

# Intergroup Financial Services Corp. Reports Fourth Quarter 2011 Earnings

Lima, Peru, January 31, 2012. Intergroup Financial Services Corp. (Bolsa de Valores de Lima: IFS) announced today its unaudited results for the fourth quarter 2011. These results are reported on a consolidated basis in accordance with Peruvian GAAP in nominal Peruvian Nuevos Soles.

## Yearly and quarterly highlights:

#### Intergroup:

- Intergroup's net earnings were S/. 695.7 million in 2011, a 39.4% increase compared to 2010, driven by record contributions from Interbank and Interseguro
- In 4Q11, net earnings increased 2.7% QoQ and 99.8% YoY
- QoQ growth was driven by an increase in gross financial margin, partially offset by higher administrative expenses and provisions as well as a decrease in other income
- YoY net earnings growth was driven by strong investment income at Interseguro and increases in exchange gains and interest on loans at Interbank
- Intergroup's ROE was 36.9% in 4Q11, below the 39.8% in 3Q11 but above the 20.4% in 4Q10

#### Interbank:

- Interbank's net earnings rose 8.7% in 2011 and reached a record S/. 540.9 million, as a result of significant growth in fee income with stable provisions and administrative expenses
- Retail loan growth was strong at 20.8% in 2011
- Net earnings were S/. 126.3 million in 4Q11, a decline of 8.7% YoY and 22.8% QoQ due to lower non-recurring investment gains when compared to 4Q10 and 3Q11
- Recurring net earnings remained stable QoQ and increased 10.2% YoY
- Recurring NIM increased from 7.4% in 3Q11 to 7.7% in 4Q11
- Asset quality remained strong as the past-due loan ratio declined from 1.6% to 1.5% QoQ

#### Interseguro:

- Interseguro's net earnings reached a record S/. 187.5 million in 2011, driven by strong investment income
- 4Q11 earnings almost tripled QoQ and increased by almost five times YoY, mainly as a result of higher investment income
- Annuity sales decreased QoQ and YoY due to a market contraction

## Intergroup

## **2011 Performance**

Intergroup's net earnings were S/. 695.7 million in 2011, a 39.4% increase compared to 2010. Higher earnings were driven by growth rates of 11.1% in gross financial margin, 12.7% in fee income and 46.6% in other income. Higher gross financial margin was due to increasing loan volume at Interbank and strong investment income at Interseguro, partially offset by increases in interest on deposits and bonds. Intergroup's ROE was 33.8% in 2011, above the 26.2% reported in 2010. Excluding non-recurring items, ROE was 27.8% in 2011, above the 26.8% reported in 2010.

Intergroup's	Profit and Loss	Statement Su	ımmary		
S/. million	2000	2010	2011	%chg	%chg
	2009	2010	2011	11/10	10/09
Financial income	2,004.7	2,157.2	2,463.6	14.2%	22.9%
Financial expenses	-449.5	-449.7	-566.2	25.9%	26.0%
Gross financial margin	1,555.2	1,707.5	1,897.4	11.1%	22.0%
Provisions	-363.3	-391.4	-402.4	2.8%	10.8%
Net financial margin	1,191.9	1,316.0	1,495.0	13.6%	25.4%
Fee income from financial services, net	398.2	444.3	500.6	12.7%	25.7%
Result from insurance underwriting, net	-35.6	-47.5	-64.1	34.9%	79.9%
Administrative expenses	-883.8	-984.3	-1,014.9	3.1%	14.8%
Net operating margin	670.6	728.5	916.6	25.8%	36.7%
Depreciation and amortization	-74.1	-98.4	-93.1	-5.3%	25.7%
Other income (expenses)	60.9	67.8	99.4	46.6%	63.1%
Income before tax	657.4	697.9	922.9	32.2%	40.4%
Income tax	-147.4	-195.7	-223.3	14.1%	51.5%
Net income	510.1	502.3	699.5	39.3%	37.1%
Attributable to IFS shareholders	506.5	499.1	695.7	39.4%	37.3%
EPS	5.5	5.5	7.7		
ROE	32.1%	26.2%	33.8%		

Intergroup's Recurring Profit and Loss Statement Summary							
S/. million	2010	2011	%chg 11/10				
Deposited not coning	499.1	695.7	39.4%				
Reported net eanings Non-recurring items:	499.1	093.7	39.4%				
Investment gains	-18.3	-102.6	n.m.				
Provision expenses	16.2	0.0	n.m.				
Fee income from financial services	0.0	-1.9	n.m.				
Loan recovery income	0.0	-19.5	n.m.				
Extraordinary expenses	12.6	0.0	n.m.				
Total non-recurring items	10.5	-124.0	n.m.				
Recurring net earnings	509.6	571.7	12.2%				
Recurring ROE	26.8%	27.8%					

## **4Q11 Performance**

Net earnings (attributable to Intergroup's shareholders) were S/. 206.0 million in 4Q11, a 2.7% increase QoQ and 99.8% growth YoY. When excluding non-recurring items, net earnings rose 2.2% QoQ and 22.4% YoY. Intergroup's ROE was 36.9% in 4Q11, below the 39.8% in 3Q11 but above the 20.4% in 4Q10.

Intergroup's	Profit and Loss S	tatement Su	mmary		
S/. million	4Q10	3Q11	4Q11	%chg	%chg
	4010	3011	TQTT	QoQ	YoY
Financial income	551.0	601.6	678.4	12.8%	23.1%
Financial expenses	-119.7	-133.4	-140.0	5.0%	16.9%
Gross financial margin	431.3	468.2	538.4	15.0%	24.8%
Provisions	-111.6	-99.9	-122.9	23.0%	10.1%
Net financial margin	319.7	368.3	415.5	12.8%	30.0%
Fee income from financial services, net	132.9	131.5	141.6	7.7%	6.6%
Result from insurance underwriting, net	-12.7	-14.2	-20.3	43.2%	59.8%
Administrative expenses	-276.6	-250.2	-283.9	13.5%	2.6%
Net operating margin	163.2	235.4	252.8	7.4%	55.0%
Depreciation and amortization	-28.4	-23.3	-23.3	0.1%	-17.8%
Other income (expenses)	18.5	55.1	26.8	-51.5%	44.8%
Income before tax	153.3	267.2	256.2	-4.1%	67.2%
Income tax	-49.2	-65.5	-49.4	-24.6%	0.4%
Net income	104.1	201.7	206.9	2.6%	98.7%
Attributable to IFS shareholders	103.1	200.5	206.0	2.7%	99.8%
EPS	1.1	2.1	2.2		
ROE	20.4%	39.8%	36.9%		

Intergroup's Recurring Profit and Loss Statement Summary							
S/. million	4Q10	3Q11	4Q11	%chg QoQ	%chg YoY		
Reported net eanings	103.1	200.5	206.0	2.7%	99.8%		
Non-recurring items: Investment gains	-0.1	-34.3	-58.0	68.9%	n.m.		
Provision expenses	5.3	0.0	0.0	n.m.	n.m.		
Fee income from financial services	0.0	-1.9	0.0	n.m.	n.m.		
Loan recovery income	0.0	-19.5	0.0	n.m.	n.m.		
Extraordinary expenses	12.6	0.0	0.0	n.m.	n.m.		
Total non-recurring items	17.8	-55.8	-58.0	4.0%	n.m.		
Recurring net earnings	120.9	144.8	148.0	2.2%	22.4%		
Recurring ROE	23.9%	28.8%	26.5%				

Intergr	oup's Balance S	Sheet Summa	ry		
S/. million	4010	2011	4011	%chg	%chg
	4Q10	3Q11	4Q11	QoQ	YoY
Cash and due from banks	4,610.9	3,165.2	2,517.8	-20.5%	-45.4%
Investments, net	4,296.4	4,703.5	5,169.7	9.9%	20.3%
Loan portfolio, net	11,750.3	12,732.8	13,731.3	7.8%	16.9%
Fixed assets, net	482.0	453.5	444.4	-2.0%	-7.8%
Other assets	741.4	915.9	856.0	-6.5%	15.5%
Total Assets	21,881.0	21,970.9	22,719.1	3.4%	3.8%
Deposits and obligations	11,878.6	12,145.7	13,042.5	7.4%	9.8%
Due to banks	2,360.0	1,984.1	1,750.5	-11.8%	-25.8%
Bonds and obligations	3,135.2	2,929.1	2,718.1	-7.2%	-13.3%
Technical reserves for premiums and claims	1,869.6	2,136.2	2,178.1	2.0%	16.5%
Other liabilities	528.3	660.9	649.5	-1.7%	23.0%
Total Liabilities	19,771.7	19,855.9	20,338.7	2.4%	2.9%
Intergroup shareholders' equity	2,097.5	2,102.3	2,366.5	12.6%	12.8%
Minority interest	11.8	12.6	13.9	9.9%	17.5%
Total shareholders' equity	2,109.3	2,115.0	2,380.4	12.5%	12.9%

## Quarter-on-quarter performance

Net earnings rose 2.7% QoQ, driven by increases in investment income at Interseguro and in exchange gains at Interbank, partially offset by growth in administrative expenses and provisions, as well as a decrease in recoveries from loan write-offs.

Financial income rose 12.8% QoQ, as a result of a S/. 62.2 million growth in net investment income at Interseguro and increases of S/. 41.3 million in exchange gains and S/. 7.1 million in interest on loans at Interbank. On the other hand, investment income at Interbank decreased by S/. 30.8 million due mainly to S/. 21.4 million of non-recurring income reported in 3Q11.

Financial expenses grew 5.0% due to increases of S/. 7.0 million in losses from derivative products at Interbank and expenses related to Interseguro's real estate investments.

Provision expenses grew 23.0% due to strong growth in the loan portfolio and unusually low provision expenses in the commercial portfolio in 3Q11. Growth in the commercial portfolio led to a S/. 16.8 million increase in generic and pro-cyclical provisions.

Fee income grew 7.7% QoQ mainly as a result of higher fees and insurance commissions from mortgage disbursements partially offset by a decrease in fees from corporate finance.

Interseguro's loss from insurance underwriting rose 43.2% as a result of an 8.6% decrease in premiums partially offset by a 7.8% decline in reserves. The decrease in premiums was driven by a decline in annuity sales which was explained by a 60% market contraction.

Administrative expenses rose 13.5% due mainly to seasonally higher rewards and advertising activity at Interbank.

Other income decreased 51.5% due to the fact that in 3Q11 other income was unusually high as a result of a S/. 26.3 million recovery from a loan write-off at Interbank.

Intergroup's effective tax rate decreased from 24.5% in 3Q11 to 19.3% in 4Q11 mainly as a result of a higher contribution to net earnings from Interseguro, whose investment income is tax-exempt.

#### Year-on year performance

Net earnings doubled YoY, driven by an increase of 24.8% in gross financial margin.

Financial income rose 22.9% driven by strong investment income at Interseguro and increases of 90.2% in exchange gains and 5.8% in interest on loans at Interbank.

Financial expenses grew 26.0% as a result of a higher loss on derivative products and increases in interest on deposits, partially offset by lower interest on bonds. Increased deposit costs were due to growth in the average volume and average cost.

Provision expenses increased 10.1% mainly due to strong growth in the retail loan portfolio.

Fee income grew 6.6% YoY, driven mainly by a 13.2% increase in fees from credit and debit cards, partially offset by a decrease in fees from corporate finance at Interbank.

Interseguro's loss from insurance underwriting rose 59.8% as a result of lower premiums as well as higher claims. These effects were partially offset by lower reserves linked to a decrease in annuity sales YoY. Lower annuity sales were a result of market contraction in the early retirement annuity segment.

Administrative expenses grew 2.6% YoY, a lower growth rate than inflation.

Intergroup's effective tax rate decreased from 32.1% in 4Q10 to 19.3% in 4Q11 as a result of a higher contribution to net earnings from Interseguro, whose investment income earnings are tax-exempt.

## **CONTRIBUTION OF SUBSIDARIES**

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	4Q10	3Q11	4011	%chg	%chg		
	7010	3011	<del>1</del> Q11	QoQ	YoY		
Interbank	137.3	162.5	125.4	-22.8%	-8.7%		
Interseguro	19.2	33.9	92.2	171.8%	379.1%		
Intergroup accounts:							
Return on investment portfolio	3.5	17.8	4.1	-76.7%	16.7%		
Exchange gains (loss)	-0.6	-5.9	1.1	n.m.	n.m.		
Taxes on dividends	-2.2	-3.1	-7.2	134.7%	228.6%		
Other income (expenses)	-14.5	-6.0	-6.6	9.2%	-54.3%		
Consolidation adjustments	-39.7	1.4	-3.0	n.m.	-92.4%		
Total	103.1	200.5	206.0	2.7%	99.8%		

## Interbank

#### **SUMMARY**

## **2011 Performance**

Interbank's net earnings were S/. 540.9 million in 2011, an 8.7% increase compared with 2010. The main factors contributing to net earnings growth were increases of 12.4% in fee income and 102.9% in other income, partially offset by a 3.6% increase in administrative expenses. The gross financial margin remained stable, as financial income growth of 6.6%, was offset by a 29.4% increase in financial expenses. The increase in fee income was mainly due to higher fees from credit and debit cards.

Interbank's annual ROE in 2011 was 31.7%, below the 33.8% reported in 2010.

Profit and Loss Statement Summary						
S/. million				% chg	% chg	
	2009	2010	2011	11/10	10/09	
Financial income	1,810.2	1,965.3	2,095.6	6.6%	8.6%	
Financial expenses	-425.6	-405.9	-525.4	29.4%	-4.6%	
Gross financial margin	1,384.6	1,559.4	1,570.2	0.7%	12.6%	
Provisions	-363.7	-391.4	-402.4	2.8%	7.6%	
Net financial margin	1,020.9	1,168.0	1,167.8	0.0%	14.4%	
Fee income from financial services, net	395.3	452.7	508.8	12.4%	14.5%	
Administrative expenses	-806.3	-875.5	-907.0	3.6%	8.6%	
Net operating margin	609.8	745.2	769.6	3.3%	22.2%	
Depreciation and amortization	-71.7	-95.8	-90.0	-6.0%	33.5%	
Other income (expenses)	32.0	37.2	75.5	102.9%	16.4%	
Income before taxes	570.1	686.7	755.1	10.0%	20.4%	
Income tax	-140.7	-189.1	-214.2	13.2%	34.4%	
Net income	429.4	497.5	540.9	8.7%	15.9%	
ROE	37.1%	33.8%	31.7%			

In 2011 and 2010, net earnings were affected by non-recurring factors. In 2011, these factors included the sale of investments and a loan write-off recovery, which totaled S/. 47.8 million in after-tax income. In 2010, these factors included mainly the sale of investments and provision expenses, which totaled S/. 52.9 million in after-tax income. Excluding these gains, net earnings would have grown 10.9% in 2011.

Summary of Non-Recurring Items							
S/. million			% chg				
Net of taxes	2010	2011	11/10				
Net Income	497.5	540.9	8.7%				
Non-Recurring Items:							
Investment Income	-69.2	-26.3	-62.1%				
Provision Expense	16.3	0.0	n.m.				
Fee Income	0.0	-1.9	n.m.				
Recoveries	0.0	-19.7	n.m.				
Total Non-Recurring Items	-52.9	-47.8	-9.6%				
Recurring Net Income	444.6	493.1	10.9%				
Recurring ROE	30.2%	28.9%					

Financial income grew 6.6% as a result of increases of 10.1% in interest on loans and 29.3% in exchange gains, partially offset by a 30.0% decline in investment income. Growth in interest on loans was driven by a 20.3% increase in the average volume, partially offset by a 110 basis point decline in the average yield, from 13.9% en 2010 to 12.8% in 2011. The lower yield was due to decreases in the retail and commercial loan portfolios. The yield of the retail portfolio fell mainly as a result of lower average rates on credit cards and an increase in the proportion of mortgages, from 30.7% of the retail loan portfolio in 2010 to 32.8% in 2011. The decrease in the commercial loan portfolio's yield was due to competitive pressure on rates. Exchange rate gains increased mainly due to a 34.5% increase in trading activity with clients.

Financial expenses increased by 29.4%, due to growth rates of 74.6% in interest on bonds and 29.4% in interest on deposits. The rise in interest on bonds was attributable to growth of 99.9% in the average volume, as a result two bond issues totaling US\$600 million placed in 2010.

The 29.4% growth in interest on deposits was due to increases of 30 basis points in the average cost and 6.0% in the average volume. The higher average cost was the result of an 120 basis point increase in the cost of institutional deposits, which rose in line with the 125 basis point increase in the Central Bank's reference rate, from 3.00% in 2010 to 4.25% in 2011. Demand for transactional deposits grew in 2011, and allowed the bank to replace a portion of its short-term lines of credit with local deposits. This has led to a more stable and efficient funding structure than in previous years.

Fee income rose 12.4%, driven mainly by a 17.5% increase in fees from credit and debit cards.

Administrative expenses increased 3.6% in 2011, a lower growth rate than inflation. The rise was mainly due to a 5.7% increase in the use of third-party services, which was associated with development and execution of technology projects as well as marketing expenses. The efficiency ratio improved slightly, from 48.3% in 2010 to 48.0% in 2011.

Income before taxes grew 10.0%, but income taxes grew 13.2% as a result of an increase in the effective tax rate, from 27.6% in 2010 to 28.4% in 2011. The increase was due to lower tax-exempt income in 2011 than in 2010.

## **4Q11 Performance**

Interbank's net earnings were S/. 126.3 million in 4Q11, a 22.8% decrease QoQ and 8.7% YoY. The reduction in net earnings QoQ was due to S/. 37.5 million of aftertax, non-recurring gains reported in 3Q11. Excluding these gains, net earnings would have remained stable, as a 9.6% growth in the financial margin was offset by a increases of 23.0% in provisions and 10.1% in administrative expenses.

The YoY decrease in net earnings was due to S/. 28.9 million in after-tax, non-recurring gains reported in 4Q10. Excluding these gains, net earnings would have grown 10.2% YoY, as increases of 10.6% in gross financial margin and 4.9% in fee income were offset by growths of 18.3% in provisions and 5.7% administrative expenses.

The annualized ROE was 27.1% in 4Q11, below the 38.7% reported in 3Q11 and the 34.4% reported in 4Q10.

Profit and L	oss Statement	Summary			
S/. million				% chg	% chg
	4Q 10	3Q 11	4Q 11	QoQ	YoY
Financial income	526.7	521.7	538.5	3.2%	2.2%
Financial expenses	-123.1	-129.4	-132.1	2.1%	7.3%
Gross financial margin	403.6	392.3	406.4	3.6%	0.7%
Provisions	-111.6	-99.9	-122.9	23.0%	10.1%
Net financial margin	291.9	292.4	283.5	-3.0%	-2.9%
Fee income from financial services, net	134.2	135.2	140.7	4.1%	4.9%
Administrative expenses	-234.2	-224.9	-247.6	10.1%	5.7%
Net operating margin	191.9	202.7	176.7	-12.9%	-8.0%
Depreciation and amortization	-27.7	-22.6	-22.5	-0.3%	-18.8%
Other income (expenses)	21.1	45.5	19.5	-57.0%	-7.6%
Income before taxes	185.4	225.6	173.7	-23.0%	-6.3%
Income tax	-47.1	-62.0	-47.4	-23.6%	0.7%
Net income	138.3	163.7	126.3	-22.8%	-8.7%
ROE	34.4%	38.7%	27.1%		

S	Summary of Non-Recuri	ring Items			
S/. million				% var	% chg
Net of taxes	4Q 10	3Q 11	4Q 11	QoQ	YoY
Net Income	138.3	163.7	126.3	-22.8%	<b>-8.7</b> %
Non-Recurring Items:					
Investment Income	-28.9	-15.9	0.0	n.m.	n.m.
Provision Expense	5.3	0.0	0.0	n.m.	n.m.
Fee Income	0.0	-1.9	0.0	n.m.	n.m.
Recoveries	0.0	-19.7	0.0	n.m.	n.m.
Total Non-Recurring Items	-23.6	-37.5	0.0	n.m.	n.m.
Recurring Net Income	114.6	126.2	126.3	0.1%	10.2%
Recurring ROE	28.5%	29.8%	27.1%		

#### **INTEREST-EARNING ASSETS**

Interbank's interest earnings assets reached S/. 18,929.5 million in 4Q11, a growth rate of 4.6% QoQ and 3.3% YoY.

QoQ growth was due to increases of 7.8% in loans and 22.8% in investments, partially offset by a 20.7% decrease in cash. The rise in investments was due to the purchase of Central Bank certificates of deposit. The decrease in cash was due to the use of excess liquidity to finance growth in loans and investments.

The annual increase was due to growth rates of 16.7% in loans and 40.3% in investments, partially offset by a 46.2% decrease in cash. The reduction in cash is explained by two factors. The first one was the replacement of overnight deposits in the Central Bank with certificates of deposit from the same institution, which are registered as investments. The second factor was a US\$400 million corporate bond issue placed in October 2010, which had led to excess cash. This excess cash was used to fund loan growth during 2011.

Interest-Earning Assets						
S/. million				% chg	% chg	
	4Q 10	3Q 11	4Q 11	QoQ	YoY	
Cash and due from banks	4,608.3	3,126.7	2,479.2	-20.7%	-46.2%	
Investments, net	1,860.3	2,124.9	2,609.2	22.8%	40.3%	
Loan portfolio, net	11,767.4	12,740.5	13,731.3	7.8%	16.7%	
Other interest earning assets	92.5	106.7	109.8	2.9%	18.7%	
Total interest earnings assets	18,328.5	18,098.8	18,929.5	4.6%	3.3%	

Loan Portfolio						
S/. million				% chg	% chg	
	4Q 10	3Q 11	4Q 11	QoQ	YoY	
Performing loans:						
Retail	5,828.0	6,603.0	7,042.5	6.7%	20.8%	
Commercial	6,257.4	6,509.4	7,082.1	8.8%	13.2%	
Total performing loans	12,085.4	13,112.4	14,124.6	7.7%	16.9%	
Restructured and refinanced loans	93.1	82.2	87.1	6.0%	-6.4%	
Past due loans	187.9	210.5	216.4	2.8%	15.2%	
Gross loans	12,366.4	13,405.1	14,428.2	7.6%	16.7%	
Add (less)						
Accrued and deferred interest	-768.1	-110.7	-103.7	-6.3%	-86.5%	
Allowance for loan losses	-505.8	-554.0	-593.2	7.1%	17.3%	
Total direct loans, net	11,092.5	12,740.5	13,731.3	7.8%	23.8%	

Performing loans increased 7.7% QoQ, the highest quarterly growth rate in the last two years. Commercial loans grew 8.8% QoQ, as a result of successful commercial efforts at Interbank in a strong demand environment. Retail loans rose 6.7%, mainly due to growth rates of 5.1% in mortgages, 8.6% in credit cards, and 6.5% in other consumer loans, as consumer demand remains strong in Peru. Other consumer loans increased at the highest quarterly growth rate in three years as a result of loan portfolio acquisitions from Caja Rural de Ahorro y Crédito Nuestra Gente S.A. for S/. 100.1 million.

Performing loans grew 16.9% YoY. Retail loans increased 20.8%, mainly due to growth rates of 29.0% in mortgages and 24.5% in credit cards. Commercial loans increased 13.2% YoY and would have grown 20.1% if the bank had decided to continue with a S/. 432.8 million loan to fund an infrastructure project, which it returned in 3Q11.

Breakdown of Performing Retail Loans								
S/. million				% chg	% chg			
	4Q 10	3Q 11	4Q 11	QoQ	YoY			
Consumer loans:								
Credit cards	1,740.1	1,993.8	2,165.8	8.6%	24.5%			
Other consumer	2,296.0	2,409.1	2,564.6	6.5%	11.7%			
Total consumer loans	4,036.1	4,402.9	4,730.4	7.4%	17.2%			
Mortgages	1,791.9	2,200.1	2,312.2	5.1%	29.0%			
Total retail loans	5,828.0	6,603.0	7,042.5	6.7%	20.8%			

#### **FUNDING STRUCTURE**

Funding Structure								
S/. million				% chg	% chg			
	4Q 10	3Q 11	4Q 11	QoQ	YoY			
Deposits and obligations	11,966.8	12,176.0	13,112.5	7.7%	9.6%			
Due to banks	2,941.4	2,262.8	2,266.1	0.1%	-23.0%			
Bonds and obligations	2,182.1	2,124.0	2,037.9	-4.1%	-6.6%			
Interbank funds	93.2	271.0	82.8	-69.5%	-11.2%			
Total	17,183.5	16,833.8	17,499.4	4.0%	1.8%			
AUM (Interfondos)	2,525.0	2,089.5	2,161.3	3.4%	-14.4%			
% of funding								
Deposits and obligations	70.2%	73.9%	75.4%					
Due to banks	17.1%	13.5%	13.0%					
Bonds and obligations	12.7%	12.6%	11.6%					

Interbank's total funding base grew 4.0% QoQ, in line with the growth in interestearning assets. Deposits increased 7.7% QoQ, due to growth rates of 29.5% in institutional deposits and 5.6% in retail deposits, partially offset by a 1.8% decrease in commercial deposits. In 4Q11, the proportion of deposits within the bank's funding structure continued to increase, from 70.2% in 4Q11 and 73.9% in 3Q11 to 75.4% in 4Q11.

Funding from interbank deposits fell 69.5% due to the replacement of these instruments with institutional deposits.

Bonds declined 4.1% as a result of two factors. The first factor was a 2.8% appreciation in the Nuevo Sol, which caused a decrease in the value of bonds issued in US Dollars. Dollar-denominated bonds represent 87.9% of total bonds. The second factor was the maturity of US\$5.0 million of subordinated bonds in 4Q11.

The bank's total funding grew 1.8% YoY as a result of a 9.6% rise in deposits, partially offset by decreases of 23.0% in due to banks and 6.6% in bonds. Deposit growth was due to increases of 15.0% in retail deposits and 16.5% in commercial deposits, which were offset by a 6.4% decline in institutional deposits. The decrease in due to banks was the result of two factors. The first factor was the replacement of short-term lines of credit with local deposits over the course of 2011. The second factor was the bank's decision to withdraw from an infrastructure project as previously mentioned, which led to a decrease in local funding linked to this project.

	Breakdown of Deposits								
S/. million				% chg	% chg				
	4Q 10	3Q 11	4Q 11	QoQ	YoY				
By Customer Segment									
Retail	5,140.5	5,602.3	5,913.4	5.6%	15.0%				
Commercial	3,534.9	4,196.3	4,119.3	-1.8%	16.5%				
Institutional	3,291.4	2,377.4	3,079.9	29.5%	-6.4%				
Total	11,966.8	12,176.0	13,112.5	7.7%	9.6%				
By Type:									
Demand	2,820.6	3,433.3	3,361.2	-2.1%	19.2%				
Savings	3,680.9	3,981.2	4,140.8	4.0%	12.5%				
Time	5,465.2	4,761.5	5,610.5	17.8%	2.7%				
Total	11,966.8	12,176.0	13,112.5	7.7%	9.6%				

## FINANCIAL MARGIN

Interbank Gross Financial Margin								
S/. million				% chg	% chg			
	4Q 10	3Q 11	4Q 11	QoQ	YoY			
Financial income	526.7	521.7	538.5	3.2%	2.2%			
Financial expenses	-123.1	-129.4	-132.1	2.1%	7.3%			
Gross financial margin	403.6	392.3	406.4	3.6%	0.7%			

Financial Income								
S/. million				% chg	% chg			
	4Q 10	3Q 11	4Q 11	QoQ	YoY			
Interest and commissions on loans	416.4	433.4	440.5	1.6%	5.8%			
Investment income	62.6	58.6	27.8	-52.6%	-55.6%			
Interest on due from banks and interbank funds	11.1	3.9	2.8	-27.0%	-74.5%			
Financial income before exchange gains	490.1	495.8	471.1	-5.0%	-3.9%			
Exchange and derivatives gains	34.3	23.9	65.2	n.m.	90.2%			
Others	2.3	2.0	2.2	12.6%	-1.9%			
Total Financial Income	526.7	521.7	538.5	3.2%	2.2%			
Average interest earning assets	17,596.2	18,486.8	18,514.1	0.1%	5.2%			
Average yield on assets*	11.4%	11.0%	10.4%	-0.6%	-1.0%			
*Annualized, Excludes exchange and derivatives ga	ins							

Fin	ancial Expens	ses			
S/. million				% chg	% chg
	4Q 10	3Q 11	4Q 11	QoQ	YoY
Interest and commissions on deposits	42.7	51.6	50.5	-2.0%	18.3%
Interest and fees on deposits and due to banks	42.0	33.2	33.7	1.5%	-19.7%
Interest on securities, bonds and other obligations	36.4	36.4	32.5	-10.7%	-10.8%
Other financial expenses	2.0	8.2	15.3	88.3%	n.r.
Financial Expenses	123.1	129.4	132.1	2.1%	7.3%
Average interest bearing liabilites	16,579.9	17,292.1	17,166.6	-0.7%	3.5%
Average cost of funding*	2.8%	2.7%	2.6%	-0.1%	-0.2%

#### **Quarter-on-Quarter Performance**

Gross financial margin grew 3.6% QoQ as a result of a 3.2% increase in financial income, partially offset by a 2.1% rise in financial expenses.

Financial income rose due to higher exchange gains and interest on loans, partially offset by a decrease in investment income.

Exchange gains grew S/. 41.3 million due to increases of S/. 18.7 million in income from trading operations with clients and S/. 16.1 million in gains on Interbank's exchange position. The rise in gains on the exchange position was due to appreciation of 2.8% in the exchange rate and the effect this had on a slightly long position that the bank held in US Dollars.

Interest on loans increased 1.6% QoQ due to a 4.1% growth in the average volume of the loan portfolio, partially offset by a 30 basis point decrease in the average yield, from 13.2% in 3Q11 to 12.9% in 4Q11. Commercial loan portfolio yields decreased as a result of continuing pressures on rates. Retail loan portfolio yields in credit cards and other consumer loans declined. The lower rate in credit cards was due to an increase in the proportion of lower-yielding, premium segment clients within the credit card portfolio.

Investment income decreased S/. 30.8 million as a result of two factors. The first was S/. 21.4 million of non-recurring income reported in 3Q11. The second factor was lower interest income as a result of the sale of fixed income instruments during the last two quarters.

The return on interest-earning assets was 10.4% in 4Q11, below the 11.0% reported in 3Q11 due mainly to declines in the average yields of loans and investments.

Financial expenses increased 2.1% QoQ, as a result of an 88.3% growth rate in other financial expenses, partially offset by decreases of 10.7% in interest on bonds and 2.0% in interest on deposits.

The rise in other financial expenses was due to a S/. 7.0 million increase in losses from derivative products which are part of the management of the bank's investment portfolio.

Lower interest on deposits was due to a 10 basis point decline in average cost, partially offset by a 0.8% increase in average volume. The average cost of institutional deposits decreased 20 basis points while the average cost of retail and commercial deposits remained stable. The growth in the average volume was due to increases of 3.5% in retail deposits and 0.1% in commercial deposits, partially offset by a 3.7% decrease in institutional deposits.

The 1.5% increase in due to banks was attributable to a 30 basis point growth in the average cost, partially offset by an 8.0% decrease in average volume. Lower volume was the result of a 13.0% decline in local funding linked to the previously mentioned infrastructure project.

The decrease in interest on bonds was due to declines of 1.8% in the average volume and 60 basis points in the average cost. The reduction in the average cost was due to the maturity of US\$5 million in subordinated bonds in 4Q11, which had a higher-than-average cost.

The average cost of funding decreased 10 basis points, from 2.7% in 3Q11 to 2.6% in 4Q11 due to the lower average cost of deposits and bonds.

#### **Year-on-Year Performance**

Gross financial margin rose 0.7% YoY due to an increase of 2.2% in financial income, partially offset by a 7.3% growth in financial expenses.

Higher financial income resulted from increases of S/. 30.9 million in exchange gains and S/. 24.1 million in interest on loans, partially offset by declines of S/. 34.8 million in investment income and S/. 8.3 million in interest on cash.

Growth in exchange gains was due to increases of S/. 20.0 million in income from trading activity with clients and S/. 11.7 million in gains on Interbank's exchange position.

The increase in interest on loans was attributable to an increase of 16.2% in the average volume of the loan portfolio, partially offset by a 120 basis point decrease in the average yield, from 14.1% in 4Q10 to 12.9% in 4Q11. Higher average volume was driven by increases of 20.3% in retail loans and 12.5% in commercial loans. The yield on the retail portfolio decreased 130 basis points due to lower rates in credit cards and other consumer loans, as well as an increase in the proportion of mortgages within the portfolio, from 30.8% in 4Q10 to 33.6% in 4Q11. The commercial portfolio's yield decreased 120 basis points due mainly to competitive pressures and the bank's decision to withdraw from an infrastructure project, which had a higher yield than the average yield for the commercial portfolio.

Investment income decreased as a result of a S/. 23.6 million non-recurring investment gain reported in 4Q10.

The decline in interest on cash was attributable to a reduction in interest on local currency deposits with the Central Bank.

Financial expenses grew S/. 9.0 million YoY mainly due to increases of S/. 13.3 million in other financial expenses and S/. 7.8 million in interest on deposits, partially offset by declines of S/. 8.3 million in interest on due to banks and S/. 3.9 million in interest on bonds.

The increase in other financial expenses was attributable to a S/. 12.4 million increase in losses from derivative products which are part of the management of the bank's investment portfolio.

The growth in interest on deposits was due to a 7.4% rise in the average volume and a 10 basis point increase in the average cost. Higher volume was due to growth rates of 15.6% in retail deposits and 19.5% in commercial deposits, partially offset by a decrease of 16.8% in institutional deposits. The cost of deposits rose mainly due to a

70 basis point increase in the cost of institutional deposits as a result of a higher reference rate throughout 2011. The cost of both retail and commercial deposits increased 10 basis points YoY.

Lower interest on due to banks was the result of a 26.5% decrease in the average volume, partially offset by a 10 basis point increase in the average cost. The reduction in volume was due to declines of 30.6% in short-term lines of credit and 13.6% in local funding. Short-term lines were replaced by local deposits of lower cost and lower reserve requirements.

The increase in interest for bonds was due to a 27.9% growth in the average volume as a result of a US\$400 million senior bond issue completed in October 2010.

The average cost of funding decreased 20 basis points YoY, from 2.8% in 4Q10 to 2.6% in 4Q11 due to a decline in the cost of bonds.

**Net Interest Margin\*** 

## 

4Q08 1Q09 2Q09 3Q09 4Q09 1Q10 2Q10 3Q10 4Q10 1Q11 2Q11 3Q11 4Q11

Net interest margin was 7.7% in 4Q11, above the 7.4% reported in 3Q11, and 7.6% reported in 4Q10.

#### **PROVISIONS**

Provision expenses increased S/. 23.0 million QoQ as a result of strong growth in the loan portfolio and unusually low provision expenses in the commercial portfolio in 3Q11.

The commercial loan portfolio grew by S/. 572.7 million QoQ and this resulted in a S/. 16.8 million increase in generic and procyclical provisions. Provision expenses in

<sup>\*</sup> Excludes exchange rate and derivatives gains

3Q11 had been particularly low as a result of the withdrawal from the S/. 432.8 million loan to fund an infrastructure project and the generic provision reversals this withdrawal entailed. Provision expenses related to the retail loan portfolio grew 7.2% QoQ, in line with retail loan growth of 6.7%.

Provision expenses increased 10.1% YoY, significantly below the 16.9% growth rate of the loan portfolio.

The ratio of provision expense to average loans was 3.5% in 4Q11, above the 3.0% in 3Q11 and below the 3.7% in 4Q10

Composition of Provision Expense									
S/. million				% chg	% chg				
	4Q 10	3Q 11	4Q 11	QoQ	YoY				
Provisions recognized as expense	-121.5	-119.0	-135.9	14.2%	11.9%				
Provisions reversal	9.9	19.1	13.0	-31.8%	32.0%				
Total provision expense	-111.6	-99.9	-122.9	23.0%	10.1%				
Loan provision / average loans	3.7%	3.0%	3.5%						

Provision for Loan Losses								
S/. million				% chg	% chg			
	4Q 10	3Q 11	4Q 11	QoQ	YoY			
Balance at the beginning of the quarter	-514.5	-582.7	-602.2	3.3%	17.0%			
Provision recognized as expense for the period	-121.5	-119.0	-135.9	14.2%	11.9%			
Write-offs, extinguishment of debt and sales	76.3	81.8	80.4	-1.6%	5.4%			
Provisions reversal	9.9	19.1	13.0	-31.8%	32.0%			
Exchange gains	-1.0	-1.3	-0.3	-77.4%	-71.3%			
Balance at the end of the quarter	-550.9	-602.2	-644.9	7.1%	17.1%			
Past due loans / Total loans	1.5%	1.6%	1.5%					
Reserve coverage	269.1%	263.1%	274.1%					

The ratio of past due loans to total loans decreased from 1.6% in 3Q11 to 1.5% in 4Q11. The coverage ratio increased from 263.1% in 3Q11 and 269.1% in 4Q10 to 274.1% in 4Q11.

#### FEE INCOME FROM FINANCIAL SERVICES

Fee income grew 4.1% QoQ due to increases in fees from mortgage disbursements and higher income from insurance commissions, partially offset by a decrease in fees from corporate finance.

Fee income rose 4.9% YoY due to increases in fees from credit and debit cards and higher income from insurance commissions, partially offset by lower fees from corporate finance. Growth in credit and debit card fees was a result of a 7.2% increase in the number of active credit cards, 20.7% in purchases, and 39.1% in disbursements.

Fee Income from Financial Services, Net								
S/. million				% chg	% chg			
	4Q 10	3Q 11	4Q 11	QoQ	YoY			
Credit and debit card	48.4	54.3	54.7	0.7%	13.2%			
Fees from services	54.6	55.4	57.6	3.9%	5.4%			
Contingent operations	10.4	12.2	11.4	-6.9%	9.6%			
Fees for collections and payment services	5.6	5.7	5.8	1.9%	3.9%			
Other fees	41.8	34.0	39.4	16.0%	-5.8%			
Total	160.8	161.7	168.9	4.5%	5.0%			
Expenses relating to financial services	-26.6	-26.5	-28.2	6.3%	6.0%			
Fee income from financial services, net	134.2	135.2	140.7	4.1%	4.9%			

#### ADMINISTRATIVE EXPENSES

Administrative expenses grew 10.1% QoQ and 5.7% YoY. The QoQ rise was mainly due to expenses related to loyalty rewards and advertising which are seasonally high in the last quarter.

The YoY rise was due to increases of 8.9% in services received from third parties and 2.2% in personnel expenses. The growth in services received from third parties was attributable to higher expenses related to loyalty rewards, advertising and technology projects. The increase in personnel expenses was due to higher variable compensation expenses.

The efficiency ratio grew from 46.9% in 3Q11 and 48.7% in 4Q10 to 46.4% in 4Q11.

Administrative Expenses								
S/. million				% chg	% chg			
	4Q 10	3Q 11	4Q 11	QoQ	YoY			
Personnel and board of directors expenses	-108.8	-109.7	-111.2	1.3%	2.2%			
Services received from third parties	-120.2	-109.8	-130.8	19.2%	8.9%			
Taxes and contributions	-5.3	-5.3	-5.6	4.5%	5.9%			
Total	-234.2	-224.9	-247.6	10.1%	5.7%			
Efficiency ratio	48.7%	46.9%	49.4%					

#### **OTHERS**

Depreciation and amortization decreased 0.3% QoQ and 18.8% YoY. The YoY decline was due to a non-recurring charge-off related to software reported in 4Q10.

Other income decreased S/. 26.0 million QoQ and S/. 1.6 million YoY. The QoQ reduction was due to a contraction in income from recoveries. Income from recoveries was unusually high in 3Q11 as a result of a S/. 26.3 million recovery from a loan write-off.

Other Incomes (Expenses)								
S/. million				% chg	% chg			
	4Q 10	3Q 11	4Q 11	QoQ	YoY			
Depreciation	-17.3	-17.3	-16.9	-1.8%	-1.9%			
Amortization	-10.4	-5.3	-5.5	4.3%	-46.7%			
Total depreciation and amortization	-27.7	-22.6	-22.5	-0.3%	-18.8%			
Income (expenses) for recoveries	19.4	47.2	18.5	-60.9%	-4.8%			
Extraordinary income (expenses)	-5.0	-3.4	3.4	n.m.	n.m.			
Provisions for contingencies and other provisions	6.7	1.7	-2.3	n.m.	n.m.			
Other Income (Expenses)	21.1	45.5	19.5	-57.0%	-7.6%			
Total	-6.5	22.9	-3.0	n.m.	-54.9%			

#### **CAPITALIZATION**

The ratio of regulatory capital to risk-weighted assets was 13.7% in 4Q11, below the 14.6% reported in 3Q11 and below the 14.4% reported in 4Q10. During 4Q11, regulatory capital remained stable while risk-weighted assets increased 6.4%.

The YoY decrease in the BIS ratio was due to a 18.4% rise in risk-weighted assets as a result of loan growth, partially offset by a 12.2% growth in regulatory capital. The increase in regulatory capital was due to the capitalization of S/. 409.2 million in earnings from the last 12 months.

As a result of the rise in capital and reserves, the cap on hybrid debt that can qualify as Tier 1 was raised, and an additional S/. 71.9 million from a US\$200 million subordinated junior bond issue was incorporated into Interbank's Tier 1 capital. As of December 31, 2011, 55.1% of this issuance was considered Tier 1 capital. The remaining 44.9% of the bond qualified as Tier II capital, and gradually will be incorporated into Tier 1 as Interbank's capital and reserves grow.

The ratio remains significantly above the regulatory minimum of 10.0% required by Peruvian banking regulations.

	Capitalization									
S/. million				% chg	% chg					
	4Q 10	3Q 11	4Q 11	QoQ	YoY					
Tier I	1,417.5	1,817.4	1,820.8	0.2%	28.5%					
Tier II	689.4	547.8	542.4	-1.0%	-21.3%					
Regulatory capital	2,106.9	2,365.2	2,363.2	-0.1%	12.2%					
Risk weighted assets	14,599.5	16,246.0	17,289.4	6.4%	18.4%					
BIS ratio	14.4%	14.6%	13.7%							
Tier I / risk weighted assets	9.7%	11.2%	10.5%							

## Interseguro

#### **SUMMARY**

#### **2011 Performance**

Interseguro's net earnings more than doubled in 2011 and reached a record S/. 187.5 million in 2011. ROE was 56.7% and ROA was 7.4%.

Profit and Loss Statement Summary						
S/. million	2010	2011	% chg			
	2010	2011	11/10			
Premiums	471.2	457.7	-2.9%			
Premiums ceded	-8.0	-8.9	11.3%			
Fees	-10.5	-13.2	26.0%			
Claims	-120.1	-130.9	9.0%			
Change in reserves	-385.8	-374.2	-3.0%			
Diverse Income, net	-3.0	-0.5	-81.9%			
Technical margin	-56.1	-70.1	24.8%			
Administrative expenses	-53.4	-59.4	11.1%			
Investment income, net*	194.1	316.9	63.3%			
Net income	84.5	187.5	121.8%			
ROE	28.0%	<b>56.7</b> %				

<sup>\*</sup> Includes exchange difference

The main driver for earnings growth was a significant increase in investment income, partially attributable to the sale of real estate investments during the last quarter of 2011. The technical margin loss increased 24.8% as a result of lower premiums and higher claims tied to annuities.

Total premiums were S/. 457.7 million, a 2.9% decrease YoY. The decline was due to a 7.2% decline in annuity premiums attributable to a 30.6% market contraction in the early retirement segment. This decline was partially offset by increasing sales across nearly every business line, except disability and survivor benefits. The business lines with the highest growth were individual life (14.9%) and non-life insurance (35.1%).

Premiums by Business Line						
S/. million	2010	2011	% chg			
	2010	2011	11/10			
Individual Life	23.8	27.3	14.9%			
Annuities	373.6	346.6	-7.2%			
Group Life	43.7	48.4	10.7%			
Disability and survivor benefits	0.5	0.4	-18.8%			
Mandatory traffic accident	21.4	23.9	11.6%			
Non Life Insurance	8.1	11.0	35.1%			
TOTAL	471.2	457.7	-2.9%			

## **4Q11 Performance**

Interseguro's net earnings reached a record level of S/. 92.2 million in 4Q11, a fivefold increase YoY and almost a three times increase QoQ. ROE grew from 21.4% in 4Q10 to 98.4% in 4Q11 while ROA increased from 3.3% to 5.1% during the same period.

Profit and Loss Statement Summary						
S/. million	4010	3Q11	4011	% chg	% chg	
	4010	3011	4011	QoQ	YoY	
Premiums	153.9	117.1	107.0	-8.6%	-30.5%	
Premiums ceded	-1.6	-2.3	-2.4	1.9%	48.2%	
Fees	-3.4	-2.9	-4.2	45.6%	25.1%	
Claims	-28.5	-33.2	-33.3	0.5%	16.7%	
Change in reserves	-135.4	-93.9	-86.7	-7.8%	-36.0%	
Diverse Income, net	-0.6	-1.0	0.2	n.m.	n.m.	
Technical margin	-15.5	-16.2	-19.4	19.4%	24.7%	
Administrative expenses	-16.0	-15.8	-16.6	5.2%	3.7%	
Investment income, net*	50.8	65.9	128.1	94.4%	152.3%	
Net income	19.2	33.9	92.2	171.8%	379.1%	
ROE	21.4%	43.5%	98.4%			

<sup>\*</sup> Includes exchange difference

The QoQ growth in earnings was attributable to a 94.4% increase in investment income which was explained by a S/. 80.0 million extraordinary gain from the sale of real estate investments which included Real Plaza malls in the cities of Huancayo, Trujillo and Lima.

The YoY growth in earnings was due to a S/. 77.3 million increase in investment income.

#### **PREMIUMS**

Premiums during 4Q11 were S/. 107.0 million, a 8.6% decrease QoQ and a 30.5% decrease YoY.

Premiums by Business Line						
S/. million	4010	2011	4011	% chg	% chg	
	4Q10 30	3Q11	4011	QoQ	YoY	
Individual Life	5.7	7.8	7.0	-10.4%	22.4%	
Annuities	128.8	88.6	78.2	-11.7%	-39.3%	
Group Life	10.4	10.9	12.7	16.8%	22.9%	
Disability and survivor benefits	0.1	0.1	0.1	0.0%	0.0%	
Mandatory traffic accident	5.6	6.8	5.8	-13.6%	3.6%	
Non Life Insurance	3.3	2.9	3.1	8.3%	-4.1%	
TOTAL	153.9	117.1	107.0	-8.6%	-30.5%	

The QoQ decrease was attributable to lower sales in annuity premiums as a result of an estimated 60% market contraction in the early retirement segment.

The YoY decrease was the result of lower sales in annuity premiums, as a result of a market contraction. This decrease was partially offset by increasing premiums in almost all of the other business lines.

## RESERVES, CLAIMS AND OPERATING EXPENSES

Change in reserves decreased 7.8% QoQ and 36.0% YoY, in line with lower annuity sales.

Change in Reserves by Business Line						
S/. million	4040	2011	4011	% chg	% chg	
	4Q10	3Q11	4Q11	QoQ	YoY	
Individual Life	2.3	0.8	2.8	241.3%	22.2%	
Annuities	133.1	92.1	83.5	-9.4%	-37.3%	
Group Life	-0.1	-0.2	0.4	n.m.	n.m.	
Mandatory traffic accident	0.0	0.6	-0.1	n.m.	n.m.	
Non Life Insurance	0.1	0.6	0.1	-89.6%	0.0%	
TOTAL	135.4	93.9	86.7	-7.8%	-36.0%	

Claims remained constant QoQ and grew 16.7% YoY. The YoY growth is explained by a S/. 3.9 million increase in claims from disability and survivor benefits and to higher pensions in line with strong annuity sales in the last year.

Claims by Business Line							
S/. million	4010	2044	4011	% chg	% chg		
	4Q10 3Q11 4Q11	4010 30	4011	QoQ	YoY		
Individual Life	0.3	0.4	-0.2	n.m.	n.m.		
Annuities	23.0	24.4	25.0	2.4%	8.5%		
Group Life	2.8	2.8	1.7	-39.1%	-39.8%		
Disability and survivor benefits	0.4	3.0	4.3	42.6%	924.2%		
Mandatory traffic accident	1.9	2.3	2.4	4.6%	27.7%		
Non Life Insurance	0.1	0.2	0.1	-47.1%	0.0%		
TOTAL	28.5	33.2	33.3	0.5%	16.7%		

As a result of the factors described above, the technical margin was S/. -19.4 million in 4Q11, compared to S/. -16.2 million in 3Q11 and S/. -15.5 million in 4Q10.

Administrative expenses grew 5.2% QoQ and 3.7% YoY. This growth was explained by consulting fees and the implementation of technology projects as well as higher personnel expenses tied to a provision for annual bonuses.

## **INVESTMENT INCOME**

Investment income doubled QoQ and nearly tripled YoY.

Investment Income, Net						
S/. million	4040	2044	4011	% chg	% chg	
	4Q10	3Q11	4011	QoQ	YoY	
Income:						
Fixed Income	38.0	43.7	38.7	-11.4%	1.8%	
Interest	22.6	30.8	34.2	11.0%	51.1%	
Realized Gains	15.4	12.9	4.5	-65.0%	-70.8%	
Equity and Mutual Funds	9.8	11.2	7.0	-37.6%	-28.6%	
Real estate	7.4	16.2	82.6	409.1%	1013.5%	
Total Income	55.3	71.1	128.3	80.4%	132.3%	
Expenses	-1.4	-1.7	-0.5	-68.3%	-61.5%	
Exchange difference and others	-3.1	-3.5	0.3	n.m.	n.m.	
Net income	50.8	65.9	128.1	94.4%	152.3%	

The QoQ and YoY increases were explained by two factors. The first was a one-time gain attributable to the sale of real estate investments which included Real Plaza malls in the cities of Trujillo, Huancayo and Lima. The second factor was an increase in interest earned on fixed income instruments resulting from volume growth.

In 4Q11 Interseguro sold a portion of its real estate portfolio in order to make further developments in existing properties.

Real estate investments					
S/. million	4Q10	3Q11	4011	% chg	% chg
			4011	QoQ	YoY
Real estate investments	433.0	477.4	419.1	-12.2%	-3.2%
Eligible real estate	334.1	378.6	388.9	2.7%	16.4%
Financed with excess of own equity	98.9	98.8	30.2	-69.5%	-69.5%

Interseguro's investment portfolio grew 3.2% QoQ and 20.8% YoY driven by strong annuity sales and the price appreciation of Interseguro's overall portfolio.

Investment Portfolio						
S/. million	4040	2044	4011	% chg	% chg	
	4Q10 3Q11 4Q11	QoQ	YoY			
Fixed Income	1,482.7	1,731.0	1,897.0	9.6%	27.9%	
Equity and Mutual Funds	238.7	286.7	296.0	3.3%	24.0%	
Real estate	459.8	538.0	443.5	-17.6%	-3.5%	
Others	4.7	4.8	4.8	0.0%	3.6%	
TOTAL	2,185.9	2,560.4	2,641.4	3.2%	20.8%	