Intergroup Financial Services Corp.
Reports First Quarter 2011 Earnings

Lima, Peru, May 3, 2011. Intergroup Financial Services Corp. (Bolsa de Valores de Lima: IFS) announced today its unaudited results for the first quarter 2011. These results are reported on a consolidated basis in accordance with Peruvian GAAP in nominal Peruvian Nuevos Soles.

Intergroup:

- Intergroup reported S/. 151.3 million in net earnings for 1Q11, a 46.8% increase QoQ and a 9.0% increase YoY. Operating trends were strong, driven by solid performances in both subsidiaries
- When excluding non-recurring items, net earnings increased 25.1% QoQ and 17.3% YoY
- The QoQ increase was driven by growth in financial income, lower provision expenses and a decrease in administrative expenses
- Intergroup´s recurring ROE was 28.9% in 1Q11, above the 23.9% in 4Q10 and the 27.6% in 1Q10

Interbank:

- Net earnings increased 9.2% YoY, driven by sustained loan growth and stable provisions and administrative expenses
- Net earnings decreased 8.9% QoQ. When excluding non-recurring items, earnings rose 9.9%, driven by loan growth and lower provision and administrative expenses
- Loans grew 3.0% QoQ and 24.5% YoY
- Recurring NIM decreased 30 bps QoQ mainly due to lower yield on the loan portfolio
- Asset quality remained strong, with a past-due loan ratio of 1.5% and a reserve coverage ratio of 268.3%. The ratio of provision expense to average loans fell from 3.7% in 4Q10 to 2.5% in 1Q11

Interseguro:

- Interseguro's net earnings reached a record level of S/. 37.0 million in 1Q11, an increase of 92.2% QoQ and 103.2% YoY
- Earnings growth was driven by a significant increase in investment income
- Annuity sales more than tripled YoY, driven by Interseguro's leading position in the expanding early retirement segment

Intergroup

1Q11 Performance

Net earnings (attributable to Intergroup's shareholders) were S/. 151.3 million in 1Q11, a 46.8% increase QoQ and 9.0% increase YoY. When excluding non-recurring items, net earnings increased 25.1% QoQ and 17.3% YoY. Intergroup's recurring ROE was 28.9% in 1Q11, above the 23.9% in 4Q10 and the 27.6% in 1Q10.

Intergroup's Profit and Loss Statement Summary					
S/. million	1Q10	4Q10	1Q11	%chg QoQ	%chg YoY
Financial income	503.1	551.1	581.6	5.5%	15.6%
Financial expenses	-92.1	-132.0	-138.5	4.9%	50.3%
Gross financial margin	**410.9**	**419.0**	**443.2**	**5.8%**	**7.8%**
Provisions	-78.9	-111.6	-78.6	-29.6%	-0.4%
Net financial margin	**332.1**	**307.4**	**364.6**	**18.6%**	**9.8%**
Fee income from financial services, net	83.7	118.5	101.0	-14.8%	20.6%
Result from insurance underwriting, net	-4.9	-12.7	-15.8	23.8%	220.5%
Administrative expenses	-211.1	-252.4	-226.9	-10.1%	7.5%
Net operating margin	**199.8**	**160.8**	**222.9**	**38.6%**	**11.6%**
Depreciation and amortization	-25.4	-28.4	-23.0	-18.8%	-9.2%
Other income (expenses)	16.8	21.5	6.4	-70.2%	-61.8%
Income before tax and profit sharing	**191.1**	**153.9**	**206.3**	**34.0%**	**7.9%**
Income tax and profit sharing	-51.5	-49.9	-54.0	8.4%	4.9%
Net income	**139.6**	**104.1**	**152.2**	**46.3%**	**9.0%**
Attributable to IFS shareholders	**138.9**	**103.1**	**151.3**	**46.8%**	**9.0%**
EPS	**1.48**	**1.10**	**1.62**		
ROE	**29.8%**	**20.4%**	**28.9%**		

Intergroup´s Recurring Profit and Loss Statement Summary					
S/. million	1Q10	4Q10	1Q11	%chg QoQ	%chg YoY
Reported net eanings	**138.9**	**103.1**	**151.3**	**46.8%**	**9.0%**
Non-recurring items:					
Investment gains	-9.9	0.0	0.0	n.m.	-100.0%
Provision expenses	0.0	5.3	0.0	n.m.	n.m.
Extraordinary expenses	0.0	12.6	0.0	n.m.	n.m.
Total non-recurring items	**-9.9**	**17.9**	**0.0**	**-100.0%**	**n.m.**
Recurring net earnings	**129.0**	**121.0**	**151.3**	**25.1%**	**17.3%**
Recurring ROE	27.6%	23.9%	28.9%		

Intergroup's Balance Sheet Summary					
S/. million	1Q10	4Q10	1Q11	%chg QoQ	%chg YoY
Cash and due from banks	3,181.6	4,603.1	4,246.1	-7.8%	33.5%
Investments, net	4,401.6	4,305.0	4,629.5	7.5%	5.2%
Loan portfolio, net	9,674.4	11,767.4	12,147.0	3.2%	25.6%
Fixed assets, net	524.0	484.45	473.3	-2.3%	-9.7%
Other assets	631.1	815.9	942.7	15.5%	49.4%
Total Assets	**18,412.8**	**21,975.8**	**22,438.6**	**2.1%**	**21.9%**
Deposits and obligations	11,442.4	11,875.2	12,480.9	5.1%	9.1%
Due to banks	1,538.4	2,360.2	2,130.0	-9.8%	38.5%
Bonds and obligations	1,453.8	3,135.2	3,132.8	-0.1%	115.5%
Technical reserves for premiums and claims	1,536.2	1,869.6	1,972.9	5.5%	28.4%
Other liabilities	494.0	626.3	911.9	45.6%	84.6%
Total Liabilities	**16,464.8**	**19,866.5**	**20,628.5**	**3.8%**	**25.3%**
Intergroup shareholders' equity	1,935.4	2,097.5	1,799.2	-14.2%	-7.0%
Minority interest	12.5	11.8	10.9	-7.5%	-12.8%
Total shareholders' equity	**1,948.0**	**2,109.3**	**1,810.1**	**-14.2%**	**-7.1%**

Quarter-on-quarter performance

Net earnings increased 46.8% QoQ driven by higher financial income, lower provision expenses and a decrease in administrative expenses. When one-time items are excluded, recurring net earnings increased 25.1% QoQ.

Financial income increased 5.5% QoQ due to 2.1% growth in interest on loans at Interbank and a 32.7% increase in investment income at Interseguro.

Provision expenses decreased 29.6% QoQ, as stable asset quality led to lower provisioning requirements. Additionally, provisions were unusually high in 4Q10 as a result of the reinstatement of pro-cyclical provisioning requirements.

Administrative expenses decreased 10.1% as a result of seasonal declines in marketing and consulting services at Interbank and sales force expenses at Interseguro.

Year-on year performance

Net earnings increased 9.0% YoY, driven by increasing loan volume and fee income at Interbank and strong investment income at Interseguro. When one-time items recorded in 1Q10 are excluded, recurring net earnings increased 17.3% YoY.

Gross financial margin grew 5.8% due to a 15.6% increase in financial income, partially offset by a 50.3% increase in financial expenses.

The increase in financial income was attributable to a 24.1% increase in average loan volume at Interbank and an 88.0% increase in investment income at Interseguro.

Growth in financial expenses was due to increases of 375.5% in interest on bonds and 26.3% in interest on deposits. The rise in interest on bonds was the result of two bond issues totaling US$600 million completed by Interbank during 2010. The increase in interest on deposits was attributable to volume growth at increasing costs.

Fee income grew 20.6% YoY, mainly as a result of higher fees from credit and debit cards, services and other fees at Interbank.

Interseguro's loss from insurance underwriting tripled, due to an increase in reserves linked to higher annuity sales.

Administrative expenses grew S/. 15.8 million, mainly as a result of increasing sales and marketing activity at Interbank and Interseguro.

CONTRIBUTION OF SUBSIDIARIES

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	1Q10	4Q10	1Q11	%chg QoQ	%chg YoY
Interbank	114.6	137.3	125.1	-8.9%	9.2%
Interseguro	18.2	19.2	37.0	92.2%	103.2%
Intergroup accounts:					
Return on investment portfolio	6.5	2.7	10.7	294.5%	n.m.
Exchange gains (loss)	-2.0	0.2	0.8	266.8%	-139.0%
Taxes on dividends	-2.2	-2.2	-3.1	40.0%	40.0%
Other income (expenses)	3.4	-20.3	-9.9	n.m.	n.m.
Consolidation adjustments	0.3	-33.9	-9.3	-72.6%	n.m.
Total	**138.9**	**103.1**	**151.3**	**46.8%**	**9.0%**

Interbank

SUMMARY

1Q11 Performance

Interbank's net earnings were S/. 126.0 million in 1Q11, an increase of 9.2% YoY and a decrease of 8.9% QoQ. The YoY increase was due to an 8.6% rise in net operating margin, driven by a 24.1% increase in average loan volume and a 19.2% increase in fee income, while provisions and administrative expenses remained stable.

The QoQ decrease in net earnings was due to non-recurring investment gains totaling S/. 28.9 million reported in 4Q10. Excluding these gains, net earnings would have grown 9.9% QoQ.

Interbank's recurring ROE was 31.5% in 1Q11, above the 28.5% reported in 4Q10 and the 30.7% reported in 1Q10.

Profit and Loss Statement Summary					
S/. million	1Q 10	4Q 10	1Q 11	% chg QoQ	% chg YoY
Financial income	454.2	526.7	498.4	-5.4%	9.7%
Financial expenses	-89.0	-123.1	-125.5	1.9%	40.9%
Gross financial margin	**365.1**	**403.6**	**372.9**	**-7.6%**	**2.1%**
Provisions	-78.9	-111.6	-78.6	-29.6%	-0.4%
Net financial margin	**286.2**	**291.9**	**294.3**	**0.8%**	**2.8%**
Fee income from financial services, net	98.1	134.2	117.0	-12.8%	19.2%
Administrative expenses	-202.9	-234.2	-214.2	-8.5%	5.6%
Net operating margin	**181.5**	**191.9**	**197.1**	**2.7%**	**8.6%**
Depreciation and amortization	-23.1	-27.7	-22.3	-19.5%	-3.6%
Other income (expenses)	6.9	21.1	3.1	-85.4%	-55.4%
Income before tax and profit sharing	**165.3**	**185.4**	**177.9**	**-4.0%**	**7.6%**
Income tax and profit sharing	-49.9	-47.1	-51.9	10.3%	4.1%
Net income	**115.4**	**138.3**	**126.0**	**-8.9%**	**9.2%**
ROE	**33.6%**	**34.4%**	**31.5%**		

Summary of Non-Recurring Items					
S/. million Net of taxes	1Q10	4Q10	1Q11	% chg QoQ	% chg YoY
Net Income	115.4	138.3	126.0	-8.9%	9.2%
Non Recurring Items:					
Investment Income	9.9	28.9	0.0	n.d.	n.d.
Provision Expense	0.0	-5.3	0.0	n.d.	n.d.
Total Non Recurring Items	**9.9**	**23.6**	**0.0**	**n.d.**	**n.d.**
Recurring Net Income	**105.5**	**114.6**	**126.0**	**9.9%**	**19.4%**
Recurring ROE	**30.7%**	**28.5%**	**31.5%**		

INTEREST-EARNING ASSETS

Interbank's interest-earnings assets reached S/. 18,691.9 million in 1Q11, a 2.0% increase QoQ and 22.4% increase YoY.

The quarterly increase was due to growth rates of 3.4% in loans and 18.0% in investments, partially offset by an 8.0% decrease in cash. The increase in investments was due to the purchase of Central Bank certificates of deposit and equity investments. The decrease in cash was a result of the replacement of short-term lines of credit with deposits, which are subject to lower reserve requirements.

YoY growth was due to increases of 25.7% in loans and 35.1% in cash, partially offset by a 7.7% decrease in investments. The increase in cash and decrease in investments were mainly due to the replacement of Central Bank certificates of deposit, which are classified as investments, with overnight deposits. Investments also decreased due to the sale of fixed income instruments during 2010. Total of cash and investments grew 16.6% YoY.

Interest-Earning Assets

S/. million	1Q 10	4Q 10	1Q 11	% chg QoQ	% chg YoY
Cash and due from banks	3,138.2	4,608.3	4,239.1	-8.0%	35.1%
Investments, net	2,378.4	1,860.3	2,195.5	18.0%	-7.7%
Loan portfolio, net	9,674.5	11,767.4	12,164.2	3.4%	25.7%
Other interest earning assets	82.3	92.5	93.2	0.8%	13.1%
Total interest earnings assets	**15,273.4**	**18,328.5**	**18,691.9**	2.0%	22.4%

Loan Portfolio

S/. million	1Q 10	4Q 10	1Q 11	% chg QoQ	% chg YoY
Performing loans:					
Retail	5,016.2	5,828.0	6,044.3	3.7%	20.5%
Commercial	4,988.5	6,257.4	6,408.8	2.4%	28.5%
Total performing loans	10,004.7	12,085.4	12,453.1	3.0%	24.5%
Restructured and refinanced loans	93.7	93.1	89.2	-4.1%	-4.7%
Past due loans	162.3	187.9	191.5	1.9%	18.0%
Gross loans	**10,260.7**	**12,366.4**	**12,733.8**	**3.0%**	**24.1%**
Add (less)					
Accrued and deferred interest	-172.2	-93.3	-55.7	-40.2%	-67.6%
Allowance for loan losses	-414.0	-505.8	-513.9	1.6%	24.1%
Total direct loans, net	**9,674.5**	**11,767.4**	**12,164.2**	**3.4%**	**25.7%**

Retail loans grew 3.7% QoQ, driven mainly by increases of 7.6% in mortgages and 3.9% in credit cards. Interbank's mortgage loan portfolio expanded 38.8% YoY as a result of demand for new housing and successful commercial efforts at Interbank.

Commercial loans increased 2.4% QoQ, after having grown 7.5% in 4Q10. YoY growth in commercial loans was 28.5%.

As a consequence of the significant growth rates of the last four quarters, performing loans grew 24.5% YoY.

Breakdown of Performing Retail Loans					
S/. million				% chg	% chg
	1Q 10	4Q 10	1Q 11	QoQ	YoY
Consumer loans:					
Credit cards	1,495.3	1,740.1	1,808.6	3.9%	20.9%
Other consumer	2,132.3	2,296.0	2,307.8	0.5%	8.2%
Total consumer loans	**3,627.6**	**4,036.1**	**4,116.4**	**2.0%**	**13.5%**
Mortgages	1,388.5	1,791.9	1,927.9	7.6%	38.8%
Total retail loans	**5,016.2**	**5,828.0**	**6,044.3**	**3.7%**	**20.5%**

FUNDING STRUCTURE

Funding Structure					
S/. million				% chg	% chg
	1Q 10	4Q 10	1Q 11	QoQ	YoY
Deposits and obligations	11,521.6	11,966.8	12,534.4	4.7%	8.8%
Due to banks	2,185.4	2,941.4	2,664.7	-9.4%	21.9%
Bonds and obligations	500.2	2,182.1	2,205.1	1.1%	340.8%
Interbank funds	111.0	93.2	75.4	-19.1%	-32.1%
Total	**14,318.2**	**17,183.5**	**17,479.6**	**1.7%**	**22.1%**
AUM (Interfondos)	2,446.4	2,525.0	2,488.7	-1.4%	1.7%
% of funding					
Deposits and obligations	81.2%	70.2%	72.1%		
Due to banks	15.3%	17.1%	15.3%		
Bonds and obligations	3.5%	12.7%	12.6%		

Interbank financed its quarterly growth with an increase of S/. 552.8 million in deposits, partially offset by a decrease of S/. 276.6 million in due to banks. Growth in deposits was mainly driven by an increase in commercial checking account deposits, which were used to replace short-term lines of credit that are subject to higher reserve requirements.

The bank’s total funding base grew 22.1% YoY due to increases of 340.8% in bonds and 8.8% in deposits. The increase in bonds was the result of two international issues completed in 2010: US$200 million in subordinated junior bonds with a coupon of 8.50%, and US$400 million in 10-year corporate bonds with a coupon of 5.75%. YoY deposit growth was driven by a 14.5% increase in retail deposits and 5.1% in commercial deposits.

Breakdown of Deposits					
S/. million				% chg	% chg
	1Q 10	4Q 10	1Q 11	QoQ	YoY
By Customer Segment					
Retail	4,558.5	5,140.5	5,220.8	1.6%	14.5%
Commercial	6,963.1	6,826.3	7,313.6	7.1%	5.0%
Total	**11,521.6**	**11,966.8**	**12,534.4**	**4.7%**	**8.8%**
By Type:					
Demand	2,861.6	2,820.6	3,058.0	8.4%	6.9%
Savings	3,213.1	3,680.9	3,832.4	4.1%	19.3%
Time	5,446.9	5,465.2	5,644.1	3.3%	3.6%
Total	**11,521.6**	**11,966.8**	**12,534.4**	**4.7%**	**8.8%**

FINANCIAL MARGIN

Financial Margin					
S/. million				% chg	% chg
	1Q 10	4Q 10	1Q 11	QoQ	YoY
Financial income	454.2	526.7	498.4	-5.4%	9.7%
Financial expenses	-89.0	-123.1	-125.5	1.9%	40.9%
Gross financial margin	**365.1**	**403.6**	**372.9**	**-7.6%**	**2.1%**

Financial Income					
S/. million				% chg	% chg
	1Q 10	4Q 10	1Q 11	QoQ	YoY
Interest and commissions on loans	374.7	416.4	425.0	2.1%	13.4%
Investment income	34.5	62.6	26.6	-57.5%	-22.9%
Interest on due from banks and interbank funds	0.8	11.1	9.5	-14.2%	n.m.
Financial income before exchange gains	410.0	490.1	461.2	-5.9%	12.5%
Exchange and derivatives gains	41.1	34.3	35.7	4.2%	-13.1%
Others	3.0	2.3	1.5	-35.5%	-51.0%
Total Financial Income	**454.2**	**526.7**	**498.4**	**-5.4%**	**9.7%**
Average interest earning assets	15,168	17,596	18,510	5.2%	22.0%
Average yield on assets*	10.8%	11.1%	10.0%	-1.1%	-0.8%
*Annualized. Excludes exchange and derivatives gains					

Financial Expenses					
S/. million				% chg	% chg
	1Q 10	4Q 10	1Q 11	QoQ	YoY
Interest and commissions on deposits	35.0	42.7	44.1	3.3%	26.3%
Interest and fees on deposits and due to banks	31.9	42.0	39.7	-5.4%	24.4%
Interest on securities, bonds and other obligations	7.7	36.4	36.7	0.7%	375.5%
Other financial expenses	14.4	2.0	4.9	145.3%	-66.0%
Financial Expenses	**89.0**	**123.1**	**125.5**	**1.9%**	**40.9%**
Average interest bearing liabilites	13,974	16,580	17,332	4.5%	21.6%
Average cost of funding	2.1%	2.9%	2.8%	0.3%	0.4%

Quarter-on-quarter performance

Gross financial margin fell 7.6% QoQ as a result of a 5.4% decrease in financial income and a 1.9% increase in financial expenses.

Financial income declined as a result of non-recurring gains from the sale of investments recorded in 4Q10. Excluding non-recurring factors, financial income would have grown 1.6% QoQ.

Interest on loans increased 2.1% due to 5.1% growth in the average loan volume, partially offset by a decrease of 40 basis points in the average yield, from 14.6% in 4Q10 to 14.2% in 1Q11. The decrease in yield was attributed to lower credit card rates and an increasing proportion of mortgage loans, which carry much lower yields than consumer loans, within the retail loan portfolio. The commercial portfolio's yield remained stable QoQ.

Investment income decreased 57.5%, mainly due to S/. 36.1 in non-recurring pre-tax gains on the sale of investments reported in 4Q10. Excluding non-recurring gains, investment income would have remained stable.

The return on interest-earning assets was 10.0% in 1Q11, a 110 basis points decline from 4Q10, mainly as a result of lower investment gains.

Financial expenses grew 1.9% QoQ due to a 3.3% increase in interest on deposits, partially offset by a 5.4% decline in interest on due to banks.

The increase in interest on deposits was attributed to 4.1% growth in average volume, with a slightly decreasing average cost. Average volume growth was driven by increases of 4.0% in retail deposits, 5.0% in commercial deposits, and 4.1% in institutional deposits.

The decline in interest on due to banks was the result of a 9.0% reduction in the average volume, partially offset by a 20 basis point increase in the average cost. Average volume decreased due to the replacement of short-term lines of credit with lower-cost deposits.

The bank's average cost of funds was 2.8% in 1Q11, a 10 basis point decline QoQ, as a result of a lower interest on due to banks.

Year-on year performance

Gross financial margin increased 2.1% YoY, driven by 9.7% growth in financial income, partially offset by a 40.9% increase in financial expenses.

Growth in financial income was driven by a 13.4% increase in interest on loans, partially offset by a 22.9% decline in investment income.

The increase in interest on loans was due to a 24.1% growth in the average volume, partially offset by a decline of 130 basis points in the average yield, from 15.5% in 1Q10 to 14.2% in 1Q11. Growth in the average volume was driven by increases of 28.5% in the commercial loan portfolio and 20.5% in the retail loan portfolio. Yield decreased in both the commercial and retail portfolios. The yield of the retail portfolio fell as a result of lower average rates on credit cards and an increase in the proportion of mortgages within the retail loan portfolio, from 28.2% in 1Q10 to 32.5% in 1Q11. The decrease in the yield of the commercial loan portfolio was the result of a more competitive environment.

The decline in investment income was due to S/. 11.2 million in non-recurring gains from the sale of investments in 1Q10. Excluding these gains, investment income would have grown 14.6% YoY.

Interest on cash grew S/. 8.7 million YoY due to an increase in the volume of interest-bearing deposits held at the Central Bank.

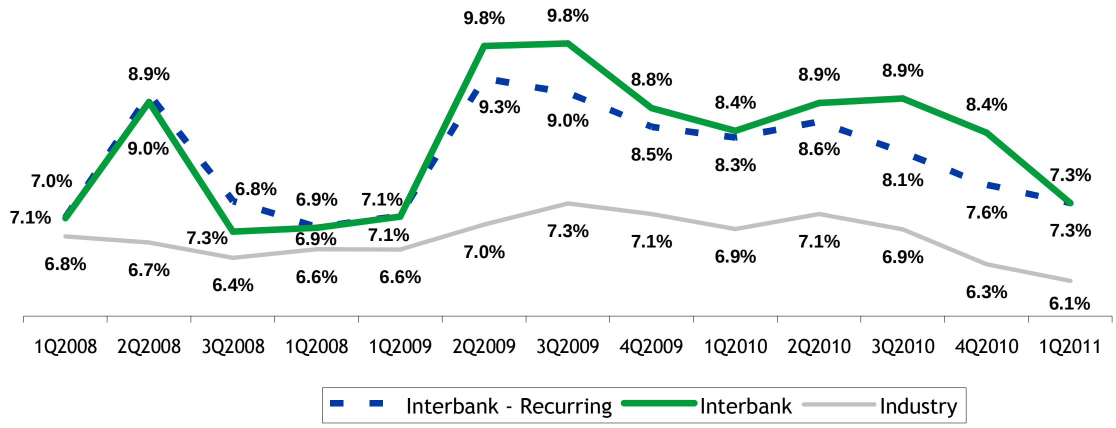
Financial expenses increased 40.9% YoY mainly due to 375.5% growth in interest on bonds, 26.3% in deposits, and 24.4% in due to banks.

The increase in interest on bonds was due to 335.9% growth in the average volume, as a result of the two bond issues previously mentioned. The increase in interest on deposits was attributable to a 6.3% growth in the average volume and an increase of 20 basis points in the average cost.

Interest on due to banks increased as a result of 35.2% growth in average volume, partially offset by a 40 basis point decline in the average cost. Growth in average volume was related to increasing volumes of trade finance loans to corporate clients.

The average cost of funding increased 70 basis points YoY mainly due to the bond issues.

Net Interest Margin*



Net interest margin fell 110 basis points, from 8.4% in 4Q10 to 7.3% in 1Q11, mainly due to the non-recurring gains reported in 4Q10. Excluding non-recurring factors, net interest margin would have decreased from 7.6% in 4Q10 to 7.3% in 1Q11.

PROVISIONS

Provision expenses decreased 29.6% QoQ and 0.4% YoY. In 4Q10, provision expenses were particularly high as a result of the activation of pro-cyclical provisioning requirements, which had a non-recurring impact of S/. 7.8 million.

The annualized ratio of loan loss provisions to average loans decreased from 3.1% in 1Q10 and 3.7% in 4Q10 to 2.5% in 1Q11. The decline in the ratio was a result of an improvement in asset quality.

Composition of Provision Expense					
S/. million	1Q 10	4Q 10	1Q 11	% chg QoQ	% chg YoY
Provisions recognized as expense	-82.1	-121.5	-102.9	-15.3%	25.3%
Provisions reversal	3.2	9.9	24.4	146.8%	650.2%
Total provision expense	**-78.9**	**-111.6**	**-78.6**	**-29.6%**	**-0.4%**
Loan provision / average loans	**3.1%**	**3.7%**	**2.5%**		

Provision for Loan Losses					
S/. million	1Q 10	4Q 10	1Q 11	% chg QoQ	% chg YoY
Balance at the beginning of the quarter	-433.3	-514.5	-550.9	7.1%	27.1%
Provision recognized as expense for the period	-82.1	-121.5	-102.9	-15.3%	25.3%
Write-offs, extinguishment of debt and sales	64.6	76.3	69.8	-8.5%	8.0%
Provisions reversal	3.2	9.9	24.4	146.8%	650.2%
Exchange gains	2.0	-1.0	0.2	-119.4%	-90.1%
Balance at the end of the quarter	-445.5	-550.9	-559.4	1.6%	25.6%
Past due loans / Total loans	**1.6%**	**1.5%**	**1.5%**		
Reserve coverage	**255.1%**	**269.1%**	**268.3%**		

The ratio of past due loans to total loans remained stable at 1.5% in 1Q11 when compared to 4Q10. The coverage ratio also remained stable QoQ at 268.3%.

FEE INCOME FROM FINANCIAL SERVICES

Fee income decreased 12.8% QoQ mainly due mainly to a decrease in corporate finance advisory fees, when compared to an unusually high 4Q10, and to a seasonal decline in revenues from the real estate division.

Fee income grew 19.2% YoY, due to increases of 20.0% in fees from credit and debit cards, 16.1% in fees from services and 13.3% in other fees. The increase in credit and debit card fees was a result of 13.9% growth in the number of active credit cards, 23.9% in purchases, and 18.9% in outstanding balances. The increases in fees from services and other services were mainly due to fees related to mortgage disbursements.

Fee Income from Financial Services, Net					
S/. million	1Q 10	4Q 10	1Q 11	% chg QoQ	% chg YoY
Credit and debit card	40.0	48.4	48.0	-0.7%	20.0%
Fees from services	46.5	54.6	54.0	-1.2%	16.1%
Contingent operations	9.3	10.4	10.3	-0.2%	11.7%
Fees for collections and payment services	4.9	5.6	5.6	0.2%	15.8%
Other fees	22.2	41.8	25.2	-39.8%	13.3%
Total	**122.9**	**160.8**	**143.2**	**-11.0%**	**16.5%**
Expenses relating to financial services	-24.8	-26.6	-26.2	-1.5%	5.8%
Fee income from financial services, net	**98.1**	**134.2**	**117.0**	**-12.8%**	**19.2%**

ADMINISTRATIVE EXPENSES

Administrative expenses fell 8.5% QoQ, as a result of a 14.3% decline in services received from third parties. This was due to seasonal decreases of 29.1% in advertising and 37.5% in consulting services.

Administrative expenses grew 5.6% YoY due to increases of 9.9% in services received from third parties and 1.3% in personnel expenses. The increase in services received from third parties was attributable to a 45.5% rise in marketing expenses.

The efficiency ratio decreased slightly, from 48.8% in 1Q10 and 48.7% in 4Q10 to 48.3% in 1Q11.

Administrative Expenses					
S/. million				% chg	% chg
	1Q 10	4Q 10	1Q 11	QoQ	YoY
Personnel and board of directors expenses	-104.7	-108.8	-106.1	-2.5%	1.3%
Services received from third parties	-93.7	-120.2	-103.0	-14.3%	9.9%
Taxes and contributions	-4.5	-5.3	-5.2	-1.6%	15.9%
Total	-202.9	-234.2	-214.2	-8.5%	5.6%
Efficiency ratio	48.8%	48.7%	48.3%		

OTHERS

Other Incomes (Expenses)					
S/. million				% chg	% chg
	1Q 10	4Q 10	1Q 11	QoQ	YoY
Depreciation	-16.2	-17.3	-17.3	-0.1%	6.3%
Amortization	-6.9	-10.4	-5.0	-51.7%	-26.8%
Total depreciation and amortization	-23.1	-27.7	-22.3	-19.5%	-3.6%
Income (expenses) for recoveries	15.5	19.4	16.6	-14.2%	7.5%
Extraordinary income (expenses)	1.3	-5.0	-4.0	-19.4%	-413.8%
Provisions for contingencies and other provisions	-9.8	6.7	-9.5	-242.3%	-3.0%
Other Income (Expenses)	6.9	21.1	3.1	-85.4%	n.m.
Total	-16.2	-6.5	-19.2	n.m.	18.5%

Depreciation and amortization decreased 19.5% QoQ, as a result of a non-recurring charge-off related to software reported in 4Q10.

Other income decreased S/. 18.0 million QoQ due to an increase in provisions for contingencies and a decrease in income from recoveries. During 4Q10, a reversal of S/. 7.9 million in provisions for contingencies was recorded, which was not repeated in 1Q11.

CAPITALIZATION

The ratio of regulatory capital to risk-weighted assets was 14.1% in 1Q11, slightly below the 14.4% reported in 4Q10. During 1Q11 regulatory capital remained stable while risk-weighted assets increased 1.9% QoQ. Tier I Capital increased 7.1% QoQ due to the incorporation of S/. 158.3 million in 2010 earnings as regulatory capital.

As a result of the increase in capital and reserves, the cap on hybrid debt that can qualify as Tier I was raised, and an additional S/. 27.1 million from the US$200 million junior subordinated bond issue was incorporated into Interbank's Tier I Capital. As of March 31, 2011, 45% of the bond issue qualified as Tier I capital. The remaining 55% of the bond qualified as Tier II capital, and will gradually be incorporated into Tier I as Interbank's capital and reserves grow.

The YoY increase in the BIS ratio was a result of the capitalization of 2010 earnings and the US$200 million Tier I bond issue.

Capitalization					
S/. million				% chg	% chg
	1Q 10	4Q 10	1Q 11	QoQ	YoY
Tier I	1,203.3	1,417.5	1,518.4	7.1%	26.2%
Tier II	349.5	689.4	585.2	-15.1%	67.4%
Regulatory capital	1,552.8	2,106.9	2,103.6	-0.2%	35.5%
Risk weighted assets	12,086.8	14,599.5	14,883.3	1.9%	23.1%
BIS ratio	**12.8%**	**14.4%**	**14.1%**	**-2.1%**	**10.0%**
Tier I / risk weighted assets	**10.0%**	**9.7%**	**10.2%**	**5.1%**	**2.5%**

Interseguro

SUMMARY

Interseguro's net income reached a record S/. 37.0 million in 1Q11, an increase of 92.2% QoQ and 103.2% YoY. ROE increased from 26.4% in 1Q10 to 42.5% in 1Q11 while ROA rose from 3.7% to 6.1%.

The QoQ growth was mainly explained by a S/.16.6 million increase in investment income, attributable to growth in interest income and realized gains in fixed income and equity positions. Additionally, administrative expenses decreased S/. 3.7 million QoQ.

Net earnings doubled YoY driven by a S/. 31.5 million increase in investment income, partially offset by a S/. 11.3 million increase in the technical margin loss. The increase in the technical margin loss was explained by higher premiums in the early retirement segment, which generated higher reserves and higher commission costs. According to Peruvian accounting regulations, each time an annuity premium is sold, an accounting loss must be recognized in the profit and loss statement.

Profit and Loss Statement Summary

S/. million	1Q10	4Q10	1Q11	% chg QoQ	% chg YoY
Premiums	64.0	153.9	124.2	-19.3%	94.1%
Premiums ceded	-2.5	-1.6	-1.9	22.2%	-21.5%
Fees	-2.4	-3.4	-2.9	-12.5%	25.2%
Claims	-29.7	-28.5	-32.4	13.6%	9.0%
Change in reserves	-35.3	-135.4	-104.2	-23.1%	195.2%
Diverse Income, net	-0.9	-0.6	-0.8	46.1%	-12.8%
Technical margin	**-6.8**	**-15.5**	**-18.1**	**16.6%**	**164.7%**
Administrative expenses	-10.8	-16.0	-12.3	-23.0%	13.8%
Investment income, net*	35.9	50.8	67.4	32.7%	88.0%
Net income	**18.2**	**19.2**	**37.0**	**92.2%**	**103.2%**
ROE	**26.4%**	**21.4%**	**42.5%**		

* Includes exchange difference

PREMIUMS

Premiums during 1Q11 were S/. 124.2 million, a 94.1% increase YoY, but a 19.3% decrease QoQ.

Premiums by Business Line					
S/. million	1Q10	4Q10	1Q11	% chg QoQ	% chg YoY
Individual Life	5.8	5.7	6.1	7.4%	5.0%
Annuities	38.5	128.8	97.1	-24.6%	152.3%
Group Life	11.8	10.4	12.5	20.7%	5.9%
Disability and survivor benefits	0.1	0.1	0.1	-6.5%	-17.6%
Mandatory traffic accident	6.0	5.6	6.0	5.9%	-0.4%
Non Life Insurance	1.7	3.3	2.4	-27.9%	39.0%
TOTAL	**64.0**	**153.9**	**124.2**	**-19.3%**	**94.1%**

The QoQ decrease was attributable to a 21% market contraction in annuities.

The YoY growth was a result of significantly higher annuity sales. Additionally, sales across all other business lines grew. Annuity sales tripled YoY, due to the fact that in 1Q11 a regulation allowing early retirement was in place, thus significantly increasing the number of people able to retire and purchase an annuity. This regulation had not yet been enacted in 1Q10.

RESERVES, CLAIMS AND OPERATING EXPENSES

Change in reserves decreased 23.1% QoQ and increased 195.2% YoY, in line with annuity sales.

Change in Reserves by Business Line					
S/. million	1Q10	4Q10	1Q11	%chg QoQ	%chg YoY
Individual Life	1.5	2.3	2.1	-7.7%	38.9%
Annuities	32.7	133.1	100.9	-24.2%	208.4%
Group Life	0.5	-0.1	0.5	n.m.	-2.3%
Mandatory traffic accident	0.5	0.0	0.6	n.m.	16.4%
Non Life Insurance	0.0	0.1	0.0	-74.2%	13.4%
TOTAL	**35.3**	**135.4**	**104.2**	**-23.1%**	**195.2%**

Claims increased 13.6% QoQ and 9.0% YoY. The QoQ increase was explained by higher claims in disability and survivor benefits. The YoY increase was due to higher pensions in the annuities segment, in-line with higher annuities sales.

Claims by Business Line					
S/. million	1Q10	4Q10	1Q11	%chg QoQ	%chg YoY
Individual Life	0.5	0.3	0.3	12.8%	-38.5%
Annuities	21.0	23.0	23.4	1.6%	11.4%
Group Life	2.8	2.8	3.4	20.3%	18.5%
Disability and survivor benefits	3.8	0.4	3.1	635.5%	-19.0%
Mandatory traffic accident	1.6	1.9	2.1	12.5%	37.3%
Non Life Insurance	0.0	0.1	0.1	1.1%	151.5%
TOTAL	**29.7**	**28.5**	**32.4**	**13.6%**	**9.0%**

As a result of the factors described above, the technical margin loss was S/. 18.1 million in 1Q11, S/. 15.5 million in 4Q10 and S/. 6.8 million in 1Q10.

Administrative expenses decreased 23.0% QoQ and increased 13.8% YoY. These changes were closely linked to sales force expenses related to annuity sales.

INVESTMENT INCOME

Investment income increased 32.7% QoQ and 88.0% YoY.

Investment Income, Net					
S/. million	1Q10	4Q10	1Q11	%chg QoQ	%chg YoY
Income:					
Fixed Income	26.6	33.4	44.1	31.8%	65.8%
Interest	19.7	22.6	26.4	16.6%	34.2%
Realized Gains	6.9	10.8	17.7	63.9%	155.6%
Equity and Mutual Funds	1.3	9.8	15.1	53.9%	1049.5%
Real estate	7.9	12.0	8.3	-30.8%	5.8%
Total Income	35.8	55.3	67.5	22.1%	88.7%
Expenses	-0.9	-1.4	-1.2	-10.5%	44.0%
Exchange difference and others	1.0	-3.1	1.2	n.m.	19.1%
Net income	**35.9**	**50.8**	**67.4**	**32.7%**	**88.0%**

This strong increase was explained by higher realized gains on investments. In 1Q11, Interseguro recorded a S/. 8.4 million one-time gains in the sale of shares and a S/. 1.9 million gain from dividends received. In fixed income, Interseguro also recorded realized gains as well as increasing interest income on bonds resulting from investments in higher-yielding instruments.

Investment Portfolio					
S/. million	1Q10	4Q10	1Q11	%chg QoQ	%chg YoY
Fixed Income	1,260.4	1,482.7	1,518.6	2.4%	20.5%
Equity and Mutual Funds	154.6	238.7	352.7	47.8%	128.1%
Real estate	488.6	459.8	487.0	5.9%	-0.3%
Others	12.4	4.7	4.5	-3.1%	-63.3%
TOTAL	**1,916.0**	**2,185.9**	**2,362.8**	**8.1%**	**23.3%**

Interseguro's investment portfolio grew 8.1% QoQ and 23.3% YoY due to higher annuity sales and the price appreciation of Interseguro's overall portfolio.