



## Second Quarter 2010 Earnings Presentation

 **Intergroup**  
Financial Services

# Intergroup Financial Services

# Highlights

## Intergroup:

- Intergroup's recurring earnings increased 4.6% YoY. However, when including non-recurring investment gains in 2Q09, net earnings decreased 3.6% YoY
- Earnings fell 11.2% QoQ, mainly as a result of lower income at Interbank

## Interbank:

- Recurring earnings increased 11.8% YoY, driven by growth in interest on loans and lower deposit costs
- Net earnings decreased 11.3% QoQ due to higher funding costs, provisions and administrative expenses
- Demand for credit increased after a slow first quarter, leading total loans to grow 6.8% QoQ
- Interest on loans and return on investment continued to grow. However, NIM declined 20 bps QoQ, as a US\$200 Tier 1 bond issue led to a 12.1% increase in financial expenses
- Asset quality remained strong, but the ratio of provision expenses to average loans grew from 3.2% of in 1Q10 to 3.7% in 2Q10
- Interbank's BIS capital ratio rose from 12.8% in 1Q10 to 16.0% 2Q10

## Interseguro:

- Earnings rose 3.3% QoQ, due to 22.7% growth in investment income
- Net income declined 18.2% YoY, due to increases in claims, administrative expenses and reserves related to strong annuity sales
- Annuity sales grew 34.6% QoQ, driven by Interseguro's strong presence in the rapidly expanding early retirement segment

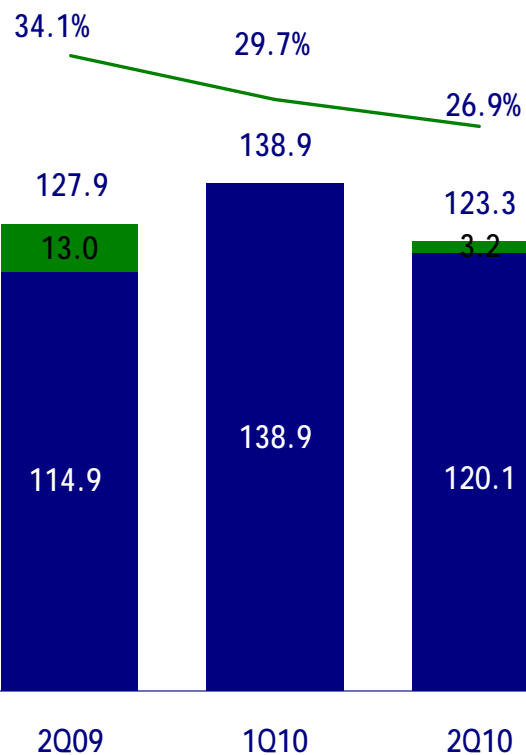
# Intergroup's recurring earnings increased 4.6% YoY, but declined 11.2% QoQ

## Intergroup

Net income\*

S/. million

ROE

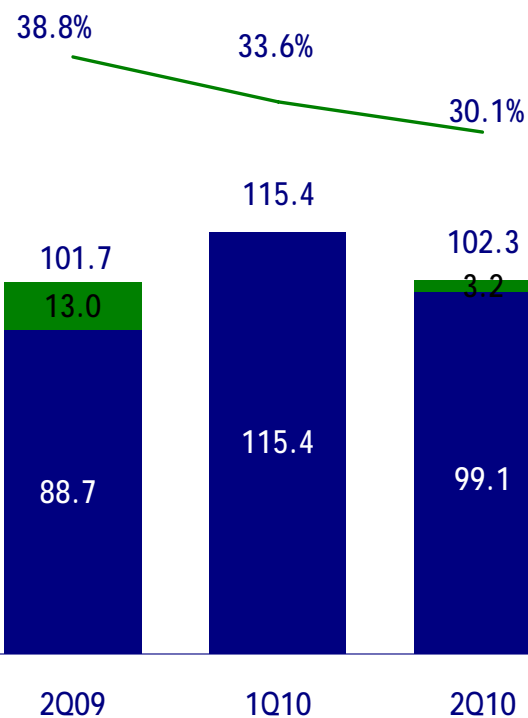


## Interbank

Net income

S/. million

ROE

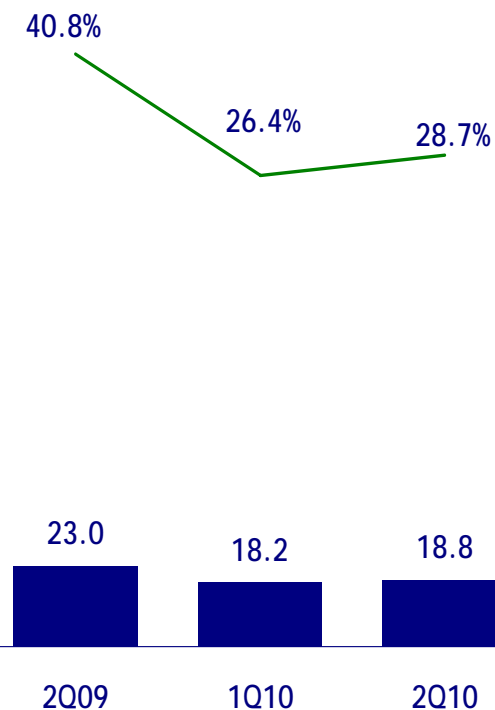


## Interseguro

Net income

S/. million

ROE



\*Attributable to IFS shareholders

■ Recurring ■ Non-recurring



# Net income

## Intergroup's Profit and Loss Statement Summary

S/. million	2009	1Q09	2Q10	%chg QoQ	%chg YoY
Financial income	501.7	504.5	528.0	4.7%	5.2%
Financial expenses	-95.8	-92.1	-105.9	15.0%	10.6%
<b>Gross financial margin</b>	<b>405.9</b>	<b>412.3</b>	<b>422.1</b>	<b>2.4%</b>	<b>4.0%</b>
Provisions	-97.2	-78.9	-96.6	22.5%	-0.5%
<b>Net financial margin</b>	<b>308.8</b>	<b>333.5</b>	<b>325.4</b>	<b>-2.4%</b>	<b>5.4%</b>
Fee income from financial services, net	87.3	97.2	103.6	6.5%	18.7%
Result from insurance underwriting, net	-9.2	-4.9	-10.5	114.0%	14.7%
Administrative expenses	-206.1	-217.1	-236.7	9.1%	14.8%
<b>Net operating margin</b>	<b>180.7</b>	<b>208.7</b>	<b>181.7</b>	<b>-12.9%</b>	<b>0.6%</b>
Depreciation and amortization	-18.2	-25.4	-24.5	-3.6%	34.8%
Other income (expenses)	5.7	16.6	14.7	-11.7%	159.1%
<b>Income before tax and profit sharing</b>	<b>168.2</b>	<b>199.9</b>	<b>171.9</b>	<b>-14.0%</b>	<b>2.2%</b>
Income tax and profit sharing	-39.6	-60.3	-47.9	-20.5%	21.1%
<b>Net income</b>	<b>128.7</b>	<b>139.6</b>	<b>124.0</b>	<b>-11.2%</b>	<b>-3.6%</b>
<b>Attributable to IFS shareholders</b>	<b>127.9</b>	<b>138.9</b>	<b>123.3</b>	<b>-11.2%</b>	<b>-3.6%</b>
EPS	1.37	1.48	1.32		
ROE	34.1%	29.7%	26.9%		

# Interbank

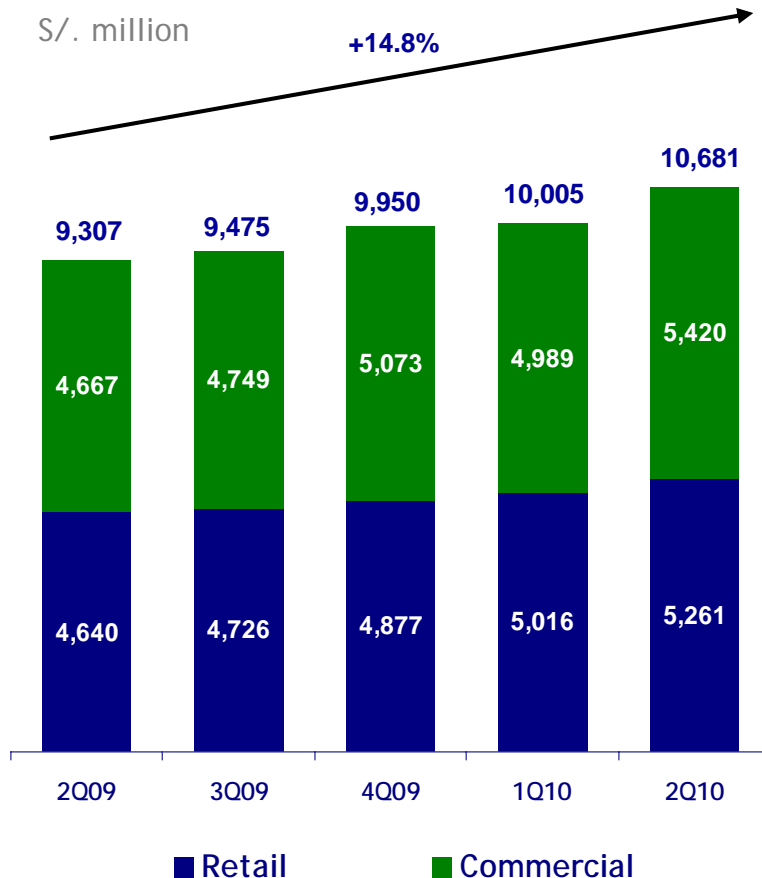
# Interbank's recurring net income increased 4.6% YoY but decreased 11.3% QoQ

## Profit and Loss Statement Summary

S/. million	2Q 09	1Q 10	2Q 10	% chg QoQ	% chg YoY
Financial income	474.5	455.6	470.7	3.3%	-0.8%
Financial expenses	-114.0	-89.0	-99.8	12.1%	-12.5%
<b>Gross financial margin</b>	<b>360.5</b>	<b>366.5</b>	<b>370.9</b>	<b>1.2%</b>	<b>2.9%</b>
Provisions	-97.5	-78.9	-96.6	22.5%	-0.8%
<b>Net financial margin</b>	<b>263.1</b>	<b>287.6</b>	<b>274.3</b>	<b>-4.6%</b>	<b>4.3%</b>
Fee income from financial services, net	98.6	111.6	118.6	6.3%	20.3%
Administrative expenses	-200.4	-208.8	-227.5	8.9%	13.5%
<b>Net operating margin</b>	<b>161.2</b>	<b>190.4</b>	<b>165.4</b>	<b>-13.1%</b>	<b>2.6%</b>
Depreciation and amortization	-17.3	-23.1	-22.1	-4.3%	27.5%
Other income (expenses)	-5.6	6.7	5.9	-12.3%	n.m.
<b>Income before tax and profit sharing</b>	<b>138.3</b>	<b>174.0</b>	<b>149.2</b>	<b>-14.3%</b>	<b>7.9%</b>
Expenses tax and profit sharing	-36.6	-58.6	-46.9	-20.0%	28.2%
<b>Net income</b>	<b>101.7</b>	<b>115.4</b>	<b>102.3</b>	<b>-11.3%</b>	<b>0.6%</b>
<b>ROE</b>	<b>38.8%</b>	<b>33.6%</b>	<b>30.1%</b>		

# Loan growth resumed, driven by Peru's strong economic momentum

## Performing loans



## Breakdown of loans

S/. million	2Q 09	1Q 10	2Q 10	% chg QoQ	% chg YoY
<b>Consumer loans:</b>					
Credit cards	1,455	1,495	1,550	3.6%	6.5%
Other consumer	1,959	2,132	2,204	3.4%	12.5%
<b>Total consumer loans</b>	<b>3,414</b>	<b>3,628</b>	<b>3,753</b>	<b>3.5%</b>	<b>9.9%</b>
Mortgages	1,226	1,389	1,507	8.6%	22.9%
<b>Total retail loans</b>	<b>4,640</b>	<b>5,016</b>	<b>5,261</b>	<b>4.9%</b>	<b>13.4%</b>
<b>Total commercial</b>	<b>4,667</b>	<b>4,989</b>	<b>5,420</b>	<b>8.7%</b>	<b>16.1%</b>
<b>Total loans</b>	<b>9,307</b>	<b>10,005</b>	<b>10,681</b>	<b>6.8%</b>	<b>14.8%</b>

## Market share in loans

S/. million	2Q 09	1Q 10	2Q 10	% chg QoQ	% chg YoY
<b>Consumer loans:</b>					
Credit cards	20.9%	20.9%	20.5%	-0.4%	-0.4%
Other consumer	21.5%	22.4%	22.5%	0.1%	1.0%
<b>Total consumer loans</b>	<b>21.2%</b>	<b>21.7%</b>	<b>21.6%</b>	<b>-0.1%</b>	<b>0.3%</b>
Mortgages	10.5%	10.8%	11.1%	0.3%	0.6%
<b>Total retail loans</b>	<b>17.3%</b>	<b>17.5%</b>	<b>17.5%</b>	<b>0.0%</b>	<b>0.2%</b>
<b>Total commercial</b>	<b>7.7%</b>	<b>8.0%</b>	<b>8.1%</b>	<b>0.1%</b>	<b>0.4%</b>
<b>Total loans</b>	<b>10.6%</b>	<b>11.0%</b>	<b>11.1%</b>	<b>0.1%</b>	<b>0.5%</b>

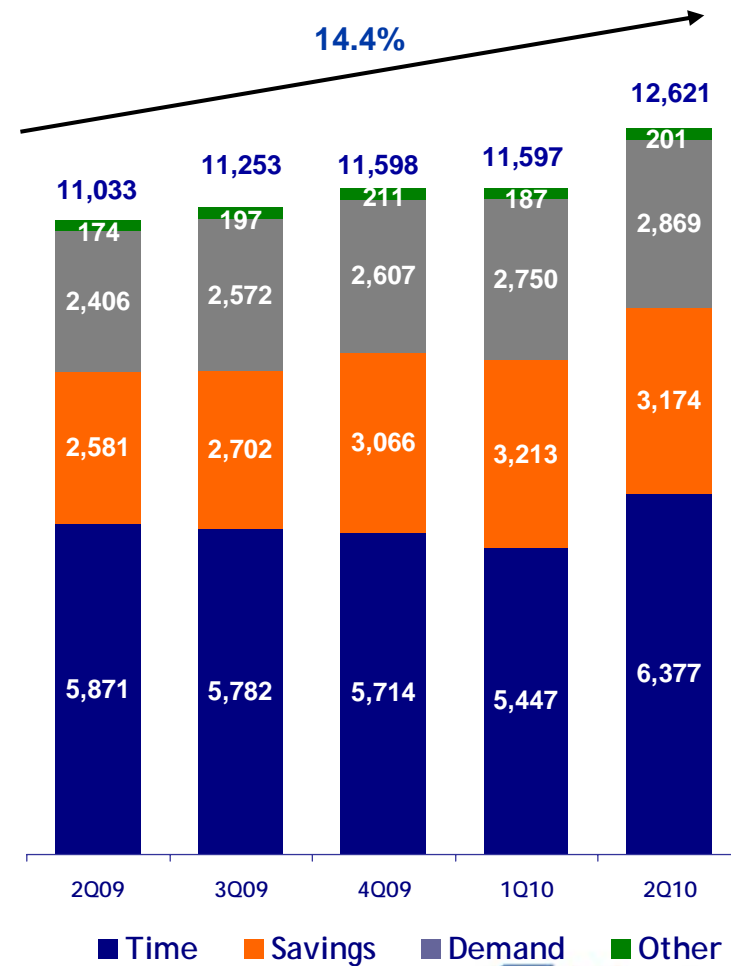


# Deposits and bonds increased to fund loan growth

## Funding Structure

Funding Structure					
S/. million	2Q 09	1Q 10	2Q 10	% chg QoQ	% chg YoY
Deposits and obligations	11,033	11,597	12,621	8.8%	14.4%
Due to banks	1,727	2,185	2,059	-5.8%	19.2%
Bonds and obligations	470	500	1,074	114.6%	128.5%
Interbank funds	170	36	24	-32.4%	-85.9%
<b>Total</b>	<b>13,400</b>	<b>14,318</b>	<b>15,777</b>	<b>10.2%</b>	<b>17.7%</b>
AUM (Interfondos)	1,513	2,475	2,344	-5.3%	54.9%

## Deposit Breakdown



## Market Share in Deposits

S/. million	2Q 09	1Q 10	2Q 10	% chg QoQ	% chg YoY
Retail Deposits	12.2%	12.0%	12.1%	0.1%	-0.1%
Commercial Deposits	9.8%	10.8%	12.0%	1.2%	2.3%
<b>Total deposits</b>	<b>10.7%</b>	<b>11.3%</b>	<b>12.1%</b>	<b>0.8%</b>	<b>1.4%</b>

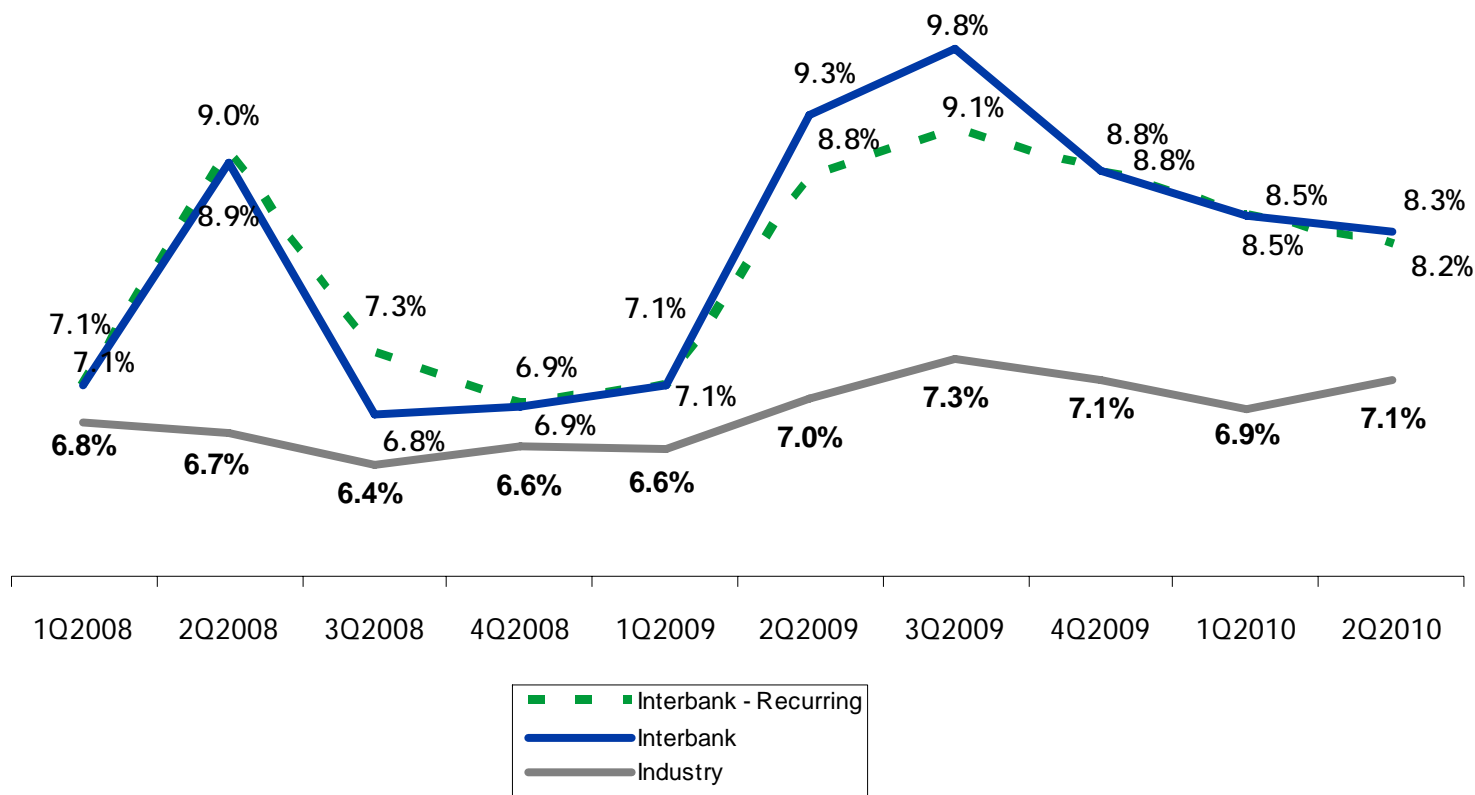
# Gross financial margin increased 1.2% QoQ and 2.9% YoY

## Interbank's Gross Financial Margin

S/. million	2Q 09	1Q 10	2Q 10	% chg QoQ	% chg YoY
<b>Financial income:</b>					
Loans	362.9	374.7	382.9	2.2%	5.5%
Investment income	75.3	34.5	41.5	20.3%	-44.8%
Interest on due from banks and interbank funds	2.4	0.8	1.2	47.2%	-50.4%
Exchange and derivatives gains and others	33.9	45.5	45.0	-1.0%	33.0%
<b>Total financial income</b>	<b>474.5</b>	<b>455.6</b>	<b>470.7</b>	<b>3.3%</b>	<b>-0.8%</b>
<b>Financial expenses:</b>					
Deposits	81.7	35.0	34.5	-1.4%	-57.8%
Due to banks	23.6	31.9	34.7	8.6%	46.7%
Bonds	7.0	7.7	16.9	119.2%	140.2%
Others	1.6	14.4	13.7	-5.0%	n.m.
<b>Total financial expenses</b>	<b>114.0</b>	<b>89.0</b>	<b>99.8</b>	<b>12.1%</b>	<b>-12.5%</b>
<b>Gross Financial Margin</b>	<b>360.5</b>	<b>366.5</b>	<b>370.9</b>	<b>1.2%</b>	<b>2.9%</b>

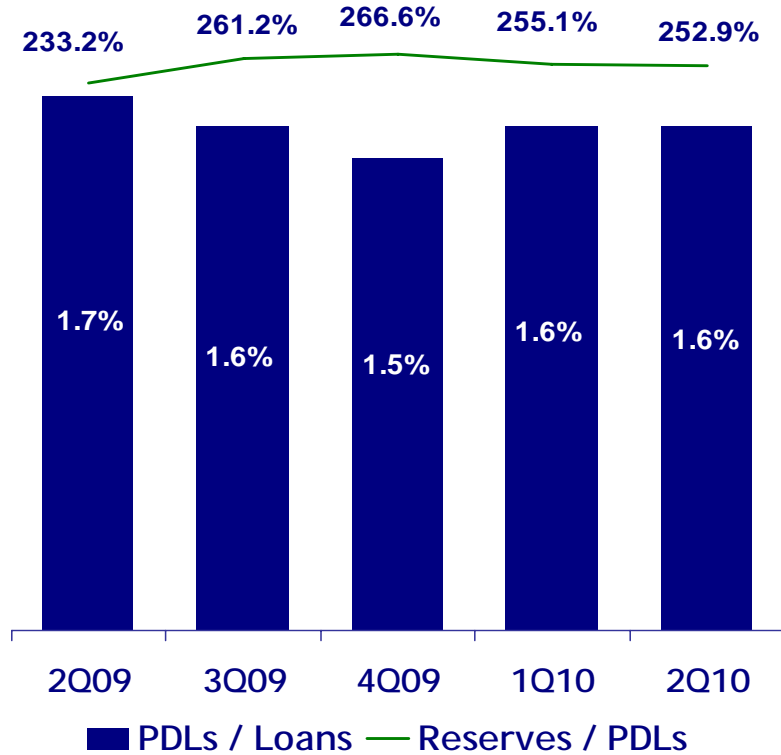
# NIM remains significantly above the industry's average and slightly below recurring NIM

## Net Interest Margin (%)

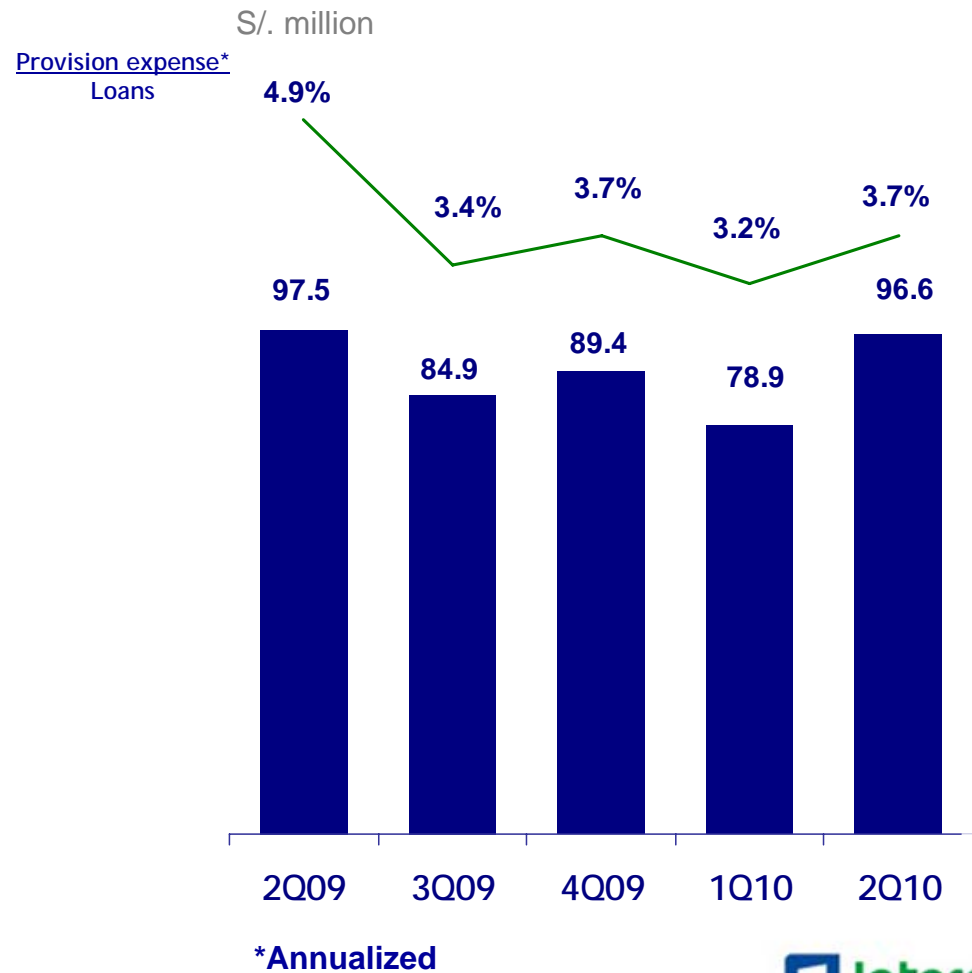


# Asset quality and coverage remain strong, but provisions increased 22.5% QoQ

## PDL & Coverage Ratios



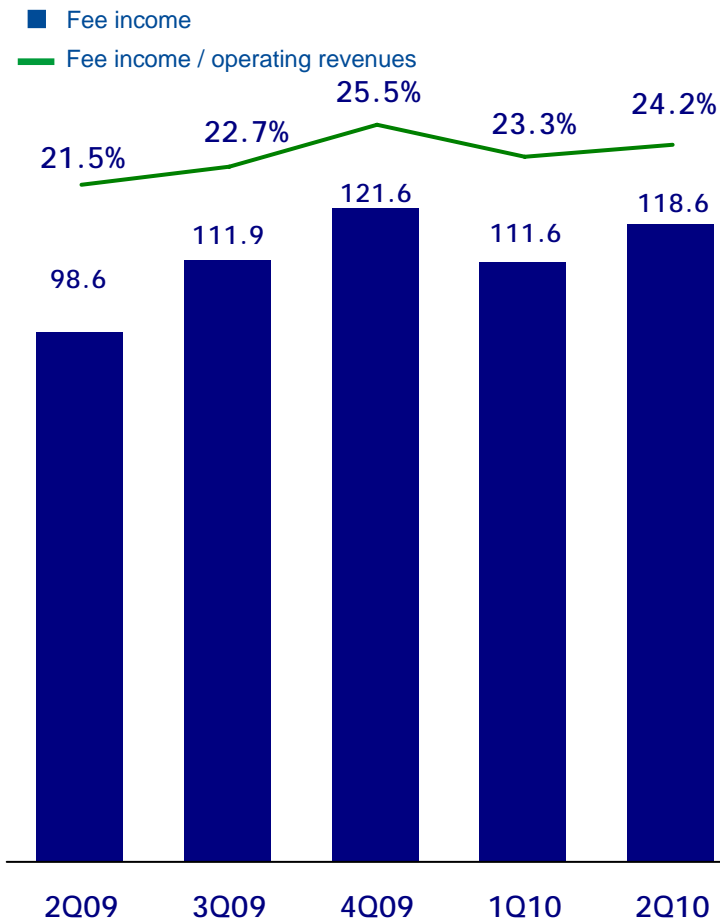
## Loan Provision Expense



# The efficiency ratio rose to 51% as a result of a 7.6% QoQ increase in expenses

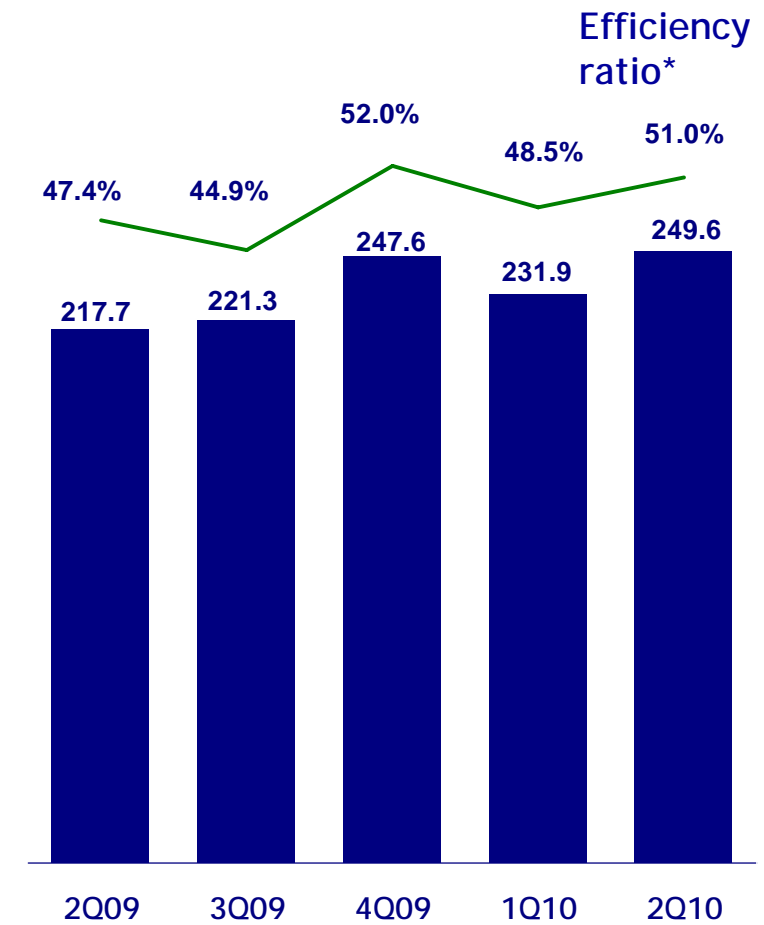
## Fee income

S/. million



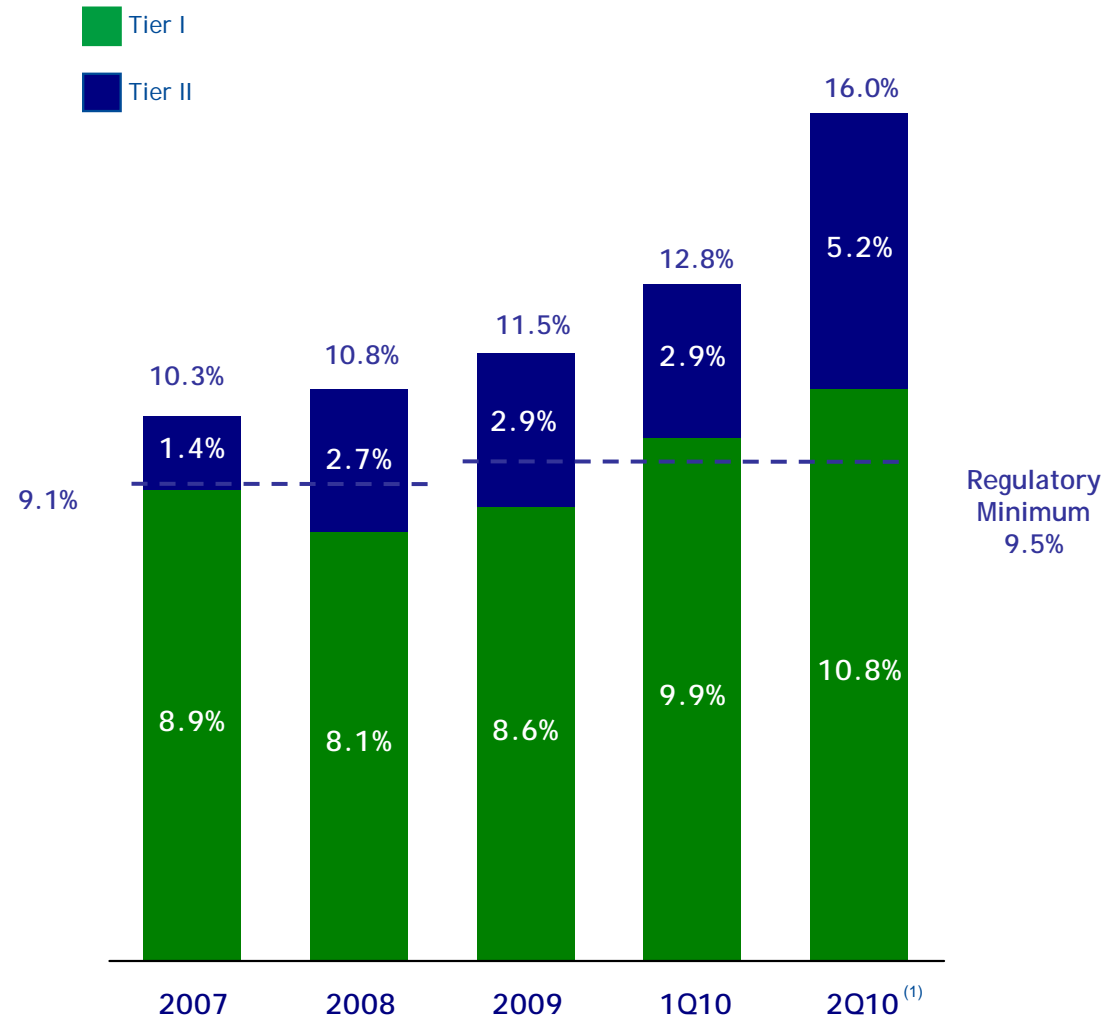
## Operating expenses

S/. million



\*Cost / Income

# A Tier I bond issue has significantly strengthened Interbank's capitalization



(1) On April 2010 Interbank issued US\$200 million in non-cumulative junior subordinated notes which are considered as Tier I and II capital. Under Peruvian regulation junior subordinated notes that receive Tier 1 capital treatment are capped at 17.65% of capital and reserves. As of June 30, 2010 only 40% of the notes qualified as Tier 1 and the remaining 60% qualified as Tier II.

# Interseguro

# Interseguro's net income rose 3.3% QoQ, but declined 18.2% YoY

## Profit and Loss Statement Summary

S/. million	2Q09	1Q10	2Q10	% chg QoQ	% chg YoY
Premiums	66.3	64.0	74.6	16.7%	12.5%
Premiums ceded	-1.9	-2.5	-1.7	-31.6%	-9.0%
Fees	-2.0	-2.4	-2.4	1.0%	21.1%
Claims	-28.0	-29.7	-31.7	6.6%	13.1%
Change in reserves	-45.6	-35.3	-50.9	44.2%	11.5%
Other income	0.3	-0.9	-0.4	-59.1%	n.m.
<b>Technical margin</b>	<b>-10.8</b>	<b>-6.8</b>	<b>-12.4</b>	<b>81.5%</b>	<b>14.7%</b>
Administrative expenses	-9.0	-10.8	-12.8	18.0%	41.8%
Investment income, net*	42.8	35.9	44.0	22.7%	2.8%
<b>Net income</b>	<b>23.0</b>	<b>18.2</b>	<b>18.8</b>	<b>3.3%</b>	<b>-18.2%</b>
<b>ROE</b>	<b>40.8%</b>	<b>26.4%</b>	<b>28.7%</b>		

\*Includes exchange rate difference



# Premiums increased 16.7% QoQ and 12.5% YoY, driven by higher annuity sales

## Premiums by Business Line

S/. million	2Q09	1Q10	2Q10	% chg QoQ	% chg YoY
Individual Life	5.8	5.8	5.5	-5.4%	-5.5%
Annuities	45.7	38.5	51.8	34.6%	13.3%
Group Life	8.9	11.8	10.5	-10.8%	18.1%
Disability and survivor benefits	0.1	0.1	0.1	n.m.	n.m.
Mandatory traffic accident	4.2	6.0	4.9	-17.9%	16.1%
Non Life Insurance	1.5	1.7	1.8	3.9%	19.6%
<b>TOTAL</b>	<b>66.3</b>	<b>64.0</b>	<b>74.6</b>	<b>16.7%</b>	<b>12.5%</b>

# Investment income increased 22.7% QoQ and 2.8% YoY

Investment Portfolio					
S/. million	2009	1Q10	2Q10	%chg QoQ	%chg YoY
Fixed Income	1,281.9	1,260.4	1,291.0	2.4%	0.7%
Equity and Mutual Funds	128.1	154.6	173.1	12.0%	35.2%
Real estate	422.3	488.6	445.0	-8.9%	5.4%
Others	5.1	12.4	4.4	-64.4%	-13.6%
<b>TOTAL</b>	<b>1,837.5</b>	<b>1,916.0</b>	<b>1,913.6</b>	<b>-0.1%</b>	<b>4.1%</b>

Investment Income, Net					
S/. million	2009	1Q10	2Q10	%chg QoQ	%chg YoY
<b>Income:</b>					
Fixed Income	35.7	26.6	33.0	23.9%	-7.6%
Interest	21.0	19.7	21.1	7.0%	0.2%
Realized Gains	14.6	6.9	11.9	71.9%	-18.7%
Equity and Mutual Funds	8.1	1.3	7.0	436.1%	-12.9%
Real estate	7.3	7.9	5.0	-35.8%	-31.0%
Total Income	51.1	35.8	45.0	25.9%	-11.8%
Expenses	-2.2	-0.9	-1.2	40.4%	-45.9%
Exchange difference and others	-6.5	0.9	0.1	-84.6%	n.m.
<b>Net income</b>	<b>42.8</b>	<b>35.9</b>	<b>44.0</b>	<b>22.7%</b>	<b>2.8%</b>



**Intergroup**

Financial Services