



## Third Quarter 2010 Earnings Presentation

 **Intergroup**  
Financial Services

# Intergroup Financial Services

# Highlights

## Intergroup:

- Intergroup's recurring net earnings increased 20.3% QoQ and 15.3% YoY
- When including non-recurring items, such as one-time investment gains and provision charges at Interbank, net earnings increased 8.5% QoQ and 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, net earnings increased 38.3% QoQ and 9.5% YoY
- As a result of continuing 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

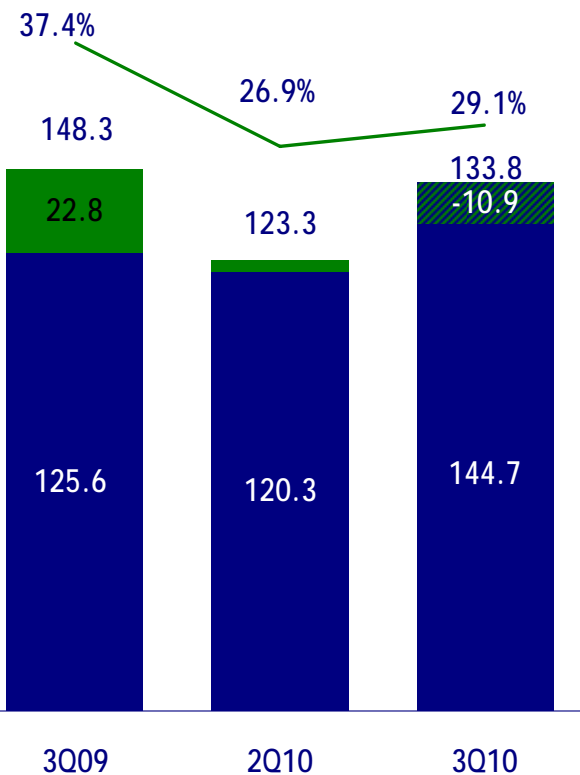
# Intergroup's recurring earnings increased 20.3% QoQ and 15.3% QoQ

## Intergroup

Net income\*

S/. million

ROE



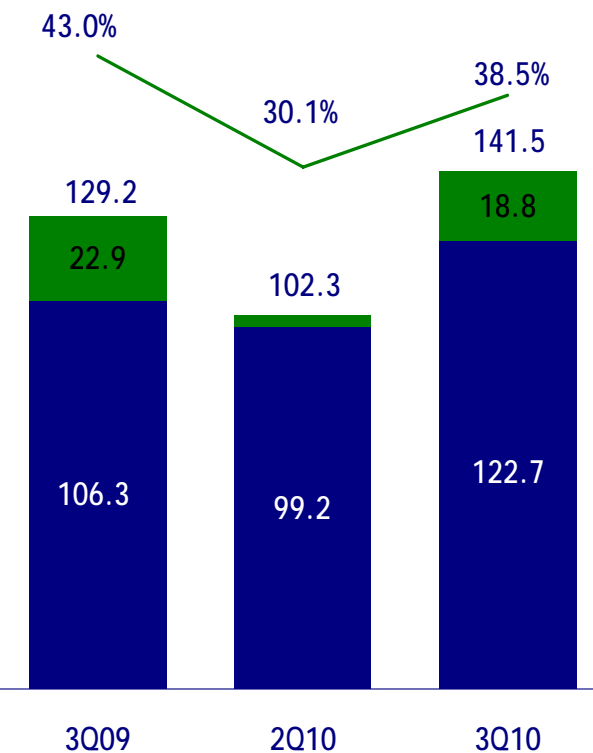
\*Attributable to IFS shareholders

## Interbank

Net income

S/. million

ROE

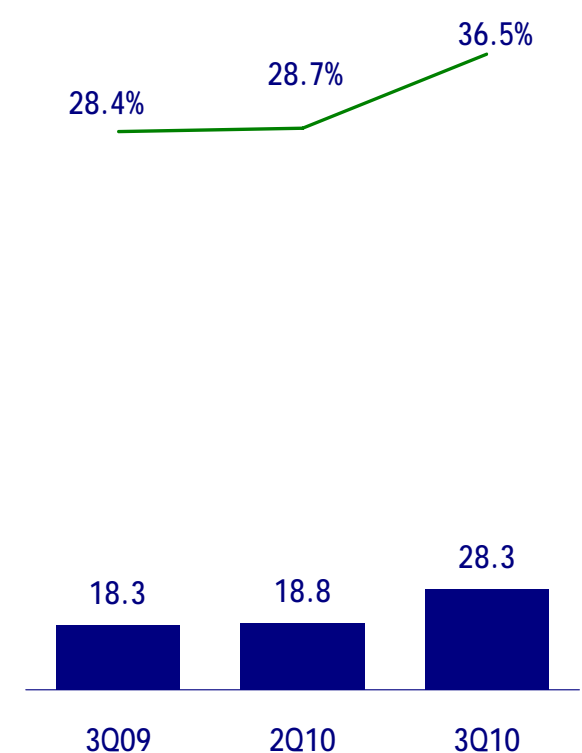


## Interseguro

Net income

S/. million

ROE



■ Recurring ■ Non-recurring



# Net income

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%		

# Interbank

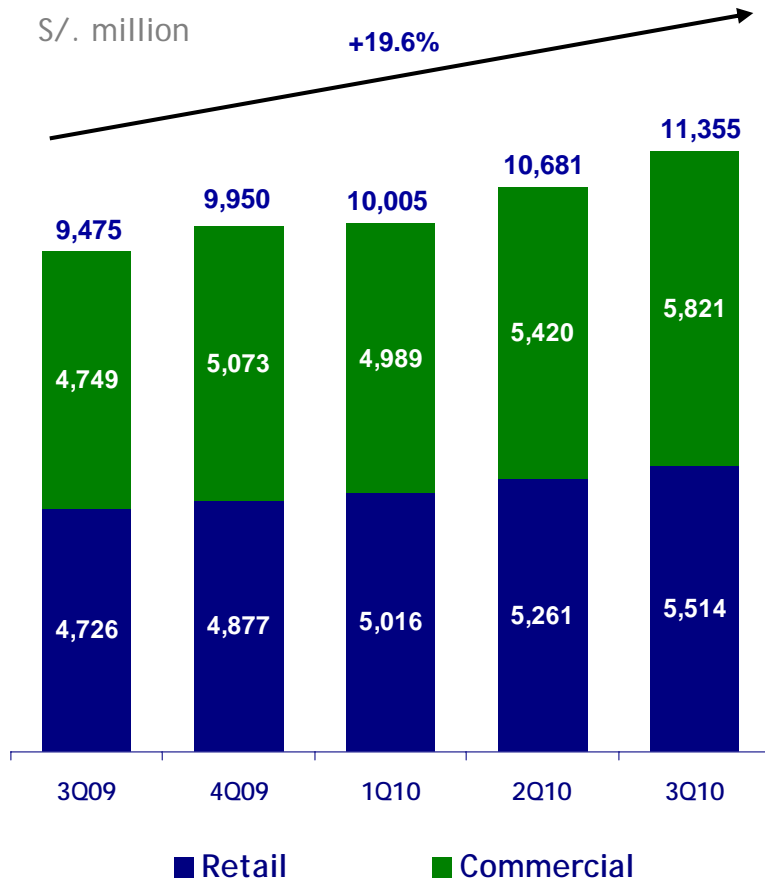
# Interbank's net income increased 38.3% QoQ an 9.5% YoY

## Profit and Loss Statement Summary

S/. million	3Q09	2Q10	3Q10	% 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>		

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

## Performing loans



## Breakdown of loans

S/. million	3Q09	2Q10	3Q10	% chg QoQ	% chg YoY
<b>Consumer loans:</b>					
Credit cards	1,447	1,550	1,632	5.3%	12.8%
Other consumer	2,033	2,204	2,250	2.1%	10.7%
<b>Total consumer loans</b>	<b>3,480</b>	<b>3,753</b>	<b>3,882</b>	<b>3.4%</b>	<b>11.5%</b>
Mortgages	1,247	1,507	1,632	8.3%	30.9%
<b>Total retail loans</b>	<b>4,726</b>	<b>5,261</b>	<b>5,514</b>	<b>4.8%</b>	<b>16.7%</b>
<b>Total commercial</b>	<b>4,749</b>	<b>5,420</b>	<b>5,821</b>	<b>7.4%</b>	<b>22.6%</b>
<b>Total loans</b>	<b>9,475</b>	<b>10,681</b>	<b>11,335</b>	<b>6.1%</b>	<b>19.6%</b>

## Market share in loans

S/. million	3Q09	2Q10	3Q10	% chg QoQ	% chg YoY
<b>Consumer loans:</b>					
Credit cards	20.8%	20.5%	21.1%	0.6%	0.3%
Other consumer	21.9%	22.5%	22.6%	0.1%	0.6%
<b>Total consumer loans</b>	<b>22.6%</b>	<b>22.7%</b>	<b>23.1%</b>	<b>0.4%</b>	<b>0.4%</b>
Mortgages	10.5%	11.1%	11.4%	0.3%	0.9%
<b>Total retail loans</b>	<b>17.4%</b>	<b>17.5%</b>	<b>17.7%</b>	<b>0.2%</b>	<b>0.3%</b>
<b>Total commercial</b>	<b>8.1%</b>	<b>8.1%</b>	<b>8.4%</b>	<b>0.2%</b>	<b>0.3%</b>
<b>Total loans</b>	<b>11.0%</b>	<b>11.0%</b>	<b>11.3%</b>	<b>0.3%</b>	<b>0.3%</b>

Does not include Crediscotia



# Interbank funded its QoQ growth with bank loans

## Funding Structure

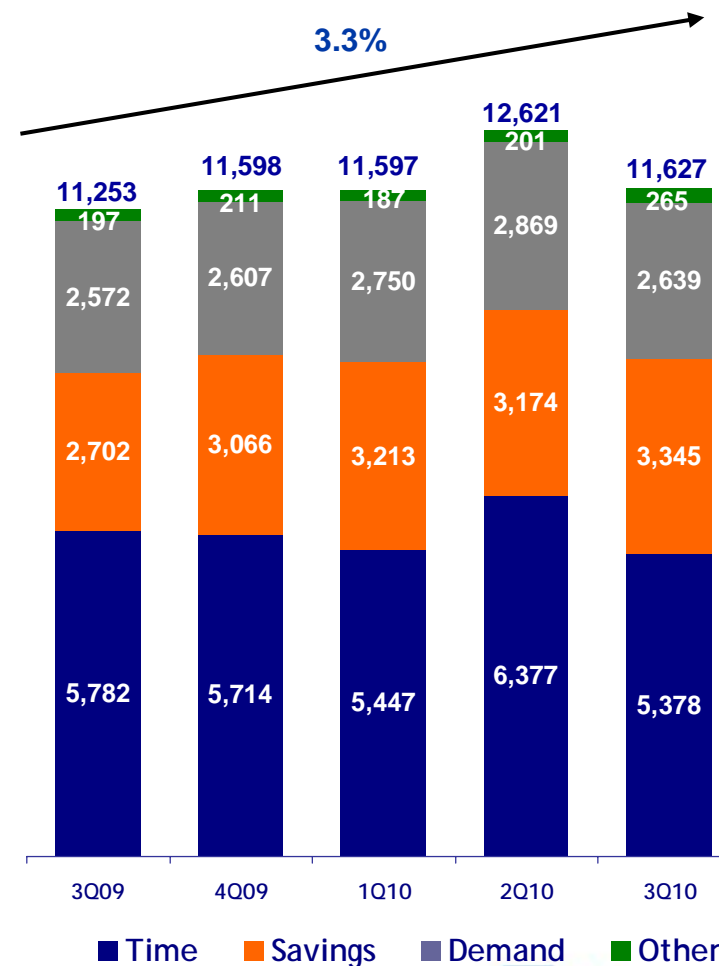
S/. million	3Q09	2Q10	3Q10	% chg QoQ	% chg YoY
Deposits and obligations	11,253	12,621	11,627	-7.9%	3.3%
Due to banks	1,877	2,059	3,218	56.3%	71.5%
Bonds and obligations	505	1,074	1,072	-0.1%	112.3%
Interbank funds	13	24	59	n.m.	n.m.
<b>Total</b>	<b>13,648</b>	<b>15,777</b>	<b>15,976</b>	<b>1.3%</b>	<b>17.1%</b>
AUM (Interfondos)	1,839	2,344	2,446	4.4%	33.0%

## Market Share in Deposits

S/. million	3Q09	2Q10	3Q10	% chg QoQ	% chg YoY
Retail Deposits	12.7%	12.1%	12.3%	0.2%	-0.4%
Commercial Deposits	10.7%	9.8%	9.1%	-0.7%	-1.7%
<b>Total deposits</b>	<b>11.2%</b>	<b>12.0%</b>	<b>10.6%</b>	<b>-1.5%</b>	<b>-0.6%</b>

Does not include Crediscotia

## Deposit Breakdown

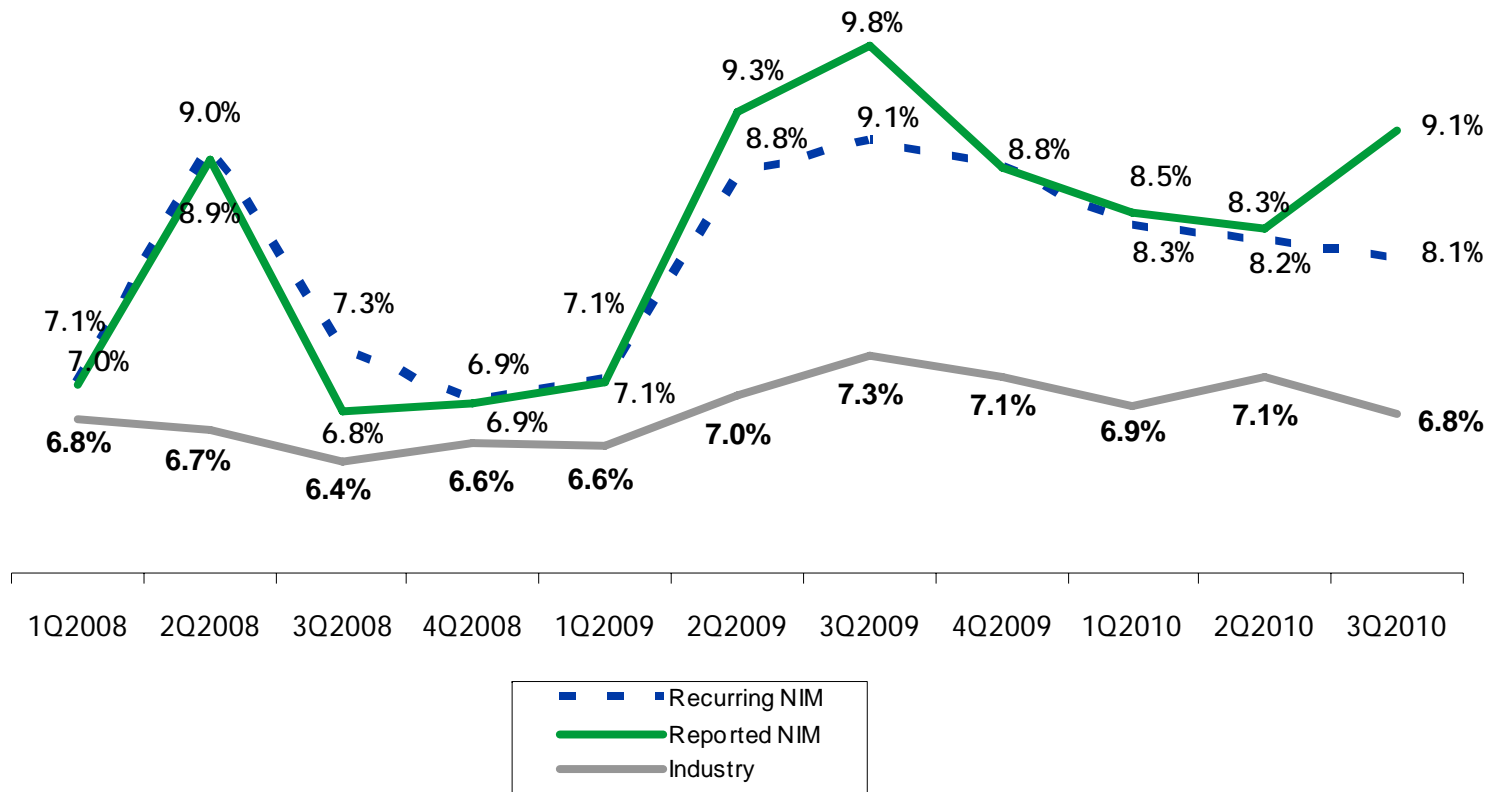


# Gross financial margin increased 14.8% QoQ and 11.8% YoY

Interbank Net Financial Margin					
S/. million	3Q09	2Q10	3Q10	% chg QoQ	% chg YoY
<b>Financial income:</b>					
Loans	369.8	382.9	399.5	4.3%	8.0%
Investments	67.2	41.5	86.4	107.9%	28.5%
Interest on due from banks and interbanks funds	1.6	1.2	1.7	39.5%	6.3%
Exchange and derivatives gains and others	35.0	45.0	46.3	2.7%	32.2%
<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>
<b>Financial expenses:</b>					
Deposits	56.5	34.5	42.5	23.1%	-24.9%
Others	36.5	65.3	65.6	0.6%	80.0%
<b>Total financial expenses</b>	<b>93.0</b>	<b>99.8</b>	<b>108.1</b>	<b>8.4%</b>	<b>16.3%</b>
<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>

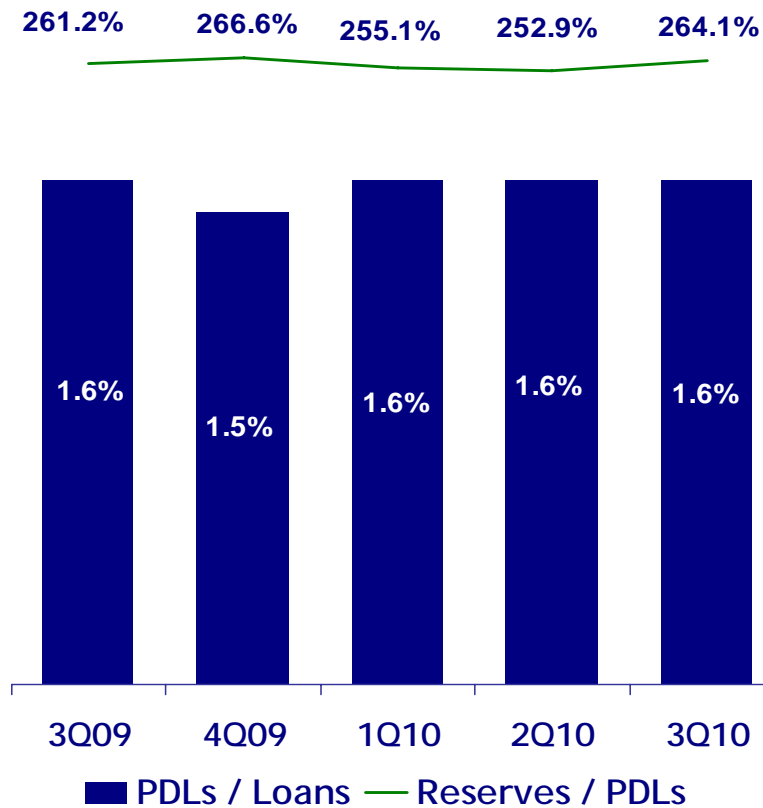
# NIM remains significantly above the industry's average

## Net Interest Margin (%)

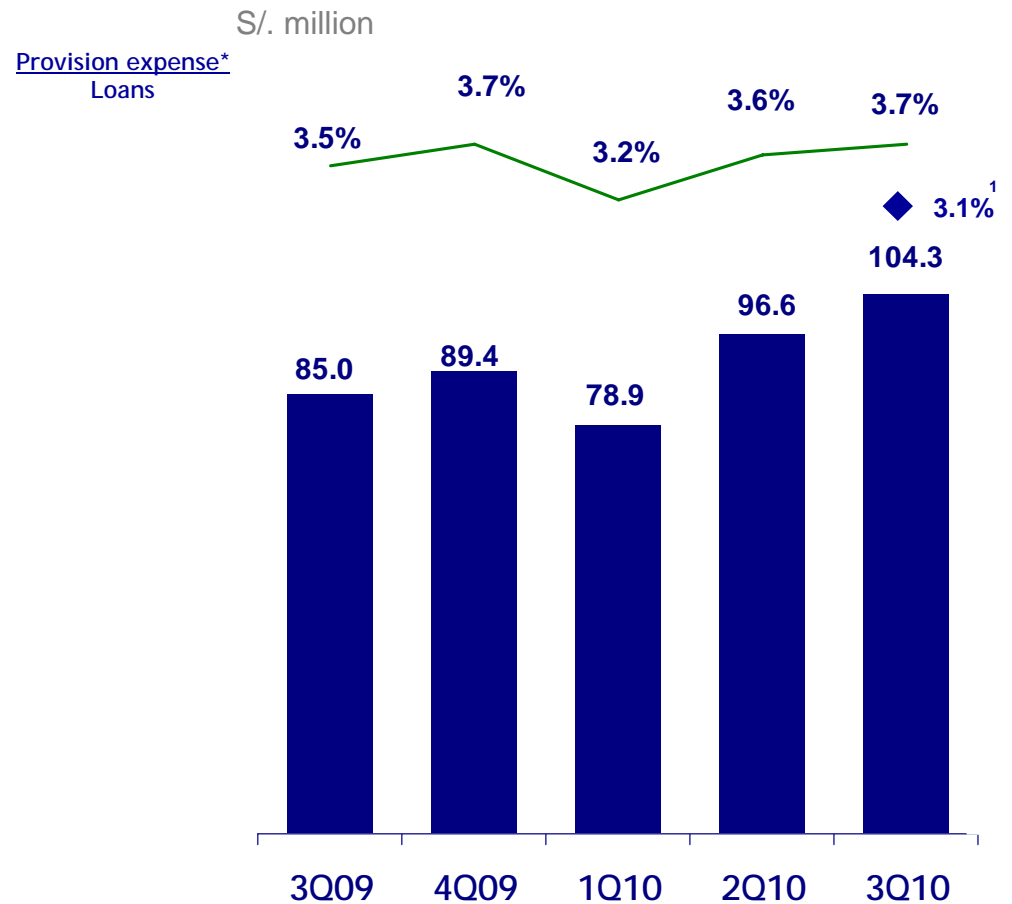


# Asset quality and coverage remain strong, while recurring provisions decreased 8.8% QoQ

## PDL & Coverage Ratios



## Loan Provision Expense



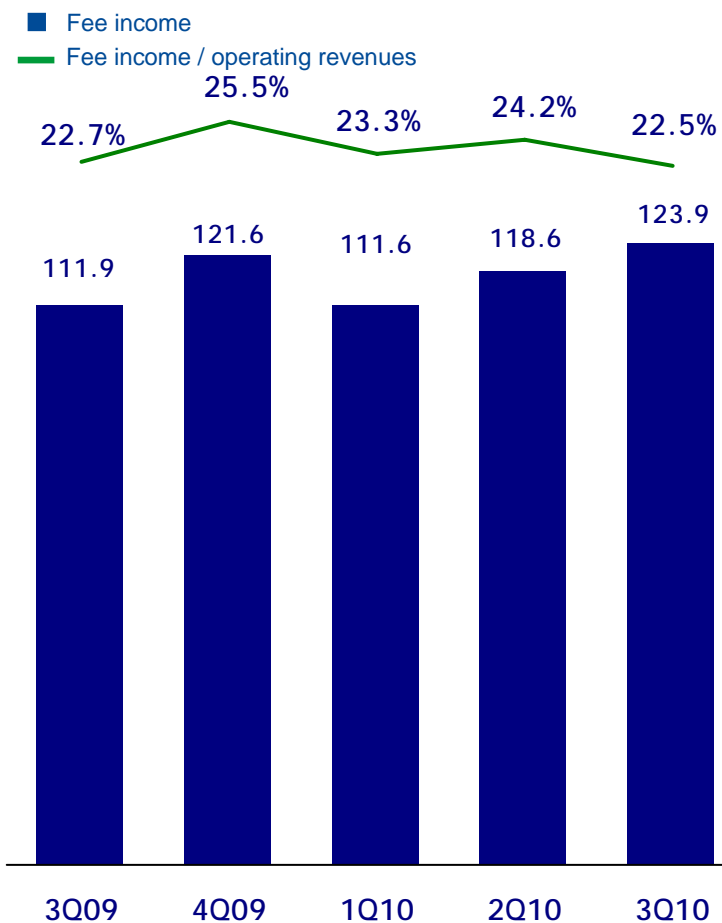
\*Annualized

(1) Recurring provision expense to average total loans

# The efficiency ratio improved significantly QoQ

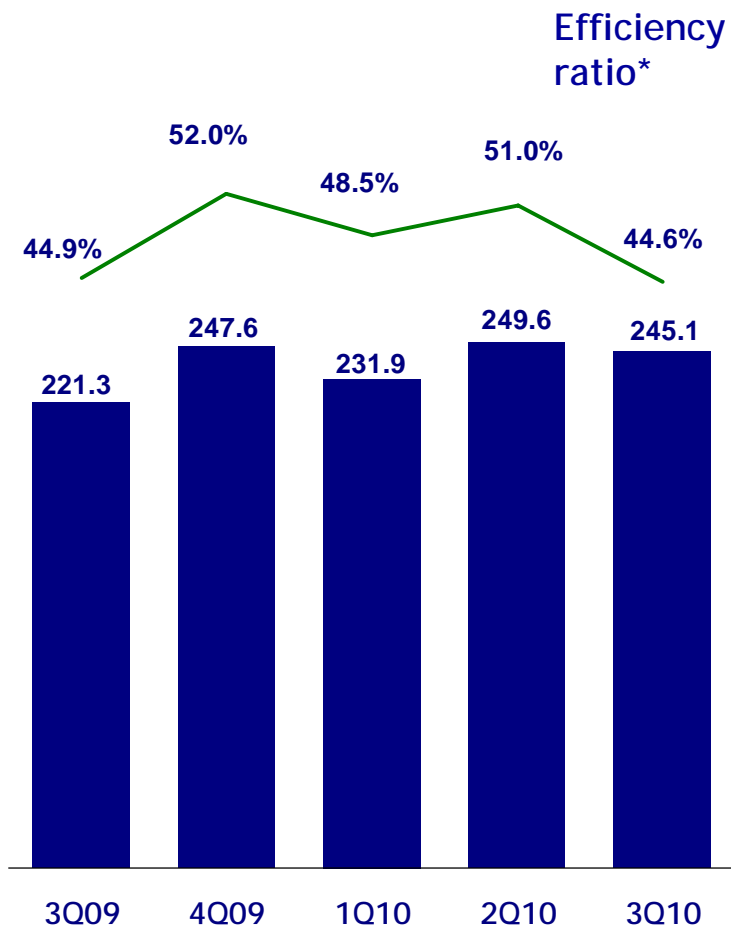
## Fee income

S/. million



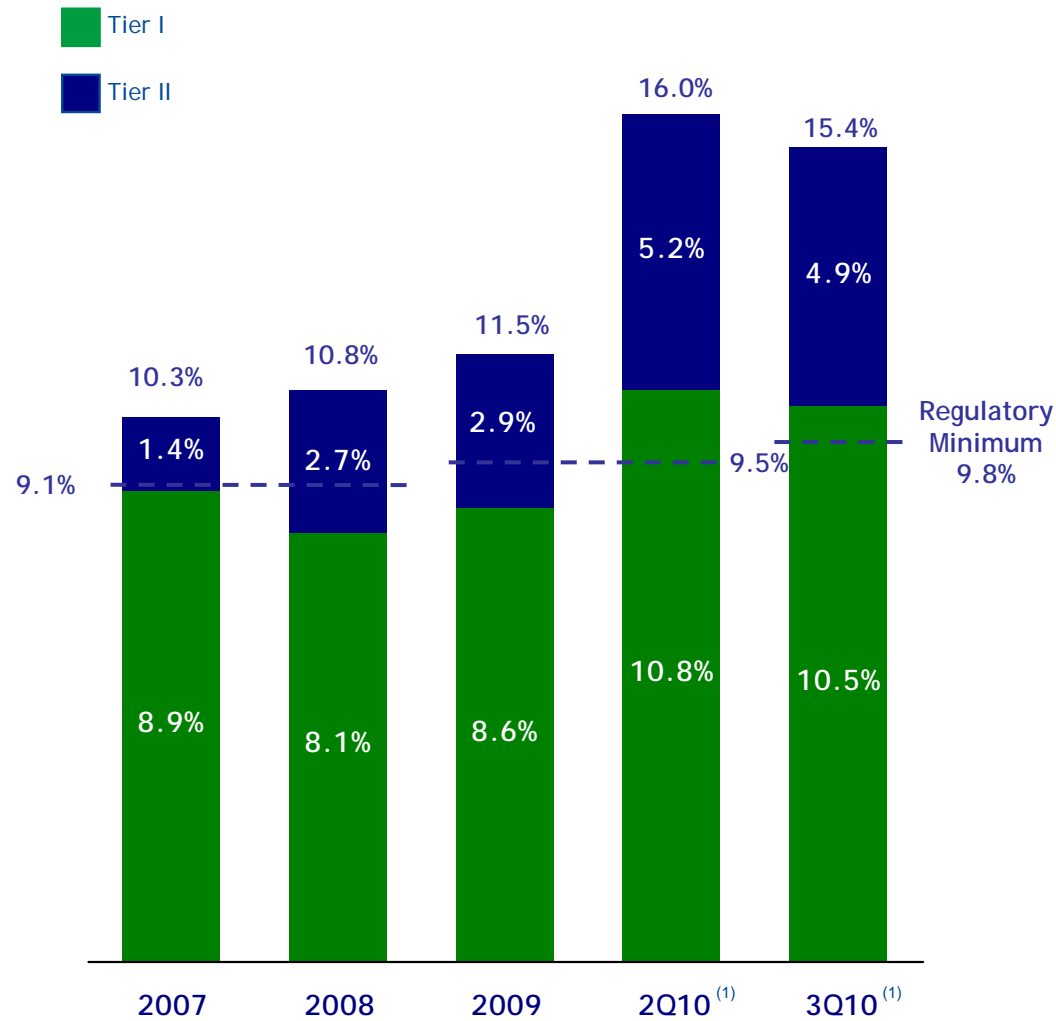
## Operating expenses

S/. million



\*Cost / Income

# Interbank's capitalization remained strong



(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 September 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 50.5% QoQ and 54.3% YoY

## 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 rate difference



## Premiums more than doubled QoQ and tripled YoY, driven by very strong annuity sales

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>

# Investment income increased 44.1% QoQ and 59.4% YoY

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>

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>



**Intergroup**

Financial Services