premiums	31	(141,747)	(118,710)
Other technical income	31	8,115	11,547
Other technical expenses	31	(65,757)	(47,285)
Net technical result		(612,458)	(417,218)
Investment income, net	23	1,012,148	787,174
Administrative expenses, net	24	(116,051)	(89,578)
Profit (loss) from exchange difference, net	30.2(c)(i)	19,969	(23,821)
Operation result		303,608	256,557
Income tax	22(b) y (f)	-	-
Net profit		303,608	256,557
Basic and diluted earnings per share (in soles)	21(f)	0.347	0.294
Weighted average number of outstanding shares (in thousands)	21(f)	874,125	874,125

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

Interseguro Compañía de Seguros S.A.

Statement of income and other comprehensive income

For the years ended December 31, 2021 and 2020

	Note	2021 S/(000)	2020 S/(000)
Net profit of the year		303,608	256,557
Other comprehensive income of the year	21(c)		
Exchange difference, net from available-for-sale investments		10,207	47,496
Net profit (loss) of valuation of available-for-sale investments	21(c)		
Equity financial instruments		3,145	(87,807)
Debt financial instruments		(81,845)	(51,605)
Debt financial instruments reclassified to held-to-maturity category		(48,919)	142,860
Other comprehensive income of the year		(117,412)	50,944
Total comprehensive income of the year		186,196	307,501

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

Interseguro Compañía de Seguros S.A.

Statement of changes in shareholders' equity

For the years ended December 31, 2021 and 2020

	Own funds									
	Number of outstanding shares (in thousands)	Capital stock S/(000)	Treasury stock S/(000)	Additional capital S/(000)	Legal reserve S/(000)	Optional reserves S/(000)	Retained earnings S/(000)	Total S/(000)	Unrealized results, net S/(000)	Total shareholders' equity S/(000)
Balances as of January 1, 2020	777,382	777,382	(17,708)	(63,460)	276,658	1,177	436,384	1,410,433	120,418	1,530,851
Net profit	-	-	-	-	-	-	256,557	256,557	-	256,557
Other comprehensive income, net, note 21(c)	-	-	-	-	-	-	-	-	50,944	50,944
Total comprehensive income of the year	-	-	-	-	-	-	256,557	256,557	50,944	307,501
Capitalization of profits, note 21(a)	48,148	48,148	-	-	-	-	(48,148)	-	-	-
Transfer to legal reserve, note 21(b)	-	-	-	-	16,852	-	(16,852)	-	-	-
Dividends declared and paid, note 21(d)	-	-	-	-	-	-	(200,000)	(200,000)	-	(200,000)
Adjustment in retained earnings, note 21(e)	-	-	-	-	-	-	(61,524)	(61,524)	-	(61,524)
Balances as of December 31, 2020	825,530	825,530	(17,708)	(63,460)	293,510	1,177	366,417	1,405,466	171,362	1,576,828
Net profit	-	-	-	-	-	-	303,608	303,608	-	303,608
Other comprehensive income, net, note 21(c)	-	-	-	-	-	-	-	-	(117,412)	(117,412)
Total comprehensive income of the year	-	-	-	-	-	-	303,608	303,608	(117,412)	186,196
Capitalization of profits, note 21(a)	66,303	66,303	-	-	-	-	(66,303)	-	-	-
Transfer to legal reserve, note 21(b)	-	-	-	-	23,206	-	(23,206)	-	-	-
Dividends declared and paid, note 21(d)	-	-	-	-	-	-	(200,000)	(200,000)	-	(200,000)
Adjustment in retained earnings, note 21(e)	-	-	-	-	-	-	(76,903)	(76,903)	-	(76,903)
Balances as of December 31, 2021	891,833	891,833	(17,708)	(63,460)	316,716	1,177	303,613	1,432,171	53,950	1,486,121

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

Interseguro Compañía de Seguros S.A.

Statement of cash flows

For the years ended December 31, 2021 and 2020

	Notes	2021 S/(000)	2020 S/(000)
Operating activities			
Net profit		303,608	256,557
Plus (less) items that do not represent cash disbursements to reconcile the net profit with cash and cash equivalent from operating activities			
Adjustment of technical reserves, net	31	725,488	174,741
Adjustments of SONR reserves		13,220	12,867
Impairment of financial investments	23 (a)	61,995	39,099
Depreciation and amortization	24	6,039	6,730
Provision for doubtful debts	6(i)	2,109	5,856
Recovery of doubtful debt	6(i)	(2,316)	(336)
Interest of effective interest rate method and CPP adjustment	8(b) y 9(b)	(133,794)	(31,312)
Accrual of unrealized results of debt instruments reclassified to maturity		(8,854)	(12,618)
Changes in the fair value of financial instruments	23 (a)	23,213	(12,246)
Accrual of income from sale of held-to-maturity investments	19	(6,087)	(6,111)
Impairment recoverability	8(b),23 (a)	-	(3,553)
Value of equity interest of other investments	23 (a)	(913)	(3,088)
Profit in sale of real estate investment and other investments	23 (a)	(266,484)	(120,562)
Withdrawal of property, machinery and equipment		(4)	-
Fair value of real estate investments and other investments	23 (a)	11,344	-
Changes in operating asset and liability accounts			
(Increase) decrease of operating assets			
Accounts receivable from insurance operations, net		802	(2,370)
Accounts receivable from reinsurers and coinsurers		3,618	4,218
Reserves assets by reinsurers		5,973	17,760
Other accounts receivable, prepaid taxes and expenses		(49,149)	32,624
Increase (decrease) of operating liabilities			
Taxes, other accounts payable and deferred income		(19,434)	33,587
Accounts payable to reinsurers and coinsurers		(2,962)	(180)
Technical reserve for premiums and claims		(3,620)	(12,394)
Cash and cash equivalents from operating activities		663,792	379,269

Statement of cash flows (continued)

	Notes	2021	2020
		S/(000)	S/(000)
Investment activities			
Purchase of financial instruments	4, 8(b), 9(b)	(2,808,123)	(2,638,778)
Sale or redemption of financial instruments	8(b) y 9(b)	2,861,785	1,900,827
Settlements by maturities and capital amortization	8(b) y 9(b)	108,531	152,501
Purchase of real estate investments and other investments	10(a)	(157,321)	(71,657)
Purchase of properties, furniture and equipment and intangibles	11(a) y 12(a)	(1,175)	(2,427)
Cash and cash equivalents from (used in) investment activities		3,697	(659,534)
Financing activities			
Execution of promissory notes	13(c)	1,179,177	-
Payment of promissory notes	13(c)	(949,006)	-
Issuance of subordinated bonds	17(e)	-	88,600
Payment of dividends	21 (d)	(200,000)	(200,000)
Cash and cash equivalents from (used in) financing activities		30,171	(111,400)
Net increase (net decrease)		697,660	(391,665)
Beginning balance of cash and cash equivalents	3	355,730	456,734
Exchange difference on cash and cash equivalents		931	290,661
Ending balance of cash and cash equivalents	3	1,054,321	355,730
Non-generating cash flow transactions			
Capitalization of profits	21(a)	66,303	48,148
Establishment of legal reserve	21(b)	23,206	16,852
Unrealized loss of available-for-sale instruments	21(c)	(78,700)	(139,412)
Amortization of new tables	21(e)	(70,230)	(61,524)
Reclassification from available-for-sale to real estate investment	9(b)	(2,932)	-
Reclassification from fixed asset to real estate investments	10(a)	(991)	(3,823)

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

1. Identification, business activity and other relevant information of the Company

(a) Identification -

Interseguro Compañía de Seguros S.A. (hereinafter, “the Company” or “Interseguro”), is a subsidiary of Intercorp Financial Services Inc. (hereinafter, “Intercorp” or “Parent Company”), a company established in Panama in September 2006, which is also a subsidiary of Intercorp Perú Ltd. and holds 89.42 percent of the capital stock.

The Company’s legal domicile is located at Av. Javier Prado Este No. 492, Office No. 2601, Urb. Jardín, district of San Isidro, Lima, Peru.

(b) Business activity -

The Company’s operations began in 1998 and they are ruled by the General Law of the Financial and Insurance System and Organic Law - Law No. 26702 of the Banking and Insurance and Pension Fund Management Entities Superintendence (hereinafter, “SBS”). The Company operates in the taking out and management of life insurance, life annuities, private annuities, complementary insurance for hazardous work (*seguro complementario de trabajo de riesgo* - SCTR), personal accident insurance, debtor’s life insurance and mandatory insurance of traffic accidents (*seguro obligatorio de accidentes de tránsito* - SOAT). In June 2008, under Resolution No. 1816-2008 issued by the SBS, the Company obtained the authorization to work as an insurance company that operates in the sectors of life risks and general risks.

(c) Trust Estate -

The Company holds participation certificates in the Trust Estate called *Patrimonio en Fideicomiso – Decreto Supremo N°093-2002-EF Interproperties Perú* (hereinafter, “Interproperties”), which began its activities in April 2008; and they are ruled by Supreme Decree No. 861 “Securities Market Law” and, on a supplemental basis, by Law No. 26702 “General Law of the Financial and Insurance System and Organic Law of the SBS”. The main purpose of the Estate is to create a legally independent vehicle to each of the investors formed as originators, through which several real estate projects are structured, executed and developed. According to Official Letter No. 22064-2017 dated June 21, 2017, the SBS needed to use the proportional consolidation method to record in books its participation in the assets and liabilities of Interproperties from July 1, 2017, as indicated in note 2.2(l).

As a result of the application of this Resolution, the Company proportionally consolidates the assets and liabilities of the classes of Interproperties in which it participates, as detailed below:

	As of December 31, 2021 S/(000)	As of December 31, 2020 S/(000)
Assets		
Current assets		
Cash and cash equivalent, note 3(a)	987	4,930
Other accounts receivable, net, note 6(a)	11	427
Prepaid taxes and expenses, note 7(a)	221	390
Total current assets	1,219	5,747
Real estate investments, (*) and note 10(a)	59,801	110,497
Intangibles, note 12(a)	62	83
Total assets	61,082	116,327
Liabilities		
Current liabilities		
Taxes and other accounts payable, note 14(a)	1,112	262
Total liabilities	1,112	262

(*) As of December 31, 2021, the balance corresponds to the properties called “Puruchuco” and “Rex”, which have been homologated to accounting practices established by the SBS. See note 2.2(l).
As of December 31, 2020, the balance corresponds to the properties called “Talara”, “Puruchuco” and “Rex”, which have been homologated to accounting practices established by the SBS. See note 2.2(l).

(d) Financial statements -
The Company’s accompanying financial statements as of December 31, 2020 and for the year ended on said date were approved by the General Shareholders’ Meeting held on March 09, 2021. The financial statements as of December 31, 2021 and for the year ended on said date, have been approved by the Management and the Board of Directors of the Company on January 26, 2022. The General Shareholders Meeting must issue an opinion on the financial statements in its annual meeting that will be held within the terms established by Law. In the General Management’s opinion, the accompanying financial statements will be approved by the General Shareholders’ Meeting without modifications.

(e) Law of reform of the Private Pension System -
As part of the reform of the Private Pension System, which began in 2013, the affiliates portfolio of the survival and disability coverage of the Retirement insurance was divided into seven fractions, so that insurance companies manage obligations and rights jointly. Thus, when an affiliate requires a pension as a consequence of the Retirement insurance, it will be divided into seven parts and each insurance company will have to assume the corresponding portion. The bidding to grant this coverage is by means of a call through a public tender.

In November 2018, "Fourth public tender No. 04/2018" was carried out, with an effective term from June 1, 2019 to May 31, 2021 and as a result of that process, the Company was not the awardee.

In November 2020, "Fifth public tender No. 05/2020" was carried out, with an effective term from June 01, 2021 to May 31, 2023, as a result of that process, the Company was not the awardee.

As of December 31, 2021 and 2020, the Company maintains a run-off portfolio corresponding to the first, second and third tenders.

(f) Simple reorganization of Mapfre –
In the General Shareholders' Meeting held on May 28, 2019, the project called "simple reorganization" between the Company and Mapfre Perú Vida Compañía de Seguros y Reaseguros S.A. (hereinafter, "Mapfre") was approved, through which the Company agreed to acquire an equity block comprised by assets, liabilities, properties, rights, obligations and legal relationships connected to payment obligations that Mapfre has towards pensioners of the complementary insurance for hazardous work (*seguro complementario de riesgos* – SCTR).

Through resolution No. 5701-2019, dated December 4, 2019, the SBS authorized the transfer of this portfolio, which was effective on January 2, 2020. The Company received cash for a value equivalent to S/59,479,000, financial debt instruments for a value equivalent to S/196,970,000 and it recognized a liability for technical reserves of premiums for S/256,449,000. After the record, the balance of the reserve was adjusted reaching an approximate value of S/246,101,000, determined with the current methodology approved by the SBS, see note 18(d).

(g) Bill of Framework Law of creation of the Integrated Universal Pension System (*Sistema Integrado Universal de Pensiones* - SIUP) -
In May 2020, the Congress of the Republic of Peru established the Special Multiparty Commission in charge of evaluating, designing and proposing the bill for the comprehensive reform of the Peruvian pension system. On October 20, 2020, the Commission of Comprehensive Reform of the Peruvian Pension System of the Congress approved a proposal of general guidelines to implement said reform. The current Government assumed the presidency on July 28, 2021, and as of the date of this report, there is no official opinion regarding the continuity of the abovementioned Bill.

In Management's opinion, as of the date of the financial statements, considering that the current Government has not defined a position regarding the changes described in the previous paragraph, and the position of the Congress, about the possibility of resuming the Bill mentioned in the previous paragraph, is not known either, therefore, there are no conditions that require to include any effect on the financial statements as of December 31, 2021.

2. Current accounting policies

2.1 Application of the new accounting and regulatory pronouncements issued by the SBS

The pronouncements issued by the SBS during the 2020 and 2021 period, which entered into effect during 2021, are presented below:

- SBS Resolution No. 1856-2020 dated July 24, 2020: The Regulations of the Technical Reserve of Claims are established, which set forth the guidelines for the estimate of the technical reserve of claims as the best estimate of the total amount of the pending obligations arising from the claims occurred before the date of assessment, cannot be negative, and is established on a monthly basis as the summation of two components:

- The best estimate of the obligations (ME, for its initials in Spanish), which reflects the value of the pending obligations arising from the claims occurred and must be calculated under realistic and reasonable criteria, considering the factors that influence their final cost, which must guarantee the compliance of said obligations.

- The margin over current estimate (MOCE), which represents the uncertainty regarding the technical risk inherent to the best estimate of the present value of future cash flows to determine the compliance cost of insurance obligations, net of reinsurance, for claims that already occurred.

The accounting record of the first application of the margin over current estimate (MOCE) within the technical reserve of claims must be made affecting the retained earnings. The companies must prepare an adjustment plan, which must be approved by the Board of Directors and sent to the SBS by no later than December 31, 2020, contemplating an adjustment term until June 30, 2021, date on which the "Regulations of the Reserve of Claims", approved by SBS Resolution No. 4095-2013, as amended, is repealed. As a result of the application of this rule, the Company has recognized a total of S/6,673,000 charged against Retained earnings due to the recognition of the margin over the best estimate, which accounting policy is described in note 16(e) and 21(e).

- SBS Resolution No. 976-2021 dated March 31, 2021: this resolution approved the delivery, on a quarterly basis, of Annex No. ES-32 "Accounts Receivable from Policies of the Insurance System (Item 12)" and Annex No. ES-33 "Retributions to Brokers, Promoters, Bankassurance and Traders (Item 43)", which is in force since December 2021, and to modify Annex SV-16 "Information of cash flows", which is part of the Regulations of Establishment of Mathematical Reserves of Annuity Insurance and Analysis of Asset Sufficiency, in force from the day following its publication.

- SBS Resolution No. 1761-2021 dated June 16, 2021 in force from the day following its publication: This resolution approves amendments to the Regulations of Equity Requirements, approved by SBS Resolution No. 1124-2006, as amended, which sets forth:

  - Group life insurance: The solvency margin will be determined based on the claims of the last 42 months, eliminating the information corresponding to the 6 months of the highest number of claims, then the annual average will be obtained, dividing the resulting amount by 3. Thereafter, 46% will be obtained and will be multiplied by the calculated retention ratio.
  - Retirement Insurance – current portfolio: The solvency margin will be determined based on the claims of the last 42 months, eliminating the information corresponding to the 6 months of the highest number of claims, then the annual average will be obtained, dividing the resulting amount by 3. Thereafter, 29% will be obtained and will be multiplied by the calculated retention ratio.

- Resolution No. 2201-2021 dated July 23, 2021 and in force from the day following its publication: The Regulations of Classification and Valuation of Investments is modified regarding the investment costing method in financial instruments issued in series; this allows to make the calculation of the average cost or of the PEPS formula based on the investment portfolio which the instruments subject matter of costing belong to, when said portfolio secures a single homogeneous group of obligations (GHO, or its initials in Spanish). This treatment is also allowed in the cases where the abovementioned GHO is secured by other portfolios, provided that these portfolios do not incorporate instruments with the same investment codes and do not secure another GHO.
  The Company has chosen not to apply this resolution as of December 31, 2021; therefore, it maintains the application of the costing method at portfolio level.

- Resolution No. 2239-2021 dated July 30, 2021 and in force from the day following its publication: The following modifications are established:

  - ✓ Circular Letter No. S-603-2003, referred to the technical reserves of the disability, survival and funeral expenses of the Private Pension System: The applicable interest rate for the calculation of the technical reserves is called “Reserve Rate”, and it is determined on a monthly basis by this Superintendence and for each currency. Said rate is calculated as the average of the update rates indicated in Circular No. S-601-2003, of the last twelve (12) months, including the one of the current month.

- ✓ SBS Resolution No. 6394-2016, as amended: The information to be considered for the calculation of the RIP corresponding to the last twenty-four (24) months (reference period); except for the following risk groups:

  a) "Civil liability" and "Credit and bonds", where said period is 48 months;
  b) "Group or individual short-term life insurance (effective for one year or less), where the RIP must be calculated considering the most favorable scenario of: i) information of the last 24 months, or ii) information of the last 48 months.

- ✓ SBS Resolution No. 1856-2020: The companies may gradually establish the gross, ceded and net IBNR reserve of the following risks: medical assistance insurance (64), individual long-term life insurance (71), private group life insurance (72), workers' life insurance (73), debtor's life insurance (74), long-term funeral insurance (79), individual short-term insurance (80), short-term funeral insurance (81), former workers' life insurance (82) and the pension insurance of disability (91), survival (92) and funeral (93), considering the application of a minimum percentage to the estimate of the gross, ceded and net IBNR reserve during a term of two (2) years. This percentage begins in sixty percent (60%) for July 2021, and increases (on a linear basis) with a monthly frequency, until completing 100% from July 2023. In addition, the release of IBNR reserves that may occur as an effect of the application of the gradual recognition of the IBNR affects the result of the year.

The Company has chosen to recognize the effects of the adoption of this rule entirely within the 2021 period.

- Resolution No. 3872-2021 dated December 20, 2021 and in force from the day following its publication: It incorporates modifications to the Regulations of Classification and Valuation of Investments of Insurance Companies, as regards investment properties related to initial recognition, measurement at fair value; in addition, the income approach, as additional approach to the cost and market approaches, is allowed to measure, exceptionally, the real properties which contracts of generation of income or periodic flows were no longer effective in the last twelve months as of the date of valuation.

  In Management's opinion, the Company is evaluating the effects of the adoption of this rule, which implementation plan will be presented to the SBS within the established terms (90 calendar days computed from the effective date of the Resolution).

The pronouncements issued by the SBS during 2021 period and as of the date of this report, which are about to enter into effect, are presented below:

- Resolution No. 1143-2021 dated April 16, 2021: The Regulations of Mathematical Reserves are approved, which establish the guidelines regarding the valuation, accounting record and monitoring of the mathematical reserves for the insurance policies that grant long-term coverage (more than 1 year), taking into account the contract limit, on biometric risks, such as, mortality, survival, disability or morbidity, except for the annuities of the Private Pension System (SPP), annuities of the Complementary Insurance for Hazardous Work (SCTR) and the Workers' Life Insurance. The adjustment plan approved by the Board of Directors must be sent to the SBS until September 30, 2021 with quarterly advances as of December 31, 2021 and March 31, 2022.

  The main changes include the following:

  - The base mathematical reserves corresponding to the life insurance stock until 30.06.2022 must be calculated with the minimum interest rate between the selling rate or technical interest rate used to estimate the mathematical reserves as of 30.06.2022, and the current adjusted risk-free rate.
  - The mathematical reserve associated to the life insurance stock until 30.06.2022 must be fully recorded with the new guidelines, by no later than December 31, 2025, recognizing on a quarterly basis the difference between reserves, with debit or credit from or to the item "Retained earnings".
  - The life insurance policies issued since July 1, 2022 are subject to the new guidelines.
  - The principles for the establishment of the mathematical reserve are established:
    - The valuation of the mathematical reserve must be supported on actuarial bases and with the application of generally accepted actuarial, technical and statistic procedures in the actuarial practice.
    - The projection of expected future expenses and income must use an actuarial model that considers falling rates based on the effective year of the policy and the cancellation pattern, which is influenced by tenure.
    - The period of projection of expected future flows must be on the full remaining effective term of the policies, certificates and current accepted reinsurance contracts and received coinsurance contracts, considering the limit of the contracts.
    - The projection of expected cash flows must be made under the assumption of running company, except in a run-off situation.
  - Guidelines are established for the creation of the mathematical reserve of the insurance with a savings and/or investment component, separable and non-separable from the insurance component.
  - The following provisions are listed for the accounting treatment:
    - The mathematical reserve includes the base mathematical reserve, the margin over the best estimate of the mathematical reserve (MOCE) and the variation of the mathematical reserve due to interest rate movements.
    - The base mathematical reserve reflects the value of the minimum reserve calculated with the first minimum interest rate, whereas the variation of the mathematical reserve due to interest rate movements reflects the difference between the base

mathematical reserve calculated with the first minimum interest rate and the mathematical reserve recalculated in each new valuation year, using the current minimum interest rate.

- The losses or profits produced by changes in the interest rates in the mathematical reserve must be recorded in the equity, and they are reclassified to income or expenses, as applicable, through a systematic allocation until the extinguishment of the policy. The changes in the mathematical reserve caused by other risk factors must be recognized in the statement of income.
- In case of a methodological change in the calculation of the technical reserves, the difference in reserves caused by said methodological change must be recorded with debit or credit in retained earnings. If the company makes changes of assumptions or parameters in the calculation of technical reserves, the difference caused by said change must be recorded with debit or credit in results of the year.

- Resolution No. 2388-2021 dated August 16, 2021: The Regulations of Life Insurance with Savings and/or Investment Component are approved, which establish provisions for private annuities and other life insurance that have at least one savings or investment component, separable or not, according to the Regulations of Mathematical Reserves. Retirement annuities and disability or survival pensions associated to the Private Pension System (SPP), to complementary insurance for hazardous work (SCTR) pensions and to the products governed by other specific regulations are excluded from the scope. The adjustment plan has a maximum period until June 30, 2022. The main provisions include:

  - Companies are only authorized to offer or promote products that extend insurance risk coverages, including those that contain savings and/or investment components.
  - Principles are established for the disclosure and handling of conflicts of interests in the management of investments, reason why it must be looked after that the companies' decisions be objective and transparent, both in the selection of assets and in the allocation or transfers of investments among their investment portfolios.
  - The establishment of the mathematical reserves of the products that have savings and/or investment components is made as established in the Regulations of Mathematical Reserves. Thus, the savings and/or investment components separable from the insurance component must be measured as liabilities at fair value with changed in results or at amortized cost, depending on the nature of the obligation. In the case of investment components which financial risk is fully assumed by the insured, they must be measured as liabilities at fair value through profit or loss.

  Management is evaluating the impacts of this rule and it will make the recognition of the impacts in accordance with the guidelines of the rule.

Likewise, the pronouncements issued by the SBS and which were in force during the 2020 period are presented below:

As a result of the COVID-19 pandemics which began on March 11, 2020 in Peru, Supreme Decree No. 044-2020-PCM, dated March 15, 2020, declared the National State of Emergency and exceptional measures were established to protect the life and health of Peruvian people for a period of 15 days, which has been extended until January 31, 2021. In addition, during the abovementioned period, the SBS issued a series of provisions applicable to insurance companies:

- Multiple Official Letter No. 11159-2020-SBS dated March 16, 2020 -
  Which establishes the suspension of the terms referred to the processes of attention of claims occurred at national level, regulated in articles 3, 4, 5, 8, 11 and 15 of the Regulations for the handling and payment of claims, SBS Resolution No. 3202-2013, and extends the period to 180 calendar days for the calculation of provisions for doubtful debt referred to in article 17 of the Regulations of Payment of Premiums of Insurance Policies, SBS Resolution No. 3198-2013; in addition, it sets forth the power to offset the unpaid premiums of the policyholder and/or insured against the indemnity owed to the insured or beneficiary of the insurance in case of claim.

  In that regard, the Company carried out the application of the suspension of the term of claims requested by the SBS, until July 31, 2020. On the other hand, the Company has not applied the exception regarding the extension of the period of 180 calendar days for the calculation of the provision for doubtful debt.

- Multiple Official Letter No.11217-2020-SBS dated March 25, 2020 –
  Specifications are made regarding the extension of the period to 180 days for impairment provisions due to delay in the payment of premiums, the provisions established for fifty (50 percent) unpaid must not be derecognized, but the provision must be for one hundred percent as of the expiration of the abovementioned term. In addition, the insurance company is authorized to modify the payment schedules originally agreed in the payment agreements and any coverage suspension must be subject to the term and formalities contemplated for that purpose, and it is not admissible in the cases where the policyholder has paid, proportionally, a premium equal to or higher than the ongoing period of the contract.

  In that regard, the Company has not used the exception for the recognition of the provisions for doubtful debts of accounts receivable as of December 31, 2020.

- Multiple Official Letter No. 11233-2020-SBS dated March 30, 2020 -
  The following exception measures are established regarding the management of investments of the Insurance System:

  1. Temporary increase of the individual investment limit by a counterpart in the case of financial institutions, such as:
     - It is increased from 7% to 9.5% of the technical obligations the limit corresponding to the amount of the eligible investments issued or secured by a same financial institution, applied to the security of said obligations. In the case of a local financial institution that has a financial strength risk rating of “A”, the limit is increased from 10% to 12.5%.
     - It is increased from 5% to 10% of the technical obligations the limit corresponding to the amount of the eligible investments in deposits in current accounts in a same financial institution.

  2. Temporary suspension of the accounting record of impairment of value of financial instruments established in article 12 and Annex I of the Regulations of Classification and Valuation.

     The Company has chosen to apply this exception until the pronouncement by the SBS. As of December 31, 2020, the Company has not recorded an additional impairment from debt instruments. The effect of the non-recorded impairment represents less than 1 percent of the held-to-maturity instruments.

  3. Temporary exception of the restrictions for accounting reclassifications and sales of held-to-maturity instruments; the change of the accounting classification and the further sale or assignment of certain held-to-maturity instruments may be carried out without the penalty established in the rule, under the consideration that the current scenario responds to an isolated, uncontrollable and unexpected event. It should be indicated that, if the company generates profit at the end of the year, the eventual profit from the application of this provision, from the change of the accounting classification or from the sale or assignment of instruments currently classified as held-to-maturity instruments, must be capitalized.

     As of December 31, 2020, the sales of held-to-maturity investments add up to a total amount of S/1,017,000,000, which net profit, which adds up to S/89,510,000, is subject to capitalization, according to the rule.

4. Temporary suspension of the accounting update of the valuation of investments in real properties valued under the discounted cash flow (DCF) methodology authorized by the SBS.

   On December 23, 2020, the SBS issued Official Letter No. 42140-2020 which establishes as date of termination for the exceptional measures established in Multiple Official Letter No. 11233-2020, March 31, 2021. However, it also indicates that said date of termination corresponds to a maximum adjustment period, empowering the Insurance Companies to terminate the exceptional measures before said date, and for that purpose, they must reflect and formalize said resolution in the relevant internal bodies.

   As of December 31, 2020, the Company's Management complied with the exception, and thus it did not recognize the effect of the fair value of the real properties, which corresponds to a lower fair value that is equal to 7.6 percent of the fair value of the investments in real properties, net.

- Multiple Official Letter No. 13537-2020-SBS dated May 26, 2020 –
  Specifications are established regarding the Analysis of Sufficiency of Assets approved by SBS Resolution No. 887-2018:

1. Temporary modification of the criterion "months in arrears" to determine the adjustment factors for the flows generated by the lease or usufruct contracts, used in the ASA.
   Exceptionally use until December 31, 2020 the following "adjustment factors for the flows generated by the lease or usufruct contracts, according to the months in arrears of the first pending payment", in replacement of the one that is part of Annex No. 1 of the regulations of the ASA:

Months in arrears: 0-6 months	allowed %: 95.0%
Months in arrears: > 6 months	allowed %: 0.0%

   This treatment does not apply to all the cases where the first pending payment occurred before the commencement of the effective term of this National State of Emergency. The Risk Unit of the company is responsible for controlling and monitoring the correct application of this exceptional measure. In addition, said Unit is responsible for analyzing the global impact of this measure on the company's ASA.

   As of December 31, 2021 and 2020, the Company's Management has not had to apply the factors of the flows in arrears.

2. Maximum term of registration of real properties with blocking in the public registries in favor of the company.
   It is temporarily suspended the counting of the maximum term of sixty (60) business days for registration processes with the registry of Real Property and with the Real Estate Registry, according to the second paragraph of subsection g.2 of article 25 of the Regulations of Investments. This suspension will remain effective for the entire period of duration of this National State of Emergency, as well as during the thirty calendar days following the cancellation of said State of Emergency.

   As of December 31, 2020, the Company has not had the need to apply the exception of the maximum terms of registration of real properties with blocking in the public registries.

- Multiple Official Letter No. 42141-2020-SBS dated December 23, 2020 –
  It communicates that the maximum date to be considered for the temporary suspension of the accounting record of the impairment of value of the investments in debt instruments issued by Rutas de Lima shall be December 31, 2021, according to a quarterly schedule, and for the rest of investments, the date of expiration shall be March 31, 2021.

  The Company's Management chose to follow the guidelines established by the SBS and make the record of the impairment in Rutas de Lima gradually until December 31, 2021; therefore, in 2021 and 2020, the Company recognized an impairment loss in an amount of S/29,752,000 and S/ 38,981,000, respectively, see note 23. According to the calendar established by the SBS and taking into account the fair value as of December 31, 2020, the maximum impairment loss not recorded in the accounting represents 15 percent of the value of the instrument.

- Multiple Official Letter No. 42141-2020-SBS dated December 23, 2020 –
  It is established that the effectiveness of the exception measures described in Multiple Official Letter No. 11233-2020-SBS will end on March 31, 2021, being this a maximum adjustment period, and the companies may adjust in a shorter term. In that regard, the Company's Management has chosen to maintain the exceptions as of December 31, 2020.

2.2 Summary of the main significant accounting policies

The accounting principles and practices used in the preparation of the accompanying financial statements are described below:

(a) Basis of preparation -

(i) Statement of compliance -

The financial statements are prepared and presented in accordance with the provisions established by the SBS. The situations or operations not contemplated in the Chart of Accounts for Companies of the Insurance System and other rules of the SBS, are treated applying the International Financial Reporting Standards (IFRS) officialized in the country by the Accounting Standards Board (ASB), and, in the cases not contemplated by them, the International Financial Reporting Standards (IFRS) are applied, issued by the International Accounting Standards Board (IASB) or, on a supplemental basis, the Generally Accepted Accounting Principles in force in the United States of America (USGAAP), issued by the Financial Accounting Standards Board (FASB). The use of the last two standards is applicable provided that they do not contravene the specific provisions issued by the SBS in its general rules, and therefore said situations must be previously informed to the SBS. In the case of the Company, these situations have not been applied.

The application of the accounting principles detailed in this note is consistent for the periods ended December 31, 2021 and 2020. As indicated in note 2, the Company has applied certain exceptions established by the SBS as a consequence of the National State of Emergency and, in Management's opinion, the application of these exceptions does not have an impact on the comparability of the financial statements as of December 31, 2020, except as regards the impairment of financial investments and the fair value of real property investments.

(ii) Basis of presentation -

The accompanying financial statements have been prepared in Soles based on the Company's accounting records, which are kept in nominal monetary terms on the transaction date, except for the financial instruments classified as: (i) available-for-sale investments, (ii) investments at fair value through profit or loss and (iii) real property investments; which are measured at their fair value, according to the rules and/or methodologies approved by the SBS; and which are in force in Peru as of December 31, 2021 and 2020, respectively.

The financial statements are presented in soles (S/) and all the monetary amounts are rounded to the nearest figure in thousands (S/000), except when indicated otherwise.

(b) Use of estimates -

Several of the amounts included in the financial statements involve the use of a judgment and/or estimate. These judgments and estimates are based on the best knowledge of Management about the relevant events and circumstances, taking into account the previous experience; however, the results obtained may differ from the amounts included in the statements of income. The information about said judgments and estimates is contained in the accounting policies and/or notes to the financial statements. The key areas are summarized here.

The main critical judgments and estimates made by Management in the preparation of the financial statements include:

Uniformly applied as of December 31, 2021 and 2020:

- The estimate of premiums receivable of the collective insurance of retirement risk, see note 2.2(f).
- The provision for doubtful debt of premiums receivable from insurance operations, accounts receivable from reinsurance and coinsurance and other accounts receivable, see note 2.2(h).
- The useful life and the recoverable amount of the properties, furniture and equipment and intangibles, see notes 2.2(n) and (o).
- Estimate of impairment of non-financial assets, see note 2.2(p)
- Reserves of claims and premiums, see notes 2.2(r) and (s).
- Assessment of the probability of contingencies, see note 2.2(x).

Uniformly applied only as of December 31, 2021:

- Valuation and assessment of impairment of financial investments, see note 2.2 (j.3) and 2.2(j.7).
- Fair value of real property investments, see note 2.2(m).

Any difference of the estimates in the subsequent actual results is recorded in the results of the year in which it occurs. However, in Management’s opinion, the variations that may occur between its estimates and actual figures will not be significant.

(c) Transactions in foreign currency -

As established in SBS Resolution No. 7037-2012, the Company's functional currency is the Sol. The transactions denominated in foreign currencies are initially recorded in soles using the exchange rates in force on the dates of the transactions. The monetary assets and liabilities denominated in foreign currency are further adjusted to the functional currency using the exchange rate in force on the date of the statement of financial position, published by the SBS. The profits or losses from exchange difference resulting from the settlement of said transactions and from the translation of the monetary assets and liabilities in foreign currency at the exchange rates of the date of the statement of financial position, are recognized in the statement of income, except for the exchange difference originated from the equity instruments classified as available-for-sale investments and provided that they are not hedging operations, which will be directly recognized in equity accounts, as provided in article No. 13 of SBS Resolution No. 7034-2012.

The non-monetary assets and liabilities denominated in foreign currency established at historic cost are converted to soles at the accounting exchange rate of the date of the transaction, which is equivalent to the accounting exchange rate published by the SBS at the previous month closing.

(d) Financial instruments -

A financial instrument is any contract or transaction that gives rise to a financial asset in an entity and a financial liability or an equity instrument in another entity.

A financial asset is any asset which is cash, an equity instrument of another entity or a contractual right to:

- Receive cash or another financial asset from a third party.
- Exchange with a third party assets or liabilities under potentially favorable conditions.

A contract that may be or will be settled with the equity instruments issued by the entity, which:

- If it is not a derivative, obliges or may oblige the entity to receive a variable number of its own equity instruments.
- If it is a derivative, may not be and will not be settled through a fixed price for a fixed number of its own equity instruments.

A financial liability is any liability that implies a contractual obligation to give cash, or other financial asset to a third party, exchange with a third party financial assets or liabilities under potentially unfavorable conditions, or a contract that may be or will be settled with the equity instruments issued by the entity, which:

- If it is not a derivative, obliges or may oblige the entity to give a variable number of its own equity instruments.
- If it is a derivative, may not or will not be settled through a fixed price for a fixed number of its own equity instruments.

An equity instrument is any contract that proves, or reflects, a residual holding in the assets of the entity that issues it once all its liabilities are deducted.

Financial instruments are offset when the Company has a legally enforceable right to offset them and Management has the intention to either settle them on a net basis or to realize the asset and settle the liability simultaneously.

The financial assets and liabilities presented in the statement of financial position correspond to cash and cash equivalent, investments at fair value through profit or loss, available-for-sale investments, held-to-maturity investments, accounts receivable, and liabilities in general, except for reserves, claims and differed earnings. In addition, all derivative instruments are considered as financial instruments.

The accounting policies on the recognition and valuation of these items are explained in the corresponding accounting policies described in this note.

(e) Cash and cash equivalents -

Cash and cash equivalents comprise cash, balances kept in banks and time deposits with original maturities of less than 90 days. For the purposes of the statement of financial position and cash flows, the item is subject to an insignificant risk of changes in its fair value, see note 3.

(f) Accounts receivable from insurance operations (premiums) -

As of December 31, 2021 and 2020, the accounts receivable from insurance operations are expressed at their face value and as provided by Resolution No. 3198-2013 “Regulations of Payment of Insurance Premiums”, as amended, are recognized when the insurance request is accepted, without considering for this purpose the payment status of the premium, namely, if, being deferred or in installments, it is unpaid, considering the following:

(i) In the case of the insurance policies of general sectors, the record must correspond to the entire contracted period of the policy.

(ii) In the case of life insurance, insurance against accidents and diseases, mandatory insurance and other specific cases, the record of the premium is subject to the provisions issued by the SBS through a general rule.

Said Resolution sets forth that the non-payment of the installments causes the suspension of the insurance coverage and during the suspension period the Company must maintain the corresponding technical reserves.

If the insurance coverage is suspended, the Company may choose to terminate the contract within 30 days computed from the day when the policyholder receives a written notice from the Company. The termination of the contract before the expiration of the effective term causes the reversion of the unaccrued unpaid premiums, as well as of the corresponding technical reserves.

It should be indicated that, if the Company does not demand the payment of the premium within ninety (90) days following the expiration of the term, the contract is extinguished and the Company has the right to collect the accrued premium.

As of December 31, 2021 and 2020, the individual capitalization accounts (ICA) from the retirement insurance contracts of the former regime include the funds contributed by the affiliate until the date of occurrence of the claim; as well as the recognition bond, if applicable.

The estimate of the retirement insurance premiums of coverage of disability, survival and funeral expenses is made according to Resolution No. 6271-2013 – “Provisions for the estimate of insurance premiums of disability, survival and funeral expenses under collective policy (SISCO)”. The accounts receivable from retirement insurance are estimated by the DIS based on the monthly insurable remunerations obtained in the last months and it is adjusted in the month when the transfers of premium are received by the AFP. The Company does not maintain provisions for these accounts receivable because they do not maintain a portfolio of the current tender in this risk.

(g) Operations with reinsurers and coinsurers -
The accounts receivable from reinsurers and coinsurers arise from:

(i) The claims occurred in which the Company assumes the responsibility of the indemnity to the insured, recording an account receivable from reinsurers and/or coinsurers based on the ceded percentage (or participation) of the premium issued with credit in the item "Claims of ceded premiums" of the statement of income; and

(ii) The premiums of reinsurance accepted in favor of other insurance companies, and by the coinsurance led by other insurance companies. These transactions are recognized every time a coverage contract or note (with reinsurance) and/or a coinsurance clause is signed.

Ceded reinsurance contracts do not release the Company from its obligations towards their insured.

The accounts payable to reinsurers and coinsurers arise from:

(i) The assignment of premiums issued based on the assessment of the risk assumed, which is determined by the Company (reinsurance) and with the consent of the insured (coinsurance).

These accounts payable are recognized every time a policy is issued, simultaneously recording a debit in the item of "Net ceded premiums" of the statement of income for reinsurance contracts and a debit in the item of "Net insurance premiums" for the coinsurance contracts with credit to "Accounts payable to reinsurers and coinsurers" which is part of the statement of financial position; having as support of said transactions a coverage contract or note signed with the reinsurer and/or a clause of assigned coinsurance; and

(ii) For the claims arising from the reinsurance contracts accepted and the clauses signed of coinsurance received, which are recognized every time the collection note is received from the reinsurance companies for the claims of insurance and reinsurance premiums accepted.

The debit and credit balances of the accounts receivable and payable to reinsurers and coinsurers cannot be offset.

In addition, according to Resolution No. 7037-2012, the assigned portions corresponding to the reserves of claims payable and technical reserves for premiums, are recognized as assets from reinsurance operations and offsets with related liabilities are not permitted.

The accounts receivable or payable to reinsurers and coinsurers are written off when contractual rights expire or when the contract is transferred to a third party.

The Company complies in all its aspects with the provisions of SBS Resolution No. 4706–2017 “Regulations for the taking out and management of reinsurance and coinsurance”.

As of December 31, 2021 and 2020, the foreign reinsurers with which the Company contracts its placements comply with and exceed the ratings required by said Resolution.

(h) Provision for doubtful debt –

(i) Accounts receivable from insurance operations –

As established by Resolution 7037-2012, Resolution No. 3198-2013, as amended, for the calculation of the provision for doubtful debt for accounts receivable from insurance operations, a provision must be established for the documents that meet the following requirements:

- All the documents for collection of premiums that have 60 and 90 days between their date of payment and the last calendar day of the month of process. The provision corresponds to 50 percent as a minimum for unpaid premiums for a period equal to or longer than sixty (60) days, and to 100 percent for unpaid premiums for a period equal to or longer than ninety (90) days.

- All the documents for collection of premiums which effective term of the policy has expired. The provision corresponds to one hundred percent of the premium pending collection.

- In the case of State Entities, the provision for impairment of the premiums that are pending collection shall apply once the effective term of the insurance policy has expired. The provision corresponds to one hundred percent of the premium pending collection.

- In the case of mass insurance traded through the banking and insurance channels and traders (non-traditional channels), the provisions for impairment will be established according to the following: (i) for unpaid premiums for a period equal to or longer than seventy-five (75) days a provision will be established applying a ratio of fifty percent as a minimum, whereas unpaid premiums for a period equal to or longer than one hundred and five (105) days must be subject to a provision for their full amount.

In addition, a provision will be established for premiums claimed in court individually, based on the circumstances of each case. For the calculation of the impairment, the companies must consider the full unpaid amount, even if the term to make the payment is not due yet.

Said provisions are determined by deducting from the amount of the premium subject to provision the corresponding general sales tax. Said provision is recorded with a debit in the item “Other technical expenses” of the statement of income.

As indicated in section 2, since March 30, 2020, the SBS exceptionally allows to extend the term to 180 days for the determination of the provision for doubtful debt of unpaid accounts receivable. The Company has not adopted this exception as of December 31, 2020.

(ii) Accounts receivable from reinsurers and coinsurers -

The provision for doubtful debt for accounts receivable from reinsurers establishes that a provision is established for the accounts that had no movement for periods equal to or longer than six months and twelve months for fifty percent and one hundred percent, respectively, of the amount of the individual debit items or of the net debit balance, as applicable. It should be indicated that the provision corresponding to automatic reinsurance contracts will be made for the net debit balance of the corresponding current account with each reinsurer. In the case of optional reinsurance contracts, of excess of loss, of catastrophic risks and of other types of contracts different from automatic reinsurance contracts, the provision will be made for the amount of the individual items that are uncollectible.

Likewise, the situations described below must be assessed, which could determine the confirmation of the non-compliance of the obligation by the reinsurers:

- Express refusal of the payment of the claim by the reinsurer and/or coinsurer for a period equal to or longer than six months, computed from the date when they become aware of the final adjustment of the claim.

- Litigation in judicial and arbitration proceedings with reinsurers and/or coinsurers for collection of rights from the reinsurance contract, when there is objective evidence of a negative result for the company.

- Balances receivable from inactive current accounts with reinsurers, for a period of more than twenty-four months.

The recognition of the impairment affects one adjusting account (provision) being recorded in the item “Other technical expenses” of the statement of income, see note 31.

(iii) Other accounts receivable -
According to Resolution No. 7037-2012, the determination of impairment is subject to the provisions of IAS 39 “Financial instruments: Recognition and Measurement”, which establishes that the objective evidence that an asset or a group of assets are impaired includes observable information about events that cause the loss, such as, for instance:

- Financial difficulties
- Non-compliance of contractual clauses
- Disappearance of an active market
- It is likely that the borrower will be in bankruptcy or under corporate reorganization

This provision is recorded with debit in the item “Administrative expenses”, in the statement of income.

(i) Derivative financial instruments –
Resolution No. 7037-2012 establishes the criteria for the accounting record of the operations with derivatives classified as held for trading or hedging, as well as embedded derivatives.

As of December 31, 2021 and 2020, the Company does not maintain derivative financial instruments of trading or hedging.

In the case of embedded derivatives, the Company makes the following:

The derivatives incorporated in a main or host contract for acquisition of financial instruments are called “Embedded derivatives”. These derivatives are separated from the main contract when their economic characteristics and risks are not closely related to the contract risks, and provided that the host contract is not recorded at its fair value through profit or loss. These embedded derivatives are separate from the host instrument and they are recorded at their fair value in the statement of income.

As of December 31, 2021 and 2020, the Company maintains certain instruments classified as “Held-to-maturity investments” which include an embedded derivative related to the issuer’s call option. The Company does not require to separate the embedded derivatives because the exercise of the option allows the material recovery of the amortized cost of said instruments, as required by the rules of the SBS, see paragraph (j.1) (iii) below.

(j) Financial investments -

According to Resolution No. 7034- 2012, as amended, the assessment and classification of financial investments is carried out as follows:

(j.1) Classification -

The criteria for the classification and valuation of investments in their different categories are as follows:

(i) Investments at fair value through profit or loss -

The category “Investments at fair value through profit or loss” comprises the investment instruments that comply with any of the following conditions:

(a) Be a trading instrument that:

- is mainly acquired with the purpose of selling it in the near future; or,
- is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of making short-term profits.

(b) From the moment of its initial accounting record, it has been designated by the company to record it at fair value through profit or loss. Said designation can be made only if this enables to obtain more relevant information because:

- Thereby inconsistencies or asymmetries (also called accounting asymmetries) in the recognition or valuation are significantly eliminated or reduced, which would arise from the valuation of assets or liabilities or from the recognition of their profits or losses, with different criteria.
- A group of financial assets, or of financial assets and liabilities, is managed and their yield is assessed based of their fair value, according to a risk management or documented investment.

The following cannot be considered in this category:

- Investment instruments given as guarantee, reported or transferred through a reporting operation or a repurchase agreement, that represents a secured loan;
- Investment instruments used as hedging mechanisms or those which availability is restricted;
- Investment instruments issued by entities of the economic group of the company.

- Instruments representing capital which do not have a market price quoted in an active market and which fair value cannot be reliably estimated; and,
- Other investment instruments that the SBS may determine through a rule of general application.

(ii) Available-for-sale investments -
They comprise the investments designated as such, because they are held for an indefinite time and they may be sold due to needs of liquidity or changes in the interest rate, exchange rates or in the capital price; or do not qualify to be recorded at fair value through profit or loss or held to maturity or investments in subsidiaries and associates.

(iii) Held-to-maturity investments -
They comprise debt instruments which collection is for a fixed or assessable amount, and which maturities are fixed, and which also meet the following requirements:

- They have been acquired with the intention of holding them until their date of maturity. It is considered that said intention exists only if the investment policy of the company contemplates the holding of these instruments under conditions that prevent their sale, assignment or reclassification, except in the cases described in section (j.3) (iii) below.
- The companies must have the financial capacity to hold investment instruments to maturity.
- They are instruments different from: i) those that, at the time of initial recognition, the company has designated to record at fair value through profit or loss; ii) those that the company has designated as available-for-sale assets.
- Others that may be established by the SBS through a rule of general application.

This classification requires that the Company assesses its financial capacity to hold these financial instruments to maturity on the date when an instrument is classified, which is updated as of the closing of each annual financial year.

The following financial instruments cannot be classified in this category:

- The investment instruments that the company plans to hold for an indefinite period;
- The investment instruments issued by the company itself or by companies of its economic group;
- Instruments that have an issuer's call option, unless the conditions of the instrument determine that the exercise of the option enables the

company to materially recover the amortized cost of said instruments, understanding as such the recovery of at least 90 percent of the amortized cost, and provided that the company has the intention and capacity to hold them until their call or maturity;

- Those that have the call option by the company;
- Perpetual debt instruments that contemplate payments of interest for an indefinite time; and
- Others that may be established by the SBS through a rule of general application.

(j.2) Initial accounting record –

The investment instruments classified in any of the categories described in (j.1) are recognized on the trading date, at their fair value equivalent to the transaction price. In addition, the following is considered:

(i) Investments at fair value through profit or loss –

The initial recognition of the investments at fair value through profit or loss is made at fair value without considering the transaction costs related to these investments, which are recognized as expenses.

(ii) Available-for-sale and held-to-maturity investments –

It will be made at fair value, which will correspond to the transaction price, unless proven otherwise, including the transaction costs that are directly attributable to the acquisition of such investments.

(j.3) Subsequent measurement -

For the purpose of subsequent measurement of financial investments, the Company considers the criteria detailed below:

(i) Investments at fair value through profit or loss -

These investments are measured at their fair value through their individual valuation, recognizing the profits and losses generated in the valuation account of investments at fair value through profit or loss of the items “Investment income, net” of the statement of income.

For debt instruments, it is established that previously to the valuation at fair value, the amortized cost must be updated applying the effective interest rate methodology, and based on the amortized cost obtained, the profits and losses from variation in the fair value are recognized.

(ii) Available-for-sale investments -
The subsequent measurement of these instruments is made at their fair value and the unrealized profits and losses arising from the variation of the fair value are recognized in the item “Unrealized results, net” of the statement of income and other comprehensive income.

Equity instruments that do not have prices quoted in active markets and which fair value cannot be reliably estimated, must be measured at cost.

For debt instruments it is established that, previously to the valuation at fair value, the amortized cost must be updated applying the effective interest rate methodology and based on the amortized cost obtained the unrealized results for the variation in the fair value are recognized.

When the instrument is sold or realized, the profits or losses previously recognized as part of the statement of income and other comprehensive income are transferred to the results of the year.

(iii) Held-to-maturity investments -
These investments are recorded at their amortized cost using the effective interest rate method and they are not updated at the fair value. Interest will be recognized using the effective interest rate methodology, which incorporates both the interest that will be collected and the amortization of the premium or discount existing in their award.

The sales or assignments of these instruments prevent the use of this category unless they are realized under the following circumstances:

(a) They occur on a date which is very close to the maturity, namely, less than three months from maturity, so that the changes in the market rates would not have a significant effect on the fair value, or when ten percent (10%) or less of the principal of the investment is pending amortization according to the amortization plan of the investment instrument; or when

(b) They respond to isolated, uncontrollable or unexpected events, such as: (i) the existence of financial difficulties of the issuer, (ii) a significant impairment of solvency (iii) important variations in issuer's credit risk; changes in the legislation or regulation; and (iv) other external events that could not be foreseen at the time of the initial classification.

Exceptionally, advance sales of investments recorded in this category may be made for reasons of matching of assets and liabilities, complying with the following guidelines:

- The profit obtain in the sale will be transferred, on a linear basis, to the results of the period throughout the remaining life of the instrument that existed at the time of the sale, if said sale had generated losses, they must be recognized in the same period in which the sale was carried out.

- In cases where the company holds a same type of instrument classified in the categories of "Held-to-maturity investments" and "Available-for-sale investments", and decides to sell said type of instrument, it must sell, first of all, the instruments classified in the category "Available-for-sale investments" and then those classified in the category of "Held-to-maturity investments".

As indicated in section 2, since March 30, 2020, the SBS exceptionally allows the sale of financial instruments classified as held-to-maturity instruments, without the penalty established in article 17 of the Regulations of Investments.

As of March 31, 2021 and December 31, 2020, the sales of held-to-maturity investments add up to a total amount of S/664,834,000 and S/1,017,000,000, respectively, which net profit that adds up to S/93,797,000 y S/89,510,000, respectively, is subject to capitalization according to the rule.

As of December 31, 2021, the Company has not made sales of held-to-maturity bonds for reasons of matching. As of December 31, 2020, the Company made the sale of a group of bonds for reasons of matching; for which a deferred profit for S/34,159,000 was recorded. In years 2021 and 2020, income has been recognized in the statement of income for S/6,087,000 and S/6,111,000, respectively, see note 19.

(j.4) Accounting treatment of the exchange difference in financial investments -
According to the rules in force as of December 31, 2021 and 2020, the treatment of the exchange difference is as follows:

(i) Investments at fair value through profit or loss –
The variations for exchange difference are recorded in the result of the year.

(ii) Available-for-sale investments –
The profits or losses from exchange differences related to debt instruments are recognized in the result of the year, and the exchange difference related to the variations between the amortized cost of said debt instruments and the fair value are recorded as part of the unrealized profit or loss in the equity, provided that they are not instruments used for hedging purposes.

In the case of equity instruments, they are considered as non-monetary items and, therefore, they are held at their historic cost in local currency, reason why exchange differences are part of their valuation and they are recognized in the unrealized results of the statement of income and other comprehensive income.

(iii) Held-to-maturity investments –
The variations from exchange differences will affect the result of the year, provided that they are not hedging operations.

(j.5) According to the rules in force as of December 31, 2021 and 2020, financial investments classified as available-for-sale investments and held-to-maturity investments with a call period of less than 12 months, are classified as short-term investments in the current assets of the statement of financial position.

(j.6) Changes in the classification category –
Investment instruments may be subject to reclassification under the following provisions:

(i) Investments at fair value through profit or loss -
It is prohibited to reclassify an investment instrument from the category of investments at fair value through profit or loss or to it. However, in the event that an equity instrument no longer has market quotations and it is not possible to obtain a reliable estimate of its fair value, it must be reclassified to the available-for-sale investments category.

(ii) Held-to-maturity investments to other categories -
Held-to-maturity investments cannot be taken to another category, unless that as a result of a change in the financial capacity to hold an investment, the classification as held-to-maturity is no longer adequate. If the reclassification is made as available-for-sale investment, it will be measured at fair value. The difference between its book value and the fair value will be recorded in the item “Unrealized results, net” of the statement of income and other comprehensive income.

(iii) Available-for-sale investments to held-to-maturity investments -
If it were adequate to record an investment at the amortized cost, instead of at its fair value, due to a change in the financial capacity of the company, or when the period in which the companies cannot classify as “Held-to-maturity” according to what is described in section (j.1) had elapsed, the book value of the fair value of the investment instrument on said date will become its new amortized cost. Any previous result of that instrument, which had been previously recognized directly in the statement of other comprehensive income, will be recorded as follows:

(i) In the case of an investment instrument with a fixed maturity, the profit or loss will be taken to the result of the period throughout the remaining life of the held-to-maturity investment, using the effective interest rate method. Any difference between the new amortized cost and the amount as of the maturity will be also amortized during the remaining life of the investment instrument using the effective interest rate method, similarly to the amortization of a premium or a discount.

(ii) In the case of an investment instrument which does not have a fixed maturity, the profit or loss will remain in the equity until the investment instrument is sold or disposed of by other means, moment when it will be recognized in the statement of income.

(j.7) Impairment of financial investments –

In accordance with SBS Resolution No. 2608-2018, the impairment methodology establishes the criteria for the assessment, considering the following:

(i) Debt instruments

The Company assesses, for the entire portfolio of debt instruments subject to impairment, the occurrence of the following situations:

1. Weakening in the financial position or financial ratios of the issuer and of its economic group.
2. Decrease in any of the credit ratings of the instrument or of the issuer in at least two (2) "notches", regarding the rating at the time of the acquisition of the instrument; where a "notch" corresponds to the minimum difference between two risk ratings in a same rating scale.
3. Interruption of transactions or of an active market for the financial asset, due to financial difficulties of the issuer.
4. The observable data indicate that since the initial recognition of a group of financial assets there is a measurable reduction in their estimated future cash flows, though it cannot be identified yet with individual financial assets of the group.
5. Decrease of the value due to regulatory changes (taxation, regulatory or other governmental changes).
6. Significant decrease of the fair value below their amortized cost. It will be considered as a significant decrease if the fair value as of the closing date has decreased at least in 40 percent below their amortized cost.
7. Long decrease in the fair value. It will be considered that a long decrease exists if the fair value as of the closing date has decreased at least in 20 percent compared to the amortized cost twelve months ago and, the fair value as of the closing date of each month during the previous twelve-month has remained always below the amortized cost corresponding to the closing date of each month.

If at least two of the situations described above occur, it will be considered that impairment exists and, therefore, the Company determined the amount of any impairment loss, as described in paragraphs (j.7.1)(i) and (ii).

If at least two of the situations described above have not occurred, it will suffice that any of the following specific situations occur to consider that impairment exists:

1. Non-compliance of the contractual clauses, such as the interruption in the payment of interest or capital.
2. Forced renegotiation of the contractual conditions of the instrument due to legal or economic factors related to the issuer.
3. Evidence that the issuer is under a forced restructuring or bankruptcy process.
4. When the decrease of the risk rating of an instrument that had an investment grade rating to a rating that is below the investment grade occurs.

The Company determines the amount of any impairment loss, as described in paragraphs (j.7.1)(i) and (ii).

(ii) Equity instruments

The Company assesses, for the entire portfolio of equity instruments subject to impairment, the occurrence of the following situations:

1. When the decrease of the risk rating of a debt instrument of the issuer that had an investment grade rating to a rating that is below the investment grade occurs.
2. Significant changes have occurred in the technological, market, economic or legal context in which the issuer operates, which may have adverse effects on the recovery of the investment.
3. Weakening in the financial position or ratios of the issuer and of its economic group.
4. Interruption of transactions or of an active market for the financial asset, due to financial difficulties of the issuer.
5. The observable data indicate that since the initial recognition of a group of financial assets there is a measurable decrease in its estimated future cash flows, though it cannot be identified yet with individual financial assets of the group.
6. Decrease of the value due to regulatory changes (taxation, regulatory or governmental changes).

If at least two of the situations described above occur, it will be considered that impairment exists and, therefore, the Company determines the amount of any impairment loss, as described in paragraphs (j.7.1) (i) and (ii).

If at least two of the situations described above have not occurred, it will suffice that any of the following specific situations occur to consider that impairment exists:

1. Significant decrease of the fair value below its acquisition cost. It will be considered as a significant decrease if the fair value as of the closing date has decreased at least in 40 percent below its cost value. As acquisition cost, the initial cost will be always taken as a reference, regardless that an impairment has been previously recognized for the equity instrument analyzed.
2. Long decrease in the fair value. It will be considered as a long decrease if the fair value as of the closing date has decreased in at least 20 percent compared to the fair value of twelve months ago and, the fair value as of the closing date of each month during the previous twelve-month period has remained always below the acquisition cost.
3. Non-compliance of the statutory provisions by the issuer, related to the payment of dividends.
4. Evidence that the issuer is under forced restructuring or bankruptcy process.

The Company determines the amount of any impairment loss, as described in paragraphs (j.7.1) (i) and (ii).

(j.7.1) Impairment recognition -

(i) Available-for-sale investments -

When one or more of the investment instruments classified as available-for-sale investments have suffered impairment, the loss must be recognized in the result of the year.

The amount of the impairment loss of debt instruments will be calculated as the difference between its amortized cost and its fair value, less any impairment loss previously recognized in the result of the year or of previous years.

In the case of equity instruments, the amount of the impairment loss will be calculated as the difference between its acquisition cost and its fair value, less any impairment loss previously recognized in the result of the year or of previous years. For equity instruments not traded in an active market that are measured at cost, the amount of the impairment loss will be calculated as the difference between its acquisition cost and the present value of the expected future cash flows, updated at the market yield rate for other similar securities.

In the estimate of impairment of equity instruments, it must be considered that the book value must not exceed the proportional share in the book equity of the investee.

The accumulated unrealized loss that has been directly recognized in the statement of income and other comprehensive income must be reclassified to the result of the year, notwithstanding that said investment instruments have not been realized or written off.

(ii) Held-to-maturity investments -

The amount of the loss incurred by impairment will be calculated as the difference between its book value (amortized cost) at the moment of verifying the impairment and the present value of the future cash flows expected to be recovered under the risk conditions that have been identified, discounted at the original effective interest rate (effective interest rate (TIE, for its initials in Spanish) for purchase) in the case of an investment instrument that has a fixed rate, or the effective interest rate in force for the period, determined according to the contract, in the case of an investment instrument that has a variable rate. Said loss will be directly recognized in the results of the period, reducing the book value of the investment instrument.

As indicated in section 2, since March 30, 2020, the SBS exceptionally allows to not to recognize the impairment of investments in financial instruments. The Company has chosen to maintain the exception as of December 31, 2020. During 2021 and 2020, the Company has recognized an impairment loss in the amount of S/ 61,995,000 and S/39,099,000, respectively, see note 23.

(j.7.2) Impairment recoverability –

The Company applies the following criteria for the recognition of the impairment recoverability:

(i) Debt instrument -

Impairment losses recognized in the result of the year that correspond to the investment in debt instruments will be reverted through the result of the year, provided that the increase of the fair value of said instrument can be associated, on a verified and objective basis, to a favorable event occurred after the loss.

(ii) Equity instrument -
Impairment losses recognized in the result of the year or of previous years, that correspond to the investment in equity instruments will not be reverted through the result of the year, but through the other comprehensive income. In addition, impairment losses cannot be reverted from equity instruments measured at cost.

In any of the abovementioned cases, where there is any distortion in the calculation of the impairment or where the need of recognition of an impairment is observed, the SBS may require the company to justify the calculations made or to establish additional provisions.

(j.8) Credit risk –
The credit risk identified in each of the financial instruments is based on the risk rating granted by a risk-rating agency. For investments negotiated in Peru, the risk ratings used are those provided by the rating companies duly authorized by the Securities Market Superintendence (*Superintendencia del Mercado de Valores* - SMV) and registered with the registers of the SBS and for the investments negotiated abroad, the risk ratings used are those provided by the three most important companies, Standard & Poors, Moody’s and Fitch Rantings.

According to SBS Resolution No. 1041-2016 “Regulations of Investments in Insurance Companies”, for the security of technical obligations, the instruments that have an investment grade category are considered as eligible, classified by local and foreign rating companies, namely in the category BBB- (triple B minus). It is considered as eligible for the coverage of technical obligations the investments with international rating of BB- (double B minus): provided that the investment issued abroad through a public or private offering corresponds to a company incorporated in Peru, in addition of having a local rating of BBB- or the debt in the financial system is considered “Normal”. For said security, the company must consider a maximum limit of five percent of its technical obligations, for the amount of all the investments that comply with the exception; in addition, to secure technical obligations, the company must consider as value of these investments the lower value between its book value and its fair value.

(j.9) Costing of financial investments –
If several purchases of the instrument have been made, the average cost for equity instruments and the FIFO (First In, First Out) formula will be used for debt instruments.

(k) Write-off of financial assets –
Resolution No. 7034-2012, as amended, specifies the criteria for the write-off of financial assets, which establishes that this condition is met, when and only when:

(i) The contractual rights over the cash flows of the financial asset expire; or
(ii) The financial asset is transferred and meets the conditions for the write-off of the asset, as established in the paragraph below.

Likewise, it is established that the transfer of a financial asset is complied if, and only if:

(a) The contractual rights to receive the cash flows of a financial asset have been transferred; or

(b) The contractual rights to receive the cash flows of the financial asset are retained, but the contractual obligation to pay them to one or more recipients is assumed. When this occurs, the entity will treat the operation as if it were a transfer of financial assets if, and only if, the two conditions indicated below are met:

(i) The entity has no obligation to pay any amount to the eventual recipients, unless it collects equivalent amounts from the original asset. Short-term advances by the entity, with the right of full recovery of the amount plus the accumulated (accrued) interest at market rates, do not violate this condition.

(ii) The entity is prohibited, by the terms of the transfer contract, from selling or pledging the original asset, except as security for the payment of the cash flows committed with the eventual recipients.

(l) Investment in participation certificates - Interproperties -
As indicated in note 1(c), the Company holds participation certificates in a Trust Estate called Interporperties, which is a vehicle legally independent from each of the investors, through which various real estate projects are structured, executed and developed. The Company has significant control or influence on the classes in which it participates.

As of December 31, 2021 and 2020, the Company uses the proportional consolidation method to record its investments in Interproperties participation certificates, under the following guidelines:

- The proportion will correspond to the participation percentage of the Company in each class.
- The valuation of the real estate assets must comply with the guidelines established in official letter No. 34095-2016.
- The consolidation of the statements of income of the classes is presented in a single line of the statement of income of the Company.
- The calculation of the security of the technical obligations must only consider the assets that meet the requirements and the limits established in Resolution No. 1041-2016.
- The statement of financial position of each class of Interproperties in which the Company invests must be sent to the SBS on a monthly basis.

(m) Real estate investments -

Investment properties are real properties held to obtain income, capital gains or both, instead of: (a) their use in the production or supply of goods or services, or for administrative purposes; or (b) their sale in the normal course of the operations.

Initial recognition -

Investment properties are initially measured at cost, including the transaction costs, which include transfer taxes, professional fees for legal services and the initial lease commissions to put the property in the necessary conditions to be able to operate. The book value also includes the cost to replace a portion of an investment property existing at the time when said costs are incurred, if the recognition criteria are met.

Subsequent recognition -

After the initial recognition, investments properties are measured according to the valuation methodology approved by the SBS, as detailed below:

(i) Real properties that generate periodic income or flows -

The investments in real properties that generate periodic income or flows will be valued using the discounted cash flow methodology.

As indicated in section 2.1, since March 30, 2020, the SBS exceptionally allows to not to recognize the effect of valuation of investment properties measured under discounted flows. The Company has adopted this exception as of December 31, 2020, reason why the Company has not recognized the fair value of the real properties.

(ii) Real properties that do not generate income -
The investments in real properties that do not generate income comprise the real properties that, when purchased, do not have a valid lease or usufruct contract; as well as the premises that, as of the expiration of their lease or usufruct contract, are vacated by the tenant and returned to the company as long as they do not have a new lease or usufruct contract; they are valued using the commercial appraisal value adjusted to a correction factor, which are assessed by an independent external appraiser authorized by the SBS, through the application of an appraisal model, recognized and accepted by the SBS.

It should be mentioned that, in the case of lands, which fair value is determined by appraisal, in some cases, the incremental costs related to the necessary disbursements to establish the best use of the investment property are incorporated.

Write-off of investment properties -
Investment properties are written-off, whether at the time of their sale or when the investment property is permanently withdrawn from use, and it is not excepted to recover any economic benefit from its sale. The difference between the net income from the sale and the book value of the asset is recognized in the statement of income in the period in which the asset was written-off.

Transfers and/or reclassifications -
Transfers are made to or from investment properties only when there is a change in the use of the asset. In the case of a transfer from an investment property to a component of real properties, facilities, furniture and equipment, the attributed cost taken into account for its subsequent recording is the fair value of the asset as of the date of the change of use. If a component of properties, furniture and equipment is transferred to an investment property, the Company records the asset until the date of change of use according to the accounting policy established for real properties, facilities, furniture and equipment.

Works in progress -
Works in progress are recorded at the acquisition or construction cost. The initial cost comprises their purchase price, plus the directly related costs that include the professional fees for legal services and any directly attributable cost to locate and put the asset in use conditions.

Methodology -

The valuation methodology was approved by the SBS through Official Letter No. 34095 – 2016 dated September 7, 2016, which establishes:

- In the investments in real properties where there is periodic income or flows, the discounted cash flow (hereinafter, “DCF”) methodology must be considered.
- In the investments in real properties where no periodic income or flows are generated, the commercial value of the appraisal must be considered, less a 20 percent discount on the commercial value. As an exception of the foregoing, the value of the cost of the real property must be considered as fair value only for the real properties acquired in the last 24 months, where their commercial value is higher than the cost, but for a difference of less than 20 percent of their commercial value.
- In the investments in real properties where there is a part that generates periodic income or flows and another which does not, the discounted cash flow methodology must be considered for the first part, and the appraisal value for the one which does not generate periodic income or flows.
- The company must deduct the positive accumulated difference between the fair value and the cost value of its investments in real properties, from the corresponding calculation basis if it is chosen to make a distribution of dividends or another measure that reduces the company’s equity, and for that purpose the company must maintain control of these transactions in memorandum accounts.

Cash flow projections are based on the income and expenses of the project, considering the contracts signed and estimates of some exogenous variables for the period under analysis.

The methodology used for the estimate of the discount rate is the weighted average cost of capital (WACC), which is defined as weighted average cost of the company’s equity and of the financial debt. Through official letter No. 04297-2019 dated February 1, 2019, the SBS authorized the Company to use the capital structure using information of real estate companies of the region.

(n) Property, furniture and equipment -

The initial cost of property, furniture and equipment comprises (i) the purchase price and non-refundable purchase taxes, (ii) any cost directly attributable to locate and out the asset in working and use conditions, and (iii) the initial estimate of the costs of dismantling or removal of the element, as well as the restoring of the place on which it is located, when they are obligations incurred by the entity as a consequence of using the element during a certain period.

The cost model is the only model of subsequent recognition. In that sense, the elements of property, furniture and equipment are recognized by their acquisition cost less the accumulated depreciation and the accumulated amount of impairment losses.

The disbursements incurred after said assets have been put into operation, such as repairs and maintenance and refurbishment costs, are normally recorded in the results of the period in which said costs are incurred. In the case where it is clearly proven that the disbursements will cause future benefits from the use of the assets, beyond their original performance standard, said disbursements are capitalized as an additional cost.

Lands do not depreciate. The depreciation of the assets is calculated following the straight-line method, using the following estimated useful lives, which are determined based on the tax requirements in Peru:

	Years
Buildings	20
Facilities	10
Furniture and fixtures	10
Sundry equipment	10
Computer equipment	4
Vehicles	5

Residual values, useful lives and depreciation methods are reviewed as of each closing date of the year, and, if necessary, they are prospectively adjusted.

When the assets are sold or removed, their cost and depreciation are eliminated, and any profit or loss resulting from their disposal is included in the statement of income.

(o) Intangibles -

An asset is recognized as intangible if it is probable that the future economic benefits that it generates flow into the Company and its cost can be reliably measured. After the initial recognition, intangibles are measured at cost less the accumulated amortization and any accumulated impairment loss. Intangibles are amortized under the straight-line method, based on their estimated useful life of four years. The amortization period and method are reviewed and prospectively adjusted as of each date of the year, if applicable.

(p) Impairment of non-financial assets –

As of each closing date of the reporting period, the Company assesses whether there is any evidence that an asset could be impaired. If such evidence exists, or when an annual impairment test for an asset is required, the Company estimates the recoverable amount of that asset. The recoverable amount of an asset is the higher value between the fair value less the costs of sale, whether of an asset or of a cash-generating unit, and its value in use, and it is determined for an individual asset, unless the asset does not generate cash flows that are materially independent from those of other assets or groups of assets.

When the book value of a non-financial asset exceeds its recoverable amount, the asset is considered impaired and its value is reduced to its recoverable amount. When assessing the value in use of an asset, the estimated cash flows are discounted at their present value through a discount rate before taxes that reflects the current assessments of the market regarding the temporary value of money and the specific risks of the asset.

For the determination of the fair value less the costs of sale, recent market transactions are considered, if any. If this type of transactions cannot be identified, an appropriate valuation model is used. These calculations are verified by valuation multiples, quotations of shares for subsidiaries listed in the stock exchange and other available indicators of fair value.

Impairment losses corresponding to continuing operations, including the impairment of inventories, are recognized in the statement of income in the expenses categories that correspond to the function of the impaired asset.

For assets in general, as of each closing date of the reporting period, an assessment is made on whether there is any evidence that impairment losses previously recognized no longer exist or have decreased. If such evidence exists, the Company makes an estimate of the recoverable amount of the asset or of the cash-generating unit. A previously recognized impairment loss is reverted only if there was a change in the assumptions used to determine the recoverable amount of the asset since the last time when an impairment loss of said asset was recognized. The reversion is limited so that the book value of the asset does not exceed its recoverable amount, or does not exceed the book value that had been determined, net of depreciation, if an impairment loss had not been recognized for that asset in previous years. Said reversion is recognized in the statement of income.

As of December 31, 2021 and 2020, in Management's opinion, there is no evidence of impairment in its non-financial assets.

(q) Insurance contracts –

The criteria related to the recognition and measurement of insurance contracts applicable to the Company are described below:

(i) Definition of insurance contract

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder), by agreeing to compensate the policyholder, insured and/or beneficiary if an uncertain future event (the insured event) occurs which adversely affects them. This definition is strictly applied for accounting and financial reporting purposes. For that purpose, the following is defined:

- Insurance risk: which corresponds to the risk, other than the financial risk, transmitted by the holder of a contract to the issuer.

- Financial risk: which corresponds to the risk of a possible future change in financial variables (interest rate, price of financial instrument, price of quoted raw material, exchange rate, price or interest index, credit rating or indexes) or non-financial variables, which is not specific of one of the contract parties.

- Significant risk: if, and only if, an insured event could make the insurer pay significant additional benefits (including claim handling and claim assessment costs) in any scenario, though the insured event were extremely unlikely or even if the expected present value (namely, weighted based on probability) of the contingent cash flows were a small proportion of the expected present value of all the remaining contractual cash flows.

The Company carries out the analysis of the compliance of the definition of significant risk to determine that the contracts comply with the definition of insurance contract, and, in its opinion, all the insurance contracts that it has effective as of the date of the financial statements, comply with the criteria established by the SBS.

(ii) Dissociation of deposit components

Once the insurance contracts are defined, it must be analyzed whether the deposit component that life insurance contracts could contain, in the form of amounts that represent savings of the policyholders, should be dissociated or not.

The dissociation of the deposit component will be enforceable when the company does not record it as a liability. In this sense, the record of the life mathematical reserves and, in general, of the technical reserves, comprise all the obligations towards the insurance policyholders, including said components, reason why the separation is not required.

The dissociation mandatorily applies to financial reinsurance operations in which the return of the deposit component is not reflected in the financial statements.

The Company trades "Flex Vida" life insurance contracts, where the holder of the insurance contract assumes the investment risk of the assets that comprise the funds; in addition, the yields of the contracts are directly related to the value of the investment portfolio. As of December 31, 2021 and 2020, the Company has recorded reserves of these contracts in the amounts of S/146,145,000 and S/123,621,000, respectively, and it is not necessary to record these components separately, see note 18(c).

(iii) Embedded derivatives -

The embedded derivatives of an insurance contract need to be separated. In an insurance contract, it is considered as such, among others, the surrender right in life insurance, if the value varies based on changes of financial variables or other variables that are not part of the insurance contract.

In this sense, if the payment associated to the embedded derivative depends on the occurrence of the insured event (survival or death), as in the case of life insurance, the embedded derivative does not require to be separated. The surrender rights over a fixed amount or a fixed amount plus a financial yield related to market conditions do not require to be separated either.

In the case of surrender rights with reference to indexes or prices of certain assets or to index types higher than those of the market, if it requires to be separated, applying in this case IAS 39, as regards financial derivatives, it will be recorded at fair value. As of the date of the financial statements, the Company does not maintain this type of contract.

(iv) Liability adequacy test

In general, it is considered that the insurance companies that establish their technical reserves according to the provisions of the SBS meet the minimum requirements established in the liability adequacy test, as well as the effects described in sections (s) and (t).

(v) Reinsurance transactions

Insurance contracts called “fronting”, in which an insurance company assumes a risk, and also transfers its whole coverage, or a large portion of its coverage, to other insurers or reinsurers, will continue to be recorded as insurance contract.

Offsets between accounts receivable and payable from insurance contracts are not allowed, unless they are allowed under a provision of the SBS.

The reserve of claims of ceded premiums and technical reserves is recorded in the asset from reinsurance operations and it is not reduced from the related liabilities.

(vi) Income from direct insurance premiums

The premiums corresponding to insurance coverage granted in the year are recognized as income from normal operations of the corresponding year, parallelly recording the corresponding expense for the adjustment of the technical reserve of premiums.

The recording of income from premiums must comprise the full premium corresponding to the contracted period according to the policy and must match the beginning of the coverage, according to the rules in force. For the record of the income, the payment method of the premium must not be considered.

The annulments and returns of premiums, commissions and claims must affect the results of the year.

(r) Technical reserves for claims -

The Company records the reserve for claims occurred based on estimates for claims, even if the final adjustment has not been made. Any difference between the estimated amount of the claim and the subsequent actual disbursements, is recorded in the results of the year in which the final adjustment is made.

The technical reserves for claims of retirement insurance of the final regime are calculated according to the methodology established in Circular Letter No. 603-2003, as amended by Circular Letter No. 651-2012, according to the different types of claims and the status thereof. The reserve rate used by the Company is determined and communicated by the SBS on a monthly basis.

In addition, through Resolution No. 4831-2013, healthy beneficiary children have the possibility to continue receiving a pension, even if they are eighteen years old and until a maximum age of twenty-eight years old, as long as they take basic or higher studies, according to the conditions established in said Resolution.

The reserves of claims of SCTR (settled and pending settlement) are calculated according to the methodology established in Resolution No. 309-1993.

The technical reserve for claims also includes an estimate of the incurred but not reported claims (IBNR), which purpose is to afford the cost of the claims occurred as of the date of the statement of financial position, but which have not been reported yet to the Company.

SBS Resolution No. 4095-2013 “Regulations of Reserve of Claims” establish the calculation methodology of the technical reserves of claims in such a way that the commitments assumed with the insured are adequately reflected. The main provisions are described below:

- The reserve of claim settlement expenses is defined, which corresponds to the sufficient amount to afford the necessary expenses for the total settlement and payment of the claims, considering both the direct expenses attributable or assignable to a specific claim; as well as the indirect expenses. In order to determine the direct settlement expenses assigned to the claims, a specific methodology must be included; for the calculation of indirect expenses, an own method must be applied, in both cases said methods must be approved by the Board of Directors, and they must be presented, previously to their use, to the SBS.

- The general criteria to use a statistical method (called triangle method or cadence method) are ruled, which corresponds to the methodology used to estimate the reserve of claims based on the analysis of the two-dimensional distribution of the claims over time.

- Statistical methods may be used for the calculation of the incurred but not reported claims and the reserve of direct settlement expenses or assigned to the claims.

- Each statistical method used by the company must have the authorization of the SBS. The companies that intend to use a new method or make modifications or substitutions to a previously authorized method, must submit to the SBS a new methodology before its use, proving that it reflects its experience better. In this case, a comparative analysis between the results obtained under the new methodology and the previous one must be included. This new methodology will be recorded through an official letter issued for that purpose by the SBS, and it may be applied only since its reception.

- If the company cannot determine the IBNR reserve based on the statistical method of general application because it does not have the minimum information required for its use, the simplified method will be applied according to the available information period.

- The profit or loss resulting from the first application of the new methodology of establishment of reserves mentioned in the Regulations must be recorded in the accounts of retained earnings.

As of December 31, 2021 and 2020, the Company recognizes the reserve of incurred but not reported claims (IBNR) based on SBS Resolution No. 4095-2013, as amended, using the statistical method and the simplified method. In the case of the reserve of claim settlement expenses, the Company used the simplified method aligned to the new regulations.

The amount of these reserves is recorded in the account “Claims from insurance premiums” of the statement of income.

(s) Technical reserves for premiums -

(i) Mathematical reserves of life insurance, retirement insurance and complementary insurance for hazardous work -

They are determined based on actuarial calculations made by the Company's Management, according to the methodologies established by the SBS. The reserve that must be established for annuities, retirement insurance and complementary insurance for hazardous work is equivalent to the expected present value of all the future payments that the insurer must make. This reserve must include the future payments that the insured and/or their beneficiaries must make, including the payments due not made yet.

As of December 31, 2021 and 2020, the establishment of mathematical reserves of annuity insurance from the Private Pension System (SPP, for its initials in Spanish) and from the Complementary Insurance for Hazardous Work (SCTR, for its initials in Spanish) is determined based on SBS Resolution No. 887-2018, which sets forth the following:

- The mathematical reserve of annuities of the SPP is the sum of the present value of the actuarial liability flows using the equivalent cost rate, according to the currency and coverage in which these liabilities are expressed. The equivalent cost rate is determined as the lower rate between the selling rate of the policy, the average selling rate of the system and the risk-free rate upon the effectiveness of the policy. The equivalent cost rate is kept constant during the whole effective term of the policy.

- The mathematical reserve of each claim (SCTR), is the sum of the present value of the actuarial liability flows using the equivalent cost rate, according to the corresponding currency and policy. This rate is determined as the lower rate between the risk-free rate as of the date of settlement of the claim and the update rate published by the SBS, according to Circular Letter No. S-601-2003, as amended. The equivalent cost rate is kept constant during the whole effective term of the claim.

- For the stock of policies recorded until December 31, 2018, the following is defined:

    - In the case of annuities with risk codes 76, 94 and 95 of the Chart of Accounts, the mathematical reserves must be calculated, from now on, on a policy-by-policy basis, with the historic market rate published by the SBS corresponding to the month of sale of the policy.
    - In the case of annuities of the Temporary Regime (risk codes 96 and 97 of the Chart of Accounts), the mathematical reserves must be calculated, from now on, on a policy-by-policy basis, with the historic

market rate published by the SBS corresponding to the month of sale of the policy.

- In the case of annuities of SCTR with risk code 78 of the Chart of Accounts, the mathematical reserves must continue being calculated with a 3 percent rate.

Since January 1, 2019, the Company is applying SBS Resolution No. 886-2018 dated March 7, 2018, through which the SBS approved the mandatory use of the following mortality rates:

- SPP-S-2017 (healthy men and women), in the case of pensioners by retirement, early retirement and beneficiaries in replacement of mortality rate RV-2004 adjusted and modified, and B-85 adjusted by men and women.
- SPP-I-2017 (men and women with disability) in the case of pensioners by partial or total disability in replacement of mortality rate B-85 adjusted and MI-85 for men and women.

Tables SPP-S-2017 and SPP-I-2017 are also applicable for the calculation of the following mathematical reserves:

- Mathematical reserves of the annuities of SCTR from claims before January 1, 2019.
- Mathematical reserves of the annuities which requests for quotation are previous to January 1, 2019.
- Mathematical reserves of the pensions in the modalities of family annuity and deferred annuity.
- Mathematical reserves of the disability and survival pensions of the Temporary Regime of the Private Pension System.
- Settlement and payment of claims (additional contribution) which dates of accrual correspond to the SISCO IV policy onwards, referred to the collective insurance for the administration of disability risks, survival and funeral expenses.

Said Resolution established an amortization method which purpose is to recognize in the financial statements the difference obtained between the previous tables and tables SPP-S-2017 and SPP-I-2017, reason why the Company will recognize the difference in reserves with a quarterly frequency, during a period of ten (10) years. The effect on the mathematical reserve will be recorded as a debit or credit in the retained earnings. Once 10 years have elapsed, the mathematical reserve will be fully calculated with tables SPP-S-2017 and SPP-I-2017.

As of December 31, 2021 and 2020, the application of the new tables caused a higher debit in retained earnings for S/70,230,000 and S/61,524,000, net of the exchange effect, which is recorded with effect on the results of the year, see note 21(e).

In addition, with the purpose of facing the adoption of this rule, as of December 31, 2021 and 2020, the Company maintains voluntary reserves related to the contracts issued before 2018, in an amount that adds up to S/124,708,000 and S/121,438,000, respectively, see note 18(b). This voluntary reserve was established in year 2018, and in the current years it only shows variations related to the valuation by exchange rate.

As of December 31, 2021 and 2020, the Company needs to conduct an Asset Adequacy Analysis (AAA) which purpose is to determine whether insurance companies require to establish an additional reserve for asset inadequacy. The companies that are under an inadequacy situation in one or more currencies per type of annuity (SPP and SCTR) must establish, in the same month in which the valuation is made, an additional technical reserve for asset inadequacy, in an amount equivalent to the asset inadequacy calculated with the AAA. As of December 31, 2021 and 2020, based on this assessment, the Company did not require to establish additional reserves for asset inadequacy. According to Official Letter No. 00357-2019-SBS, the Company conducts this assessment including the technical liabilities of the policies of Particular Plus Annuity together with the liabilities of annuities of the Private Pension Insurance in a same homogeneous group; therefore, it carries out a joint management of the assets that secure them in a same investment portfolio. As of the date of this report, the Company is in the process of communication about the plan for the implementation of the recommendations given by the SBS in 2021 according to Inspection Memorandum No. 00010-2021-DSSA.

In addition, through SBS Resolution No. 4831-2013, since August 1, 2013, healthy beneficiary children have the possibility to continue receiving a pension, even if they are eighteen (18) years old and up to a maximum of 28 years old, provided that they take basic or higher studies according to the conditions established in said resolution.

The adjustments to the technical reserves are recorded through a debit in the account “Adjustment of technical reserves of accepted insurance premiums” of the statement of income.

The survival and mortality tables, as well as the rates of reserves applied by the Company for the determination of the technical reserves are described in note 18(g).

(ii) Mathematical reserves for particular plus annuity –
It is the liability from a life insurance product, with a single premium payment; in which you can receive the pension in a time period of 10, 15 or 25 years or, for a lifetime. It should be indicated that the Company, for this type of contracts, agrees to make the monthly payment of an annuity during the effective term of the policy, secured period of the annuity, deferral of coverage, refund of premium (total or partial refund) at the end of the period, funeral expenses in case of death during the effective term of the product.

As of December 31, 2021 and 2020, the establishment of mathematical reserves of particular plus annuity considers the table “RV-2004 modified”, approved by Resolution No. 0354-2006.

(iii) Technical reserves of individual life insurance -
They are calculated according to the methodology considered in the development of the product and which appears in the corresponding technical notes, approved by the SBS. This methodology varies according to the characteristics of the product and the coverage defined.

The adjustments to the technical reserves for premiums are recorded as a debit in the account “Adjustment of technical reserves of insurance premiums” of the statement of income.

The survival and mortality tables, as well as the rates of reserve applied by the Company for the determination of these technical reserves are described in note 18(g).

(iii) Technical reserves for outstanding risk -
The technical reserve for outstanding risks is determined according to the provisions of SBS Resolution No. 6394-2016, as amended, according to which the reserve is calculated by each policy or by certificates of coverage, applying on the calculation basis the unexpired portion of the total risk in number of days, being the summation of a reserve of retained non-accrued premiums and a reserve for premium inadequacy.

The calculation basis of the non-accrued premium includes, in addition to the premium of each effective contract as of the date of assessment, the following:

- The estimate of non-issued premiums of already-assumed risk (premiums not recorded as of the closing of the financial statements and which are known after the date of calculation of the reserve), based on actuarial methods and with prudential criterion, and is supported by own statistics of the Company.
- The deduction of the acquisition costs that are directly related to the insurance contract, accepted reinsurance and received coinsurance contract.

The reserve of premium inadequacy is calculated with a minimum quarterly frequency, using historic information contained in the financial statements and on the following risks: vehicle and allied perils insurance, credit and bond insurance, civil liability insurance, other general insurance, accident and disease insurance (including SOAT), and short-term group or individual life insurance (with an effective term of less than, or equal to, one year).

(t) Income and expenses from insurance operations and investments -

Income and expenses from insurance operations and investments are recorded as follows:

- Premiums are recognized as income when they become enforceable according to the contractual conditions entered into with the insured.

  Income from premiums corresponding to the contracted and/or accrued period contemplated in the insurance contracts is recognized as of the date of commencement of the coverage without considering the payment status of the premium. The coverage begins on the date of acceptance of the request of insurance by the Company and with the payment of the premium, which may be for the whole amount, or in installments and/or on a deferred basis, in the case of a single premium.

- The expenses for reinsurance and commissions, and the other income and expenses related to the issuance of insurance policies, are recognized at the same time than the income from premiums.

- Income and expenses from accepted reinsurance and coinsurance operations are recognized when the corresponding settlements are received and approved, and not necessarily during the effective term of the insurance.

- Income from investment interest is recorded in the results of the period in which it accrues, based on the effective term of the investments that generate it and the interest rate established at the time of their acquisition. The interest of debt instruments is calculated under the effective interest rate method, which includes the interest for the application of the nominal interest rate (coupon rate) and the amortization of any difference between the initial amount and the reimbursement value upon the maturity of the instrument (overprice or low price).

- The valuation of the quotas of mutual funds and investment funds is made at market value as of the date of the financial statements.

- The dividends received from the companies in which the Company has an equity instrument are recorded as income when the company's right to receive the payment is established. Dividends received in shares are recognized at an acquisition cost equal to zero, modifying the unit average cost of the share.

- The Company, in order to determine the cost of sale of its investments, follows the First In, First Out (FIFO) method for financial debt instruments, and the weighted average method for financial equity instruments. The profit or loss in the sale of investments is recognized in the results of the year in which they are made.

- Interest expenses are recorded in the results of the period in which they accrue.

- Income from rentals and the corresponding cost is recognized as it accrues; and it is recorded in the periods it relates to. This income is recognized in the item "Income from investments, net". In addition, the Company recognizes the income from reimbursement of consumption of services as it accrues and is recorded as other income in the item "Income from investments, net".

- Income or losses from the fair value for the valuation of investment properties, which is based on the discounted cash flow method and appraisal in certain cases.

(u) Taxes -

(i) Current and deferred income tax -

Assets or liabilities from current income tax are measured as the expected amount that will be recovered or paid to the tax authority. Income tax is calculated based on the individual financial information of the Company, and based on the tax rules in force.

The deferred income tax reflects the effects of the temporary differences between the balances of assets and liabilities for accounting purposes and those determined for tax purposes. Deferred assets and liabilities are measured using the tax rates expected to the applied to the taxable income in the years in which these differences are recovered or eliminated. The measurement of deferred assets and liabilities reflects the tax consequences arising from the way in which it is expected, as of the date of the statement of financial position, to recover or settle the value of the assets and liabilities.

Deferred assets and liabilities are recognized without taking into account the moment in which it is estimated that temporary differences will be annulled. Deferred assets are recognized when future tax benefits are likely to exist, sufficient for the deferred asset to be applied. As of the date of the statement of financial position, Management assesses the unrecognized deferred assets and the balance of the recognized ones; recording a previously unrecognized deferred asset, in the extent that it is likely that the future tax benefits enable their recoverability or reducing a deferred asset in the extent that it is not likely to have sufficient future tax benefits to enable to use, in whole or in part, the deferred asset recognized in the books.

(ii) General sales tax -
Income from ordinary activities, expenses and assets are recognized excluding the general sales tax, except:

- When the general sales tax incurred in an acquisition of assets or in a provision of services is not recoverable from the Tax Authority, in which case said tax is recognized as part of the acquisition cost of the asset or as part of the expense, as applicable.

- When the accounts receivable and payable are expressed including the amount of the general sales tax.

The net amount of the general sales tax expected to be recovered from, or that must be paid to, the Tax Authority, is presented as an account receivable or an account payable in the statement of financial position, as applicable.

(v) Employees' benefits -
The Company has short-term obligations for benefits to its employees that include wages, social security contributions, lawful bonuses, performance bonuses and profit sharing. These obligations are recorded on a monthly basis as a debit in the statement of comprehensive income, as they accrue.

Severance pay (*Compensación por tiempo de servicios*) -
The severance pay for services of the personnel that works in Peru corresponds to the indemnity rights calculated according to the legislation in force, which has to be deposited in the bank accounts designated by the employees in the months of April and November of every year. The severance pay of the personnel is equivalent to one current remuneration as of the date of its deposit.

There is no obligation of an additional payment once the annual deposits of the funds the employee is entitled to are made.

Bonuses -

The expense for bonuses and its corresponding liability are recognized based on the legal provisions in force in Peru. Bonuses correspond to two monthly remunerations that are paid in July and December of every year.

Vacation and other benefits -

The Company has established a provision for the cost of vacation and other benefits for the personnel based on what has accrued. This liability is recorded in the item ‘’Other accounts payable”.

(w) Provisions -

Provisions are recognized when the Company has a current (legal or implicit) obligation as a result of a past event, it is likely that a cash disbursement occurs to settle the obligation, and an estimate of the amount of the obligation can be reliably made. The expense related to a provision is presented in the statement of income, net of any reimbursement. If the effect of time on the value of money is significant, the provisions are discounted using an interest rate that reflects the specific risks of the liability. When the discount is made, the increase in the provision due to the passage of time is recognized as a financial expense.

(x) Contingencies -

A contingent liability is disclosed when the existence of an obligation will be confirmed only by future events or when the amount of the obligation cannot be measured with sufficient reliability. Contingent assets are not recognized, but they are disclosed when an inflow of economic benefits into the Company is likely to occur.

Due to their nature, contingencies will be resolved only when one or more future events occur or not. The determination of contingencies inherently involves the exercise of judgment and the calculation of estimates of the results of future events.

(y) Earnings per share -

Basic earnings per share have been calculated based on the weighted average of the outstanding common shares as of the date of the statement of financial position. The shares that must be issued as a result of capitalization of profits are a division of shares and, therefore, for the calculation of the weighted average of the number of shares it is considered that said shares were always outstanding.

As of December 31, 2021 and 2020, the Company has no financial instruments with dilutive effect, reason why basic and diluted earnings per share are the same in the years presented, see note 21(f).

(z) Commitments –
Commitments are agreements made to carry out certain actions in the future, which do not meet the requirement to be considered as liability, provisions or contingencies, unless they arise from an onerous contract.

Commitments arise when a behavior pattern is followed, by public policies, sufficiently specific statements or if they arise from a contract (considering the explicit and implicit conditions).

(aa) Segment information -
A business segment is a group of assets engaged in providing products or services that are subject to risks and benefits that are different from those of other business segments. The Company, according to the requirements of the SBS, presents information about the basis of technical branches, which are detailed in note 31.

(ab) New accounting pronouncements –

(ab.1) IFRS issued and effective in Peru as of December 31, 2021 -
The CNC through Resolution No. 001-2021-EF/30 issued on November 15, 2021, made official the modifications to IFRS 16 Lease, IAS 8 Accounting policies, changes in accounting estimates and errors, IAS 1 Presentation of Financial Statements, IAS 12 Income taxes; and the Full Set of the International Financial Reporting Standards 2021 version, which includes the Conceptual Framework for Financial Reporting.

The application of the versions is according to the entry into effect stipulated in each specific standard.

On January 9, 2019, the SBS issued multiple official letter No. 467-2019 which indicates the non-application of IFRS 16 to entities that are under its supervision, and to anything not specified therein, International Accounting Standard No. 17 Leases will continue to be used. In that sense, as of December 31, 2020, the Company has not incorporated the effects of this standards or disclosed any effect if said standard were adopted by the SBS in the future.

(ab.2) International Financial Reporting Standards – IFRS issued, but not effective as of December 31, 2021 –

- IFRS 17 “Insurance contracts”, a new complete accounting standard for insurance contracts that comprises recognition and measurement, presentation and disclosure, effective for reporting periods that begin on or after January 1, 2023.

- Modifications to IFRS 3 “Business Combinations” as regards the references to the Conceptual Framework, effective for annual periods that begin on January 01, 2022.

- Modifications to IAS 1 “Presentation of Financial Statements” as regards the classification of liabilities as current or non-current, effective for annual periods that begin on January 01, 2023.

- Modifications to IAS 16 “Property, plant and equipment” as regards cost components and information to be disclosed, effective for annual periods that begin on January 01, 2022.

- Modifications to IAS 37 “Provisions, contingent liabilities and contingent assets” referred to onerous contract costs, effective for annual periods that begin on January 01, 2022.

- Improvements (2018 – 2020 cycles) to IFRS 1 “First-Time Adoption of International Financial Reporting Standards”, IFRS 9 “Financial Instruments” and IAS 41 “Agriculture”, effective for annual periods that begin on January 01, 2022.

- IFRS 9 “Financial Instruments”: Fees in the “10 percent” test for the derecognition of financial liabilities, effective for annual periods that begin on January 01, 2022.

- Modifications to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” referred to the definition of accounting estimates, effective for annual periods that begin on January 01, 2023.

- Amendments to IAS 1 and to the Practice Document of IFRS 2, referred to the information to be disclosed about accounting policies, effective for annual periods that begin on January 01, 2023.

Since the standards described above apply only on a supplemental basis to those developed in the rules of the SBS, they will have no important effect in the preparation of the accompanying financial statements, unless the SBS adopt them in the future through the modification of the Accounting Manual for insurance companies in Peru or the issuance of specific rules. The Company has not estimated the effect on its financial statements if said standards were adopted by the SBS.

3. Cash and cash equivalents

(a) The item is made up as follows:

	2021 S/(000)	2020 S/(000)
Cash and fixed funds	5	8
Current and savings accounts (b)	17,597	29,168
Current and savings accounts – Interproperties, note 1(c)	987	4,930
Current account in portfolio managers (c)	461,722	173,853
Time deposits (d)	574,010	147,771
	1,054,321	355,730

(b) As of December 31, 2021 and 2020, it corresponds to current accounts and savings accounts mainly in local banks, in soles and in United States dollars, they are freely available and the savings accounts generate interest at current rates in the local financial market.

(c) As of December 31, 2021 and 2020, it corresponds to funds in United States dollars assigned to a manager abroad for the purchase and sale of investments. During the last quarter of 2020, the contract with the manager was not renewed since it was entered into with a new manager from abroad to perform the corresponding functions.

(d) Time deposits are freely available and they are established in local entities, as of December 31, 2021 they were remunerated in United States dollars at an annual rate of 0.01 percent (December 31, 2020 an annual rate of 0.15 percent) and in soles between 1.90 percent and 2.50 percent (December 31, 2020 an annual rate of 1 percent). These deposits were settled in January 2022 and 2021, respectively.

4. Investments at fair value through profit or loss

(a) The item is made up as follows:

	2021 S/(000)	2020 S/(000)
Participations in exchange traded fund – ETF	305,018	106,695
Mutual investment fund	10,347	9,336
Corporate bond	1,887	1,700
	317,252	117,731

(b) As of December 31, 2021 and 2020, these investments are recorded at fair value based on their net asset value (NAV) as of the closing of the month. This portfolio of financial instruments has been acquired by the Company mainly to secure its insurance contracts called Flex Vida, see note 18(c).

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

	2021 S/(000)	2020 S/(000)
Balance as of January 1	117,731	93,416
Purchases	213,487	6,486
Changes in fair value, note 23(a)	(23,213)	12,246
Net profit from exchange difference recorded in results	9,247	5,583
Balance as of December 31	317,252	117,731

5. Accounts receivable from insurance operations, net

(a) The item is made up as follows:

	2021 S/(000)	2020 S/(000)
Life risk		
Individual capitalization accounts and recognition bonds (b)	3,111	3,111
Accounts receivable – individual life product and others	16	193
	3,127	3,304
General risks (c)	9,051	9,676
	12,178	12,980
Impairment (e)	(3,111)	(3,111)
	9,067	9,869

(b) As of December 31, 2021 and 2020, it corresponds to individual capitalization accounts mainly, including the estimated value of the recognition bond of deceased or disabled affiliates of Profuturo AFP S.A. and AFP Integra, for which provisions have been fully established.

(c) As of December 31, 2021 and 2020, it comprises mainly the premiums of protection of cards and, in a shorter extent, vehicle insurance contracts.

(d) The detail of the aging of accounts receivable based on maturity is as follows:

	2021		2020	
	S/(000)	%	S/(000)	%
Outstanding	9,067	74.45	9,869	76.04
Individual capitalization account	3,111	25.55	3,111	23.96
	12,178	100.00	12,980	100.00

(e) In the opinion of the Company's Management, the provision for doubtful debt is sufficient to cover the bad debt risk of these items as of the date of the statement of financial position.

6. Other accounts receivable, net

(a) The item is made up as follows:

	2021 S/(000)	2020 S/(000)
Third parties		
Life insurance loans (b)	32,077	20,723
Inflation adjustment of investments	23,273	2,579
Temporary tax on net assets (c)	7,371	6,968
Accounts receivable from financial investments (d)	5,585	5,958
Remittances in transit of card operators	5,173	1,283
Leases receivable	2,545	2,718
Subsidies receivable	1,545	1,200
Policy management services (e)	1,267	980
Accounts receivable from SOAT collection agent	1,017	1,433
Claims to third parties (f)	979	979
Advances to personnel	203	485
Accounts receivable– Interproperties, note 1(c)	11	427
Other accounts receivable	1,500	1,941
	82,546	47,674
Affiliates		
Rentals and services		
Colegios Peruanos S.A. (g)	5,950	3,330
Homecenters peruanos S.A. (g)	750	-
Supermercados Peruanos S.A.	437	64
Real Plaza S.A. (g)	139	126
Other accounts receivable	631	157
Universidad Tecnológica del Perú S.A.C. (g)	-	5,083
	7,907	8,760

	2021 S/(000)	2020 S/(000)
Collection of premiums (h)		
Banco Internacional del Perú S.A.A.	29,100	13,830
Supermercados Peruanos S.A.	12	12
	29,112	13,842
Less		
Provision for doubtful debt (i)	(7,024)	(7,532)
Total	112,541	62,744
By maturity		
Current	110,866	54,331
Non-current	1,675	8,413
	112,541	62,744

(b) As of December 31, 2021 and 2020, it corresponds to the loans granted to the insured of individual life insurance and particular plus annuity contracts, as well as accrued interest, which are secured with the surplus and/or premium to be returned upon the expiration of the contract, which are included as part of the technical reserves of insurance contracts, see note 2.2(s).

(c) As of December 31, 2021, it corresponds to the payments of the temporary tax on net assets (ITAN, for its initials in Spanish) of year 2021, the Company will request the refund of this tax to the Tax Authority, and in Management's opinion, these amounts will be refundable in the short term.

As of December 31, 2021, through resolution No. 012-180- 22827, the Tax Authority made the refund of the temporary tax on net assets in the approximate amount of S/6,968,000, corresponding to 2020 period.

(d) As of December 31, 2021, it corresponded to coupons of bonds pending collection for S/2,747,000, as well as shares for S/ 2,838,000. As of December 31, 2020, it corresponded to coupons of bonds pending collection for S/3,947,000 and the account receivable from the sale of a variable income instrument for S/2,011,000. These items have been collected during January 2022 and 2021, respectively.

(e) It corresponds to services provided related to the management of insurance contracts for extended guarantee issued by another insurance company.

(f) As of December 31, 2021 and 2020, it corresponds to the accounts receivable from an insurance broker. Provisions for these accounts receivable have been fully established.

(g) As of December 31, 2021 and 2020, it corresponds mainly to the accounts receivable from the lease of real properties with its related parties.

(h) As of December 31, 2021 and 2020, it corresponds to the balance receivable from collection agents as a result of the collections of premiums mainly of debtor's life insurance and card protection.

(i) The movement of the provision for doubtful debt as of December 31, 2021 and 2020 is as follows:

	2021 S/(000)	**2020** S/(000)
Balance as of January 1	7,532	1,973
Additions (*)	2,109	5,856
Recovery	(2,316)	(336)
Write-off	(394)	-
Exchange difference	93	39
Balance as of December 31	7,024	7,532

(*) In 2021, the Company has recorded expenses of provision for doubtful debt in the items of "Technical expenses", "Administrative expenses, net" for S/1,302,000 and S/807,000, respectively (for year 2020, the Company has recorded expenses of provision for doubtful debt in the items of "Technical expenses", "Administrative expenses, net" and "Income from investments, net" for S/340,000, S/800,000 and S/4,716,000, respectively).

(j) As of December 31, 2021 and 2020, in the opinion of the Company's Management, the provision for doubtful debt of other accounts receivable is sufficient to cover the bad debt risk of these items.

7. Prepaid taxes and expenses

(a) The item is made up as follows:

	2021 S/(000)	**2020** S/(000)
Credit for income tax (b)	5,673	4,752
Drawdowns of general sales tax (c)	694	1,072
Prepaid expenses - Interproperties, note 1(c)	134	250
Drawdowns of general sales tax– Interproperties, note 1(c)	87	140
Others	147	142
	6,735	6,356

(b) As of December 31, 2021 and 2020, as described in note 21, since the income and earnings generated by the assets that secure technical reserves for life insurance products are exempt, the Company may request the refund or offset of this tax with other tax liabilities. In Management's opinion, it is estimated that these amounts will be refundable in the short term.

During 2021, the Company offset the credit for income tax that it maintained as of December 31, 2020, with the payments on account from January to April for S/ 4 546,044 and it offset the payment of the Temporary tax on net assets (ITAN) 2021 against the payment on account of April for S/ 857,348.

(c) As of December 31, 2021 and 2020, it corresponded to credits that were applied to the balances payable of said tax and recovered with the operations related to the Company's line of business.

8. Available-for-sale investments, net

(a) The item is made up as follows:

	2021					2020				
			Unrealized results, note 21(c)					Unrealized results, note 21(c)		
	Net cost S/(000)	Accrued interest S/(000)	Gains S/(000)	Losses S/(000)	Fair Value S/(000)	Net cost S/(000)	Accrued interest S/(000)	Gains S/(000)	Losses S/(000)	Fair value S/(000)
Negotiable available-for-sale investments										
Debt instruments (c) -										
Corporate and financial bonds	1,567,673	23,377	32,081	(46,227)	1,576,904	897,863	12,085	70,819	-	980,767
Public Treasury Bonds	432,948	11,186	7,647	(437)	451,344	178,483	3,716	4,654	(564)	186,289
Equity instruments -										
Foreign shares (d)	437,738	-	3,571	(25,353)	415,956	748,410	-	13,723	(48,117)	714,016
Peruvian private sector shares	258,801	-	11,666	(28,238)	242,229	292,665	-	51,749	(41,561)	302,853
Participations in investment funds (e)	24,981	-	29,579	-	54,560	81,714	-	13,076	(497)	94,293
Real estate investment funds (f)	14,825	-	2,915	-	17,740	20,130	-	3,519	(897)	22,752
Joint ventures (g)	13,915	-	-	-	13,915	13,915	-	-	-	13,915
	2,750,881	34,563	87,459	(100,255)	2,772,648	2,233,180	15,801	157,540	(91,636)	2,314,885
	2,750,881	34,563	87,459	(100,255)	2,772,648	2,233,180	15,801	157,540	(91,636)	2,314,885
	2,750,881	34,563	87,459	(100,255)	2,772,648	2,233,180	15,801	157,540	(91,636)	2,314,885
Less current portion	-	-	-	-	11,087	-	-	-	-	-
Non-current portion	-	-	-	-	2,761,561	-	-	-	-	2,314,885

(b) The movement of the item as of the date of the statement of financial position is as follows:

	Bonds S/(000)	**Shares** S/(000)	**Investment Fund** S/(000)	**Real estate investment funds** S/(000)	**Joint ventures** S/(000)	**Total** S/(000)
Balance as of January 1, 2020	1,672,284	823,544	130,209	16,889	13,915	2,656,841
Purchases	1,290,588	891,663	46,633	10,000	-	2,238,884
Sales	(107,585)	(673,699)	(88,113)	(3,826)	-	(873,223)
Settlement by maturity	(1,225)	-	-	-	-	(1,225)
Reclassification from available-for-sale to held-to-maturity investments, see note 2.1	(1,709,789)	-	-	-	-	(1,709,789)
Impairment (h) and note 23(a)	-	(118)	-	-	-	(118)
Exchange difference recorded in unrealized results, note 21(c)	-	41,989	5,460	47	-	47,496
Net variation in unrealized results, note 21(c)	(51,605)	(79,713)	(7,736)	(358)	-	(139,412)
Interest by effective interest rate method	10,266	-	-	-	-	10,266
Effect by CPP adjustment	(124)	-	-	-	-	(124)
Impairment recovery (i), note 23(a)	-	-	3,553	.	-	3,553
Exchange difference recorded in results	64,246	13,203	4,287	-	-	81,736
Balance as of December 31, 2020	1,167,056	1,016,869	94,293	22,752	13,915	2,314,885
Purchases	1,888,307	579,313	8,064	1,329	-	2,477,013
Sales	(518,522)	(978,311)	(66,378)	(4,962)	-	(1,568,173)
Settlement by maturity	(5,122)	-	-	-	-	(5,122)
Impairment (h) and note 23(a)	-	(27,032)	(3,463)	(1,748)	-	(32,243)
Exchange difference recorded in unrealized results, note 21(c)	-	9,150	1,026	31	-	10,207
Net variation in unrealized results, note 21(c)	(81,845)	(14,147)	16,999	293	-	(78,700)
Interest by effective interest rate method	6,317	-	-	-	-	6,317
Reclassifications from held-to-maturity to available-for-sale investments	728,998	-	-	-	-	728,998
Reclassifications from available-for-sale to held-to-maturity investments	(1,219,924)	-	-	-	-	(1,219,924)
Effect by CPP adjustment	21,985	-	-	-	-	21,985
Exchange difference recorded in results	40,998	72,343	4,019	45	-	117,405
Balance as of December 31, 2021	2,028,248	658,185	54,560	17,740	13,915	2,772,648

(c) Financial debt instruments are made up as follows:

(i) Corporate and financial bonds

	2021 Amortized cost S/(000)	2021 Unrealized results Gains S/(000)	2021 Unrealized results Losses S/(000)	2021 Fair value S/(000)	2021 Maturity ranges	2021 Interest rate ranges Soles	2021 Interest rate ranges United States dollars	2020 Amortized cost S/(000)	2020 Unrealized results Gains S/(000)	2020 Unrealized results Losses S/(000)	2020 Fair value S/(000)	2020 Maturity ranges	2020 Interest rate ranges Soles	2020 Interest rate ranges United States dollars
Transport infrastructure	390,397	117	(7,370)	383,144	2048-2061	-	3.69 - 5.13	18,628	595	-	19,223	2048	-	4
Public utilities	354,513	17,707	(8,460)	363,760	2030-2056	4.59 - 5.22	4.50 - 6.88	145,775	6,652	-	152,427	2027-2030	4.59	5.63
Finance sector	230,434	9,409	(3,893)	235,950	2022-2042	2 - 7.41	6.47 - 6.53	-	-	-	-	-	-	-
Metals and mining sector	222,917	3,088	(1,724)	224,281	2050	-	4.25	622,992	53,947	-	676,939	2036-2050	-	4.25-6.88
Essential goods	142,867	-	(10,558)	132,309	2027	6.88	-	-	-	-	-	-	-	-
Industrial sector	98,636	-	(8,318)	90,318	2033-2034	6.84	-	117,908	7,686	-	125,594	2033-2048	6.84	4.88
Rea estate sector	70,163	1,301	-	71,464	2028-2041	7.13 - 8.44	-	4,645	1,939	-	6,584	2038	7.44	-
Custody and logistics service	40,969	459	(201)	41,227	2030	8.19	-	-	-	-	-	-	-	-
Education sector	23,863	-	(3,795)	20,068	2035	9.5	-	-	-	-	-	-	-	-
Retail sector	16,291	-	(1,908)	14,383	2028	5.78	-	-	-	-	-	-	-	-
	1,591,050	32,081	(46,227)	1,576,904				909,948	70,819	-	980,767			

(ii) Public Treasury Bonds

	2021 Amortized cost S/(000)	2021 Unrealized results Gains S/(000)	2021 Unrealized results Losses S/(000)	2021 Fair value S/(000)	2021 Maturity ranges	2021 Interest rate ranges Soles	2021 Interest rate ranges United States dollars	2020 Amortized cost S/(000)	2020 Unrealized results Gains S/(000)	2020 Unrealized results Losses S/(000)	2020 Fair value S/(000)	2020 Maturity ranges	2020 Interest rate ranges Soles	2020 Interest rate ranges United States dollars
Sovereign bonds of the Republic of Peru	444,134	7,647	(437)	451,344	2037-2040	5.35-6.90	-	182,199	4,654	(564)	186,289	2040-2055	5.35-6.85	-
	444,134	7,647	(437)	451,344				182,199	4,654	(564)	186,289			

(d) As of December 31, 2021 and 2020, it corresponds mainly to equity instruments of foreign market companies that develop activities related to financial services, energy public utility companies, drinking water, life sciences, telecommunications and other activities.

(e) It comprises participations in private capital investment funds that invest in debt and equity instruments in an amount of S/54,560,000 (S/94,293,000 as of December 31, 2020). As of December 31, 2021 and 2020, the Company maintains impaired certain participations for S/14,761,000 and S/10,258,000, respectively, and they are presented reducing the cost thereof.

During 2021 and 2020, the Company carried out the redemption of investment funds that it maintained, generating a gain of approximately S/2,902,000 and S/6,821,000, respectively.

As of December 31, 2021 and 2020, the Company does not maintain a significant influence or control over said investments, that is why, according to Resolution No. 7034-2012, they do not qualify as investments in subsidiaries, associate entities or participations in a joint venture.

(f) As of December 31, 2021 and 2020, it corresponds to a real estate investment fund of the local market, which is recorded at its fair value, which is determined by a quota value as of the closing of the month.

(g) Joint Ventures correspond to the contributions made for the development of real estate projects, based on which the Company acquires a participation percentage (only as associate and not as operator of the project) of the income and costs of the project, which are led by prestigious construction companies of the local market.

(h) As described in note 2.2(j.7), the Company individually assesses the financial instruments with the purpose of assessing if they comply with the situations established in SBS Resolution No. 2608-2018 related to the impairment of financial instruments. As of December 31, 2021 and 2020, as a result of this assessment, the Company recorded in results an impairment loss for S/32,243,000 and S/118,000, respectively, see notes 8(b) and 23(a).

(i) On February 29, 2020, the Company made the write back of the provision of a variable income instrument for S/3,553,000, because the investment fund recovered value in the market, see note 8(b) and 23(a).

(j) The financial instruments that potentially expose the Company to the credit risk are available-for-sale financial investments. The Company acquires and maintains a significant percentage of these investments of the international financial market and carries out continuous assessments of the evidence of financial risks of the issuers and maintains an adequate diversification of the financial investment portfolio; reason why the Company's Management considers that if a volatility of the abovementioned financial markets occurs, it will not affect the normal running of its operations.

In addition, the Company limits the amount of exposure to the credit risk in any of the issuers of the financial instruments.

(k) The credit risk identified in each of the financial instruments is based on the risk rating granted by a risk rating agency. For investments traded in Peru, the risk ratings used are those provided by Apoyo & Asociados Internacionales S.A.C. (a Peruvian rating agency authorized by the regulatory body of Peru and related to Fitch Rating), Class & Asociados S.A. Clasificadora de Riesgo (a Peruvian rating agency authorized by the regulatory body of Peru), Equilibrium Clasificadora de Riesgo (a Peruvian rating agency authorized by the regulatory body of Peru and related to Moody's Investors Service Inc.) and for investments traded abroad, the risk ratings used are those provided by Pacific Credit Rating, Fitch Rating, Standard & Poors and Moody's.

According to SBS Resolution No. 1041-2016 "Regulations of eligible investments of insurance companies", as amended, it is considered as investment grade category the long-term instruments rated by local and foreign rating companies in BBB- (triple B minus). In addition, under a transitory provision of SBS Resolution No. 6825-2013, it is considered as investment grade the investments with BB- (double B minus) rating; provided that the investment is issued abroad through a public or private offering by a company incorporated in Peru, and the rating is granted by a foreign rating agency.

9. Held-to-maturity investments

(a) The item is made up as follows:

	2021 S/(000)	2020 S/(000)
Corporate and financial bonds	5,468,118	6,180,054
Sovereign bonds	3,408,111	2,853,971
	8,876,229	9,034,025
Investment in real estate projects	-	2,614
Total	8,876,229	9,036,639
By maturity		
Current portion	-	-
Non-current portion	8,876,229	9,036,639

(b) The movement of the item as of the date of the statement of financial position is as follows:

	Bonds S/(000)	Investments in real estate projects and others S/(000)	Total S/(000)
Balance as of January 1, 2020	7,603,868	2,392	7,606,260
Purchases	393,401	-	393,401
Sales	(907,043)	-	(907,043)
Settlement by maturity and redemption	(62,591)	-	(62,591)
Capital amortization	(88,685)	-	(88,685)
Interest by effective interest rate method	(15,505)	-	(15,505)
Effect by CPP adjustment	36,675	-	36,675
Impairment (d) and note 23(a)	(38,981)	-	(38,981)
Reclassification from available-for-sale to held-to-maturity investments	1,865,267	-	1,865,267
Exchange difference recorded in results	247,619	222	247,841
Balance as of December 31, 2020	9,034,025	2,614	9,036,639
Purchases	117,623	-	117,623
Sales	(1,027,128)	-	(1,027,128)
Settlement by maturity and redemption	-	-	-
Capital amortization	(103,409)	-	(103,409)
Interest by effective interest rate method	(9,318)	-	(9,318)
Effect by CPP adjustment	114,810	-	114,810
Impairment (d) and note 23(a)	(29,752)	-	(29,752)
Reclassification from available-for-sale to held-to-maturity investments	1,179,859	-	1,179,859
Reclassification from held-to-maturity to available-for-sale investments	(728,998)	-	(728,998)
Exchange difference recorded in results	328,517	318	328,835
Transfer to real estate investments, note 10(a)	-	(2,932)	(2,932)
Balance as of December 31, 2021	8,876,229	-	8,876,229

(c) For information purposes, the nominal value, book value and market value of the debt instruments held by the Company as of December 31, 2021 and 2020 are presented below:

	As of December 31, 2021						As of December 31, 2020					
	Nominal value	Book value	Market value	Maturity range	Interest rate range		Nominal value	Book value	Market value	Maturity range	Interest rate range	
	S/(000)	S/(000)	S/(000)	S/(000)	Soles	United States dollars	S/(000)	S/(000)	S/(000)	S/(000)	Soles	United States dollars
Corporate and financial bonds												
Industrial sector	1,273,512	1,346,527	1,386,096	2025-2096	4.25-7.94	5.88-7.75	1,263,715	1,354,400	1,519,821	2025-2096	4.25-7.94	5.88-7.75
Public utility services	1,151,726	1,135,050	1,230,764	2027-2097	5.13-7.38	5.20-8.13	1,539,973	1,512,015	1,774,149	2026-2097	5.13-7.38	5.20-8.13
Metals and mining sector	762,721	922,204	928,055	2028-2050	-	4.5-9.25	311,725	385,446	463,752	2028-2044	-	6.88-9.25
Transport infrastructure	907,022	880,501	875,909	2027-2042	4.75-8.58	8.25	992,521	977,371	1,046,968	2027-2042	4.75-8.58	8.25
Real estate sector	403,656	448,152	468,261	2032-2048	3.78-9.09	6.95	489,432	523,683	600,074	2028-2048	3.78-9.09	6.75-6.95
Finance sector	398,250	427,440	418,866	2029-2046	3.00-8.00	-	617,907	673,597	792,309	2022-2046	2.00-8.00	6.47-6.53
Telecommunications service	70,285	104,591	100,873	2028	2.88-3.19	-	70,285	98,868	117,986	2028	2.88-3.19	-
Essential goods	74,280	75,166	76,087	2024-2035	7.13-9.00	-	355,738	376,965	425,381	2024-2035	6.88-9.00	-
Logistics and custody services	40,000	41,135	46,043	2045	8.66	-	100,000	105,646	129,647	2030-2045	8.19-8.66	-
Insurance sector	38,083	39,508	37,442	2037	6.59	-	38,083	39,583	44,254	2037	6.59	-
Education sector	25,000	25,519	26,612	2034	8.3	-	25,000	25,519	31,484	2034	8.3	-
Retail sector	22,000	22,325	23,269	2035	8.06	-	107,000	106,961	127,272	2028-2035	5.78-9.16	-
	5,166,535	5,468,118	5,618,277				5,911,379	6,180,054	7,073,097			
Sovereign bonds												
Sovereign bonds of the Republic of Peru	2,459,842	2,873,256	2,718,257	2035-2055	3.14-7.39	-	1,891,762	2,279,402	2,736,006	2030-2055	2.89-7.39	-
Secured bonds by the Peruvian State	721,137	534,855	541,359	2024-2033	5.20-5.97	5.88-6.60	751,542	574,569	665,750	2024-2034	5.20-5.97	5.88-6.60
	3,180,979	3,408,111	3,259,616				2,643,304	2,853,971	3,401,756			
Total	8,347,514	8,876,229	8,877,893				8,554,683	9,034,025	10,474,853			

(d) As described in note 2.2(j.7), the Company individually assesses the financial instruments with the purpose of assessing if they comply with the situations established in SBS Resolution No. 2608-2018 related to the impairment of financial instruments. As of December 31, 2021 and 2020, as a result of this assessment, the Company recorded an impairment in results for S/29,752,000 and S/38,981,000, respectively, see note 23(a).

(e) The credit risk identified in each of the financial instruments in this category is based on the risk rating granted by a risk rating agency.
For the investments traded in Peru, the risk ratings used are those provided by Apoyo & Asociados Internacionales S.A.C. (a Peruvian risk rating agency authorized by the regulatory body of Peru and related to Fitch Rating), Class & Asociados S.A. Clasificadora de Riesgo (a Peruvian risk rating agency authorized by the regulatory body of Peru), Equilibrium Clasificadora de Riesgo (a Peruvian risk rating agency authorized by the regulatory body of Peru and related to Moody's Investors Service Inc.) and for the investments traded abroad, the risk ratings used are those provided by Pacific Credit Rating, Fitch Rating, Standard & Poors and Moody's.

According to SBS Resolution No. 1041-2016 "Regulations of eligible investments of insurance companies" it is considered as investment grade category the long-term instruments rated by local and foreign rating agencies in BBB- (triple B minus). In addition, under a transitory provision of SBS Resolution No. 6825-2013, it is considered as investment grade the investments with a rating of BB- (double B minus); provided that the investment is issued abroad through a public or private offering by a company incorporated in Peru, and the rating is granted by a rating agency abroad.

(f) The Company is subject to diversification limits by issuer and by economic groups, as well as to other limits established by the SBS. As of December 31, 2021 and 2020, the Company's Management considers that it has complied with all the investment limits established by the SBS. On the other hand, it should be indicated that the Company maintains various structured portfolios to secure its different technical obligations. For the specific case of portfolios in United States dollars, the Company maintains a matching not only at assets and liabilities level, but also at flows level, enabling to have hedging indexes above 1 in all tranches.

Regarding inflation-indexed assets (financial instruments in Constant Purchasing Power-CPP), that hedge liabilities in similar currency, the Company maintains a reinvestment risk, which arises from the difference between the duration of the assets and the liabilities. Since there are no long-term issuances in CPP in the market, Management considers the following indicators for the monitoring of these liabilities:

- The necessary future reinvestment rate to prevent generating losses in the duration of the liabilities, and
- The accumulated return surplus (fluctuation fund) to offset potential losses in the future.

Management keeps a permanent control and follow-up of the evolution of said indicators and, in its opinion, the investment portfolio adequately secures the technical obligations of the Company as of December 31, 2021 and 2020.

10. Real estate investments, net

(a) The movement of real estate investments is as follows:

	Land S/(000)	Building S/(000)	Total S/(000)
Cost			
Balance as of January 1, 2020	347,470	859,390	1,206,860
Additions (b)	70,881	776	71,657
Reclassification (c) and note 11(a)	-	3,823	3,823
Changes in fair value, note 2.1 and 23(a)	-	-	-
Balance as of December 31, 2020	418,351	863,989	1,282,340
Additions (b)	28,818	128,503	157,321
Reclassification from land to building	(140,443)	140,443	-
Transfer from held-to-maturity investments to real estate investments, note 9(b)	-	2,932	2,932
Reclassification (c) and note 11 (a)	-	991	991
Changes in fair value, note 23(a)	54,308	(65,652)	(11,344)
Balance as of December 31, 2021	361,034	1,071,206	1,432,240

(*) As of December 31, 2021 and 2020, the accounting balance of the real properties maintained through Interproperties adds up to S/59,801,000 and S/110,497,000, respectively, see note 1(c).

(b) During year 2021, the additions mainly correspond to the acquisition of the land and building of the so called "*Paseo del Bosque*" for S/ 119,322,000; in addition, the acquisition of lands in the city of Nevo Chimbote for S/ 24,859,000.

During year 2020, the additions mainly correspond to the acquisition of an education center located in Piura for S/53,846,000; in addition, disbursements were made for the expansion of the education center located in Piura and Chimbote for S/6,220,000 and S/8,023,000; respectively.

(c) As of December 31, 2021 and 2020, the Company transferred from the item "Property, furniture and equipment, net" to the item "Real estate investments, net" an approximate amount of S/991,000 and S/3,823,000, respectively, which correspond to the real properties located in the 10th floor of the building called "*Pardo y Aliaga*" and in the 5th, 6th and 7th floors of the building called "*Las Orquídeas*", located in San Isidro, which will be used for lease purposes, see note 11(a).

(d) As of December 31, 2020, the Company did not record changes in the fair value of the real properties measured at discounted cash flow due to the supplemental exceptional and temporary measures established by the SBS, as described in note 2.1.

(e) As of December 31, 2021 and 2020, these real properties generated income from lease in an amount that adds up to S/68,014,000 and S/46,151,000, respectively, see note 23(a).

11. Property, furniture and equipment, net

(a) The movement of the item for the years ended December 31, 2021 and 2020 is as follows:

	Lands, buildings and facilities S/(000)	**Furniture and fixtures** S/(000)	**Computer and other equipment** S/(000)	**Total** S/(000)
Cost				
Balance as of January 1, 2019	35,766	4,183	9,363	49,312
Additions (b)	362	-	37	399
Removals	-	-	(333)	(333)
Reclassifications, see note 10(a)	(3,863)	(313)	(7)	(4,183)
Balance as of December 31, 2020	32,265	3,870	9,060	45,195
Additions	60	-	-	60
Removals	-	(11)	(2)	(13)
Reclassifications	(1,457)	(594)	-	(2,051)
Balance as of December 31, 2021	30,868	3,265	9,058	43,191
Accumulated depreciation				
Balance as of January 1, 2020	5,258	1,992	7,833	15,083
Depreciation of the year, note 24	1,675	275	574	2,524
Removals	-	-	(333)	(333)
Reclassifications, see note 10(a)	(308)	(45)	(7)	(360)
Balance as of December 31, 2020	6,625	2,222	8,067	16,914
Depreciation of the year, note 24	1,248	137	323	1,708
Removals	-	(5)	(2)	(7)
Reclassifications	(733)	(327)	(10)	(1,070)
Balance as of December 31, 2021	7,140	2,027	8,378	17,545
Net value as of December 31, 2020	25,640	1,648	993	28,281
Net value as of December 31, 2021	23,728	1,238	680	25,646

(b) As of December 31, 2020, it corresponds mainly to the facilities of its new administrative office located in San Isidro called "*Orquídeas*" and "*Andrés Reyes*".

(c) As of December 31, 2021 and 2020, there are no pledges and the assets of property, furniture and equipment of the Company have not been granted as a guarantee to third parties.

(d) As of December 31, 2021 and 2020, Management considers that there are no situations that indicate the existence of an impairment in the net value of the property, furniture and equipment.

12. Intangibles, net

(a) The movement of the cost and accumulated amortization is as follows:

	Licenses and others S/(000)	Software S/(000)	Total S/(000)
Cost			
Balance as of January 1, 2020	10,759	28,879	39,638
Additions (b)	2,028	-	2,028
Balance as of December 31, 2020	12,787	28,879	41,666
Additions (b)	822	293	1,115
Balance as of December 31, 2021	13,609	29,172	42,781
Amortization			
Balance as of January 1, 2020	4,875	15,528	20,403
Additions, note 24	1,966	2,240	4,206
Balances as of December 31, 2020	6,841	17,768	24,609
Additions, note 24	2,099	2,232	4,331
Balances as of December 31, 2021	8,940	20,000	28,940
Book value as of December 31, 2020	5,946	11,111	17,057
Book value as of December 31, 2021	4,669	9,172	13,841

(*) As of December 31, 2021 and 2020, the accounting balance of the intangibles maintained through Interproperties adds up to S/62,000 and S/83,000, respectively, see note 1(c).

(b) As of December 31, 2021 and 2020, the additions mainly correspond to the acquisition of the license and update of the core system used in the Company's operations.

(c) As of December 31, 2021 and 2020, Management considers that there are no situations that indicate the existence of an impairment in the value of intangibles.

13. Financial liabilities

(a) The item is made up as follows:

	2021			
	Maturity date (b)	Rate %	Currency	Book value S/(000)
Notes				
Banco Scotiabank	04/01/2022	0.50%	USD	99,675
Banco BBVA	06/01/2022	0.50%	USD	47,844
Banco GNB	04/01/2022	0.38%	USD	63,194
Banco BCP	05/01/2022	2.80%	PEN	16,000
				226,713

(b) As of December 31, 2021, the funds obtained through these financing facilities were intended for more liquidity.

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

	2021 S/(000)
Balance as of January 1	-
Subscription of notes	1,179,177
Cancellation of notes	(949,006)
Provision for interest, see note 23 (a)	526
Interest payable	(26)
Exchange difference	(3,958)
Balance as of December 31	226,713

14. Taxes and other accounts payable

(a) The item is made up as follows:

	2021 S/(000)	2020 S/(000)
Commissions payable (b)	26,260	14,943
Provisional premiums and return of premiums (c)	23,423	11,501
Bonus payable	11,811	12,105
Suppliers (d)	11,792	11,874
Contributions payable and other labor liabilities	7,082	5,350
Security deposits of lessees	3,248	3,823
Bond interest, note 17 (b)	3,804	3,628
Litigation payable	2,341	1,039
Vacation payable	1,680	1,383
General sales tax	1,219	796
Other accounts payable– Interproperties, note 1(c)	1,112	262
Investments payable (e)	201	47,074
Other minor accounts payable	1,632	1,761
	95,605	115,539

(b) As of December 31, 2021 and 2020, they correspond mainly to the commissions with its related companies Banco Internacional del Perú S.A.A. – Interbank, Financiera Oh S.A. and Supermercados Peruanos S.A., for the service of placement and collection of insurance contracts.

(c) As of December 31, 2021 and 2020, it corresponds to collection of premiums pending identification and returns of premiums of individual life products.

(d) As of December 31, 2021 and 2020, it corresponds mainly to provisions of maintenance services, administrative expenses and services provided by third parties, which are denominated in soles and in United States dollars. These items have current maturity, no specific guarantees have been granted for them and they are maintained under normal market conditions.

(e) As of December 31, 2021 and 2020, it corresponds mainly to the purchase of fixed income instruments settled in the first days of January 2022 and 2021, respectively.

15. Accounts receivable and payable to reinsurers and coinsurers and assets for technical reserves by reinsurers

(a) The item is made up as follows:

	2021 S/(000)	2020 S/(000)
Accounts receivable from settled claims		
Automatic proportional reinsurance contracts (b) and (g)	9,165	10,227
Coinsurance contracts (c)	2,089	4,645
	11,254	14,872
Assets for technical reserves by reinsurers		
Ceded portion of reserve of claims (d)	53,030	59,003
Ceded portion of technical reserves (e)	74	232
	53,104	59,235
Accounts payable		
Automatic proportional reinsurance contract (f) and (g)	2,748	4,069
Coinsurance contract	1,467	3,108
	4,215	7,177

(b) The main reinsurers with which the Company maintains accounts receivable from claims settled as of December 31, 2021 and 2020 are detailed below:

Reinsurer	Risk rating	2021 S/(000)	2020 S/(000)
Hannover Rück SE	AA-	3,264	4,249
Scor Global life SE	AA-	2,369	3,242
Munich Re	AA-	1,350	-
QBE Reinsurance Corporation	A+	1,226	1,309
General Reinsurance AG	AA+	469	585
SCOR Global Life Americas Reinsurance Company	AA-	383	527
IRB Brasil Reaseguros S.A.	A-	82	103
Navigators Insurance Company	A	21	179
BNP Paribas Cardif S.A.	A	1	33
		9,165	10,227

(c) The main coinsurers with which the Company maintains accounts receivable from claims settled as of December 31, 2021 and 2020 are detailed below:

Coinsurer	Risk rating	2021 S/(000)	2020 S/(000)
Chubb Seguros Perú S.A.	A	2,075	4,503
BNP Paribas Cardif S.A.	A	14	142
		2,089	4,645

(d) The movement of the assets for reserves of ceded pending claims for year 2021 and 2020 is as follows:

	Debtor's Life insurance S/(000)	Retirement S/(000)	Life and others S/(000)	Total S/(000)
Balance as of January 1, 2020	7,234	63,399	6,130	76,763
Ceded claims of the period (*)	3,579	4,206	3,031	10,816
Adjustments to claims of previous periods (*)	9	-	425	434
Settled claims (g)	(4,092)	(21,205)	(4,449)	(29,746)
Exchange difference	(586)	26	1,296	736
Balance as of December 31, 2020	6,144	46,426	6,433	59,003
Ceded claims of the period (*)	10,957	6,505	9,076	26,538
Adjustments to claims of previous periods (*)	-	-	-	-
Settled claims (g)	(10,616)	(10,304)	(7,704)	(28,624)
Exchange difference	-	-	(3,887)	(3,887)
Balance as of December 31, 2021	6,485	42,627	3,918	53,030

(*) As of December 31, 2021 and 2020, it corresponds to claims of ceded premiums that are recorded in the statement of income in an amount of S/26,538,000 and S/11,250,000; respectively.

(e) The movement of the assets for technical reserves of ceded premiums for year 2021 and 2020 is as follows:

	S/(000)
Balance as of January 1, 2020	666
Ceded premiums of contracts of previous years (*)	(434)
Balance as of December 31, 2020	232
Ceded premiums of contracts of previous years (*)	(159)
Balance as of December 31, 2021	73

(*) As of December 31, 2021 and 2020, it corresponds to the adjustment of technical reserves of ceded premiums recorded in the statement of income in an amount of S/159,000 and S/434,000; respectively.

(f) The main reinsurers with which the Company maintains accounts payable of ceded premiums as of December 31, 2021 and 2020 are detailed below:

Reinsurer	**Risk rating**	**2021** S/(000)	**2020** S/(000)
Scor Global life SE	AA-	1,122	1,417
Munich Re	AA-	758	709
SCOR Global Life Americas Reinsurance Company	AA-	446	601
Hannover Rück SE	AA-	240	1,072
General Reinsurance AG	AA+	142	178
QBE Reinsurance Corporation	A+	37	58
IRB Brasil Reaseguros S.A.	A-	3	4
Swiss Reinsurance Company Ltd	AA-	-	29
Navigators Insurance Company	A	-	1
		2,748	4,069

(g) The movement of reinsurance transactions is as follows:

	Debtor's Life Insurance S/(000)	Retirement S/(000)	Life and others S/(000)	Total S/(000)
Receivable				
Balance as of January 1, 2020	1,278	12,389	2,150	15,817
Additions for accounts receivable from claims settled in the year (d)	4,092	21,205	4,449	29,746
Collections made in the year	(3,036)	(30,464)	(2,009)	(35,509)
Exchange difference	-	173	-	173
Balance as of December 31, 2020	2,334	3,303	4,590	10,227
Additions for accounts receivable from claims settled in the year (d)	10,616	10,304	7,704	28,624
Collections made in the year	(193)	(27,208)	(3,670)	(31,071)
Exchange difference	1,503	-	(118)	1,385
Balance as of December 31, 2021	14,260	(13,601)	8,506	9,165
Payable				
Balance as of January 1, 2019	1,488	320	2,570	4,378
Premiums ceded in the year (*)	3,631	527	6,001	10,159
Payments made in the year	(3,691)	(226)	(6,822)	(10,739)
Exchange difference	-	271	-	271
Balance as of December 31, 2020	1,428	892	1,749	4,069
Premiums ceded in the year (*)	2,025	(436)	9,275	10,864
Payments made in the year	(1)	(9,599)	(3,145)	(12,745)
Exchange difference	-	610	(50)	560
Balance as of December 31, 2021	3,452	(8,533)	7,829	2,748

(*) As of December 31, 2021 and 2020, it corresponds to the ceded premiums that are recorded in the statement of income in an amount of S/10,864,000 and S/10,159,000; respectively.

16. Technical reserves for claims

(a) The item is made up as follows:

	2021 S/(000)	2020 S/(000)
Reserve for reported claims	132,093	133,308
Reserve for incurred but not reported claims– IBNR (d)	83,560	70,340
Margin over current estimate (MOCE)	6,529	-
Total technical reserves for claims	222,182	203,648

(b) The balance by type of insurance is made up as follows:

	2021			
	Direct claims S/(000)	**IBNR (d)** S/(000)	**MOCE** S/(000)	**Total** S/(000)
Life insurance	42,372	59,028	3,731	105,131
Retirement (c)	59,646	18,352	2,054	80,052
Annuities	12,235	-	-	12,235
Mandatory insurance of traffic accidents	6,685	4,981	523	12,189
Complementary insurance for hazardous work	5,740	797	22	6,559
General risks	5,107	402	199	5,708
Personal accidents	308	-	-	308
	132,093	83,560	6,529	222,182

	2020			
	Direct claims S/(000)	**IBNR (d)** S/(000)	**MOCE** S/(000)	**Total** S/(000)
Life insurance	33,089	50,623	-	83,712
Retirement (c)	71,473	18,203	-	89,676
Annuities	8,201	-	-	8,201
Mandatory insurance of traffic accidents	9,865	217	-	10,082
Complementary insurance for hazardous work	6,805	1,065	-	7,870
General risks	3,563	232	-	3,795
Personal accidents	312	-	-	312
	133,308	70,340	-	203,648

(c) Claims for retirement insurance correspond to estimates of the total cost, including adjustment expenses, of the claims reported by the AFP; which are pending that pensioners who maintain disability and survival insurance contracts in the SPP may opt for the modality of choosing an annuity and the insurance company of their choice, as established by SBS Resolution No. 900-2003.

As of December 31, 2021, there were 679 cases of survival and 380 cases of disability pending payment. As of December 31, 2020, there were 861 cases of survival and 541 cases of disability pending payment, from the collective Retirement Insurance contract.

As of December 31, 2021, there were 85 cases of survival and 43 cases of disability pending payment of the retirement insurance of the additional contribution regime (run-off). As of December 31, 2020 there were 93 cases of survival and 43 cases of disability pending payment.

(d) In the opinion of the Company's Management, the reserves of incurred but not reported claims are sufficient as of December 31, 2021 and 2020.

(e) The movement of the reserves of claims is as follows:

	Retirement S/(000)	Debtor's Life Insurance S/(000)	SCTR S/(000)	Personal accidents S/(000)	SOAT S/(000)	Life S/(000)	Annuities and private pension S/(000)	General insurance S/(000)	Total S/(000)
Beginning balance as of January 1, 2021	89,676	66,531	7,870	313	10,082	17,181	8,201	3,794	203,648
Claims of the period (*)	75,185	104,854	15,329	483	18,104	29,761	713,226	9,035	965,977
Adjustments to claims of previous periods (*)	(22,209)	18,716	(772)	(1)	(122)	8,134	4,135	179	8,060
Margi over current estimate (MOCE) – Initial adoption, note 21(e)	2,054	3,481	22	-	523	394	-	199	6,673
Paid benefits	(64,654)	(97,908)	(15,890)	(487)	(16,398)	(48,391)	(713,309)	(7,400)	(964,437)
Exchange difference	-	482	-	-	-	1,896	(18)	(99)	2,261
Ending balance as of December 31, 2021	80,052	96,156	6,559	308	12,189	8,975	12,235	5,708	222,182

	Retirement S/(000)	Debtor's Life Insurance S/(000)	SCTR S/(000)	Personal accidents S/(000)	SOAT S/(000)	Life S/(000)	Annuities and private pension S/(000)	General insurance S/(000)	Total S/(000)
Beginning balance as of January 1, 2020	116,130	49,989	10,072	467	9,362	10,044	3,691	3,420	203,175
Claims of the period (*)	58,841	58,459	14,269	1,397	15,439	5,674	653,475	5,442	812,996
Adjustments to claims of previous periods (*)	(17,764)	23,302	(1,482)	369	(2,459)	13,671	5,011	(974)	19,674
Paid benefits	(67,531)	(65,438)	(14,989)	(1,923)	(12,260)	(12,956)	(654,001)	(4,210)	(833,308)
Exchange difference	-	219	-	3	-	748	25	116	1,111
Ending balance as of December 31, 2020	89,676	66,531	7,870	313	10,082	17,181	8,201	3,794	203,648

(*) As of December 31, 2021 and de 2020, it corresponds to claims of insurance premiums that are recorded in the statement of income in the amount of S/974,037,000 and S/832,670,000; respectively.

17. Subordinated bonds

(a) As of December 31, 2021 and 2020, this items includes the following:

	5-year annual interest rate %	Issuance	Maturity	Currency	Original amount issued US$(000)	2021 S/(000)	2020 S/(000)
Third program (c) and (d)							
First issuance (*)	6	Jan 2019	Jan 2029	US$	20,000	79,740	72,420
Second issuance (*)	4.34	Oct 2019	Oct 2029	US$	20,000	79,740	72,420
Third issuance (**)	4.84	Sep 2020	Sep 2030	US$	25,000	99,675	90,525
						259,155	235,365

(*) The bonds have a call option 5 years after their issuance. The annual rate after this period until the maturity date is the higher one between 3 month libor + 600 pb or 9.5 percent per annum.

(**) Bonds have a call option 5 years after their issuance. The annual rate after this period until the maturity date is the higher one between the 5-year H15T5Y rate + 600 pb or 7 percent per annum.

(b) As of December 31, 2021 and 2020, the accrued interest payable adds up to S/3,804,000 and S/3,628,000, respectively, and it is presented in the item "Taxes and other accounts payable" of the statement of financial position, see note 14(a). The principal is paid upon the maturity and interest is paid on a semi-annual basis. The accrued interest expense in 2021 and 2020 adds up to S/12,495,000 and S/8,299,000, respectively and it is presented in the item "Investment income, net" of the statement of income, see note 23(a).

(c) The funds obtained through these programs were used in the financing of the real estate projects of offices and education center; they are secured by the Company's equity and they do not have specific guarantees.

On October 07, 2021, the fourth issuance of the third program was registered for up to a value of US$35 million for a 10-year term, including a call option in the fifth year, and the placement price will be at par value with a rate determined under a Dutch auction. As of the date of this report, the issuance has not been carried out.

(d) The movement of the item is as follows:

	2021 S/(000)	2020 S/(000)
Balance as of January 1	235,365	132,560
Issuances	-	88,600
Exchange difference recorded in results	23,790	14,205
Balance as of December 31	259,155	235,365

18. Technical reserves for premiums

(a) The item is made up as follows:

	2021 S/(000)	2020 S/(000)
Life mathematical reserve (d)		
Annuities (b)	9,653,290	8,893,011
Life insurance (c)	893,066	746,172
Private pension	909,500	621,850
Retirement insurance	575,941	557,528
Complementary insurance for hazardous work, note 1(f)	290,363	276,491
	12,322,160	11,095,052
Reserve of outstanding risks (e)		
General insurance	20,726	20,018
Mandatory insurance for traffic accidents	19,361	17,152
Personal accidents	609	842
	40,696	38,012
Total technical reserves for premiums	12,362,856	11,133,064

(b) As of December 31, 2021 and 2020, the balance includes voluntary reserves for S/124,708,000 and S/121,438,000, respectively. Said reserves are secured with eligible investments. This voluntary reserve was established in year 2018, and in the current years it only shows variations related to the update by exchange rate of the contracts in foreign currency.

(c) As of December 31, 2021 and 2020, it includes the technical reserves of Flex Vida insurance contracts for S/146,145,000 and S/123,621,000, respectively, which yields are directly related to the value of the investment portfolio, which are presented in the item "Investments at fair value through profit or loss", see note 4(c).

(d) The movement of the mathematical reserves and life reserves as of December 31, 2021 and 2020 is as follows:

	2021				
	Annuities and private pensions S/(000)	**Retirement** S/(000)	**Life** S/(000)	**SCTR** S/(000)	**Total** S/(000)
Beginning balance	9,514,862	557,528	746,171	276,491	11,095,052
Subscriptions	843,253	-	11,770	2,562	857,585
Retained earnings, note 21(e)	56,073	13,775	-	382	70,230
Call	-	-	(65,587)	-	(65,587)
Adjustment by passage of time	(216,424)	4,638	131,533	10,790	(69,463)
Exchange difference	365,026	-	69,179	138	434,343
Ending balance	10,562,790	575,941	893,066	290,363	12,322,160

	2020				
	Annuities and private pensions S/(000)	**Retirement** S/(000)	**Life** S/(000)	**SCTR** S/(000)	**Total** S/(000)
Beginning balance	9,024,929	557,644	630,799	31,219	10,244,591
Acquisition of Mapfre portfolio, note 1(f)	-	-	-	246,101	246,101
Subscriptions	372,497	-	2,259	505	375,261
Retained earnings, note 21(e)	47,633	13,518	-	373	61,524
Call	-	-	(50,653)	-	(50,653)
Adjustment by passage of time	(240,739)	(13,634)	109,223	(1,791)	(146,941)
Exchange difference	310,542	-	54,543	84	365,169
Ending balance	9,514,862	557,528	746,171	276,491	11,095,052

(e) The movement of the reserves of outstanding risk is as follows:

	2021		
	General insurance S/(000)	**SOAT and personal accidents** S/(000)	**Total** S/(000)
Beginning balance	20,018	17,994	38,012
Subscriptions	10,910	19,500	30,410
Premiums accrued during the year	(10,648)	(17,528)	(28,176)
Exchange difference	446	4	450
Ending balance	20,726	19,970	40,696

	2020		
	General insurance S/(000)	**SOAT and personal accidents** S/(000)	**Total** S/(000)
Beginning balance	23,501	17,572	41,073
Subscriptions	14,001	17,807	31,808
Premiums accrued during the year	(17,779)	(17,388)	(35,167)
Exchange difference	295	3	298
Ending balance	20,018	17,994	38,012

(f) As of December 31, 2021 and 2020, the Company has consistently applied the calculation methodology defined by the SBS, as well as the assumptions used for the calculation of its technical reserves.

(g) The main assumptions for estimating the reserves of annuities, retirement insurance, complementary insurance for hazardous work and individual life insurance as of the date of the financial statements are detailed below:

Modality	**Tables** (*)	**Technical interest** %(*)
Annuities	Contracts issued until July 2006 (**): RV-85, B-85 and MI-85	
	Contracts issued from August 2006 to May 2011 (**): RV-2004 Modified, B-85 and MI-85.	
	Contracts issued from June 2011 (**): RV-2004 Modified and Adjusted, B-85 Adjusted and MI-85.	
	Contracts issued from January 2019: SPP–S-2017 and SPP-I-2017	1 – 7

Modality	Tables (*)	Technical interest %(*)
Annuities (additional reserve for longevity) (***)	Contracts issued from January 2010 to May 2011: RV-2004 Modified, B-2006 and MI-2006. Contracts issued from June 2011: RV-2004 Modified and Adjusted, B-2006, MI-2006 and anti-selection factors.	1 – 7
Retirement insurance Temporary regime	B-85 and MI-85.	3
Retirement insurance Definitive regime	Claims with accrual date until May 2011: B-85 and MI-85. Claims with accrual from June 2011: B-85 Adjusted and MI-85.	According to the rate communicated on a monthly basis by the SBS
Retirement insurance - Voluntary reserve		
Temporary Regime	B-2006 and MI-2006	3
Complementary insurance for hazardous work	Claims with accrual date until May 2011: B-85 and MI-85. Claims with accrual from June 2011: B-85 Adjusted and MI-85. Claims with settlement date from January 2019: SPP 2017	3
Individual life insurance	CSO 80 adjustable.	3

(*) It corresponds to the mortality tables and interest rates authorized by the SBS.

(**) As mentioned in note 2.2(s), the Company is being applying the mandatory use of mortality tables SPP-S-2017 (healthy men and women) and SPP-I-2017 (men and women with disability) for the measurement of policies effective as of January 1, 2019; this assessment is made with a quarterly frequency, and it will be recognized as a debit or credit in the item “Retained earnings” during a ten (10) year term.

(***) They correspond to the mortality tables and interest rates used by the Company to establish additional reserves, which are based on actuarial criteria of international acceptance and have been communicated to the SBS.

19. Deferred income

As of December 31, 2021 and 2020, it corresponds to the sale of the held-to-maturity bonds. According to Resolution No. 7034-2012, the income generated as a result of the sales of held-to-maturity bonds must be deferred until the time of their maturity and they must be recognized in the statement of income proportionally. The movement of the item is as follows:

	2021 S/(000)	2020 S/(000)
Beginning balance	34,118	40,229
Accrual of income, note 22(a)	(6,087)	(6,111)
Ending balance	28,031	34,118

20. Contingent and memorandum accounts

(a) The item is made up as follows:

	2021 S/(000)	2020 S/(000)
Non-distributable gain from valuation of real properties (b)	55,652	193,152
Letters of guarantee in favor of third parties (c)	22	46
Account payable to the tax administration, note 35	-	19,183
Debit memorandum accounts	55,674	212,381
Letters of guarantee in favor of the Company	4,588	4,580
Credit memorandum accounts	4,588	4,580
	60,262	216,961

(b) It corresponds to the fair value recorded less the book value of the investments in real properties, which cannot be distributed as part of the dividends.

(c) As of December 31, 2021, it comprises mainly the payment of a fine to INDECOPI for S/22,000.

21. Shareholders' equity

(a) Capital stock -

As of December 31, 2021 and 2020, it is represented by 891,833,000 and 825,530,000 shares, respectively, which are fully subscribed and paid-in, at a face value of one Sol per share.

The General Shareholders' Meeting held on April 5, 2021 agreed to make the capitalization of the result of financial year 2020 for S/3,340,000. The Annual Mandatory Shareholders' Meeting held on March 9, 2021 agreed to make the capitalization of the result of financial year 2020 for S/62,963,000.

The General Shareholders' Meeting held on December 24, 2020 agreed to make the capitalization of the result of financial year 2019 for S/48,148,000.

According to the legal provisions in force as of December 31, 2021 and 2020, there are no restrictions to the remittance of profits or to the repatriation of capitals.

As of December 31, 2021 and 2020, the capital stock is higher than the amount of the minimum capital established by Law No. 26702 – General Law of the Financial System and of the Insurance System and Organic Law of the SBS.

As of December 31, 2021 and 2020, the shareholding structure of the Company is as follows:

	As of December 31, 2021		As of December 31, 2020	
Holding	**Number of shareholders**	**Percentage shareholding in the capital stock** %	**Number of shareholders**	**Percentage shareholding in the capital stock** %
Less than 10 percent	3	10.58	4	10.58
More than 89 percent	1	89.42	1	89.42
	4	100%	5	100%

As of December 31, 2021 and 2020, the total shares of the Company have voting rights.

(b) Legal reserve -

According to Law No. 26702 – General Law of the Financial System and of the Insurance System and Organic Law of the SBS, it is required that at least 10 percent of the earnings after taxes be transferred to a legal reserve until it is equal to 35 percent of the capital stock. This reserve substitutes the legal reserve established by the General Corporations Law and it may be used only to absorb losses. The Company records the appropriation of the legal reserve when it is approved by the General Shareholders' Meeting.

The General Shareholders' Meeting held on April 5, 2021 agreed to establish the legal reserve in the amount of S/1,169,000. The Annual Mandatory Shareholders' Meeting held on March 9, 2021 agreed to establish the legal reserve in the amount of S/ 22,037,000.

The General Shareholders' Meeting held on December 24, 2020 agreed to establish the legal reserve in the amount of S/16,852,000.

(c) Unrealized results, net (included in the statement of income and other comprehensive income) - The items that originate them are detailed below:

	Balance as of January 1, 2019 S/(000)	**(Debit)/ credit in the statement of other comprehensive income** S/(000)	**Balance as of December 31, 2020** S/(000)	**(Debit)/ credit in the statement of other comprehensive income** S/(000)	**Balance as of December 31, 2021** S/(000)
Net unrealized results in debt instruments, see note 8(b)	126,514	(51,605)	74,909	(81,845)	(6,936)
Net unrealized results in equity instruments, note 8(b)	78,802	(87,807)	(9,005)	3,145	(5860)
	205,316	(139,412)	65,904	(78,700)	(12,796)
Net exchange difference of equity financial instruments, see note 8(b)	3,321	47,496	50,817	10,207	61,024
Net unrealized loss in debt instruments, reclassified from "Available-for-sale investments" to "Held-to-maturity investments"	(88,219)	142,860	54,641	(48,919)	5,722
	120,418	50,944	171,362	(117,412)	53,950

(d) Distribution of retained earnings -

The Annual Mandatory Shareholders' Meeting held on March 9, 2021 agreed to distribute cash dividends for S/200,000,000, corresponding to the retained earnings of 2019 and 2020 periods.

The General Shareholders' Meeting held on March 23, 2020 agreed to distribute cash dividends for S/200,000,000, corresponding to the profit of financial year 2019.

(e) Retained earnings –

As of December 31, 2021 and 2020, according to SBS Resolution No. 886-2018 a debit has been recorded in retained earnings in an amount of S/70,230,000 and S/61,524,000, respectively, due to the application of the new tables in the calculation of mathematical reserves, see note 2.2(s). In addition, as of December 31, 2021, it includes a loss of S/6,673,000 corresponding to the margin over current estimate (MOCE) as an effect of the adoption of SBS Resolution No. 1856-2020, see note 16(e).

(f) Earnings per share -

The basic earnings per share have been calculated based on the weighted average of the outstanding common shares as of the date of the statement of financial position. Shares issued by capitalization of profits are a division of shares and, therefore, for the calculation of the weighted average of the number of shares, it is considered that those shares were always outstanding.

As of December 31, 2021 and 2020, the Company had no financial instruments with dilutive effect, reason why the basic and diluted earnings per share are the same. The calculation of the earnings per share as of December 31, 2021 and 2020, is presented below:

	Outstanding shares (ii) S/(000)	**Treasury shares** S/(000)	**Base shares for calculation** S/(000)	**Effective days in the year**	**Weighted average of common shares** S/(000)
Financial year 2020					
Balance as of January 1, 2020	777,382	(17,708)	759,674	365	759,674
Capitalization (i)	48,148	-	48,148	365	48,148
Capitalization (i)	66,303	-	66,303	365	66,303
Balance as of December 31, 2020 (denominator)	891,833	(17,708)	874,125		874,125
Earnings (numerator)					256,557
Basic and diluted earnings per share					0.294
Financial year 2021					
Balance as of January 1, 2021	825,530	(17,708)	807,822	365	807,822
Capitalization (i)	66,303	-	66,303	365	66,303
Balance as of December 31, 2021 (denominator)	891,833	(17,708)	874,125		874,125
Earnings (numerator)					303,608
Basic and diluted earnings per share					0.347

(i) It corresponds to the capitalization of results of financial year 2019 and 2020, respectively.

(ii) The Company adjusted its calculation of earnings per share as of December 31, 2020 in order to make effective the shares issued by capitalization of retained earnings, as if these transactions had occurred from the beginning of the comparative information, namely January 1, 2020.

22. Tax situation

(a) The Company is subject to the Peruvian tax regime. As of December 31, 2021 and 2020, the income tax rate was 29.5 percent, on the taxable income.

(b) Since January 1, 2010, the income and gains generated by assets, which secure the technical reserves of life insurance companies incorporated or established in the country, for retirement, disability and survival pensions of the annuities from the Private System of Pension Fund Management Entities, established according to the Law, and of other life products traded by life insurance companies, are not levied. In addition, since January 1, 2010, only the interest and capital gains from bonds issued by the Republic of Peru, as well as the interest and capital gains from Deposit Certificates of the Central Bank of Reserve of Peru, used for monetary regularization purposes, are not levied with the income tax. Likewise, interest and capital gains from bonds issued before March 11, 2007 will not be levied.

On the other hand, it should be indicated that through Law No. 30404, published on December 30, 2015, the exemption of the General Sales Tax on the interest generated by securities issued through a public offering by legal entities incorporated or established in the country, was extended until December 31, 2018, provided that the issuance is made under the Securities Market Law, approved by Legislative Decree No. 861, or by the Law of Investment Funds, approved by Legislative Decree No. 862, as applicable.

Through Law 30899, published on December 27, 2018, the exemptions of the General Sales Tax are extended until December 31, 2019.

By Urgency Decree No. 024-2019, published on December 11, 2019, and by Law 31105, published on December 30, 2020, the exemptions contained in said appendices were extended until December 31, 2021.

Law No. 30050 – Law of Promotion of the Securities Market, effective since July 2013, eliminated from Annex II the interest generated by securities issued through a public offering by legal entities incorporated or established in the country, and established them as concepts that are not levied with said tax.

According to article 2 of the General Sales Tax Law (IGV) the interest generated by securities issued through a public or private offering by legal entities incorporated or established in the country is not levied with said tax.

(c) For the determination of the Income Tax, the transfer pricing of the transactions with related companies and with companies that are residents in low or zero taxation territories, must be supported with documentation and information about the valuation methods used and the criteria considered for its determination. Based on the analysis of the Company's operations, Management and its legal advisors are of the opinion that, as a consequence of the application of these rules no important contingencies for the Company will arise as of December 31, 2021 and 2020.

(d) The Tax Authority has the power to review and, if applicable, correct the income tax calculated by the Company in the four years after the year of presentation of the tax return. The income tax returns of years 2017 to 2021 and the general sales tax returns of years 2017 to 2021 are pending audit by the Tax Authority. Due to the possible interpretations that the Tax Authority could have of the legal rules in force, it is not possible to determine, to date, if the reviews carried out will result in liabilities or not for the Company, reason why any higher tax or surcharge that could result from eventual tax audits would be applied to the results of the financial year in which it is determined. However, in the opinion of the Company's Management and its legal advisors, any eventual additional settlement of taxes would not be significant for the financial statements as of December 31, 2021 and 2020.

(e) According to the provisions of the Income Tax Law, as amended, the entities established in Peru that recognize tax loss carryforward have the power to choose between one of the two methods described below for the carryforward.

(i) The tax loss may be used up to four years from the year when the taxable profits are generated.
(ii) The tax loss may be offset with future taxable profits, on a year-by-year basis, until its total extinguishment, applying said loss up to 50 percent of its taxable profit.

The Company's Management, based on the results of its operations and the exemption of the capital gains of the investments that secure the technical obligations, indicated in section (b) above, established an estimated tax loss for financial year 2021 of S/596,757,327 (S/306,408,480 as of December 31, 2020). The Company's Management has chosen the method mentioned in paragraph (i). The amount of the tax loss is subject to the results of the reviews indicated in paragraph (d) above.

(f) As of December 31, 2021 and 2020, in the opinion of the Company and its legal advisors, it was considered that there is no taxable base to determine the income tax, since the Company maintains tax loss carryforward mainly from the gains of exempted financial instruments that secure the technical reserves and, since the Company will not generate future taxable gains, it decided not to establish a deferred asset for income tax.

Legislative Decree No. 1481, published on May 08, 2020 and in force from the day after its publication, sets forth that for the taxpayers who had chosen or choose to offset their total net third-category Peruvian-source loss under system a) of loss offset, will offset the total net third-category Peruvian-source loss that they record in taxable year 2020, imputing it on a year-by-year basis, until exhausting its amount, to the net third-category income obtained by them in the five (5) immediately subsequent financial years, computed from taxable year 2021. It adds that the balance which is not offset once that period has elapsed, cannot be computed in the subsequent financial years.

(g) In July 2018 Law No. 30823 was published, in which the Congress delegated in the Executive Branch the power to legislate in various matters, among them, in tax and financial matters. In this sense, the main tax rules issued are the following:

(i) From January 1, 2019 the treatment applicable to royalties and retributions 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, and now the income tax must be withheld due to the payment or credit of the retribution. (Legislative Decree No. 1369). For said cost or expense to be deductible for the local company, the retribution must have been paid or credited until the date of filing of the annual income tax return (Legislative Decree No. 1369). If the payment or credit occurs in a subsequent financial year, the expense for the services rendered by non-domiciled persons will be deductible in said financial year.

(ii) The rules that regulate the obligation of corporations and/or legal entities to inform the identification of their final beneficiaries were established (Legislative Decree No. 1372). These rules are applicable to corporations domiciled in the country, as established in article 7 of the Income Tax Law, and to the legal entities incorporated in the country. The obligation reaches non-domiciled corporations and legal entities incorporated abroad, provided that: a) they have a branch, agency or other permanent establishment in the country; b) the individual or corporation who manages the autonomous equity or the investment funds abroad, or the individual or corporation who has the condition of protector or administrator, is domiciled in the country; c) any of the parties of a consortium is domiciled in the country. This obligation will be complied through the filing with the Tax Authority of an Informative Affidavit, which must contain the information of the final beneficiary and must be filed according to the regulations and in the terms established through SUNAT Resolution. Notice that, if any modification to the informative affidavit filed by the Company has occurred, related to the identification of the final beneficiaries thereof, it must inform said update to the Tax Administration.

(iii) The Tax Code was modified with the purpose of providing more guarantees to the taxpayers in the application of the general anti-avoidance rule (Rule XVI of the Preliminary Title of the Tax Code); as well as to provide the Tax Administration with tools for its effective implementation (Legislative Decree No.1422).

As part of this modification, a new assumption of joint liability is contemplated, when the tax debtor is subject to the application of the measures established by Rule XVI if cases of avoidance of tax rules are detected; in that case, the joint liability will be attributed to the legal representatives, provided that they had cooperated with the design or the approval or the performance of acts or situations or economic relationships contemplated as elusive in Rule XVI. In the case of companies that have a Board of Directors, this corporate body must define the tax strategy of the entity, deciding on the approval or not of acts, situations or economic relationships to be carried out under tax planning, being this power non-delegable. The acts, situations and economic relationships carried out under tax planning and implemented as of the effective date of Legislative Decree No. 1422 (September 14, 2018) and which are still effective, must be evaluated by the Board of Directors of the corporation for their ratification or modification until March 29, 2019, notwithstanding that the management or other administrators of the company had approved at the time said acts, situations and economic relationships.

It has also been established that the application of Rule XVI, as regards the recharacterization of the cases of tax avoidance, will occur in the procedures of definitive audit in which acts, facts or situations occurred since July 19, 2012 are reviewed.

(iv) Modifications to the Income Tax Law were included, effective from January 1, 2019, to improve the tax treatment applicable to (Legislative Decree No. 1424):

- Income obtained from the indirect transfer of shares or equity interests representing the capital of corporations domiciled in the country. The most relevant changes are the inclusion of a new case of indirect transfer, which occurs when the total amount of the shares of the domiciled corporation which indirect transfer is made is equal to or higher than 40,000 Tax Units (UIT, for its initials in Spanish).

- The permanent establishments of sole proprietorships, corporations and entities of any kind incorporated abroad. For that purpose, new cases of permanent establishment have been included, among them, when the provision of services occurs in the country, regarding a same project, service or for a related one, for a period that in total exceeds 183 calendar days within any twelve-month period.

- The regime of credits against the Income Tax for taxes paid abroad, to incorporate indirect credit (corporate tax paid by subsidiaries abroad) as credit applicable against the Income Tax of domiciled corporations, in order to prevent double economic taxation.

The deduction of interest expenses for the determination of the corporate Income Tax. For that purpose, in years 2019 and 2020, the indebtedness limit established as three times the shareholders' equity as of December 31 of the previous year will be applicable, both to loans with related parties, and to loans with third parties taken from September 14, 2018. From 2021 the limit for the deduction of financial expenses will be equal to 30 percent of the entity's EBITDA.

(v) Rules have been established for the accrual of income and expenses for tax purposes from January 1, 2019 (Legislative Decree No. 1425). Until year 2018 there was no regulatory definition of this concept, reason why, in many cases, accounting standards were used for its interpretation. In general terms, with the new criterion, for the determination of the Income Tax, now it will matter if the material events for the generation of the income or expense agreed by the parties have occurred, which are not subject to a suspensive condition, in which case, the recognition will occur when it is fulfilled and the time of collection or payment established will not be taken into account, and, if the determination of the consideration depends on a future fact or event, the corresponding income or expense will be deferred in whole or in part until said fact or event occurs.

(h) In April 2020 Legislative Decree No. 1471 was published, which established a regime of suspension of payments on account for the periods from April to July of financial year 2020, through which the net income obtained in a period was compared with the one obtained in the same month of taxable year 2019, and if said income had decreased in 30%, the suspension of payment on account was applicable.

(i) Legislative Decree No. 1488, published on May 10, 2020, established a special depreciation regime through which from taxable year 2021, buildings and constructions can be depreciated, for income tax purposes, applying an annual depreciation percentage of twenty percent (20%) until their total depreciation, provided that the assets are exclusively used for corporate development and comply with the following conditions:

The construction would have begun on January 1, 2020. It is considered as commencement of the construction the moment when the construction permit is obtained.

Until December 31, 2022 the construction had a work progress of at least eighty percent (80%). In the case of constructions that have not been completed until December 31, 2022, it is presumed that the work progress as of said date is less than eighty percent (80%), unless it is proven otherwise. It is considered that the construction has been completed when it has been obtained from the corresponding municipal body the acceptance of work or other document established by the Regulations. What is indicated may be applicable also for those that, during years 2020, 2021 and 2022, acquire the ownership of assets that comply with the conditions contemplated in paragraphs a) and b) above. What is established in this paragraph does not apply when said assets have been built, in whole or in part, before January 1, 2020.

In addition, new maximum depreciation percentages were established for personal properties.

(j) Law No. 31106 modified Article 19 of the Income Tax Law, in order to extend the exemptions contained in said Article.

In that sense, it is established that the concepts included in said rule, such as the benefits or participations in life insurance obtained by the insured, will be exempted from said tax until December 31, 2023.

(k) On January 4, 2019, Interseguro was notified with a Resolution of Assessment related to the partial audit of the Income Tax of non-domiciled persons corresponding to the taxable period of January 2015 for Sura, see note 2. The tax debt assessed by SUNAT added up to approximately S/19,000,000. On January 30, 2019, the Company filed an appeal against the Resolution of Assessment with the Tax Authority. Considering that this debt corresponds to a period before the acquisition of Sura by the Group and according to the conditions of the purchase agreement of this entity, this debt, if confirmed after the legal actions filed by Management, would be borne by the sellers. On November 12, 2020, the Tax Court issued a favorable decision for Interseguro revoking the Resolution of Assessment issued by SUNAT. As of the date of this report, SUNAT has not appealed the decision of the Tax Court and, therefore, Interseguro has declared this contentious-tax proceeding with SUNAT finished.

On May 03, 2021, the Tax Administration notified Interseguro the commencement of the partial audit process for the Income Tax of tax year 2017. On December 24, 2021, Interseguro was notified with the Resolution of Assessment for closing of audit, which readjusts the loss and no amount payable or penalty to Interseguro is determined.

23. Investment income, net

(a) The item is made up as follows:

	2021 S/(000)	2020 S/(000)
Income		
Interest of financial instruments	598,573	566,301
Profit from the sale of financial instruments (b)	333,104	174,297
Valuation of instruments (CPP)	147,823	42,309
Lease of real properties, see note 10(e)	68,014	46,151
Received dividends	54,346	50,785
Accrual of unrealized results of debt instruments reclassified to held-to-maturity	7,162	13,087
Accrual of income from deferred sales of financial instruments, note 19	6,087	6,111
Recovery of doubtful debt	1,561	-
Interest of loans to insured	1,542	1,020
Equity interest in share certificates, (c)	913	3,088
Gain from changes in the fair value of financial investments, note 4(c)	-	12,246
Impairment recovery, note 8(b) and 8(i)	-	3,553
Other income	437	1,164
	1,219,562	920,112
Expenses		
Loss from sale of financial instruments (b)	66,620	53,735
Impairment of financial instruments, notes 8(b), 8(h), 9(b) and 9(d)	61,995	39,099
Loss from changed in the fair value of financial investments, note 4(c)	23,213	-
Interest of subordinated bonds, see note 17(b)	12,495	8,299
Changes in the fair value of real estate investments, note 2.1 and 10(a)	11,344	-
Overprice or underprice	11,292	10,685
Expenses for real estate investments	9,556	5,532
Expenses of the investment department and other expenses (d)	8,087	9,421
Interest of notes	526	-
Provision for doubtful debt, see note 6(i)	-	4,716
Other expenses	2,286	1,451
	207,414	132,938
Total net	1,012,148	787,174

(b) The item is made up as follows:

	2021 S/(000)	2020 S/(000)
Profit from the sale of financial instruments		
Debt instrument	168,219	130,945
Equity instrument	164,885	43,352
	333,104	174,297
Loss from the sale of financial instruments		
Debt instrument	6,262	14,041
Equity instrument	60,358	39,694
	66,620	53,735
Net	266,484	120,562

(c) It corresponds to the effect of the results generated by the interests held by the Company in Interproperties, without including the effect of changes in the fair values of the real properties.

(d) As of December 31, 2021 and 2020, they mainly include personnel expenses, services provided by third parties and taxes of the investment department of the Company, as well as commissions, financial expenses and fees incurred in the purchase, sale and custody of investments, which are included in this item according to the rules of the SBS.

24. Administrative expenses, net

The item is made up as follows:

	2021 S/(000)	2020 S/(000)
Personnel charges, see note 25	39,230	38,545
Services provided by third parties	38,612	20,708
Other management charges	20,696	15,867
Taxes	10,667	6,928
Amortization and depreciation, see notes 11(a) and 12(a)	6,039	6,730
Provision for doubtful debt, see note 6(i)	807	800
	116,051	89,578

25. Personnel charges and average of number of employees

Personnel charges are detailed below:

	2021 S/(000)	2020 S/(000)
Salaries	19,322	17,432
Bonuses	10,855	11,624
Severance pay (*Compensación por tiempo de servicios*)	3,013	2,420
Healthcare	1,994	1,856
Vacation	1,809	1,534
Rewards	302	408
Commissions	68	31
Other social security charges	1,867	3,240
Total personnel charges	39,230	38,545
Average number of employees	751	701

26. Effective equity

According to SBS Resolution No. 1124-2006, modified by SBS resolutions No. 8243-2008, No. 2574-2008, No.12687-2008, No. 2742-2011, No. 2842-2012, No. 6271-2013, No. 2904-2014, No.1601-2015, No. 603-2016, No. 4025-2016, No. 6394-2016, No. 925-2016, No. 3930-2017, No. 681-2018, No. 4838-2019, No. 2388-2021, No. 3872-2021, No. 1761-2021 and No. 1143-2021, the Company is obliged to maintain an effective equity level with the purpose of maintaining a minimum equity intended to support the technical risks and other risks that could affect it. The effective equity must be higher than the sum of the solvency equity, the guarantee fund and the effective equity intended to cover credit risks.

According to SBS Resolution No. 7034-2012, as amended, the unrealized net gains as a result of fluctuations by fair value of available-for-sale investments are not part of the effective equity. Said resolution also establishes that the surplus of unrealized net losses over retained earnings and the net profit of the year, and without a profit capitalization resolution, must be deducted from the effective equity. If there are no retained earnings or net profit of the year, the total unrealized net losses will be deducted from the effective equity.

Said resolution also establishes that the surplus of unrealized net losses over retained earnings and the net profit of the year, with or without a capitalization resolution, must be deducted from the effective equity.

(a) The effective equity as of December 31, 2021 and 2020 comprises:

	2021 S/(000)	**2020** S/(000)
Paid capital	891,833	825,530
Additional capital (*)	(63,460)	(63,460)
Treasury shares (**)	(17,708)	(17,708)
Reserves	317,893	294,687
Computable portion of subordinated bonds (***)	259,155	235,365
Profits with capitalization resolution (****)	-	85,000
Effective equity	1,387,713	1,359,414

(*) It corresponds to the higher value paid for the shares acquired from Seguros Sura. According to SBS Resolution No. 1124-2006, the Company, for the calculation of the effective equity, must deduct the amount of the higher value paid.

(**) It corresponds to treasury shares of the Company acquired from the merger with Seguros Sura as of March 31, 2018. According to SBS Resolution No. 681-2018, dated February 21, 2018, for the calculation of the effective equity shares of the Company itself must not be considered.

(***) According to SBS Resolution No. 6599 -2011, dated June 3, 2011, for the calculation of the redeemable subordinated debt in the effective equity, the annual discount factor of 20 percent was proportionally applied on the balance of the principal of the subordinated debt, factor to be used during the five (5) years previous to the maturity of the debt, so that in the last year it is not computable. As of December 31, 2019 and 2018, the Company maintains as computable portion 100 percent over the redeemable balance payable of the second program of the subordinated bonds as of said date.

(****) As of December 31, 2020, the Company agreed to capitalize a total amount of S/85,000,000 from the profits of financial year 2020, which was approved in the board of directors' meetings held in the months of June and December 2020 (S/50,000,000 and S/35,000,000; respectively).

Solvency equity is comprised by the higher between the solvency margin and the minimum capital. As of December 31, 2021, solvency equity is comprised by the solvency margin that adds up to S/672,551,000 (S/607,841,000 as of December 31, 2020), being the minimum capital an amount of S/7,790,000 as of December 31, 2021 according to circular letter No. G212-2021 (S/6,885,000 as of December 31, 2020 according to circular letter No. G-207-2020).

(b) The solvency margin is the complementary support that companies must have to face possible situations of excess of claims not foreseen in the establishment of the technical reserves. The total solvency margin corresponds to the sum of the solvency margins of the sectors in which the Company operates.

(c) In addition, the guarantee fund represents the additional equity support that companies must have to face the other risks that could affect them and which are not covered by the solvency equity, such as investment risks and other risks. The monthly amount of said fund must be equal to 35 percent of the solvency equity, as indicated in Resolution No. 1124–2006. As of December 31, 2021, the guarantee fund adds up to S/235,393,000 (S/212,744,000 as of December 31, 2020).

As a result of the foregoing, the Company has the following total effective coverage surplus:

	2021 S/(000)	2020 S/(000)
Total effective equity	1,387,713	1,359,414
Less:		
Solvency equity, note 28	672,551	607,841
Guarantee fund, note 27	235,393	212,744
Surplus	479,769	538,829

27. Support of technical obligations

The Company has the following assets accepted as support, which cover the entire obligation as of December 31, 2021 and 2020:

	2021 S/(000)	2020 S/(000)
Eligible investments		
Cash and cash equivalents, net of other accounts receivable and payable of investments	484,731	160,782
Time deposits	574,010	147,771
Shares and mutual fund investments in securities	944,983	1,150,660
Bonds	10,741,755	9,824,992
Foreign investments	164,607	153,050
Loans guaranteed by insurance policies	13,980	12,990
Real estate investments	1,382,135	1,236,803
Premiums receivable not due and not accrued	9,052	5,689
Other eligible investments	-	2,614
Total assets accepted as support	14,315,253	12,695,351
Technical obligations		
Technical reserves	12,534,658	11,280,151
Solvency equity, note 28	672,551	607,841
Guarantee fund, note 26	235,393	212,744
Total technical obligations	13,442,602	12,100,736
Surplus	872,651	594,615

The Company's assets that support technical obligations do not have liens, seizure or other injunctive relief, act or agreement that prevents or restrains their free availability.

The Company's Management maintains permanent control and follow-up of the evolution of those indicators and, in its opinion, the investment portfolio adequately supports the technical obligations of the Company as of December 31, 2021 and 2020 and they are free from any lien as of the date of the financial statements.

As of December 31, 2021 and 2020, the Company maintains a financial investment which rating is below the investment grade, however, this investment qualifies as eligible by exception according to the provisions of article 29 of Resolution No. 1041-2016, dated February 28, 2016.

28. Solvency margin

According to Article No. 303 of Law No. 26702 – General Law of the Financial System and Insurance System and Organic Law of the SBS, and SBS Resolution No. 1124-2006, modified by resolutions No. 2574-2008, No. 8243-2008, No. 12687-2008, No. 2742-2011, No. 2842-2012, No. 6271-2013, No. 2904-2014, No.1601-2015, No. 603-2016, No. 4025-2016, No. 6394-2016, No. 925-2016, No. 3930-2017, No. 681-2018, No. 4838-2019, No. 2388-2021, No. 3872-2021, No. 1761-2021 and No. 1143-2021, the Company is obliged to calculate the solvency margin as one of the parameters used in the determination of the coverage of the effective equity mentioned in note 26. Said margin is basically the higher amount resulting from applying certain percentages to the production of the last twelve months or to the expenses for claims, net of the recoveries corresponding to a period according to each type of insurance.

As of December 31, 2021, the solvency margin determined by the Company adds up to S/672,551,000 (S/607,841,000 as of December 31, 2020) and it has been calculated based on the premiums of general and life insurance.

29. Transactions with related companies

(a) Below are the main balances of the accounts receivable and payable that the Company maintains with its related companies as of December 31, 2021 and 2020:

	2021 S/(000)	2020 S/(000)
Assets and liabilities		
Current and savings accounts (b)	3,914	170
Other accounts receivable (c)	4,566	5,833
Available-for-sale investments (d)	20,068	-
Other investments (d)	3	2,616
Other accounts payable (c)	755	155
Results		
Income from premiums (h)	13,879	24,243
Income from rentals	30,406	18,440
Investment income	14,349	6,395
Claims (h)	(3,408)	(1,495)
Expenses for commissions (h)	(57,383)	(72,005)
Administrative expenses	(3,862)	(1,280)

(b) As of December 31, 2021 and 2020, it corresponds to time deposits and current and savings accounts held in Banco Internacional del Perú S.A.A. – Interbank.

(c) The balance of the accounts receivable and payable is summarized as follows:

	2021 S/(000)	2020 S/(000)
Colégios Peruanos S.A.C. (e)	3,437	2,460
Homecenters Peruanos S.A. (f)	750	-
Supermercados Peruanos S.A. (g)	373	-
Universidad Tecnológica del Perú (e)	-	3,373
Others	6	-
Total accounts receivable from related companies	4,566	5,833
Interbank (e)	755	155
Total accounts payable to related companies	755	155

(d) The investments that the Company maintains with related companies are as follows:

	2021 S/(000)	2020 S/(000)
Available-for-sale investments		
Colegios Peruanos S.A.C.	20,068	-
	20,068	-
Other investments		
Cineplex	-	2,613
Other investments	3	3
	3	2,616

(e) As of December 31, 2021 and 2020, it corresponds mainly to the accounts receivable from the rental of real properties to related companies.

(f) As of December 31, 2020, it corresponds to the lease receivable related to the Surface right agreement for a land located in the district of Ate vitarte for a 30-year period. On said lands the Company has built a store for the benefit of its related company.

(g) The Company maintains a contract for sales channel of SOAT certificates with its related company Supermercados Peruanos S.A., for which it pays it a 5 percent commission for the sales made.

(h) Fees of the board of directors -
The total fees of the board of directors added up to S/419,000 and S/371,000 for years 2021 and 2020, respectively, and it is included in the item “Administrative expenses, net” of the statement of income.

(i) Remuneration of key personnel -
The total remuneration of the officers of the Company for years 2021 and 2010 accounted for 0.80 percent and 1.30 percent of the net income, respectively (item “Net insurance premiums” of the statement of income).

30. Risk management

Risk management is a structured approach to manage uncertainty related to a threat. The strategies include transferring the risk to another party, measuring the risk, reducing the negative effects of the risk and accepting some or all the consequences of a particular risk.

(a) Management framework -

The Company contracts and manages life risk insurance and reinsurance operations. In addition, it makes financial investments investing the funds obtained in high-quality assets in order to generate profitability and ensure the adequate matching of flows and currency with the insurance obligations.

In this sense, risk is inherent to the Company's activities, but it is managed through an identification, measurement and continuous monitoring process, subject to risk limits and other controls. This risk management process is critical for the continuous profitability of the Company, and every person inside the Company is responsible for the risk exposures related to their functions. The Company is exposed to insurance risk, operation risk, credit risk, liquidity risk, real estate risk, and market risk, being the latter divided into exchange risk to interest rates, exchange rates and price.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. These are monitored through the Company's strategic planning process.

(b) Risk management structure -

The Company's Board of Directors is finally responsible for identifying and carrying out the risk control monitoring; however, there are different separate and independent departments responsible for risk management and monitoring, as explained below:

(i) Board of Directors

The Board of Directors is responsible for the general approach for risk management and it is responsible for the approval of the policies and strategies currently used. The Board of Directors provides the principles for risk management in general, as well as the policies prepared for specific areas, such as exchange rate risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

(ii) Investment risk unit

The investment risk unit is responsible for the strategy used for the mitigation of investment and financial risks; as well as for establishing the principles, policies and general limits for the different types of financial risks and real estate risks; as well as for the monitoring thereof.

In addition, the Company follows the guidelines related to comprehensive risk management under the scope of the various rules issued by the SBS, which do not oppose to the criteria indicated in the disclosures included in this section.

(c) Capital management -

The Company actively manages a capital base to cover the risks inherent to its activities. The capital adequacy of the Company is monitored using, among other measures, the rules and ratios established by SBS, the supervising authority for consolidation purposes.

The objectives of the Company when it manages capital, which is a wider concept than "Shareholders' equity" shown in the statement of financial position, is described in note 27 and include: (i) to meet the capital requirements established by the regulatory entities of the sector in which the Company's entities operate; (ii) to safeguard the Company's capacity to continue operating in such a way that it continues providing returns to the shareholders and benefits to the other participants; and (iii) to maintain a strong capital base to support the development of its activities.

30.1 Insurance risk -

The risk contemplated under an insurance contract, in any of its different modalities, is the possibility that the insured event occurs and, therefore, the uncertainty is realized as regards the amount of the resulting claim. Due to the nature of the insurance contract, this risk is random and, therefore, unpredictable.

As regards a portfolio of insurance contracts where the theory of the large numbers and probabilities is applied to fix prices and order provisions, the main risk faced by the Company is that the claims and/or payments of benefits covered by the policies exceed the book value of the insurance liabilities. This could occur in the extent that the frequency and/or severity of claims and benefits is higher than what was calculated. The factors considered to conduct the insurance risk assessment are:

- Frequency and severity of claims.
- Uncertainty sources in the calculation of payments of future claims.
- Mortality tables for different coverage plans in life insurance.
- Changes in the market rates of the investments that have direct incidence on the discount rates to determine the mathematical reserves.
- Specific requirements established by SBS according to the insurance plans.

The Company has automatic reinsurance coverage contracts that protect against losses by frequency and severity. The objective of these reinsurance negotiations is that the total net insurance losses do not affect the Company's equity and liquidity in any year.

The Company has developed its insurance subscription strategy to diversify the type of insurance risks accepted. The factors that aggravate the insurance risk include the lack of risk diversification in terms of risk type and amount, and the geographical location. The subscription strategy tries to guarantee that the subscription risks are well diversified in terms of risk type and amount. Subscription limits work to execute the criterion of selection of adequate risks.

The sufficiency of reserves is a principle of insurance management. The technical reserves of claims and premiums are estimated by actuaries of the Company and reviewed by independent experts in the cases required.

Management permanently monitors the trends of claims, which enables it to make estimates of incurred but not reported claims supported by recent information. These estimates are also reviewed by independent experts.

In addition, the Company is exposed to the risk that the mortality rates associated to its customers do not reflect the real mortality, which could cause that the premium calculated for the coverage offered be insufficient to cover the claims; for this reason, the Company carries out a careful risk selection or subscription when issuing the policies, because through it, it can classify the risk level of a proposed insured, analyzing characteristics such as gender, being a smoker, health condition, among others.

In the specific case of the business of annuities, the risk assumed by the Company consists in that the actual life expectation of the insured population be higher than the one estimated at the time of determining the annuity, which would mean a deficit of reserves to comply with the payment of the pensions.

As regards the reinsurance risk, the Company's policy is to enter into contracts only with companies with an international rating determined by the rules of the SBS. In addition, the Company signs reinsurance contracts as part of its risk reduction program, which may be proportional and non-proportional. Most of proportional reinsurance corresponds to automatic contracts, which are obtained to reduce the Company's exposure to certain business categories. Non-proportional reinsurance is mainly the reinsurance loss surplus used to mitigate the Company's net exposure to losses for catastrophic risk. The limits for the withholding of reinsurance loss surplus vary by line of product and geographical area.

The Company has also limited its exposure defining maximum claim amounts in certain contracts and in the use according to reinsurers to limit the exposure to catastrophic events.

Insurance products do not have particularly relevant terms or clauses that could have a significant impact or represent important uncertainties on the Company’s cash flows.

30.2 Financial risks

According to what is established in SBS Resolution No. 7037-2012, Management has considered practicable to make the disclosures related to financial risk management of the various categories of financial instruments that the Company presents in the financial statements as of December 31, 2021 and 2020.

As of December 31, 2021 and 2020, the Company presents the following categories of financial instruments:

	As of December 31, 2021					
	Financial assets and liabilities designated at fair value S/(000)	**Loans and accounts receivable** S/(000)	**Available-for-sale investments** S/(000)	**Held-to-maturity investments** S/(000)	**Liabilities at amortized cost** S/(000)	**Total** S/(000)
Assets						
Cash and cash equivalents	-	1,054,321	-	-	-	1,054,321
Investments at fair value through profit or loss	317,252	-	-	-	-	317,252
Accounts receivable from insurance operations, net	-	9,067	-	-	-	9,067
Accounts receivable from reinsurers and coinsurers	-	11,254	-	-	-	11,254
Other accounts receivable, net	-	112,541	-	-	-	112,541
Available-for-sale investments, net	-	-	2,772,648	-	-	2,772,648
Held-to-maturity investments	-	-	-	8,876,229	-	8,876,229
Total assets	317,252	1,187,183	2,772,648	8,876,229	-	13,153,312
Liabilities						
Subordinated bonds	-	-	-	-	259,155	259,155
Financial liabilities	-	-	-	-	226,713	226,713
Accounts payable to reinsurers and coinsurers	-	-	-	-	4,215	4,215
Other accounts payable	-	-	-	-	95,605	95,605
Technical reserves for claims and premiums	-	-	-	-	12,585,038	12,585,038
Total liabilities	-	-	-	-	13,170,726	13,170,726

	As of December 31, 2020					
	Financial assets and liabilities designated at fair value S/(000)	**Loans and accounts receivable** S/(000)	**Available-for-sale investments** S/(000)	**Held-to-maturity investments** S/(000)	**Liabilities at amortized cost** S/(000)	**Total** S/(000)
Assets						
Cash and cash equivalents	-	355,730	-	-	-	355,730
Investments at fair value through profit or loss	117,731	-	-	-	-	117,731
Accounts receivable from insurance operations, net	-	9,869	-	-	-	9,869
Accounts receivable from reinsurers and coinsurers	-	14,872	-	-	-	14,872
Other accounts receivable, net	-	62,744	-	-	-	62,744
Available-for-sale investments, net	-	-	2,314,885	-	-	2,314,885
Held-to-maturity investments	-	-	-	9,036,639	-	9,036,639
Total assets	117,731	443,215	2,314,885	9,036,639	-	11,912,470
Liabilities						
Subordinated bonds	-	-	-	-	235,365	235,365
Financial liabilities	-	-	-	-	-	-
Accounts payable to reinsurers and coinsurers	-	-	-	-	7,177	7,177
Other accounts payable	-	-	-	-	115,539	115,539
Technical reserves for claims and premiums	-	-	-	-	11,336,712	11,336,712
Total liabilities	-	-	-	-	11,694,793	11,694,793

In addition, according to said Resolution, we explain below the policies maintained by the Company for the management of financial risks.

(a) Credit risk -
The Company is exposed to the credit risk, which is the risk that a counterpart be unable to pay its debts in full on maturity. The Company has implemented various credit risk control policies, which apply to all securities issued by governments, private companies and banks. With this purpose, minimum risk rating levels have been determined, which are considered when investing in these assets.

The financial assets with potential credit risk mainly consist in cash and cash equivalents, financial investments, accounts receivable from insurance premiums, accounts receivable from reinsurers and other accounts receivable. Cash and cash equivalents are placed in prestigious financial institutions of the local market. The investments are made in instruments issued by prestigious companies in the local and foreign market, as well as in securities representing the Peruvian external debt, which have an active market at international level. In addition, the customer portfolio to whom individual life insurance and annuity insurance coverage is granted, is a diversified portfolio.

On the other hand, for the debtor's life insurance branch, the portfolio is focused on the customers of its related companies Banco Internacional del Perú S.A.A.- Interbank and Financiera Oh S.A. (formerly, Financiera Uno S.A.), in approximately 98 percent of said balance. Finally, the accounts receivable from leases are reviewed from time to time to ensure their recovery and the credit risk is managed by Management, according to the policies, procedures and controls duly established.

(i) Exposure of assets by credit rating -

The table below shows the credit rating of financial assets as of December 31, 2021 and 2020:

	As of December 31, 2021						
International rating	**AAA** S/(000)	**AA+ to AA-** S/(000)	**A+ to A-** S/(000)	**BBB+ to BBB-** S/(000)	**BB+ to BB** S/(000)	**No rating** S/(000)	**Total** S/(000)
Cash and cash equivalents	-	-	-	-	-	461,722	461,722
Investments at fair value through profit or loss	-	-	-	1,887	-	305,018	306,905
Accounts payable from reinsurers and coinsurers	-	3,815	5,349	-	-	-	9,164
Available-for-sale investments, net							
Public Treasury Bonds	-	-	-	451,344	-	-	451,344
Corporate and financial bonds	-	-	157,006	847,729	-	-	1,004,735
Participations in investment funds	-	-	-	-	-	54,560	54,560
Foreign shares	-	-	-	-	-	415,956	415,956
Held-to-maturity investments							
Corporate and financial bonds	-	31,603	46,283	2,490,278	451,470	-	3,019,634
Sovereign bonds	-	-	-	3,305,311	-	-	3,305,311
Total	-	35,418	208,638	7,096,549	451,470	1,237,256	9,029,331

	As of December 31, 2021						
Local rating	**AAA** S/(000)	**AA+ to AA-** S/(000)	**A+ to A-** S/(000) (*)	**BBB+ to BBB-** S/(000)	**BB+ to BB** S/(000)	**No rating** S/(000)	**Total** S/(000)
Cash and cash equivalents	-	-	-	-	-	592,599	592,599
Investments at fair value through profit or loss	-	-	-	-	-	10,347	10,347
Accounts receivable from insurance operations, net	-	-	-	-	-	9,067	9,067
Accounts receivable from reinsurers and coinsurers	-	-	2,090	-	-	-	2,090
Other accounts receivable, net	-	-	-	-	-	105,170	105,170
Available-for-sale investments, net							
Local corporate and financial bonds	151,070	421,099	-	-	-	-	572,169
Shares of the Peruvian private sector	-	-	-	-	-	242,229	242,229
Joint ventures	-	-	-	-	-	13,915	13,915
Real estate investment funds	-	-	-	-	-	17,740	17,740
Held-to-maturity investments	-	-	-	-	-	-	-
Corporate and financial bonds	408,933	2,009,580	29,971	-	-	-	2,448,484
Sovereign bonds	102,800	-	-	-	-	-	102,800
Total	662,803	2,430,679	32,061	-	-	991,067	4,116,610

(*) It includes bonds issued by Rutas de Lima classified as held-to-maturity investments for a net book value of S/252,971,000.

International rating	AAA S/(000)	AA+ to AA- S/(000)	A+ to A- S/(000)	BBB+ to BBB- S/(000)	BB+ to BB S/(000)	CCC+ S/000 (*)	No rating S/(000)	Total S/(000)
	As of December 31, 2020							
Cash and cash equivalents	-	-	-	-	-	-	173,853	173,853
Investments at fair value through profit or loss	-	-	-	1,700	-	-	106,695	108,395
Accounts receivable from reinsurers and coinsurers	-	8,603	1,624	-	-	-	-	10,227
Available-for-sale investments, net								
Public Treasury Bonds	-	-	116,500	69,789	-	-	-	186,289
Corporate and financial bonds	-	-	-	716,814	96,450	-	-	813,264
Participations in investments funds	-	-	-	-	-	-	94,293	94,293
Foreign shares	-	-	-	-	-	-	714,016	714,016
Held-to-maturity investments								
Corporate and financial bonds	-	31,690	42,072	2,720,463	106,328	224,738	-	3,125,291
Sovereign bonds	-	-	957,928	1,783,744	-	-	-	2,741,672
Total	-	40,293	1,118,124	5,292,510	202,778	224,738	1,088,857	7,967,300

Local rating	AAA S/(000)	AA+ to AA- S/(000)	A+ to A- S/(000)	BBB+ to BBB- S/(000)	BB+ to BB S/(000)	CCC+ S/000	No rating S/(000)	Total S/(000)
	As of December 31, 2020							
Cash and cash equivalents	-	-	-	-	-	-	181,877	181,877
Investments at fair value through profit or loss	-	-	-	-	-	-	9,336	9,336
Accounts receivable from insurance operations, net	-	-	-	-	-	-	9,869	9,869
Accounts receivable from reinsurers and coinsurers	-	-	4,645	-	-	-	-	4,645
Other accounts receivable, net	-	-	-	-	-	-	55,776	55,776
Available-for-sale investments, net								
Local corporate and financial bonds	-	167,503	-	-	-	-	-	167,503
Public Treasury Bonds	-	-	-	-	-	-	-	-
Shares of the Peruvian private sector	-	-	-	-	-	-	302,853	302,853
Joint ventures	-	-	-	-	-	-	13,915	13,915
Real estate investment funds	-	-	-	-	-	-	22,752	22,752
Held-to-maturity investments								
Corporate and financial bonds	616,967	2,407,744	30,052	-	-	-	-	3,054,763
Sovereign bonds	112,299	-	-	-	-	-	-	112,299
Real estate projects	-	-	-	-	-	-	2,614	2,614
Total	729,266	2,575,247	34,697	-	-	-	598,992	3,938,202

(*) It includes bonds issued by Rutas de Lima classified as held-to-maturity investments for a net book value of S/224,738,000.

(ii) Exposure of assets by country -

The Company considers within its risk measures, the diversification by geographical area. As of December 31, 2021, the Company maintains a degree of concentration of its investors of 67 percent in Peru (68 percent in 2020) as it can be seen in the table below:

	As of December 31, 2021				
By geographical area	**For trading or for coverage purposes** S/(000)	**Loans and accounts receivable** S/(000)	**Available-for-sale investments, net** S/(000)	**Held-to-maturity investments** S/(000)	**Total** S/(000)
Peru	10,348	711,505	1,429,707	6,646,993	8,798,553
Mexico	1,886	3,044	71,418	1,370,442	1,446,790
United States	305,018	466,190	181,012	81,272	1,033,492
Chile	-	-	486,187	173,107	659,294
Brazil (*)	-	82	12,390	434,319	446,791
England	-	-	356,732	-	356,732
Panama	-	-	226,137	-	226,137
Colombia	-	-	9,065	138,493	147,558
South Korea	-	-	-	31,603	31,603
Germany	-	4,614	-	-	4,614
France	-	15	-	-	15
Others	-	1,733	-	-	1,733
Total assets	317,252	1,187,183	2,772,648	8,876,229	13,153,312

(*) The Company maintains instruments of companies of Brazilian capital that correspond to Arco Platform Ltd, Votorantin and GTLTradeFinance.

	As of December 31, 2020				
By geographical area	**For trading or for coverage purposes** S/(000)	**Loans and accounts receivable** S/(000)	**Available-for-sale investments, net** S/(000)	**Held-to-maturity investments** S/(000)	**Total** S/(000)
Peru	9,336	259,169	859,891	6,933,740	8,062,136
Mexico	1,700	-	478,471	871,161	1,351,332
Brazil (*)	-	103	133,099	512,878	646,080
United States	106,695	174,559	324,825	140,120	746,199
Chile	-	-	86,022	283,920	369,942
England	-	1,309	358,848	-	360,157
Colombia	-	-	-	263,130	263,130
South Korea	-	-	-	31,690	31,690
Panama	-	-	19,223	-	19,223
New Zealand	-	-	15,976	-	15,976
Malaysia	-	-	15,575	-	15,575
France	-	3,242	-	-	3,242
Others	-	4,833	22,955	-	27,788
Total assets	117,731	443,215	2,314,885	9,036,639	11,912,470

(*) The Company maintains instruments of companies of Brazilian capital that mainly correspond to Votorantin, Vale Do Río Doce, Suzano Papel e Celulose S.A. and TL Trade Finance.

(b) Liquidity risk (unaudited) –

The Company is exposed to daily requirements of its resources in cash available mainly due to claims resulting from short-term insurance contracts. The liquidity risk is the risk that cash may not be available to pay obligations on their maturity at a fair cost. The Board of Directors establishes limits on the minimum proportion of the maturity funds available to meet these requirements and in a minimum level of credit facilities that must be available to cover the maturities, claims and waivers of unexpected demand levels. The Company controls the liquidity required through an adequate management of the maturities of assets and liabilities, in order to achieve the matching between the flow of future income and payments. In addition, the Company maintains a structural liquidity position (available asset) that enables it to adequately face possible unexpected liquidity requirements. In addition, the Company's investments are focused on financial instruments of high quality and liquidity that could be realized (sold) if they were required by any non-ordinary situation of the business and/or by the regulatory body.

The tables presented below summarize the maturity profile of the Company's financial assets and liabilities as of December 31, 2021 and 2020. Specifically, the accounts have been divided into current (for terms shorter than or equal to one year), non-current (for terms longer than one year) and accounts without maturity (mainly comprised by shares and participations in investment funds).

	As of December 31, 2021							
	Book value	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Without maturity	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Financial assets								
Cash and cash equivalents	1,054,321	574,010	-	-	-	-	480,311	1,054,321
Investments at fair value through profit or loss	317,252	47,186	-	47,186	377,489	1,122,150	315,365	1,909,376
Accounts receivable from insurance operations, net	9,067	-	9,067	-	-	-	-	9,067
Accounts receivable from reinsurers and coinsurers	11,254	-	11,254	-	-	-	-	11,254
Other accounts receivable, net	112,541	41,435	27,852	28,804	13,840	610	-	112,541
Available-for-sale investments, net	2,772,648	5,825	29,996	134,797	586,188	3,069,965	744,400	4,571,171
Held-to-maturity investments	8,876,229	71,975	132,971	437,280	2,596,221	13,895,917	-	17,134,364
Total	13,153,312	740,431	211,140	648,067	3,573,738	18,088,642	1,540,076	24,802,094
Financial liabilities								
Subordinated bonds	259,155	-	-	-	-	259,155	-	259,155
Financial liabilities	226,713	226,713	-	-	-	-	-	226,713
Accounts payable to reinsurers and coinsurers	4,215	-	4,215	-	-	-	-	4,215
Taxes and other accounts payable	95,605	48,561	36,261	8,109	2,674	-	-	95,605
Technical reserves for claims and premiums	12,585,038	102,390	201,134	892,643	4,170,963	17,440,652	-	22,807,782
Total	13,170,726	377,664	241,610	900,752	4,173,637	17,699,807	-	23,393,470

	As of December 31, 2020							
	Book value	**Up to 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**Over 5 years**	**Without maturity**	**Total**
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Financial assets								
Cash and cash equivalents	355,730	147,770	-	-	-	-	207,960	355,730
Investments at fair value through profit or loss	117,731	47,186		47,186	377,489	3,103,763	116,031	3,691,655
Accounts receivable from insurance operations, net	9,869	-	-	9,869	-	-	-	9,869
Accounts receivable from reinsurers and coinsurers	14,872	-	14,872	-	-	-	-	14,872
Other accounts receivable, net	62,744	23,101	15,528	16,059	7,716	340	-	62,744
Available-for-sale investments, net	2,314,885	5,676	12,088	35,499	221,593	1,821,769	1,147,829	3,244,454
Held-to-maturity investments	9,036,639	69,240	100,621	477,705	2,877,641	13,516,973	2,490	17,044,670
Total	11,912,470	292,973	143,109	586,318	3,484,439	18,442,845	1,474,310	24,423,994
Financial liabilities								
Subordinated bonds	235,365	-	-	-	-	235,365	-	235,365
Accounts payable to reinsurers and coinsurers	7,177	-	7,177	-	-	-	-	7,177
Taxes and other accounts payable	115,539	57,245	43,822	9,800	3,231	-	1,441	115,539
Technical reserves for claims and premiums	11,133,064	89,548	176,114	784,235	3,616,584	15,681,217	-	20,347,698
Total	11,491,145	146,793	227,113	794,035	3,619,815	15,916,582	1,441	20,705,779

(c) Market risk -

The Company is exposed to market risks, which is the risk that the fair value or future cash flows of a financial instrument fluctuate due to changes in interest rates, currency and capital products; which are exposed to the general and specific movements of the market and changes in price volatility level.

Risk Management informs the Risk Committee about the risks to which the investment portfolio is exposed, which are monitored through the review of the valuation of the investment portfolio, impairment of the value of assets through qualitative analyses and follow-up of risk ratings. In addition, the global matching of the obligations is presented and gaps of mismatching are analyzed, as well as the Company's exposure to exchange rate risk. In addition, the Company monitors, on a daily and monthly basis, the market risk through a VaR model, estimating the maximum losses that the fixed income portfolio could have for a confidence level and time horizon.

The following paragraphs will detail the measurement of the three types of risk (exchange rate, interest rate and price) individually for the statement of financial position of the Company, as applicable.

(i) Exchange rate risk

This risk arises when there is a mismatch between the currencies in which the assets and liabilities are expressed. The matching made by the company enables to manage and significantly minimize this risk.

The Company is exposed to the fluctuations in the prevailing exchange rates of foreign currency in its financial position and cash flows. The SBS establishes limits on the level of foreign currency exposure, which are monitored on a monthly basis.

As of December 31, 2021, the exchange rate for the accounting record of the accounts of assets and liabilities in foreign currency established by the SBS was S/3.987 for US$1 (S/3.621 as of December 31, 2020).

As of December 31, 2021, the weighted average exchange rate of the free market published by the SBS for transactions in United States dollars was S/3.975 for US$1 for purchase and S/3.998 for US$1 for sale (S/3.618 and S/3.624 as of December 31, 2020, respectively).

Below is the detail of the Company's assets and liabilities in thousands of United States dollars:

	2021 US$(000)	2020 US$(000)
Assets		
Cash and cash equivalents	190,348	88,920
Investments at fair value through profit or loss	79,571	32,513
Accounts receivable from insurance operations, net	1,496	1,134
Accounts receivable from reinsurers and coinsurers	1,480	1,655
Other accounts receivable, net	7,241	4,825
Available-for-sale investments	359,808	448,629
Held-to-maturity investments	766,497	850,363
Asset for technical reserves for claims by reinsurers	1,485	885
	1,407,926	1,428,924
Liabilities		
Subordinated bonds	(65,000)	(65,000)
Financial liabilities	(52,850)	-
Accounts payable to reinsurers and coinsurers	(659)	(1,072)
Taxes and other accounts payable	(2,601)	(6,245)
Accounts payable to insured	(1,384)	(1,661)
Technical reserves for premiums and claims	(1,198,076)	(1,195,690)
	(1,320,570)	(1,269,668)
Net asset position	87,356	159,256

During year 2021, the Company has recorded a net gain from exchange difference of S/19,969,000 (a net gain of S/23,821,000 in year 2020) which is presented in the statement of income. The Company, during year 2021, recognized as part of the fair value of the equity instruments classified in the category "Available-for-sale", a net gain from exchange difference of S/10,207,000 (net gain of S/47,496,000 in year 2020) which is presented in the item "Unrealized results, net" of the statement of income and other comprehensive income, see note 21(c).

The analysis determines the effect of a reasonably possible variation of the exchange against the Sol, in which a movement of +/- 5 and +/- 10 percent in the exchange rates is simulated, maintaining all the other variables constant, in the statement of income before income tax. A negative amount shows a potential net reduction in the statement of income, whereas a positive amount reflects a net potential increase:

Exchange rate sensitivity	**Variation in exchange rates**	**2021**	**2020**
	%	S/(000)	S/(000)
Devaluation			
United States dollars	5	(17,414)	(28,833)
United States dollars	10	(34,829)	(57,677)
Revaluation			
United States dollars	5	17,414	28,833
United States dollars	10	34,829	57,677

(ii) Interest rate risk -

It refers to the risk arising from the variation in the interest rates and its effect on the reinvestment rates required for the payment of long-term liabilities. The reinvestment risk may arise when the term of the investments differs from the term of the obligations assumed. That is why the Company maintains short-term time deposits at preferential rates and medium and short-term bonds with different amortization structures, in order to achieve the matching of flows between assets and liabilities that enables to minimize the reinvestment risk. The Company assumes the exposure to the effects of fluctuations in the prevailing levels of the interest rates of the market both in their fair value and in cash flow risks. Interest margins may increase as a result of those changes, but they may also decrease if unexpected movements arise. The Board of Directors establishes the limits on the imbalance level of re-pricing of interest rates that could exist, which is monitored by the Risks department of the Company.

	As of December 31, 2021						
	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)	**Non-sensitive to interest rate**	**Total**
Assets							
Cash and cash equivalents	574,010	-	-	-	-	480,311	1,054,321
Investments at fair value through profit or loss	-	-	-	-	1,887	315,365	317,252
Accounts receivable from insurance operations, net	-	-	-	-	-	9,067	9,067
Accounts receivable from reinsurers and coinsurers	-	-	-	-	-	11,254	11,254
Assets for technical reserves for claims by reinsurers	-	-	-	-	-	53,030	53,030
Other accounts receivable, net	-	-	-	-	-	112,541	112,541
Prepaid taxes and expenses	-	-	-	-	-	6,735	6,735
Assets for technical reserves for premiums by reinsurers	-	-	-	-	-	74	74
Available-for-sale investments, net	500	2,998	16,079	187,911	1,820,760	744,400	2,772,648
Held-to-maturity investments	22,804	19,927	99,103	688,323	8,046,072	-	8,876,229
Real estate investments, net	-	-	-	-	-	1,432,240	1,432,240
Property, furniture and equipment, net	-	-	-	-	-	25,646	25,646
Intangible, net	-	-	-	-	-	13,841	13,841
Total assets	597,314	22,925	115,182	876,234	9,868,719	3,204,504	14,684,878
Liabilities and shareholders' equity							
Financial liabilities	-	-	-	-	-	226,713	226,713
Subordinated bonds	-	-	-	-	-	259,155	259,155
Taxes and other accounts payable	-	-	-	-	-	95,605	95,605
Accounts payable to reinsurers and coinsurers	-	-	-	-	-	4,215	4,215
Technical reserves for claims	17,985	32,156	127,655	44,384	2	-	222,182
Technical reserves for premiums	75,442	151,019	683,091	3,707,678	7,745,626	-	12,362,856
Deferred income	-	-	-	-	-	28,031	28,031
Shareholders' equity	-	-	-	-	-	1,486,121	1,486,121
Total liabilities and shareholders' equity	93,427	183,175	810,746	3,752,062	7,745,628	2,099,840	14,684,878
Marginal gap	503,887	(160,250)	(695,564)	(2,875,828)	2,123,091	1,104,664	-
Accumulated gap	-	343,637	(351,927)	(3,227,755)	(1,104,664)	-	-

	As of December 31, 2020						
	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)	**Non-sensitive to the interest rate**	**Total**
Assets							
Cash and cash equivalents	147,770	-	-	-	-	207,960	355,730
Investments at fair value through profit or loss	-	-	-	-	1,700	116,031	117,731
Accounts receivable from insurance operations, net	-	-	-	-	-	9,869	9,869
Accounts receivable from reinsurers and coinsurers	-	-	-	-	-	14,872	14,872
Assets for technical reserves for claims by reinsurers	-	-	-	-	-	59,003	59,003
Other accounts receivable, net	-	-	-	-	-	62,744	62,744
Prepaid taxes and expenses	-	-	-	-	-	6,356	6,356
Assets for technical reserves for premiums by reinsurers	-	-	-	-	-	232	232
Available-for-sale investments, net	-	-	-	10,397	1,156,659	1,147,829	2,314,885
Held-to-maturity investments	15,586	9,230	103,087	874,506	8,031,616	2,614	9,036,639
Real estate investments, net	-	-	-	-	-	1,282,340	1,282,340
Property, furniture and equipment, net	-	-	-	-	-	28,281	28,281
Intangible, net	-	-	-	-	-	17,057	17,057
Total assets	163,356	9,230	103,087	884,903	9,189,975	2,955,188	13,305,739
Liabilities and shareholders' equity							
Financial liabilities	-	-	-	-	-	-	-
Subordinated bonds	-	-	-	-	-	235,365	235,365
Taxes and other accounts payable	-	-	-	-	-	115,539	115,539
Accounts payable to reinsurers and coinsurers	-	-	-	-	-	7,177	7,177
Technical reserves for claims	15,388	27,622	110,973	49,665	-	-	203,648
Technical reserves for premiums	73,065	146,270	662,598	3,436,015	6,815,116	-	11,133,064
Deferred income	-	-	-	-	-	34,118	34,118
Shareholders' equity	-	-	-	-	-	1,576,828	1,576,828
Total liabilities and shareholders' equity	88,453	173,892	773,571	3,485,680	6,815,116	1,969,027	13,305,739
Marginal gap	74,903	(164,662)	(670,484)	(2,600,777)	2,374,859	986,161	-
Accumulated gap	-	(89,759)	(760,243)	(3,361,020)	(986,161)	-	-

Analysis of sensitivity to changes in interest rates -

Specifically, a positive and negative movement of 100 basis points in reference interest rates of soles, United States dollars and indexed soles (CPP) was assumed. This assumption generates changes in the discount rate that finally has an impact on the value of financial instruments.

The table below shows the sensitivity to a possible change in interest rates, maintaining all the other variables constant, in the statements of income and changes in shareholders' equity.

	As of December 31, 2021 (*)				
Currency		**Changes in basis points**	**Sensitivity with effect on net income** S/(000)		**Sensitivity with effect on other comprehensive income** S/(000)
United States dollars	+	100 basis points	-	-	(425,495.30)
United States dollars	-	100 basis points	-	+	514,88.20
Sol	+	100 basis points	-	-	(537,665.80)
Sol	-	100 basis points	-	+	626,108.50

	As of December 31, 2020 (*)				
Currency		**Changes in basis points**	**Sensitivity with effect on net income** S/(000)		**Sensitivity with effect on other comprehensive income** S/(000)
United States dollars	+	100 basis points	-	-	(395,136.92)
United States dollars	-	100 basis points	-	+	466,801.57
Sol	+	100 basis points	-	-	(635,353.81)
Sol	-	100 basis points	-	+	746,702.39

(*) Unaudited.

(iii) Price risk -

Market price sensitivity	Changes in market price %	2021 S/(000)	2020 S/(000)
Effect on equity			
Common shares	+/- 10	65,818	101,687
Common shares	+/- 25	164,546	254,217
Common shares	+/- 30	197,455	305,061
Investment funds	+/- 10	7,230	11,704
Investment funds	+/- 25	18,075	29,261
Investment funds	+/- 30	21,690	35,113
Effects on results			
Shares at fair value through profit or loss	+/- 10	31,537	10,670
Shares at fair value through profit or loss	+/- 25	78,841	26,674
Shares at fair value through profit or loss	+/- 30	94,610	32,009

30.3 Real estate risk -

Under SBS Resolution No. 2840-2012 dated May 11, 2012 “Regulations of real estate risk management in insurance companies”, insurance companies require to identify, measure, control and adequately report the real estate risk level they face. It will not be considered as assets subject to real estate risk those that support the reserves of insurance contracts in which the investment risk is fully assumed by the policyholder or insured.

The Company has identified the following risks related to the real estate investment portfolio:

- The cost of development projects may increase if there are delays in the planning process.

- A main tenant may become insolvent causing a significant loss in the rental income and a reduction in the value of the related property. In order to reduce this risk, the Company checks the financial position of all the possible tenants and decides to require guarantees.

- The exposure of the fair values of the real estate portfolio and the flows generated by the occupants and/or tenants.

31. Information by technical branches

The main income and results of insurance operations by technical branches are as follows:

	Accepted insurance premiums		Ceded premiums		Adjustment of technical reserves, net		Net claims		Commissions		Other technical income		Other technical expenses		Net technical result	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Life risks																
Annuities (i)	557,417	217,715	-	-	(362,888)	9,802	(666,708)	(621,787)	(22,820)	(12,154)	-	-	-	-	(494,999)	(406,424)
Private pension	276,825	147,929	-	-	(263,941)	(140,705)	(50,653)	(36,699)	(7,343)	(4,442)	-	-	-	-	(45,112)	(33,917)
Individual life	182,032	139,105	(5,494)	(4,592)	(76,339)	(61,978)	(28,220)	(15,102)	(31,286)	(21,341)	1,584	2,275	(61,522)	(43,394)	(19,245)	(5,027)
Group life	139,396	138,423	(4,779)	(4,889)	(2,201)	266	(113,207)	(78,744)	(44,312)	(45,924)	(784)	1,409	265	(140)	(25,622)	10,401
SOAT	50,902	45,200	-	-	(2,209)	(2,504)	(17,945)	(12,980)	(5,327)	(6,920)	1	6	(1,821)	(1,425)	23,601	21,377
Retirement insurance	8,418	9,347	(535)	(527)	(4,637)	13,634	(46,584)	(36,870)	-	-	-	-	(86)	(74)	(43,424)	(14,490)
Personal accidents	10,405	5,036	(56)	(151)	12	1,912	(479)	(1,743)	(6,235)	(672)	125	499	(234)	-	3,538	4,881
Complementary insurance for hazardous work and others	-	-	-	-	(13,076)	1,310	(14,528)	(13,002)	-	4	-	1,222	5	(5)	(27,599)	(10,471)
General risks (ii)	45,387	40,795	-	-	(209)	3,522	(9,175)	(4,493)	(24,424)	(27,261)	7,189	6,136	(2,364)	(2,247)	16,404	16,452
	1,270,782	743,550	(10,864)	(10,159)	(725,488)	(174,741)	(947,499)	(821,420)	(141,747)	(118,710)	8,115	11,547	(65,757)	(47,285)	(612,458)	(417,218)

(i) As of December 31, 2021 and 2020, the branch of annuities accounts for 46 and 61 percent of the income from premiums of the Company. We detail below the composition of the insurance premiums from the modalities of insurance contracts of annuities:

	Insurance premiums Annuities	
	2021	**2020**
	S/(000)	S/(000)
Retirement	3,713	1,750
Survival	470,618	117,068
Disability	83,086	98,897
	557,417	217,715

(ii) It mainly includes insurance of protection against fraud and/or improper use related to credit and debit cards.

32. Life insurance contracts and concentration of life risk insurance

(a) Below is the analysis of sensitivity to changes in the mortality table:

	As of December 31, 2021 (*)			
Variables	**Changes in variables (%)**	**Impact on gross liabilities** S/(000)	**Impact on net liabilities** S/(000)	**Impact on income before taxes** S/(000)
Mortality table	+5	(113,491)	(113,491)	(113,491)
Mortality table	-5	118,997	118,997	118,997

	As of December 31, 2020 (*)			
Variables	**Changes in variables (%)**	**Impact on gross liabilities** S/(000)	**Impact on net liabilities** S/(000)	**Impact on income before taxes** S/(000)
Mortality table	+5	(102,765)	(102,765)	(102,765)
Mortality table	-5	107,750	107,750	107,750

(*) Unaudited figures

(b) The concentration of technical liabilities net of reinsurance is located in Lima.

33. Information about the fair value of financial instruments

(a) Fair value

The methodologies and assumptions used to determine estimated market values depend on the terms and risk characteristics of the various financial instruments and they comprise the following:

(i) Assets which fair value is similar to the book value –

For the financial assets and liabilities that are liquid or have short-term maturities, it is considered that the book value is similar to the fair value.

(ii) Fixed rate financial instruments –

The fair value of financial assets and liabilities, which are at fixed rate and amortized cost, is determined by comparing the interest rates of the market at the time of their initial recognition with the current market rates related to similar financial instruments. The estimated fair value of the deposits that accrue interest is determined through the discounted cash flows, using interest rates of the market in the prevailing currency with similar maturities and credit risks. For the quoted debt issued, the fair value is determined based on the quoted market prices. Note 9(c) presents the comparison between the book value and the fair value of held-to-maturity investments.

(iii) Financial instruments recorded at fair value -

The fair value for the financial instruments traded in the active markets as of the date of the consolidated statement of financial position is based on the quoted market price or on the price quotations of the dealer (offer price for long positions and request of selling price for short positions), without deductions for transaction costs. For the other financial instruments not quoted in the active market, the fair value is determined by using the appropriate valuation techniques. The valuation techniques correspond to the techniques of the net present value and comparison with similar instruments for which similar market prices exist.

(b) Determination of fair value and value hierarchy -

The table below shows an analysis of the financial instruments recorded at fair value according to the hierarchy level of their fair value:

	Note	Level 1 S/(000)	Level 2 S/(000)	Level 3 (*) S/(000)	Total S/(000)
As of December 31, 2021					
Financial assets					
Financial assets at fair value through profit or loss:					
Equity instruments	4(a)	315,365	-	-	315,365
Debt instruments	4(a)	1,887	-	-	1,887
Available-for-sale investments:					
Debt instruments	8(a)	1,811,289	216,959	-	2,028,248
Equity instruments	8(a)	620,463	70,152	53,785	744,400
Total financial assets		2,749,004	287,111	53,785	3,089,900
As of December 31, 2020					
Financial assets					
Financial assets at fair value through profit or loss:					
Equity instruments	4(a)	116,031	-	-	116,031
Debt instruments	4(a)	1,700	-	-	1,700
Available-for-sale investments:					
Debt instruments	8(a)	929,766	237,290	-	1,167,056
Equity instruments	8(a)	1,019,801	77,903	50,125	1,147,829
Total financial assets		2,067,298	315,193	50,125	2,432,616

(*) As of December 31, 2021 and 2020, the balance includes joint ventures. See note 8(b)

34. Commitments

As of December 31, 2021, the Company does not have any commitments and/or agreements to be disclosed.

35. Contingencies

As a result of the audit by the Tax Authority on a corporate reorganization process carried out by Sura Group at international level in 2018 and which includes Seguros Sura, an amount payable of S/19,183,000 was determined. As of December 31, 2020, the Company controlled this account payable in a memorandum account (see note 20) because, if the eventual payment occurred, it would be Sura Group who would assume the disbursement, as established in official letter No. 42698-2019-SBS, dated December 16, 2019. In November 2020, the Tax Court, through Ruling 0006613-9-2020 (Case File 2058-2020) established to resolve intendance resolution No. 0150140015239 dated December 19, 2019 and annul debt assessment resolution No. 012-003-0101936; therefore, the Company fully wrote off this contingency in memorandum accounts in 2021, expiring the term for appeal by the Tax Administration.

As of December 31, 2021 and 2020, the Company has various judicial complaints pending, related to the activities it develops; and in the opinion of Management and its legal advisors, these complaints will not cause additional liabilities to those already recorded by the Company; reason why it has not deemed necessary a provision additional to those already recorded by the Company, see note 2.2(x).

36. Events occurred after the reporting period

From the date of approval of the financial statements to the date of this report, the following event has occurred:

i. State of emergency -

On February 27, 2022, the Governments ordered to extend the national state of emergency until April 30, 2022 for COVID-19 pandemics and the health state of emergency is extended until August 2022.

The Company will continue with the measures to safeguard the health of its employees and guarantee its critical processes; reason why they will continue working mostly remotely at their homes as they have been doing it since the beginning of the state of emergency in March 2020 and during the four stages of economic reactivation during year 2020.

The Company is constantly monitoring its main portfolio positions, to anticipate possible impairments in the sectors that have been more affected by the effects of the crisis caused by the pandemics and the difficulties generated by the State of Emergency.

In that sense, the Company's position is sound, with adequate solvency and liquidity ratios to face potential future contingencies.

It should be mentioned that the Company's assets have not reported any impairment or change in the accounting judgments as of December 31, 2020 as a consequence of the first wave of COVID - 19. In Management's opinion, the eventual impacts on the performance of the investment portfolio will depend on the duration, scope and severity of the quarantine; to date it is not known if it will be extended or subsequently modified. In principle, no material impact is expected on the liquidity, solvency and financial performance of the company.

Except for what is described above, from January 1, 2022 to the date of this report, no material event that affects the financial statements, in addition to what has been reported in the notes to the financial statements, has occurred.