



Intergroup Financial Services Corp. Reports Second Quarter 2009 Earnings

Lima, Peru, August 4, 2009. Intergroup Financial Services Corp. (Bolsa de Valores de Lima: IFS) announced today its unaudited results for the second 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 were S/.128.7mm in 2Q09 (EPS: S/.1.37), a 32.4% increase YoY and an 81.7% increase QoQ, driven by strong contributions from both subsidiaries.
- Earnings growth was mainly attributable to higher financial income at Interbank and Interseguro, as well as lower funding costs at Interbank.

Interbank:

- Interbank's net earnings rose 49.1% QoQ and 34.6% YoY, to reach S/.101.7mm in 2Q09.
- The main driver for earnings growth was a significant increase in the gross financial margin, attributable to higher financial income and lower funding costs.
- Financial income rose 33.8% YoY, driven by higher loan volumes and yields, and 9.3% QoQ, as a result of realized investment gains.
- The average funding cost declined by 40 bps YoY and by 60 bps QoQ, as a result of a higher proportion of low-cost deposits in the funding mix and a reduction in short term interest rates.
- Efficiency improved significantly, as costs remained stable, while revenues increased.
- Despite an increase in delinquencies on credit card loans, asset quality remains strong, with the past-due loan ratio at 1.7%.

Interseguro:

- Interseguro reported S/.23.0mm in net earnings for 2Q09, a nearly eightfold increase QoQ and a 15.5% increase YoY.
- The YoY increase was the result of a lower technical margin loss due to higher premium sales and lower claims.
- QoQ earnings growth was due to a 113.9% increase in investment income.

Intergroup

INTERGROUP OVERVIEW

2Q09 Performance

Intergroup's earnings per share was S/.1.37 in 2Q09 (net income: S/.128.7 mm), a 32.4% increase compared to 2Q08 and 81.7% compared to 1Q09. Annualized ROE was 34.1% in 2Q09, above the 19.4% reported in 1Q09, and the 27.9% reported in 2Q08.

Intergroup's Balance Sheet Summary

S/. million	2Q08	1Q09	2Q09	%chg QoQ	%chg YoY
Cash and due from banks	2,589.7	3,032.5	2,945.1	-2.9%	13.7%
Investments, net	3,683.4	3,907.7	3,817.7	-2.3%	3.6%
Loan portfolio, net	7,054.3	9,319.3	9,070.3	-2.7%	28.6%
Fixed assets, net	446.1	537.0	551.6	2.7%	23.6%
Other assets	605.4	652.4	553.4	-15.2%	-8.6%
Total Assets	14,378.9	17,448.9	17,020.3	-2.5%	18.4%
Deposits and obligations	8,316.4	11,319.1	10,886.2	-3.8%	30.9%
Due to banks	2,516.5	1,465.9	1,093.2	-25.4%	-56.6%
Bonds and obligations	278.3	1,115.6	1,490.6	33.6%	435.6%
Technical reserves for premiums and claims	1,372.5	1,532.0	1,515.1	-1.1%	10.4%
Other liabilities	517.9	515.4	519.6	0.8%	0.3%
Total Liabilities	13,001.6	15,948.0	15,504.8	-2.8%	19.3%
Intergroup shareholders' equity	1,350.6	1,494.1	1,507.6	0.9%	11.6%
Minority interest	26.8	6.8	7.9	16.6%	-70.5%
Total shareholders' equity	1,377.3	1,500.8	1,515.6	1.0%	10.0%

Year-on-Year Performance

Net income (attributable to Intergroup's shareholders) rose 32.4% YoY mainly due to a 30.2% increase in the gross financial margin.

The rise in the gross financial margin was mainly due to higher financial income at Interbank. Interbank's financial income rose 35.0% YoY due to a 48.0% increase in interest and commissions on loans, and an 85.3% increase in investment income. This YoY growth was partially offset by higher provision expenses, which increased due to higher loan volumes, and higher delinquencies in consumer loans.

Intergroup's Profit and Loss Statement Summary

S/. million	2Q08	1Q09	2Q09	%chg QoQ	%chg YoY
Financial income	410.6	456.9	517.3	13.2%	26.0%
Financial expenses	-102.4	-143.3	-115.9	-19.1%	13.2%
Gross financial margin	308.2	313.6	401.4	28.0%	30.2%
Provisions	-39.7	-91.9	-97.2	5.8%	144.6%
Net financial margin	268.5	221.7	304.2	37.2%	13.3%
Fee income from financial services, net	71.3	88.3	87.3	-1.2%	22.3%
Result from insurance underwriting, net	-14.1	-7.5	-9.2	21.6%	-34.8%
Administrative expenses	-189.9	-198.7	-206.1	3.7%	8.6%
Net operating margin	135.9	103.7	176.2	69.8%	29.7%
Depreciation and amortization	-14.5	-17.2	-18.2	5.7%	25.2%
Other income (expenses)	14.5	10.6	11.8	11.1%	-18.8%
Income before tax and profit sharing	135.9	97.2	169.8	74.8%	25.0%
Income tax and profit sharing	-38.7	-26.3	-41.1	56.2%	6.2%
Income from continuing operations	97.2	70.8	128.7	81.7%	32.4%
Net income	97.2	70.8	128.7	81.7%	32.4%
Attributable to IFS shareholders	94.9	70.4	127.9	81.9%	34.9%
EPS	0.62	0.75	1.37		
ROE	27.9%	19.4%	34.1%		

Fee income increased 22.3%, 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 ATM network. In 2Q09, Interseguro's loss from insurance underwriting totaled S/.9.2 million, a 34.8% decrease compared to the loss reported in 2Q08, mainly due to a S/. 1.1 million decrease in claims, and a S/. 18.2 million rise in premiums. Administrative expenses rose 8.6% YoY mainly due to the expansion of Interbank's network.

Net operating margin increased 29.7%, driven by growth in the gross financial margin and fee income, partially offset by higher provisions and administrative expenses. As a result, income before taxes and profit sharing increased 25.0%, while net income rose 32.4 %.

Quarter-on-Quarter Performance

Net income (attributable to Intergroup's shareholders) rose 81.9% QoQ, mainly due to a higher net financial margin.

Net financial margin increased 31.7% due to higher financial income at Interbank and Interseguro. Interbank's financial income grew due to a 117.5% increase in investment income and a 1.5% increase in interest and commissions on loans. Interseguro's financial income rose as a result of a 114.0% increase in investment income. These effects are discussed in detail in the sections relating to Interbank and Interseguro.

Fee income from financial services decreased 1.2% QoQ, while administrative expenses rose 3.7%, a much lower expansion rate than previous quarters. As a result, income before taxes and profit sharing rose 74.8%.

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	2Q08	1Q09	2Q09	%chg QoQ	%chg YoY
Interbank	73.3	67.8	101.0	49.1%	37.9%
Interseguro	19.9	3.0	23.0	n.m	15.5%
InterGroup accounts:					
Return on investment portfolio	7.1	-0.7	4.1	n.m	-42.6%
Exchange loss, net	-0.2	1.1	1.8	67.6%	n.m
Taxes on dividends	-3.5	-1.6	-1.6	0.0%	n.m
Other expenses and other income	-1.6	1.8	-0.5	-125.9%	-71.1%
Consolidation adjustments	0.0	-0.9	0.2	-117.4%	n.m
Total	94.9	70.4	127.9	81.9%	34.9%

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

Interbank

SUMMARY

Interbank's net earnings were S/. 101.7 million in 2Q09, a 49.1% increase QoQ and a 34.6% increase YoY. Annualized ROE was 38.8% in 2Q09, higher than the 28.6% reported in 1Q09. The main driver for the QoQ earnings growth was a 21.5% QoQ increase in gross financial margin, partially offset by a 9.4% rise in provision expenses. The main drivers for the financial margin growth were higher investment returns and lower funding costs.

Profit and Loss Statement Summary

S/. million	2Q08	1Q09	2Q09	%chg QoQ	%chg YoY
Financial income	351.5	430.1	470.2	9.3%	33.8%
Financial expenses	-91.5	-133.2	-109.6	-17.7%	19.8%
Gross financial margin	260.0	296.9	360.7	21.5%	38.7%
Provisions	-39.7	-90.3	-98.7	9.4%	148.5%
Net financial margin	220.3	206.6	262.0	26.8%	18.9%
Fee income from financial services, net	80.1	101.6	98.6	-3.0%	23.0%
Administrative expenses	-183.9	-197.2	-200.4	1.6%	9.0%
Net operating margin	116.6	111.1	160.1	44.1%	37.3%
Depreciation and amortization	-13.9	-16.3	-17.6	8.2%	26.8%
Other income (expenses)	5.9	-2.7	-4.2	nm	-170.6%
Income before tax and profit sharing	108.6	92.0	138.3	50.2%	27.3%
Income tax and profit sharing	-33.0	-23.8	-36.6	53.6%	10.6%
Net Income	75.6	68.2	101.7	49.1%	34.6%
ROE	36.3%	28.6%	38.8%		

The 34.6% YoY increase in net income is mainly explained by higher financial income due to higher loan volumes and higher yields. The YoY growth was partially offset by higher provision expenses, which increased as a result of higher loan volumes, and higher delinquencies in consumer loans.

INTEREST EARNING ASSETS

Interbank's interest earning assets reached S/.13,926.1 million as of June 30, 2009, a 2.5% QoQ decrease and a 21.6% YoY increase. The QoQ reduction was primarily attributable to a 2.9% decrease in cash and due from banks, 2.8% decrease in investments, and a 2.7% decrease in net loans. Yearly growth was due to 29.0% increase in net loans, and 15.0% increase in cash and due from banks.

Interest Earning Assets

S/. million	2Q08	1Q09	2Q09	%chg QoQ	%chg YoY
Cash and due from banks	2,558.5	3,030.7	2,941.8	-2.9%	15.0%
Investments, net	1,843.1	1,938.4	1,883.9	-2.8%	2.2%
Loan portfolio, net	7,054.3	9,319.5	9,070.3	-2.7%	28.6%
Total interest earnings assets	11,456.0	14,288.6	13,896.0	-2.7%	21.3%

Loan Portfolio

S/. million	2Q08	1Q09	2Q09	%chg QoQ	%chg YoY
Current loans:					
Retail	3,594.2	4,593.0	4,640.5	1.0%	29.1%
Commercial	3,634.9	4,995.2	4,666.7	-6.6%	28.4%
Total current loans	7,229.1	9,588.3	9,307.2	-2.9%	28.7%
Restructured and refinanced loans	100.4	102.6	93.9	-8.5%	-6.5%
Past due loans	77.9	144.5	163.9	13.5%	110.5%
Gross loans	7,407.4	9,835.4	9,565.1	-2.7%	29.1%
Add (less)					
Accrued and deferred interest	-131.6	-138.1	-112.4	-18.6%	-14.6%
Allowance for loan losses	-221.4	-377.8	-382.3	1.2%	72.7%
Total direct loans, net	7,054.3	9,319.5	9,070.3	-2.7%	28.6%

Net loans decreased 2.7% QoQ due to a 6.6% decline in the commercial portfolio.

Current loans increased 28.7% YoY, driven by high growth rates in the retail and commercial segments. Commercial loans grew 28.4% YoY, due to strong efforts in the commercial banking division to gain market share. Retail loans grew 29.1% YoY, driven by increases of 37.3% in credit cards, 24.4% in other consumer loans and 27.8% in mortgage loans.

Breakdown of Current Retail Loans

S/. million	2Q08	1Q09	2Q09	%chg QoQ	%chg YoY
Consumer loans:					
Credit cards	1,060.3	1,476.1	1,455.4	-1.4%	37.3%
Other consumer	1,574.4	1,894.5	1,959.1	3.4%	24.4%
Total consumer loans	2,634.7	3,370.6	3,414.5	1.3%	29.6%
Mortgages	959.5	1,222.4	1,226.0	0.3%	27.8%
Total retail loans	3,594.2	4,593.0	4,640.5	1.0%	29.1%

FUNDING STRUCTURE

Funding Structure					
S/. million	2Q08	1Q09	2Q09	%chg QoQ	%chg YoY
Deposits and obligations	8,324.7	11,350.9	10,932.9	-3.7%	31.3%
Due to banks:					
Short term	1,562.6	1,055.9	745.2	-29.4%	-52.3%
Long term	841.5	937.2	1,235.5	31.8%	46.8%
Total due to banks	2,404.0	1,993.1	1,980.7	-0.6%	-17.6%
Bonds and obligations	268.9	482.2	469.8	-2.6%	74.8%
Total	10,997.6	13,826.2	13,383.4	-3.2%	21.7%
AUM (Interfondos)	2,429	1,281	1,513	18.1%	-37.7%

The bank's funding structure has shifted significantly. The share of deposits in the bank's total funding mix rose from 75.7% in 2Q08 to 81.6% in 2Q09, as a result of significant growth in retail deposits and commercial demand deposits. Additionally, bond funding rose 74.8%, and long term bank funding increased 46.8%, mainly due to a S/. 384.0 million securitization completed in June 2009. Short-term bank funding declined by 52.3%, as a result of Interbank's reliance on more stable funding sources.

As shown in the table below, yearly growth in deposits was driven by a 46.3% increase in retail deposits, partially due to overall market growth, in addition to the significant expansion of Interbank's branch network.

Breakdown of Deposits					
S/. million	2Q08	1Q09	2Q09	%chg QoQ	%chg YoY
By Customer Segment					
Retail	3,326.6	4,964.1	4,865.5	-2.0%	46.3%
Commercial	4,539.8	6,329.8	6,009.5	-5.1%	32.4%
Other obligations	458.3	57.0	57.9	1.6%	-87.4%
Total	8,324.7	11,350.9	10,932.9	-3.7%	31.3%
By Type:					
Demand	1,354.5	1,884.4	2,396.6	27.2%	76.9%
Savings	2,199.1	2,831.3	2,551.1	-9.9%	16.0%
Time	4,079.0	6,255.2	5,637.5	-9.9%	38.2%
Other	692.2	380.0	347.7	-8.5%	-49.8%
Total	8,324.7	11,350.9	10,932.9	-3.7%	31.3%

FINANCIAL MARGIN

S/. millones	Financial Margin			%chg QoQ	%chg YoY
	2T08	1T09	2T09		
Financial income	351.5	430.1	470.2	9.3%	33.8%
Financial expenses	-91.5	-133.2	-109.6	-17.7%	19.8%
Gross financial margin	260.0	296.9	360.7	21.5%	38.7%

Gross financial income grew 38.7% YoY and 21.5% QoQ. The YoY increase was due to higher loan volumes and higher rates, as well as an increase in investment income. The 21.5% QoQ increase was attributable to higher investment income and lower funding costs.

S/. million	Financial Income			%chg QoQ	%chg YoY
	2Q08	1Q09	2Q09		
Interest and commissions on loans	245.1	357.5	362.9	1.5%	48.0%
Investment income	40.4	34.4	74.8	117.5%	85.3%
Interest on due from banks and interbank funds	11.4	3.8	2.4	-35.3%	-78.5%
Financial income before exch. difference	297.0	396.4	439.8	10.9%	48.1%
Exchange difference	54.5	33.7	30.5	-9.6%	-44.1%
Total Financial Income	351.5	430.1	470.2	9.3%	33.8%
Average interest earning assets	10,569.5	13,691.0	13,791.4	0.7%	30.5%
Average yield on assets*	11.2%	11.6%	12.8%		

*Annualized. Excludes exchange difference

Financial income increased 33.8% YoY, mainly as a result of a 48.0% increase in interest and commissions on loans, and an 85.3% increase in investment income, partially offset by a 78.5% decline in interest on cash and interbank funds. Growth in interest and commissions on loans was explained by a 41.3% rise in average volume, and a 70 basis points increase in the annualized average yield on loans. The increase in investment income was explained by realized gains in the bank's investment portfolio totaling S/. 40.6mm. Interest on cash and interbank funds declined due to a decrease in the annualized average yield, from 2.1% in the 2Q08 to 0.3% in 2Q09 attributable to lower returns paid by the Central Bank on reserve requirement deposits.

The average yield on interest earning assets increased from 11.2% in 2Q08 to 12.8% in 2Q09, due to an increase in the annualized average yield on loans and a rise in the yield on investments.

Financial income grew 9.3% QoQ, due to a 117.5% increase in investment income, and a 1.5% increase in interest and commissions on loans. The increase in investment income was mainly explained by growth in the annualized yield from 7.1% in the

1Q09 to 16.0% 2Q09, as a result of the gains previously mentioned. Interest and commissions on loans increased as a result of 40 basis point rise in the annualized average yield on loans, partially offset by a 0.9% decline in average volume.

Financial Expenses

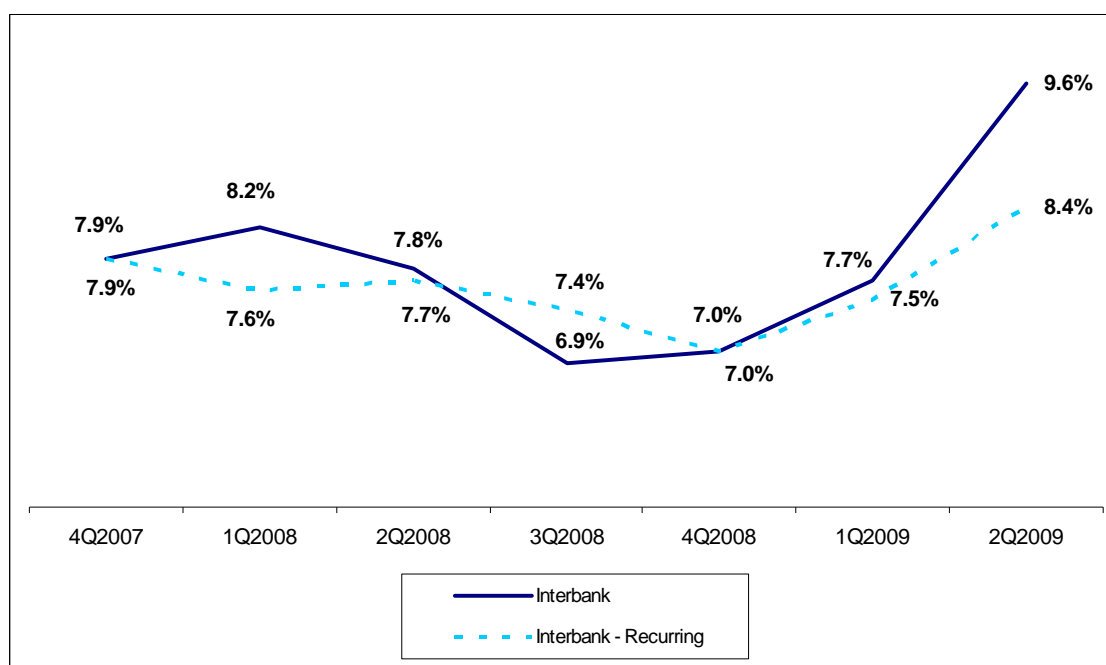
S/. million	2Q08	1Q09	2Q09	%chg QoQ	%chg YoY
Interest and commissions on deposits	63.3	87.8	77.3	-12.0%	22.1%
Interest and fees on deposits and due to banks	19.8	30.2	19.6	-35.3%	-1.3%
Interest on securities, bonds and other obligations	4.3	7.9	7.5	-4.0%	73.7%
Other financial expenses	4.0	7.3	5.2	-28.7%	30.0%
Total Financial Expenses	91.5	133.2	109.6	-17.7%	19.8%
Average interest bearing liabilities	10,224.3	14,007.8	13,795.1	-1.5%	34.9%
Average cost of funding	3.6%	3.8%	3.2%		

Financial expenses rose 19.8% YoY and decreased 17.7% QoQ. The yearly increase was due to a 22.1% increase in interest on deposits, a 73.7% increase in interest on securities, bonds and other obligations, partially offset by a 1.3% decline in interest due to banks. The increase in interest on deposits was due to a 22.7% growth in the average volume. Interest on securities, bonds and other obligations increased as a result of a higher average volume of subordinated bonds. The decline in the interest on due to banks was the result of a 3.5% decrease in the average volume of short-term loans.

Interbank's annualized average cost of funding decreased 40 bps, from 3.6% in 2Q08 to 3.2% in 2Q09 due to a higher proportion of deposits in the funding mix.

Financial expenses fell 17.7% QoQ, mainly a result of a 60bps decline in average funding costs from 3.8% in 1Q09 to 3.2% in 2Q09. Interest on deposits declined 12% due to a 5.1% decrease in average volume, and a 20 basis point decrease in the annualized average cost. Interest on due to banks fell 35.8% as a result of a 29.0% decline in average volume, and a 46 bps decline in the annualized average cost.

NET INTEREST MARGIN



Net interest margin rose from 7.5% in 1Q09 to 8.4% in 2Q09, due to higher yields on loans and lower funding costs.

PROVISIONS

Total provision expenses increased 148.5% YoY and 9.4% QoQ, as a result of higher loan volumes and higher delinquencies in consumer loans. The annualized ratio of provision expense to average loans increased from 2.4% in 2Q08 to 4.2% in 2Q09.

Composition of Provision Expense

S/. million	2Q08	1Q09	2Q09	%chg QoQ	%chg YoY
Provisions recognized as expense:					
For possible loan losses	-41.6	-98.9	-103.6	4.7%	149.2%
For impairment of investments	0.1	-0.3	0.3	nm	nm
Total provisions recognized as expense	-41.5	-99.2	-103.3	4.1%	149.2%
Recoveries	1.7	8.9	4.6	-49.1%	164.0%
Total provision expense	-39.7	-90.3	-98.7	9.4%	148.5%
Loan provision / average loans	2.4%	4.2%	4.2%		

The ratio of past due loans to total loans rose from 1.5% in 1Q09 to 1.7% in 2Q09. This increase was explained by the rise in the past due to total loans ratio on credit cards from 3.9% in 1Q09 to 4.2% in 2Q09. Reserve coverage decreased from 261.5% in 1Q09 to 233.2% in 2Q09.

Provision for Loan Losses

S/. million	2Q08	1Q09	2Q09	%chg QoQ	%chg YoY
Balance at the beginning of the quarter	236.5	348.5	405.2	16.3%	71.3%
Provision recognized as expense for the period	41.6	100.5	102.0	1.5%	145.4%
Write-offs, extinguishment of debt and sales	-34.6	-35.7	-86.1	141.6%	149.0%
Recoveries	-1.7	-8.9	-4.6	-49.1%	nm
Reallocation to receivable accounts	-9.1	0.0	0.0	nm	nm
Reallocation of deferred interests	0.0	0.0	0.0	nm	nm
Exchange difference, net	9.0	0.8	-6.4	nm	nm
Balance at the end of the quarter	<u>241.6</u>	<u>405.2</u>	<u>410.1</u>	<u>1.2%</u>	<u>69.8%</u>
Direct loans	221.4	377.8	382.3	1.2%	72.7%
Indirect loans	20.2	27.5	27.8	1.3%	37.6%
Past due loans / Total loans	1.1%	1.5%	1.7%		
Reserve coverage	284.3%	261.5%	233.2%		

FEE INCOME FROM FINANCIAL SERVICES

Gross fee income from financial services increased 23.0% YoY. The main drivers for income growth were increases in fees on credit and debit cards, contingent operations, and ATM use.

Gross fee income from financial services decreased 3.0% QoQ, due to lower corporate finance activities.

Fee Income from Financial Services, Net

S/. million	2Q08	1Q09	2Q09	%chg QoQ	%chg YoY
Credit and debit card	31.6	38.4	38.7	0.6%	22.3%
Fees for services	33.5	39.5	39.1	-1.1%	16.6%
Contingent operations	5.0	6.7	7.7	14.1%	52.8%
Fees for collection and payment services	4.4	4.9	5.0	0.6%	12.7%
Others	14.3	22.3	18.9	-15.3%	32.1%
Fee income from financial services	88.9	111.9	109.3	-2.3%	23.0%
Expenses relating to financial services	-8.7	-10.3	-10.7	4.3%	22.7%
Fee income from financial services, net	80.1	101.6	98.6	-3.0%	23.0%

ADMINISTRATIVE EXPENSES

Administrative expenses rose 9.0% YoY and 1.6% QoQ. The YoY growth was explained by the expansion of Interbank's distribution network.

As a result of higher financial margin, the annualized efficiency ratio improved significantly from 58.1% in 2Q08 to 47.5% in 2Q09.

Administrative Expenses

S/. million	2Q08	1Q09	2Q09	%chg QoQ	%chg YoY
Personnel and board of directors expenses	71.3	82.9	90.5	9.1%	26.9%
Services received from third parties	106.2	106.2	102.4	-3.6%	-3.6%
Taxes and contributions	6.3	8.0	7.5	-6.6%	18.6%
Total	183.9	197.2	200.4	1.6%	9.0%
Efficiency ratio	58.1%	53.6%	47.5%		

OTHERS

Other Income (Expenses)

S/. million	2Q08	1Q09	2Q09	%chg QoQ	%chg YoY
Depreciation	-11.0	-13.3	-14.2	7.3%	29.7%
Amortization	-2.9	-3.0	-3.4	12.1%	16.2%
Total depreciation and amortization	-13.9	-16.3	-17.6	8.2%	26.8%
Income (expenses) for recoveries	20.3	7.9	9.6	21.4%	-52.5%
Extraordinary income (expenses)	-2.7	0.6	-2.0	nm	nm
Provisions for contingencies and other provisions	-13.0	-13.9	-12.2	-12.6%	nm
Income (expenses) of prior years	1.2	2.7	0.3	-89%	-76.3%
Other Income (Expenses)	5.9	-2.7	-4.2	53.9%	-170.6%
Total	-8.0	-19.0	-21.8	14.7%	173.8%

Other income fell from a loss of S/. 8.0 million in 2Q08 to a loss of S/. 21.8 million in 2Q09, due to lower recoveries from loan write-offs and gains on the asset sales.

CAPITALIZATION

The ratio of regulatory capital to risk-weighted assets was 11.1% as of June 30, 2009, above the 10.9% reported in 1Q09, and significantly above the minimum 9.1% ratio established by Peruvian banking regulations. The yearly increase in this ratio was primarily due to the capitalization of 3Q08 and 1Q09 earnings, totaling S/.120.4 million, as well as the issuance of subordinated bonds.

Additionally, the Tier I component of Interbank's capital increased 12.6% YoY, while Tier II capital increased 152.3% YoY.

Capitalization

S/. million	2Q08	1Q09	2Q09	%chg QoQ	%chg YoY
Tier I	838.7	945.2	944.8	0.0%	12.6%
Tier II	92.2	239.7	232.6	-2.9%	152.3%
Regulatory capital	930.9	1,184.9	1,177.4	-0.6%	26.5%
Risk weighted assets	8,761.8	10,848.3	10,590.0	-2.4%	20.9%
Minimum regulatory capital required for market risk	15.6	1.4	4.8	238.2%	-69.5%
BIS ratio	10.4%	10.9%	11.1%	1.4%	6.2%
Tier I / risk weighted assets	9.6%	8.7%	8.9%	2.4%	-6.8%

Interseguro

SUMMARY

Interseguro's net income was S/. 23.0 million in 2Q09, an increase of 15.5% YoY and an 670.0% QoQ. ROE increased from 5.9% in 1Q09 to 41.8% in 2Q09. Over the same period, ROA increased from 0.6% to 4.8%.

Profit and Loss Statement Summary

S/. million	2Q08	1Q09	2Q09	%chg QoQ	%chg YoY
Premiums	48.1	58.0	66.3	14.4%	37.9%
Premiums ceded	-1.3	-1.9	-1.9	0.1%	44.0%
Fees	-1.8	-2.3	-2.0	-13.3%	8.4%
Claims	-29.1	-29.1	-28.0	-3.5%	-3.8%
Change in reserves	-31.9	-33.3	-45.6	36.9%	43.1%
Diverse Income, net	-0.4	-0.9	0.3	-	-
Technical margin	-16.5	-9.5	-10.8	14.5%	-34.3%
Adm. expenses	-8.0	-7.6	-9.0	18.9%	12.4%
Investment income, net*	44.4	20.0	42.8	113.9%	-3.6%
Net income	19.9	3.0	23.0	670.0%	15.5%

*Includes exchange rate and extraordinary

The main driver for the YoY increase in earnings was a 34.3% decline in the technical margin loss, due to a 37.9% increase in premiums and a 3.8% decline in claims. On a QoQ basis, the increase in net income was due to the higher investment income.

PREMIUMS

Premium sales rose 37.9% YoY and 14.4% QoQ, mainly due to a significant increase in annuity sales.

Premiums by Business Line

S/. million	2Q08	1Q09	2Q09	%chg QoQ	%chg YoY
Individual Life	5.2	6.1	5.8	-4.1%	13.2%
Annuities	30.5	34.3	45.7	33.3%	49.8%
Group Life	7.2	10.8	8.9	-17.8%	24.6%
Disability and survivor benefits	1.1	0.2	0.1	-43.9%	-89.5%
Mandatory traffic accident	4.1	4.9	4.2	-14.0%	2.4%
Non Life Insurance	0.0	1.6	1.5	-7.3%	0.0%
TOTAL	48.1	58.0	66.3	14.4%	37.9%

As shown in the table above, the YoY increase was due to increases across all business lines, except on disability and survivor benefits premiums, which Interseguro no longer serves.

The business lines with the highest increases were annuities (49.8%) and group life premiums (24.6%).

RESERVES, CLAIMS AND OPERATING EXPENSES

Change in reserves increased 43.1% YoY and 36.9% QoQ, due to higher annuity premiums.

Reserves on Premiums by Business Line					
S/. million	2Q08	1Q09	2Q09	%chg QoQ	%chg YoY
Individual Life	2.1	1.9	2.7	37.2%	26.6%
Annuities	28.9	32.6	43.1	32.0%	49.1%
Group Life	0.6	-1.3	0.0	-	-
Mandatory traffic accident	0.3	0.0	-0.2	-	-
Non Life Insurance	0.0	0.0	0.0	-	-
TOTAL	31.9	33.3	45.6	36.9%	43.1%

Claims decreased 3.5% QoQ and 3.8% YoY. The quarterly decrease was due to lower claims in mandatory traffic accident (-46.0%), and group life (-33.2%) policies. The YoY decrease was due to a 56.3% reduction in disability and survivor benefits claims and a 50.2% decline in mandatory traffic accident claims.

Claims by Business Line					
S/. million	2Q08	1Q09	2Q09	%chg QoQ	%chg YoY
Individual Life	0.2	0.2	0.7	204.0%	347.3%
Annuities	16.6	20.6	20.2	-2.0%	22.0%
Group Life	1.2	2.8	1.9	-33.2%	57.3%
Disability and survivor benefits	7.7	2.1	3.4	62.8%	-56.3%
Mandatory traffic accident	3.5	3.2	1.7	-46.0%	-50.2%
Non Life Insurance	0.0	0.1	0.1	23.0%	0.0%
TOTAL	29.1	29.1	28.0	-3.5%	-3.8%

As a result of the above-mentioned factors, the technical margin loss was S/.-10.8 million in 2Q09, S/. 1.3 million higher than 1Q09, and S/. 5.7 million lower than 2Q08.

Administrative expenses increased 18.9% QoQ and 12.4% YoY. The quarterly increase was explained by higher personnel expenses. The annual increase was due to higher depreciation as a result of infrastructure improvements and higher personnel expenses.

INVESTMENT INCOME

Investment income decreased 3.6% YoY, as a result of lower income from equity and mutual funds, compared to an unusually high 2Q08.

However, this decline was partially offset by higher income from real estate and a lower exchange rate loss.

Investment income increased 113.7% QoQ as a consequence of growth across each business line, particularly fixed income (S/. 11.4 million), equity and mutual funds (S/. 8.1 million).

The portfolio's value increased 8.2% YoY, from S/.1,698.0 million to S/.1,837.5 million. As shown in the tables below, additional funds were invested in fixed income and real estate.

Investment Income, Net					
S/. million	2Q08	1Q09	2Q09	%chg QoQ	%chg YoY
Income:					
Fixed Income	50.9	24.3	35.7	46.7%	-29.9%
Interest	23.1	19.6	21.0	7.3%	-9.0%
Trading	27.8	4.7	14.6	211.0%	-47.3%
Equity and Mutual Funds	14.9	0.0	8.1	-	-45.6%
Real Estate	4.1	5.3	7.3	39.1%	76.7%
Total income	69.8	29.5	51.1	72.9%	-26.9%
Expenses	-1.7	-1.6	-2.2	34.0%	28.7%
Exchange rate gains/losses	-23.7	-7.9	-6.1	-22.9%	-74.5%
Others*	0.0	0.0	0.0	0.0%	0.0%
Net income	44.4	20.0	42.8	113.7%	-3.6%

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

Investment Portfolio					
S/. million	2Q08	1Q09	2Q09	%chg QoQ	%chg YoY
Fixed Income	1,024.6	1,257.8	1,215.3	-3.4%	18.6%
Equity and Mutual Funds	263.0	173.3	194.7	12.4%	-26.0%
Real Estate	406.0	388.6	422.3	8.7%	4.0%
Others	4.4	5.1	5.1	-1.2%	15.7%
TOTAL	1,698.0	1,824.9	1,837.5	0.7%	8.2%