Interseguro Compañía de Seguros S.A.

Financial statements as of December 31, 2022 and 2021
together with Independent Auditors' report

Interseguro Compañía de Seguros S.A.

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Content

Tanaka, Valdivia & Asociados
Sociedad Civil de R.L

Independent auditors' report

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

Opinion

We have audited the 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, 2022, and the corresponding statements of income, statements of income comprehensive income, changes in shareholders' equity and cash flows for the year ended on said date, and the notes to the financial statements, including a summary of the significant accounting policies, described in note 2.

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, 2022, as well as its financial performance and its cash flows for the year ended on said date, 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.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA) approved for their application in Peru by the Board of Deans of Peruvian Public Accountants Associations. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants, International Code of Ethics for Professional Accountants (including the International Independence Standards) (IESBA Code) together with the relevant ethical requirements for our audit of the financial statements in Peru, and we have complied with our other ethical responsibilities according to these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

The key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in the formation of our opinion regarding them; and we do not express a separate opinion on these matters. Based on the foregoing, we detail below the way in which each key matter was addressed during our audit.

We have complied with the responsibilities described in the Auditor's Responsibilities section related to the audit of the financial statements of our report, even related to these matters. Consequently, our audit included the application of procedures designed to respond to the risks of material misstatement assessed in the financial statements. The results of the audit procedures, including the procedures carried out to address the matters mentioned below, are the basis for the audit opinion on the accompanying financial statements.

Key audit matter	Audit response
Valuation of investment properties	
As described in notes 2.2(m) and 10 of the financial statements, the valuation of the investment properties is regulated by SBS Resolution No.7034-2012, as amended, which can be measured at cost, net of depreciation; or at fair value. The Company maintains investment properties at fair value, and therefore, in their determination key accounting estimates and judgments intervene, approved by the SBS. The assumptions and estimates are critical for the valuation, therefore, minor changes in the assumptions and data could have significant impacts on the valuation of these assets. Due to the abovementioned factors, the measurement of the fair value of the investment properties is considered as a key audit matter.	We obtained understanding, assessed the design and tested the operating effectiveness of the controls of the valuation process of investment properties, which included the review of: - The methodology and criteria established for the calculation, which are accepted and approved by the SBS. - Completeness and accuracy of the information used in the valuation of investment properties. - Calculation of the estimate of valuation of investment properties. - Disclosure in the notes to the financial statements. In addition, with the assistance of our internal valuation specialists, we carried out substantive detail procedures, which included: - We assessed that the methodology used by the Company based on models and assumptions is consistent with the one approved by the SBS for the Company. - We independently assessed the model and assumptions used in the calculation. - We tested the completeness and accuracy of the data of the operating reports, and the lease agreements,

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<table>
<tr><th>Key audit matter</th><th>Audit response</th></tr>
<tr><td></td><td>support of additions, assessment of authorized experts, comparison of flows with the previous period, among others.
- We tested independently the calculation made by the Company.
- We assessed the appropriateness of the disclosures in the notes to the financial statements.</td></tr>
<tr><td>Technical reserves of annuity premiums
The technical reserves of premiums account for 93 percent of the liabilities of the Company. The technical reserves of annuity premiums are related to the life annuity, private annuity, pension and complementary insurance for hazardous work (hereinafter, "SCTR").

As described in notes 2.2(s) and 18 of the financial statements, the valuation of the technical reserves of premiums is regulated by the SBS, which has defined the assumptions and actuarial data used in the calculation. The actuarial financial assumptions considered in the valuation of this liability include, among others, the mortality tables and discount rates. In addition, the making of the calculations requires complete and accurate data, which implies a great effort due to the high number of insurance contracts.

Based on the foregoing, we consider that the technical reserves of annuity premiums is a key audit matter, since any change in the assumptions and data could have important effects on the valuation of the liabilities and the impacts reflected in the statement of income; in addition, the determination of the accounting figures is complex and requires the participation of specialists due to the actuarial models.</td><td>We obtained understanding, assessed the design, and tested the operating effectiveness of the controls of the liability valuation process under annuity insurance contracts, which included the review of:

- The methodology and criteria established for the calculation according to actuarial methods that are accepted by the rules of the SBS.
- Completeness and accuracy of the database used in the information systems of the Company, to manage, calculate and raise awareness regarding these liabilities.
- Calculation of the estimate of valuation of liabilities under annuity insurance contracts.
- Disclosure in the notes to the financial statements.

In addition, with the assistance of our actuarial specialists, we carried out the following substantive detail procedures:

- We assessed that the methodology used by the Company on models and actuarial assumptions is consistent with the rules established by the SBS.
- We independently assessed the actuarial model and assumptions used in the calculation.
- We assessed the fairness of the assumptions and the appropriateness thereof.
- We tested the completeness and accuracy of the data of the policy used in the calculation, as well as of the variables used in the calculation.
- We tested independently the calculation made by the Company.</td></tr>
</table>

Key audit matter	Audit response
	- We assessed the fairness of the movement of the liabilities under insurance contracts, considering changes in the actuarial assumptions as of the closing of the financial year. - We assessed the appropriateness of the disclosures in the notes of the financial statements.
Information technology environment (IT) The activities of the Company largely depend on the efficient and continuous operation of the information technology systems and of the technological infrastructures, which comprise a large number of applications and IT systems for the processing of all its operations, accounting records, and preparation of its financial statements. The informatic system of the Company is comprised by a set of complex informatic applications, essential in the different operations. The controls of the IT environment include: IT governance, general IT controls over the development and changes of programs, access to programs and data and IT operations, therefore, said controls must be designed and operated efficiently with the purpose of guaranteeing the completeness of the accounting records and accurate financial reports, in order to mitigate the potential risk of fraud or error. The executed calculations of the systems, other controls of IT applications and the interfaces between the IT systems are equally important. Based on the foregoing, we consider the information technology environment as a key matter, since the reliability and security of the IT systems allow to ensure the correct treatment of data processing, accounting records and preparation of the financial statements, namely, they significantly depend on the automated controls related to the information systems; therefore, there is the risk that the gaps in the IT control environment could cause that the information records and financial accounting have a material misstatement.	With the assistance of our information technology (IT) specialists, our audit efforts were focused on the key systems of the Company, carrying out the following procedures: - We assessed and tested the general IT controls by performing: an understanding of IT governance; we reviewed (including a compensating review) the management of accesses to applications and data, changes and developments of applications and the IT operations. - We tested the application controls, namely, the design and operating effectiveness of the critical automated controls for data processing, accounting records and preparation of the financial statements. Regarding the control deficiencies identified, we tested the design and operating effectiveness of the compensating controls. - We assessed the completeness of the data transfer through the different informatic systems to the financial information systems. - We developed understanding with the Information Security team and the persons in charge of the IT Governance of the Company to understand their cybersecurity risk assessment and the measures implemented to mitigate said risk.

Other information included in the 2022 Annual Report of the Company

Management is responsible for the other information. The other information comprises "2022 Interseguro Annual Report", but it does not include the financial statements or our corresponding audit report.

Our opinion on the financial statements does not cover the other information, and we do not state any form of conclusion that provides a degree of certainty regarding it.

Regarding our audit of the financial statements, our responsibility is to read the other information and, in doing it, to consider if the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or if otherwise it seems to be materially misstated. If, based on the work that we have performed, we conclude that there is a material error of this other information, we are obliged to report that event. We have nothing to inform in this regard.

Independent auditors’ report (continued)

Responsibilities of management and those charged with governance of the Company for the financial statements

Management is responsible for the preparation and fair presentation of the 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, 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.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance of the Company are responsible for overseeing the Company’s financial reporting process.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the ISA will always detected a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of the internal control system.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used, the reasonableness of accounting estimates, and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. The conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements reflect the transactions and underlying events in such a way to achieve a fair presentation, according to the generally accepted accounting principles in Peru for insurance companies, established by the SBS and AFP.

We communicate with those charged with Company's governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide those charged with Company's governance with a statement that we have complied with relevant ethical requirements regarding independence, and that we have communicated them about all the relationships and other matters that may reasonably be expected to affect our independence and, where applicable, the corresponding safeguards.

From the matters communicated to those charged with Company's governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and, therefore, they are the key audit matters. We describe those matters in our auditor's report, unless the legal or regulatory provisions prohibit to publicly disclose the matter or, in extremely infrequent circumstances, we determine that a matter should not be communicated in our report because it would be reasonably expected that the adverse consequences of doing it would exceed the benefits of public interest thereof.

Lima, Peru
February 28, 2023

Countersigned by:

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Victor Camarena
Partner
C.P.C.C. Register No. 22566

Interseguro Compañía de Seguros S.A.

Statement of financial position

As of December 31, 2022 and 2021

	Note	2022 S/(000)	2021 S/(000)
Assets			
Current assets			
Cash and cash equivalents	3	608,379	1,054,321
Investments at fair value through profit or loss	4	234,494	317,252
Available-for-sale investments	8	48,779	11,087
Accounts receivable from insurance operations, net	5	10,103	9,067
Accounts receivable from reinsurers and coinsurers	15	6,159	11,254
Technical reserves assets for claims by reinsurers	15	34,635	53,030
Other accounts receivable, net	6	169,439	110,866
Prepaid taxes and expenses	7	9,234	6,735
Total current assets		1,121,222	1,573,612
Other accounts receivable, net	6	-	1,675
Technical reserves assets for premiums by reinsurers	15	26	74
Available-for-sale investments, net	8	1,519,914	2,761,561
Held-to-maturity investments	9	10,898,470	8,876,229
Real estate investments, net	10	1,393,801	1,432,240
Property, furniture and equipment, net	11	14,128	25,646
Intangibles, net	12	15,602	13,841
Prepaid taxes and expenses	7	57,304	-
Total assets		15,020,467	14,684,878
Contingent and memorandum accounts	20	6,841	60,262

	Note	2022 S/(000)	2021 S/(000)
Liabilities and shareholders' equity			
Current liabilities			
Financial obligations	13	307,668	226,713
Taxes and other accounts payable	14	138,281	95,605
Accounts payable to reinsurers and coinsurers	15	5,648	4,215
Technical reserves for claims	16	201,823	222,182
Total current liabilities		653,420	548,715
Subordinated bonds	17	247,910	259,155
Technical reserves for premiums	18	12,909,874	12,362,856
Deferred income	19	23,087	28,031
Total liabilities		13,834,291	13,198,757
Shareholders' equity	21		
Capital stock		958,282	891,833
Treasury stock		-	(17,708)
Additional capital		(63,460)	(63,460)
Legal reserve		334,223	316,716
Optional reserves		1,177	1,177
Unrealized results, net		(106,923)	53,950
Retained earnings		62,877	303,613
Total shareholders' equity		1,186,176	1,486,121
Total liabilities and shareholders' equity		15,020,467	14,684,878
Contingent and memorandum accounts	20	6,841	60,262

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

Interseguro Compañía de Seguros S.A.

Income statement

For the years ended December 31, 2022 and 2021

	Note	2022 S/(000)	2021 S/(000)
Insurance premiums, net	31	1,208,531	1,270,782
Adjustment of technical reserves for insurance premiums	31	(678,494)	(725,327)
Net premiums of the year		530,037	545,455
Net ceded premiums	31	(13,938)	(10,864)
Adjustment of technical reserves for ceded premiums	31	(52)	(161)
Net earned premiums of the year		516,047	534,430
Claims on insurance premiums	31	(902,248)	(974,037)
Claims on ceded premiums	31	(361)	26,538
Net incurred claims		(902,609)	(947,499)
Gross technical result		(386,562)	(413,069)
Commissions on insurance premiums	31	(124,189)	(141,747)
Other technical income	31	6,489	8,115
Other technical expenses	31	(67,820)	(65,757)
Net technical result		(572,082)	(612,458)
Investment income, net	23	880,406	1,012,148
Administrative expenses, net	24	(116,163)	(116,051)
Profit (loss) from exchange difference, net	30.2(c)(i)	10,611	19,969
Operation result		202,772	303,608
Income tax	22(b) y (f)	-	-
Net profit		202,772	303,608
Basic and diluted earnings per share (in soles)	21(f)	0.212	0.317
Weighted average number of outstanding shares (in thousands)	21(f)	958,282	958,282

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

Interseguro Compañía de Seguros S.A.

Statement of income and other comprehensive income

For the years ended December 31, 2022 and 2021

	Note	2022 S/(000)	2021 S/(000)
Net profit of the year		202,772	303,608
Oher comprehensive income of the year	21(c)		
Exchange difference, net from available-for-sale investments		(32,715)	10,207
Net profit (loss) of valuation of available-for-sale investments	21(c)		
Equity financial instruments		36,866	3,145
Debt financial instruments		(51,131)	(81,845)
Debt financial instruments reclassified to held-to-maturity category		(113,893)	(48,919)
Other comprehensive income of the year		(160,873)	(117,412)
Total comprehensive income of the year		41,899	186,196

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

Interseguro Compañía de Seguros S.A.

Statement of changes in shareholders' equity

For the years ended December 31, 2022 and 2021

	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, 2021	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
Net profit	-	-	-	-	-	-	202,772	202,772	-	202,772
Other comprehensive income, net, note 21(c)	-	-	-	-	-	-	-	-	(160,873)	(160,873)
Total comprehensive income of the year	-	-	-	-	-	-	202,772	202,772	(160,873)	41,899
Capitalization of profits, note 21(a)	84,157	84,157	-	-	-	-	(84,157)	-	-	-
Amortization of treasury stock, note 21(a)	(17,708)	(17,708)	17,708	-	-	-	-	-	-	-
Transfer to legal reserve, note 21(b)	-	-	-	-	17,507	-	(17,507)	-	-	-
Dividends declared and paid, note 21(d)	-	-	-	-	-	-	(201,940)	(201,940)	-	(201,940)
Adjustment in retained earnings, note 21(e)	-	-	-	-	-	-	(139,904)	(139,904)	-	(139,904)
Balances as of December 31, 2022	958,282	958,282	-	(63,460)	334,223	1,177	62,877	1,293,099	(106,923)	1,186,176

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

Interseguro Compañía de Seguros S.A.

Statement of cash flows

For the years ended December 31, 2022 and 2021

	Notes	2022 S/(000)	2021 S/(000)
Operating activities			
Net profit		202,772	303,608
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	678,546	725,488
Changes in the fair value of financial instruments	23(a)	68,780	23,213
Impairment of financial investments	23(a)	64,647	61,995
Profit in sale of real estate investment and other investments	23(a)	23,293	(266,484)
Adjustments of SONR reserves		21,644	13,220
Depreciation and amortization	24	5,877	6,039
Provision for doubtful debts	6(i)	3,311	2,109
Interest of effective interest rate method and CPP adjustment	8(b) y 9(b)	(224,569)	(133,794)
Recovery of impairment	9(b), 23(a)	(31,872)	-
Fair value of real estate investments and other investments	23(a)	(7,024)	11,344
Accrual of income from sale of held-to-maturity investments	19	(4,944)	(6,087)
Value of equity interest of other investments	23(a)	(253)	(913)
Exchange difference and others		(3,121)	(11,174)
Changes in operating asset and liability accounts			
(Increase) decrease of operating assets			
Accounts receivable from insurance operations, net		(1,036)	802
Accounts receivable from reinsurers and coinsurers		5,095	3,618
Reserves assets by reinsurers		18,443	5,973
Other accounts receivable, prepaid taxes and expenses		(120,012)	(49,149)
Increase (decrease) of operating liabilities			
Taxes, other accounts payable and deferred income		34,813	(19,434)
Accounts payable to reinsurers and coinsurers		1,433	(2,962)
Technical reserve for premiums and claims		(64,993)	(3,620)
Cash and cash equivalents from operating activities		670,830	663,792

Statement of cash flows (continued)

	Notes	2022 S/(000)	2021 S/(000)
Investment activities			
Purchase of financial instruments	4, 8(b), 9(b)	(1,530,187)	(2,808,123)
Sale or redemption of financial instruments	8(b) y 9(b)	399,935	2,861,785
Settlements by maturities and capital amortization	8(b) y 9(b)	133,684	108,531
Purchase of real estate investments	10(a)	(33,451)	(157,321)
Sale of real estate investments	10(a)	38,349	-
Purchase of properties, furniture and equipment and intangibles	11(a) y 12(a)	(6,539)	(1,175)
Cash and cash equivalents from (used in) investment activities		(998,209)	3,697
Financing activities			
Execution of promissory notes	13(c)	2,382,867	1,179,177
Payment of promissory notes	13(c)	(2,299,490)	(949,006)
Payment of dividends	21 (d)	(201,940)	(200,000)
Cash and cash equivalents from (used in) financing activities		(118,563)	30,171
Net increase (net decrease)			697,660
Beginning balance of cash and cash equivalents	3	1,054,321	355,730
Exchange difference on cash and cash equivalents		(445,942)	931
Ending balance of cash and cash equivalents	3	608,379	1,054,321
Non-generating cash flows transactions			
Capitalization of profits	21(a)	84,157	66,303
Establishment of legal reserve	21(b)	17,507	23,206
Amortization of new tables	21(e)	(75,166)	(70,230)
First adoption of valuation of real estate investments	21(e)	(64,738)	-
Exchange difference, net, from available-for-sale investments	21(c)	(32,715)	10,207
Amortization of treasury stock	21(a)	(17,708)	-
Unrealized loss of available-for-sale instruments	21(c)	(14,265)	(78,700)
Reclassification from fixed asset to real estate investments	10(a)	(6,896)	(991)
Reclassification from available-for-sale to real estate investment	9(b)	-	(2,932)

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

Interseguro Compañía de Seguros S.A.

Notes to the financial statements
As of December 31, 2022 and 2021

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) Political and social conflicts -

On December 7, 2022, the then President Pedro Castillo intended to make a coup d'etat and establish an Exceptional Government; however, after said decision, in an extraordinary meeting and under Resolution No. 001-2022-2023-CR, the Congress of the Republic declared the permanent moral incapacity of the then president and decided to remove him from office. A constitutional succession was carried out, where the first vice president, Dina Boluarte, was appointed as new President of the Republic.

Since that date, a series of protests and social unrest have taken place in the country, being the main demand of the protesters the resignation of the current President and the advance of presidential elections.

In this situation, on December 14 and 15, 2022, the Presidency of the Council of Ministers issued supreme decrees No. 143-2022-PCM and No. 144-2022-PCM, which declare, for 30 days, a National State of Emergency, in which the constitutional rights related to the inviolability of domicile, freedom of transit through the territory, freedom to meet and freedom of personal security were suspended; and a mandatory social immobilization was declared for 5 days nationwide, respectively.

Later, under supreme decree No. 009-2023-PMC, issued on January 14, 2023, it was decided to modify the National State of Emergency and declare only some provinces of the country in State of Emergency for 30 additional days.

The Company has assessed and will continue monitoring the implications on the fair value of the financial instruments, changes in the interest rates and in inflation increase, as well as the measures that may be adopted both by the Government and by the SBS.

(d) 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, 2022 S/(000)	**As of December 31, 2021** S/(000)
Assets		
Current assets		
Cash and cash equivalent, note 3(a)	5,357	987
Other accounts receivable, net, note 6(a)	8,348	11
Prepaid taxes and expenses, note 7(a)	103	221
Total current assets	13,808	1,219
Real estate investments, (*) and note 10(a)	92,249	59,801
Intangibles, note 12(a)	52	62
Total assets	106,109	61,082
Liabilities		
Current liabilities		
Taxes and other accounts payable, note 14(a)	15,753	1,112
Total liabilities	15,753	1,112

(*) As of December 31, 2022 and 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).

(e) Financial statements -
The Company's accompanying financial statements as of December 31, 2021 and for the year ended on said date were approved by the General Shareholders' Meeting held on March 14, 2022. The financial statements as of December 31, 2022 and for the year ended on said date, have been approved by the Management and the Board of Directors of the Company on January 28, 2023. 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.

(f) 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, 2022 and 2021, the Company maintains a run-off portfolio corresponding to the first, second and third tenders.

(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. 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, 2022.

2. Current accounting policies

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

The main pronouncements issued by the SBS during the 2022 period, with accounting and disclosure incidence, which entered into effect during 2022, are presented below:

- SBS Resolution No. 297-2022, dated January 27, 2022, in force since January 1, 2022, approved the modification of the Regulations of Equity Requirements of Insurance and Reinsurance Companies, approved by Resolution No. 1124-2006, which states the following:

    - Modify the calculation procedures related to the risk of “Retirement insurance” related to the current and run off portfolio.

    - Modify the reporting forms related to the solvency margin.

- SBS Resolution No. 418-2022, dated February 9, 2022, in force from the day following its publication, approved the modification of the Regulations of Investments of Insurance Companies, approved by SBS Resolution No. 1041-2016, as amended, as follows:

    - Modify the minimum eligibility requirements regarding underlying assets.

    - Modify the article related to the assets subject to notification processes, related to fund management entities.

    - Modify the ninth final and transitory provision related to the exception of new eligibility requirements on funds and trusts.

- SBS Resolution No. 3347-2022, dated November 4, 2022, in force on the day following its publication, establishes to incorporate an eighth final provision in the Regulations of External Audit (SBS Resolution No. 17026-2010), which requires the external audit firms to incorporate in the financial statements’ report the section “Key audit matters” according to the guidelines established in the International Standard on Auditing 701 (ISA 701) Communicating key audit matters in the audit report issued by an independent auditor.

- SBS Resolution No. 4034-2022, dated December 28, 2022, in force on the day following its publication, establishes to modify the Regulations of Classification and Valuation of Investments of Companies of the Insurance System (SBS Resolution No. 7034-2012, as amended), according to the following:

    - The fair value to be used in order to evaluate the criteria of significant and long decrease defined in the Regulations is the one considered for the valuation of the available-for-sale debt instruments, according to the criteria established in article 11 of these Regulations, regardless of the accounting classification that the debt instrument has. However, if the total or partial decrease in the fair value in the debt instrument is a consequence of an increase in the risk-free interest rate, this decrease must not be considered for the evaluation of the abovementioned criteria.

- The companies will record in books the effect of the new provisions established in articles One and Three of this Resolution, according to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, as a change in the accounting policy.

The pronouncements issued by the SBS during 2022, 2021 period and as of the date of this report, which are about to enter into effect, are presented below:

- Resolution No. 1143-2021 “Regulations of mathematical reserves”, as amended by SBS Resolutions No. 2388-2021 and No. 3299-2022. On April 16, 2021, the Regulations of Mathematical Reserves were 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 was sent to the SBS on June 30, 2021, with quarterly advances as of December 31, 2021, March 31, 2022 and July 31, 2022.

  The main changes established in the regulations, as amended, include the following:

  - The base mathematical reserves corresponding to the life insurance stock until 31.12.2022 must be calculated with the minimum interest rate between the selling rate or technical interest rate used to estimate the mathematical reserves as of 31.12.2022, and the current adjusted risk-free rate.

  - The mathematical reserve associated to the life insurance stock until 31.12.2022 must be fully recorded with the new guidelines, by no later than June 30, 2026, recognizing on a quarterly basis the difference between reserves, with debit from, or credit 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 going concern, 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.

Management is evaluating the impacts of this rule and will make the recognition of the impacts according to the guidelines of the rules.

- SBS Resolution No. 2388-2021 “Regulations of life insurance with savings and/or investment component”, amended by SBS Resolution No. 3299-2022.
  On August 16, 2021, the Regulations of Life Insurance with savings and/or investment component were 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 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 changes 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.
- Amending SBS Resolution No. 3299-2022 establishes that the term of adjustment of the Regulations is, as a maximum, until December 31, 2022, being the first record made in the first quarter of 2023.

Management is evaluating the impacts of this rule, and will make the recognition of the impacts according to the guidelines of the rules.

- SBS Resolution No. 2571-2022, dated August 17, 2022, in force since January 1, 2023, approved the modification of the Regulations of Equity Requirements of Insurance and Reinsurance Companies, approved by Resolution No. 1124-2006, which indicates the following:

  - Modify the calculation procedures related to the risk of "Retirement Insurance" related to the run off portfolio.

  - Modify the reporting forms related to the solvency margin.

- SBS Resolution No. 3299-2022, dated October 28, 2022, in force on the day following its publication, has approved the following modifications:

  - Modify the Regulations of Mathematical Reserves, approved by SBS Resolution No. 1143-2021, as amended, as follows:

    - Annul this rule for the Workers' Life Insurance contracts, as well as establish other provisions related to the calculation of the MOCE.
    - Modify the term of adjustment of the Regulations of Mathematical Reserves until December 31, 2022. The new term enters into effect since January 01, 2023.

- Modify the term of adjustment of the Regulations of life insurance with savings and/or investment component, approved by SBS Resolution No. 2388-2021, until, as a maximum, December 31, 2022, and it must enter into effect on January 01, 2023 and the first record must be made on March 2023.

- Approve the Regulations of Actuarial Aspects on Workers' Life Insurance:
  The SBS provided new regulations to establish the guidelines that the Insurance Companies must consider when recording the technical reserves applicable to the insurance contracts of workers and former workers.

  The main provisions include:

  - In the case of the workers' life insurance, the companies must establish the following technical reserves:

    - Technical reserve of claims, according to the regulations of Technical Reserve of Claims.
    - Reserve of outstanding risks, according to the Regulations of Reserve of Outstanding Risks.

  - In the case of the former workers' life insurance, of the first, second and third regime, the companies must establish the following technical reserves:

    - Technical reserve of claims, according to the Regulations of Technical Reserve of Claims.
    - Reserve of outstanding risk, according to the Regulations of Reserve of Outstanding Risk.
    - Mathematical reserves according to the Regulations of Mathematical Reserves, based on long-term life insurance.

  - Establish the considerations in the rates of the workers' life insurance:

    - The rate model must include all the future obligations resulting from the payment of the coverage mentioned in the conditions of the policies of Workers' Life Insurance. This model must contemplate hypotheses of all the specific contingencies and of other factors inherent to the portfolio of valid policies or certificates, which may significantly affect the expected flows of income and expenses. The hypotheses must be realistic and adequate, reflect any interdependence among them, and be consistent with the hypotheses used for other purposes inside the company.
    - The variables and assumptions used in the rate model must be consistent with the model, variables and assumptions considered to estimate the technical reserves of the company.

- The premiums receivable must be sufficient to cover the claims and future expenses, considering the technical risks and other underlying risks, as well as the impact of the guarantees and options included in the insurance contracts. The premiums must guarantee the company's solvency.

The requests the insurance companies to update the technical notes of the Workers' Life Insurance, and the methodological document of calculation of technical reserves, considering the provisions of these Regulations.

The companies have an adjustment term that expires on June 30, 2023.

In addition, Multiple Official Letter No. 42141-2020-SBS issued by the SBS, dated December 23, 2020, and which was in force throughout the 2021 period, communicated 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 the 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, the Company recognized an impairment loss in an amount of S/29,752,000, see note 23.

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 (*Consejo Normativo de Contabilidad* - CNC), 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, 2022 and 2021. 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, 2021, except as regards the impairment of financial 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, 2022 and 2021, 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, 2022 and 2021:

- 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 estate 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 assets or liabilities with a third party 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 financial assets or liabilities with a third party 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 the legal 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, 2022 and 2021, 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, they 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, 2022 and 2021, 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 Department of Disability and Survival (hereinafter, 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 its insured.

The accounts payable to reinsurers and coinsurers arise from:

(i) The cession 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 ceded coinsurance; and

(ii) 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 ceded 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, 2022 and 2021, 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 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, 2022 and 2021, 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, 2022 and 2021, 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 eliminated or significantly 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 on 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 made 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, the sales of held-to-maturity investments add up to a total amount of S/664,834,000, which net profit that adds up to S/93,797,000, subject to capitalization according to the rule.

In year 2022, the Company has not made sales of held-to-maturity bonds for matching reasons. In years 2022 and 2021, deferred income has been recognized in the statement of income for S/4,944,000 and S/6,087,000, 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, 2022 and 2021, 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, 2022 and 2021, 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.

SBS Resolution No. 4034-2022, dated December 28, 2022, specified that criteria 6 and 7 defined in the Regulations, are the ones considered for the valuation of available-for-sale debt instruments, regardless of the accounting classification of the debt instrument. However, if the total or partial decrease in the fair value of the debt instrument is a consequence of an increase in the risk-free interest rate, this decrease must not be considered for the assessment of the abovementioned criteria.

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. Non-compliance of the contractual clauses, such as the interruption in the payment of interest or principal.
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 their 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 (hereinafter “TIE”, for its initials in Spanish) (purchase TIE) 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 2022 and 2021, the Company has recognized an impairment loss in the amount of S/ 64,647,000 and S/61,995,000, 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 Ratings.

According to SBS Resolution No. 1041-2016 "Regulations of Investments in Insurance Companies", for the security of technical obligations, the instruments that have 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 to 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(d), 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, 2022 and 2021, 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.

(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 expected 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.

SBS Resolution No. 3872-2021 modified the Regulations of Classification and Valuation of Investments of Insurance Companies, approved by SBS Resolution No. 7034-2012, as amended, and the following was established:

- Regarding the accounting effects: An adjustment must be made to reflect the profit or loss related to its real estate investments (portfolio in stock), that results from the adjustment to the modifications indicated in said Resolution. The profit or loss resulting from this adjustment must be applied against the retained earnings account. Said adjustment does not imply to make reversions or returns of capitalizations of previous profits recognized by the company.

- Regarding non-accounting effects: They must meet the monthly requirement of additional capital in the calculation of the Guarantee Fund, equal to 10% of the value of the real estate investments (portfolio in stock).

It is specified that the profit or loss arising from the fluctuation of the fair value of real estate investments acquired after the entry into effect of SBS Resolution No. 3872-2021 (new portfolio), is subject to what is indicated in paragraph c) of article 27 of these Regulations, without application of terms of gradual adjustment for the recognition of said accounting effects. In addition, the monthly requirement of additional capital in the calculation of the Guarantee Fund, in the case of the new portfolio, must be calculated and established as of the closing of each month, without applying for that purpose a term of gradual adjustment.

As of December 31, 2022, as a result of the first application of SBS Resolution No. 3872-2021, the Company recognized a total of S/64,738,000 against Retained Earnings, which accounting policy is described in note 10.

(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 put 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, 2022 and 2021, 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), which adversely affects them, occurs. 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 rate, 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, 2022 and 2021, the Company has recorded reserves of these contracts in the amounts of S/120,295,000 and S/146,145,000, 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) Acquisition costs of policies –

Acquisition costs comprise all the expenses related to generating a sale and maintaining it, such as the commissions of brokers, promoters and/or traders of insurance, commissions for sales through banks, commissions for direct sale and other channels exclusively related to the sale of insurance or maintenance of policies, provided that such costs are directly related to the generation of the sale of the insurance, which had not been incurred if the insurance contracts had not been issued.

The accounting record of the acquisition cost must be made making the distinction between the acquisition costs that correspond to the issuance of the policy and those that correspond to the maintenance of the policy (namely, maintaining the policy effective in the case of life insurance that is not single-premium insurance).

In the case of acquisition costs arising from the issuance of the policy it is possible to make an adequate association between the recognition of income and expenses during the effective term of the policy, since both the accrual of income from premiums and the amortization of the acquisition cost that has been deferred would be recognized systematically during the effective term of the policy.

Whereas, in the case of the acquisition costs of maintenance of the policy, the acquisition cost would only be associated to the income from premiums of a specific period, reason why they are not deferred.

Since January 2022, the Company has been deferring the acquisition costs of long-term life insurance associated to the issuance of the policy, which allows for an adequate correlation between income and expenses during the effective term of the policy; this accounting treatment has been approved by the SBS through Official Letter No. 45874-2022, dated October 21, 2022.

(v) 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).

(vi) 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 reinsurance 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.

(vii) 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, simultaneously 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 and SBS Resolution No. 2239-2021, according to the different types of claims and the status thereof. The interest rate applicable for the calculation of the technical reserves is called “Reserve Rate”, and it is determined on a monthly basis by the SBS and for each currency. Said rate is calculated as the average of the update rates mentioned in Circular Letter No. S-601-2003, of the last twelve (12) moths, including the one of the current month.

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. 1856-2020 “Regulations of the Technical Reserve of Claims” sets 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.

Then, the main provisions are described:

- The reserve of claim settlement expenses corresponds to the estimate of the sufficient amount to afford the necessary expenses for the total settlement and payment of the claims. Both the direct expenses attributable or allocated to a specific claim; (ALAE), as well as the indirect expenses (ULAE) are considered. In order to determine the direct settlement expenses allocated 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 allocated 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 companies may establish gradually the gross, ceded and net IBNR reserve of the risks: medical assistance insurance, individual long-term life insurance, private group life insurance, workers' life insurance, debtor's life insurance, long-term funeral insurance, individual short-term insurance, short-term funeral insurance, former workers' life insurance and the pension insurance of disability, survival and funeral, considering the application of a minimum percentage to the estimate of the gross, ceded and net IBNR reserve during a term of two years. This percentage begins in 60 percent for July 2021, and increases (on a linear basis) with a monthly frequency, until completing 100 percent 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 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.

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

As of December 31, 2021, as a result of the first application of SBS Resolution No. 1856-2020, the Company recognized a total of S/6,673,000 against Retained Earnings from the recognition of the margin over the best estimate, which accounting policy is described in note 16(e) and 21(e).

(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, 2022 and 2021, 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 rates 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 rates 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, 2022 and 2021, the application of the new tables caused a higher debit in retained earnings for S/75,167,000 and S/70,230,000, net of the exchange effect, which is recorded with effect on retained earnings, see note 21(e).

In addition, for the purpose of facing the adoption of this rule, as of December 31, 2022 and 2021, the Company maintains voluntary reserves related to the contracts issued before 2018, in an amount that adds up to S/123,163,000 and S/124,708,000, 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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, 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 of the last 24 months (reference period) contained in the financial statements and on the following risks: vehicle and allied perils insurance, other general insurance, accident and disease insurance (including SOAT). In the case of the following risk groups, the periods detailed below are used:

- "Civil liability" and "Credit and surety", where said period is 48 months;

- "Short-term group or individual life insurance (with an effective term of less than, or equal to, one year), where the reserve for premium inadequacy (hereinafter, "RIP", for its initials in Spanish) must be calculated considering the most favorable scenario of: i) information of the last 24 months, or ii) information of the last 48 months.

(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, 2022 and 2021, 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, 2022 -

During year 2022, the Accounting Standards Board (hereinafter, the “CNC”, for its initials in Spanish) issued the following resolutions:

- Resolution No. 001-2022-EF/30 issued on March 24, 2022, which approved the modification of International Financial Reporting Standard – IFRS 17 Insurance Contracts.

- Resolution No. 002-2022-EF/30 issued on September 8, 2022, which approved the Full Set of the International Financial Reporting Standards 2022 version, as well as the Conceptual Framework for Financial Reporting.

- Resolution No. 003-2022-EF/30 issued on November 21, 2022, which approved the technical conditions for the application of the International Financial Reporting Standards.

- The application of said standards is from the day following the issuance of the Resolution or, subsequently, according to the entry into effect stipulated in each specific standard.

In addition, in year 2019 IFRS 16 “Leases”, which replaces IAS 17 “Leases”, IFRIC 4 “Determining Whether an Arrangement Contains a Lease”, SIC 15 “Operating leases-incentives” and SIC 27 “Evaluating the substance of transactions involving the legal form of a lease”, entered into effect, and it has important effects on the recognition of operating leases in which the Bank is the lessee; however, the SBS issued multiple official letter No. 467-2019 -SBS, dated January 7, 2020, which indicates the non-application of IFRS 16 for entities that are under its supervision. In that sense, as of December 31, 2022, the Bank has not incorporated the effects of this standard or disclosed any effect if said standard were adopted by the SBS in the future.

Likewise, during year 2018, IFRS 9 “Financial instruments”, which replaces IAS 39 “Financial Instruments: Recognition and Measurement” entered into effect, which could have material effects on the financial statements of the Bank; however, the SBS has not modified or adjusted its Accounting Manual for Companies of Financial Systems according to this standard. In this sense, as of December 31, 2022, the Bank has not reflected or disclosed any effect if said standards were adopted by the SBS in the future.

(ab.2) International Financial Reporting Standards – IFRS issued, but not effective as of December 31, 2022 –

- IFRS 17 – Insurance contracts. Effective for the financial years starting on January 1, 2023, or subsequently, and it requires to include comparative figures. Early application is allowed, provided that the entity also applies IFRS 9 and IFRS 15 on the date when it applies IFRS 17 for the first time.

- Modifications to IAS 1 – Presentation of financial statements: Classification of liabilities as current or non-current. The modifications are effective for annual periods that begin on January 01, 2023, and they must be applied retroactively.

- Modifications to IAS 8 – Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates. The modification is effective for annual periods that begin on January 01, 2023, and it applies for changes in the accounting policies and changes in accounting estimates that occur on, or after, the beginning of the annual period. Early application is allowed, provided that this fact is disclosed.

- Modifications to IAS 1 and to IFRS Practice Statement 2: Disclosure of accounting policies. The modification is effective for annual periods that begin on January 1, 2023 and early application is allowed. Since the modifications to Practice Statement 2 provide a non-mandatory guide on the application of the definition of material to the information on accounting policies, an effective date is not necessary for this modification.

- Modifications to IAS 12 “Income taxes”: Deferred tax related to assets and liabilities arising from a single transaction. In May 2021, the IASB issued modifications to IAS 12, which reduce the scope of the initial recognition of the exception under IAS 12 so that it no longer applies to the transactions that generate equal taxes and deductible temporary differences.

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 on the preparation of the accompanying financial statements, unless the SBS adopts 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:

	2022 S/(000)	2021 S/(000)
Cash and fixed funds	2	5
Current and savings accounts (b)	22,027	17,597
Current account in portfolio managers (c)	93,674	461,722
Current and savings accounts – Interproperties, note 1(d)	5,357	987
Time deposits (d)	487,319	574,010
	608,379	1,054,321

(b) As of December 31, 2022 and 2021, 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, 2022 and 2021, it corresponds to funds in United States dollars assigned to a manager abroad for the purchase and sale of investments.

(d) Time deposits are freely available and they are established in local entities, as of December 31, 2022 they were remunerated in United States dollars at an annual rate between 4.85 percent and 5 percent (December 31, 2021 an annual rate of 0.01 percent) and in soles between 9 percent and 9.01 percent (December 31, 2021 an annual rate between 1.90 percent and 2.50 percent). These deposits were settled in January 2023 and 2022, respectively.

4. Investments at fair value through profit and loss

(a) The item is made up as follows:

	2022 S/(000)	2021 S/(000)
Participations in exchange traded fund – ETF	223,152	305,018
Mutual investment fund	10,046	10,347
Corporate bond	1,296	1,887
	234,494	317,252

(b) As of December 31, 2022 and 2021, 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:

	2022 S/(000)	2021 S/(000)
Balance as of January 1	317,252	117,731
Purchases	29,677	213,487
Sales	(26,156)	-
Net loss of fair value, note 23(a)	(68,780)	(23,213)
Net (loss) profit from exchange difference recorded in results	(17,499)	9,247
Balance as of December 31	234,494	317,252

5. Accounts receivable from insurance operations, net

(a) The item is made up as follows:

	2022 S/(000)	2021 S/(000)
Life risk		
Individual capitalization accounts and recognition bonds (b)		
	3,111	3,111
Accounts receivable – individual life product and others	-	16
	3,111	3,127
General risks (c)	10,103	9,051
	13,214	12,178
Impairment (e)	(3,111)	(3,111)
	10,103	9,067

(b) As of December 31, 2022 and 2021, 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, 2022 and 2021, it comprises mainly premiums of vehicle insurance and, in a shorter extent, card protection insurance contracts.

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

	2022		2021	
	S/(000)	%	S/(000)	%
Outstanding	10,103	76.46	9,067	74.45
Individual capitalization account	3,111	23.54	3,111	25.55
	13,214	100.00	12,178	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:

	2022 S/(000)	2021 S/(000)
Third parties		
Life insurance loans (b)	39,384	32,077
Inflation adjustment of investments	27,719	23,273
Accounts receivable from financial investments (c)	18,278	5,585
Temporary tax on net assets (d)	15,240	7,371
Accounts receivable – Interproperties, note 1(d) and (e)	8,348	11
Leases receivable	4,258	2,545
Remittances in transit of card operators	3,706	5,173
Subsidies receivable	2,026	1,545
Accounts receivable from SOAT collection agent	1,669	1,017
Policy management services (f)	479	1,267
Advances to personnel	257	203
Claims to third parties (g)	-	979
Other accounts receivable	5,278	1,500
	126,642	82,546
Affiliates		
Rentals and services		
Colegios Peruanos S.A. (h)	3,196	5,950
Compañía Food Retail SAC	162	-
Real Plaza S.A. (h)	133	139
Homecenters peruanos S.A. (h)	24	750
Supermercados Peruanos S.A.	67	437
Other accounts receivable	2	631
	3,584	7,907
Collection of premiums (i)		
Banco Internacional del Perú S.A.A.	44,963	29,100
Supermercados Peruanos S.A.	-	12
	44,963	29,112

	2022 S/(000)	2021 S/(000)
Less		
Provision for doubtful debt (j)	(5,750)	(7,024)
Total	169,439	112,541
By maturity		
Current	169,439	110,866
Non-current	-	1,675
	169,439	112,541

(b) As of December 31, 2022 and 2021, 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, 2022, it corresponded to coupons of bonds pending collection for S/10,400,000, and to the account receivable from the sale of a variable income instrument for S/7,878,000. As of December 31, 2021, it corresponded to coupons of bonds pending collection for S/2,747,000, as well as from shares for S/2,838,000. These items have been collected during January 2023 and 2022, respectively.

(d) As of December 31, 2022, it corresponds to the payments of the temporary tax on net assets (ITAN, for its initials in Spanish) in the amount of S/7,869,000 corresponding to period 2022 and S/7,371,000 corresponding to period 2021. The Company has requested the refund of this tax to the Tax Authority for period 2021, 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 period 2020.

(e) As of December 31, 2022, it corresponds to loans granted to classes managed by Interproperties, in which the Company does not participate.

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

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

(h) As of December 31, 2022 and 2021, it corresponds mainly to the accounts receivable from the lease of real properties with its related parties.

(i) As of December 31, 2022 and 2021, 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 insurance.

(j) The movement of the provision for doubtful debt as of December 31, 2022 and 2021 is as follows:

	2022 S/(000)	2021 S/(000)
Balance as of January 1	7,024	7,532
Additions (*)	3,344	2,109
Recovery	(3,578)	(2,316)
Write-off	(1,007)	(394)
Exchange difference	(33)	93
Balance as of December 31	5,750	7,024

(*) In 2022, the Company has recorded expenses of provision for doubtful debt in the items of "Technical expenses", "Administrative expenses, net" for S/1,813,000 and S/1,531,000, respectively (for year 2021, the Company has recorded expenses of provision for doubtful debt in the items of "Technical expenses" and "Administrative expenses, net" for S/1,302,000 and S/807,000, respectively).

(j) As of December 31, 2022 and 2021, 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:

	2022 S/(000)	2021 S/(000)
Acquisition costs of policies, note 2.2(q) and (b)	57,304	-
Credit for income tax (c)	6,948	5,673
Drawdowns of general sales tax (d)	697	694
Other taxes paid	651	-
Drawdowns of general sales tax– Interproperties, note 1(d)	81	87
Prepaid expenses - Interproperties, note 1(d)	22	134
Others	835	147
	66,538	6,735
By maturity		
Current	9,234	6,735
Non-current	57,304	-
	66,538	6,735

(b) It corresponds to the deferred commissions for the placement of insurance policies. As indicated in note 2.2(q), since 2022, the Company recognizes these commissions in this item, which are amortized based on the effective term of the policy.

	2022 S/(000)
Cost	62,094
Amortization (i)	(5,085)
Total	57,009

(i) During period 2022, the amortization adds up to S/5,085,000, which is included in the item "Commissions on insurance premiums".

(c) As of December 31, 2022 and 2021, as described in note 21, since the income and earnings generated by the assets that secure technical reserves for life insurance products are not levied, 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 2022, the Company offset the credit for income tax that it maintained as of December 31, 2021, with the payments on account from January to April for S/5,403,000 and it offset the payment of the temporary tax on net assets (ITAN) 2021 against the payment on account of April for S/ 848,600.

(d) As of December 31, 2022 and 2021, 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:

	2022					2021				
			Unrealized results, nota 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	1,031,112	12,209	12,340	(71,018)	984,643	1,567,673	23,377	32,081	(46,227)	1,576,904
Public Treasury Bonds	64,793	1,319	611	-	66,723	432,948	11,186	7,647	(437)	451,344
Equity instruments -										
Foreign shares (d)	205,755	-	-	(9,675)	196,080	437,738	-	3,571	(25,353)	415,956
Peruvian private sector shares	237,694	-	31,443	(17,438)	251,699	258,801	-	11,666	(28,238)	242,229
Participations in investment funds (e)	30,436	-	25,759	-	56,195	24,981	-	29,579	-	54,560
Real estate investment funds (f)	12,436	-	1,459	(542)	13,353	14,825	-	2,915	-	17,740
Joint ventures (g)	-	-	-	-	-	13,915	-	-	-	13,915
	1,582,226	13,528	71,612	(98,673)	1,568,693	2,750,881	34,563	87,459	(100,255)	2,772,648
By maturity										
Current portion					48,779					11,087
Non-current portion					1,519,914					2,761,561
					1,568,693					2,772,648

(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, 2021	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 investments to available-for-sale investments	728,998	-	-	-	-	728,998
Reclassifications from available-for-sale investments 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
Purchases	1,151,363	134,633	11,646	2,868	-	1,300,510
Sales	(31,263)	(334,586)	(3,514)	(4,416)	-	(373,779)
Settlement by maturity	(11,248)	-	-	-	-	(11,248)
Income from liquidation of joint venture, note 23(a)	-	-	-	-	3,362	3,362
Liquidation of joint venture, note 10(b)	-	-	-	-	(17,277)	(17,277)
Reclassification from available-for-sale investments to held-to-maturity investments, see note 2.1	(1,955,741)	-	-	-	-	(1,955,741)
Impairment (h) and note 23(a)	-	(41,958)	(1,412)	(827)	-	(44,197)
Exchange difference recorded in unrealized results, note 21(c)	-	(30,481)	(2,173)	(61)	-	(32,715)
Net variation in unrealized results, note 21(c)	(51,131)	42,684	(3,820)	(1998)	-	(14,265)
Interest by effective interest rate method	(7,048)	-	-	-	-	(7,048)
Effect by CPP adjustment	7,631	-	-	-	-	7,631
Exchange difference recorded in results	(79,445)	19,302	908	47	-	(59,188)
Balance as of December 31, 2022	1,051,366	447,779	56,195	13,355	-	1,568,693

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

(i) Corporate and financial bonds

	2022							2021						
		Unrealized results							Unrealized results					
	Amortized cost	Gains	Losses	Fair value	Maturity ranges	Interest rate ranges		Amortized cost	Gains	Losses	Fair value	Maturity ranges	Interest rate ranges	
	S/(000)	S/(000)	S/(000)	S/(000)		Soles	United States dollars	S/(000)	S/(000)	S/(000)	S/(000)		Soles	United States dollars
Public utilities	217,987	4,812	(4,736)	218,063	2029-2038	5.03	3.83-6.88	354,513	17,707	(8,460)	363,760	2030-2056	4.59 - 5.22	4.50 - 6.88
Metals and mining sector	211,091	3,357	(25,482)	188,966	2031-2050	-	4.25-4.5	222,917	3,088	(1,724)	224,281	2050	-	4.25
Finance sector	203,728	244	(18,131)	185,841	2023-2042	2-7.41	6.47-6.53	230,434	9,409	(3,893)	235,950	2022-2042	2 - 7.41	6.47 - 6.53
Essential goods	140,753	-	(15,609)	125,144	2027	6.88	-	142,867	-	(10,558)	132,309	2027	6.88	-
Transport infrastructure	105,605	3,282	-	108,887	2039	5	-	390,397	117	(7,370)	383,144	2048-2061	-	3.69 - 5.13
Real estate sector	59,953	185	(721)	59,417	2028-2038	7.13-8.44	-	70,163	1,301	-	71,464	2028-2041	7.13 - 8.44	-
Industrial sector	45,358	460	-	45,818	2036	4.75		98,636	-	(8,318)	90,318	2033-2034	6.84	-
Custody and logistics service	36,022	-	(1,382)	34,640	2030	8.19	-	40,969	459	(201)	41,227	2030	8.19	-
Education sector	22,824	-	(4,957)	17,867	2035	9.50	-	23,863	-	(3,795)	20,068	2035	9.5	-
Retail sector	-	-	-	-	-	-	-	16,291	-	(1,908)	14,383	2028	5.78	-
	1,043,321	12,340	(71,018)	984,643				1,591,050	32,081	(46,227)	1,576,904			

(ii) Public Treasury Bonds

	2022							2021						
		Unrealized results							Unrealized results					
	Amortized cost	Gains	Losses	Fair value	Maturity ranges	Interest rate ranges		Amortized cost	Gains	Losses	Fair value	Maturity ranges	Interest rate ranges	
	S/(000)	S/(000)	S/(000)	S/(000)		Soles	United States dollars	S/(000)	S/(000)	S/(000)	S/(000)		Soles	United States dollars
Sovereign bonds of the Republic of Peru	66,112	611	-	66,723	2024-2037	6.84-6.90	-	444,134	7,647	(437)	451,344	2037-2040	5.35-6.90	-
	66,112	611	-	66,723				444,134	7,647	(437)	451,344			

(d) As of December 31, 2022 and 2021, it corresponds mainly to equity instruments of foreign market companies that develop activities related to financial services, pharmaceutical products, aeronautical industry, telecommunications and other activities.

(e) They comprise participations in private capital investment funds that invest in debt and equity instruments in an amount of S/56,195,000 (S/54,560,000 as of December 31, 2021). As of December 31, 2022 and 2021, the Company maintains impaired certain participations for S/15,548,000 and S/14,761,000, respectively, and they are presented reducing the cost thereof.

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

As of December 31, 2022 and 2021, 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, 2022 and 2021, 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) On November 30, 2022 the joint venture of the real estate project called “Kampu” was liquidated. The Company recorded in results income from the liquidation of the project of S/3,362,000, see note 23(a). As a result of this liquidation, the Company incorporated the plot of land as part of the item “Real estate investments, net” in an amount of S/17,277,000, see note 10(b).

(h) As described in note 2.2(j.7), the Company individually assesses the financial instruments for 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, 2022 and 2021, as a result of this assessment, the Company recorded in results an impairment loss for S/44,197,000 and 32,243,000, respectively, see notes 8(b) and 23(a).

(i) 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.

(j) 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:

	2022 S/(000)	**2021** S/(000)
Corporate and financial bonds	6,754,571	5,468,118
Sovereign bonds	4,121,819	3,408,111
	10,876,390	8,876,229
Time deposit	22,080	-
Total	10,898,470	8,876,229
By maturity		
Current portion	-	-
Non-current portion	10,898,470	8,876,229

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

	Bonds S/(000)	Time deposit S/(000)	Investments in real estate projects S/(000)	Total S/(000)
Balance as of January 1, 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 investments to held-to-maturity investments	1,179,859	-	-	1,179,859
Reclassification from held-to-maturity investments 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
Purchases	180,000	20,000	-	200,000
Sales	-	-	-	-
Capital amortization	(122,436)	-	-	(122,436)
Interest by effective interest rate method	19,695	-	-	19,695
Accrued interest	-	567	-	567
Effect by CPP adjustment	202,778	1,513	-	204,291
Impairment recovery, (d) and note 23(a)	31,872	-	-	31,872
Impairment (d) and note 23(a)	(20,450)	-	-	(20,450)
Reclassification from available-for-sale investments to held-to-maturity investments	1,843,585	-	-	1,843,585
Exchange difference recorded in results	(134,883)	-	-	(134,883)
Balance as of December 31, 2022	10,876,390	22,080	-	10,898,470

(c) For information purposes, the nominal value, book value and market value of the debt instruments held by the Company as of December 31, 2022 and 2021 are presented below:

	As of December 31, 2022						As of December 31, 2021					
	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												
Public utilities	1,482,161	1,428,598	1,234,374	2027-2097	4.59-7.38	4.5-8.13	1,151,726	1,135,050	1,230,764	2027-2097	5.13-7.38	5.20-8.13
Industrial sector	1,338,487	1,396,364	1,254,013	2025-2096	4.25-7.94	5.88-7.75	1,273,512	1,346,527	1,386,096	2025-2096	4.25-7.94	5.88-7.75
Transport infrastructure	1,131,468	1,083,730	1,007,438	2027-2061	4.75-8.58	3.69-8.25	907,022	880,501	875,909	2027-2042	4.75-8.58	8.25
Metals and mining sector	889,814	1,028,059	821,769	2028-2050	-	4.25-9.25	762,721	922,204	928,055	2028-2050	-	4.5-9.25
Finance sector	728,250	784,010	704,580	2029-2046	3-8.65	-	398,250	427,440	418,866	2029-2046	3.00-8.00	-
Real estate sector	531,879	582,487	499,269	2032-2048	3.78-9.09	6.95-7.28	403,656	448,152	468,261	2032-2048	3.78-9.09	6.95
Air transport	129,676	120,727	108,900	2,061	-	5.13	-	-	-	-	-	-
Telecommunications service	70,285	113,574	104,781	2,028	2.88-3.19	-	70,285	104,591	100,873	2028	2.88-3.19	-
Essential goods	74,280	74,324	68,977	2024-2035	7.13-9	-	74,280	75,166	76,087	2024-2035	7.13-9.00	-
Logistics and custody services	40,000	41,135	40,105	2,045	9	-	40,000	41,135	46,043	2045	8.66	-
Insurance sector	38,083	39,428	33,841	2,037	7	-	38,083	39,508	37,442	2037	6.59	-
Retail sector	37,200	36,616	36,078	2028-2035	5.78-8.06		22,000	22,325	23,269	2035	8.06	-
Education sector	25,000	25,519	24,362	2,034	8		25,000	25,519	26,612	2034	8.3	-
	6,516,583	6,754,571	5,938,487				5,166,535	5,468,118	5,618,277			
Sovereign bonds												
Sovereign bonds of the Republic of Peru	3,137,842	3,612,714	3,059,516	2035-2055	3.14-7.39		2,459,842	2,873,256	2,718,257	2035-2055	3.14-7.39	-
Secured bonds by the Peruvian State	706,216	509,105	493,876	2024-2033	5.20-5.97		721,137	534,855	541,359	2024-2033	5.20-5.97	5.88-6.60
							3,180,979	3,408,111	3,259,616			
	3,844,058	4,121,819	3,553,392				8,347,514	8,876,229	8,877,893			
Time deposit	20,000	22,080	22,080	2,029	3							
Total	10,380,641	10,898,470	9,513,959				8,347,514	8,876,229	8,877,893			

(d) As described in note 2.2(j.7), the Company individually assesses the financial instruments for 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, 2022, as a result of this assessment, the Company recognized in results an impairment recovery S/31,872,000, as well as an impairment for S/20,450,000 (as of December 31, 2021, it recognized an impairment for S/29,752,000), 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, 2022 and 2021, 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 hedge ratios 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, 2022 and 2021.

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, 2021	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
Additions (b)	18,176	15,275	33,451
Liquidation of joint venture, note 8(g)	17,277	-	17,277
Reclassification (c) and note 11(a)	-	6,896	6,896
Sales	-	(38,349)	(38,349)
Changes in fair value (d) – Initial adoption, note 21(e)	86,772	(151,510)	(64,738)
Changes in fair value (d)	20,242	(13,218)	7,024
Balance as of December 31, 2022	503,501	890,300	1,393,801

(*) As of December 31, 2022 and 2021, the accounting balance of the real properties maintained through Interproperties adds up to S/92,249,000 and S/59,801,000, respectively, see note 1(d).

(b) During year 2022, the additions mainly correspond to the contributions in the holding of the real property called “Rex” for S/12,583,000 and disbursements for the expansion of the educational establishment located in Chorrillos for S/10,706,000.

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.

(c) As of December 31, 2022 and 2021, the Company transferred from the item “Property, furniture and equipment, net” to the item “Real estate investments, net” an approximate amount of S/10,880,000 and S/991,000, respectively, which correspond to the real properties located in the 25th and 17th floors of the building called “*Las Orquídeas*” and in the 10th floor of the building called “*Pardo y Aliaga*”, located in San Isidro, which will be used for lease purposes, see note 11(a).

In December 2022, the Company reclassified from the item of "Real estate investments, net" to the item of "Property, furniture and equipment, net" for an approximate amount of S/3,984,000 the 5th floor of the building called "*Las Orquídeas*" for own use by its commercial department.

(d) As of December 31, 2022, based on the application of SBS Resolution No. 3872-2021, the Company recorded changes in the fair value of the real properties in retained earnings and a loss in the amount of S/64,738,000 and a profit in results of the year in the amount of S/7,024,000, see notes 21(e) and 23(a).

(e) As of December 31, 2022 and 2021, these real properties generated income from lease in an amount that adds up to S/93,452,0000 and S/68,014,000, respectively, see note 23(a).

11. Property, furniture and equipment, net

(a) The movement of the item for the years ended December 31, 2022 and 2021 is as follows:

	Lands, buildings and facilities S/(000)	Furniture and fixtures S/(000)	Computer and other equipment S/(000)	Works in progress S/(000)	Total S/(000)
Cost					
Balance as of January 1, 2020	31,711	3,870	9,060	554	45,195
Additions (b)	11	-	-	49	60
Removals	-	(1)	(2)	-	(3)
Reclassifications, see note 10(a)	(1,457)	(604)	-	-	(2,061)
Balance as of December 31, 2021	30,265	3,265	9,058	603	43,191
Additions (b)	-	-	-	704	704
Removals	(3,133)	(504)	(1,071)	(603)	(5,311)
Reclassifications, see note 10(a)	(8,151)	2	-	-	(8,149)
Balance as of December 31, 2022	18,981	2,763	7,987	704	30,435
Accumulated depreciation					
Balance as of January 1, 2021	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, see note 10(a)	(733)	(327)	(10)	-	(1,070)
Balance as of December 31, 2021	7,140	2,027	8,378	-	17,545
Depreciation of the year, note 24	1,111	131	214	-	1,456
Removals	(615)	(158)	(1,015)	-	(1,788)
Adjustment, note 24	233	61	53	-	347
Reclassifications, see note 10(a)	(1,253)	-	-	-	(1,253)
Balance as of December 31, 2022	6,616	2,061	7,630	-	16,307
Net value as of December 31, 2022	12,365	702	357	704	14,128
Net value as of December 31, 2021	23,125	1,238	680	603	25,646

(b) As of December 31, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, Management considers that there are no situations that indicate the existence of an impairment in the net value of 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)	Projects in progress S/(000)	Total S/(000)
Cost				
Balance as of January 1, 2021	12,770	28,880	16	41,666
Additions (b)	-	-	1,115	1,115
Balance as of December 31, 2021	12,770	28,880	1,131	42,781
Additions (b)	-	-	5,851	5,851
Write-off	-	-	(16)	(16)
Balance as of December 31, 2022	12,770	28,880	6,966	48,616
Amortization				
Balance as of January 1, 2021	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
Additions, note 24	1,842	2,232	-	4,074
Balance as of December 31, 2022	10,782	22,232	-	33,014
Book value as of December 31, 2022	1,988	6,648	6,966	15,602
Book value as of December 31, 2021	3,830	8,880	1,131	13,841

(*) As of December 31, 2022 and 2021, the accounting balance of the intangibles maintained through Interproperties adds up to S/52,000 and S/62,000, respectively, see note 1(d).

(b) As of December 31, 2022 and 2021, the additions mainly correspond to the implementation of IFRS 17 project in the “Prophet” system used in the own actuarial operations of the Company.

(c) As of December 31, 2022 and 2021, 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:

	2022			
	Maturity date (b)	**Rate** %	**Currency**	**Book value** S/(000)
Notes				
Banco Scotiabank	04/01/2023	8.55%	PEN	113,000
Banco BCP	21/01/2023	8.63%	PEN	77,400
Banco GNV	10/01/2023	8.77%	PEN	71,500
Banco BBVA	04/01/2023	5.30%	USD	45,768
				307,668

	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, 2022 and 2021, the funds obtained through these financing facilities were intended for more liquidity.

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

	2022 **S/(000)**	**2021** **S/(000)**
Balance as of January 1	226,713	-
Subscription of notes	2,382,867	1,179,177
Cancellation of notes	(2,299,490)	(948,480)
Exchange difference	(2,422)	(3,984)
Balance as of December 31	307,668	226,713

14. Taxes and other accounts payable

(a) The item is made up as follows:

	2022 S/(000)	2021 S/(000)
Commissions payable to affiliates (b)	33,455	21,643
Provisional premiums and return of premiums (c)	25,882	23,423
Suppliers (d)	19,218	11,792
Bonus payable	16,527	11,811
Other accounts payable – Interproperties, note 1(d)	15,753	1,112
Commissions to third parties	5,744	4,617
Contributions payable and other labor liabilities	5,495	6,089
Bond interest, note 17(b)	4,110	3,804
Litigation payable	2,976	2,341
Security deposits of lessees	2,555	3,248
Vacation payable	2,117	1,680
General sales tax	1,236	1,219
Severance pay (*Compensación por tiempo de servicio*)	971	993
Investments payable	118	201
Other accounts payable to affiliates	62	-
Other minor accounts	2,062	1,632
	138,281	95,605

(b) As of December 31, 2022 and 2021, 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, 2022 and 2021, it corresponds to collection of premiums pending identification and returns of premiums of individual life products.

(d) As of December 31, 2022 and 2021, 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.

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

(a) The item is made up as follows:

	2022 S/(000)	2021 S/(000)
Accounts receivable from settled claims		
Automatic proportional reinsurance contracts (b) and (g)	3,493	9,165
Coinsurance contracts (c)	2,666	2,089
	6,159	11,254
Assets for technical reserves by reinsurers		
Ceded portion of reserve of claims (d)	34,635	53,030
Ceded portion of technical reserves (e)	26	74
	34,661	53,104
Accounts payable		
Automatic proportional reinsurance contract (f) and (g)	3,380	2,748
Coinsurance contract	2,268	1,467
	5,648	4,215

(b) The main reinsurers with which the Company maintains accounts receivable from claims settled as of December 31, 2022 and 2021 are detailed below:

Reinsurer	Risk rating	2022 S/(000)	2021 S/(000)
Munich Re	AA-	1,633	1,350
Hannover Rück SE	AA-	1,180	3,264
QBE Reinsurance Corporation	A+	285	1,226
General Reinsurance AG	AA+	134	469
Scor Global life SE	AA-	114	2,369
SCOR Global Life Americas Reinsurance Company	AA-	68	383
IRB Brasil Reaseguros S.A.	A-	47	82
Navigators Insurance Company	A	32	21
BNP Paribas Cardif S.A.	A	-	1
		3,493	9,165

(c) The main coinsurers with which the Company maintains accounts receivable from claims settled as of December 31, 2022 and 2021 are detailed below:

Coinsurer	Risk rating	2022 S/(000)	2021 S/(000)
Chubb Seguros Perú S.A.	A	2,570	2,075
BNP Paribas Cardif S.A.	A	96	14
		2,666	2,089

(d) The movement of the assets for reserves of ceded pending claims for year 2022 and 2021 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, 2021	6,144	46,426	6,433	59,003
Ceded claims of the period (*)	10,957	6,505	9,076	26,538
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
Ceded claims of the period (*)	1,529	(5,808)	3,918	(361)
Settled claims (g)	(2,208)	(9,000)	(5,402)	(16,610)
Exchange difference	(612)	(408)	(404)	(1,424)
Balance as of December 31, 2022	5,194	27,411	2,030	34,635

(*) As of December 31, 2022 and 2021, it corresponds to claims of ceded premiums that are recorded in the statement of income in an amount of S/(361,000) and S/26,538,000; respectively.

(e) The movement of the assets for technical reserves of ceded premiums for year 2022 and 2021 is as follows:

	S/(000)
Balance as of January 1, 2021	232
Ceded premiums of contracts of previous years (*)	(158)
Balance as of December 31, 2021	74
Ceded premiums of contracts of previous years (*)	(48)
Balance as of December 31, 2022	26

(*) As of December 31, 2022 and 2021, it corresponds to the adjustment of technical reserves of ceded premiums that are recorded in the statement of income in an amount of S/48,000 and S/158,000; respectively.

(f) The main reinsurers with which the Company maintains accounts payable of ceded premiums as of December 31, 2022 and 2021 are detailed below:

Reinsurer	**Risk rating**	**2022** S/(000)	**2021** S/(000)
Munich Re	AA-	1,346	758
Hannover Rück SE	AA-	1,206	240
Scor Global life SE	AA-	385	1,122
SCOR Global Life Americas Reinsurance Company	AA-	244	446
General Reinsurance AG	AA+	185	142
QBE Reinsurance Corporation	A+	11	37
IRB Brasil Reaseguros S.A.	A-	3	3
		3,380	2,748

(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, 2021	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
Additions for accounts receivable from claims settled in the year (d)	2,208	9,000	5,402	16,610
Collections made in the year	(212)	(15,885)	(6,009)	(22,106)
Exchange difference	-	(176)	-	(176)
Balance as of December 31, 2022	16,256	(20,662)	7,899	3,493

	Debtor's Life Insurance S/(000)	Retirement S/(000)	Life and others S/(000)	Total S/(000)
Payable				
Balance as of January 1, 2021	1,428	892	1,749	4,069
Premiums ceded in the year (*)	4,062	535	6,267	10,864
Payments made in the year	(4,721)	(1,133)	(6,891)	(12,745)
Exchange difference	-	610	(50)	560
Balance as of December 31, 2021	769	904	1,075	2,748
Premiums ceded in the year (*)	6,009	423	7,506	13,938
Payments made in the year	(5,327)	(1,245)	(6,705)	(13,277)
Exchange difference	-	-	(29)	(29)
Balance as of December 31, 2022	1,451	82	1,847	3,380

(*) As of December 31, 2022 and 2021, it corresponds to the ceded premiums that are recorded in the statement of income in an amount of S/13,938,000 and S/10,864,000; respectively.

16. Technical reserves for claims

(a) The item is made up as follows:

	2022 S/(000)	2021 S/(000)
Reserve for reported claims	135,825	132,093
Reserve for incurred but not reported claims – IBNR (d)	61,916	83,560
Margin over current estimate (MOCE)	4,082	6,529
Total technical reserves for claims	201,823	222,182

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

	2022			
	Direct claims S/(000)	IBNR(d) S/(000)	MOCE S/(000)	Total S/(000)
Life insurance (*)	40,361	50,320	1,778	92,459
Retirement (c)	55,254	5,855	1,562	62,671
Life annuities and private annuity	15,675	-	-	15,675
Mandatory insurance of traffic accidents	9,800	4,771	220	14,791
General risks	8,920	375	300	9,595
Complementary insurance for hazardous work	5,510	595	222	6,327
Personal accidents	305	-	-	305

	Direct claims S/(000)	IBNR(d) S/(000)	MOCE S/(000)	Total S/(000)
	135,825	61,916	4,082	201,823
	2021			
Life insurance (*)	42,372	59,028	3,731	105,131
Retirement (c)	59,646	18,352	2,054	80,052
Life annuities and private annuity	12,235	-	-	12,235
Mandatory insurance of traffic accidents	6,685	4,981	523	12,189
General risks	5,107	402	199	5,708
Complementary insurance for hazardous work	5,740	797	22	6,559
Personal accidents	308	-	-	308
	132,093	83,560	6,529	222,182

(*) As of December 31, 2022 and 2021, it includes Debtor's Life Insurance in an amount of S/79,856,000 and S/96,156,000; respectively.

(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, 2022, there were 525 cases of survival and 303 cases of disability pending payment. As of December 31, 2021, there were 679 cases of survival and 380 cases of disability pending payment, from the collective Retirement Insurance contract.

As of December 31, 2022, there were 82 cases of survival and 44 cases of disability pending payment of the retirement insurance of the additional contribution regime (run-off). As of December 31, 2021 there were 85 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, 2022 and 2021.

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

	Life S/(000)	Debtor's Life Insurance S/(000)	Retirement S/(000)	Life annuities and private annuity S/(000)	SOAT S/(000)	General risks S/(000)	SCTR S/(000)	Personal accidents S/(000)	Total S/(000)
Beginning balance as of January 1, 2022	8,975	96,156	80,052	12,235	12,189	5,708	6,559	308	222,182
Claims of the period (*)	15,749	41,355	55,272	742,595	26,252	16,762	16,189	329	914,503
Adjustments to claims of previous periods (*)	-		(16,116)	4,027	-	-	(166)	-	(12,255)
Margin over current estimate (MOCE)	658	1,120	1,562	-	220	300	222	-	4,082
Paid benefits	(12,061)	(58,626)	(58,096)	(743,156)	(23,870)	(12,975)	(16,477)	(332)	(925,593)
Exchange difference	(718)	(149)	(3)	(26)	-	(200)	-		(1,096)
Ending balance as of December 31, 2022	12,603	79,856	62,671	15,675	14,791	9,595	6,327	305	201,823

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

(*) As of December 31, 2022 and 2021, it corresponds to claims of insurance premiums that are recorded in the statement of income in an amount of S/902,248,000 and S/974,037,000; respectively.

17. Subordinated bonds

(a) As of December 31, 2022 and 2021, this item includes the following:

	5-year annual interest rate %	Issuance	Maturity	Currency	Original amount issued US$(000)	2022 S/(000)	2021 S/(000)
Third program (c) and (d)							
First issuance (*)	6	Jan 2019	Jan 2029	US$	20,000	76,280	79,740
Second issuance (*)	4.34	Oct 2019	Oct 2029	US$	20,000	76,280	79,740
Third issuance (**)	4.84	Sep 2020	Sep 2030	US$	25,000	95,350	99,675
						247,910	259,155

(*) 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.

(**) 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 the 5-year H15T5Y rate + 600 pb or 7 percent per annum.

(b) As of December 31, 2022 and 2021, the accrued interest payable adds up to S/4,110,000 and S/3,804,000, 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 2022 and 2021 adds up to S/12,635,000 and S/12,495,000, 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 centers; 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:

	2022 S/(000)	2021 S/(000)
Balance as of January 1	259,155	235,365
Issuances	-	-
Exchange difference recorded in results	(11,245)	23,790
Balance as of December 31	247,910	259,155

18. Technical reserves for premiums

(a) The item is made up as follows:

	2022 S/(000)	2021 S/(000)
Life mathematical reserve (d)		
Life annuities (b)	9,953,642	9,653,290
Private annuity	1,067,098	909,500
Life insurance (c)	917,369	893,066
Retirement insurance	610,672	575,941
Complementary insurance for hazardous work	308,471	290,363
	12,857,252	12,322,160
Reserve of outstanding risks (e)		
General insurance	27,830	20,726
Mandatory insurance for traffic accidents	24,665	19,361
Personal accidents	128	609
	52,623	40,696
Total technical reserves for premiums	12,909,874	12,362,856

(b) As of December 31, 2022 and 2021, the balance includes voluntary reserves for S/123,163,000 and S/124,708 ,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, 2022 and 2021, it includes the technical reserves of Flex Vida insurance contracts for S/120,295,000 and S/146,145 ,000, respectively, which returns 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, 2022 and 2021 is as follows:

	2022				
	Life and private annuities S/(000)	**Retirement** S/(000)	**Life** S/(000)	**SCTR** S/(000)	**Total** S/(000)
Beginning balance	10,562,790	575,941	893,066	290,363	12,322,160
Subscriptions	659,876	-	2,882	-	662,758
Retained earnings, note 21(e)	59,796	14,997	-	374	75,167
Call	-	-	(66,517)	-	(66,517)
Adjustment by passage of time	(89,722)	19,734	122,223	17,776	70,011
Exchange difference	(172,000)	-	(34,285)	(42)	(206,327)
Ending balance	11,020,740	610,672	917,369	308,471	12,857,252

	2021				
	Life and private annuities 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

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

	2022		
	General insurance S/(000)	**SOAT and personal accidents** S/(000)	**Total** S/(000)
Beginning balance	20,726	19,970	40,696
Subscriptions	14,253	23,086	37,339
Premiums accrued during the year	(7,143)	(18,264)	(25,407)
Exchange difference	(6)	1	(5)
Ending balance	27,830	24,793	52,623

	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

(f) As of December 31, 2022 and 2021, 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 life 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** %(*)
Life 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 %(*)
Life 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 date 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 date 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.	5

(*) 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, 2022 and 2021, 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:

	2022 S/(000)	2021 S/(000)
Beginning balance	28,031	34,118
Accrual of income, note 23(a)	(4,944)	(6,087)
Ending balance	23,087	28,031

20. Contingent and memorandum accounts

(a) The item is made up as follows:

	2022 S/(000)	2021 S/(000)
Non-distributable gain from valuation of real properties (b)	-	55,652
Letters of guarantee in favor of third parties (c)	5	22
Debit memorandum accounts	5	55,674
Letters of guarantee in favor of the Company	6,837	4,588
Credit memorandum accounts	6,837	4,588
	6,841	60,262

(b) As of December 31, 2021, it corresponded 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, 2022, it comprises mainly the payment of a fine to INDECOPI for S/5,000.

21. Shareholders' equity

(a) Capital stock -

As of December 31, 2022 and 2021, it is represented by 958,282,000 and 891,833,000 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 01, 2022 agreed to make the capitalization of the result of financial year 2021 for S/84,157,000. In addition, it was agreed to make the amortization of shares in treasury over the capital for S/17,708,000.

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 April 5, 2021 agreed to make the capitalization of the result of financial year 2020 for S/3,340,000.

According to the legal provisions in force as of December 31, 2022 and 2021, there are no restrictions to the remittance of profits or to the repatriation of capitals.

As of December 31, 2022 and 2021, 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, 2022 and 2021, the shareholding structure of the Company is as follows:

Holding	**Number of shareholders**	**Percentage shareholding in the capital stock** %
Less than 10 percent	3	10.58
More than 89 percent	1	89.42
	4	100%

As of December 31, 2022 and 2021, 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 tax 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 01, 2022 agreed to establish the legal reserve in the amount of S/17,507,000.

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 April 5, 2021 agreed to establish the legal reserve in the amount of S/1,169,000.

(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, 2020 S/(000)	**(Debit)/ credit in the statement of other comprehensive income** S/(000)	**Balance as of December 31, 2021** S/(000)	**(Debit)/ credit in the statement of other comprehensive income** S/(000)	**Balance as of December 31, 2022** S/(000)
Net unrealized results in debt instruments, see note 8(b)	74,909	(81,845)	(6,936)	(51,131)	(58,067)
Net unrealized results in equity instruments, note 8(b)	(9,005)	3,145	(5,860)	36,866	31,006
	65,904	(78,700)	(12,796)	(14,265)	(27,061)
Net exchange difference of equity financial instruments, see note 8(b)	50,817	10,207	61,024	(32,715)	28,309
Net unrealized loss in debt instruments, reclassified from "Available-for-sale investments" to "Held-to-maturity investments"	54,641	(48,919)	5,722	(113,893)	(108,171)
	171,362	(117,412)	53,950	(160,873)	(106,923)

(d) Distribution of retained earnings -

The Annual Mandatory Shareholders' Meeting held on April 1, 2022 agreed to distribute cash dividends for S/201,940,000, corresponding to the retained earnings of period 2021.

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 periods 2019 and 2020.

(e) Retained earnings –

As of December 31, 2022 and 2021, according to SBS Resolution No. 886-2018 a debit has been recorded in retained earnings in an amount of S/75,166,000 and S/70,230,000, 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).

As of December 31, 2022, based on the application of SBS Resolution No. 3872-2021, the Company recorded changes in the fair value of the real properties in retained earnings and a loss in the amount of S/64,738,000, see notes 10(d).

(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, 2022 and 2021, the Company has 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, 2022 and 2021, 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 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
Capitalization (i)	66,449	17,708	84,157	365	84,157
Balance as of December 31, 2021 (denominator)	958,282	-	958,282		958,282
Earnings (numerator)					303,608
Basic and diluted earnings per share					0.347
Financial year 2022					
Balance as of January 1, 2022	891,833	(17,708)	874,125	365	874,125
Capitalization (i)	66,449	17,708	84,157	365	84,157
Balance as of December 31, 2022 (denominator)	958,282	-	958,282		958,282
Earnings (numerator)					202,77
Basic and diluted earnings per share					0.212

(i) It corresponds to the capitalization of results of financial year 2020 and 2021, respectively.

(ii) The Company adjusted its calculation of earnings per share as of December 31, 2021 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, 2021.

22. Tax situation

(a) The Company is subject to the Peruvian tax regime. As of December 31, 2022 and 2021, 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 life 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 be not levied.

In addition, 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, 2022 and 2021.

(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 2018 to 2022 and the general sales tax returns of years 2018 to 2022 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, 2022 and 2021.

(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 2022 of S/440,374,000 (S/647,476,000 as of December 31, 2021). The Company's Management has chosen the method mentioned in paragraph (i). The amount of the tax loss is subject to the result of the reviews indicated in paragraph (d) above.

(f) As of December 31, 2022 and 2021, 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 a Superintendence Resolution of SUNAT. 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 for 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 been also 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 had 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 the acceptance of work or other document established by the Regulations has been obtained from the corresponding municipal body. 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.

23. Investment income, net

(a) The item is made up as follows:

	2022 S/(000)	2021 S/(000)
Income		
Interest of financial instruments	670,697	598,573
Valuation of instruments (CPP)	211,922	147,823
Lease of real properties, see note 10(e)	93,452	68,014
Received dividends	49,640	54,346
Profit from the same of financial instruments (b)	33,716	333,104
Impairment recovery, note 9(b) and 8(i)	31,872	-
Profit from the sale of real property	7,401	-
Changes in the fair value of real estate investments, note 2.1 and 10(d)	7,024	-
Accrual of income from deferred sales of financial instruments, note 19	4,944	6,087
Gain from the liquidation of the joint venture, note 8(b) and 8(g)	3,362	-
Recovery of doubtful debt	2,460	1,561
Interest of loans to insured	1,887	1,542
Accrual of unrealized results of debt instruments reclassified to held-to-maturity	1,666	7,162
Equity interest in share certificates (c)	253	913
Other income	233	437
	1,120,529	1,219,562
Expenses		
Loss from changes in the fair value of financial investments, note 4(c)	68,780	23,213
Impairment of financial instruments, notes 8(b), 8(h), 9(b) and 9(d)	64,647	61,995
Loss from sale of financial instruments (b)	57,009	66,620
Interest of subordinated bonds, see note 17(b)	12,635	12,495
Expenses of the investment department and other expenses (d)	11,242	8,087
Expenses for real estate investments	10,468	9,556
Interest of notes	10,065	526
Overprice or underprice	3,239	11,292
Changes in the fair value of real estate investments, note 2.1 and 10(a)	-	11,344
Other expenses	2,038	2,286
	240,123	207,414
Total net	880,406	1,012,148

(b) The item is made up as follows:

	2022 S/(000)	2021 S/(000)
Profit from the sale of financial instruments		
Equity instrument	33,716	164,885
Debt instrument	-	168,219
	33,716	333,104
Loss from the sale of financial instruments		
Equity instrument	56,597	60,358
Debt instrument	412	6,262
	57,009	66,620
Net	(23,293)	266,484

(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, 2022 and 2021, 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:

	2022 S/(000)	2021 S/(000)
Personnel charges, see note 25	44,763	39,230
Services provided by third parties	30,252	38,612
Other management charges	23,223	20,696
Taxes	12,048	10,667
Amortization and depreciation, see notes 11(a) and 12(a)	5,877	6,039
Provision for doubtful debt, see note 6(i)	-	807
	116,163	116,051

25. Personnel charges and average of number of employees

Personnel charges are detailed below:

	2022 S/(000)	2021 S/(000)
Salaries	22,952	19,322
Bonuses	11,855	10,855
Severance pay (*Compensación por tiempo de servicios*)	3,119	3,013
Healthcare	2,363	1,994
Vacation	1,849	1,809
Rewards	361	302
Commissions	34	68
Other social security charges	2,230	1,867
Total personnel charges	44,763	39,230
Average number of employees	890	751

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 for 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 hedge 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, 2022 and 2021 comprises:

	2022 S/(000)	2021 S/(000)
Paid capital	958,282	891,833
Additional capital (*)	(63,460)	(63,460)
Treasury shares (**)	-	(17,708)
Reserves	335,400	317,893
Computable portion of subordinated bonds (***)	247,910	259,155
Accumulated losses (****)	(139,895)	-
Effective equity	1,338,237	1,387,713

(*) 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, 2022, the Company has recognized extraordinary losses from the amortization due to the effect of the recalculation of the reserves of income caused by the new mortality rates for a value of S/75,166,000; in addition, an effect of S/64,738,000 was recognized for the first application of the new methodology for the valuation of real properties.

Solvency equity is comprised by the higher between the solvency margin and the minimum capital. As of December 31, 2022, solvency equity is comprised by the solvency margin that adds up to S/714,875,000 (S/672,551,000 as of December 31, 2021), being the minimum capital an amount of S/8,505,000 as of December 31, 2022 according to SBS Circular Letter No. G217-2022 (S/7,790,000 as of December 31, 2021 according to SBS Circular Letter No. G-212-2021).

(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, 2022, the guarantee fund adds up to S/250,207,000 (S/235,393,000 as of December 31, 2021).

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

	2022 S/(000)	2021 S/(000)
Total effective equity	1,338,237	1,387,713
Less:		
Solvency equity, note 28	714,875	672,551
Guarantee fund, note 27	250,207	235,393
Surplus	373,155	479,769

27. Support of technical obligations

The Company has the following assets accepted as support, which cover the entire obligation as of December 31, 2022 and 2021:

	2022 S/(000)	2021 S/(000)
Eligible investments		
Cash and cash equivalents, net of other accounts receivable and payable of investments	124,178	484,731
Time deposits	509,398	574,010
Shares and mutual funds of investment in securities	647,892	944,983
Bonds	11,794,284	10,741,755
Offshore investments	134,768	164,607
Loans guaranteed by insurance policies	13,669	13,980
Real estate investments	1,301,024	1,382,135
Premiums receivable not due and not accrued	10,103	9,052
Total assets accepted as support	14,535,316	14,315,253
Technical obligations		
Technical reserves	13,079,644	12,534,658
Solvency equity, note 28	714,875	672,551
Guarantee fund, note 26	250,207	235,393
Total technical obligations	14,044,726	13,442,602
Surplus	490,590	872,651

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, 2022 and 2021 and they are free from any lien as of the date of the financial statements.

As of December 31, 2022 and 2021, 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, except for the group life insurance and retirement insurance related to the current portfolio.

As of December 31, 2022, the solvency margin determined by the Company adds up to S/714,875,000 (S/672,551,000 as of December 31, 2021) and it has been calculated based on the premiums of general and life sectors.

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, 2022 and 2021:

	2022 S/(000)	2021 S/(000)
Assets and liabilities		
Current and savings accounts (b)	4,440	3,914
Other accounts receivable (c)	3,365	4,566
Available-for-sale investments (d)	17,867	20,068
Other investments (d)	3	3
Other accounts payable (c)	4,150	755
Results		
Income from premiums (h)	11,962	13,879
Income from rentals	31,259	30,406
Investment income	3,252	14,349
Claims (h)	(4,951)	(3,408)
Expenses for commissions (h)	(74,685)	(57,383)
Administrative expenses	(3,816)	(3,862)

(b) As of December 31, 2022 and 2021, 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:

	2022 S/(000)	2021 S/(000)
Colegios Peruanos S.A.C. (e)	3,196	3,437
Homecenters Peruanos S.A. (f)	-	750
Supermercados Peruanos S.A. (g)	6	373
Others	163	6
Total other accounts receivable from related companies	3,365	4,566
Interbank	4,144	755
Financiera Oh	6	-
Total other accounts payable to related companies	4,150	755

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

	20222 S/(000)	2021 S/(000)
Available-for-sale investments		
Colegios Peruanos S.A.C.	17,867	20,068
	17,867	20,068
Other investments		
Other investments	3	3
	3	3

(e) As of December 31, 2022 and 2021, 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/509,000 and S/419,000 for years 2022 and 2021, 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 2022 and 2021 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, are 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 the 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 life 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, 2022 and 2021.

As of December 31, 2022 and 2021, the Company presents the following categories of financial instruments:

	As of December 31, 2022					
	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	-	608,379	-	-	-	608,379
Investments at fair value through profit or loss	234,494	-	-	-	-	234,494
Accounts receivable from insurance operations, net	-	10,103	-	-	-	10,103
Accounts receivable from reinsurers and coinsurers	-	6,159	-	-	-	6,159
Other accounts receivable, net (*)	-	154,199	-	-	-	154,199
Available-for-sale investments, net	-	-	1,568,693	-	-	1,568,693
Held-to-maturity investments	-	-	-	10,898,470	-	10,898,470
Total assets	234,494	778,840	1,568,693	10,898,470	-	13,480,497
Liabilities						
Subordinated bonds	-	-	-	-	247,910	247,910
Financial liabilities	-	-	-	-	307,668	307,668
Accounts payable to reinsurers and coinsurers	-	-	-	-	5,648	5,648
Other accounts payable	-	-	-	-	138,281	138,281
Technical reserves for claims and premiums	-	-	-	-	13,111,697	13,111,697
Total liabilities	-	-	-	-	13,811,204	13,811,204

	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 (*)	-	105,170	-	-	-	105,170
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	1,179,812	2,772,648	8,876,229	-	13,145,941
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, 2022 and 2021, the temporary tax on net assets for S/15,240,000 and S/7,371,000, respectively, is not being considered.

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 life 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.

The Company has a position in securitized bonds with the toll road Concession of Rutas de Lima for S/258,560,000 million soles. On January 19, 2023, the Municipality of Metropolitan Lima announced the early termination of said Concession Agreement. According to the credit agreement signed both by the Concessionaire and the Municipality, if the concession is cancelled, the credit structure is maintained under the administration of the Municipality or of the new concessionaire designated by it, respecting the conditions previously established in said agreement.

As of December 31, 2022 and 2021, the Company has recorded an impairment of S/71,310,000 and S/96,604,000; respectively, according to the requirements established by the SBS.

The Company's Management is assessing any impact on the value of the debt instruments caused by the abovementioned decision.

(i) Exposure of assets by credit rating -

The table below shows the credit rating of financial assets as of December 31, 2022 and 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)
				As of December 31, 2022			
Cash and cash equivalents	-	-	-	-	-	93,674	93,674
Investments at fair value through profit or loss	-	-	-	1,296	-	223,152	224,448
Accounts receivable from reinsurers and coinsurers	-	3,129	364	-	-	-	3,493
Available-for-sale investments, net							
Corporate and financial bonds	-	-	-	197,938	-	-	197,938
Participations in investment funds	-	-	-	-	-	56,195	56,195
Foreign shares	-	-	-	-	-	196,080	196,080
Held-to-maturity investments							
Corporate and financial bonds	-	31,511	504,597	2,399,592	105,294	-	3,040,994
Total	-	34,640	504,961	2,598,826	105,294	569,101	3,812,822

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)
				As of December 31, 2022			
Cash and cash equivalents	-	-	-	-	-	514,705	514,705
Investments at fair value through profit or loss	-	-	-	-	-	10,046	10,046
Accounts receivable from insurance operations, net	-	-	-	-	-	10,103	10,103
Accounts receivable from reinsurers and coinsurers	-	-	2,666	-	-	-	2,666
Other accounts receivable, net	-	-	-	-	-	154,199	154,199
Available-for-sale investments, net							
Local corporate and financial bonds	87,566	367,819	-	232,056	99,264	-	786,705
Public Treasury Bonds	-	-	-	66,723	-	-	66,723
Shares of the Peruvian private sector	-	-	-	-	-	251,699	251,699
Real estate investment funds	-	-	-	-	-	13,353	13,353
Held-to-maturity investments							
Corporate and financial bonds	548,954	2,279,962	29,034	444,308	411,319	-	3,713,577
Sovereign bonds	337,174	-	-	3,784,645	-	-	4,121,819
Time deposit	-	-	-	-	-	22,080	22,080
Total	973,694	2,647,781	31,700	4,527,732	510,583	976,185	9,667,675

(*) It includes bonds issued by Rutas de Lima classified as held-to-maturity investments for a net book value of S/244,802,000.

International rating	As of December 31, 2021 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 receivable 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

Local rating	As of December 31, 2021 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 and 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/204,762,000.

(ii) Exposure of assets by country -

The Company considers within its risk measures, the diversification by geographical area. As of December 31, 2022, the Company maintains a degree of concentration of its investments of 72 percent in Peru (67 percent in 2021) as it can be seen in the table below:

	As of December 31, 2022				
By geographical area	**For trading or for hedging 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	10,046	673,699	1,118,480	7,857,482	9,659,707
Mexico	1,296	-	-	1,380,362	1,381,658
Chile	-	-	98,932	655,892	754,824
United States	223,152	94,307	143,415	261,172	722,046
Brazil (*)	-	47	-	413,100	413,147
Panama	-	-	-	193,662	193,662
England	-	7,236	154,476	-	161,712
Colombia	-	642	53,390	105,289	159,321
South Korea	-	-	-	31,511	31,511
Germany	-	2,813	-	-	2,813
France	-	96	-	-	96
Total assets	234,494	778,840	1,568,693	10,898,470	13,480,497

(*) The Company maintains instruments of companies of Brazilian capital that correspond mainly to Votorantin and GTL Trade Finance.

By geographical area	For trading or for hedging 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)
	As of December 31, 2021				
Peru	10,348	704,134	1,429,707	6,646,993	8,791,182
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	1,179,812	2,772,648	8,876,229	13,145,941

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

(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, 2022 and 2021. 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, 2022							
	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	608,379	487,319	-	-	-	-	121,060	608,379
Investments at fair value through profit or loss	234,494	50	-	50	398	3,070	233,198	236,766
Accounts receivable from insurance operations, net	10,103	-	10,103	-	-	-	-	10,103
Accounts receivable from reinsurers and coinsurers	6,159	-	6,159	-	-	-	-	6,159
Other accounts receivable, net	154,199	25,721	61,347	40,311	26,820	-	-	154,199
Available-for-sale investments, net	1,568,693	5,635	14,032	106,773	451,423	1,100,261	500,822	2,178,946
Held-to-maturity investments	10,898,470	73,874	162,246	534,596	3,260,925	16,982,917	-	21,014,558
Total	13,480,497	592,599	253,887	681,730	3,739,566	18,086,248	855,080	24,209,110
Financial liabilities								
Subordinated bonds	247,910	-	-	-	-	247,910	-	247,910
Financial liabilities	307,668	307,668	-	-	-	-	-	307,668
Accounts payable to reinsurers and coinsurers	5,648	-	5,648	-	-	-	-	5,648
Taxes and other accounts payable	138,281	70,734	59,381	4,668	3,498	-	-	138,281
Technical reserves for claims and premiums	13,111,697	106,399	208,257	932,909	4,417,141	18,058,018	-	23,722,724
Total	13,811,204	484,801	273,286	937,577	4,420,639	18,305,928	-	24,422,231

	As of December 31, 2021							
	Book value S/(000)	Up to 1 months 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)	Without maturity S/(000)	Total 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	105,170	41,435	20,481	28,804	13,840	610	-	105,170
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	13,145,941	740,431	203,769	648,067	3,573,738	18,088,642	1,540,076	24,794,723
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

(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, 2022, the exchange rate for the accounting record of the accounts of assets and liabilities in foreign currency established by the SBS was S/3.814 for US$1 (S/3.987 as of December 31, 2021).

As of December 31, 2022, the weighted average exchange rate of the free market published by the SBS for transactions in United States dollars was S/3.808 for US$1 for purchase and S/3.820 for US$1 for sale (S/3.975 for US$1 for purchase and S/3.998 as of December 31, 2021, respectively).

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

	2022 US$(000)	2021 US$(000)
Assets		
Cash and cash equivalents	109,984	190,348
Investments at fair value through profit or loss	61,482	79,571
Accounts receivable from insurance operations, net	2,045	1,496
Accounts receivable from reinsurers and coinsurers	529	1,480
Other accounts receivable, net	9,194	7,241
Available-for-sale investments	171,850	359,808
Held-to-maturity investments	964,667	766,497
Asset for technical reserves for claims by reinsurers	864	1,485
	1,320,615	1,407,926
Liabilities		
Subordinated bonds	(65,000)	(65,000)
Financial liabilities	(12,953)	(52,850)
Accounts payable to reinsurers and coinsurers	(862)	(659)
Taxes and other accounts payable	(1,305)	(2,601)
Accounts payable to insured	(1,317)	(1,384)
Technical reserves for premiums and claims	(1,192,818)	(1,198,076)
	(1,274,255)	(1,320,570)
Net asset position	46,360	87,356

During year 2022, the Company has recorded a net gain from exchange difference of S/10,611,000 (a net gain of S/19,969,000 in year 2021) 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 loss from exchange difference of S/32,715,000 (net gain of S/10,207,000 in year 2021) 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** %	**2022** S/(000)	**2021** S/(000)
Devaluation			
United States dollars	5	(8,841)	(17,414)
United States dollars	10	(17,682)	(34,829)
Revaluation			
United States dollars	5	8,841	17,414
United States dollars	10	17,682	34,829

(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, 2022						
	Up to 1 month S/(000)	From 1 to 3 months S/(000)	From 3 to 12 months S/(000)	From 1 to 5 years S/(000)	Over a 5 years S/(000)	Non-sensitive to interest rate	Total
Assets							
Cash and cash equivalents	487,319	-	-	-	-	121,060	608,379
Investments at fair value through profit or loss	-	-	-	-	1,296	233,198	234,494
Accounts receivable from insurance operations, net	-	-	-	-	-	10,103	10,103
Accounts receivable from reinsurers and coinsurers	-	-	-	-	-	6,159	6,159
Assets for technical reserves for claims by reinsurers	-	-	-	-	-	34,635	34,635
Other accounts receivable, net	-	-	-	-	-	169,439	169,439
Prepaid taxes and expenses	-	-	-	-	-	66,538	66,538
Assets for technical reserves for premiums by reinsurers	-	-	-	-	-	26	26
Available-for-sale investments, net	1,054	5,421	61,901	295,208	687,782	517,327	1,568,693
Held-to-maturity investments	24,168	12,556	110,867	860,448	9,890,431	-	10,898,470
Real estate investments, net	-	-	-	-	-	1,393,801	1,393,801
Property, furniture and equipment, net	-	-	-	-	-	14,128	14,128
Intangible, net	-	-	-	-	-	15,602	15,602
Total assets	512,541	17,977	172,768	1,155,656	10,579,509	2,582,016	15,020,467
Liabilities and shareholders' equity							
Financial liabilities	-	-	-	-	-	307,668	307,668
Subordinated bonds	-	-	-	-	-	247,910	247,910
Taxes and other accounts payable	-	-	-	-	-	138,281	138,281
Accounts payable to reinsurers and coinsurers	-	-	-	-	-	5,648	5,648
Technical reserves for claims	17,904	31,180	116,930	35,809	-	-	201,823
Technical reserves for premiums	88,495	177,077	815,979	4,381,332	7,446,991	-	12,909,874
Deferred income	-	-	-	-	-	23,087	23,087
Shareholders' equity	-	-	-	-	-	1,186,176	1,186,176
Total liabilities and shareholders' equity	106,399	208,257	932,909	4,417,141	7,446,991	1,908,770	15,020,467
Marginal gap	406,142	(190,280)	(760,141)	(3,261,485)	3,132,518	673,246	-
Accumulated gap	-	215,862	(544,279)	(3,805,764)	(673,246)	-	-

	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)	-	-

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, 2022 (*)				
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	-	-	(295,985.85)
United States dollars	-	100 basis points	-	+	348,702.18
Sol	+	100 basis points	-	-	(519,835.99)
Sol	-	100 basis points	-	+	598,354.42

	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

(*) Unaudited.

(iii) Price risk -

Market price sensitivity	Changes in market price %	2022 S/(000)	2021 S/(000)
Effect on equity			
Common shares	+/- 10	44,778	65,818
Common shares	+/- 25	111,946	164,546
Common shares	+/- 30	134,335	197,455
Investment funds	+/- 10	6,955	7,230
Investment funds	+/- 25	17,387	18,075
Investment funds	+/- 30	20,865	21,690
Effects on results			
Shares at fair value through profit or loss	+/- 10	23,320	31,537
Shares at fair value through profit or loss	+/- 25	58,299	78,841
Shares at fair value through profit or loss	+/- 30	69,959	94,610

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	
	2022 S/(000)	**2021** S/(000)	**2022** S/(000)	**2021** S/(000)	**2022** S/(000)	**2021** S/(000)	**2022** S/(000)	**2021** S/(000)	**2022** S/(000)	**2021** S/(000)	**2022** S/(000)	**2021** S/(000)	**2022** S/(000)	**2021** S/(000)	**2022** S/(000)	**2021** S/(000)
Life risks																
Life annuities (i)	479,840	557,417	-	-	(397,758)	(362,888)	(688,188)	(666,708)	(771)	(22,820)	-	-	-	-	(606,831)	(494,999)
Private annuity	179,562	276,825	-	-	(172,396)	(263,941)	(58,433)	(50,653)	(578)	(7,343)	-	-	-	-	(51,799)	(45,112)
Individual life	224,862	182,032	(6,614)	(5,494)	(58,204)	(76,339)	(10,902)	(28,220)	(17,137)	(31,286)	222	1,584	(57,561)	(61,522)	74,667	(19,245)
Group life	186,305	139,396	(6,861)	(4,779)	(392)	(2,201)	(40,853)	(113,207)	(72,713)	(44,312)	(26)	(784)	(192)	265	65,439	(25,622)
SOAT	62,148	50,902	-	-	(5,303)	(2,209)	(25,949)	(17,945)	(5,324)	(5,327)	-	1	(2,151)	(1,821)	23,421	23,601
Retirement insurance	8,650	8,418	(423)	(535)	(19,734)	(4,637)	(44,963)	(46,584)	-	-	-	-	(16)	(86)	(56,487)	(43,424)
Personal accidents	12,985	10,405	(40)	(56)	614	12	(329)	(479)	(968)	(6,235)	192	125	(4,813)	(234)	6,424	3,538
Complementary insurance for hazardous work and others	-	-	-	-	(17,777)	(13,076)	(16,175)	(14,528)	-	-	-	-	(1)	5	(33,953)	(27,599)
General risks (ii)	54,179	45,387	-	-	(7,596)	(209)	(16,817)	(9,175)	(25,699)	(24,424)	6,101	7,189	(3,086)	(2,364)	7,084	16,404
	1,208,531	1,270,782	(13,938)	(10,864)	(678,546)	(725,488)	(902,609)	(947,499)	(124,189)	(141,747)	6,489	8,115	(67,820)	(65,757)	(572,035)	(612,458)

(i) As of the December 31, 2022 and 2021, the branch of life annuities accounts for 40 and 44 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 life annuities:

	Insurance premiums Life annuities	
	2022 S/(000)	**2021** S/(000)
Retirement	2,220	3,713
Survival	411,154	470,618
Disability	66,466	83,086
	479,840	557,417

(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, 2022 (*)			
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	(118,563)	(118,563)	(118,563)
Mortality table	-5	124,315	124,315	124,315

	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

(*) 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 broker (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, 2022					
Financial assets					
Financial assets at fair value through profit or loss:					
Equity instruments	4(a)	233,198	-	-	233,198
Debt instruments	4(a)	1,296	-	-	1,296
Available-for-sale investments:					
Debt instruments	8(a)	517,479	533,887	-	1,051,366
Equity instruments	8(a)	408,863	108,464	-	517,327
Total financial assets		1,160,836	642,351	-	1,803,187
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	110,022	13,915	744,400
Total financial assets		2,749,004	326,981	13,915	3,089,900

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

34. Commitments

As of December 31, 2022, 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 included Seguros Sura, an amount payable of S/19,183,000 was determined. As of December 31, 2021, 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, 2022 and 2021, 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 it necessary to establish a provision additional to those already recorded by the Company, see note 2.2(x).

36. Events occurred after the reporting period

From January 1, 2023 to February 28, 2023, no material event which affects the financial statements, in addition to what has been reported in the notes to the financial statements, has occurred.

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