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Operator: The following is a recording of the Peter Majeski teleconference with i-advize, scheduled for Wednesday, February 1, 2012 at 9:00 am Eastern Time. Good morning, and welcome to the Intergroup Financial Services fourth quarter 2011 conference call. All lines have been placed on mute to prevent any background noise. After the presentation, we will open the floor for questions. At that time, instructions will be given as to the procedure to follow if you would like to ask a question. It is now my pleasure to turn the call over to Peter Majeski of i-advize Corporate Communications. Sir, you may begin.

Peter Majeski: Thank you, Lindsay. Good morning, everyone. Welcome to Intergroup Financial Services fourth quarter 2011 earnings conference call on this, the first of February 2012. We are pleased to have with us from Intergroup, Mr. Jose Antonio Rosas, Intergroup's Chief Financial Officer, Mr. Enrique Espinosa, Chief Investment Officer at Interseguro, as well as Ms. Claudia Valdivia, Chief Financial Officer at Interseguro. They will be discussing Intergroup's results per the press release distributed yesterday. If you have not yet received a copy of the presentation or earnings release, please www.ifs.com.pe to download a copy, or call us in New York at 212.406.3694. It is now my pleasure to turn the call over to Mr. Jose Antonio Rosas, Intergroup's Chief Financial Officer. Mr. Rosas, you may begin.

Jose Antonio Rosas: Thank you, Pete. Good morning, everyone, and welcome to our call. We will start with a brief discussion of the highlights of Intergroup's performance. Intergroup's full year net earnings were a record S/. 696 million in 2011. That is a 39% increase compared to 2010. Both Interbank and Interseguro reported record earnings, as well, in 2011. In the fourth quarter of last year, net earnings increased 2.7% quarter on quarter, and doubled year on year. Quarter on quarter 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. Year-on-year net earnings growth was driven by strong investment income at Interseguro, and increases in exchange gains on interest and loans at Interbank. Intergroup's ROE was 36.9% in the fourth quarter of 2011, below the 39.8% reported in the third quarter, but significantly above the 20.4% reported in the fourth quarter of 2010. Interbank's net earnings rose 8.7% in 2011 and reached a record level of S/. 541 million. This was a result of significant growth in fee income, with stable gross financial margin, provisions, and administrative expense. Net earnings at Interbank were S/. 126 million in the fourth quarter of 2011, a decline of 8.7% year on year, and 22.8% quarter on quarter. This decline was due to lower non-recurring investment gains, when compared to the fourth quarter of last year, and to the third quarter of 2011. When excluding this non-recurring item, net earnings remained stable, quarter on quarter, and increased 10% year on year. The recurring net interest margin increased from 7.4% in the third quarter of 2011 to 7.7% in the fourth quarter. Asset quality remains strong, with a past due loan ratio declining from 1.6% to 1.5% quarter on quarter. Interseguro's earnings reached a record S/. 187.5 million in 2011, driven by strong investment income. In the fourth quarter of 2011, earnings almost tripled quarter on quarter, and increased by almost 5 times, year on year, mainly as a result of higher investment income.

Please turn to the following page for a discussion of the yearly earnings of Intergroup. As mentioned before, Intergroup's net earnings were S/. 695.7 million in 2011, a 39% increase compared to 2010. Higher earnings were driven by growth rates of 11% in gross financial margin, 13% in fee income, and 47% 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 a recurring ROE of 26.8% in 2010.

Please turn to page 5. There, we can see a summary of the quarterly earnings of Intergroup and its two subsidiaries. Net earnings were 206 million in the fourth quarter, a 2.7% increase, quarter on quarter, and double the earnings reported in the fourth quarter of 2010. When excluding non-recurring items, net earnings rose 2.2% quarter on quarter, and 22% year on year. In the following pages, we will go through a detailed discussion of each company's quarterly performance.

Please turn to page 6 for a discussion of Intergroup's net earnings. First, let's look at the quarter-on-quarter performance. Net earnings rose 2.7% quarter on quarter, driven by increases in investment income at Interseguro, and exchange gains at Interbank, partially offset by growth in administrative expenses and provisions, as well as a decrease in recovery from loan write-offs. Financial income rose 12.8% quarter on quarter, as a result of a 62 million growth in net investment income at Interseguro, and an increase of 41 million in exchange gains and 7 million in interest on loans at Interbank. On the other hand, investment income at Interbank decreased by S/ .31 million, due mainly to non-recurring gains reported in the third quarter of 2011. Financial expenses grew 5% quarter on quarter, due to increases of 7 million in losses from derivative products at Interbank, and expenses related to Interseguro's real estate investments. Provision expenses grew 23%, due to strong loan growth, particularly in the commercial loan portfolio, which led to an increase of S/. 17 million in generic and pro-cyclical provisions. Fee income grew 7.7% quarter on quarter, mainly as a result of higher fees and insurance commissions from mortgage disbursements, partially offset by a decrease fees from corporate finance. Interseguro's loss from insurance underwriting rose 43%, as a result of a 9% decrease in premiums, partially offset by an 8% decline in reserves. The decrease in premiums was driven by a decline in annuity sales, which was explained by a market contraction. Administrative expenses rose 13.5% quarter on quarter, due mainly to seasonally higher advertising and loyalty rewards activity at Interbank.

Now, let's look at the year-on-year performance of Intergroup. Net earnings doubled year on year, driven by an increase of 25% in gross financial margin. Financial income rose 23%, due to strong investment income at Interseguro and increases of 90% in exchange gains and 6% in interest on loans at Interbank. Financial expenses grew 26%, driven primarily by increasing volumes and partially by higher fee income. Provision expenses increased 10%, mainly due to strong growth in the retail loan portfolio. Fee income grew 6.6% year on year, driven mainly by a 13.2% increase in fees from credit and debit cards, partially offset by a decrease in fees from corporate finance. Interseguro's loss from insurance underwriting rose 60%, 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. Administrative expenses grew 2.6% year on year, a lower growth rate than inflation, which was 4.7% for the full year. Intergroup's effective tax rate decreased from 32% in the fourth quarter of 2010 to 19% in the fourth quarter of 2011, as a result of a higher contribution to net earnings from Interseguro, whose investment income is tax exempt.

Please turn to page 8 for a discussion of Interbank's performance. Interbank's net earnings were S/. 126.3 million in the fourth quarter of 2011, a 22.8% decrease quarter on quarter, and an 8.7% decrease year on year. This reduction in net earnings quarter on quarter was due to a 38 million after tax non-recurring gain reported in the third quarter of 2011. Excluding these gain, net earnings would have remained stable, quarter on quarter, as a 9.6% growth in the financial margin was offset by increases of 23% in provisions and 10% in administrative expenses. The year-on-year decrease in net earnings was due to S/. 29 million in after-tax, non-recurring gains reported in the fourth quarter of 2010. Excluding non-recurring items, net earnings would have grown 10% year on year, due to increases of 10.6% in gross financial margin, and 4.9% in fee income, which were partially offset by growth rates of 10% in provisions and 5.7% in administrative expense. The annualized ROE was 27.1% in the fourth quarter of 2011, below the 39% reported in the third quarter of 2011 and the 34% ROE reported in the fourth quarter of 2010.

Please turn to the following page for a discussion of Interbank's loan growth. We saw very strong loan growth in the fourth quarter. Performing loans increased 7.7% quarter on quarter, the highest quarterly growth rate in the last two years. This was driven mainly by commercial loans, which grew 8.8% quarter on quarter, as a result of successful commercial efforts at Interbank in a strong demand environment, particularly among medium-size businesses. This increase drove our market share in commercial loans to rise from 8% in the third quarter to 8.4% in the fourth quarter. Retail loans also saw a very strong growth rate at 6.7% quarter on quarter, mainly due to increases of 5.1% in mortgages, 8.6% in credit cards, and 6.5% in other consumer loans, as consumer demand remains strong in debt. We remain the leading issuer of credit card financing in Peru, with a 21.1% market share, and our market share in mortgage loans continues to steadily rise. Other consumer loans increased at the highest quarterly growth rate in three years, as a result of the acquisition in December of a payroll loan portfolio totaling S/. 100 million. Performing loans grew 16.9% year on year. Retail loans grew 20.8%, mainly due to growth rates of 29% in mortgages and 24.5% in credit cards. Commercial loans increased 13.2% year on year, and would have grown 20% if the Interbank had not decided to withdraw from a 433 million loan to fund an infrastructure project in the third quarter of 2011.

Please turn to the following page. Deposits increased 7.7% quarter on quarter, 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 the fourth quarter of 2011, the proportion of deposits within the Bank's funding structure continued to increase from 70.2% in the fourth quarter of 2010 to the 75.4% in the fourth quarter of 2011. Bonds declined 4.1% quarter on quarter, mainly as a result of a 2.8% appreciation in the nuevo sol, which caused a decrease in the value of bonds issued in U.S. dollars, which comprise almost 90% of our total bonds outstanding. Deposits grew 9.6% year on year, due to increases of 15% in retail deposits, and 16.5% in commercial deposits, which was offset by a 6.4% decline in institutional deposits. As a result of this decline in institutional deposits, the Bank's funding base is comprised of lower cost, more stable transactional deposits than in the year before.

Please turn to page 11, where we have a detailed discussion of our gross financial margin. First, let's look at our quarter-on-quarter performance. Gross financial margin grew 3.6% quarter on quarter, as a result of a 3.2% increase in financial income, partially offset by 2.1% rise in financial expenses. Financial income rose, due to higher exchange gains and interest on loans, and was partially offset by a decrease in investment income. Exchange gains grew S/.41 million, due to increases of S/.19 million in income from trading operations with clients, and S/.16 million in gains of Interbank's own exchange position. Interest on loans increased 1.6% quarter on quarter, due to 4% growth in the average volume of the loan portfolio, and partially offset by a 30 basis point decrease in the average yield, from 13.2% in the third quarter of 2011 to 12.9% in the fourth quarter. Commercial loan portfolio yields continue to decrease, as a result of continued competitive pressures on rates. Retail loan portfolio yields declined in credit cards and in other consumer loans. The lower rate in credit cards was due to an increase in the proportion of lower yielding, premium segment clients within our credit card portfolio. Investment income decreased S/.31 million, as a result of two factors. The first factor was S/.21 million in non-recurring income reported in the third quarter of 2011, and not repeated in the fourth quarter. The second factor was lower interest income as a result of the sale of fixed income instruments during the previous two quarters. The return on interest earning assets was 10.4% in the fourth quarter, below 11% reported in the third quarter, due mainly to declines in the average yields of loans and investments. Financial expenses increased 2.1% quarter on quarter, as a result of an

88% growth rate in other financial expenses, partially offset by increases of 10.7% in interest on bonds and 2% in interest on deposits. The rise in other financial expenses was due to a 7 million increase in losses from the 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 .8% increase in volume. The average cost of institutional deposits decreased 20 basis points during the quarter, while the average cost of retail and commercial deposits remained stable. The decrease in interest on bonds was due to declines of 1.8% in the average volume, and a 60 basis point decline in the average costs. The reduction in the average cost was due to the maturity of $5 million in subordinated bonds in the fourth quarter of 2011, which had a higher than average cost. The average cost of funding decreased 10 basis points, from 2.7% in the third quarter to 2.6% in the fourth quarter, due mainly to a lower average cost on deposits and bonds.

Now, let's look at the year-on-year performance of our gross financial margin. The margin rose .7% year on year, 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/. 31 million in exchange gains and S/. 24 million in interest on loans, partially offset by declines of S/. 35 million in investment income and S/. 8 million in interest on cash. Growth in exchange gains was due to increases of S/. 20 million in income from trading activity with clients and S/. 12 million in gains on Interbank's exchange position. The increase in interest on loans was attributable to an increase 16% in the average volume of the loan portfolio, partially offset by a 120 basis point decrease in the average yield, from 14.1% in the fourth quarter of 2010, to 12.9% in the fourth quarter of 2011. Higher average volume was driven by increases 20.3% in retail loans and 12.5% in commercial loans. The yield on the retail portfolio increased 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 2010 to 33.6% in 2011. Investment income decreased as a result of a 24 million non-recurring investment gain reported in the fourth quarter of 2010 and not repeated in the last quarter. Financial expenses grew S/. 9 million year on year, mainly due to increases of S/. 13 million in other financial expenses and S/. 8 million in interest on deposits, and partially offset by declines of S/. 8 million in interest on due to banks, and S/. 4 million in interest on bonds. The increase in other financial expenses was attributable to S/. 12 million increase in losses from interest rate swaps, part of the management of our 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 Central Bank reference rate. This increase in the cost of institutional deposits was offset by a higher proportion of lower cost retail and corporate transactional deposits in our funding mix. Lower interest on due-to banks was a 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-terms lines of credit, and 13.6% in local funding. Short-term lines were replaced by local deposits with lower costs and lower reserve requirements. The increase in interest on bonds was due to a 27.9% growth in the average volume, as a result of a $400 million senior bond issue completed in October 2010. The average cost of funding decreased 20 basis points year on year, from 2.8% in the fourth quarter of 2010 to 2.6% in the fourth quarter of 2011, due to an increased proportion of core deposits in the funding mix and decline in the cost of funds.

Now, please turn to page 12, where we will have a chart showing the evolution of our net interest income. Recurring net interest margins, was 7.7% in the fourth quarter of 2011, above the 7.4% reported in the third quarter, and 7.6% reported in the fourth quarter of last year. After steadily declining for six consecutive quarters, between the first quarter of 2010 and second quarter of 2011, recurring net interest margin have increased during the last two quarters, mainly as a result of lower cost of funds.

Please turn to page 13. Provision expenses increased S/.23 million quarter on quarter, as a result of strong growth in the loan portfolio and unusually low provision expenses in the commercial portfolio in the third quarter of 2011. The commercial loan portfolio grew by S/. 573 million quarter on quarter. This resulted in a S/. 17 million increase in generic and procyclical provisions which resulted in another provision which must be registered at the time of disbursement of new loans. So anytime we have significant growth, we need to increase our generic and pro-cyclical provisions. Provision expenses in the third quarter, on the other hand, have been particularly low as a result of the withdrawal of the $400 million loan to finance fund an infrastructure project, which was mentioned before, and this withdrawal resulted in the reversal of generic provisions during that quarter. Provision expenses related to the retail loan portfolio grew 7.2% quarter on quarter, in line with retail loan growth of 6.7%. Provision expenses increased 10% year on year, significantly below the 17% growth rate of the loan portfolio. The ratio of provision expense to average loans was 3.5% in the fourth quarter of 2011, above 3% in the third quarter and below 3.7% in the fourth quarter of 2010. The ratio of past due loans to total loans decreased from 1.6% to 1.5%, while the coverage ratio increased from 263% to 274% between the first and the fourth quarter.

Please turn to the following page. Fee income grew 4.1% quarter on quarter, and 4.9% year on year, due to increases in fees from credit and debit cards, mortgage disbursements and higher income from insurance commissions, partially offset by a decrease in fees from corporate finance. Administrative expenses grew 10.1% quarter on quarter and 5.7% year on year. The quarter-on-quarter rise was mainly due to expenses related to loyalty rewards and advertising, which are typically high in the last quarter. The year-on-year rise was due to higher expenses related to loyalty rewards, advertising and technology projects and variable compensation. The efficiency ratio grew from 46.9% in the third quarter to 49.4% in the fourth quarter, as a result of the seasonal increase in expenses.

On page 15, we have a chart showing the evolution of our capital rates. The ratio of regulatory capital to risk weighted assets was 13.7% in the fourth quarter of 2011, below the 14.6% reported in the third quarter. During the fourth quarter of 2011, regulatory capital remained stable, while risk weighted assets increased 6.4%, mainly as a result of significant loan growth. This ratio remains significantly above the regulatory minimum of 10% required by the Peruvian banking regulations. This completes the discussion of Interbank's performance. Now, Claudia will discuss Interseguro's performance.

Claudia Valdivia: Thank you, Jose Antonio. Please to page 17 of the presentation. The page will show a summary of Interseguro's P&L performance, where we can see a 30.5% decrease in premiums year over year, and 8.6% quarter over quarter, driven mainly by annuity premiums due to a market contraction in the early retirement segment. This decrease in premiums also explains the higher technical margin loss, year over year and quarter over quarter. Administrative expenses grew 5.2% quarter over quarter and 3.7% year over year, driven by a decrease in personnel expenses attributable to a provision made for personal bonuses, as well as higher consulting fees, due to the presentation of technology projects. Investment income significantly increased year over year and quarter over quarter. The increase was a result of S/. 80 million extraordinary gain from the sale of real estate investments, which included Real Plaza malls in the cities of Huancyao, Trujillo, and Lima. As a result of the factors explained, Interseguro's net income reached a record of S/. 92.2 million in fourth quarter of 2011, a fivefold increase year over year and almost a three times increase quarter over quarter. On a yearly basis, Interseguro's net income was also a record of S/. 187.5 million, more than double 2010's earnings.

Please turn to the next page of the presentation. The table shows in detail the performance of Interseguro's premiums. Premiums decreased year over year and quarter over quarter, mainly explained by a strong decrease in annuity premiums, due to an estimated 2% market contraction in the early retirement segment. This decrease was offset by an increase in sales across nearly every Interseguro business line. The business lines with the highest growth were in individual life and group life insurance. As of December 31, 2011, Interseguro is a leading annuity provider, with an estimated 24.8% market share.

Finally, on page 19, there are some details on Interseguro's investment portfolio and investment income. Interseguro's investment income was a record of S/. 128.1 million in the fourth quarter of 2011, a 94.4% increase quarter over quarter and 152.3% year over year. Both the quarter-over-quarter and the year-over-year increases are related to an extraordinary gain, attributable to the sale of real estate investments, which included which included Real Plaza malls in the cities of Huancyao, Trujillo, and Lima. The sale of these investments will allow Interseguro to make further developments in existing properties, which represent more than S/. 100 million of its investment portfolio. Interseguro's investment portfolio increased 3.2% quarter over quarter and 20.8% year over year, totaling S/.2,641 million. This increase is tied to annuity sales, as well as a price appreciation of Interseguro's overall portfolio.

Jose Antonio Rosas: This completes our discussion of Intergroup's performance. Now, we are open for the question and answer session.

Operator: Thank you, sir. At this time, we will open the floor for questions. If you would like to ask a question, please press the star key, followed by the one key on your telephone keypad now. Questions will be taken in the order in which they are received. If at any time you would like to remove yourself from the questioning queue, press star two. Again, that is star one to ask a question. Our first question comes from Felipe Urcos with Pactual.

Filipe Urcos: Good morning, gentlemen. Thanks for taking my question. I guess it's a few questions, actually. The first one is on the yield on loans. The yield on loans came down a bit; I think it was 30 bps over the quarter. Can you comment on this, and maybe tell us if you see continuing pressures, going forward?

Jose Antonio Rosas: Good morning, Filipe. In this, we saw a decline of 30 basis points in the average yield. This has to do with two factors as explained during the call. First, on the commercial loan portfolio, we saw continued competitive pressures on rates. Also, we had the withdrawal from the infrastructure loan project in the third quarter of the year, and that loan project had a significantly higher rate than the average loan yield in our commercial portfolio. So, when we foresee that the market will continue to remain competitive, we do not foresee that rates will continue to decline as the way they did in 2011. On the retail loan portfolio, what we are seeing is a decline in credit card yield, mainly because of a higher proportion of premium clients than were paying our credit card portfolio. We do not foresee any more significant increases in the proportion of those clients, so as a result of that, yields in credit cards should remain more stable in 2012 than they were in 2011.

Filipe Urcos: Got it, great. Thanks. And I guess another short question, there has been somewhat of a deceleration in premium growth, talking about insurance. You guys commented a little on that on the market contraction in early retirement. Maybe you could give us a little more detail on it, and what you expect, going forward for the annuities line?

Claudia Valdivia: Sure, thank you, Filipe. The decrease in premiums for the early retirement segment is explained by two main reasons. First, there was a delay from the new government issuing Bonos de Reconocimiento a requirement in order to retire. This delay, we do expect that it will be resolved early this year. Second, and also a lower number of affiliates to the private pension system are willing to early retire, because they don't fulfill all the requirements to apply. Remember that they have to be unemployed for at least 12 months in order to apply for this new law. What do we expect for this year? This is the last year of the early retirement law. It will be ending by December 31 of this year, so we do expect a contraction this year as well, not as strong as it was in 2011, but we also expect a strong growth in the ordinary segment, basically because the number of affiliates to the private pension system is growing, and also the funds that these affiliates have are higher, so we do expect that overall, on a total basis, annuities will be strong, and will be growing this year.

Filipe Urcos: Ok. Great. And if I can ask you a last one; can you guys give us an outlook on what you think growth on fees will be going forward, and the gross of the distribution network as well?

Jose Antonio Rosas: Yes. Sure. Growth on fees should continue for a full year, at rates similar than those we saw in 2011. That is, somewhere in the vicinity of 10%. That's below volume growth, and that's what we have been experiencing the last couple of years. In terms of the distribution network, we did expand our distribution network significantly in 2011, and we do have a slightly more aggressive plan in 2012. Currently, we have 242 branches, and we expect to expand to about 270 by the end of this year.

Filipe Urcos: Ok. Great. Thanks a lot. Appreciate your help and taking the questions.

Jose Antonio Rosas: Thank you.

Operator: Again, ladies and gentlemen, if you would like to ask a question, please press star one on your telephone keypad now. Our next question comes from Luis Guzman with Santander.

Luis Guzman: Hello. Good morning. Could you give us some guidance on volume growth, margins and maybe bottom line for 2012?

Jose Antonio Rosas: Good morning, Luis. We can say, very generically, that we expect growth in our loan volumes to continue in 2012 at levels similar to those of the previous year, but we cannot provide any specific guidance or specific numbers either on the bottom line or our top line.

Luis Guzman: Ok. Maybe a little bit more color on the where deposits should be this year, retail or corporate?

Jose Antonio Rosas: We expect the growth to continue in both in corporate and in the retail. Retail, we continue to see consumer demand in Peru remaining very strong, even though GDP is growing at a slightly lower rate than it was growing at the start of last year, but this is mainly driven by public and private investments. Consumer demand continues to grow at rates between 4 and 5%, so that will continue to drive our credit card business. Mortgages will continue to grow, as well. We see continuing strong demand for new housing in Peru that has not stopped, so we expect mortgages to continue growing at very strong rates. I will say that the commercial loan book will see very strong demand, and on the mid side corporate segment, and that should continue, as well.

Luis Guzman: Ok. Thank you very much.

Jose Antonio Rosas: Thank you.

Operator: I am showing no further questions, so I will hand the conference call over to Mr. Rosas for closing comments.

Jose Antonio Rosas: Thank you, everyone, for participating in our conference call. We will see you in the first quarter of 2012 conference call in early May. Thank you very much. Goodbye.

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