

## Intergroup Financial Services Corp. Reports First Quarter 2008 Earnings

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Lima, Peru, April 30, 2008. Intergroup Financial Services Corp. (Bolsa de Valores de Lima: IFS) announced today its unaudited results for the first quarter 2008. These results are reported on a consolidated basis in accordance with Peruvian GAAP in nominal Peruvian Nuevos Soles.

### Highlights

#### Intergroup

- Intergroup's 1Q08 earnings per share were S/.0.61 (net income: S/.56.3mm), a decrease of 9% from both 1Q07 and 4Q07
- The contribution from subsidiaries increased 32% YoY and 24% QoQ, due mainly to a strong performance at Interbank
- The main driver for the decline in Intergroup's earnings was a foreign exchange loss on the holding company's US Dollar-denominated investment portfolio

#### Interbank

- Interbank's net income grew 94% YoY and 23% QoQ, mainly due to higher financial income from an expanding volume of loans and investments
- Interbank's loan portfolio increased 38% YoY and remained stable QoQ. While loans continued to grow during 1Q08, the appreciation of the Nuevo Sol led to a decline in the reported value of Interbank's US Dollar-denominated loans
- NIM at Interbank was 8.1% in 1Q08, an increase from 7.8% in 4Q07
- Interbank's asset quality and coverage remain strong, with PDLs at 1.1% of total loans, and coverage at 330%

#### Interseguro

- Interseguro's net income declined 67% YoY and increased 36% QoQ. The yearly decline was due to higher claims and lower investment income. The quarterly increase was due to investment income growth and lower claims and administrative expenses.

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## Intergroup

### INTERGROUP OVERVIEW

#### 1Q08 Performance

Intergroup's earnings per share was S/0.61 in 1Q08 (net income: S/56.3mm), a decrease of 9.0% compared to 1Q07 and 8.8% compared to 4Q07. Annualized ROE was 16.8% in 1Q08, below the 19.2% of 4Q07, and the 31.3% reported in 1Q07. While both of Intergroup's subsidiaries posted QoQ earnings growth, profits declined as a result of a S/26.1mm exchange loss at the holding company level.

Intergroup's Balance Sheet Summary

S/. million	1Q07	4Q07	1Q08	%chg QoQ	%chg YoY
Cash and due from banks	1,362.1	1,702.0	1,763.1	3.6%	29.4%
Investments, net	2,728.3	3,564.6	3,835.4	7.6%	40.6%
Loan portfolio, net	4,272.5	5,919.6	5,914.0	-0.1%	38.4%
Fixed assets, net	394.4	432.2	443.3	2.6%	12.4%
Discontinued operations	360.9	0.0	0.0		
Other assets	325.9	339.2	539.2	59.0%	65.4%
<b>Total Assets</b>	<b>9,444.1</b>	<b>11,957.6</b>	<b>12,495.0</b>	<b>4.5%</b>	<b>32.3%</b>
Deposits and obligations	5,987.1	7,261.4	7,726.2	6.4%	29.0%
Due to banks	569.0	1,542.9	1,577.9	2.3%	177.3%
Bonds and obligations	269.4	190.2	132.5	-30.4%	-50.8%
Technical reserves for premiums and claims	1,268.7	1,317.6	1,265.5	-4.0%	-0.3%
Discontinued operations	266.1	0.0	0.0		
Other liabilities	208.9	300.6	397.9	32.4%	90.4%
<b>Total Liabilities</b>	<b>8,569.3</b>	<b>10,612.7</b>	<b>11,099.9</b>	<b>4.6%</b>	<b>29.5%</b>
Intergroup shareholders' equity	821.4	1,318.7	1,370.7	3.9%	66.9%
Minority interest	53.4	26.2	24.4	-6.7%	-54.3%
<b>Total shareholders' equity</b>	<b>874.8</b>	<b>1,344.9</b>	<b>1,395.1</b>	<b>3.7%</b>	<b>59.5%</b>

#### Year-on-Year Performance

Net income (attributable to Intergroup's shareholders) fell 9.0% YoY despite a 14.5% increase in the net financial margin. The main factors offsetting the financial margin growth were a 23.0% rise in administrative expenses and a S/11.0mm decline in insurance underwriting result.

Net financial margin rose 14.5%, as higher financial income at Interbank was offset by a 16.1% decline in Interseguro's investment income, in addition to a S/.26.1mm foreign exchange loss in Intergroup's investment portfolio, which was denominated in US Dollars during 1Q08. Provision expenses grew 22.6% due to a 38.4% increase in Interbank's loan portfolio.

Intergroup's Profit and Loss Statement Summary

S/. million	1Q07	4Q07	1Q08	%chg QoQ	%chg YoY
Financial income	279.2	325.9	343.1	5.3%	22.9%
Financial expenses	-63.1	-84.7	-93.4	10.3%	48.0%
<b>Gross financial margin</b>	<b>216.1</b>	<b>241.2</b>	<b>249.7</b>	<b>3.5%</b>	<b>15.6%</b>
Provisions	-29.1	-26.2	-35.7	36.1%	22.6%
<b>Net financial margin</b>	<b>187.0</b>	<b>215.0</b>	<b>214.0</b>	<b>-0.4%</b>	<b>14.5%</b>
Fee income from financial services, net	54.3	65.6	61.8	-5.7%	13.8%
Result from insurance underwriting, net	-11.0	-15.2	-22.0	44.6%	100.0%
Administrative expenses	-125.7	-166.0	-154.7	-6.8%	23.0%
<b>Net operating margin</b>	<b>104.6</b>	<b>99.3</b>	<b>99.2</b>	<b>-0.2%</b>	<b>-5.2%</b>
Depreciation and amortization	-13.9	-12.7	-13.3	4.8%	-4.2%
Other income (expenses)	-1.3	8.2	14.3	nm	nm
<b>Income before tax and profit sharing</b>	<b>89.4</b>	<b>94.8</b>	<b>100.2</b>	<b>5.7%</b>	<b>12.1%</b>
Income tax and profit sharing	-20.7	-31.2	-41.6	33.1%	100.8%
Income from continuing operations	68.7	63.6	58.6	-7.8%	-14.6%
Income from discontinued operations	0.3	0.0	0.0	nm	nm
<b>Net income</b>	<b>68.9</b>	<b>63.6</b>	<b>58.6</b>	<b>-7.8%</b>	<b>-14.9%</b>
<b>Attributable to IFS shareholders</b>	<b>61.9</b>	<b>61.8</b>	<b>56.3</b>	<b>-8.8%</b>	<b>-9.0%</b>
<b>EPS</b>	<b>0.67</b>	<b>0.67</b>	<b>0.61</b>		
<b>ROE</b>	<b>31.3%</b>	<b>19.2%</b>	<b>16.8%</b>		

Fee income increased 13.8%, mainly due to a larger number of credit card and deposit accounts at Interbank, as well as to an increased number of transactions in the bank's expanding ATM network. In 1Q08, Interseguro's loss resulting from insurance underwriting totaled S/.22.0mm, a 100% increase compared to the loss reported in 1Q07, mainly due to a S/. 6.8mm decrease in premiums. Administrative expenses rose 23.0% due mainly to the expansion of Interbank's network.

Net operating margin decreased 5.2% due to the above-mentioned exchange loss and a rise in administrative expenses. Other income (expenses) increased S/.15.7, due to a reduction in provisions for contingencies at Interbank. As a result, income before taxes and profit sharing increased 12.1%. This increase was offset by a 100.8% rise in income tax at Interbank, which drove the effective tax rate from 32.9% to 41.5%. This increase was due to three factors: an increase in dividends, which are subject to a 4.1% withholding tax; the above-mentioned S/.26.1mm tax loss, which was registered at the holding company level and was non-deductible for tax purposes; and differing growth rates at subsidiaries with different tax status. Interbank's



earnings, which are subject to income tax, increased 95.6% YoY, while Interseguro's earnings, which are tax-exempt, declined 60.1%.

### Quarter-on-Quarter Performance

Net income (attributable to Intergroup's shareholders) fell 8.8% QoQ despite positive contributions by both subsidiaries, due to the exchange loss mentioned above, as well as to a 33.1% increase in income taxes. Earnings before tax and profit sharing grew 5.7%, mainly due to lower administrative expenses, higher gross financial margin and other income, partially offset by higher provision expenses and losses in insurance underwriting.

Net financial margin decreased 0.4% despite higher financial income at Interbank and Interseguro, as a result of the exchange loss at Intergroup and a 36.1% increase in Interbank's provision expenses.

Fee income from financial services decreased 5.7%, due to seasonally lower commercial banking fees.

Other financial income (expenses) increased S/.6.2mm, due to lower provisions for contingencies at Interbank. Income taxes increased 33.1%, due mainly to a S/.4.7mm withholding tax applied to both subsidiaries' dividends, as well as an extraordinary tax of S/.3.1mm at Interseguro.

### CONTRIBUTION OF SUBSIDIARIES

The table below illustrates the contributions of both Interbank and Interseguro to Intergroup's earnings.

Intergroup's Profit and Loss Statement Summary

S/. million	1Q07	4Q07	1Q08	%chg QoQ	%chg YoY
Interbank	36.5	58.2	71.3	22.5%	95.4%
Interseguro	24.9	7.3	10.0	35.7%	-60.1%
Intergroup accounts:					
Return on investment portfolio		4.2	4.5	8.1%	
Exchange loss, net		-9.4	-26.1	177.5%	
Income taxes			-4.8		
Other expenses and other income			1.4		
Consolidation adjustments	4.0	2.6	0.0	-100.0%	-100.0%
<b>Total</b>	<b>61.9</b>	<b>61.3</b>	<b>56.3</b>	<b>-8.1%</b>	<b>-9.0%</b>

The following two sections analyze in detail the performance of both subsidiaries.

## Interbank

### SUMMARY

Interbank's net income totaled S/. 73.6mm in 1Q08, an increase of 93.9% YoY and 22.6% QoQ. Annualized ROE was 36.3% in 1Q08, higher than the 23.3% in 1Q07 and the 30.2% in 4Q07.

#### Profit and Loss Statement Summary

S/. million	1Q07	4Q07	1Q08	%chg QoQ	%chg YoY
Financial income	224.8	282.7	318.0	12.5%	41.4%
Financial expenses	-57.6	-75.3	-84.7	12.5%	47.1%
<b>Gross financial margin</b>	<b>167.3</b>	<b>207.4</b>	<b>233.3</b>	<b>12.5%</b>	<b>39.5%</b>
Provisions	-29.1	-26.2	-35.7	36.1%	22.6%
<b>Net financial margin</b>	<b>138.2</b>	<b>181.2</b>	<b>197.6</b>	<b>9.1%</b>	<b>43.0%</b>
Fee income from financial services, net	59.6	75.9	68.2	-10.1%	14.5%
Administrative expenses	-121.0	-155.0	-149.1	-3.8%	23.2%
<b>Net operating margin</b>	<b>76.7</b>	<b>102.0</b>	<b>116.7</b>	<b>14.4%</b>	<b>52.1%</b>
Depreciation and amortization	-13.0	-12.1	-12.8	6.3%	-1.3%
Other income (expenses)	-7.9	-0.8	5.3	nm	-166.8%
<b>Income before tax and profit sharing</b>	<b>55.8</b>	<b>89.1</b>	<b>109.1</b>	<b>22.4%</b>	<b>95.6%</b>
Income tax and profit sharing	-17.9	-29.1	-35.6	22.1%	99.1%
<b>Net Income</b>	<b>37.9</b>	<b>60.0</b>	<b>73.6</b>	<b>22.6%</b>	<b>93.9%</b>
<b>ROE</b>	<b>23.3%</b>	<b>30.2%</b>	<b>36.3%</b>		

Net income increased 93.9% YoY, driven by a 41.4% rise in financial income. This rise led net financial margin to grow 43.0% YoY despite a 70 bps reduction in net interest margin, from 8.6% in 1Q07 to 8.1% in 1Q08. Fee income from financial services increased 14.5% YoY, due to higher collection fees and a larger number of transactions associated to growth in credit card and deposit accounts. Administrative expenses grew 23.3% YoY, mainly due to a significant expansion in the bank's network. Despite this increase, higher revenues led the annualized efficiency ratio to decline from 59.1% in 1Q07 to 53.7% in 1Q08.

Net income grew 22.6% QoQ, mainly due to a 14.4% increase in net operating margin. This increase is attributable to higher financial income and lower administrative expenses. Financial income grew 12.5% QoQ, due to a 1.9% rise in the average volume of interest earning assets, an increase in exchange difference, as well as a S/.15.6 mm pre-tax gain from the sale of shares held by Interbank. Fee income from financial services decreased 10.1% and administrative expenses declined 3.8%, in both cases due to seasonal factors.

## INTEREST EARNING ASSETS

Interbank's interest earning assets reached S/.9,723.0 mm as of March 31, 2008, an increase of 4.3% QoQ and 38.3% YoY. QoQ growth was primarily attributable to a 20.1% rise in the bank's net investments, partially offset by the effects of the revaluation of the Nuevo Sol on the bank's US Dollar-denominated loan and investment portfolios. The yearly increase was due to growth rates of 48.3% in net investments and 38.0% in net loans.

### Interest Earning Assets

S/. million	1Q07	4Q07	1Q08	%chg QoQ	%chg YoY
Cash and due from banks	1,360.8	1,695.8	1,760.6	3.8%	29.4%
Investments, net	1,381.1	1,705.9	2,048.4	20.1%	48.3%
Loan portfolio, net	4,286.4	5,919.6	5,914.0	-0.1%	38.0%
<b>Total interest earnings assets</b>	<b>7,028.4</b>	<b>9,321.3</b>	<b>9,723.0</b>	<b>4.3%</b>	<b>38.3%</b>

YoY growth in the bank's investment portfolio was attributable mainly to a 138.1% increase in certificates of deposit issued by the Peruvian Central Bank. These certificates of deposit accounted for 60% of Interbank's investment portfolio as of March 31, 2008. Peruvian sovereign and global bonds accounted for 31% of the bank's portfolio as of that date.

### Loan Portfolio

S/. million	1Q07	4Q07	1Q08	%chg QoQ	%chg YoY
Current loans:					
Retail	2,258.6	2,943.5	3,092.2	5.1%	36.9%
Commercial	2,012.3	3,115.9	2,958.8	-5.0%	47.0%
Total current loans	4,270.9	6,059.4	6,051.0	-0.1%	41.7%
Restructured and refinanced loans	219.5	134.1	121.6	-9.3%	-44.6%
Past due loans	86.3	58.9	65.6	11.4%	-24.1%
<b>Gross loans</b>	<b>4,576.7</b>	<b>6,252.3</b>	<b>6,238.2</b>	<b>-0.2%</b>	<b>36.3%</b>
Add (less)					
Accrued and deferred interest	-81.8	-134.4	-107.7	-19.8%	31.7%
Allowance for loan losses	-208.5	-198.4	-216.4	9.1%	3.8%
<b>Total direct loans, net</b>	<b>4,286.4</b>	<b>5,919.6</b>	<b>5,914.0</b>	<b>-0.1%</b>	<b>38.0%</b>

Current loans grew 41.7% YoY, due to strong increases in the retail and commercial portfolios. Within the retail segment, mortgages and other consumer loans grew by more than 40%. During the same period, restructured and refinanced loans declined 44.6% and past due loans fell 24.1%, leading to a significant improvement in Interbank's portfolio quality.

Current loans remained stable QoQ, as growth in the bank's Nuevo Sol-denominated portfolio was offset by the revaluation of the Nuevo Sol and its effects on the

translation of US Dollar-denominated loans. Commercial loans declined 5.0% QoQ due to the above-mentioned effect. If the exchange rate had remained stable, the commercial portfolio would have grown 1.2%. Retail loans grew 5.1% QoQ, driven by increases of 3.8% in credit cards and 9.5% in other consumer loans. Mortgage loans, which are mostly denominated in US Dollars, declined 0.6% due to the local currency's revaluation. The dollar-denominated portion of the portfolio, which accounts for 89% of total mortgages, grew 4.8% when reported in US Dollars, but declined 4.3% when translated to Nuevos Soles. During the same period, the Nuevo Sol-denominated portion increased 44.6%.

#### Breakdown of Current Retail Loans

S/. million	1Q07	4Q07	1Q08	%chg QoQ	%chg YoY
<b>Consumer loans:</b>					
Credit cards	717.5	842.5	874.4	3.8%	21.9%
Other consumer	983.7	1,280.5	1,401.8	9.5%	42.5%
<b>Total consumer loans</b>	<b>1,701.3</b>	<b>2,122.9</b>	<b>2,276.2</b>	<b>7.2%</b>	<b>33.8%</b>
Mortgages	557.4	820.5	816.0	-0.6%	46.4%
<b>Total retail loans</b>	<b>2,258.6</b>	<b>2,943.5</b>	<b>3,092.2</b>	<b>5.1%</b>	<b>36.9%</b>

## FUNDING STRUCTURE

#### Funding Structure

S/. million	1Q07	4Q07	1Q08	%chg QoQ	%chg YoY
Deposits and obligations	5,987.0	7,281.2	7,746.8	6.4%	29.4%
Due to banks	506.1	1,450.9	1,481.1	2.1%	192.7%
Bonds and obligations	258.8	180.1	123.1	-31.6%	-52.4%
<b>Total</b>	<b>6,751.8</b>	<b>8,912.3</b>	<b>9,351.0</b>	<b>4.9%</b>	<b>38.5%</b>
AUM (Interfondos)	1,537	1,961	1,987	1.3%	29.2%
<b>% of funding</b>					
Deposits and obligations	88.7%	81.7%	82.8%		
Due to banks	7.5%	16.3%	15.8%		
Bonds and obligations	3.8%	2.0%	1.3%		

Due to higher growth in loans than in deposits, the share of deposits in the bank's total funding fell from 88.7% in 1Q07 to 82.8% in 1Q08. Accelerating growth rates in interest earning assets have led the bank to use alternative sources of funding, such as inter-bank lines of credit.

As shown in the table below, growth has been stronger in the commercial segment compared to the retail segment, both on a quarterly and a yearly basis. Also, time deposits have outpaced demand and savings accounts.

#### Breakdown of Deposits

S/. million	1Q07	4Q07	1Q08	%chg QoQ	%chg YoY
<b>By Customer Segment:</b>					
Retail	2,736.5	3,080.7	3,054.3	-0.9%	11.6%
Commercial	3,124.4	3,978.8	4,257.4	7.0%	36.3%
Other obligations	126.0	221.7	435.2	96.3%	245.3%
<b>Total</b>	<b>5,987.0</b>	<b>7,281.2</b>	<b>7,746.8</b>	<b>6.4%</b>	<b>29.4%</b>
<b>By Type:</b>					
Demand	1,012.6	1,301.6	1,260.4	-3.2%	24.5%
Savings	1,817.8	2,091.1	2,025.0	-3.2%	11.4%
Time	2,794.4	3,400.0	3,756.9	10.5%	34.4%
Other	362.2	488.6	704.5	44.2%	94.5%
<b>Total</b>	<b>5,987.0</b>	<b>7,281.2</b>	<b>7,746.8</b>	<b>6.4%</b>	<b>29.4%</b>

## FINANCIAL MARGIN

Gross financial margin grew 39.5% YoY and 12.5% QoQ, due to significant increases in financial income, attributable mainly to a larger volume of interest earning assets.

#### Financial Income

S/. million	1Q07	4Q07	1Q08	%chg QoQ	%chg YoY
Interest and commissions on loans	163.7	207.1	221.6	7.0%	35.4%
Investment income	30.9	29.2	48.5	65.9%	56.9%
Interest on due from banks and interbank funds	12.2	12.7	12.3	-3.2%	1.2%
Financial income before exch. difference	206.8	249.1	282.4	13.4%	36.6%
Exchange difference	18.1	33.6	35.6	5.9%	96.8%
<b>Total Financial Income</b>	<b>224.8</b>	<b>282.7</b>	<b>318.0</b>	<b>12.5%</b>	<b>41.4%</b>
Average interest earning assets	6,909.2	8,871.8	9,522.1	7.3%	37.8%
<b>Average yield on assets*</b>	<b>12.0%</b>	<b>11.2%</b>	<b>11.9%</b>		

\*Annualized. Excludes exchange difference

Financial income increased 41.4% YoY, due to higher volume of interest earning assets. The main drivers for YoY growth were a 35.4% increase in interest and commissions on loans, a 56.9% increase in investment income and a 96.8% increase in exchange rate differences.

Growth in interest and commissions on loans was explained by a 40.9% rise in average volume, which was partially offset by a decrease in the annualized average yield on loans, from 15.6% in 1Q07 to 15.0% in 1Q08.

Investment income increased 35.4% YoY, due to a 27.1% expansion in the average volume of investments and a 207 bps rise in the annualized average yield. The main driver for the increase in yield was a S/.15.6 mm pre-tax gain from the sale of shares in Visa International during that company's initial public offering. This gain was partially offset by a S/.1.9 mm loss from a decline in the price of Peruvian sovereign bonds. Interbank sold half of its position in Visa during the above-mentioned IPO, and has not yet registered a gain from its holding in the remaining position.



Exchange difference rose 96.8% as a result of increased activity in spot and forward trading transactions and gains in foreign currency positions.

Financial income grew 12.5% QoQ, due to a 7.0% increase in interest and commissions on loans and a 65.9% increase in investment income. The increase in interest and commissions on loans is explained by a 7.3% expansion in the average volume of loans. The increase in investment income is explained by a 360 bps rise in the average yield, from 7.3% in 4Q07 to 10.9% in 1Q08, and by an 11.3% expansion in the average volume of investments. This increase in yield was due to the gain in the sale of Visa shares. As a result of higher returns on loans and investments, the annualized average yield on interest earning assets increased from 11.3% in 4Q07 to 11.6% in 1Q08.

#### Financial Expenses

S/. million	1Q07	4Q07	1Q08	%chg QoQ	%chg YoY
Interest and commissions on deposits	44.5	51.7	60.9	17.6%	36.7%
Interest and fees on deposits and due to banks	5.7	16.4	17.6	7.1%	207.3%
Interest on securities, bonds and other obligations	4.2	3.5	2.5	-28.7%	-41.2%
Other financial expenses	3.1	3.6	3.8	4.1%	21.0%
<b>Total Financial Expenses</b>	<b>57.6</b>	<b>75.3</b>	<b>84.7</b>	<b>12.5%</b>	<b>47.1%</b>
Average interest bearing liabilities	6,628.6	8,473.3	9,131.6	7.8%	37.8%
<b>Average cost of funding</b>	<b>3.5%</b>	<b>3.6%</b>	<b>3.7%</b>		

Financial expenses grew 47.1% YoY, due to a 36.7% rise in interest on deposits and a 207.3% increase in interest on due to banks. The rise in interest on deposits is explained by a 25.0% expansion in the average volume of deposits and a 26 bps increase in the annualized average cost. Interest on due to banks increased due to growth of 279.9% on average volume and was partially offset by a 123 bps decline in the average cost of funds.

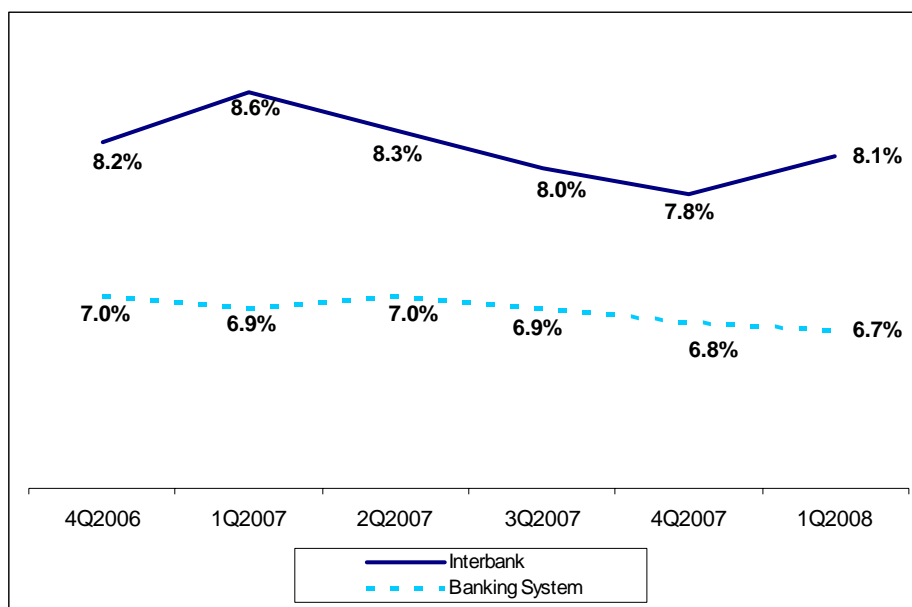
Financial expenses increased 12.5% QoQ, primarily due to a 17.6% rise in interest on deposits and a 7.1% rise in interest on due to banks. Interest on deposits grew as a result of a 11.4% increase in average volume and a 16 bps increase in the annualized average cost of funds. The increase in interest on due to banks was the result of a 17.5% rise in average volume, partially offset by a 51 bps drop in the annualized average cost.

Interbank's annualized average cost of funding increased from 3.5% in 4Q07 to 3.6% in 1Q08 due to the higher cost of deposits.

Interbank's net interest margin fell from 8.6% in 1Q07 to 8.1% in 1Q08, primarily as a result of higher funding costs. NIM rose by 30 bps between 4Q07 and 1Q08 due to a 30bps increase in the average yield of interest earning assets.

Interbank's net interest margin remains significantly above the Peruvian banking industry's average, due to a higher concentration on high yielding consumer loans.

## Net Interest Margin



## PROVISIONS

Total provision expenses increased 22.6% QoQ and 36.1% YoY. The yearly rise was due to higher loan volume. The quarterly rise was due to an unusually low comparison base from 4Q07, as a result of provision reversals carried out during that quarter.

Due to a significant improvement in asset quality, the annualized ratio of provision expense to average loans declined from 2.6% in 1Q07 to 2.3% in 1Q08.

### Composition of Provision Expense

S/. million	1Q07	4Q07	1Q08	%chg QoQ	%chg YoY
Provisions recognized as expense:					
For possible loan losses	-33.0	-29.4	-42.3	43.8%	28.2%
For impairment of investments	0.0	4.0	0.0	mn	mn
Total provisions recognized as expense	-33.0	-25.4	-42.3	66.2%	28.2%
Recoveries	3.9	-0.8	6.6	-921.1%	69.8%
<b>Total provision expense</b>	<b>-29.1</b>	<b>-26.2</b>	<b>-35.7</b>	<b>36.1%</b>	<b>22.6%</b>
<b>Loan provision / average loans</b>	<b>2.6%</b>	<b>2.0%</b>	<b>2.3%</b>		

The ratio of past due loans to total loans has declined significantly, from 1.9% in 1Q07 to 1.1% in 1Q08. Reserve coverage grew from 241.5% to 330.1% over the same period.

#### Provision for Loan Losses

S/. million	1Q07	4Q07	1Q08	%chg QoQ	%chg YoY
Balance at the beginning of the quarter	219.4	239.1	224.5	-6.1%	2.3%
Provision recognized as expense for the period	33.0	29.4	42.3	43.8%	28.2%
Provision for acquired portfolio	0.0	-0.1	0.0	nm	nm
Write-offs, extinguishment of debt and sales	-21.0	-35.3	-16.4	-53.5%	-21.6%
Recoveries	-3.9	0.8	-6.6	-920.8%	69.8%
Reallocation to receivable accounts	0.0	-6.5	-0.1	-98.4%	nm
Reallocation of deferred interests	0.0	0.0	3.5	nm	nm
Exchange difference, net	-0.5	-2.8	-10.6	nm	nm
Balance at the end of the quarter	<u>227.1</u>	<u>224.5</u>	<u>236.5</u>	<u>5.3%</u>	<u>4.1%</u>
Direct loans	208.5	198.4	216.4	9.1%	3.8%
Indirect loans	18.6	26.1	20.1	-23.2%	7.9%
<b>Past due loans / Total loans</b>	<b>1.9%</b>	<b>0.9%</b>	<b>1.1%</b>		
<b>Reserve coverage</b>	<b>241.5%</b>	<b>337.0%</b>	<b>330.1%</b>		

#### FEE INCOME FROM FINANCIAL SERVICES

Gross fee income from financial services increased 14.5% YoY. The main drivers for YoY income growth were sharp rises in credit and debit card fees, collection and payment services, account maintenance, and ATM usage.

Fee income declined 10.1% QoQ, due to seasonally lower income on collection, corporate finance, and contingent operation fees.

#### Fee Income from Financial Services, Net

S/. million	1Q07	4Q07	1Q08	%chg QoQ	%chg YoY
Credit and debit card	21.8	27.5	27.0	-1.9%	23.6%
Fees for services	27.2	28.0	30.3	8.6%	11.6%
Contingent operations	3.1	3.7	3.3	-10.6%	7.8%
Fees for collection and payment services	2.5	5.6	3.9	-30.0%	57.3%
Others	11.3	17.8	12.2	-31.5%	8.1%
<b>Fee income from financial services</b>	<b>65.9</b>	<b>82.6</b>	<b>76.8</b>	<b>-7.0%</b>	<b>16.5%</b>
Expenses relating to financial services	-6.4	-6.8	-8.6	27.1%	35.4%
<b>Fee income from financial services, net</b>	<b>59.6</b>	<b>75.9</b>	<b>68.2</b>	<b>-10.1%</b>	<b>14.5%</b>

#### ADMINISTRATIVE EXPENSES

Administrative expenses increased 23.2% YoY, but declined 3.8% QoQ. The yearly increase was due to the expansion of Interbank's distribution network, a higher level of business activity, and the costs of acquiring new clients. The quarterly decline was due to a seasonal decrease in the selling costs, as well as a decline in provisions for variable compensation.

The bank's cost to income ratio fell from 59.1% in 1Q07 to 59.0% in 4Q07 and to 53.7% in 1Q08.

#### Administrative Expenses

S/. million	1Q07	4Q07	1Q08	%chg QoQ	%chg YoY
Personnel and board of directors expenses	56.3	64.6	61.2	-5.3%	8.8%
Services received from third parties	57.5	86.0	81.1	-5.7%	40.9%
Taxes and contributions	7.2	4.4	6.8	53.4%	-5.0%
<b>Total</b>	<b>121.0</b>	<b>155.0</b>	<b>149.1</b>	<b>-3.8%</b>	<b>23.2%</b>
<b>Efficiency ratio</b>	<b>59.1%</b>	<b>59.0%</b>	<b>53.7%</b>		

#### OTHERS

#### Other Income (Expenses)

S/. million	1Q07	4Q07	1Q08	%chg QoQ	%chg YoY
Depreciation	-10.9	-9.5	-10.0	6.3%	-8.0%
Amortization	-2.1	-2.6	-2.8	6.5%	34.0%
<b>Total depreciation and amortization</b>	<b>-13.0</b>	<b>-12.1</b>	<b>-12.8</b>	<b>6.3%</b>	<b>-1.3%</b>
Income (expenses) for recoveries	9.9	9.6	7.8	-19.1%	-21.4%
Extraordinary income (expenses)	-3.4	-2.9	-3.5	21.4%	2.3%
Provisions for contingencies and other provisions	-13.9	-7.7	-3.3	nm	nm
Income (expenses) of prior years	-0.5	0.2	4.3	nm	nm
<b>Other Income (Expenses)</b>	<b>-7.9</b>	<b>-0.8</b>	<b>5.3</b>	<b>nm</b>	<b>nm</b>
<b>Total</b>	<b>-20.9</b>	<b>-12.9</b>	<b>-7.6</b>	<b>nm</b>	<b>nm</b>

Other income improved substantially, from a loss of S/.7.9MM in 1Q07 to a profit of S/.5.3MM in 1Q08, due to a 76.1% decline in provisions for contingencies.

#### CAPITALIZATION

The ratio of regulatory capital to risk-weighted assets was 11.2% as of March 31, 2008, below 12.6% in 1Q07 and above the 10.0% reported in 4Q07. The quarterly increase was due to 16.4% growth in Tier I capital, as a result of the capitalization of earnings.

#### Capitalization

S/. million	1Q07	4Q07	1Q08	%chg QoQ	%chg YoY
Tier I	657.3	702.7	818.2	16.4%	24.5%
Tier II	143.5	112.8	109.5	-3.0%	-23.7%
Deductions	-84.6	-65.2	-66.5	2.0%	-21.4%
Regulatory capital	716.2	750.3	861.2	14.8%	20.2%
Risk weighted assets	5,605.1	7,286.6	7,510.1	3.1%	34.0%
<b>Risk weighted assets to regulatory capital</b>	<b>7.9</b>	<b>10.0</b>	<b>8.9</b>	<b>-11.1%</b>	<b>12.4%</b>
<b>BIS ratio</b>	<b>12.6%</b>	<b>10.0%</b>	<b>11.2%</b>	<b>12.5%</b>	<b>-11.0%</b>
<b>Tier I / risk weighted assets</b>	<b>11.7%</b>	<b>9.6%</b>	<b>10.9%</b>	<b>13.0%</b>	<b>-7.1%</b>

## Interseguro

### SUMMARY

Interseguro's net income was S/.10.0mm in 1Q08, a 67.2% decline YoY and a 35.7% increase QoQ. The annualized ROE decreased from 77.0% in 1Q07 to 19.1% in 1Q08. Over the same period, ROA fell from 8.2% to 2.4%.

#### Profit and Loss Statement Summary

S/. million	1Q07	4Q07	1Q08	%chg QoQ	%chg YoY
Premiums	58.3	58.9	51.5	-12.6%	-11.6%
Premiums ceded	-1.6	-1.1	-1.6	43.2%	2.4%
Fees	-1.7	-1.8	-1.2	-32.8%	-28.0%
Claims	-32.4	-43.9	-35.1	-20.1%	8.2%
Change in reserves	-33.8	-32.2	-35.7	10.7%	5.5%
Diverse Income, net	-1.0	-2.2	-0.6	-73.7%	-40.8%
<b>Technical margin</b>	<b>-12.2</b>	<b>-22.3</b>	<b>-22.6</b>	<b>1.5%</b>	<b>86.1%</b>
Administrative expenses	-6.3	-9.8	-7.0	-28.4%	11.6%
Investment income, net*	45.1	30.0	37.8	26.1%	-16.2%
Extraordinaries	3.7	9.4	1.8	-81.2%	-52.5%
<b>Net income</b>	<b>30.4</b>	<b>7.3</b>	<b>10.0</b>	<b>35.7%</b>	<b>-67.2%</b>

\*Includes Exchange difference

The main drivers for the yearly decline in earnings were higher claims and lower investment income. The quarterly increase in earnings is explained by investment income growth and by lower claims, administrative expenses and fees.

### PREMIUMS

Premiums decreased 12.6% QoQ and 11.6% YoY. As shown in the table below, the YoY decline was primarily due to an 84.7% reduction in disability and survivor benefits premiums and 12.6% in individual life premiums. On a QoQ basis, the decrease is explained by an 86.8% decline in disability and survivor benefits premiums. The decrease in individual life is due to the appreciation of the Nuevo Sol and its effect on the translation of US Dollar-denominated life policies. The decline in disability and survivor benefits premiums is due to the fact that Interseguro no longer manages the Profuturo AFP account, which was the main source for sales of these premiums.

Interseguro's market share in the life insurance sector was 10.4% in 1Q08.

## RESERVES, CLAIMS AND OPERATING EXPENSES

Change in reserves increased 5.5% YoY, due to higher annuity and mandatory traffic accident premiums sold, and rose 10.7% QoQ, due to higher individual life, annuity and mandatory traffic accident premiums sold.

### Reserves by Business Line

S/. million	1Q07	4Q07	1Q08	%chg QoQ	%chg YoY
Individual Life	2.2	2.0	1.4	27.8%	-34.1%
Annuities	31.1	30.3	33.4	10.3%	7.5%
Group Life	0.4	-0.4	-0.1	-79.1%	-118.2%
Disability and survivor benefits	0.0	0.0	0.0	0.0%	0.0%
Mandatory traffic accident	0.2	0.4	0.9	153.1%	459.5%
<b>TOTAL</b>	<b>33.8</b>	<b>32.2</b>	<b>35.7</b>	<b>10.7%</b>	<b>5.5%</b>

Claims decreased 20.1% QoQ and increased 8.2% YoY. The quarterly decrease was due to lower claims in individual life (-113.8%) and disability and survivor benefits (-42.1%) policies. YoY growth was due to an increase in claims in group life (12.0%), annuities (11.3%) and disability and survivor benefits (8.5%) policies.

### Claims by Business Line

S/. million	1Q07	4Q07	1Q08	%chg QoQ	%chg YoY
Individual Life	0.1	0.5	-0.1	-113.8%	-216.4%
Annuities	15.0	16.7	16.7	0.0%	11.3%
Group Life	1.4	1.4	1.5	11.3%	12.0%
Disability and survivor benefits	12.4	23.2	13.4	-42.1%	8.5%
Mandatory traffic accident	3.6	2.2	3.5	62.3%	-3.2%
<b>TOTAL</b>	<b>32.4</b>	<b>43.9</b>	<b>35.1</b>	<b>-20.1%</b>	<b>8.2%</b>

As a result of the above-mentioned factors, the technical margin was S/.-22.6mm in 1Q08, S/. 0.3mm lower than 4Q07, and S/. 10.4mm lower than 1Q07.

Administrative expenses decreased 28.4% QoQ and increased 11.6% YoY. The quarterly decrease is explained by lower personnel expenses.

## INVESTMENT INCOME

Investment income decreased 16.2% YoY, as a result of a S/-.34.0 decline in income from equity and mutual funds, which was partially offset by an exchange gain, and higher income from the company's fixed income and real estate portfolios.

Investment income increased 26.1% QoQ, due mainly to an exchange gain, as well as higher yields on fixed income and mutual funds.

Investment Income, Net

S/. million	1Q07	4Q07	1Q08	%chg QoQ	%chg YoY
<b>Income:</b>					
Fixed Income	19.6	16.6	28.1	69.2%	43.3%
Equity and Mutual Funds	24.1	7.9	-9.9	n.m.	-140.9%
Real estate	3.9	4.7	5.8	24.3%	49.6%
<b>Total income</b>	<b>47.6</b>	<b>29.1</b>	<b>24.0</b>	<b>-17.7%</b>	<b>-49.6%</b>
Expenses	-2.8	-2.3	-3.4	49.1%	21.2%
Exchange difference	0.3	3.1	17.2	450.8%	4886.4%
<b>Net income</b>	<b>45.1</b>	<b>30.0</b>	<b>37.8</b>	<b>26.1%</b>	<b>-16.2%</b>

Investment Portfolio

S/. million	1Q07	4Q07	1Q08	%chg QoQ	%chg YoY
Fixed Income	846.0	966.3	910.5	-5.8%	7.6%
Equity and Mutual Funds	398.5	287.0	246.5	-14.1%	-38.1%
Real estate	100.8	183.6	225.3	22.7%	123.6%
Others	132.0	171.2	184.2	7.5%	39.6%
<b>TOTAL</b>	<b>1,477.2</b>	<b>1,608.1</b>	<b>1,566.4</b>	<b>-2.6%</b>	<b>6.0%</b>