

Intergroup Financial Services Corp. Reports First Quarter 2009 Earnings

Lima, Peru, May 5, 2009. Intergroup Financial Services Corp. (Bolsa de Valores de Lima: IFS) announced today its unaudited results for the first quarter 2009. These results are reported on a consolidated basis in accordance with Peruvian GAAP in nominal Peruvian Nuevos Soles.

Intergroup

- Intergroup's net earnings grew more than 20%, both on a QoQ and YoY basis, as operating trends remain strong.
- QoQ growth was due to a higher net financial margin, attributable to higher loan volumes and lower funding costs at Interbank, as well as increases in investment income at Interbank and Interseguro.
- Net earnings grew 20.8% YoY, mainly due to higher interest on loans and fee income at Interbank.

Interbank

- Interbank's earnings before taxes rose 39.7% QoQ, driven by growth in the net financial margin. However, net income declined 1.1%, due to lower income from deferred taxes.
- Net earnings declined 7.2% YoY, despite a 27.3% increase in gross the financial margin, mainly due to a higher provision expense attributable in part to pro-cyclical provisioning requirements
- Interbank's loan portfolio grew 58% YoY and 4% QoQ, leading to significant gains in market share.
- Deposits grew 18% QoQ. As a result, the bank reduced its use of short-term lines of credit by 49%.
- NIM rose 60 basis points, partly as a result of an increase in investment income, and partly due to lower funding costs.
- The past-due-loan ratio rose from 1.2% in 4Q08 to 1.5% in 1Q09. Coverage of past due loans remains strong at 261.5%.

Interseguro

- Interseguro posted a S/.3.0mm net income in 1Q09, an improvement from a S/.7.3mm loss in 4Q08, driven by growth in investment income.
- The company's fixed income and equity portfolios recovered from valuation losses posted during the previous two quarters, allowing investment income to almost triple between 4Q08 and 1Q09.
- However, net income fell 70% YoY due to an exchange loss that led to a 49% YoY decline in investment income.
- Operating trends strengthened, as premiums grew 6.8% QoQ and 12.6% YoY.

Intergroup

INTERGROUP OVERVIEW

1Q09 Performance

Intergroup's earnings per share was S/0.75 in 1Q09 (net income: S/70.8 mm), an increase of 20.8% compared to 1Q08 and 20.3% compared to 4Q08. Annualized ROE was 19.4% in 2Q08, above the 16.9% of 4Q08, and the 16.8% reported in 1Q08.

Intergroup's Balance Sheet Summary

S/. million	1Q08	4Q08	1Q09	%chg QoQ	%chg YoY
Cash and due from banks	1,763.1	2,751.3	3,032.5	10.2%	72.0%
Investments, net	3,835.4	3,791.9	3,907.7	3.1%	1.9%
Loan portfolio, net	5,914.0	8,936.9	9,319.3	4.3%	57.6%
Fixed assets, net	443.3	520.4	537.0	3.2%	21.1%
Other assets	539.2	638.9	652.4	2.1%	21.0%
Total Assets	12,495.0	16,639.3	17,448.9	4.9%	39.6%
Deposits and obligations	7,726.2	9,596.7	11,319.1	17.9%	46.5%
Due to banks	1,577.9	3,100.7	1,465.9	-52.7%	-7.1%
Bonds and obligations	132.5	457.1	1,115.6	144.1%	742.2%
Technical reserves for premiums and claims	1,265.5	1,496.2	1,532.0	2.4%	21.1%
Other liabilities	397.9	575.3	515.4	-10.4%	29.5%
Total Liabilities	11,099.9	15,225.9	15,948.0	4.7%	43.7%
Intergroup shareholders' equity	1,370.7	1,406.7	1,494.1	6.2%	9.0%
Minority interest	24.4	6.6	6.8	2.0%	-72.2%
Total shareholders' equity	1,395.1	1,413.4	1,500.8	6.2%	7.6%

Year-on-Year Performance

Net income (attributable to Intergroup's shareholders) rose 24.9% YoY due to a 33.2% increase in financial income, and a 42.8% rise in fee income from financial services.

Net financial margin rose 3.6%, mainly due to higher financial income at Interbank, which was partially offset by a significant increase in provisions. Interbank's interest on loans rose 51.0% YoY due to higher loan volumes and higher rates. The YoY growth was partially affected by losses in the valuation of Interseguro's equity portfolio, and by pro-cyclical provisioning requirements enacted by the Peruvian Banking Superintendency.

Intergroup's Profit and Loss Statement Summary

S/. million	1Q08	4Q08	1Q09	%chg QoQ	%chg YoY
Financial income	343.1	418.5	456.9	9.2%	33.2%
Financial expenses	-93.4	-142.9	-143.3	0.3%	53.4%
Gross financial margin	249.7	275.7	313.6	13.8%	25.6%
Provisions	-35.7	-107.3	-91.9	-14.4%	157.3%
Net financial margin	214.0	168.4	221.7	31.7%	3.6%
Fee income from financial services, net	61.8	91.1	88.3	-3.1%	42.8%
Result from insurance underwriting, net	-22.0	-4.2	-7.5	81.2%	-65.8%
Administrative expenses	-154.7	-192.1	-198.7	3.5%	28.5%
Net operating margin	99.2	63.2	103.7	64.1%	4.6%
Depreciation and amortization	-13.3	-15.7	-17.2	9.4%	29.3%
Other income (expenses)	14.3	10.3	10.6	2.6%	-26.2%
Income before tax and profit sharing	100.2	57.8	97.2	68.0%	-3.0%
Income tax and profit sharing	-41.6	1.0	-26.3	n.m	-36.7%
Income from continuing operations	58.6	58.9	70.8	20.3%	20.8%
Net income	58.6	58.9	70.8	20.3%	20.8%
Attributable to IFS shareholders	56.3	58.4	70.4	20.5%	24.9%
EPS	0.61	0.62	0.75		
ROE	16.8%	16.9%	19.4%		

Fee income increased 42.8%, mainly due to a larger number of fee-generating credit card and deposit accounts at Interbank, higher collection and payment services, and increases in transactions in the bank's expanding ATM network. In 1Q09, Interseguro's loss from insurance underwriting totaled S/.7.5 million, a 65.8% decrease compared to the loss reported in 1Q08, mainly due to a S/. 6.0 million decrease in claims, and a S/. 6.5 million rise in premiums. Administrative expenses rose 28.5% mainly due to the expansion of Interbank's network.

Net operating margin increased 4.6%, driven by growth in gross financial margin and fee income, partially offset by higher provisions and administrative expenses. As a result, income before taxes and profit sharing decreased 3.0%, while net income rose 20.8% due to S/.12.0mm in income from deferred taxes reported at Interbank.

Quarter-on-Quarter Performance

Net income (attributable to Intergroup's shareholders) rose 20.5% QoQ, while earnings before tax and profit sharing increased 68.0%, mainly due to a higher gross financial margin and lower provision expenses.

Net financial margin increased 31.7% due to higher financial income at Interbank and Interseguro. Interbank's financial income grew due to a 9.4% increase in interest and commissions on loans and a 32.9% increase in investment income. Interseguro's



financial income rose as a result of a 168.8% increase in investment income. These effects are discussed in detail in the sections relating to Interbank and Interseguro.

Fee income from financial services decreased 3.1% QoQ due to seasonally lower commercial banking fees. Administrative expenses rose 3.5%, a much lower rate of expansion than previous quarters.

Earnings before taxes rose 68.0%, driven by growth in the net financial margin and lower provisions. However, a reversal in the tax expense led net income to rise 20.3% QoQ. The reason for this reversal was a decrease in deferred tax income at Interbank, from S/.37.2 mm in 4Q08 to S/.12.0mm in 1T09.

CONTRIBUTION OF SUBSIDIARIES

The table below illustrates the contribution of Interbank and Interseguro to Intergroup's earnings.

Intergroup's Profit and Loss Statement Summary

S/. million	1Q08	4Q08	1Q09	%chg QoQ	%chg YoY
Interbank	71.3	68.5	67.8	-1.1%	-5.0%
Interseguro	10.0	-7.3	3.0	n.m	-70.1%
Intergroup accounts:					
Return on investment portfolio	4.5	13.7	2.5	-81.6%	-44.0%
Exchange loss, net	-26.1	0.6	1.1	71.0%	-104.0%
Taxes on dividends	-4.8	-0.9	-1.6	67.3%	-67.2%
Other expenses and other income	-0.5	-1.9	-1.5	-21.4%	200.1%
Consolidation adjustments	1.9	-14.3	-0.9	n.m	n.m.
Total	56.3	58.4	70.4	20.5%	24.9%

The following two sections analyze in detail the performance of both subsidiaries.

Interbank

SUMMARY

Interbank's net earnings were S/. 68.2 million in 1Q09, a 7.2% decrease YoY and a 1.1% decrease QoQ. Annualized ROE was 28.6% in 1Q09, less than the 30.1% in 4Q08. Operating margin rose 43.7% QoQ, but was offset by a significant reduction in deferred tax income.

Profit and Loss Statement Summary

S/. million	1Q08	4Q08	1Q09	%chg QoQ	%chg YoY
Financial income	318.0	401.8	430.1	7.0%	35.2%
Financial expenses	-84.7	-131.3	-133.2	1.4%	57.2%
Gross financial margin	233.3	270.5	296.9	9.8%	27.3%
Provisions	-35.7	-107.3	-90.3	-15.8%	152.8%
Net financial margin	197.6	163.2	206.6	26.6%	4.6%
Fee income from financial services, net	68.2	102.9	101.6	-1.2%	49.0%
Administrative expenses	-149.1	-188.8	-197.2	4.4%	32.2%
Net operating margin	116.7	77.3	111.1	43.7%	-4.8%
Depreciation and amortization	-12.8	-15.1	-16.3	8.1%	26.9%
Other income (expenses)	5.3	3.7	-2.7	nm	-151.6%
Income before tax and profit sharing	109.1	65.9	92.0	39.7%	-15.6%
Income tax and profit sharing	-35.6	3.1	-23.8	-863.8%	-33.0%
Net Income	73.6	69.0	68.2	-1.1%	-7.2%
ROE	36.3%	30.1%	28.6%		

Net income decreased 7.2% YoY due to higher provision expenses. This increase is partially explained by pro-cyclical provisioning requirements set by the Peruvian Banking Superintendency, totaling S/. 18.8 million in 1Q09.

INTEREST EARNING ASSETS

Interbank's interest earning assets reached S/.142,886 million as of March 31, 2009, an increase of 5.7% QoQ and 47.0% YoY. The QoQ growth was primarily attributable to a 10.1% increase in cash and a 4.3% increase in net loans. Yearly growth was due to a 72.1% rise in cash and a 57.6% increase in net loans.

Interest Earning Assets

S/. million	1Q08	4Q08	1Q09	%chg QoQ	%chg YoY
Cash and due from banks	1,760.6	2,753.5	3,030.7	10.1%	72.1%
Investments, net	2,048.4	1,828.0	1,938.4	6.0%	-5.4%
Loan portfolio, net	5,914.0	8,937.2	9,319.5	4.3%	57.6%
Total interest earnings assets	9,723.0	13,518.7	14,288.6	5.7%	47.0%

Loan Portfolio

S/. million	1Q08	4Q08	1Q09	%chg QoQ	%chg YoY
Current loans:					
Retail	3,092.2	4,388.8	4,593.0	4.7%	48.5%
Commercial	2,958.8	4,786.9	4,995.2	4.4%	68.8%
Total current loans	6,051.0	9,175.7	9,588.3	4.5%	58.5%
Restructured and refinanced loans	121.6	98.4	102.6	4.3%	-15.6%
Past due loans	65.6	113.2	144.5	27.6%	120.3%
Gross loans	6,238.2	9,387.3	9,835.4	4.8%	57.7%
Add (less)					
Accrued and deferred interest	-107.7	-129.6	-138.1	6.6%	28.2%
Allowance for loan losses	-216.4	-320.5	-377.8	17.9%	74.6%
Total direct loans, net	5,914.0	8,937.2	9,319.5	4.3%	57.6%

The 4.3% QoQ increase in net loans is explained by growth rates exceeding 4% in the commercial and retail portfolios.

Current loans increased 58.5% YoY, driven by growth rates in the retail and commercial segments. Commercial loans grew 68.8% YoY, due to strong efforts at Interbank's commercial banking division. Retail loans grew 48.5% YoY, driven by increases of 68.8% in credit cards, 35.1% in other consumer loans and 49.8% in mortgage loans.

Breakdown of Current Retail Loans

S/. million	1Q08	4Q08	1Q09	%chg QoQ	%chg YoY
Consumer loans:					
Credit cards	874.4	1,420.8	1,476.1	3.9%	68.8%
Other consumer	1,401.8	1,806.0	1,894.5	4.9%	35.1%
Total consumer loans	2,276.2	3,226.7	3,370.6	4.5%	48.1%
Mortgages	816.0	1,162.1	1,222.4	5.2%	49.8%
Total retail loans	3,092.2	4,388.8	4,593.0	4.7%	48.5%

As a result of significant loan growth rates, Interbank posted strong market share gains in most of its business lines, as shown in the table below.

Market Share of Current Loans

%	1Q08	4Q08	1Q09	%chg QoQ	%chg YoY
Consumer loans:					
Credit cards	15.4%	20.1%	21.1%	1.0%	5.7%
Other consumer	18.6%	20.3%	20.9%	0.6%	2.3%
Total consumer loans	17.1%	20.4%	21.4%	1.0%	4.3%
Mortgages	10.3%	10.1%	10.4%	0.3%	0.1%
Total retail loans	15.0%	16.1%	16.8%	0.7%	1.8%
Commercial loans	6.7%	7.7%	8.1%	0.4%	1.4%

FUNDING STRUCTURE

Funding Structure					
S/. million	1Q08	4Q08	1Q09	%chg QoQ	%chg YoY
Deposits and obligations	7,746.8	9,629.8	11,350.9	17.9%	46.5%
Due to banks:					
Short term	1,225.5	2,066.6	1,055.9	-48.9%	-13.8%
Long term	255.6	925.2	937.2	1.3%	266.7%
Total due to banks	1,481.1	2,991.7	1,993.1	-33.4%	34.6%
Bonds and obligations	123.1	482.0	482.2	0.0%	291.8%
Total	9,351.0	13,103.5	13,826.2	5.5%	47.9%
AUM (Interfondos)	1,987	1,257	1,281	1.9%	-35.5%

The bank's total funding needs rose 47.9% YoY, and were covered by a 46.5% increase in deposits, a 34.6% increase in bank loans, and a S/. 360 million increase in bonds and obligations.

While total funding grew 5.5% QoQ, deposits rose 17.9% over the same period. As a result, the share of deposits in the bank's total funding increased from 73.5% in 4Q08 to 82.1% 1Q09. During 1Q09, Interbank replaced bank loans with lower cost, more stable deposits.

As shown in the table below, yearly growth in deposits was driven by a 62.5% increase in retail deposits, partially due to overall market growth, and partially due to the significant expansion of Interbank's branch network.

Breakdown of Deposits					
S/. million	1Q08	4Q08	1Q09	%chg QoQ	%chg YoY
By Customer Segment:					
Retail	3,054.3	4,640.7	4,964.1	7.0%	62.5%
Commercial	4,225.7	4,941.6	6,329.8	28.1%	49.8%
Other obligations	466.8	47.5	57.0	20.1%	-87.8%
Total	7,746.8	9,629.8	11,350.9	17.9%	46.5%
By Type:					
Demand	1,260.4	1,492.7	1,884.4	26.2%	49.5%
Savings	2,025.0	2,637.7	2,831.3	7.3%	39.8%
Time	3,756.9	5,178.2	6,255.2	20.8%	66.5%
Other	704.5	321.2	380.0	18.3%	-46.1%
Total	7,746.8	9,629.8	11,350.9	17.9%	46.5%

FINANCIAL MARGIN

Financial Margin

S/. millones				% var	% var
	1T08	4T08	1T09	TaT	AaA
Financial income	318.0	401.8	430.1	7.0%	35.2%
Financial expenses	-84.7	-131.3	-133.2	1.4%	57.2%
Gross financial margin	233.3	270.5	296.9	9.8%	27.3%

Gross financial income grew 27.3% YoY, and 9.8% QoQ primarily due to higher loan volumes and higher rates. The QoQ increase was additionally attributable to higher investment income.

Financial Income

S/. million				%chg	%chg
	1Q08	4Q08	1Q09	QoQ	YoY
Interest and commissions on loans	221.6	327.0	357.5	9.4%	61.3%
Investment income	48.5	25.9	34.4	32.9%	-29.0%
Interest on due from banks and interbank funds	12.3	10.0	4.4	-55.6%	-64.1%
Financial income before exch. difference	282.4	362.9	396.4	9.2%	40.4%
Exchange difference	35.6	39.0	33.7	-13.5%	-5.3%
Total Financial Income	318.0	401.8	430.1	7.0%	35.2%
Average interest earning assets	9,640.3	13,238.2	13,691.0	3.4%	42.0%
Average yield on assets*	11.7%	11.0%	11.6%		

*Annualized. Excludes exchange difference

Financial income increased 40.4% YoY. The main driver for the YoY growth was a 61.3% increase in interest and commissions on loans, partially offset by a 29.0% decline in investment income and a 64.1% decrease in interest on cash and interbank funds. Growth in interest and commissions on loans was explained by a 54.0% rise in average volume, and a 70 basis point increase in the annualized average yield on loans, from 11.7% in 1Q08 to 11.6% in 1Q09. Interest on cash and interbank funds declined, due to a 180 bps decrease in the annualized average yield, attributable to lower returns paid by the Central Bank on reserve requirement deposits. Finally, investment income fell due to a non-recurring gain of S/. 15.0mm reported in 1Q08.

The average yield on interest earning assets declined from 11.7% in 1Q08 to 11.5% in 1Q09, due to the decline of the yield on investments and the lower returns paid by the Central Bank on reserve requirement deposits.

Financial income grew 7.0% QoQ, due to a 9.4% increase in interest and commissions on loans and 32.9% increase in investment income. Interest and commissions on loans rose as a result of 9.3% growth in average loan volumes, at an annualized yield that remained stable at 15.6%. Investment income rose due to a 130 bps increase in the annualized average yield, mainly as a result of valuation gains on the bank's sovereign bond position. Interest in cash and interbank funds fell 55.6%, due to a decline in the average yield, from 1.3% in the 4Q08 to 0.6% in the 1Q09.

Financial Expenses

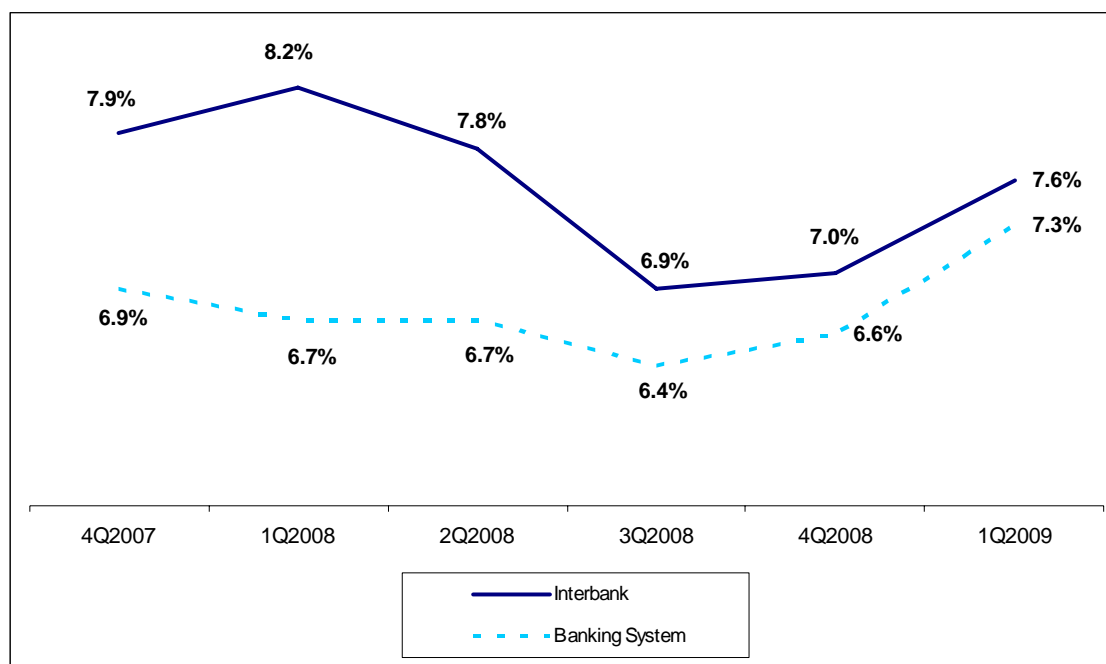
S/. million	1Q08	4Q08	1Q09	%chg QoQ	%chg YoY
Interest and commissions on deposits	60.9	84.6	87.8	3.8%	44.3%
Interest and fees on deposits and due to banks	17.6	35.0	30.2	-13.6%	71.7%
Interest on securities, bonds and other obligations	2.5	7.0	7.9	12.2%	216.0%
Other financial expenses	3.8	4.8	7.3	52.7%	94.0%
Total Financial Expenses	84.7	131.3	133.2	1.4%	57.2%
Average interest bearing liabilities	9,258.8	13,265.3	14,007.9	5.6%	51.3%
Average cost of funding	3.7%	4.1%	4.0%		

Financial expenses rose 57.2% YoY and 1.4% QoQ. The yearly increase was due to a 63.4% increase in interest on deposits, a 216.0% increase in interest on securities, bonds and other obligations, and a 71.7% rise in interest due to banks. The increase in interest on deposits was due to a 37.9% growth in the average volume of deposits and a 20 bps increase in the annualized average cost, attributable to a higher proportion of time deposits. Interest due to banks increased as a result of a 77.3% expansion in the average volume of medium term loans, and by a 70 bps increase in the annualized average cost.

Interbank's annualized average cost of funding increased 10 bps, from 3.7% in 1Q08 to 3.8% in 1Q09 due to higher average cost of bank loans and time deposits.

Financial expenses rose 1.4% QoQ, due to increases of 3.8% in interest on deposits and 12.2% in interest on securities, bonds and other obligations, offset by a 13.6% decrease in interest due to banks. Growth in interest on deposits was attributable to a 3.7% rise in average volume at a stable annualized average cost. Interest due to banks fell as a result of lower average volume.

NET INTEREST MARGIN



Net interest margin rose from 7.0% in 4Q08 to 7.6% in 1Q09, mainly as a result of a 60 basis point increase in the average yield on interest earning assets.

PROVISIONS

Total provision expenses increased 152.8% YoY and decreased 15.8% QoQ. The YoY increase was due to pro-cyclical provisioning requirements from the Banking Superintendency, higher average loan volumes and increasing delinquencies in consumer loans. The annualized ratio of provision expense to average loans increased from 2.7% in 1Q08 to 4.2% in 1Q09. Excluding new pro-cyclical requirements, the ratio would have increased only 3.4%.

Provision for Loan Losses

S/. million	1Q08	4Q08	1Q09	%chg QoQ	%chg YoY
Balance at the beginning of the quarter	224.5	267.5	348.5	30.3%	55.2%
Provision recognized as expense for the period	42.3	130.7	100.5	-23.1%	137.6%
Write-offs, extinguishment of debt and sales	-16.4	-32.5	-35.7	9.7%	116.9%
Recoveries	-6.6	-23.3	-8.9	-61.6%	nm
Reallocation to receivable accounts	-0.1	0.0	0.0	nm	nm
Reallocation of deferred interests	3.5	0.0	0.0	nm	nm
Exchange difference, net	-10.6	6.1	0.8	nm	nm
Balance at the end of the quarter	236.5	348.5	405.2	16.3%	71.3%
Direct loans	216.4	320.5	377.8	17.9%	74.6%
Indirect loans	20.1	28.0	27.5	-1.8%	36.7%
Past due loans / Total loans	1.1%	1.2%	1.5%		
Reserve coverage	330.1%	283.1%	261.5%		

The ratio of past due loans to total loans rose from 1.1% in 1Q08 to 1.5% in 1Q09. Reserve coverage decreased from 330.1% in 1Q08 to 261.5% in 1Q09.

FEE INCOME FROM FINANCIAL SERVICES

Gross fee income from financial services increased 49.0% YoY. The main drivers for income growth were increases in fees on credit and debit cards, contingent operations, account maintenance, and ATM use.

Gross fee income from financial services decreased 1.2% QoQ, as higher fees for services on deposit accounts and ATMs were offset by seasonally lower commercial banking fees.

Fee Income from Financial Services, Net

S/. million	1Q08	4Q08	1Q09	%chg QoQ	%chg YoY
Credit and debit card	27.0	38.4	38.4	0.0%	42.4%
Fees for services	30.3	34.1	39.5	15.8%	30.2%
Contingent operations	3.3	7.5	6.7	-10.0%	102.7%
Fees for collection and payment services	3.9	5.1	4.9	-3.0%	25.6%
Others	12.2	25.1	22.3	-11.3%	82.6%
Fee income from financial services	76.8	110.2	111.9	1.5%	45.7%
Expenses relating to financial services	-8.6	-7.4	-10.3	39.6%	19.6%
Fee income from financial services, net	68.2	102.9	101.6	-1.2%	49.0%

ADMINISTRATIVE EXPENSES

Administrative expenses rose 4.4% QoQ and 32.2% YoY. The YoY growth was explained by the expansion of Interbank's distribution network and a higher level of business activity. The QoQ increase shows a much moderate growth rate in Interbank's expenses compared to previous quarters.

As a result of higher financial margin and higher fee income from financial services, the annualized efficiency ratio improved from 54.6% in 4Q08 to 53.6% in 1Q09.

Administrative Expenses

S/. million	1Q08	4Q08	1Q09	%chg QoQ	%chg YoY
Personnel and board of directors expenses	61.2	77.6	82.9	6.9%	35.5%
Services received from third parties	81.1	104.9	106.2	1.2%	31.0%
Taxes and contributions	6.8	6.3	8.0	27.3%	17.7%
Total	149.1	188.8	197.2	4.4%	32.2%
Efficiency ratio	53.7%	54.6%	53.6%		

OTHERS

Other Income (Expenses)

S/. million	1Q08	4Q08	1Q09	%chg QoQ	%chg YoY
Depreciation	-10.0	-12.1	-13.3	9.5%	32.0%
Amortization	-2.8	-3.0	-3.0	2.0%	8.7%
Total depreciation and amortization	-12.8	-15.1	-16.3	8.1%	26.9%
Income (expenses) for recoveries	7.8	10.1	7.9	-21.1%	1.8%
Extraordinary income (expenses)	-3.5	-1.3	0.6	-148.9%	-117.6%
Provisions for contingencies and other provisions	-3.3	-8.0	-13.9	nm	nm
Income (expenses) of prior years	4.3	2.9	2.7	nm	nm
Other Income (Expenses)	5.3	3.7	-2.7	nm	nm
Total	-7.6	-11.4	-19.0	nm	nm

Other income fell S/. 7.6 million QoQ due to provisions for contingencies totalling S/. 13.million registered in 1Q09.

CAPITALIZATION

The ratio of regulatory capital to risk-weighted assets was 10.9% as of March 31, 2009, above the 10.8% reported in 4Q08, and significantly above the minimum 9.1% ratio established by Peruvian banking regulations. The quarterly increased primarily due to the capitalization of 1Q09 earnings, totaling S/.68.2 mm.

Additionally, the Tier I component of Interbank's capital increased 4.4% QoQ, while Tier II capital decreased 10.1%.

Capitalization

S/. million	1Q08	4Q08	1Q09	%chg QoQ	%chg YoY
Tier I	784.9	905.7	945.2	4.4%	20.4%
Tier II	76.2	266.7	239.7	-10.1%	214.5%
Regulatory capital	861.2	1,172.4	1,184.9	1.1%	37.6%
Risk weighted assets	7,510.1	10,871.9	10,848.3	-0.2%	44.4%
Minimum regulatory capital required for market risk	14.9	1.4	1.4	-1.6%	-90.6%
Risk weighted assets to regulatory capital	8.9	9.3	9.2	-1.3%	2.9%
BIS ratio	11.2%	10.8%	10.9%	1.3%	-2.8%
Tier I / risk weighted assets	10.5%	8.3%	8.7%	4.6%	-16.6%

Interseguro

SUMMARY

Interseguro's net income in 1Q09 was S/. 3.0 million, a 70.1% reduction YoY and a 140.8% increase QoQ. ROE increased 5.9%, while ROA was 0.6% in 1Q09.

Profit and Loss Statement Summary

S/. million	1Q08	4Q08	1Q09	%chg QoQ	%chg YoY
Premiums	51.5	54.3	58.0	6.8%	12.6%
Premiums ceded	-1.6	-1.7	-1.9	7.5%	17.1%
Fees	-1.2	-2.1	-2.3	8.9%	87.5%
Claims	-35.1	-25.4	-29.1	14.4%	-17.2%
Change in reserves	-35.7	-30.3	-33.3	10.1%	-6.6%
Diverse Income, net	-0.6	-0.8	-0.9	15.9%	63.1%
Technical margin	-22.6	-6.0	-9.5	57.0%	-58.2%
Adm. expenses	-7.0	-8.7	-7.6	-13.3%	8.6%
Investment income, net	39.6	7.4	20.0	168.8%	-49.4%
Net income	10.0	-7.3	3.0	140.8%	-70.1%

The main driver for the QoQ increase was significant growth in investment income. However, investment returns were still below the previous year's levels, and led to a YoY decline in net earnings. In 1Q09, investment income was affected by exchange losses attributable to the devaluation of the Nuevo Sol. This decrease was partially offset by a higher technical margin, a product of lower claims and reserves.

PREMIUMS

Premiums rose 12.6% YoY and 6.8% QoQ.

Premiums by Business Line

S/. million	1Q08	4Q08	1Q09	%chg QoQ	%chg YoY
Individual Life	5.1	5.6	6.1	7.9%	20.3%
Annuities	33.8	32.7	34.3	5.0%	1.6%
Group Life	6.3	9.0	10.8	19.9%	72.1%
Disability and survivor benefits	1.7	0.3	0.2	-17.1%	-88.0%
Mandatory traffic accident	4.6	4.8	4.9	3.4%	6.7%
Non Life Insurance	0.0	1.9	1.6	-15.0%	0.0%
TOTAL	51.5	54.3	58.0	6.8%	12.6%

YoY growth was due to increases across all of Interseguro's business lines, with the exception of disability and survivor benefits premiums. This is a business line that

Interseguro has not serviced since 2007. The best performing lines on a YoY basis were group life (72.1%) and individual life premiums (20.3%).

The QoQ increase was explained by higher premiums in group life (19.9%), annuities (5.0%), individual life (7.9%) and mandatory traffic accident premiums (3.4%).

RESERVES, CLAIMS AND OPERATING EXPENSES

Change in reserves decreased 6.6% YoY and increased 10.1% QoQ. The lower YoY change in reserves was due to lower inflation adjustment in annuities. The quarterly increase was due to higher premiums and the effect of the devaluation of the Nuevo Sol on dollar-denominated policies.

Reserves on Premiums by Business Line

S/. million	1Q08	4Q08	1Q09	%chg QoQ	%chg YoY
Individual Life	1.4	1.0	1.9	102.4%	36.8%
Annuities	33.4	29.6	32.6	10.2%	-2.3%
Group Life	-0.1	0.1	-1.3	-	-
Mandatory traffic accident	0.9	-0.4	0.0	102.2%	-99.1%
Non Life Insurance	0.0	0.0	0.0	-46.0%	0.0%
TOTAL	35.7	30.3	33.3	10.1%	-6.6%

Claims increased 14.4% QoQ and decreased 17.2% YoY. The quarterly increase was due to higher claims in mandatory traffic accident (72.0%), annuities (6.7%) and group life (164.0%) policies. The YoY decrease was due to an 84.6% decline in disability and survivor benefits claims.

Claims by Business Line

S/. million	1Q08	4Q08	1Q09	%chg QoQ	%chg YoY
Individual Life	0.0	0.2	0.2	-1.3%	-
Annuities	16.7	19.3	20.6	6.7%	23.8%
Group Life	1.4	1.1	2.8	164.0%	97.3%
Disability and survivor benefits	13.4	3.6	2.1	-43.0%	-84.6%
Mandatory traffic accident	3.5	1.1	3.2	196.0%	-9.0%
Non Life Insurance	0.0	0.0	0.1	167.6%	0.0%
TOTAL	35.1	25.4	29.1	14.4%	-17.2%

As a result of the above-mentioned factors, the technical margin was S/.-6.5 million in 1Q09, S/. 3.5 million lower than 4Q08, and S/. 13.1 million higher than 1Q08.

Administrative expenses decreased 13.3% QoQ and increased 8.6% YoY. The quarterly decrease was explained by lower advertising expenses. The annual increase was due to higher depreciation, as a result of infrastructure improvements.

INVESTMENT INCOME

Investment income decreased 49.4% YoY, as a result of a S/.14.6 million exchange loss, attributable to the devaluation of the Nuevo Sol. This loss led to a reversal in the exchange difference result, from a S/.17.3 million net gain in 1Q08 to a S/.7.9 net loss in 1Q09.

However, this loss was partially offset by a 22.7% increase in total income from the investment portfolio, due to the reversal of losses from equities and mutual funds as a result of an improvement in the market's performance at the end of the first quarter.

Investment income increased 168.8% QoQ, due mainly to the reversal of losses in equities and mutual funds.

The total portfolio increased 16.5% YoY, from S/.1,566.4 million to S/.1,824.9 million. As shown in the tables below, new funds were invested in fixed income and real estate.

Investment Income, Net

S/. million	1Q08	4Q08	1Q09	%chg QoQ	%chg YoY
Income:					
Fixed Income	28.4	23.6	24.3	3%	-14%
Interests	18.3	21.2	19.6	-8%	7%
Trading Fixed Income	10.2	2.4	4.7	97%	-54%
Equity and Mutual Funds	-9.8	-22.1	0.0	n.m	n.m
Real estate	5.4	11.2	5.3	-53%	-3%
Total income	24.0	12.8	29.5	130.5%	22.7%
Expenses	-1.8	-2.2	-1.6	-26%	-7%
Exchange difference	17.3	-2.7	-7.9	193%	n.m
Others	0.0	-0.5	0.0	100%	-96%
Net income	39.6	7.4	20.0	168.8%	-49.4%

* Others considered income and expenses for extraordinary write-off reversal, taxation and fiscal administrative penalties.

Investment Portfolio

S/. million	1Q08	4Q08	1Q09	%chg QoQ	%chg YoY
Fixed Income	991.8	1,212.1	1,257.8	4%	27%
Equity and Mutual Funds	242.8	220.7	173.3	-21%	-29%
Real estate	327.8	406.8	388.6	-4%	19%
Others	4.1	5.8	5.1	-11%	27%
TOTAL	1,566.4	1,845.4	1,824.9	-1.1%	16.5%

* Others considered private REIT's shares.