



Intergroup Financial Services Corp. Reports First Quarter 2012 Earnings

Lima, Peru, April 30, 2012. Intergroup Financial Services Corp. (Bolsa de Valores de Lima: IFS) announced today its unaudited results for the first quarter 2012. 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/. 159.5 million in 1Q12, a 5.4% increase YoY, and a 23.6% decrease QoQ
- YoY net earnings growth was due to higher financial income and fee income at Interbank
- The QoQ decrease was due mainly to non-recurring gains reported by Interseguro in 4Q11. Excluding these items, net earnings would have grown 5.8%
- Intergroup's recurring ROE was 28.1% in 1Q12, above the 27.0% in 4Q11 but below the 31.1% in 1Q11

Interbank:

- Interbank reported a strong performance in 1Q12, with net earnings growth of 13.2% YoY and 12.8% QoQ
- The main drivers for earnings growth were sustained loan growth and a recovery in NIM
- Retail loans grew 20.7% YoY and 3.6% QoQ
- Recurring NIM increased for the 3rd consecutive quarter and reached 7.9% in 1Q12
- The BIS ratio rose from 13.7% in 4Q11 to 14.9% in 1Q12

Interseguro:

- Net earnings decreased 24.0% YoY and 69.5% QoQ, due to lower investment income
- Excluding non-recurring factors, net earnings would have declined 17.7% QoQ
- Annuity sales increased QoQ, but declined YoY as a result of a market contraction
- Interseguro remains the market leader in annuities

Intergroup

1Q12 Performance

Net earnings (attributable to Intergroup's shareholders) were S/. 159.5 million in 1Q12, a 5.4% increase YoY, but a 23.6% decrease QoQ. When excluding non-recurring items reported in 4Q11, net earnings rose 5.8% QoQ. Intergroup's recurring ROE was 28.1% in 1Q12, above the 27.0% in 4Q11 but below the 31.1% in 1Q11.

Intergroup's Profit and Loss Statement Summary					
S/. million	1Q11	4Q11	1Q12	%chg QoQ	%chg YoY
Financial income	581.6	674.1	630.9	-6.4%	8.5%
Financial expenses	-138.5	-135.6	-139.8	3.1%	0.9%
Gross financial margin	443.2	538.5	491.1	-8.8%	10.8%
Provisions	-78.6	-122.9	-104.7	-14.8%	33.3%
Net financial margin	364.6	415.6	386.4	-7.0%	6.0%
Fee income from financial services, net	114.1	141.5	126.4	-10.7%	10.8%
Result from insurance underwriting, net	-15.8	-20.3	-20.6	1.6%	30.9%
Administrative expenses	-240.3	-284.8	-263.7	-7.4%	9.7%
Net operating margin	222.6	252.0	228.4	-9.4%	2.6%
Depreciation and amortization	-23.0	-22.6	-24.7	9.5%	7.2%
Other income (expenses)	6.4	29.6	12.5	-57.8%	94.7%
Income before tax	206.0	259.0	216.2	-16.5%	4.9%
Income tax	-53.8	-49.4	-55.7	12.7%	3.6%
Net income	152.2	209.6	160.5	-23.4%	5.4%
Attributable to IFS shareholders	151.3	208.8	159.5	-23.6%	5.4%
EPS	1.62	2.23	1.70		
ROE	31.1%	37.4%	28.1%		

Intergroup's Recurring Profit and Loss Statement Summary					
S/. million	1Q11	4Q11	1Q12	%chg QoQ	%chg YoY
Reported net earnings	151.3	208.8	159.5	-23.6%	5.4%
Non-recurring items:					
Investment gains	0.0	-58.0	0.0	n.m.	n.m.
Total non-recurring items	0.0	-58.0	0.0	n.m.	n.m.
Recurring net earnings	151.3	150.8	159.5	5.8%	5.4%
Recurring ROE	31.1%	27.0%	28.1%		

Intergroup's Balance Sheet Summary					
S/. million	1Q11	4Q11	1Q12	%chg QoQ	%chg YoY
Cash and due from banks	4,243.0	2,517.8	3,730.5	48.2%	-12.1%
Investments, net	4,629.5	5,166.0	5,171.9	0.1%	11.7%
Loan portfolio, net	12,147.0	13,731.3	13,497.3	-1.7%	11.1%
Fixed assets, net	473.3	444.2	443.6	-0.2%	-6.3%
Other assets	937.2	852.9	881.8	3.4%	-5.9%
Total Assets	22,430.1	22,712.2	23,725.0	4.5%	5.8%
Deposits and obligations	12,480.9	13,041.8	13,219.3	1.4%	5.9%
Due to banks	2,126.9	1,825.0	2,419.7	32.6%	13.8%
Bonds and obligations	3,132.8	2,643.4	2,647.7	0.2%	-15.5%
Technical reserves for premiums and claims	1,972.9	2,178.1	2,253.7	3.5%	14.2%
Other liabilities	906.5	650.7	992.6	52.5%	9.5%
Total Liabilities	20,620.0	20,339.1	21,533.0	5.9%	4.4%
Intergroup shareholders' equity	1,799.2	2,359.3	2,178.3	-7.7%	21.1%
Minority interest	10.9	13.9	13.7	-1.4%	25.2%
Total shareholders' equity	1,810.1	2,373.2	2,192.0	-7.6%	21.1%

Quarter-on-quarter performance

Net earnings decreased 23.6% QoQ, driven mainly by a decline in non-recurring investment income at Interseguro. When excluding non-recurring items, net earnings rose 5.8%, mainly as a result of higher financial income, lower provisions and lower administrative expenses at Interbank.

Gross financial margin decreased 8.8% QoQ, as a result of declines of S/. 66.0 million in net investment income at Interseguro and S/. 7.2 million in exchange gains at Interbank, partially offset by increases of S/. 17.6 million in interest on loans and S/. 9.7 million in investment income at Interbank.

Provision expenses decreased 14.8% due to reversals in generic and procyclical provisions, attributable to a volume reduction in the commercial loan portfolio, after a very strong growth rate in 4Q11.

Fee income decreased 10.7% QoQ mainly as a result of a seasonal decline in revenues from Interbank's real estate division.

Interseguro's loss from insurance underwriting rose 1.6%, mainly as a result of a 9.8% increase in reserves related to premiums sales.

Administrative expenses decreased 7.4%, due mainly to lower rewards and advertising, which are seasonally high in the last quarter at Interbank, and as a result of lower personnel expenses at Interseguro.

Other income decreased 57.8% driven by higher provisions for contingencies at Interbank and a decline from unusually high extraordinary income reported in 4Q11.

Intergroup's effective tax rate increased from 19.1% in 4Q11 to 25.8% in 1Q12, mainly as a result of a lower contribution to net earnings from Interseguro, whose investment income is tax-exempt.

Year-on year performance

Net earnings increased 5.4% YoY, due to higher financial income and fee income at Interbank, partially offset by growth in provisions and administrative expenses.

Financial income rose 8.5% driven by increases in interest on loans, exchange gains and investment income.

Financial expenses grew only 0.9%, as a higher volume of interest-bearing liabilities was offset by a lower cost of funds.

Provision expenses increased 33.3% mainly due to robust growth in the retail loan portfolio and a return to normal provision levels, after unusually low provisioning requirements in 1Q11.

Fee income grew 10.8% YoY, mainly driven by increases in fees from credit and debit cards and structuring fees from corporate finance and leasing.

Interseguro's loss from insurance underwriting rose 30.9% as a result of lower annuity premiums partially offset by a decline in reserves. The decrease in annuity sales was a result of market contraction in the early retirement annuity segment.

Administrative expenses rose 9.7%, mainly as a result of a higher volume of business at Interbank.

CONTRIBUTION OF SUBSIDIARIES

The following table shows the contribution of Interbank and Interseguro to Intergroup's net earnings. The performance of both subsidiaries is discussed in detail in the following two sections.

Intergroup's Profit and Loss Statement Summary					
S/. million	1Q11	4Q11	1Q12	%chg QoQ	%chg YoY
Interbank	125.1	125.4	141.5	12.8%	13.2%
Interseguro	37.0	92.2	28.1	-69.5%	-24.0%
Intergroup accounts:					
Return on investment portfolio	8.7	4.1	2.7	-35.0%	-69.1%
Exchange gains (loss)	2.8	1.1	-1.9	n.m.	n.m.
Taxes on dividends	-3.1	-7.2	-3.8	-47.3%	23.7%
Other income (expenses)	-12.1	-7.4	-6.6	-10.6%	-45.4%
Consolidation adjustments	-7.0	0.6	-0.4	n.m.	-93.7%
Total	151.3	208.8	159.5	-23.6%	5.4%

Interbank

SUMMARY

Interbank's net earnings were S/. 142.5 million in 1Q12, an increase of 12.8% QoQ and 13.2% YoY. The QoQ increase was mainly due to a 4.1% increase in financial income and decreases of 14.8% in provisions and 4.3% in administrative expenses.

The YoY increase in net earnings was due to increases of 12.5% in financial income and 9.9% in fee income, partially offset by increases of 33.3% in provisions and 10.6% in administrative expenses.

The annualized ROE was 29.4% in 1Q12, above the 27.1% reported in 4Q11 and below the 31.5% reported in 1Q11.

Profit and Loss Statement Summary					
S/. million	1Q 11	4Q 11	1Q 12	% chg QoQ	% chg YoY
Financial income	498.4	538.5	560.5	4.1%	12.5%
Financial expenses	-125.5	-132.1	-131.4	-0.5%	4.8%
Gross financial margin	372.9	406.4	429.1	5.6%	15.1%
Provisions	-78.6	-122.9	-104.7	-14.8%	33.3%
Net financial margin	294.3	283.5	324.4	14.4%	10.2%
Fee income from financial services, net	117.0	140.7	128.5	-8.7%	9.9%
Administrative expenses	-214.2	-247.6	-236.8	-4.3%	10.6%
Net operating margin	197.1	176.7	216.1	22.3%	9.6%
Depreciation and amortization	-22.3	-22.5	-23.9	6.2%	7.2%
Other income (expenses)	3.1	19.5	3.9	-79.9%	27.1%
Income before taxes	177.9	173.7	196.1	12.9%	10.2%
Income tax	-51.9	-47.4	-53.6	13.1%	3.2%
Net income	126.0	126.3	142.5	12.8%	13.2%
ROE	31.5%	27.1%	29.4%	230 pbs	-210 bps

INTEREST-EARNING ASSETS

Interbank's interest-earnings assets amounted to S/. 19,903.2 million in 1Q12, an increase of 5.1% QoQ and 6.5% YoY.

The QoQ increase was due to growth rates of 42.6% in cash and 5.6% in investments, partially offset by a 1.7% decrease in loans. The rise in cash was attributed to the return to the normal levels of surplus liquidity held by the bank, which had been used to fund a strong growth in loans at the end of 4Q11. The increase in investments was due to the purchase of Central Bank certificates of deposit. The slight decrease in loans was explained by the payment of a large volume of short-term commercial loans disbursed in 4Q11.

The YoY growth in interest-earning assets was due to increases of 11.0% in loans and 25.5% in investments, partially offset by a 16.6% decrease in cash. The increase in investments and the decrease in cash were mainly due to the replacement of overnight deposits in the Central Bank, which are registered as cash, with

certificates of deposit from the same institution, which are registered as investments.

Interest-Earning Assets					
\$/ million				% chg	% chg
	1Q 11	4Q 11	1Q 12	QoQ	YoY
Cash and due from banks	4,239.1	2,479.2	3,535.0	42.6%	-16.6%
Investments, net	2,195.5	2,609.2	2,756.3	5.6%	25.5%
Loan portfolio, net	12,164.2	13,731.3	13,497.3	-1.7%	11.0%
Other interest earning assets	93.2	109.8	114.6	4.4%	23.0%
Total interest earnings assets	18,691.9	18,929.5	19,903.2	5.1%	6.5%

Loan Portfolio					
\$/ million				% chg	% chg
	1Q 11	4Q 11	1Q 12	QoQ	YoY
Performing loans:					
Retail	6,044.3	7,042.5	7,293.2	3.6%	20.7%
Commercial	6,408.7	7,082.1	6,612.5	-6.6%	3.2%
Total performing loans	12,453.0	14,124.6	13,905.7	-1.5%	11.7%
Restructured and refinanced loans	89.2	87.1	86.5	-0.7%	-3.1%
Past due loans	191.5	216.4	241.3	11.5%	26.0%
Gross loans	12,733.8	14,428.2	14,233.6	-1.3%	11.8%
Add (less)					
Accrued and deferred interest	-55.7	-103.7	-120.4	16.2%	116.0%
Allowance for loan losses	-513.9	-593.2	-615.9	3.8%	19.9%
Total direct loans, net	12,164.2	13,731.3	13,497.3	-1.7%	11.0%

The performing loan portfolio declined 1.5% QoQ and increased 11.7% YoY. The QoQ decline was driven by a 6.6% decrease in commercial loans, which had grown at a very strong rate of 8.8% during 4Q11. The QoQ decrease in 1Q12 was due to the payment of short-term loans disbursed during the previous quarter. Commercial loans increased 3.2% YoY, and would have grown 9.9% if the bank had decided to continue with a \$/. 432.8 million loan to fund an infrastructure project, which it returned in 3Q11.

Retail loans grew 3.6% QoQ, driven by increases of 6.0% in mortgages and 3.6% in credit cards. Growth in mortgage loans was the result of continuing demand for new housing and successful commercial efforts at Interbank. Growth in the credit card portfolio was in line with previous Q1 results, when growth tends to slow for several reasons after strong Q4 expansion. The YoY growth in retail loans was 20.7%, mainly due to growth rates of 27.1% in mortgages and 24.0% in credit cards.

Breakdown of Performing Retail Loans					
\$/ million				% chg	% chg
	1Q 11	4Q 11	1Q 12	QoQ	YoY
Consumer loans:					
Credit cards	1,808.6	2,165.8	2,243.2	3.6%	24.0%
Other consumer	2,307.8	2,564.6	2,599.7	1.4%	12.6%
Total consumer loans	4,116.4	4,730.4	4,842.9	2.4%	17.6%
Mortgages	1,927.9	2,312.2	2,450.4	6.0%	27.1%
Total retail loans	6,044.3	7,042.5	7,293.2	3.6%	20.7%

FUNDING STRUCTURE

Funding Structure					
S/. million	1Q 11	4Q 11	1Q 12	% chg QoQ	% chg YoY
Deposits and obligations	12,534.4	13,112.5	13,271.2	1.2%	5.9%
Due to banks	2,664.7	2,266.1	2,824.9	24.7%	6.0%
Bonds and obligations	2,205.1	2,037.9	2,047.6	0.5%	-7.1%
Interbank funds	75.4	82.8	110.5	33.5%	46.5%
Total	17,479.6	17,499.4	18,254.2	4.3%	4.4%
AUM (Interfondos)	2,488.7	2,161.3	2,185.5	1.1%	-12.2%
% of funding					
Deposits and obligations	71.7%	74.9%	72.7%		
Due to banks	15.7%	13.4%	16.1%		
Bonds and obligations	12.6%	11.7%	11.2%		

Interbank's total funding base grew 4.3% QoQ, in line with the growth in interest-earning assets. Deposits rose 1.2% QoQ due to increases of 5.5% in institutional deposits and 1.0% in retail deposits, partially offset by a 1.7% decrease in commercial deposits. This was the second consecutive quarter in which institutional deposits grew at a faster pace than core retail and commercial deposits. As a result, the proportion of institutional deposits to total deposits increased from 23.5% in 4Q11 to 24.5% in 1Q12, but it is still below the 28.2% registered in 1Q11.

Due to banks grew 24.7% as a result of an increasing use of short-term lines of credit from correspondent banks.

Funding from bonds remained stable during 1Q12.

The bank's funding grew 4.4% YoY as a result of increases of 5.9% in deposits and 6.0% in due to banks, partially offset by a 7.1% decrease in bonds. Deposit growth was due to increases of 14.4% in retail and 7.0% in commercial, partially offset by an 8.0% decrease in institutional deposits.

The 6.0% increase in due to banks was the result of growth in funding from correspondent banks, partially offset by a reduction in local funding.

The YoY decrease in bonds is explained by two factors. The first factor was a 4.9% appreciation in the Nuevo Sol, which caused a decrease in the value of bonds issued in US Dollars. The second factor was the payment of US\$15 million in subordinated bonds and US\$2.2 million in mortgage bonds over the last 12 months.

Breakdown of Deposits					
S/. million	1Q 11	4Q 11	1Q 12	% chg QoQ	% chg YoY
By Customer Segment					
Retail	5,220.8	5,913.4	5,973.3	1.0%	14.4%
Commercial	3,782.1	4,119.3	4,048.5	-1.7%	7.0%
Institutional	3,531.5	3,079.9	3,249.4	5.5%	-8.0%
Total	12,534.4	13,112.5	13,271.2	1.2%	5.9%
By Type:					
Demand	3,058.0	3,361.2	3,298.6	-1.9%	7.9%
Savings	3,832.4	4,140.8	4,223.7	2.0%	10.2%
Time	5,644.1	5,610.5	5,748.9	2.5%	1.9%
Total	12,534.4	13,112.5	13,271.2	1.2%	5.9%

FINANCIAL MARGIN

Financial Margin					
S/. million	1Q 11	4Q 11	1Q 12	% chg QoQ	% chg YoY
Financial income	498.4	538.5	560.5	4.1%	12.5%
Financial expenses	-125.5	-132.1	-131.4	-0.5%	4.8%
Gross financial margin	372.9	406.4	429.1	5.6%	15.1%

Financial Income					
S/. million	1Q 11	4Q 11	1Q 12	% chg QoQ	% chg YoY
Interest and commissions on loans	425.0	440.5	458.0	4.0%	7.8%
Investment income	26.6	27.8	37.5	35.0%	40.8%
Interest on due from banks and interbank funds	9.5	2.8	4.1	44.0%	-57.2%
Financial income before exchange gains	461.2	471.1	499.6	6.1%	8.3%
Exchange and derivatives gains	35.7	65.2	58.0	-11.1%	62.3%
Others	1.5	2.2	3.0	32.2%	101.1%
Total Financial Income	498.4	538.5	560.5	4.1%	12.5%

Average interest earning assets	18,510.3	18,514.1	19,416.3	4.9%	4.9%
Average yield on assets*	10.5%	10.5%	10.8%	30 pbs	30 bps

*Annualized. Excludes exchange and derivatives gains

Financial Expenses					
S/. million	1Q 11	4Q 11	1Q 12	% chg QoQ	% chg YoY
Interest and fees on deposits and obligations	44.1	50.5	57.3	13.3%	29.7%
Interest on due to banks and interbank funds	39.7	33.7	29.0	-13.9%	-26.9%
Interest on bonds	36.7	32.5	34.4	5.9%	-6.2%
Other financial expenses	4.9	15.3	10.8	-30.0%	119.0%
Financial Expenses	125.5	132.1	131.4	-0.5%	4.8%

Average interest bearing liabilities	17,331.6	17,166.6	17,867.4	4.1%	3.1%
Average cost of funding*	2.8%	2.7%	2.7%	0 pbs	-10 bps

*Annualized. Excludes exchange and derivatives losses

QoQ Performance

Gross financial margin grew 5.6% QoQ due to a 4.1% increase in financial income and a 0.5% decrease in financial expenses.

Financial income increased due to higher interest on loans and investments, partially offset by a decline in exchange gains.

Interest on loans grew 4.0%, due to increases of 3.0% in the average volume of the loan portfolio and 30 basis points in the average yield, from 12.7% in 4Q11 to 13.0% in 1Q12. The rise in average yield was attributed to an increase in commercial portfolio yields, partially offset by a lower yield in the retail portfolio, particularly in the credit card portfolio. The increase in commercial loan yields marks a reversal in a declining trend experienced throughout all of 2011.

Investment income grew 35.0%, due to increases of 100 basis point in the average yield and 13.3% in the average volume. The higher yield on investments is explained by a higher average rate on CDBCRs and other investments. The higher average volume is explained by mainly increases of 21.3% in holdings of CDBCRs.

Exchange gains declined \$/. 7.2 million, mainly due to decreases of \$/. 3.2 million in exchange rate forwards and \$/. 5.9 million in gains on Interbank's exchange position.

The return on interest-earning assets was 10.8% in 1Q12, above the 10.5% reported in 4Q11, due to the higher yields on loans and investments.

Financial expenses declined 0.5%, despite an increase of 4.1% in the average volume of interest bearing liabilities, due to a slight decline in the average cost of funds.

Interest on due to banks decreased 13.9% as a result of a 120 basis point decline in the average cost, partially offset by a 12.4% increase in the average volume. The lower average cost was mainly due to an increase in the proportion of short-term lines of credit within the funding mix.

Other financial expenses declined 30.0% due to a \$/. 5.9 million decrease in losses from derivative products, which are part of the management of the bank's investment portfolio.

Interest on deposits grew 13.3%, due to increases of 4.4% in the average volume and 10 basis points in the average cost. The higher volume was mainly due to increases of 3.2% in retail deposits and 16.0% in institutional deposits, partially offset by a 1.6% decrease in commercial deposits. The increase in the average cost was due to a higher proportion of institutional deposits within Interbank's deposit base, from 23.5% in 4Q11 to 24.5% in 1Q12, as well as a 30 basis point rise in the average cost of such deposits.

The increase in interest on bonds was the result of a 50 basis point increase in the average cost, partially offset by a 1.8% decrease in the average volume.

YoY Performance

Gross financial margin grew 15.1% YoY, due to a 12.5% increase in financial income, partially offset by a 4.8% increase in financial expenses.

Higher financial income resulted from increases of S/. 33.0 million in interest on loans, S/. 22.2 million in exchange gains and S/. 10.9 million in investment income.

Interest on loans grew as a result of a 14.2% increase in the average volume of the loan portfolio, partially offset by an 80 basis point decrease in the average yield, from 13.8% in 1Q11 to 13.0% in 1Q12. The increase in the average volume was due to growth rates of 20.7% in the retail portfolio and 8.1% in the commercial portfolio. The yield on the retail portfolio decreased 110 basis points due to lower average rates on credit cards and other consumer loans, as well as an increase in the proportion of mortgages within the portfolio, from 31.9% in 1Q11 to 33.8% in 1Q12. The commercial portfolio's yield declined 120 basis points mainly due to competitive pressures, which drove rates down throughout 2011.

Exchange gains rose S/. 22.2 YoY, mainly due to increases of S/. 7.8 million in income from trading activity with clients, S/. 8.5 million from exchange rate forwards, and S/. 4.8 million in gains on Interbank's exchange position.

Investment income grew as a result of higher interest on CDBCRs and an increasing volume held in sovereign bonds.

Financial expenses grew S/. 6.0 million YoY due to increases of S/. 13.1 million in interest on deposits and S/. 5.8 million in other financial expenses, partially offset by decreases of S/. 10.7 million in interest on due to banks and S/. 2.3 million in interest on bonds.

The increase in interest on deposits was due to increases of 7.6% in the average volume and 30 basis points in the average cost. Higher volume was due to growth rates of 14.7% in retail deposits and 12.0% in commercial deposits, partially offset by a 7.2% decline in institutional deposits. The rise in the average cost was mainly due to the impact of a higher Central Bank reference rate on institutional deposits, whose cost increased 110 basis points. The cost of retail deposits increased 10 basis points while the cost of commercial deposits remained stable YoY.

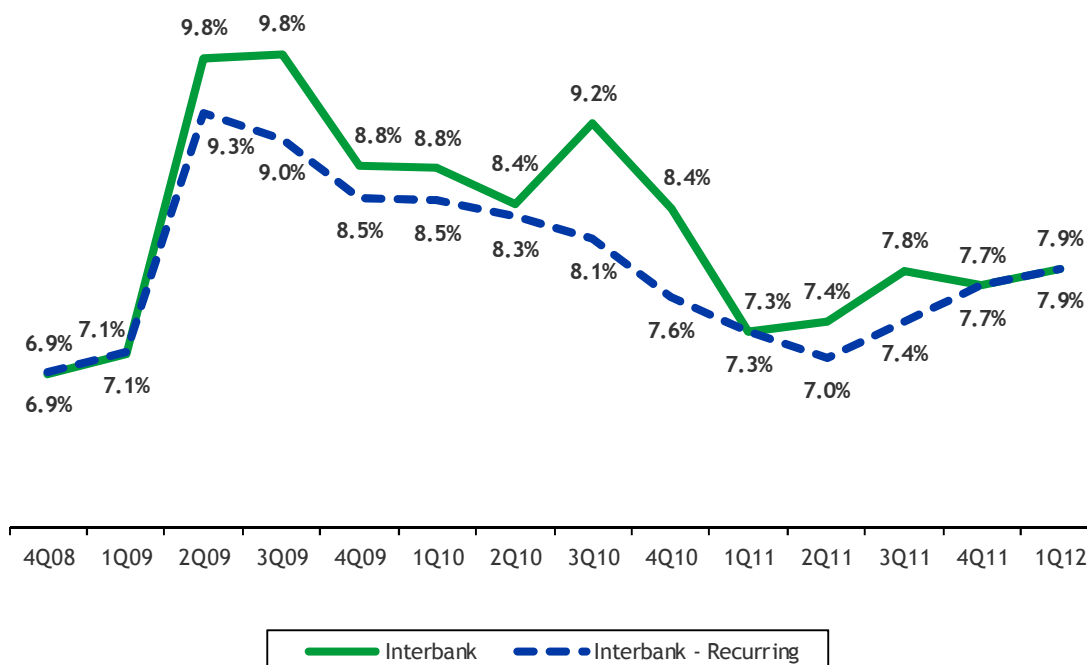
The growth in other expenses was attributed to a S/. 6.5 million increase in losses from derivative products, which are part of the management of the bank's investment portfolio.

The decrease in interest on due to banks was explained by declines of 9.2% in the average volume and 140 basis points in the average cost. The decline in the average volume was due to reductions of 17.9% in local funding and 1.4% in short-term lines of credit from correspondent banks, which were replaced by local deposits of lower cost.

The decline in interest on bonds was the result of a 6.9% decrease in the average volume.

The bank's average cost of funding decreased 10 basis points YoY, from 2.8% in 1Q11 to 2.7% in 1Q12, due to the lower cost of due to banks.

Net Interest Margin*



* Excludes exchange and derivative gains (losses)

Net interest margin was 7.9% in 1Q12, above the 7.7% reported in 4Q11 and the 7.3% reported in 1Q11. Recurring NIM at Interbank has followed an upward trend during the last three quarters, driven mainly by a lower cost of funds.

PROVISIONS

Provision expenses decreased 14.8% QoQ due to reversals in generic and procyclical provisions, attributable to a reduction of volume in the commercial loan portfolio, after a very strong growth rate in 4Q11.

Provisions increased 33.3% YoY, due to a return to normal provision levels, after unusually low provision expenses in 1Q11. The ratio of provisions to average loans was 2.9% in 1Q12, below the 3.5% in 4Q11 but above the 2.5% in 1Q11.

Composition of Provision Expense					
S/. million	1Q 11	4Q 11	1Q 12	% chg QoQ	% chg YoY
Provisions recognized as expense	-102.9	-135.9	-125.4	-7.7%	21.8%
Provisions reversal	24.4	13.0	20.7	58.8%	-15.1%
Total provision expense	-78.6	-122.9	-104.7	-14.8%	33.3%
Loan provision / average loans	2.5%	3.5%	2.9%	-60 pbs	40 pbs

Provision for Loan Losses					
S/. million	1Q 11	4Q 11	1Q 12	% chg QoQ	% chg YoY
Balance at the beginning of the quarter	-550.9	-602.2	-644.9	7.1%	17.1%
Provision recognized as expense for the period	-102.9	-135.9	-125.4	-7.7%	21.8%
Write-offs, extinguishment of debt and sales	69.8	80.4	78.3	-2.6%	12.2%
Provisions reversal	24.4	13.0	20.7	58.8%	-15.1%
Provision of acquired portfolio	0.0	-4.6	0.0	n.m.	n.m.
Exchange gains	0.2	4.3	1.6	-62.6%	n.m.
Balance at the end of the quarter	-559.4	-644.9	-669.7	3.8%	19.7%
Past due loans / Total loans	1.5%	1.5%	1.7%	20 pbs	20 bps
Reserve coverage	268.3%	274.1%	255.2%		

The ratio of past due loans to total loans increased from 1.5% in 4Q11 and 1Q11 to 1.7% in 1Q12. The coverage ratio decreased from 274.1% in 4Q11 and 268.3% in 1Q11 to 255.2% in 1Q12.

FEE INCOME FROM FINANCIAL SERVICES

Fee income declined 8.7% QoQ, mainly due to a 23.6% decrease in other services, partially offset by a 3.6% increase in service fees. Lower income from other services was due a seasonal decline in revenues from the real estate division. Service fees increased due to higher payments of municipal taxes on behalf of clients.

Fee income grew 9.9% YoY, due to increases of 12.3% in credit and debit card fees, 10.5% in service fees and 19.5% in other fees. Growth in credit and debit card fees was a result of a 5.0% increase in the number of active credit cards, 11.1% in purchases, and 40.3% in disbursements. The increases in service fees and other fees were mainly due to higher structuring fees from corporate finance and leasing, insurance fees, and gains on the sale of assets.

Fee Income from Financial Services, Net					
S/. million	1Q 11	4Q 11	1Q 12	% chg QoQ	% chg YoY
Credit and debit card	48.0	54.7	54.0	-1.4%	12.3%
Fees from services	54.0	57.6	59.6	3.6%	10.5%
Contingent operations	10.3	11.4	10.9	-4.4%	5.0%
Fees for collections and payment services	5.6	5.8	5.5	-5.0%	-1.6%
Other fees	25.2	39.4	30.1	-23.6%	19.5%
Total	143.2	168.9	160.1	-5.2%	11.8%
Expenses relating to financial services	-26.2	-28.2	-31.6	12.1%	20.6%
Fee income from financial services, net	117.0	140.7	128.5	-8.7%	9.9%

ADMINISTRATIVE EXPENSES

Administrative expenses fell 4.3% QoQ and increased 10.6% YoY. The QoQ reduction was mainly due to lower expenses related to rewards and advertising, which are seasonally high in the last quarter of the year.

The YoY increase was due to increases of 18.0% in services received from third parties and 3.4% in personnel expenses. The growth in third-party services was due

to higher expenses for rewards and advertising, technology projects, and consulting fees. The growth in personnel expenses is explained by higher variable compensation.

The efficiency ratio improved from 49.4% in 4Q11 and 48.3% in 1Q11 to 46.8% in 1Q12.

Administrative Expenses					
S/. million	1Q 11	4Q 11	1Q 12	% chg QoQ	% chg YoY
Personnel and board of directors expenses	-106.1	-111.2	-109.7	-1.3%	3.4%
Services received from third parties	-103.0	-130.8	-121.5	-7.1%	18.0%
Taxes and contributions	-5.2	-5.6	-5.6	1.0%	8.7%
Total	-214.2	-247.6	-236.8	-4.3%	10.6%
Efficiency ratio	48.3%	49.4%	46.8%	-260 pbs	-150 pbs

OTHERS

Depreciation and amortization increased 6.2% QoQ and 7.2% YoY, due to the implementation of new software systems and the amortization of a premium paid on the recent acquisition of a payroll loan portfolio. In 4Q11, the bank purchased consumer portfolio assets from Caja Rural de Ahorro y Crédito Nuestra Gente S.A. for S/. 100.1 million.

Other income decreased 79.9% QoQ and increased 27.1% YoY. The QoQ decline was attributed to higher provisions for contingencies and a decline from unusually high extraordinary income reported in 4Q11.

Other Income (Expenses)					
S/. million	1Q 11	4Q 11	1Q 12	% chg QoQ	% chg YoY
Depreciation	-17.3	-16.9	-17.0	0.2%	-1.7%
Amortization	-5.0	-5.5	-6.9	24.8%	37.5%
Total depreciation and amortization	-22.3	-22.5	-23.9	6.2%	7.2%
Income (expenses) for recoveries	16.6	18.5	18.3	-1.0%	9.9%
Extraordinary income (expenses)	-4.0	3.4	-3.5	n.m.	-12.6%
Provisions for contingencies and other provisions	-9.5	-2.3	-10.9	n.m.	13.8%
Other Income (Expenses)	3.1	19.5	3.9	-79.9%	27.1%
Total	-19.2	-3.0	-20.0	n.m.	4.0%

CAPITALIZATION

The ratio of regulatory capital to risk-weighted assets was 14.9% in 1Q12, above the 13.7% reported in 4Q11 and the 14.1% reported in 1Q11. During 1Q12, regulatory capital grew 8.1% and risk-weighted assets decreased 0.7%. The increase in regulatory capital was due to the capitalization of S/. 142.5 million in 1Q12 earnings and the incorporation of S/. 53.6 million in 2011 earnings as legal reserves.

As a result of the increase in capital and reserves, the limit on hybrid debt that can qualify as Tier 1 was raised, and an additional S/. 35.7 million from a US\$200 million junior subordinated bond issue was incorporated into Interbank's Tier 1 capital. As

of 31 March 2012, 62.4% of this issuance was considered Tier 1 capital. The remaining 37.6% of the bond qualified as Tier II capital, and will be incorporated into Tier 1 gradually, as Interbank's capital and reserves grow.

The YoY increase in the BIS ratio was due to a 21.4% growth in regulatory capital, partially offset by a 15.4% rise in risk-weighted assets. The increase in regulatory capital was due to the capitalization of S/. 455.6 million in earnings over the last 12 months.

The ratio remains significantly above the Peruvian regulatory minimum of 10.0%.

Capitalization					
S/. million	1Q 11	4Q 11	1Q 12	% chg QoQ	% chg YoY
Tier I	1,518.4	1,820.8	2,057.2	13.0%	35.5%
Tier II	585.2	542.4	496.9	-8.4%	-15.1%
Regulatory capital	2,103.6	2,363.2	2,554.2	8.1%	21.4%
Risk weighted assets	14,883.3	17,289.4	17,170.9	-0.7%	15.4%
BIS ratio	14.1%	13.7%	14.9%	120 pbs	80 pbs
Tier I / risk weighted assets	10.2%	10.5%	12.0%	150 pbs	180 pbs

Interseguro

SUMMARY

Interseguro's net income was S/. 28.1 million in 1Q12, a 69.5% decline QoQ and a 24.0% decrease YoY. The annualized ROE was 27.7% in 1Q12, below the 98.4% in 4Q11 and the 42.5% reported in 1Q11.

The QoQ decrease was due to a S/. 66.0 million decline in investment income explained mainly by a S/. 58.0 million non-recurring gain on the sale of real estate investments reported in 4Q11. When excluding this non-recurring gain, net earnings would have decreased 17.7% QoQ.

The YoY decline in earnings was attributable to a S/. 5.2 million decrease in investment income and a S/. 2.8 million increase in the technical margin loss. The decline in the technical margin was attributable to lower annuity premiums, partially offset by lower reserves.

Estado de Resultados					
S/. millones	1T11	4T11	1T12	% var TaT	% var AaA
Primas directas	124.2	107.0	110.2	3.0%	-11.3%
Primas cedidas	-1.9	-2.4	-1.0	-58.6%	-49.8%
Comisiones	-2.9	-4.2	-3.8	-8.8%	30.4%
Siniestros	-32.4	-33.3	-31.3	-6.1%	-3.5%
Variación en reservas	-104.2	-86.7	-95.1	9.8%	-8.7%
Ingresos diversos neto	-0.8	0.2	0.1	-24.7%	n.r.
Margen técnico	-18.1	-19.4	-20.9	8.0%	15.5%
Gastos Administrativos	-12.3	-16.6	-13.1	-21.0%	6.5%
Producto de inversiones*	67.4	128.1	62.2	-51.4%	-7.7%
Utilidad neta	37.0	92.2	28.1	-69.5%	-24.0%
ROE	42.5%	98.4%	27.7%		

* Includes exchange difference

PREMIUMS

Premiums during 1Q12 were S/. 110.2 million, a 3.0% growth QoQ and an 11.3% decrease YoY.

Premiums by Business Line					
S/. million	1Q11	4Q11	1Q12	% chg QoQ	% chg YoY
Individual Life	6.1	7.0	7.1	1.1%	15.2%
Annuities	97.1	78.2	82.4	5.4%	-15.1%
Group Life	12.5	12.7	11.7	-8.4%	-6.7%
Disability and survivor benefits	0.1	0.1	0.1	0.0%	0.0%
Mandatory traffic accident	6.0	5.8	6.7	14.0%	11.5%
Non Life Insurance	2.4	3.1	2.3	-25.7%	-1.2%
TOTAL	124.2	107.0	110.2	3.0%	-11.3%

The QoQ growth was attributable to higher sales in annuity premiums, partially offset by lower group life premiums.

The YoY decrease was the result of lower sales in annuity premiums, as a result of a 47.7% market contraction in the early retirement segment. Despite this contraction Interseguro remains the market leader in annuity sales in Peru.

RESERVES, CLAIMS AND OPERATING EXPENSES

Change in reserves increased 9.8% QoQ and decreased 8.7% YoY, in line with annuity sales.

Change in Reserves by Business Line					
S/. million	1Q11	4Q11	1Q12	%chg QoQ	%chg YoY
Individual Life	2.1	2.8	2.5	-12.6%	15.7%
Annuities	100.9	83.5	90.5	8.4%	-10.3%
Group Life	0.5	0.4	0.8	136.3%	79.7%
Mandatory traffic accident	0.6	-0.1	0.6	n.m.	-2.9%
Non Life Insurance	0.0	0.1	0.7	n.m.	n.m.
TOTAL	104.2	86.7	95.1	9.8%	-8.7%

Claims declined 6.1% QoQ and 3.5% YoY, mainly due to lower disability and survivor benefit claims attributable to the fact that Interseguro no longer sells premiums under this line item. Annuity claims remained stable QoQ, but increased 7.3% YoY.

Claims by Business Line					
S/. million	1Q11	4Q11	1Q12	%chg QoQ	%chg YoY
Individual Life	0.3	-0.2	0.2	n.m.	-16.8%
Annuities	23.4	25.0	25.1	0.4%	7.3%
Group Life	3.4	1.7	2.8	65.2%	-17.3%
Disability and survivor benefits	3.1	4.3	0.5	-88.3%	-83.7%
Mandatory traffic accident	2.1	2.4	2.6	4.8%	18.9%
Non Life Insurance	0.1	0.1	0.1	14.0%	0.0%
TOTAL	32.4	33.3	31.3	-6.1%	-3.5%

As a result of the factors described above, the technical margin loss was S/. -20.9 million in 1Q12, compared to S/. -19.4 million in 4Q11 and S/. -18.1 million in 1Q11.

Administrative expenses decreased 21.0% QoQ and increased 6.5% YoY, in both cases as a result in changes in personnel expenses.

INVESTMENT INCOME

Investment income decreased 51.4% QoQ and 7.7% YoY.

Investment Income, Net					
S/. million	1Q11	4Q11	1Q12	%chg QoQ	%chg YoY
Income:					
Fixed Income	44.1	38.7	44.9	16.0%	1.9%
Interest	26.4	34.2	27.9	-18.6%	5.5%
Realized Gains	17.7	4.5	17.1	279.3%	-3.5%
Equity and Mutual Funds	15.1	7.0	9.1	30.6%	-39.4%
Real estate	8.3	82.6	9.4	-88.6%	13.1%
Total Income	67.5	128.3	63.5	-50.6%	-6.0%
Expenses	-1.2	-0.5	-1.2	122.2%	-4.1%
Exchange difference and other	1.2	0.3	0.0	n.m.	n.m.
Net investment income	67.4	128.1	62.2	-51.4%	-7.7%

The QoQ decrease was explained by an 88.6% decline in real estate income due mainly to a S/. 58.0 million non-recurring gain on the sale of properties reported in 4Q11. Excluding this sale, investment income would have decreased 11.4% QoQ.

The YoY decrease was due to a decline in realized gains on investments, attributable to lower realized gains in the equity portfolio.

Investment Portfolio					
S/. million	1Q11	4Q11	1Q12	%chg QoQ	%chg YoY
Fixed Income	1,518.6	1,897.0	1,998.6	5.4%	31.6%
Equity and Mutual Funds	352.7	296.0	280.4	-5.3%	-20.5%
Real estate	487.0	443.5	456.1	2.8%	-6.3%
Others	4.5	4.8	4.9	1.7%	8.8%
TOTAL	2,362.8	2,641.4	2,740.0	3.7%	16.0%

Interseguro's investment portfolio grew 3.7% QoQ and 16.0% YoY due to higher annuity sales and the price appreciation of Interseguro's overall portfolio. Fixed income investments explained 72.9% of the total portfolio in 1Q12, compared to 71.8% in 4Q11 and 64.3% in 1Q11.