



## Intergroup Financial Services Corp. Reports First Quarter 2010 Earnings

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Lima, Peru, May 4, 2010. Intergroup Financial Services Corp. (Bolsa de Valores de Lima: IFS) announced today its unaudited results for the first quarter 2010. These results are reported on a consolidated basis in accordance with Peruvian GAAP in nominal Peruvian Nuevos Soles.

### Intergroup:

- Intergroup's net earnings were S/. 138.9 million in 1Q10, nearly double the earnings reported in 1Q09
- This significant increase was driven by growth in the gross financial margin at Interbank, increased investment returns and premium sales at Interseguro, and lower provisioning expenses

### Interbank:

- Interbank reported a 69.1% YoY increase in net earnings, and a 11.4% decline from a record-high 4Q09
- While total loans remained stable QoQ, retail loans increased 2.9% as demand for credit increased
- Net interest margin was 8.5% in 1Q10, significantly above the industry's average of 6.9% and 80 basis points above Interbank's 1Q09 NIM
- Asset quality remained strong, with a past-due loan ratio of 1.6%, and a reserve coverage ratio of 255.1%. Provision expenses decreased 11.8% QoQ and 14.1% YoY
- Capitalization strengthened as the BIS ratio rose from 11.5% in 4Q09 to 12.8% 1Q10. The placement of a US\$200mm Tier I bond in April 2010 will lead to a further increase in the BIS ratio

### Interseguro:

- Interseguro continued to post a strong performance, with a fivefold YoY increase in net earnings
- Premiums increased 20.1% QoQ and 10.3% YoY, driven by higher annuity sales

## Intergroup

### 1Q10 Performance

Net earnings (attributable to Intergroup's shareholders) were S/. 138.9 million in 1Q10, nearly double the earnings reported in 1Q09, and 13.2% below a record-high 4Q09. The YoY increase was driven by strong contributions from both subsidiaries. ROE was 29.7% in 1Q10, above the 19.3% reported in 1Q09 and below 36.8% in 4Q09.

Intergroup's Balance Sheet Summary

S/. million	1Q09	4Q09	1Q10	%chg QoQ	%chg YoY
Cash and due from banks	3,032.5	3,263.8	3,181.6	-2.5%	4.9%
Investments, net	3,896.2	4,222.6	4,316.5	2.2%	10.8%
Loan portfolio, net	9,319.3	9,610.2	9,674.4	0.7%	3.8%
Fixed assets, net	537.0	534.6	609.1	13.9%	13.4%
Other assets	670.3	618.9	626.6	1.2%	-6.5%
<b>Total Assets</b>	<b>17,455.2</b>	<b>18,250.1</b>	<b>18,408.3</b>	<b>0.9%</b>	<b>5.5%</b>
Deposits and obligations	11,337.1	11,418.2	11,442.4	0.2%	0.9%
Due to banks	1,465.9	1,461.8	1,538.4	5.2%	4.9%
Bonds and obligations	1,115.6	1,471.8	1,453.8	-1.2%	30.3%
Technical reserves for premiums and claims	1,532.0	1,524.3	1,536.2	0.8%	0.3%
Other liabilities	503.8	551.4	489.6	-11.2%	-2.8%
<b>Total Liabilities</b>	<b>15,954.4</b>	<b>16,427.5</b>	<b>16,460.4</b>	<b>0.2%</b>	<b>3.2%</b>
Intergroup shareholders' equity	1,494.1	1,809.4	1,935.4	7.0%	29.5%
Minority interest	6.8	13.3	12.5	-5.6%	84.8%
<b>Total shareholders' equity</b>	<b>1,500.8</b>	<b>1,822.6</b>	<b>1,948.0</b>	<b>6.9%</b>	<b>29.8%</b>

Intergroup's Profit and Loss Statement Summary

S/. million	1Q09	4Q09	1Q10	%chg QoQ	%chg YoY
Financial income	470.5	504.9	504.5	-0.1%	7.2%
Financial expenses	-160.9	-90.0	-92.1	2.4%	-42.7%
<b>Gross financial margin</b>	<b>309.6</b>	<b>414.9</b>	<b>412.3</b>	<b>-0.6%</b>	<b>33.2%</b>
Provisions	-91.9	-89.4	-78.9	-11.8%	-14.1%
<b>Net financial margin</b>	<b>217.7</b>	<b>325.5</b>	<b>333.5</b>	<b>2.5%</b>	<b>53.1%</b>
Fee income from financial services, net	88.3	111.7	97.2	-13.0%	10.1%
Result from insurance underwriting, net	-7.5	-8.6	-4.9	-42.9%	-34.8%
Administrative expenses	-198.7	-232.9	-217.1	-6.8%	9.2%
<b>Net operating margin</b>	<b>99.7</b>	<b>195.6</b>	<b>208.7</b>	<b>6.7%</b>	<b>109.2%</b>
Depreciation and amortization	-17.2	-20.7	-25.4	22.7%	47.9%
Other income (expenses)	13.0	43.8	16.6	-62.1%	27.6%
<b>Income before tax and profit sharing</b>	<b>95.6</b>	<b>218.7</b>	<b>199.9</b>	<b>-8.6%</b>	<b>109.1%</b>
Income tax and profit sharing	-24.8	-57.4	-60.3	5.0%	143.3%
<b>Net income</b>	<b>70.8</b>	<b>161.3</b>	<b>139.6</b>	<b>-13.5%</b>	<b>97.1%</b>
Attributable to IFS shareholders	70.4	159.9	138.9	-13.2%	97.4%
EPS	0.75	1.71	1.48		
ROE	19.3%	36.8%	29.7%		

### Year-on-year performance

Net earnings increased 97.4% YoY, driven mainly by 33.2% growth in the gross financial margin and a 14.1% decrease in provision expenses. Growth in the gross financial margin was due to lower funding costs at Interbank, higher investment income at Interseguro and moderate growth in interest on loans at Interbank. Provision expenses decreased 14.1% YoY, as stable asset quality led to lower provisioning requirements. Additionally, provisions were unusually high in 1Q09 as a result of pro-cyclical provisions required by the Peruvian Banking Superintendent between December 2008 and September 2009.

Fee income from financial services grew 10.1% YoY, mainly as a result of higher fees from services and indirect loans at Interbank. Interseguro's loss from insurance underwriting totaled S/. 4.9 million, a 34.8% improvement YoY as a result of a S/. 6.0 million increase in premiums.

Income before taxes and profit sharing increased 109.1% YoY. Income taxes rose 143.3%, as Intergroup's effective tax rate increased from 25.9% in 1Q09 to 30.1% in 1Q10. As a result, net earnings increased 97.4%.

### Quarter-on-quarter performance

Net earnings decreased 13.2% from a record-high 4Q09. Net operating margin increased 6.7%, offset by a S/. 29.1 million decrease in other income and a S/. 2.8 million increase in income tax.

Gross financial margin decreased 0.6% QoQ, mainly as a result of a 2.4% increase in financial expenses. Financial income remained stable despite the fact that in 4Q09, Interseguro reported a one-time gain of S/. 27.1 million in its investment portfolio as a result of a new mark-to-market accounting rule. Provision expenses decreased 11.8% QoQ as a result of lower write-offs and higher recoveries at Interbank.

Fee income from financial services decreased 13.0% QoQ due to seasonally lower commercial banking fees. Interseguro's loss from insurance underwriting totaled S/. 4.9 million, approximately half the loss reported in 4Q09 as a result of a S/. 10.7 million increase in premiums and a S/. 6.3 million decrease in reserves. Administrative expenses decreased 6.8% QoQ as a result of seasonal declines in Interbank sales expenses. Other income declined 62.1% from an unusually high level in 4Q09.

As a result of the above-mentioned factors, net operating margin increased 6.7% QoQ. However, a 62.1% decline in other income led to a 5.2% reversal in income before taxes. Other income had been unusually high in 4Q09 due to provision reversals totaling S/. 25.5 million.

Despite the decline in earnings, income taxes rose 18.5% as the effective tax rate rose from 26.2% in 4Q09 to 30.1% in 1Q10. As a result, net earnings decreased 13.2% QoQ.

## CONTRIBUTION OF SUBSIDIARIES

As shown in the table below, both subsidiaries made significant positive contributions to YoY earnings growth. These contributions are analyzed in detail in the following two sections.

S/. million	1Q09	4Q09	1Q10	%chg QoQ	%chg YoY
Interbank	67.8	129.2	114.6	-11.4%	69.1%
Interseguro	3.0	31.8	18.2	-42.8%	509.8%
Intergroup accounts:					
Return on investment portfolio	-0.7	2.5	4.1	62.0%	n.m.
Exchange loss, net	1.1	0.7	0.4	-35.6%	-60.2%
Taxes on dividends	-1.6	-4.6	-2.2	-51.9%	40.8%
Other expenses and other income	1.8	-1.1	3.4	n.m.	92.0%
Consolidation adjustments	-0.9	1.4	0.3	-75.6%	n.m.
<b>Total</b>	<b>70.4</b>	<b>159.9</b>	<b>138.9</b>	<b>-13.2%</b>	<b>97.4%</b>

## Interbank

### SUMMARY

#### 1Q10 Performance

Interbank's net earnings were S/. 115.4 million in 1Q10, a 69.1% increase YoY and an 11.4% decrease QoQ. ROE was 33.6% in 1Q10, higher than the 28.6% reported in 1Q09 and lower than the 38.6% reported in 4Q09. The YoY increase in net earnings was due to a higher gross financial margin, a decrease in provision expenses and an increase in fee income from financial services. The QoQ decline in net earnings was due to a significant decrease in other income, which offset an 18.7% QoQ increase in net operating margin.

#### Profit and Loss Statement Summary

S/. million	1Q 09	4Q 09	1Q 10	% chg QoQ	% chg YoY
Financial income	447.0	441.6	455.6	3.2%	1.9%
Financial expenses	-149.4	-86.7	-89.0	2.7%	-40.4%
<b>Gross financial margin</b>	<b>297.6</b>	<b>354.9</b>	<b>366.5</b>	<b>3.3%</b>	<b>23.2%</b>
Provisions	-91.9	-89.4	-78.9	-11.8%	-14.1%
<b>Net financial margin</b>	<b>205.7</b>	<b>265.5</b>	<b>287.6</b>	<b>8.4%</b>	<b>39.8%</b>
Fee income from financial services, net	101.6	121.6	111.6	-8.2%	9.8%
Administrative expenses	-197.2	-226.7	-208.8	-7.9%	5.9%
<b>Net operating margin</b>	<b>110.2</b>	<b>160.3</b>	<b>190.4</b>	<b>18.7%</b>	<b>72.8%</b>
Depreciation and amortization	-16.3	-20.9	-23.1	10.8%	41.8%
Other income (expenses)	-1.8	46.1	6.7	-85.4%	n.m.
<b>Income before tax and profit sharing</b>	<b>92.0</b>	<b>185.5</b>	<b>174.0</b>	<b>-6.2%</b>	<b>89.0%</b>
Expenses tax and profit sharing	-23.8	-55.4	-58.6	5.9%	146.2%
<b>Net income</b>	<b>68.2</b>	<b>130.2</b>	<b>115.4</b>	<b>-11.4%</b>	<b>69.1%</b>
<b>ROE</b>	<b>28.6%</b>	<b>38.6%</b>	<b>33.6%</b>		

#### INTEREST EARNING ASSETS

Interbank's interest earning assets reached S/.15,191.1 million in 1Q10, a 0.5% increase QoQ and an 6.3% increase YoY. YoY growth was due to a 22.7% increase in investments, a 3.8% increase in net loans and a 3.5% increase in cash and due from banks. The slower QoQ growth rate was due mainly to a 2.7% decline in cash and due from banks.

#### Interest Earning Assets

S/. million	1Q 09	4Q 09	1Q 10	% chg QoQ	% chg YoY
Cash and due from banks	3,030.7	3,226.6	3,138.2	-2.7%	3.5%
Investments, net	1,938.4	2,277.7	2,378.4	4.4%	22.7%
Loan portfolio, net	9,319.5	9,610.2	9,674.5	0.7%	3.8%
<b>Total interest earnings assets</b>	<b>14,288.6</b>	<b>15,114.5</b>	<b>15,191.1</b>	<b>0.5%</b>	<b>6.3%</b>

Loan Portfolio					
S/. million	1Q 09	4Q 09	1Q 10	% chg QoQ	% chg YoY
<b>Current loans:</b>					
Retail	4,593.0	4,876.9	5,016.2	2.9%	9.2%
Commercial	4,995.2	5,073.0	4,988.5	-1.7%	-0.1%
<b>Total current loans</b>	<b>9,588.3</b>	<b>9,949.9</b>	<b>10,004.7</b>	<b>0.6%</b>	<b>4.3%</b>
Restructured and refinanced loans	102.6	95.4	93.7	-1.8%	-8.7%
Past due loans	144.5	151.5	162.3	7.1%	12.4%
<b>Gross loans</b>	<b>9,835.4</b>	<b>10,196.8</b>	<b>10,260.7</b>	<b>0.6%</b>	<b>4.3%</b>
Add (less)	0.0	0.0	0.0	0.0%	0.0%
Accrued interest from current loans	104.6	104.4	115.4	10.6%	10.3%
Deferred interest and interest collected in advance	-242.7	-286.9	-287.6	0.2%	18.5%
Accrued and deferred interest	-138.1	-182.6	-172.2	-5.7%	24.7%
Allowance for loan losses	-377.8	-404.0	-414.0	2.5%	9.6%
<b>Total direct loans, net</b>	<b>9,319.5</b>	<b>9,610.2</b>	<b>9,674.5</b>	<b>0.7%</b>	<b>3.8%</b>

Current loans grew 4.3% YoY and 0.6% QoQ. YoY growth was due to a 9.2% increase in retail loans, driven by 13.6% growth in mortgages and 12.6% in other consumer loans. Growth in commercial loans remained stable YoY.

During 1Q09, demand among retail clients increased from previous quarters' levels, particularly in the mortgage and credit card segments, leading to a 2.9% QoQ increase in total retail loans. Commercial loans, on the other hand, decreased 1.7% QoQ, as demand among corporate clients remains moderate and competition intensifies.

Breakdown of Performing Retail Loans					
S/. million	1Q 09	4Q 09	1Q 10	% chg QoQ	% chg YoY
<b>Consumer loans:</b>					
Credit cards	1,476.1	1,458.9	1,495.3	2.5%	1.3%
Other consumer	1,894.5	2,087.2	2,132.3	2.2%	12.6%
<b>Total consumer loans</b>	<b>3,370.6</b>	<b>3,546.2</b>	<b>3,627.6</b>	<b>2.3%</b>	<b>7.6%</b>
Mortgages	1,222.4	1,330.8	1,388.5	4.3%	13.6%
<b>Total retail loans</b>	<b>4,593.0</b>	<b>4,876.9</b>	<b>5,016.2</b>	<b>2.9%</b>	<b>9.2%</b>

## FUNDING STRUCTURE

Funding Structure					
S/. million	1Q 09	4Q 09	1Q 10	% chg QoQ	% chg YoY
Deposits and obligations	11,471	11,598	11,597	0.0%	1.1%
Due to banks	1,869	1,960	2,185	11.5%	16.9%
Bonds and obligations	482	506	500	-1.2%	3.7%
Interbank funds	21	240	36	-85.2%	65.4%
<b>Total</b>	<b>13,844</b>	<b>14,305</b>	<b>14,318</b>	<b>0.1%</b>	<b>3.4%</b>
AUM (Interfondos)	1,281	2,332	2,475	6.1%	93.2%
<b>% of funding</b>					
Deposits and obligations	82.9%	81.1%	81.0%		
Due to banks	13.5%	13.7%	15.3%		
Bonds and obligations	3.5%	3.5%	3.5%		

During 1Q10, the use of interbank funds declined S/. 204.4 million, offset by a S/. 225.5 million increase in due to banks, mainly attributable to a higher use of trade lines of credit. Total deposits remained stable QoQ, despite retail deposits decreasing 2.4%. Following a trend observed in 2009, retail time deposits declined 11.6% QoQ, as lowering rates have led consumers to seek higher yielding investment alternatives, such a mutual funds. As a result of this trend, retail time deposits have decreased 31.8% YoY and leading to an 8.2% YoY decrease in total retail deposits. Commercial deposits, on the other hand, grew 7.9% YoY.

Interbank has funded its 12-month grow mainly with a 16.9% increase in due to banks, attributable to a S/.384.0 million medium term loan received in June 2009.

Breakdown of Deposits					
S/. million	1Q 09	4Q 09	1Q 10	% chg QoQ	% chg YoY
<b>By Customer Segment</b>					
Retail	4,964.1	4,669.8	4,558.5	-2.4%	-8.2%
Commercial	6,470.1	6,884.5	6,982.6	1.4%	7.9%
Other obligations	36.9	44.1	56.0	27.0%	51.6%
<b>Total</b>	<b>11,471.1</b>	<b>11,598.4</b>	<b>11,597.0</b>	<b>0.0%</b>	<b>1.1%</b>
<b>By Type:</b>					
Demand	1,918.5	2,607.4	2,749.8	5.5%	43.3%
Savings	2,852.3	3,065.5	3,213.1	4.8%	12.7%
Time	6,507.9	5,714.2	5,446.9	-4.7%	-16.3%
Other	192.5	211.2	187.3	-11.3%	-2.7%
<b>Total</b>	<b>11,471.1</b>	<b>11,598.4</b>	<b>11,597.0</b>	<b>0.0%</b>	<b>1.1%</b>

## GROSS FINANCIAL MARGIN

Financial Margin					
S/. million	1Q 09	4Q 09	1Q 10	% chg QoQ	% chg YoY
Financial income	447.0	441.6	455.6	3.2%	1.9%
Financial expenses	-149.4	-86.7	-89.0	2.7%	-40.4%
<b>Gross financial margin</b>	<b>297.6</b>	<b>354.9</b>	<b>366.5</b>	<b>3.3%</b>	<b>23.2%</b>

Gross financial margin increased 3.3% QoQ and 23.2% YoY. The QoQ increase was a result of 3.2% growth in financial income, attributable to higher investment income and exchange gains. The YoY increase was due to a significant improvement in net interest margin, driven by a lower cost of funds and a stable yield on the loan portfolio.

Financial Income					
S/. million	1Q 09	4Q 09	1Q 10	% chg QoQ	% chg YoY
Interest and commissions on loans	357.5	378.9	374.7	-1.1%	4.8%
Investment income	34.0	30.5	34.5	13.1%	1.6%
Interest on due from banks and interbank funds	3.8	0.9	0.8	-4.0%	-78.2%
Financial income before exchange gains	395.3	410.2	410.0	-0.1%	3.7%
Exchange and derivatives gains	50.8	31.1	42.5	36.6%	-16.3%
Other	0.9	0.2	3.0	n.m.	n.m.
<b>Total Financial Income</b>	<b>447.0</b>	<b>441.6</b>	<b>455.6</b>	<b>3.2%</b>	<b>1.9%</b>
Average interest earning assets	13,903.7	14,672.0	15,152.8	3.3%	9.0%
Average yield on assets*	11.4%	11.2%	10.8%	-0.4%	-0.5%

\*Annualized. Excludes exchange and derivatives gains and others

Financial income increased 3.2% QoQ as a result of a 36.6% increase in exchange and derivatives gains and a 13.1% increase in investment income. The increase in exchange and derivatives gains was the result of higher spot and forward trading activity with clients. The increase in investment income was the result of 1.9% growth in average volume and a 60 basis points rise in average yield. Interest and commissions on loans decreased 1.1% QoQ as a result of a 60 basis point decrease in the average yield, from 14.1% in 4Q09 to 13.5% in 1Q10, partially offset by a 2.7% increase in average volume.

As a result of a lower yield on loans, the average yield on interest earning assets declined 40 basis points QoQ, from 11.2% in 4Q09 to 10.8% in 1Q10.

Financial income increased 1.9% YoY as a result of a 4.8% increase in interest on loans, partially offset by a 78.2% decrease in interest on due from banks and interbank funds. The growth in interest on loans was attributable to a 6.3% increase in average volume, partially offset by a 30 basis point decrease in yield, from 13.8% in 1Q09 to 13.5% in 1Q10. The decline in interest on due from banks was the result of 40 basis points decrease in yields, from 0.5% in 1Q09 to 0.1% in 1Q10, partially offset by a 10.0% increase in average volume.

The average yield from interest earning assets declined 60 basis points, from 11.4% in 1Q09 to 10.8% in 1Q10.



Financial Expenses					
S/. million	1Q 09	4Q 09	1Q 10	% chg QoQ	% chg YoY
Interest and commissions on deposits	92.2	44.1	35.0	-20.7%	-62.1%
Interest and fees on deposits and due to banks	30.9	33.1	31.9	-3.5%	3.3%
Interest on securities, bonds and other obligations	7.5	7.7	7.7	0.1%	3.0%
Other financial expenses	18.8	1.8	14.4	706.3%	-23.4%
<b>Financial Expenses</b>	<b>149.4</b>	<b>86.7</b>	<b>89.0</b>	<b>2.7%</b>	<b>-40.4%</b>
Average interest bearing liabilities	13,482.8	13,976.3	14,311.4	2.4%	6.1%
Average cost of funding	4.4%	2.5%	2.5%	0.0%	-1.9%

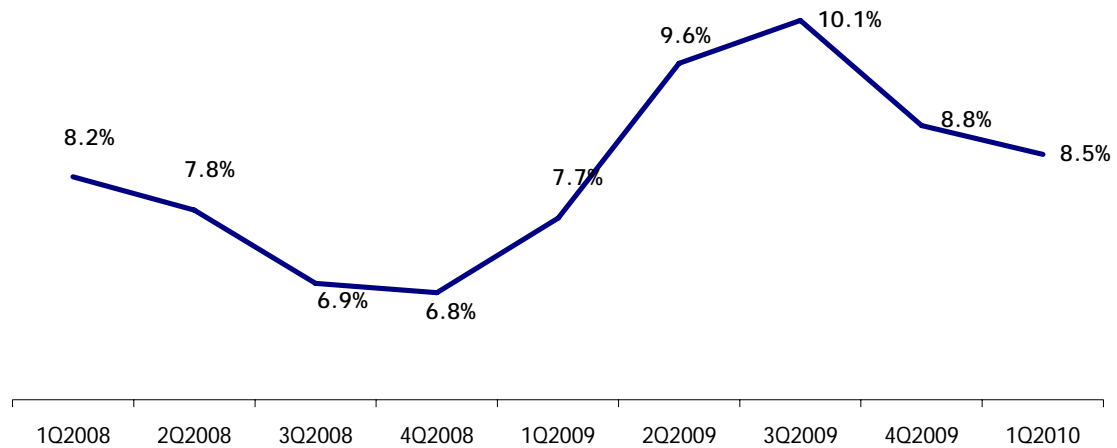
Financial expenses increased 2.7% QoQ as a result of a S/. 12.6 million increase in other financial expenses, partially offset by a 3.5% decrease, equivalent to S/. 9.1 million, in interest and commissions on deposits. The increase in other financial expenses was attributable to valuation losses on interest rate swap contracts. The decline in interest and commissions on deposits was attributable to a 30 basis point decrease in the average cost, from 1.5% in 4Q09 to 1.2% in 1Q10, and stable average volume.

As a result, Interbank's average cost of funding remained unchanged QoQ.

Financial expenses decreased 40.4% YoY as a result of a 62.1% decrease in interest and commissions on deposits. The sharp decline in interest on deposits was achieved despite a 9.3% increase in the average volume due to a significant decrease in the average cost of deposits, from 3.5% in 1Q09 to 1.2% in 1Q10. This decline in the average cost is related to lower reference interest rates, both in US Dollars and Nuevos Soles.

As a result, Interbank's average cost of funds decreased 190 basis points, from 4.4% in 1Q09 to 2.5% in 1Q10.

### Net interest margin\*



\* Excludes exchange and derivatives gains and others

Net interest margin decreased 30 basis points QoQ, from 8.8% to 8.5%, as a result of the above-mentioned decrease in the loan portfolio yield. Nonetheless, it remains 80 basis points above the NIM reported in 1Q09 as a result of a lower cost of funds.

### PROVISIONS

Provision expenses decreased 11.8% QoQ and 10.1% YoY. The QoQ decline was a result of lower write-offs and a \$/ 1.2 million increase in recoveries. The annualized ratio of provision expenses to average loans decreased from 3.7% in 4Q09 to 3.2% in 1Q10.

The YoY decrease was a result of unusually high provisioning requirements in 1Q09 as a result a pro-cyclical provisioning regulation enacted in December 2008. The annualized ratio of provision expenses to average loans decreased from 4.2% in 1Q09 to 3.2% in 1Q10.

Composition of Provision Expense

S/. million	1Q 09	4Q 09	1Q 10	% chg QoQ	% chg YoY
Provisions recognized as expense:					
For possible loan losses	-100.5	-91.4	-82.1	-10.2%	-18.3%
For impairments of investments	-0.3	0.0	0.0	n.m.	n.m.
Total provisions recognized as expense	-100.8	-91.4	-82.1	-10.2%	-18.5%
Recoveries	8.9	2.0	3.2	61.6%	-63.7%
Total provision expense	-91.9	-89.4	-78.9	-11.8%	-14.1%
Loan provision / average loans	4.2%	3.7%	3.2%		

The ratio of past due loans to total loans increased slightly, from 1.5% in 1Q09 and 4Q09 to 1.6% in 1Q10. The reserve coverage ratio decreased from 266.6% in 4Q09 to 255.1% in 1Q10.

Provision for Loan Losses

S/. million	1Q 09	4Q 09	1Q 10	% chg QoQ	% chg YoY
Balance at the beginning of the quarter	-348.5	-424.5	-433.3	2.1%	24.3%
Provision recognized as expense for the period	-100.5	-91.4	-82.1	-10.2%	-18.3%
Write-offs, extinguishment of debt and sales	35.7	80.8	64.6	-20.0%	81.3%
Recoveries	8.9	2.0	3.2	61.6%	-63.7%
Exchange gains	-0.8	-0.2	2.0	-952.4%	n.m.
Balance at the end of the period	-405.2	-433.3	-445.5	2.8%	9.9%
Past due loans / Total loans	1.5%	1.5%	1.6%		
Reserve coverage	261.5%	266.6%	255.1%		

## FEE INCOME FROM FINANCIAL SERVICES

Fee income from financial services decreased 8.2% QoQ from a seasonally high 4Q09, mainly as a result of lower fees from corporate finance advisory attributable to a lower number of transactions.

Fee income from financial services increased 11.0% YoY, a result of a 37.3% increase in fees from services related to savings accounts, ATM use and other items.

Fee Income from Financial Services, Net

S/. million	1Q 09	4Q 09	1Q 10	% chg QoQ	% chg YoY
Credit and debit card	38.4	41.1	40.0	-2.5%	4.2%
Fees from services	39.5	45.0	46.5	3.4%	17.6%
Contingent operations	6.7	9.5	9.3	-3.0%	37.3%
Fees for collections and payment services	4.9	4.6	4.9	4.6%	-1.6%
Advisory fees	3.6	10.5	2.8	-73.9%	-23.2%
Others	18.7	23.0	19.5	-15.3%	4.2%
Total	111.9	133.7	122.9	-8.1%	9.8%
Expenses relating to financial services	-10.3	-12.2	-11.3	-7.2%	9.7%
Fee income from financial services, net	101.6	121.6	111.6	-8.2%	9.8%

## ADMINISTRATIVE EXPENSES

Administrative expenses decreased 7.9% QoQ as a result of an 18.4% decrease in services received from third parties, mainly related to sales expenses, consulting services, computer equipment and telecommunications.

Administrative expenses increased 5.9% YoY, mainly due to a 13.4% increase in personnel expenses. This increase was related to headcount growth, from 5,464 employees as of January, 2009, to 6,431 employees as of January, 2010.

Efficiency ratio improved from 53.5% in 1Q09 and 52.0% in 4Q09 to 48.5% in 1Q10 as a result of significantly higher growth in revenues than expenses.

Administrative Expenses					
S/. million	1Q 09	4Q 09	1Q 10	% chg QoQ	% chg YoY
Personnel and board of directors expenses	-82.9	-90.9	-94.1	3.4%	13.4%
Services received from third parties	-106.2	-129.1	-105.3	-18.4%	-0.9%
Taxes and contributions	-8.0	-6.7	-9.5	42.2%	18.0%
<b>Total</b>	<b>-197.2</b>	<b>-226.7</b>	<b>-208.8</b>	<b>-7.9%</b>	<b>5.9%</b>
<b>Efficiency ratio</b>	<b>53.5%</b>	<b>52.0%</b>	<b>48.5%</b>		

## OTHERS

Other Incomes (Expenses)					
S/. million	1Q 09	4Q 09	1Q 10	% chg QoQ	% chg YoY
Depreciation	-13.3	-15.1	-16.2	7.3%	22.6%
Amortization	-3.0	-5.7	-6.9	19.9%	125.3%
<b>Total depreciation and amortization</b>	<b>-16.3</b>	<b>-20.9</b>	<b>-23.1</b>	<b>10.8%</b>	<b>41.8%</b>
Income (expenses) for recoveries	7.9	18.7	15.3	-18.1%	92.8%
Extraordinary income (expenses)	0.6	-2.2	1.3	n.m.	106.9%
Provisions for contingencies and other provisions	-12.4	29.1	-9.8	n.m.	-20.4%
Income (expenses) of prior years	2.0	0.4	0.0	-100.0%	-100.0%
<b>Other Income (Expenses)</b>	<b>-1.8</b>	<b>46.1</b>	<b>6.7</b>	<b>n.m.</b>	<b>n.m.</b>
<b>Total</b>	<b>-18.1</b>	<b>25.2</b>	<b>-16.4</b>	<b>n.m.</b>	<b>-9.6%</b>

Depreciation and amortization increased 10.8% QoQ and 41.8% YoY as a result of a higher fixed asset base, related to investments in the expansion of Interbank's distribution network and technology projects.

Other income was S/. 4.7 million in 1Q10, substantially lower than an unusually high S/. 46.1 million reported in 4Q09. During that quarter, Interbank recorded a S/. 25.5 million reversal in provisions for contingencies.

## CAPITALIZATION

The ratio of regulatory capital to risk-weighted assets was 12.8% in 1Q10, above the 11.5% reported in 4Q09 and 10.9% reported in 1Q09. The ratio was significantly above the 9.5% minimum required by the Peruvian banking regulations. The QoQ increase was driven by 17.6% growth in Tier I capital, attributable to the incorporation into regulatory capital of S/.181.6 million in capitalized earnings and legal reserves. Of this total, S/. 23.2 million were derived from 2009 earnings that had not yet been capitalized, and S/. 42.9 million was allocated to legal reserves. Furthermore, S/. 115.4 million from 1Q10 net earnings, was capitalized, per an agreement reached at the shareholders' meeting.

Additionally, on April 16, 2010, Interbank issued US\$ 200.0 million in non-cumulative junior subordinated notes, which will be considered as Tier I and II capital. A pro-forma calculation of Interbank's 1Q10 capitalization ratios incorporating these notes results in a total regulatory capital ratio of 17.5% and a Tier I capital ratio of 11.8%.

S/. million	Capitalization			% chg QoQ	% chg YoY
	1Q 09	4Q 09	1Q 10		
Tier I	932.8	1,023.3	1,203.3	17.6%	29.0%
Tier II	252.1	350.8	349.5	-0.4%	38.6%
Regulatory capital	1,184.9	1,374.1	1,552.8	13.0%	31.1%
Risk weighted assets	10,862.4	11,903.1	12,086.8	1.5%	11.3%
<b>BIS ratio</b>	<b>10.9%</b>	<b>11.5%</b>	<b>12.8%</b>	<b>11.3%</b>	<b>17.8%</b>
<b>Tier I / risk weighted assets</b>	<b>8.6%</b>	<b>8.6%</b>	<b>10.0%</b>	<b>15.8%</b>	<b>15.9%</b>

## Interseguro

### SUMMARY

#### 1Q10 Performance

Interseguro's net income was S/. 18.2 million in 1Q10, a fivefold increase from 1Q09 and a 42.8% decline from an unusually high 4Q09. The annualized ROE increased from 5.9% in 1Q09 to 26.4% in 1Q10.

#### Profit and Loss Statement Summary

S/. million	1Q09	4Q09	1Q10	%chg QoQ	%chg YoY
Premiums	58.0	53.2	64.0	20.1%	10.3%
Premiums ceded	-1.9	-2.0	-2.5	24.5%	33.3%
Fees	-2.3	-2.2	-2.4	7.5%	3.8%
Claims	-29.1	-29.7	-29.7	0.0%	2.4%
Change in reserves	-33.3	-29.0	-35.3	21.7%	5.9%
Diverse Income, net	-0.9	-0.7	-0.9	37.1%	1.4%
<b>Technical margin</b>	<b>-9.5</b>	<b>-10.3</b>	<b>-6.8</b>	<b>-33.8%</b>	<b>-27.6%</b>
Administrative expenses	-7.6	-11.0	-10.8	-1.5%	42.9%
Investment income, net*	20.0	53.1	35.9	-32.5%	79.2%
<b>Net income</b>	<b>3.0</b>	<b>31.8</b>	<b>18.2</b>	<b>-42.8%</b>	<b>509.9%</b>
<b>ROE</b>	<b>5.9%</b>	<b>46.6%</b>	<b>26.4%</b>		

\* Includes exchange gains

The YoY growth was due to a S/. 15.9 million increase in investment income as a result of an improvement in equity and fixed income markets, and a S/. 2.7 million increase in the technical margin, mainly attributable to higher premiums.

Net income declined 42.8% million QoQ as a result of a S/. 17.3 million decrease in investment income, partially offset by a S/. 3.5 million increase in the technical margin. Investment income was unusually high in 4Q09 as a result of a one-time S/. 27.1 million gain from the application of a new accounting regulation on credit-linked notes. Excluding the effect of this gain, investment income would have increased 37.8% QoQ.

#### PREMIUMS

Premiums grew 20.1% QoQ and 10.3% YoY as a result of higher sales across all of Interseguro's relevant business lines. The most significant contributor to growth was annuities, which increased S/.7.5 million QoQ and S/.4.2 million YoY. A new early retirement law (REJA), enacted during 1Q10, generated S/.1.1 million in new annuity sales.

### Premiums by Business Line

S/. million	1Q09	4Q09	1Q10	%chg QoQ	%chg YoY
Individual Life	6.1	5.5	5.8	5.8%	-4.3%
Annuities	34.3	31.0	38.5	24.2%	12.2%
Group Life	10.8	10.1	11.8	16.6%	8.8%
Disability and survivor benefits	0.2	0.1	0.1	20.3%	-34.6%
Mandatory traffic accident	4.9	5.1	6.0	17.4%	21.6%
Non Life Insurance	1.6	1.4	1.7	20.7%	6.6%
<b>Total</b>	<b>58.0</b>	<b>53.2</b>	<b>64.0</b>	<b>20.1%</b>	<b>10.3%</b>

### RESERVES, CLAIMS AND OPERATING EXPENSES

Change in reserves increased 21.7% QoQ and 5.9% YoY, as higher annuity sales led to additional reserve requirements.

### Change in Reserves by Business Line

S/. million	1Q09	4Q09	1Q10	%chg QoQ	%chg YoY
Individual Life	1.9	2.2	1.5	-29.2%	-21.1%
Annuities	32.6	26.4	32.7	24.2%	0.3%
Group Life	-1.3	0.5	0.5	-12.4%	n.m.
Mandatory traffic accident	0.0	-0.1	0.5	n.m.	n.m.
Non Life Insurance	0.0	0.0	0.0	n.m.	n.m.
<b>Total</b>	<b>33.3</b>	<b>29.0</b>	<b>35.3</b>	<b>21.7%</b>	<b>5.9%</b>

Claims remained mainly constant QoQ and YoY.

### Claims by Business Line

S/. million	1Q09	4Q09	1Q10	%chg QoQ	%chg YoY
Individual Life	0.2	0.2	0.5	196.4%	98.6%
Annuities	20.6	20.3	21.0	3.3%	1.8%
Group Life	2.8	2.1	2.8	36.9%	-0.5%
Disability and survivor benefits	2.1	4.6	3.8	-17.4%	84.2%
Mandatory traffic accident	3.2	2.5	1.6	-37.3%	-51.2%
Non Life Insurance	0.1	0.1	0.0	-24.1%	-8.0%
<b>Total</b>	<b>29.1</b>	<b>29.7</b>	<b>29.7</b>	<b>0.0%</b>	<b>2.4%</b>

The technical margin loss was S/. -6.8 million in 1Q10, a significant improvement from the S/. -10.3 million in 4Q09 and S/. -9.5 million in 1Q09, mainly the result of higher premiums.

Administrative expenses decreased 1.5% QoQ and increased 42.9% YoY. The YoY growth was mainly due to a S/. 2.5 million increase in the sales force related personnel expenses.

## INVESTMENT INCOME

Investment income increased 79.2% YoY and decreased 32.4% QoQ.

Investment Income, Net					
S/. million	1Q09	4Q09	1Q10	%chg QoQ	%chg YoY
<b>Income:</b>					
Interest	19.5	19.6	19.7	0.1%	1.0%
Valuation Gains	4.7	27.4	6.9	-74.7%	47.0%
Fixed Income	24.2	47.0	26.6	-43.5%	10.0%
Equity and Mutual Funds	0.1	3.8	1.3	-65.2%	1747.1%
Real estate	5.0	0.8	7.9	846.8%	55.7%
<b>Total income</b>	<b>29.3</b>	<b>51.6</b>	<b>35.8</b>	<b>-30.7%</b>	<b>22.0%</b>
Expenses	-1.3	-1.3	-0.9	-33.4%	-36.2%
Exchange gains	-7.9	2.7	0.9	-65.8%	n.m.
<b>Net income</b>	<b>20.0</b>	<b>53.1</b>	<b>35.9</b>	<b>-32.4%</b>	<b>79.2%</b>

The YoY increase was explained by the reversal of an exchange loss, an increase in real estate revenues and the recovery in financial markets, which led to higher gains in fixed income and equities.

The QoQ decrease was due to the application in 4Q09 of the new accounting regulation explained above. Excluding this change, investment income would have increased 37.8% QoQ.

Investment Portfolio					
S/. million	1Q09	4Q09	1Q10	%chg QoQ	%chg YoY
Fixed Income	1,257.8	1,248.6	1,260.4	0.9%	0.2%
Equity and mutual funds	173.3	154.3	154.6	0.2%	-10.8%
Real estate	388.6	461.1	488.6	6.0%	25.7%
Others	5.1	5.5	12.4	124.7%	142.3%
<b>Total</b>	<b>1,824.9</b>	<b>1,869.6</b>	<b>1,916.0</b>	<b>2.5%</b>	<b>5.0%</b>

Interseguro's investment portfolio grew 2.5% QoQ and 5.0% YoY. This growth was explained mainly by real estate investments, which increased 6.0% QoQ and 25.7% YoY due to investment in new projects, highlighted by the completion of the Real Plaza Centro Cívico project.