



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

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Lima, Peru, November 2, 2010. Intergroup Financial Services Corp. (Bolsa de Valores de Lima: IFS) announced today its unaudited results for the third quarter 2010. These results are reported on a consolidated basis in accordance with Peruvian GAAP in nominal Peruvian Nuevos Soles.

### Quarterly Highlights:

#### Intergroup:

- Intergroup's recurring net earnings increased 20.3% QoQ and 15.3% YoY as a result of loan growth at Interbank and increased investment income at Interseguro
- When including non-recurring items, such as one-time investment gains and provision charges at Interbank, reported net earnings increased 8.5% QoQ, while net earnings decreased 9.8% YoY

#### Interbank:

- Recurring net earnings increased 23.7% QoQ and 15.5% YoY driven by growth in interest on loans
- When including non-recurring items, reported net earnings increased 38.3% QoQ and 9.5% YoY
- As a result of continued strong demand for credit, total loans grew 6.1% QoQ and 19.6% YoY
- Recurring NIM decreased 10 bps QoQ due to a slight decline in the average yield on loans and an increase in the average cost of deposits
- The ratio of recurring provision expense to average total loans fell from 3.6% in 2Q10 to 3.1% in 3Q10, as a result of strong asset quality

#### Interseguro:

- Net earnings rose 50.5% QoQ and 54.4% YoY due to growth in investment income, partially offset by increases in reserves related to strong annuity sales
- Annuity sales tripled QoQ and quadrupled YoY, reaching a record level, driven by Interseguro's leading position in the rapidly expanding early retirement segment

## Intergroup

### 3Q10 Performance

Net earnings (attributable to Intergroup's shareholders) were S/. 133.8 million in 3Q10, an 8.5% increase QoQ and a 9.8% decrease YoY. When excluding non-recurring items, net earnings grew 20.3% QoQ and 15.3% YoY. Intergroup's recurring ROE was 31.5% in 3Q10, above the 26.3% reported in 2Q10, and in line with the 31.6% reported in 3Q09.

Intergroup's Profit and Loss Statement Summary					
S/. million	3Q09	2Q10	3Q10	%chg QoQ	%chg YoY
Financial income	527.6	528.0	580.9	10.0%	10.1%
Financial expenses	-102.8	-105.9	-131.9	24.5%	28.3%
<b>Gross financial margin</b>	<b>424.8</b>	<b>422.1</b>	<b>449.0</b>	<b>6.4%</b>	<b>5.7%</b>
Provisions	-84.9	-96.6	-104.3	7.9%	22.9%
<b>Net financial margin</b>	<b>339.9</b>	<b>325.4</b>	<b>344.8</b>	<b>5.9%</b>	<b>1.4%</b>
Fee income from financial services, net	111.0	103.6	112.4	8.5%	1.3%
Result from insurance underwriting, net	-10.3	-10.5	-19.4	83.9%	87.7%
Administrative expenses	-220.5	-236.7	-236.4	-0.1%	7.2%
<b>Net operating margin</b>	<b>220.0</b>	<b>181.7</b>	<b>201.3</b>	<b>10.8%</b>	<b>-8.5%</b>
Depreciation and amortization	-18.1	-24.5	-20.1	-17.7%	11.4%
Other income (expenses)	-1.6	14.7	17.5	19.0%	n.m.
<b>Income before tax and profit sharing</b>	<b>200.4</b>	<b>171.9</b>	<b>198.7</b>	<b>15.6%</b>	<b>-0.8%</b>
Income tax and profit sharing	-51.1	-47.9	-64.2	34.0%	25.5%
<b>Net income</b>	<b>149.2</b>	<b>124.0</b>	<b>134.5</b>	<b>8.4%</b>	<b>-9.9%</b>
<b>Attributable to IFS shareholders</b>	<b>148.3</b>	<b>123.3</b>	<b>133.8</b>	<b>8.5%</b>	<b>-9.8%</b>
EPS	1.59	1.32	1.43		
ROE	37.4%	26.9%	29.1%		

Intergroup's Recurring Profit and Loss Statement Summary					
S/. million	3Q09	2Q10	3Q10	%chg QoQ	%chg YoY
<b>Reported net earnings</b>	<b>148.3</b>	<b>123.3</b>	<b>133.8</b>	<b>8.5%</b>	<b>-9.8%</b>
Non-recurring items:					
Investment gains	-22.8	-3.1	-	n.m	n.m
Provision expenses	-	-	10.9	n.m	n.m
<b>Total non-recurring items</b>	<b>-22.8</b>	<b>-3.1</b>	<b>10.9</b>	<b>n.m</b>	<b>n.m</b>
<b>Recurring net earnings</b>	<b>125.6</b>	<b>120.3</b>	<b>144.7</b>	<b>20.3%</b>	<b>15.3%</b>
Recurring EPS	1.34	1.28	1.55		
Recurring ROE	31.6%	26.3%	31.5%		

Intergroup's Balance Sheet Summary					
S/. million	3Q09	2Q10	3Q10	%chg QoQ	%chg YoY
Cash and due from banks	2,788.0	3,710.0	2,993.9	-19.3%	7.4%
Investments, net	4,136.4	4,403.1	5,046.3	14.6%	22.0%
Loan portfolio, net	9,159.1	10,367.1	11,007.2	6.2%	20.2%
Fixed assets, net	556.4	491.6	487.1	-0.9%	-12.4%
Other assets	748.5	1,007.3	873.9	-13.2%	16.8%
<b>Total Assets</b>	<b>17,388.4</b>	<b>19,979.1</b>	<b>20,408.5</b>	<b>2.1%</b>	<b>17.4%</b>
Deposits and obligations	11,107.9	12,379.4	11,448.5	-7.5%	3.1%
Due to banks	1,138.2	1,518.3	2,689.6	77.1%	136.3%
Bonds and obligations	1,473.3	1,996.0	1,999.8	0.2%	35.7%
Technical reserves for premiums and claims	1,495.5	1,580.6	1,725.1	9.1%	15.4%
Other liabilities	498.0	762.8	583.1	-23.6%	17.1%
<b>Total Liabilities</b>	<b>15,712.9</b>	<b>18,237.0</b>	<b>18,446.1</b>	<b>1.1%</b>	<b>17.4%</b>
Intergroup shareholders' equity	1,666.5	1,729.1	1,948.3	12.7%	16.9%
Minority interest	9.0	13.0	14.0	8.0%	55.9%
<b>Total shareholders' equity</b>	<b>1,675.5</b>	<b>1,742.1</b>	<b>1,962.3</b>	<b>12.6%</b>	<b>17.1%</b>

### Quarter-on-quarter performance

Recurring net earnings increased 20.3% QoQ as a result of growth in gross financial margin and fee income. When including non-recurring items, reported earnings grew 8.5% QoQ.

Financial income grew 10.0% QoQ, driven by increases in interest on loans and investment income. The increase in interest on loans was attributable to 6.4% growth in Interbank's average loan portfolio. The increase in investment income was driven by higher returns from Interbank and Interseguro's investment portfolios.

Financial expenses grew 24.5% as a result of higher interest on deposits, bank loans and bonds.

Provision expenses increased 7.9% as a result of a one-time charge related to new regulatory requirements applicable since July 2010. Excluding this non-recurring item, provision expenses would have decreased 8.8%.

Fees from financial services grew 8.5%, driven by strong business activity in Interbank's retail and commercial segments.

Interseguro's loss from insurance underwriting almost doubled due to an increase in reserves linked to significant growth in annuity sales.

Administrative expenses remained stable despite significantly expanding commercial activity at Interseguro.

### Year-on-year performance

Recurring net earnings increased 15.3% YoY, driven by financial margin growth, partially offset by increases in loss from insurance underwriting and administrative expenses. When including non-recurring investment gains realized in 3Q09, reported net earnings decreased 9.8% YoY.

Growth in financial income was driven by increases in interest on loans and investment income. Interest on loans increased 5.5% YoY, driven by 17.2% growth in average loan volume.

Financial expenses increased 28.3% due to a higher average volume in deposits, bonds and banks loans. Interbank's average cost of funds remained unchanged YoY at 2.7% for 3Q10.

Interseguro's loss from insurance grew 87.7% due to higher reserves.

Administrative expenses increased 7.2% as a result of Interbank's network expansion and Interseguro's increased commercial activity.

## CONTRIBUTION OF SUBSIDIARIES

Intergroup's recurring net earnings growth was due to strong performances by both subsidiaries. During 3Q10 Intergroup recorded a S/. 38.2 million negative consolidation adjustment, as a result of different accounting treatments of certain investment gains at the holding company and subsidiary levels.

The contribution of both subsidiaries is discussed in detail in the following two sections.

Intergroup's Profit and Loss Statement Summary					
S/. million	3Q09	2Q10	3Q10	%chg QoQ	%chg YoY
Interbank	128.3	101.6	140.5	38.3%	9.5%
Interseguro	18.3	18.8	28.3	50.5%	54.3%
Intergroup accounts:					
Return on investment portfolio	3.4	4.2	4.8	13.8%	n.m.
Exchange loss, net	2.7	1.2	2.2	77.9%	-19.0%
Taxes on dividends	-1.6	-2.2	-2.2	0.0%	40.8%
Other expenses and other income	-3.1	0.5	-1.6	n.m.	-48.1%
Consolidation adjustments	0.2	-0.8	-38.2	n.m.	n.m.
<b>Total</b>	<b>148.3</b>	<b>123.3</b>	<b>133.8</b>	<b>8.5%</b>	<b>-9.8%</b>

## Interbank

### Summary

Interbank's recurring net earnings increased 23.7% QoQ, driven by higher income on loans, fee income from financial services and lower administrative expenses. Including non-recurring items, reported net income increased 38.3% QoQ. During 3Q10, two non-recurring items were recorded. The first one was realized gains on investments totaling S/. 29.8 million after tax. The second item was a one-time provision charge of S/. 11.0 million after tax related to the application of a new regulation on loan classification issued by the SBS.

Interbank's net income grew 9.5% YoY due to increases in gross financial margin and in fee income. Excluding non-recurring items registered in 3Q09 and 3Q10, net income would have grown 15.5% YoY.

Annualized ROE was 38.5% in 3Q10, above the 30.1% reported in 2Q10 but below the 43.0% reported in 3Q09.

Profit and Loss Statement Summary					
S/. million	3Q 09	2Q 10	3Q 10	% chg QoQ	% chg YoY
Financial income	473.6	470.7	533.8	13.4%	12.7%
Financial expenses	-93.0	-99.8	-108.1	8.4%	16.3%
<b>Gross financial margin</b>	<b>380.7</b>	<b>370.9</b>	<b>425.7</b>	<b>14.8%</b>	<b>11.8%</b>
Provisions	-85.0	-96.6	-104.3	7.9%	22.7%
<b>Net financial margin</b>	<b>295.7</b>	<b>274.3</b>	<b>321.4</b>	<b>17.2%</b>	<b>8.7%</b>
Fee income from financial services, net	111.9	118.6	123.9	4.5%	10.7%
Administrative expenses	-204.1	-227.5	-222.3	-2.3%	8.9%
<b>Net operating margin</b>	<b>203.5</b>	<b>165.4</b>	<b>223.1</b>	<b>34.9%</b>	<b>9.6%</b>
Depreciation and amortization	-17.2	-22.1	-22.9	3.4%	32.9%
Other income (expenses)	-7.4	5.9	2.8	-52.3%	n.m.
<b>Income before tax and profit sharing</b>	<b>178.9</b>	<b>149.2</b>	<b>203.0</b>	<b>36.1%</b>	<b>13.5%</b>
Expenses tax and profit sharing	-49.7	-46.9	-61.5	31.2%	23.7%
<b>Net income</b>	<b>129.2</b>	<b>102.3</b>	<b>141.5</b>	<b>38.3%</b>	<b>9.5%</b>
<b>ROE</b>	<b>43.0%</b>	<b>30.1%</b>	<b>38.5%</b>		

### INTEREST EARNING ASSETS

Interbank's interest earnings assets reached S/. 16,863.6 million in 3Q10, a 2.1% increase QoQ and a 17.8% increase YoY.

QoQ growth was the result of increases of 6.2% in loans and 19.1% in investments, partially offset by a 20.1% decrease in cash and due from banks.

YoY growth was attributable to increases of 20.2% in loans, 22.8% in investments and 6.5% in cash and due from banks.

Interest Earning Assets					
S/. million	3Q 09	2Q 10	3Q 10	% chg QoQ	% chg YoY
Cash and due from banks	2,780.9	3,704.7	2,961.4	-20.1%	6.5%
Investments, net	2,289.6	2,361.5	2,811.6	19.1%	22.8%
Loan portfolio, net	9,159.1	10,367.1	11,007.2	6.2%	20.2%
Other interest earning assets	82.3	82.7	83.3	0.8%	1.2%
<b>Total interest earnings assets</b>	<b>14,311.9</b>	<b>16,516.0</b>	<b>16,863.6</b>	<b>2.1%</b>	<b>17.8%</b>

Loan Portfolio					
S/. million	3Q 09	2Q 10	3Q 10	% chg QoQ	% chg YoY
Current loans:					
Retail	4,726.3	5,260.8	5,513.7	4.8%	16.7%
Commercial	4,748.7	5,420.3	5,821.5	7.4%	22.6%
Total current loans	9,475.0	10,681.1	11,335.1	6.1%	19.6%
Restructured and refinanced loans	89.4	96.1	95.9	-0.2%	7.2%
Past due loans	152.0	174.4	182.2	4.5%	19.9%
<b>Gross loans</b>	<b>9,716.5</b>	<b>10,951.6</b>	<b>11,613.2</b>	<b>6.0%</b>	<b>19.5%</b>
Add (less)					
Accrued and deferred interest	-160.3	-143.4	-124.9	-12.9%	-22.1%
Allowance for loan losses	-397.0	-441.1	-481.2	9.1%	21.2%
<b>Total direct loans, net</b>	<b>9,159.1</b>	<b>10,367.1</b>	<b>11,007.2</b>	<b>6.2%</b>	<b>20.2%</b>

Current loans increased 6.1% QoQ, continuing a strong growth trend observed since 2Q10, when loans expanded by 6.8%. Loan growth during the last six months has been driven by expanding demand for credit in the retail and commercial segments as a result of Peru's solid economic performance.

Commercial loans grew 7.4% QoQ, driven by strong demand for investment and trade financing among companies in Peru. In this context, Interbank's growth was boosted by an increase in market share from 8.1% in 2Q10 to 8.4% in 3Q10.

Retail loans increased 4.8% QoQ due mainly to an 8.3% increase in mortgages and a 5.3% increase in credit card financing. Interbank's mortgage portfolio has grown at consistently solid rates during the last 4 quarters, driven by strong demand for housing and successful commercial efforts at Interbank. As a result of these efforts, our market share grew from 10.5% in 3Q09 to 11.4% in 3Q10, driving our total mortgage loan portfolio to expand 30.9% YoY.

The 5.5% QoQ growth rate in credit card financing was the highest reported by Interbank in the past 7 quarters.

As a consequence of the significant growth rates of the last two quarters, performing loans grew 19.6% YoY, driving Interbank's market share of total loans to increase from 11.0% in 2Q10 to 11.3% in 3Q10.

Breakdown of Performing Retail Loans					
S/. million	3Q 09	2Q 10	3Q 10	% chg QoQ	% chg YoY
Consumer loans:					
Credit cards	1,447.0	1,549.6	1,631.5	5.3%	12.8%
Other consumer	2,032.8	2,203.9	2,250.1	2.1%	10.7%
<b>Total consumer loans</b>	<b>3,479.8</b>	<b>3,753.5</b>	<b>3,881.6</b>	<b>3.4%</b>	<b>11.5%</b>
Mortgages	1,246.5	1,507.4	1,632.0	8.3%	30.9%
<b>Total retail loans</b>	<b>4,726.3</b>	<b>5,260.8</b>	<b>5,513.7</b>	<b>4.8%</b>	<b>16.7%</b>

## FUNDING STRUCTURE

Funding Structure					
S/. million	3Q 09	2Q 10	3Q 10	% chg QoQ	% chg YoY
Deposits and obligations	11,253	12,621	11,627	-7.9%	3.3%
Due to banks	1,877	2,059	3,218	56.3%	71.5%
Bonds and obligations	505	1,074	1,072	-0.1%	112.3%
Interbank funds	13	24	59	144.1%	350.7%
<b>Total</b>	<b>13,648</b>	<b>15,777</b>	<b>15,976</b>	<b>1.3%</b>	<b>17.1%</b>
AUM (Interfondos)	1,839	2,344	2,446	4.4%	33.0%
<b>% of funding</b>					
Deposits and obligations	82.5%	80.1%	73.1%		
Due to banks	13.8%	13.1%	20.1%		
Bonds and obligations	3.7%	6.8%	6.7%		

Interbank's funding mix shifted QoQ. As a result, a S/. 1,158.7 million increase in bank loans replaced a S/.1,081 million decline in institutional deposits. The growth in bank loans was mostly due to an increase in the use of short term lines of trade finance.

As a subsequent event, in early October Interbank issued US\$400 million in senior bonds at a rate of 5.75%, as part of a strategy to strengthen our medium term funding at favorable rates.

Deposits decreased 7.9% QoQ, due to a 15.1% decline in commercial deposits, mainly from institutional clients. Retail deposits increased 4.1% during the same period.

Bonds increased S/. 567.2 million YoY mainly to due a US\$200 million Tier 1 bond issue completed in April 2010.

Breakdown of Deposits					
S/. million	3Q 09	2Q 10	3Q 10	% chg QoQ	% chg YoY
<b>By Customer Segment</b>					
Retail	4,752.3	4,633.4	4,821.5	4.1%	1.5%
Commercial	6,461.1	7,939.1	6,736.8	-15.1%	4.3%
Other obligations	39.9	48.1	69.1	43.7%	73.1%
<b>Total</b>	<b>11,253.4</b>	<b>12,620.7</b>	<b>11,627.5</b>	<b>-7.9%</b>	<b>3.3%</b>
<b>By Type:</b>					
Demand	2,572.3	2,869.0	2,639.5	-8.0%	2.6%
Savings	2,701.7	3,174.0	3,344.9	5.4%	23.8%
Time	5,782.0	6,376.9	5,377.5	-15.7%	-7.0%
Other	197.3	200.7	265.5	32.3%	34.5%
<b>Total</b>	<b>11,253.4</b>	<b>12,620.7</b>	<b>11,627.5</b>	<b>-7.9%</b>	<b>3.3%</b>

## FINANCIAL MARGIN

Financial Margin					
S/. million	3Q 09	2Q 10	3Q 10	% chg QoQ	% chg YoY
Financial income	473.6	470.7	533.8	13.4%	12.7%
Financial expenses	-93.0	-99.8	-108.1	8.4%	16.3%
<b>Gross financial margin</b>	<b>380.7</b>	<b>370.9</b>	<b>425.7</b>	<b>14.8%</b>	<b>11.8%</b>

Gross financial margin grew 14.8% QoQ due to increases of S/. 44.8 million in investment income and S/. 16.6 million in interest on loans, partially offset by a S/. 8.3 million increase in financial expenses. Excluding non-recurring items, gross financial margin would have grown 4.2% QoQ. In 3Q10, Interbank realized non-recurring gains on the sale of investments totaling S/. 43.8 million before tax.

Gross financial margin grew 11.8% YoY, driven by increases of S/. 29.6 million in interest on loans and S/. 19.1 million in investment income, partially offset by a S/. 15.1 million increase in financial expenses. Excluding non-recurring items, gross financial margin would have grown 8.1% YoY. Non-recurring items included the 3Q10 investment gains mentioned above, as well as S/. 27.5 million investment gain realized in 3Q09.

Financial Income					
S/. million	3Q 09	2Q 10	3Q 10	% chg QoQ	% chg YoY
Interest and commissions on loans	369.8	382.9	399.5	4.3%	8.0%
Investment income	67.2	41.5	86.4	107.9%	28.5%
Interest on due from banks and interbank funds	1.6	1.2	1.7	39.5%	6.3%
Financial income before exchange gains	438.6	425.6	487.5	14.5%	11.1%
Exchange and derivatives gains	34.6	38.6	44.1	14.3%	27.4%
Others	0.4	6.5	2.2	-66.5%	n.m.
<b>Total Financial Income</b>	<b>473.6</b>	<b>470.7</b>	<b>533.8</b>	<b>13.4%</b>	<b>12.7%</b>
Average interest earning assets	14,060.0	15,894.7	16,689.8	5.0%	18.7%
Average yield on assets*	12.5%	10.7%	11.7%	1.0%	-0.8%

\*Annualized. Excludes exchange and derivatives gains and others



Interest on loans increased 4.3% QoQ as a result of a 6.4% increase in average loan volume, partially offset by a 30 basis point decrease in the average yield, from 14.2% in 2Q10 to 13.9% in 3Q10. This decline was attributable to lower rates on commercial loans.

Investment income increased S/. 44.8 million QoQ as a result of the above-mentioned investment gains and an increase in the yield on Central Bank Certificates of Deposits held by Interbank. The yield on these deposits is directly related to Central Bank's reference rate, which was raised from 1.5% in June to 3.0% in September. As of 3Q10, these certificates accounted for 67.7% of the bank's investment portfolio.

The average yield on interest earning assets was 11.7% in 3Q10, a 100 basis point increase from 2Q10.

Interest on loans grew 8.0% YoY, due to an increase of 17.0% in average loan volume, partially offset by a 120 basis point decrease in the average yield, from 15.1% in 3Q09 to 13.9% in 3Q10. Volume growth was driven by increases of 20.0% in commercial loans and 15.2% in retail loans. The decline in the average yield was due to lower rates on commercial loans, in line with a lower cost of funds and an increasingly competitive environment.

Financial Expenses					
S/. million	3Q 09	2Q 10	3Q 10	% chg QoQ	% chg YoY
Interest and commissions on deposits	56.5	34.5	42.5	23.1%	-24.9%
Interest and fees on deposits and due to banks	27.3	34.7	38.2	10.2%	40.1%
Interest on securities, bonds and other obligations	7.8	16.9	19.8	16.9%	153.6%
Other financial expenses	1.4	13.7	7.7	-44.0%	n.m.
<b>Financial Expenses</b>	<b>93.0</b>	<b>99.8</b>	<b>108.1</b>	<b>8.4%</b>	<b>16.3%</b>

Financial expenses grew 8.4% QoQ due to increases in interest on deposits and interest on bank loans.

Interest on deposits grew 23.1% QoQ due to a 30 basis points increase in the average cost, from 1.1% in 2Q10 to 1.4% in 3Q10 with average volume unchanged QoQ. The rise in the cost of deposits was the result of a 90 basis points increase in the average cost of institutional deposits, from 1.1% in 2Q10 to 2.0% in 3Q10 in an environment of rising short-term interest rates. As of 3Q10, institutional deposits accounted for 28.3% of total deposits.

Interest on bank loans grew 10.2% QoQ, driven by a 24.3% increase in the average volume, partially offset by a 70 basis decline in average cost, from 6.3% in 2Q10 to 5.6% in 3Q10.

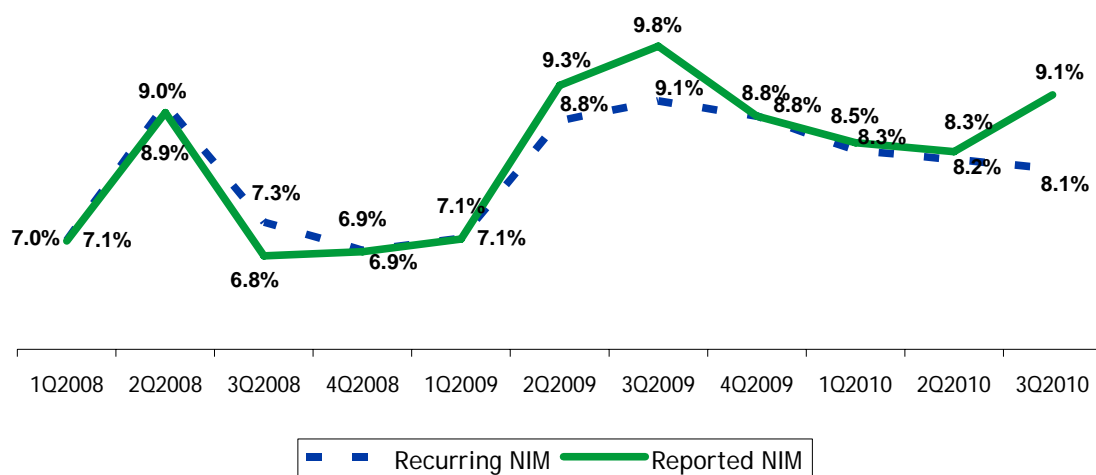
Financial expenses grew 16.3% YoY due to increases of 153.6% in interest on bonds and 40.1% in interest on due to banks, partially offset by a 24.9% decrease in interest on deposits.

The YoY decline in interest on deposits was attributable to a 60 basis point decrease in the average cost, from 2.0% in 3Q09 to 1.4% in 3Q10, partially offset by a 8.8% increase in the average volume. The increase in interest on bonds was due to the Tier 1 bond issue mentioned before, which doubled Interbank's average volume of bonds outstanding. The increase in interest due to banks was driven by a 46.4%

growth in the average volume, partially offset by a 30 basis points decline in average cost, from 5.9% in 3Q09 to 5.6% in 3Q10.

The bank's average cost of funds remained stable QoQ and YoY.

### Net interest margin\*



\* Excludes exchange and derivative gains and others

Net interest margin increased 80 basis points QoQ, from 8.3% in 2Q10 to 9.1% in 3Q10, due to investment income growth. When excluding non-recurring items, net interest margin declined 10 basis points QoQ, from 8.2% to 8.1%.

### PROVISIONS

Provision expenses increased 7.9% QoQ, due to a non-recurring S/. 16.2 million charge related to the application of a new regulation on loan classification and provisioning applicable since July 2010. Excluding this charge, provision expenses would have decreased 8.8% QoQ

Provision expenses increased 22.7% YoY as a result of the above-mentioned change and an increase in average loan volume. Excluding this non-recurring item, the ratio of provision expenses to average loans decreased from 3.5% in 3Q09 and 3.6% in 2Q10 to 3.1% in 3Q10.

Provision for Loan Losses					
S/. million				% chg	% chg
	3Q 09	2Q 10	3Q 10	QoQ	YoY
Balance at the beginning of the quarter	410.1	445.5	477.0	7.1%	16.3%
Provision recognized as expense for the period	90.0	96.9	117.5	21.3%	30.4%
Write-offs, extinguishment of debt and sales	-65.4	-64.5	-64.8	0.4%	-0.9%
Provisions reversal	-5.2	-0.2	-13.2	n.m.	154.7%
Exchange gains	-5.1	-0.6	-1.9	n.m.	-62.5%
Balance at the end of the quarter	424.5	477.0	514.5	7.9%	21.2%
<b>Past due loans / Total loans</b>	<b>1.6%</b>	<b>1.6%</b>	<b>1.6%</b>		
<b>Reserve coverage</b>	<b>261.2%</b>	<b>252.9%</b>	<b>264.1%</b>		

Composition of Provision Expense					
S/. million				% chg	% chg
	3Q 09	2Q 10	3Q 10	QoQ	YoY
Provisions recognized as expense:					
For possible loan losses	-90.0	-96.9	-117.4	21.3%	30.4%
For impairments of investments	-0.1	0.0	0.0	n.m.	n.m.
Provisions recognized as expense	-90.2	-96.9	-117.4	21.3%	30.3%
Provisions reversal	5.2	0.2	13.2	n.m.	154.7%
<b>Total provision expense</b>	<b>-85.0</b>	<b>-96.6</b>	<b>-104.3</b>	<b>7.9%</b>	<b>22.7%</b>
<b>Loan provision / average loans</b>	<b>3.5%</b>	<b>3.6%</b>	<b>3.7%</b>		

The ratio of past due loans to total loans remained stable at 1.6% when compared to 2Q10 and 3Q09. The reserve coverage ratio increased from 252.9% in 2Q10 to 264.1% in 3Q10.

## FEE INCOME FROM FINANCIAL SERVICES

Fee income from financial services grew 4.5% QoQ and 10.7% YoY. The QoQ increase was attributable to increases of 10.9% in credit and debit card fees, 35.0% in fees from contingent operations and 10.4% in fees for collections and payment services.

The YoY increase was attributable to increases of 17.0% in fees from services, 14.2% in credit and debit cards fees and 16.0% in fees from contingent operations. The increase in credit and debit card fees was a result of growth in the number of active credit cards, purchases and loan volume. The increase in fees from contingent operations was a result of a higher volume of guarantees and standby-letters of credit.

Fee Income from Financial Services, Net					
S/. million	3Q 09	2Q 10	3Q 10	% chg QoQ	% chg YoY
Credit and debit card	41.1	42.3	46.9	10.9%	14.2%
Fees from services	42.0	49.8	49.1	-1.4%	17.0%
Contingent operations	9.9	8.5	11.5	35.0%	16.0%
Fees for collections and payment services	4.9	5.1	5.6	10.4%	14.6%
Advisory fees	26.5	25.5	25.1	-1.5%	-5.4%
<b>Total</b>	<b>124.4</b>	<b>131.1</b>	<b>138.2</b>	<b>5.4%</b>	<b>11.1%</b>
Expenses relating to financial services	-12.4	-12.6	-14.3	13.7%	15.1%
<b>Fee income from financial services, net</b>	<b>111.9</b>	<b>118.6</b>	<b>123.9</b>	<b>4.5%</b>	<b>10.7%</b>

## ADMINISTRATIVE EXPENSES

Administrative expenses fell 2.3% QoQ as a result of decreases of S/. 2.0 million in services received from third parties, S/. 1.7 million in taxes and contributions and S/. 1.5 million in personnel expenses.

The decrease in services received from third parties was attributable to lower costs related to the implementation of technology projects.

The decline in personnel expenses was due to a seasonal decrease in provisions for vacations.

Administrative expenses grew S/. 18.2 million YoY, driven by increases of S/. 11.3 million in services received from third parties and S/. 6.7 million in personnel expenses. The increase in both lines was attributable to the expansion of Interbank's distribution network. Between September 2009 and September 2010, Interbank added 12 financial stores and 117 ATMs.

The efficiency ratio improved from 51.0% in 2Q10 to 44.6% in 3Q10 as a result of growth in revenues and a decrease in administrative expenses.

Administrative Expenses					
S/. million	3Q 09	2Q 10	3Q 10	% chg QoQ	% chg YoY
Personnel and board of directors expenses	-91.6	-99.8	-98.3	-1.5%	7.4%
Services received from third parties	-106.0	-119.3	-117.3	-1.7%	10.6%
Taxes and contributions	-6.4	-8.3	-6.6	-20.3%	2.9%
<b>Total</b>	<b>-204.1</b>	<b>-227.5</b>	<b>-222.3</b>	<b>-2.3%</b>	<b>8.9%</b>
<b>Efficiency ratio</b>	<b>44.9%</b>	<b>51.0%</b>	<b>44.6%</b>		

## OTHERS

Other Incomes (Expenses)					
S/. million	3Q 09	2Q 10	3Q 10	% chg QoQ	% chg YoY
Depreciation	-14.1	-16.8	-17.3	2.7%	22.7%
Amortization	-3.1	-5.3	-5.6	5.6%	79.3%
<b>Total depreciation and amortization</b>	<b>-17.2</b>	<b>-22.1</b>	<b>-22.9</b>	<b>3.4%</b>	<b>32.9%</b>
Income (expenses) for recoveries	12.6	15.9	14.9	-6.4%	18.6%
Extraordinary income (expenses)	-1.7	-2.7	0.3	n.m.	n.m.
Provisions for contingencies and other provisions	-18.7	-7.3	-12.4	70.2%	-33.7%
Income (expenses) of prior years	0.4	0.0	0.0	n.m.	n.m.
<b>Other Income (Expenses)</b>	<b>-7.4</b>	<b>5.9</b>	<b>2.8</b>	<b>-52.3%</b>	<b>n.m.</b>
<b>Total</b>	<b>-24.6</b>	<b>-16.2</b>	<b>-20.0</b>	<b>n.m.</b>	<b>-18.6%</b>

Depreciation and amortization increased 3.4% QoQ and 32.9% YoY, as a result of an increase in fixed assets and intangibles related to the execution of technology projects and the expansion of Interbank's distribution network.

Other income and expenses decreased S/. 3.1 million QoQ due to an increase in provisions for contingencies and a decrease in income from recoveries. Provisions for contingencies increased S/. 5.1 million due to an increase in country risk exposure on guarantees and stand-by letters of credit issued to foreign clients during 3Q10.

Other income and expenses were reversed from a loss of S/. 7.4 million in 3Q09 to a S/.2.8 million gain in 3Q10. During 3Q09, Interbank had particularly high provision expenses related to derivative instruments.

## CAPITALIZATION

The ratio of regulatory capital to risk-weighted assets was 15.4% as of 3Q10, slightly below the 16.0% reported in 2Q10 but above the 12.2% reported in 3Q09. This ratio is significantly above the 9.8% minimum required by the Peruvian Banking regulations. The QoQ change was a result of a 2.6% increase in risk weighted assets and a 2.9% decrease in regulatory capital.

The YoY increase was due to growth rates of 37.4% in Tier 1 capital and 90.7% in Tier II capital resulting from the capitalization of 1Q10 earnings and a US\$200 million Tier I bond issue completed in April.

Capitalization					
S/. million	3Q 09	2Q 10	3Q 10	% chg QoQ	% chg YoY
Tier I	1,025.3	1,414.1	1,408.3	-0.4%	37.4%
Tier II	347.1	681.8	661.8	-2.9%	90.7%
Regulatory capital	1,372.5	2,096.0	2,070.2	-1.2%	50.8%
Risk weighted assets	11,243.2	13,068.4	13,403.3	2.6%	19.2%
<b>BIS ratio</b>	<b>12.2%</b>	<b>16.0%</b>	<b>15.4%</b>	<b>-3.7%</b>	<b>26.5%</b>
<b>Tier I / risk weighted assets</b>	<b>9.1%</b>	<b>10.8%</b>	<b>10.5%</b>	<b>-2.9%</b>	<b>15.2%</b>

## Interseguro

### SUMMARY

Interseguro's net income was S/. 28.3 million in 3Q10, an increase of 50.5% QoQ and 54.3% YoY. ROE increased from 28.4% in 3Q09 to 36.5% in 3Q10. During the same period, ROA grew from 3.8% to 5.3%.

Profit and Loss Statement Summary					
S/. million	3Q09	2Q10	3Q10	% chg QoQ	% chg YoY
Premiums	57.7	74.6	178.7	139.5%	209.7%
Premiums ceded	-1.9	-1.7	-2.2	30.9%	17.6%
Fees	-2.4	-2.4	-2.4	0.4%	-2.4%
Claims	-30.2	-31.7	-30.1	-5.1%	-0.5%
Change in reserves	-33.7	-50.9	-164.3	223.0%	387.8%
Diverse Income, net	-1.7	-0.4	-1.1	178.5%	-35.5%
<b>Technical margin</b>	<b>-12.2</b>	<b>-12.4</b>	<b>-21.3</b>	<b>71.8%</b>	<b>74.9%</b>
Administrative expenses	-9.3	-12.8	-13.8	8.0%	48.4%
Investment income, net*	39.8	44.0	63.4	44.2%	59.2%
<b>Net income</b>	<b>18.3</b>	<b>18.8</b>	<b>28.3</b>	<b>50.5%</b>	<b>54.3%</b>
<b>ROE</b>	<b>28.4%</b>	<b>28.7%</b>	<b>36.5%</b>		

\* Includes exchange difference

Net income increased S/. 9.5 million QoQ as a result of a S/. 19.4 million growth in investment income, which was partially offset by a S/. 8.9 million decrease in technical margin and a S/. 1.0 million increase in administrative expenses.

The YoY increase in net income was due to a S/. 23.6 million growth in investment income, partially offset by a S/. 9.1 million decline in technical margin and a S/. 4.5 million increase in administrative expenses. The increase in administrative expenses was due to higher commissions on increasing sales.

### PREMIUMS

Premium sales tripled YoY and more than doubled QoQ, driven by very strong growth in annuities. This significant expansion was the result a new early retirement law enacted earlier this year which increases the number of potential annuity clients. Interseguro is by far the leading annuity provider to the early retirement segment. Interseguro's market share in this segment has grown to 26.2% in 3Q10 from 23.5% in 2Q10.

In addition to annuities, group life insurance sales were also strong in 3Q10, expanding 4.7% QoQ and 31.9% YoY as a result of growth in Interbank's mortgage portfolio.

Premiums by Business Line					
S/. million	3Q09	2Q10	3Q10	% chg QoQ	% chg YoY
Individual Life	6.0	5.5	6.7	21.5%	11.5%
Annuities	36.0	51.8	154.5	198.2%	329.7%
Group Life	8.3	10.5	11.0	4.7%	31.9%
Disability and survivor benefits	0.1	0.1	0.2	n.m.	n.m.
Mandatory traffic accident	5.7	4.9	4.9	-1.0%	-14.7%
Non Life Insurance	1.6	1.8	1.4	-20.4%	-11.6%
<b>TOTAL</b>	<b>57.7</b>	<b>74.6</b>	<b>178.7</b>	<b>139.5%</b>	<b>209.7%</b>

## RESERVES, CLAIMS AND OPERATING EXPENSES

Change in reserves increased 223.0% QoQ and 387.8% YoY, in line with annuity sales growth. Insurance companies are required by the SBS to recognize an accounting reserve every time an annuity is sold.

Change in Reserves by Business Line					
S/. million	3Q09	2Q10	3Q10	%chg QoQ	%chg YoY
Individual Life	1.1	1.1	2.7	137.2%	144.5%
Annuities	31.3	49.1	161.8	229.6%	416.6%
Group Life	-0.1	1.1	-0.6	n.m.	607.3%
Mandatory traffic accident	1.3	-0.4	0.1	n.m.	-93.7%
Non Life Insurance	0.0	0.0	0.2	n.m.	1399.3%
<b>TOTAL</b>	<b>33.7</b>	<b>50.9</b>	<b>164.3</b>	<b>223.0%</b>	<b>387.8%</b>

Claims decreased 5.1% QoQ and remained constant YoY. The QoQ decrease was explained by lower group life claims, specifically in insurance policies related to mortgage loans.

Claims by Business Line					
S/. million	3Q09	2Q10	3Q10	%chg QoQ	%chg YoY
Individual Life	0.1	-0.1	0.1	n.m.	16.7%
Annuities	20.6	21.8	22.6	3.7%	10.0%
Group Life	2.3	3.5	1.7	-50.3%	-23.4%
Disability and survivor benefits	5.0	4.4	3.1	-28.8%	-37.3%
Mandatory traffic accident	2.2	2.0	2.4	17.2%	7.2%
Non Life Insurance	0.1	0.1	0.1	2.1%	25.3%
<b>TOTAL</b>	<b>30.2</b>	<b>31.7</b>	<b>30.1</b>	<b>-5.1%</b>	<b>-0.5%</b>

The technical margin loss was S/ .21.3 million in 3Q10, increasing by more than 70% from both 3Q09 and 2Q10. This higher loss was due to the significant increase in reserves related to annuity sales.

Administrative expenses increased 8.0% QoQ basis and 48.4% YoY, as a result of higher commissions from premiums sold.

## INVESTMENT INCOME

Investment income increased 44.1% QoQ and 59.4% YoY, mainly as a result of realized gains in Interseguro's fixed income portfolio and an increase in returns on real estate.

Investment Income, Net					
S/. million	3Q09	2Q10	3Q10	%chg QoQ	%chg YoY
<b>Income:</b>					
Fixed Income	25.4	33.0	44.0	33.5%	73.2%
Interest	17.8	21.1	21.4	1.8%	20.6%
Realized Gains	7.6	11.9	22.6	89.7%	195.5%
Equity and Mutual Funds	13.1	7.0	10.3	46.2%	-21.6%
Real estate	3.5	5.0	9.3	84.9%	168.1%
Total Income	42.0	45.0	63.6	41.3%	51.4%
Expenses	-1.1	-1.2	-1.4	17.4%	27.1%
Exchange difference and others	-1.1	0.1	1.2	715.5%	n.m.
<b>Net income</b>	<b>39.8</b>	<b>44.0</b>	<b>63.4</b>	<b>44.1%</b>	<b>59.4%</b>

The increase in real estate income was due to the opening of the Centro Civico shopping center, opened in December 2009, and to an overall higher yield in Interseguro's investment in Interproperties.

Investment Portfolio					
S/. million	3Q09	2Q10	3Q10	%chg QoQ	%chg YoY
Fixed Income	1,201.0	1,291.0	1,471.1	13.9%	22.5%
Equity and Mutual Funds	182.0	173.1	196.0	13.2%	7.7%
Real estate	426.2	445.0	489.6	10.0%	14.9%
Others	5.2	4.4	4.3	-3.3%	-17.5%
<b>TOTAL</b>	<b>1,814.4</b>	<b>1,913.6</b>	<b>2,161.0</b>	<b>12.9%</b>	<b>19.1%</b>

Interseguro's investment portfolio grew 12.9% QoQ and 19.1% YoY. This increase was tied to growth in annuity sales. When an annuity is sold, Interseguro receives a retiree's capital as a lump sum and invests it mainly in fixed income assets.