



Intergroup Financial Services Corp. Reports Third Quarter 2009 Earnings

Lima, Peru, November 2, 2009. Intergroup Financial Services Corp. (Bolsa de Valores de Lima: IFS) announced today its unaudited results for the third quarter of 2009. These results are reported on a consolidated basis in accordance with Peruvian GAAP in nominal Peruvian Nuevos Soles.

Intergroup:

- Intergroup reported strong results in 3Q09, with net income growth of 15.9% QoQ and 272.6% YoY, driven by positive contributions from both subsidiaries.
- Asset quality and capitalization were strong, while efficiency improved.

Interbank:

- Interbank's net income grew 27.0% QoQ and 147.4% YoY, driven by growth in gross financial margin and fee income, as well as significant improvements in efficiency.
- As a result of weak demand for credit and the appreciation of the Nuevo Sol, Interbank's current loan portfolio grew 1.8% QoQ, higher than the market's average (-1.9% QoQ). Interbank's current loans grew 19.1% YoY.
- Gross financial margin grew 78.0% YoY, driven by higher interest on loans, higher investment returns and lower funding costs. The average funding cost decreased 120 basis points YoY.
- Asset quality and coverage strengthened, with the past due loan ratio declining from 1.7% to 1.6% QoQ, while the coverage ratio increased from 233% to 261%.
- Interbank's capital ratio increased from 11.1% to 12.2% QoQ

Interseguro:

- Interseguro reported S/. 18.3mm in net income for 3Q09, a significant reversal from the S/.16.0mm loss reported in 3Q08.

Intergroup

INTERGROUP OVERVIEW

3Q09 Performance

Intergroup's earnings per share were S/.1.59 in 3Q09 (net income: S/.148.3 mm), an increase of 272.6% compared to 3Q08 and 15.9% compared to 2Q09. Annualized ROE was 39.9% in 3Q09, above the 35.9% reported in 2Q09, and the 12.0% reported in 3Q08.

Intergroup's Balance Sheet Summary

S/. million	3Q08	2Q09	3Q09	%chg QoQ	%chg YoY
Cash and due from banks	3,354.1	2,945.1	2,788.0	-5.3%	-16.9%
Investments, net	3,664.0	3,817.7	4,115.6	7.8%	12.3%
Loan portfolio, net	7,788.2	9,070.3	9,159.1	1.0%	17.6%
Fixed assets, net	468.0	551.6	577.3	4.6%	23.4%
Discontinued operations	-	-	-	n.m.	n.m.
Other assets	523.0	635.6	762.7	20.0%	45.8%
Total Assets	15,797.3	17,020.3	17,402.6	2.2%	10.2%
Deposits and obligations	9,406.5	10,886.2	11,089.9	1.9%	17.9%
Due to banks	2,754.5	1,093.2	1,138.2	4.1%	-58.7%
Bonds and obligations	380.6	1,490.6	1,473.2	-1.2%	287.1%
Technical reserves for premiums and claims	1,414.5	1,515.1	1,495.5	-1.3%	5.7%
Discontinued operations	-	-	-	n.m.	n.m.
Other liabilities	472.9	519.6	530.2	2.0%	12.1%
Total Liabilities	14,429.0	15,504.8	15,727.1	1.4%	9.0%
Intergroup shareholders' equity	1,362.0	1,507.7	1,666.5	10.5%	22.4%
Minority interest	6.3	7.9	9.0	13.7%	41.6%
Total shareholders' equity	1,368.3	1,515.6	1,675.5	10.6%	22.4%

Year-on-Year Performance

Net income (attributable to Intergroup's shareholders) rose 272.6% YoY, mainly due to an 88.2% increase in gross financial margin, a 35.4% increase in fee income and a 45.2% decrease in losses from insurance underwriting, partially offset by a 71.2% increase in provision expenses and a 17.0% increase in administrative expenses.

The rise in gross financial margin was due to higher income from loans and investments and lower financial expenses. Financial income rose 36.5% YoY due to a 29.1% increase in interest on loans at Interbank, and significant gains in investment income at both subsidiaries.

Intergroup's Profit and Loss Statement Summary

S/. million	3Q08	2Q09	3Q09	%chg QoQ	%chg YoY
Financial income	378.4	517.3	516.5	-0.2%	36.5%
Financial expenses	-152.7	-115.9	-91.7	-20.9%	-39.9%
Gross financial margin	225.7	401.4	424.8	5.8%	88.2%
Provisions	-49.6	-97.2	-84.9	-12.7%	71.2%
Net financial margin	176.1	304.2	339.9	11.7%	93.0%
Fee income from financial services, net	82.0	87.3	111.0	27.1%	35.4%
Result from insurance underwriting, net	-18.8	-9.2	-10.3	12.0%	-45.2%
Administrative expenses	-188.4	-206.1	-220.5	7.0%	17.0%
Net operating margin	50.9	176.2	220.1	24.9%	332.4%
Depreciation and amortization	-15.2	-18.2	-18.1	-0.5%	19.1%
Other income (expenses)	30.7	11.8	-	-100.0%	-100.0%
Income before tax and profit sharing	66.4	169.8	202.0	19.0%	204.2%
Income tax and profit sharing	-29.8	-41.1	-52.7	28.2%	76.8%
Income from continuing operations	36.6	128.7	149.3	16.0%	307.9%
Net income	36.6	128.7	149.3	16.0%	307.9%
Attributable to IFS shareholders	39.8	127.9	148.3	15.9%	272.6%
EPS	0.43	1.37	1.59		
ROE	12.0%	35.9%	39.9%		

Fee income from financial services increased 35.4%, 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 3Q09, Interseguro's loss from insurance underwriting totaled S/.10.3 million, a 45.2% improvement compared to the loss reported in 3Q08, mainly due to a S/. 3.3 million decrease in claims and a S/. 4.9 million decrease in change in reserves. Administrative expenses rose 17.0% YoY, mainly due to the expansion of Interbank's network.

As a result of the factors discussed above, income before taxes and profit sharing increased 204.2%. IFS's effective tax rate fell from 44.9% in 3Q08 to 26.1% in 3Q09, leading to a significantly higher growth in net income. The main reason for the decrease in the effective tax rate was the reversal of a loss at Interseguro. Since the majority of Interseguro's revenues are tax exempt, the S/.16.0 million loss reported in 3Q08 did not provide a tax credit, while the S/.18.3 million net income reported in 3Q09 was exempt from income taxes.

Quarter-on-Quarter Performance

Net income (attributable to Intergroup's shareholders) rose 15.9% QoQ, mainly due to a 5.8% increase in gross financial margin, a 12.7% decrease in provisions and a 27.1% increase in fee income from financial services. The increase in gross financial margin was mainly due to lower financial expenses at Interbank.

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	3Q08	2Q09	3Q09	%chg QoQ	%chg YoY
Interbank	55.4	101.0	128.3	27.0%	131.7%
Interseguro	-16.0	23.0	18.3	-20.2%	n.m.
Intergroup accounts:					
Return on investment portfolio	4.4	4.1	3.4	-16.9%	-23.7%
Exchange loss, net	-0.5	1.8	2.7	55.3%	n.m.
Taxes on dividends	-1.8	-1.6	-1.6	0.0%	-10.8%
Other expenses and other income	-1.7	-0.5	-3.1	568.7%	79.3%
Consolidation adjustments	-	0.2	0.2	n.m.	n.m.
Total	39.8	127.9	148.3	15.9%	272.6%

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

Interbank

SUMMARY

Interbank's net earnings were S/. 129.2 million in 3Q09, a 27.0% increase QoQ and a 147.4% increase YoY. Annualized ROE was 43.0% in 3Q09, higher than the 38.8% reported in 2Q09.

Profit and Loss Statement Summary

S/. million				% chg	% chg
	3Q 08	2Q 09	3Q 09	QoQ	YoY
Financial income	322.0	470.2	466.3	-0.8%	44.8%
Financial expenses	-108.1	-109.6	-85.6	-21.9%	-20.8%
Gross financial margin	213.9	360.7	380.7	5.5%	78.0%
Provisions	-49.6	-97.5	-84.9	-12.9%	71.0%
Net financial margin	164.2	263.2	295.8	12.4%	80.1%
Fee income from financial services, net	89.5	98.6	111.9	13.6%	25.1%
Administrative expenses	-182.0	-200.4	-204.1	1.8%	12.1%
Net operating margin	71.7	161.4	203.7	26.2%	184.2%
Depreciation and amortization	-14.6	-17.3	-17.2	-0.8%	18.0%
Other income (expenses)	22.0	-5.8	-7.5	30.8%	-134.4%
Income before tax and profit sharing	79.0	138.3	178.9	29.4%	126.4%
Expenses tax and profit sharing	-26.8	-36.6	-49.7	36.0%	85.5%
Net income	52.2	101.7	129.2	27.0%	147.4%
ROE	23.6%	38.8%	43.0%		

The YoY increase in net income was mainly explained by a 78.0% increase in gross financial margin and a 25.1% increase in fee income, partially offset by a 71.0% increase in provision expenses and 12.1% growth in administrative expenses. The increase in gross financial margin was attributable to higher interest on loans, higher investment returns, and lower funding costs.

The main drivers for QoQ earnings growth were a 5.5% increase in gross financial margin, a 12.9% decrease in provision expenses and a 13.6% increase in fee income.

INTEREST EARNING ASSETS

Interbank's interest earning assets grew 2.4% QoQ and 10.7% YoY. The QoQ increase was attributable to a 21.5% increase in investments and a 1.0% increase in net loans. YoY growth was due to a 30.4% increase in investments and a 17.6% increase in net loans, partially offset by a 15.9% decrease in cash due from banks.

Interest Earning Assets

S/. million				% chg	% chg
	3Q 08	2Q 09	3Q 09	QoQ	YoY
Cash and due from banks	3,305.0	2,941.8	2,780.9	-5.5%	-15.9%
Investments, net	1,755.4	1,883.9	2,289.6	21.5%	30.4%
Loan portfolio, net	7,788.5	9,070.3	9,159.1	1.0%	17.6%
Total interest earnings assets	12,848.9	13,896.0	14,229.6	2.4%	10.7%

Loan Portfolio

S/. million				% chg	% chg
	3Q 08	2Q 09	3Q 09	QoQ	YoY
Current loans:					
Retail	4,011.5	4,640.5	4,726.3	1.8%	17.8%
Commercial	3,945.6	4,666.7	4,748.7	1.8%	20.4%
Total current loans	7,957.1	9,307.2	9,475.0	1.8%	19.1%
Restructured and refinanced loans	100.1	93.9	89.4	-4.8%	-10.7%
Past due loans	82.6	163.9	152.0	-7.3%	84.1%
Gross loans	8,139.7	9,565.1	9,716.5	1.6%	19.4%
Add (less)	0.0	0.0	0.0	0.0%	0.0%
Accrued interest from current loans	90.6	112.9	104.6	-7.3%	15.5%
Deferred interest and interest collected in advance	-201.7	-225.4	-265.0	17.6%	31.4%
Accrued and deferred interest	-111.0	-112.4	-160.3	42.6%	44.4%
Allowance for loan losses	-240.2	-382.3	-397.0	3.8%	65.3%
Total direct loans, net	7,788.6	9,070.3	9,159.1	1.0%	17.6%

Loan growth continued to be weak during 3Q09 as a result of lower demand caused by the economic slowdown in Peru. Total current loans grew 1.8% QoQ, with similar growth rates in the retail and commercial segments. The appreciation of the Nuevo Sol had a negative impact on the value of dollar-denominated loans, negatively affecting growth. Excluding the effect of exchange rate variations, current loans would have grown 3.9% during 3Q09.

Current loans increased 19.1% YoY driven by high growth rates in the retail and commercial segments. Commercial loans increased 20.4%, while retail loans increased 17.8% driven by 16.3% growth in credit cards, 18.4% growth in other consumer loans and 18.7% growth in mortgage loans.

Breakdown of Current Retail Loans

S/. million	3Q 08	2Q 09	3Q 09	% chg QoQ	% chg YoY
Consumer loans:					
Credit cards	1,244.1	1,455.4	1,447.0	-0.6%	16.3%
Other consumer	1,717.1	1,959.1	2,032.8	3.8%	18.4%
Total consumer loans	2,961.2	3,414.5	3,479.8	1.9%	17.5%
Mortgages	1,050.3	1,226.0	1,246.5	1.7%	18.7%
Total retail loans	4,011.5	4,640.5	4,726.3	1.8%	17.8%

FUNDING STRUCTURE

Funding Structure

S/. million	3Q 08	2Q 09	3Q 09	% chg QoQ	% chg YoY
Deposits and obligations	9,415.2	10,932.9	11,145.9	1.9%	18.4%
Due to banks:	0.0	0.0	0.0	0.0%	0.0%
Short term	1,520.5	491.6	694.7	41.3%	-54.3%
Long term	881.1	1,235.5	1,182.0	-4.3%	34.2%
Total due to banks	2,401.6	1,727.1	1,876.7	8.7%	-21.9%
Bonds and obligations	377.0	469.8	505.0	7.5%	34.0%
Others	222.0	253.6	102.5	-59.6%	-53.8%
Total	12,415.7	13,383.4	13,630.2	1.8%	9.8%
AUM (Interfondos)	2,007	1,513	1,839	21.5%	-8.4%
% of funding					
Deposits and obligations	75.8%	81.7%	81.8%		
Due to banks	19.3%	12.9%	13.8%		
Bonds and obligations	3.0%	3.5%	3.7%		

Deposits grew 1.9%, lower growth than previous quarters, as declining interest rates slowed the renewal of time deposits reaching maturity. While time deposits declined 2.0%, demand deposits increased 8.1% and savings deposits rose 4.3%. Excluding the impact of the appreciation of the Nuevo Sol, deposits would have grown 4.4% QoQ.

Loans due to banks grew 8.7% QoQ, driven by increased use of short term trade funding. Bonds and obligations grew 7.5% as a result of a S/.48.7 million subordinated bond issue placed in July 2009.

Total deposits grew 18.4% YoY, driven by a 30.3% increase in the retail segment. Short term bank financing declined 54.3% YoY as a result of a lower use of trade lines, while long term bank financing grew 34.2% due to the disbursement in June 2009 of a medium term loan totaling S/. 384.0 million.

Breakdown of Deposits

S/. million	3Q 08	2Q 09	3Q 09	% chg QoQ	% chg YoY
By Customer Segment					
Retail	3,647.2	4,865.5	4,752.3	-2.3%	30.3%
Commercial	5,723.6	6,009.5	6,339.2	5.5%	10.8%
Other obligations	44.4	57.9	54.4	-6.0%	22.6%
Total	9,415.2	10,932.9	11,145.9	1.9%	18.4%
By Type:					
Demand	1,415.7	2,396.6	2,591.1	8.1%	83.0%
Savings	2,354.5	2,551.1	2,661.9	4.3%	13.1%
Time	5,323.0	5,637.5	5,525.5	-2.0%	3.8%
Other	321.9	347.7	367.4	5.7%	14.1%
Total	9,415.2	10,932.9	11,145.9	1.9%	18.4%

FINANCIAL MARGIN

Financial Margin

S/. million	3Q 08	2Q 09	3Q 09	% chg QoQ	% chg YoY
Financial income	322.0	470.2	466.3	-0.8%	44.8%
Financial expenses	-108.1	-109.6	-85.6	-21.9%	-20.8%
Gross financial margin	213.8	360.7	380.7	5.5%	78.0%

Gross financial margin grew 5.5% QoQ and 78.0% YoY. The quarterly increase in margins was due to a 21.9% decrease in financial expenses, attributable to lower funding costs. The yearly increase was the result of an increase in interest on loans, and higher investment income due to realized gains in the investment portfolio and lower funding costs.

Financial Income

S/. million	3Q 08	2Q 09	3Q 09	% chg QoQ	% chg YoY
Interest and commissions on loans	286.6	362.9	369.8	1.9%	29.1%
Investment income	16.6	74.8	67.2	-10.2%	305.7%
Interest on due from banks and interbank funds	12.4	2.4	2.0	-19.2%	-84.1%
Financial income before exch. difference	315.5	440.1	439.0	-0.3%	39.1%
Exchange difference	6.5	30.5	27.2	-10.7%	322.0%
Total Financial Income	322.0	470.2	466.3	-0.8%	44.8%

Average interest earning assets	12,001.3	13,792.2	14,002.0	1.5%	16.7%
Average yield on assets*	10.5%	12.8%	12.5%	-0.2%	2.0%

*Annualized. Excludes exchange difference

Financial income decreased 0.8% QoQ as a result of a 19.2% decrease in income due from banks and interbank funds and a 10.2% decrease in investment income, partially offset by a 1.9% increase in interest and commissions on loans. The decline in investment income was attributable to a 310 basis points decrease in the average yield on the investment portfolio, from 16.0% in 2Q09 to 13.0% in 3Q09, primarily due to lower returns on the bank's positions in sovereign bonds and Central Bank certificates of deposit. The yield remained high, however, due to realized gains in other financial instruments, as described below. Growth in interest and commissions on loans was attributable to 0.4% growth in the average volume of loans and a 20 basis points increase in the average yield, from 14.1% in 2Q09 to 14.3% in 3Q09.

As a result of a lower yield on investments, the average yield on interest earning assets declined 30 basis points QoQ, from 12.8% in 2Q09 to 12.5% in 3Q09.

Financial income increased 44.8% YoY as a result of a 29.1% increase in interest on loans and a 305.7% increase in investment income. The increase in interest and commissions on loans was the result of 24.2% growth in the average volume of loans and a 40 basis point increase of the average yield, from 14.0% in 3Q08 to 14.4% in 3Q09. The significant increase in investment income was due to realized gains on the sale of financial instruments realized during 3Q09, compared to losses realized during 3Q08. During 3Q09, Interbank realized gains of S/.39.1 million on Peruvian Global bonds, and S/.3.7 million in equity positions.

The average yield on interest earning assets increased from 10.5% in 3Q08 to 12.5% in 3Q09 due to increases in the yields of loans and investments.

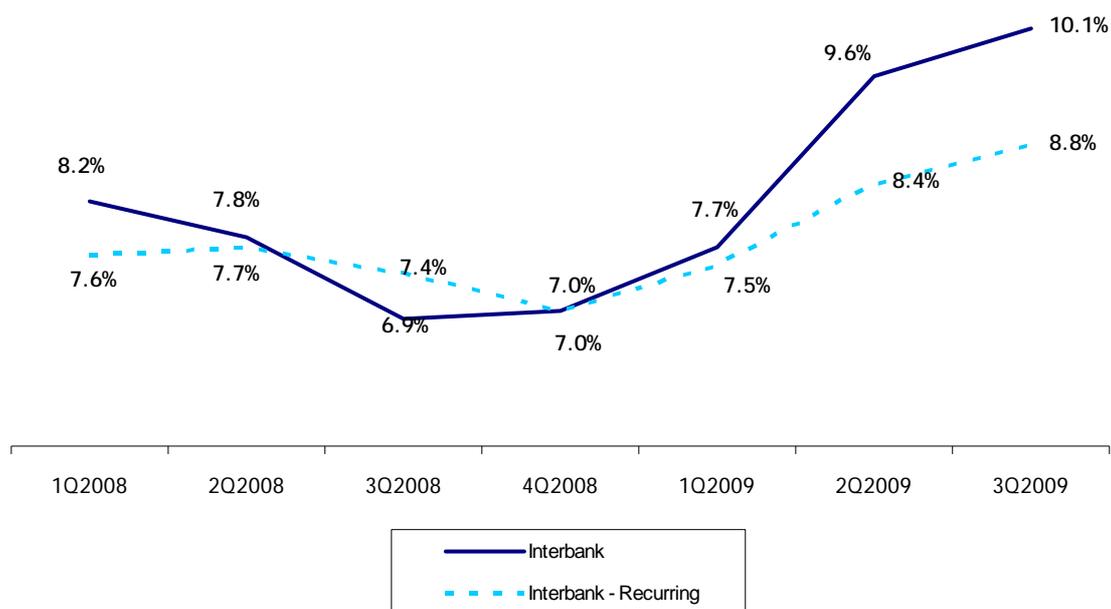
Financial Expenses					
S/. million				% chg	% chg
	3Q 08	2Q 09	3Q 09	QoQ	YoY
Interest and commissions on deposits	69.6	77.3	52.1	-32.6%	-25.1%
Interest and fees on deposits and due to banks	29.7	19.6	19.5	-0.3%	-34.4%
Interest on securities, bonds and other obligations	4.6	7.5	8.2	8.8%	78.3%
Other financial expenses	4.2	5.2	5.8	12.3%	38.6%
Financial Expenses	108.1	109.6	85.6	-21.9%	-20.8%
Average interest bearing liabilities	11,642.1	13,795.1	13,459.4	-2.4%	15.6%
Average cost of funding	3.7%	3.2%	2.5%	-0.6%	-1.2%

Financial expenses fell 21.9% QoQ as a result of a 32.6% decline in interest on deposits. The decrease in interest on deposits was due to an 11.0% decrease in average volume and a 100 basis point decline in the average cost, from 3.1% in 2Q09 to 2.1% in 3Q09.

Financial expenses fell 20.8% YoY as a result of a 34.4% decline in interest due to banks and a 25.1% decline in interest on deposits. The decline in interest due to banks was attributable to a 24.8% decline in average volume and a 30 basis point decrease in average cost. The decline in interest on deposits was due to a 100 basis point decline of the average cost, partially offset by a 16.6% increase in average volume.

Interbank's annualized average cost of funds decreased 120 points YoY and 60 basis points QoQ, from 3.7% in 3Q08 and 3.1% in 2Q09 to 2.5% in 3Q09. This significant decrease in cost was due to lower rates, attributable to the decline in the Central Bank's reference rate, and a higher share of deposits in the bank's funding mix.

NET INTEREST MARGIN



Recurring net interest margin rose from 8.4% in 2Q09 to 8.8% in 3Q09 as a result of higher yields on loans and lower funding costs.

PROVISIONS

Total provision expenses fell 12.9% QoQ as a result of an improvement in the quality of Interbank's retail loan portfolio. Due to this decline, the annualized ratio of provision expenses to average loans decreased from 4.2% in 2Q09 to 3.7% in 3Q09.

Total provision expenses increased 71.0% YoY, leading the annualized ratio of provision expense to average loans to increase from 2.8% in 3Q08 to 3.7% in 3Q09. This increase was due to a higher past due loan ratio in the retail loan portfolio.

Provision for Loan Losses

S/. million				% chg	% chg
	3Q 08	2Q 09	3Q 09	QoQ	YoY
Balance at the beginning of the quarter	-242.9	-404.4	-415.7	2.8%	71.1%
Provision recognized as expense for the period	-53.5	-102.0	-90.0	-11.7%	68.2%
Write-offs, extinguishment of debt and sales	24.4	86.1	65.4	-24.1%	168.5%
Recoveries	3.8	4.5	5.2	13.6%	37.2%
Exchange difference, net	0.9	5.6	10.7	92.1%	1162.5%
Balance at the end of the period	-267.5	-410.1	-424.5	3.5%	58.7%
Direct loans	240.2	382.3	397.0	3.8%	65.3%
Indirect loans	27.3	27.8	27.4	-1.3%	0.5%
Past due loans / Total loans	1.0%	1.7%	1.6%		
Reserve coverage	290.9%	233.2%	261.2%		

The ratio of past due loans to total loans decreased from 1.7% in 2Q09 to 1.6% in 3Q09. The reserve coverage ratio increased from 233.2% in 2Q09 to 261.2% in 3Q09.

The ratio of past due loans to total loans increased from 1.0% in 3Q08 to 1.6% in 3Q09, as the ratio of past due loans in credit cards rose from 2.8% in 3Q08 to 4.2% in 3Q09. The reserve coverage ratio decreased from 290.9% in 3Q08 to 261.2% in 3Q09.

Composition of Provision Expense

S/. million				% chg	% chg
	3Q 08	2Q 09	3Q 09	QoQ	YoY
Provisions recognized as expense:					
For possible loan losses	-53.5	-102.0	-90.0	-11.7%	68.2%
For impairments of investments	0.1	0.0	0.0	0.0%	-100%
Total provisions recognized as expenses	-53.4	-102.0	-90.0	-11.7%	68.6%
Recoveries	3.8	4.5	5.2	13.6%	37.2%
Total provision expense	-49.6	-97.5	-84.9	-12.9%	71.0%
Loan provision / average loans	2.8%	4.2%	3.7%		

FEE INCOME FROM FINANCIAL SERVICES

Fee income from financial services, net, increased 13.5% QoQ and 25.0% YoY as a result of a rise in fees on credit and debit cards and other fees. Other fees increased 42.4% QoQ, mainly, due to strong growth in corporate finance advisor fees, from S/.1.2 million in 2Q09 to S/. 7.9 million in 3Q09. Other fees increased 56.1% YoY, mainly due to increased corporate finance advisor fees, from S/.0.9 million in 3Q08 to S/. 7.9 million in 3Q09.

Fee Income from Financial Services, Net

S/. million				% chg	% chg
	3Q 08	2Q 09	3Q 09	QoQ	YoY
Credit and debit card	35.4	38.7	41.1	6.2%	16.1%
Fees for services	36.5	40.8	44.0	7.8%	20.5%
Contingent operations	6.3	7.7	9.9	28.6%	57.1%
Fund transfer services	5.3	5.0	4.9	-2.0%	-7.5%
Others	15.7	17.2	24.5	42.4%	56.1%
Total	99.1	109.3	124.4	13.8%	25.5%
Expenses relating to financial services	-9.6	-10.7	-12.4	15.9%	29.2%
Fee income from financial services, net	89.5	98.6	111.9	13.5%	25.0%

ADMINISTRATIVE EXPENSES

Administrative expenses rose 12.1% YoY and 1.8% QoQ. The YoY increase was due mainly to the significant expansion of Interbank's distribution network during the second half of 2008. The negligible QoQ increase shows stability in expenses.

As a result of stable expenses and higher margins, the efficiency ratio improved from 50.3% in 2Q09 to 44.9% in 3Q09. The efficiency ratio improved substantially YoY, from 64.8% in 3Q08 to 44.9% in 3Q09 as a result of significant growth in financial margins achieved as a result of a moderate rise in administrative expenses.

Administrative Expenses

S/. million				% chg	% chg
	3Q 08	2Q 09	3Q 09	QoQ	YoY
Personnel and board of directors expenses	-71.2	-90.5	-91.6	1.2%	28.6%
Services received from third parties	-104.5	-102.4	-106.0	3.5%	1.4%
Taxes and contributions	-6.3	-7.5	-6.4	-14.1%	2.5%
Total	-182.0	-200.4	-204.1	1.8%	12.1%
Efficiency ratio	64.8%	50.3%	44.9%		

OTHERS

Other Income (Expenses)					
S/. million	3Q 08	2Q 09	3Q 09	% chg QoQ	% chg YoY
Depreciation	-11.6	-14.2	-14.1	-1.0%	21.9%
Amortization	-3.0	-3.1	-3.1	-0.1%	3.0%
Total depreciation and amortization	-14.6	-17.3	-17.2	-0.8%	18.0%
Income (expenses) for recoveries	9.3	9.6	12.6	30.5%	34.5%
Extraordinary income (expenses)	-1.2	-2.0	-1.7	-11.6%	39.3%
Provisions for contingencies and other	12.6	-12.9	-17.8	37.8%	-240.4%
Income (expenses) of prior years	1.2	0.3	0.4	36.4%	-66.3%
Other Income (Expenses)	22.0	-4.9	-6.5	32.6%	-129.6%
Total	7.4	-22.2	-23.7	6.6%	-421.2%

Other income fell from a loss of S/. 4.9 million in 2Q09 to a loss of S/. 6.5 million in 3Q09 as a result a 37.8% increase in provisions for contingencies and other provisions.

CAPITALIZATION

In July 2009, Basel II regulations became effective requiring the allocation of capital to cover market and operational risk. Despite these increased requirements, Interbank's capital position improved during 3Q09.

The ratio of regulatory capital to risk-weighted assets was 12.2% as of September 30, 2009, above the 11.1% reported in June 30, 2009 and the 10.5% reported in September 30, 2008. The ratio is significantly above the minimum 9.5% ratio established by the Peruvian banking regulations. The yearly increase was primarily due to the capitalization of earnings totaling S/. 170 million during the first half of 2009, and the issuance of subordinated bonds totaling S/. 141.4 million between October 2008 and September 2009. As a result of these factors, the Tier I component of Interbank's regulatory capital increased 24.0% YoY, while the Tier II component rose 90.5%.

Capitalization					
S/. million	3Q 08	2Q 09	3Q 09	% chg QoQ	% chg YoY
Tier I	826.7	956.9	1,025.3	7.2%	24.0%
Tier II	182.2	220.5	347.1	57.4%	90.5%
Regulatory capital	1,008.9	1,177.4	1,372.5	16.6%	36.0%
Risk weighted assets	9,567.1	10,642.3	11,268.0	5.9%	17.8%
BIS ratio	10.5%	11.1%	12.2%	10.1%	15.5%
Tier I / risk weighted assets	8.6%	9.0%	9.1%	1.2%	5.3%

Interseguro

SUMMARY

Interseguro's net income was S/. 18.3 million in 3Q09, a significant reversal from a net loss of S/.16.0 million in 3Q08, but a 20.4% decline from net income of S/. 23.0 million in 2Q09. The main drivers for the YoY improvement were a significant increase in investment income and a decline in the technical margin loss. The QoQ decline in earnings was due to a higher technical margin loss and a 7.0% reduction in investment income. Annualized ROE decreased from 41.8% in 2Q09 to 28.4% in 3Q09.

Profit and Loss Statement Summary

S/. million	3Q08	2Q09	3Q09	%chg QoQ	%chg YoY
Premiums	57.5	66.3	57.7	-13.0%	0.4%
Premiums ceded	-1.6	-1.9	-1.9	1.3%	21.4%
Fees	-2.0	-2.0	-2.4	24.5%	19.7%
Claims	-33.5	-28.0	-30.2	7.9%	-9.7%
Change in reserves	-38.6	-45.6	-33.7	-26.2%	-12.8%
Diverse Income, net	-1.0	0.3	-1.7	n.m.	n.m.
Technical margin	-19.1	-10.8	-12.2	12.7%	-36.3%
Adm. expenses	-8.9	-9.0	-9.3	3.2%	4.0%
Investment income, net*	12.1	42.8	39.8	-7.0%	228.6%
Net income	-16.0	23.0	18.3	-20.2%	n.m.
ROE	-29.4%	41.8%	29.0%		

*Includes exchange rate and extraordinaries

PREMIUMS

Premiums decreased 13.0% QoQ due to a 21.4% decline in annuities, which were affected by lower demand as a result of lower interest rates. Premiums remained constant YoY.

Premiums by Business Line

S/. million	3T08	2T09	3T09	%chg QoQ	%chg YoY
Individual Life	6.1	5.8	6.0	3.0%	-1.4%
Annuities	38.2	45.7	36.0	-21.4%	-5.8%
Group Life	7.3	8.9	8.3	-6.3%	13.6%
Disability and survivor benefits	0.4	0.1	0.1	-28.6%	-78.1%
Mandatory traffic accident	5.5	4.2	5.7	34.7%	4.1%
Non Life Insurance	0.0	1.5	1.6	7.6%	n.m.
TOTAL	57.5	66.3	57.7	-13.0%	0.4%

RESERVES, CLAIMS AND OPERATING EXPENSES

Reserves decreased 26.2% QoQ and 12.8% YoY due to a decrease in sales of annuity policies in both periods.

Claims by Business Line

S/. million	3T08	2T09	3T09	%chg QoQ	%chg YoY
Individual Life	0.5	0.7	0.1	-82.9%	-73.4%
Annuities	17.6	20.2	20.6	1.6%	16.7%
Group Life	1.5	1.9	2.3	18.5%	49.6%
Disability and survivor benefits	10.0	3.4	5.0	48.8%	-49.9%
Mandatory traffic accident	3.9	1.7	2.2	28.3%	-42.7%
Non Life Insurance	0.0	0.1	0.1	-8.8%	n.m.
TOTAL	33.5	28.0	30.2	7.9%	-9.7%

Claims increased 7.9% QoQ as a result of a 48.8% increase in claims from disability and survivor benefits and a 28.3% increase in claims from mandatory traffic accident insurance (SOAT). Claims from disability and survivor benefits increased as a result of higher reserve requirements imposed by the Superintendent, which are registered as claims.

Claims decreased 9.7% YoY as a result of a 49.9% decrease in claims from disability and survivor benefits and a 42.7% decline in claims from mandatory traffic accident insurance (SOAT). The decline in mandatory traffic accident insurance was attributable to a higher concentration of private sector policies, which tend to report lower claims. The decline in disability and survivor benefit premiums was due to the fact that Interseguro has not sold premiums under this line item since 2007.

Reserves on Premiums by Business Line

S/. million	3T08	2T09	3T09	%chg QoQ	%chg YoY
Individual Life	1.0	2.7	1.1	-59.0%	11.3%
Annuities	36.4	43.1	31.3	-27.3%	-13.9%
Group Life	0.2	0.0	-0.1	n.m.	n.m.
Mandatory traffic accident	1.0	-0.2	1.3	n.m.	30.9%
Non Life Insurance	0.0	0.0	0.0	n.m.	n.m.
TOTAL	38.6	45.6	33.7	-26.2%	-12.8%

As a result of the above-mentioned factors, the technical margin loss was S/.12.2 million in 3Q09, 36.3% above the loss reported in 2Q09, and 12.7% below the loss reported in 3Q08.

Administrative expenses increased 3.2% QoQ and 4.0% YoY.

INVESTMENT INCOME

Investment income decreased 7.0% QoQ as a result of lower income from fixed income and equity and mutual funds, partially offset by higher income from real estate and a lower exchange rate loss. The QoQ decline in fixed income was attributable to an unusually high 2Q09 as a result of a US\$4.0 million extraordinary gain from the sale of a position.

Investment income more than tripled YoY as a consequence of growth in all segments. Fixed income and income related to equity and mutual funds increased as a result of the recovery in financial markets. Real estate income increased 19.0% as a result of the opening of the Real Plaza mall in the city of Huancayo.

The portfolio's value decreased 1.3% QoQ, from S/.1,837.5 million to S/.1,814.4 million. The decline was attributable to the appreciation of the exchange rate, from S/. 3.010 per US\$ in June to S/. 2.884 in September, and its effect on the portfolio's US Dollar position. While the portfolio's value increased 2.9% YoY, the fixed income component grew 9.3% due to a rebalancing intended to reduce total risk.

Investment Income, Net					
S/. million	3T08	2T09	3T09	%chg QoQ	%chg YoY
Income:					
Fixed Income	18.4	35.7	25.4	-28.7%	38.2%
Interest	20.1	21.0	17.8	-15.4%	-11.5%
Trading	-1.7	14.6	7.6	-47.8%	n.m.
Equity and Mutual Funds	-16.3	7.3	3.5	-52.4%	n.m.
Real Estate	11.0	8.1	13.1	62.5%	n.m.
Total income	13.1	51.1	42.0	-17.7%	221.4%
Expenses	-3.2	-2.2	-1.0	-54.5%	-68.4%
Exchange rate gains/losses	2.2	-6.1	-1.2	-79.6%	n.m.
Net income	12.1	42.8	39.8	-7.0%	229.0%

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

Investment Portfolio					
S/. million	3T08	2T09	3T09	%chg QoQ	%chg YoY
Fixed Income	1,099.3	1,281.9	1,201.0	-6.3%	9.3%
Equity and Mutual Funds	235.2	128.1	182.0	42.1%	-22.6%
Real Estate	424.8	422.3	426.2	0.9%	0.3%
Others	4.4	5.1	5.2	1.3%	16.9%
TOTAL	1,763.6	1,837.5	1,814.4	-1.3%	2.9%