Intercorp Financial Services Inc.
Reports Second Quarter 2012 Earnings

Lima, Peru, July 30, 2012. Intercorp Financial Services Inc. (Bolsa de Valores de Lima: IFS) announced today its unaudited results for the second quarter 2012. These results are reported on a consolidated basis in accordance with Peruvian GAAP in nominal Peruvian Nuevos Soles.

Intercorp Financial Services:

- Intercorp's net earnings were S/. 243.0 million in 2Q12, an increase of 52.4% QoQ and 76.3% YoY
- Net earnings growth was mainly driven by significantly higher investment income at Interseguro, as a result of the sale of real estate properties
- Intercorp's ROE was 42.1% in 2Q12, above the 28.1% in 1Q12 and the 29.6% in 2Q11
- Excluding non-recurring items, net earnings would have been S/. 130.6 million in 2Q12, a 2.3% increase YoY

Interbank:

- Interbank's net earnings increased 14.3% YoY, driven by sustained loan growth and higher fee income
- Net earnings remained stable QoQ, in line with a 0.8% growth in gross financial margin
- Commercial loans grew 5.2% QoQ, as expansion in the portfolio resumed after a decline in the previous quarter
- NIM was 7.5% in 2Q12, down from the 7.9% reported in 1Q12 due to higher average levels of cash
- The ratio of past due loans to total loans increased from 1.7% in 1Q12 to 1.8% in 2Q12, as a result of the seasoning of credit card loans granted in 2011
- Provision expenses rose 40.6% YoY and 35.6% QoQ, mainly due to increasing delinquencies in the credit card portfolio
- Fee income grew 4.6% QoQ and 15.9% YoY, due to higher activity in corporate finance advisory and loan structuring

Interseguro:

- Interseguro's net earnings reached a record level of S/. 122.5 million in 2Q12, driven by strong investment income
- Annuity sales decreased QoQ and YoY due to a market contraction. However, Interseguro remains the market leader in annuities

Intercorp Financial Services

Net earnings (attributable to Intercorp's shareholders) were S/. 243.0 million in 2Q12, a 52.4% increase QoQ and 76.3% growth YoY. When excluding non-recurring items, net earnings decreased 18.1% QoQ, but rose 2.3% YoY. Intercorp's ROE was 42.1% in 2Q12, above the 28.1% in 1Q12 and the 29.6% in 2Q11.

Intercorp's Profit and Loss Statement Summary

S/. million	2Q11	1Q12	2Q12	%chg QoQ	%chg YoY
Financial income	601.9	630.9	725.4	15.0%	20.5%
Financial expenses	-154.3	-139.8	-140.4	0.4%	-9.0%
Gross financial margin	**447.6**	**491.1**	**585.0**	**19.1%**	**30.7%**
Provisions	-101.0	-104.7	-142.0	35.6%	40.6%
Net financial margin	**346.6**	**386.4**	**443.0**	**14.7%**	**27.8%**
Fee income from financial services, net	113.4	126.4	133.0	5.2%	17.3%
Result from insurance underwriting, net	-13.8	-20.6	-22.5	9.0%	63.4%
Administrative expenses	-240.5	-263.7	-276.1	4.7%	14.8%
Net operating margin	**205.7**	**228.4**	**277.4**	**21.4%**	**34.8%**
Depreciation and amortization	-23.5	-24.7	-25.3	2.2%	7.6%
Other income (expenses)	11.1	12.5	31.4	151.4%	182.8%
Income before tax	**193.4**	**216.2**	**283.5**	**31.1%**	**46.6%**
Income tax	-54.6	-55.7	-39.5	-29.0%	-27.7%
Net income	**138.7**	**160.5**	**244.0**	**52.0%**	**75.9%**
Attributable to IFS shareholders	**137.8**	**159.5**	**243.0**	**52.4%**	**76.3%**
EPS	**1.47**	**1.70**	**2.60**		
ROE	**29.6%**	**28.1%**	**42.1%**		

Intercorp's Recurring Profit and Loss Statement Summary

S/. million	2Q11	1Q12	2Q12	%chg QoQ	%chg YoY
Reported net eanings	**137.8**	**159.5**	**243.0**	**52.4%**	**76.3%**
Non-recurring items:					
Investment gains	-10.3	0.0	-112.4	n.m.	n.m.
Total non-recurring items	**-10.3**	**0.0**	**-112.4**	**n.m.**	**n.m.**
Recurring net earnings	**127.6**	**159.5**	**130.6**	**-18.1%**	**2.3%**
Recurring ROE	**27.4%**	**28.1%**	**22.6%**		

Intercorp's Balance Sheet Summary					
S/. million	2Q11	1Q12	2Q12	%chg QoQ	%chg YoY
Cash and due from banks	4,186.5	3,730.5	5,071.5	35.9%	21.1%
Investments, net	4,375.7	5,171.9	5,435.6	5.1%	24.2%
Loan portfolio, net	12,668.7	13,497.3	14,097.3	4.4%	11.3%
Fixed assets, net	460.3	443.6	439.9	-0.8%	-4.4%
Other assets	761.8	881.8	905.3	2.7%	18.8%
Total Assets	**22,453.0**	**23,725.0**	**25,949.7**	**9.4%**	**15.6%**
Deposits and obligations	12,784.2	13,219.3	15,157.4	14.7%	18.6%
Due to banks	2,179.1	2,419.7	2,446.4	1.1%	12.3%
Bonds and obligations	2,955.4	2,647.7	2,731.4	3.2%	-7.6%
Technical reserves for premiums and claims	2,029.1	2,253.7	2,345.7	4.1%	15.6%
Other liabilities	568.4	992.6	811.0	-18.3%	42.7%
Total Liabilities	**20,516.1**	**21,533.0**	**23,492.0**	**9.1%**	**14.5%**
Intercorp shareholders' equity	1,925.5	2,178.3	2,443.1	12.2%	26.9%
Minority interest	11.4	13.7	14.6	6.9%	27.9%
Total shareholders' equity	**1,936.9**	**2,192.0**	**2,457.8**	**12.1%**	**26.9%**

Quarter-on-quarter performance

Net earnings rose 52.4% QoQ, driven by increases in investment income at Interseguro and Interbank, and growth in other income at Interbank, partially offset by higher provisions.

Financial income increased 15.0%, mainly due to non-recurring gains from the sale of property at Interseguro and from dividends received at Interbank. To a lesser extent, the increase in financial income was explained by higher interest on loans and investment income at Interbank, partially offset by a decline in exchange gains.

Provision expenses grew 35.6% due to an increase in delinquencies in the credit card portfolio, growth in the commercial loan portfolio and regulatory requirements related to the alignment of client ratings.

Fee income grew 5.2% QoQ due to increases in corporate finance advisory, account maintenance and loan structuring fees.

Interseguro’s loss from insurance underwriting rose 9.0% as a result of higher claims and lower premiums. These effects were partially offset by a lower change in reserves linked to a decrease in annuity sales. Lower annuity sales were a result of a market contraction estimated at 3.6%.

Administrative expenses increased 4.7% QoQ, a lower growth rate than that of business volume.

Intercorp’s effective tax rate decreased from 25.8% in 1Q12 to 13.9% in 2Q12 as a result of two factors. The first was a higher contribution to net earnings from Interseguro, whose investment income is tax-exempt. The second was a decrease in Interbank’s effective tax rate, from 27.3% in 1Q12 to 21.0% in 2Q12, due to an adjustment of tax provisions registered in excess during previous periods and a lower tax base.

Year-on year performance

Net earnings increased 76.3% YoY, due to higher gross financial margin, fee income and other income, partially offset by increases in provisions and administrative expenses.

Financial income rose 20.5% driven by strong investment income at Interseguro and increases of 7.4% in interest on loans and 19.8% in investment income at Interbank, partially offset by a 22.5% decrease in exchange gains.

Financial expenses declined 9.0% YoY, due to decreases in interest on due to banks, other financial expenses and interest on bonds at Interbank, partially offset by an increase in interest on deposits.

Provision expenses increased 40.6% mainly due to robust growth in the retail loan portfolio, an increase in the past due loan ratio in the credit card portfolio and a regulatory requirement for internal alignment of client ratings.

Fee income grew 17.3% YoY, mainly driven by increases in loan structuring fees, corporate finance advisory fees, credit and debit card fees, and account maintenance fees.

Interseguro's loss from insurance underwriting increased 63.4% driven by higher claims and lower premiums, partially offset by a lower change in reserves linked to a decrease in annuity sales.

Administrative expenses increased 14.8% YoY, due to higher expenses in technology projects, consulting fees and personnel at Interbank, and higher personnel expenses tied to a provision for annual incentives at Interseguro.

Intercorp's effective tax rate decreased from 28.3% in 2Q11 to 13.9% in 2Q12, due to the factors explained in the section above.

CONTRIBUTION OF SUBSIDARIES

The following table shows the contribution of Interbank and Interseguro to Intercorp's net earnings. The performance of both subsidiaries is discussed in detail in the following two sections.

Intercorp's Profit and Loss Statement Summary					
S/. million	2Q11	1Q12	2Q12	%chg QoQ	%chg YoY
Interbank	124.1	141.5	141.9	0.3%	14.3%
Interseguro	24.4	28.1	122.4	335.6%	401.4%
Intercorp accounts:					
Return on investment portfolio	3.8	2.7	2.3	-14.7%	-39.3%
Exchange gains (loss)	-3.5	-1.9	1.3	n.m.	n.m.
Taxes on dividends	-6.9	-3.8	-3.3	-13.8%	-52.1%
Other income (expenses)	-5.5	-6.6	-8.8	32.4%	59.4%
Consolidation adjustments	1.3	-0.4	-12.9	n.m.	n.m.
Total	**137.8**	**159.5**	**243.0**	**52.4%**	**76.3%**

Interbank

SUMMARY

Interbank's net earnings were S/. 142.9 million in 2Q12, in line with the previous quarter's earnings and a 14.3% growth YoY. The YoY growth was due to increases of 5.9% in financial income and 15.9% in fee income, partially offset by increases of 40.6% in provisions and 9.5% in administrative expenses. Excluding non-recurring gains in 2Q12 and 2Q11, explained by dividends received and gains on the sale of investments, net earnings would have grown 19.3% YoY.

Net earnings remained stable QoQ, in line with a 0.8% growth in gross financial margin. Provision expenses grew S/. 37.3 million while other income increased S/. 17.8 million. Interbank's effective tax rate decreased from 27.3% in 1Q12 to 21.0% in 2Q12, due to an adjustment of tax provisions registered in excess during previous periods and a lower tax base.

Interbank's ROE was 28.6% in 2Q12, lower than the 31.8% reported in 2Q11 and the 29.4% reported in 1Q12. The decline in ROE was the result of an increase in shareholder's equity, attributed to the accumulation of first-half earnings.

Profit and Loss Statement Summary					
S/. million				**% chg**	**% chg**
	2Q 11	**1Q 12**	**2Q 12**	**QoQ**	**YoY**
Financial income	537.0	560.5	568.9	1.5%	5.9%
Financial expenses	-138.4	-131.4	-136.5	3.8%	-1.4%
Gross financial margin	**398.6**	**429.1**	**432.4**	**0.8%**	**8.5%**
Provisions	-101.0	-104.7	-142.0	35.6%	40.6%
Net financial margin	**297.5**	**324.4**	**290.4**	**-10.5%**	**-2.4%**
Fee income from financial services, net	115.9	128.5	134.4	4.6%	15.9%
Administrative expenses	-220.3	-236.8	-241.3	1.9%	9.5%
Net operating margin	**193.1**	**216.1**	**183.4**	**-15.1%**	**-5.0%**
Depreciation and amortization	-22.7	-23.9	-24.3	1.6%	6.9%
Other income (expenses)	7.4	3.9	21.7	n.m.	n.m.
Income before taxes	**177.9**	**196.1**	**180.9**	**-7.8%**	**1.7%**
Income tax	-52.9	-53.6	-38.0	-29.2%	-28.2%
Net income	**125.0**	**142.5**	**142.9**	**0.3%**	**14.3%**
ROE	**31.8%**	**29.4%**	**28.6%**	**-80 bps**	**-320 bps**

Summary of Non-Recurring Items					
S/. million				**% chg**	**% chg**
Net of taxes	**2Q 11**	**1Q 12**	**2Q 12**	**QoQ**	**YoY**
Net Income	**125.0**	**142.5**	**142.9**	**0.3%**	**14.3%**
Investment Income	-10.3	0.0	-6.2	n.m.	n.m.
Recurring Net Income	**114.7**	**142.5**	**136.8**	**-4.0%**	**19.3%**
Recurring ROE	**29.2%**	**29.4%**	**27.4%**	**-200 bps**	**-180 bps**

INTEREST-EARNING ASSETS

Interbank's interest-earning assets reached S/. 21,978.3 million in 2Q12, an increase of 10.4% QoQ and 16.7% YoY.

The QoQ increase was due to growth rates of 37.4% in cash, 4.4% in loans, and 5.5% in investments. The rise in cash was attributed to an increase in Central Bank deposits, as a result of higher reserve requirements on local and foreign currency in effect since May 2012. The increase in investments was mainly due to the purchase of Central Bank certificates of deposit and Peruvian sovereign bonds.

The YoY growth in interest-earnings assets was due to increases of 11.1% in loans, 52.5% in investments and 17.0% in cash. The growth in investments was mainly due to an increase in Central Bank certificates of deposit. The increase in cash was due to higher levels of vault cash and reserve funds.

Interest-Earning Assets					
S/. million	2Q 11	1Q 12	2Q 12	% chg QoQ	% chg YoY
Cash and due from banks	4,149.9	3,535.0	4,855.9	37.4%	17.0%
Investments, net	1,907.0	2,756.3	2,908.6	5.5%	52.5%
Loan portfolio, net	12,686.2	13,497.3	14,097.4	4.4%	11.1%
Other interest earning assets	92.7	114.6	116.3	1.5%	25.6%
Total interest earnings assets	**18,835.8**	**19,903.2**	**21,978.3**	**10.4%**	**16.7%**

Loan Portfolio					
S/. million	2Q 11	1Q 12	2Q 12	% chg QoQ	% chg YoY
Performing loans:					
Retail	6,278.5	7,293.3	7,533.8	3.3%	20.0%
Commercial	6,676.3	6,612.5	6,953.5	5.2%	4.2%
Total performing loans	**12,954.8**	**13,905.8**	**14,487.3**	**4.2%**	**11.8%**
Restructured and refinanced loans	85.3	86.5	87.5	1.1%	2.6%
Past due loans	205.4	241.3	270.5	12.1%	31.7%
Gross loans	**13,245.5**	**14,233.6**	**14,845.3**	**4.3%**	**12.1%**
Add (less)					
Accrued and deferred interest	-25.0	-120.4	-89.2	-26.0%	n.m.
Allowance for loan losses	-534.3	-615.9	-658.7	7.0%	23.3%
Total direct loans, net	**12,686.2**	**13,497.3**	**14,097.4**	**4.4%**	**11.1%**

Retail loans grew 3.3% QoQ and 20.0% YoY. The mortgage portfolio grew 7.2% QoQ, due to sustained demand for new housing and successful commercial efforts at Interbank. As a result, mortgage loans have grown 28.9% AaA. Other consumer loans grew 3.4% QoQ, driven by a 3.1% growth in payroll deduction loans, which led to a 14.4% YoY growth in other consumer loans. Credit card balances declined 1.1%, the first QoQ decrease since September 2009. This reduction was explained by two factors. The first factor was a decline in cash advances related to promotional lines of credit. The second factor was a slight decrease in the number of cards issued in the emerging segment. Nevertheless, credit card balances grew 17.3% YoY.

Commercial loans grew 5.2% QoQ, mainly due to the disbursement of trade finance loans. This prompted a recovery in the commercial portfolio, which had decreased 6.6% in 1Q12. Commercial loans grew 4.2% YoY and would have grown 11.7% if the bank had decided to continue with a S/. 432.8 million loan to fund an infrastructure project, which it returned in 3Q11.

Breakdown of Performing Retail Loans					
S/. million				% chg	% chg
	2Q 11	1Q 12	2Q 12	QoQ	YoY
Consumer loans:					
Credit cards	1,891.1	2,243.2	2,217.9	-1.1%	17.3%
Other consumer	2,349.9	2,599.7	2,689.0	3.4%	14.4%
Total consumer loans	**4,241.0**	**4,842.9**	**4,906.9**	**1.3%**	**15.7%**
Mortgages	2,037.5	2,450.4	2,626.9	7.2%	28.9%
Total retail loans	**6,278.5**	**7,293.3**	**7,533.8**	**3.3%**	**20.0%**

FUNDING STRUCTURE

Funding Structure					
S/. million				% chg	% chg
	2Q 11	1Q 12	2Q 12	QoQ	YoY
Deposits and obligations	12,911.1	13,271.2	15,322.4	15.5%	18.7%
Due to banks	2,661.9	2,824.9	2,906.6	2.9%	9.2%
Bonds	2,073.8	2,047.6	2,166.3	5.8%	4.5%
Inter-bank funds	64.7	110.5	57.8	-47.7%	-10.7%
Total	**17,711.5**	**18,254.2**	**20,453.1**	**12.0%**	**15.5%**
AUM (Interfondos)	2,079.8	2,185.5	2,269.8	3.9%	9.1%
% of funding					
Deposits and obligations	72.9%	72.7%	74.9%		
Due to banks and inter-bank funds	15.4%	16.1%	14.5%		
Bonds	11.7%	11.2%	10.6%		

Interbank's total funding base grew 12.0% QoQ, a rate slightly higher than the 10.4% increase in interest-earning assets. Deposits grew 15.5% due to increases of 49.9% in institutional deposits, 8.4% in commercial deposits and 1.5% in retail deposits. This was the third consecutive quarter in which institutional deposits grew at a higher rate than core deposits. As a result, the proportion of institutional deposits to total deposits increased from 24.5% in 1Q12 to 31.8% in 2Q12.

Bonds increased as a result of a S/. 137.9 million subordinated bond issue completed in June 2012. These bonds were placed locally in soles at an interest rate of 6.90625%. This issue qualifies as Tier II capital and as a result strengthens the bank's BIS ratio.

The increase in due to banks was attributed to a 7.3% increase in local funding, most of which was used to fund mortgage loans granted under government-sponsored housing programs.

The bank's total funding base grew 15.5% YoY, due to increases of 18.7% in deposits, 9.2% in due to banks and 4.5% in bonds. The growth in deposits was attributed to increases of 48.0% in institutional deposits, 9.8% in retail deposits and 7.1% in commercial deposits.

The increase in due to banks was the result of a 35.6% growth in funding from correspondent banks, partially offset by a 19.2% decline in local funding. The decrease in local funding was related to the bank's decision to withdraw from an infrastructure loan in 3Q11, as previously mentioned.

The increase in bonds was explained by the previously-mentioned subordinated bond issue, partially offset by the payment of US$5.0 million in subordinated bonds and US$2.2 million in mortgage bonds over the last 12 months.

Breakdown of Deposits					
S/. million	**2Q 11**	**1Q 12**	**2Q 12**	**% chg QoQ**	**% chg YoY**
By Customer Segment					
Retail	5,522.7	5,973.3	6,061.7	1.5%	9.8%
Commercial	4,096.8	4,048.5	4,388.8	8.4%	7.1%
Institutional	3,291.5	3,249.4	4,871.9	49.9%	48.0%
Total	**12,911.1**	**13,271.2**	**15,322.4**	**15.5%**	**18.7%**
By Type:					
Demand	3,319.6	3,298.6	3,590.5	8.8%	8.2%
Savings	4,035.5	4,223.7	4,186.5	-0.9%	3.7%
Time	5,556.0	5,748.9	7,545.5	31.2%	35.8%
Total	**12,911.1**	**13,271.2**	**15,322.4**	**15.5%**	**18.7%**

FINANCIAL MARGIN

Financial Margin					
S/. million	**2Q 11**	**1Q 12**	**2Q 12**	**% chg QoQ**	**% chg YoY**
Financial income	537.0	560.5	568.9	1.5%	5.9%
Financial expenses	-138.4	-131.4	-136.5	3.8%	-1.4%
Gross financial margin	**398.6**	**429.1**	**432.4**	**0.8%**	**8.5%**

Financial Income					
S/. million	**2Q 11**	**1Q 12**	**2Q 12**	**% chg QoQ**	**% chg YoY**
Interest and fees on loans	433.5	458.0	465.4	1.6%	7.4%
Investment income	44.5	37.5	53.3	42.2%	19.8%
Interest on due from banks and inter-bank funds	3.8	4.1	6.0	47.5%	58.7%
Financial income before exchange gains	481.8	499.6	524.8	5.0%	8.9%
Exchange and derivatives gains	53.7	58.0	41.7	-28.1%	-22.5%
Others	1.5	3.0	2.4	-18.0%	66.9%
Total Financial Income	**537.0**	**560.5**	**568.9**	**1.5%**	**5.9%**
Average interest earning assets	18,783.3	19,416.3	20,940.7	7.9%	11.5%
Average yield on assets*	10.7%	10.8%	10.5%	-30 bps	-20 bps

*Annualized. Excludes exchange and derivatives gains

Financial Expenses					
S/. million				% chg	% chg
	2Q 11	1Q 12	2Q 12	QoQ	YoY
Interest and fees on deposits and obligations	53.9	57.3	63.8	11.4%	18.4%
Interest on due to banks and inter-bank funds	41.4	29.0	35.1	21.1%	-15.1%
Interest on bonds	35.6	34.4	34.3	-0.4%	-3.6%
Other financial expenses	7.6	10.8	3.3	-69.3%	-56.7%
Financial Expenses	**138.4**	**131.4**	**136.5**	**3.8%**	**-1.4%**
Average interest bearing liabilites	17,595.6	17,876.8	19,353.6	8.3%	10.0%
Average cost of funding*	2.9%	2.7%	2.7%	10 bps	-20 bps

*Annualized. Excludes exchange and derivatives losses

QoQ Performance

Gross financial margin grew 0.8% QoQ as a result of a 1.5% increase in financial income, partially offset by a 3.8% increase in financial expenses.

Financial income increased due to higher interest on investments and loans, partially offset by a decline in exchange gains.

Investment income grew 42.2%, mainly due to non-recurring gains of S/. 9.0 million from dividends received. Excluding non-recurring factors, investment income would have grown 18.1%, as a result of a higher interest earned on Central Bank certificates of deposit. The growth in interest earned on these instruments was due to increases of 50 basis points in the average yield and 8.3% in the average volume.

Interest on loans grew 1.6% QoQ, due to increases of 1.5% in the average loan volume and 10 basis points in the average yield, from 13.0% in 1Q12 to 13.1% in 2Q12. The increase in the average volume was mainly attributed to a 3.4% increase in the retail portfolio, driven by increases of 6.6% in mortgages, 2.3% in other consumer loans, and 1.2% in credit cards. The increase in yield was due to a 20 basis point increase in the average yield of the commercial portfolio. This was the second consecutive quarter in which the average yield in the commercial portfolio has increased, after three quarters of constant declines due to competitive pressures.

Exchange gains declined 28.1% due to a S/. 12.0 million reduction in income from spot operations.

The return on interest-earning assets was 10.5% in 2Q12, lower than the 10.8% reported in 1Q12, due to the increase in cash, which has a lower yield than the rest of interest-earning assets.

Financial expenses grew 3.8% due to increases of 11.4% in interest on deposits and 21.1% in interest on due to banks, partially offset by a decrease in other financial expenses.

Interest on deposits rose due to increases of 8.3% in the average volume and 10 basis points in the average cost. Deposit volume grew due to increases of 28.3% in institutional deposits, 3.7% in commercial deposits, and 1.2% in retail deposits. The higher average cost was attributed to a 10 basis point increase in the commercial deposit rate and a higher proportion of institutional deposits within Interbank's deposit base.

Interest on due to banks grew 21.1% due to increases of 12.6% in the average volume and 50 basis points in the average cost. The higher average volume was mainly due a 16.6% increase in funding from correspondent banks. The increase in the average rate was explained by a higher proportion of medium-term loans from correspondent banks within the funding structure.

Other financial expenses declined as a result of a S/. 6.5 million reduction in losses from derivative products, which are part of the management of the bank's investment portfolio.

The average cost of funding remained stable QoQ at 2.7%.

YoY Performance

Gross financial margin grew 8.5% YoY due to a 5.9% increase in financial income and a 1.4% decrease in financial expenses.

Financial income rose due to increases of S/. 31.9 million in interest on loans and S/. 8.8 million in investment income, partially offset by a S/. 12.1 million decrease in exchange gains.

Interest on loans grew as a result of an 11.9% increase in the average portfolio volume, partially offset by a 40 basis point decrease in the average yield, from 13.5% in 2Q11 to 13.1% in 2Q12. The growth in average volume was due to increases of 20.3% in the retail portfolio and 3.7% in the commercial portfolio. The yield on the retail portfolio declined 130 basis points due to lower rates on credit cards and payroll deduction loans, as well as an increase in the proportion of mortgage loans within the portfolio, from 32.8% in 2Q11 to 34.8% in 2Q12. The yield on the commercial portfolio decreased 80 basis points, mainly due to competitive pressures, which drove rates down in this segment throughout the second half of 2011.

Investment income grew as a result of a 96.1% increase in the average volume of Central Bank certificates of deposit.

Exchange gains declined mainly due to decreases of S/. 9.0 million in gains on Interbank's exchange position and S/. 2.6 million in income from cross currency swaps.

The return on interest-earnings assets was 10.5% in 2Q12, 20 basis points lower than that reported in 2Q11, mainly as a result of the lower yield on the loan portfolio.

Financial expenses declined S/. 2.0 million YoY, due to decreases of S/. 6.2 million in interest on due to banks, S/. 4.3 million in other financial expenses and S/. 1.3 million in interest on bonds, partially offset by an increase of S/. 9.9 million in interest on deposits.

Interest on deposits grew due to increases of 12.3% in the average volume and 10 basis points in the average cost. The higher average volume was due to growth rates of 19.0% in institutional deposits, 12.0% in retail deposits, and 7.7% in commercial deposits. The increase in the average cost was the result of a 10 basis point rise in the cost of retail deposits.

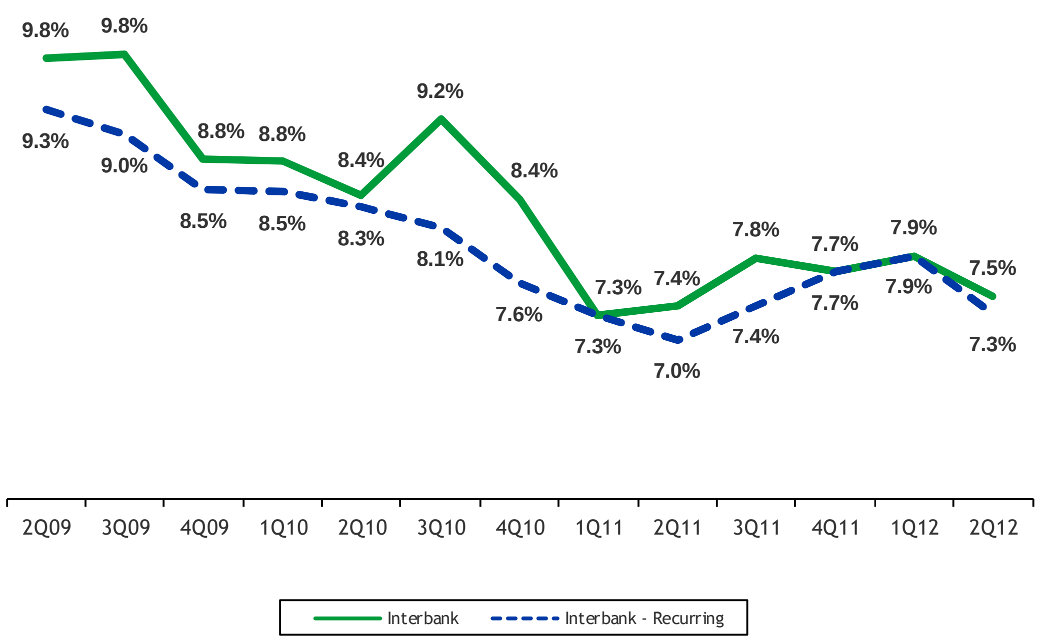
Interest on due to banks decreased as a result of a 130 basis point decline in the average cost, partially offset by an increase of 7.6% in the average volume. The decrease in the average cost was mainly attributed to a 240 basis point decline in the cost of local funding, related to the bank's decision to withdraw from an infrastructure loan in 3Q11. The growth in volume was due to a 31.6% increase in funding from correspondent banks, partially offset by a 19.8% decrease in local funding.

Other financial expenses declined as a result of a S/. 6.2 million reduction in losses from derivative products, which are part of the management of the bank's investment portfolio.

The decline in interest on bonds was due to decreases of 1.5% in the average volume and 10 basis points in the average cost.

The average cost of funding decreased 20 basis points YoY, from 2.9% in 2Q11 to 2.7% in 2Q12, due to the lower rate on due to banks.

Net Interest Margin*



* Excludes exchange and derivative gains (losses)

Net interest margin was 7.5% in 2Q12, below the 7.9% reported in 1Q12 and above the 7.4% reported in 2Q11.

PROVISIONS

Provision expenses increased 35.6% QoQ and 40.6% YoY. The ratio of provisions to average loans was 3.9% in 2Q12, above the 2.9% reported in 1Q12 and the 3.1% reported in 2Q11.

The QoQ increase was the result of three factors. The first was an increase in the past due loan ratio in the credit card portfolio, from 3.3% in 1Q12 to 3.6% in 2Q12, mainly due to the seasoning of loans granted during 2011. The second factor was a significant increase in commercial loan provisions due to a 5.2% QoQ growth in the commercial portfolio, which had declined 6.6% in 1Q12. The third factor was a regulatory requirement for internal alignment of client ratings. Regulations require a bank to apply the same rating to all of a client's obligations with the bank. As a result, even if a client is up to date with certain obligations, like mortgages or payroll loans, but is delinquent on others, such as credit card loans, the bank must provision as if the client was delinquent in all obligations. Due to this regulation, the increase in delinquencies in credit cards during 2Q12 led to additional provisioning requirements in mortgages and payroll loans.

Composition of Provision Expense					
S/. million	2Q 11	1Q 12	2Q 12	% chg QoQ	% chg YoY
Provisions recognized as expense	-117.8	-125.4	-165.1	31.7%	40.2%
Provision recoveries	16.7	20.7	23.1	11.5%	37.8%
Total provision expense	**-101.0**	**-104.7**	**-142.0**	**35.6%**	**40.6%**
Loan provision / average loans	**3.1%**	**2.9%**	**3.9%**	**100 bps**	**80 bps**

Provision for Loan Losses					
S/. million	2Q 11	1Q 12	2Q 12	% chg QoQ	% chg YoY
Balance at the beginning of the quarter	-559.4	-644.9	-669.7	3.8%	19.7%
Provision recognized as expense for the period	-117.8	-125.4	-165.1	31.7%	40.2%
Provision recoveries	16.7	20.7	23.1	11.5%	37.8%
Write-offs, extinguishment of debt and sales	74.9	78.3	97.2	24.1%	29.8%
Exchange result, net	2.9	1.6	-0.2	-114.8%	-108.3%
Balance at the end of the quarter	**-582.7**	**-669.7**	**-714.7**	**6.7%**	**22.7%**
Past due loans / Total loans	**1.6%**	**1.7%**	**1.8%**	**10 bps**	**30 bps**
Reserve coverage	**260.1%**	**255.2%**	**243.5%**		

The ratio of past due loans to total loans increased from 1.6% in 2Q11 and 1.7% in 1Q12 to 1.8% in 2Q12. The coverage ratio decreased from 260.1% in 2Q11 and 255.2% in 1Q12 to 243.5% in 2Q12.

FEE INCOME FROM FINANCIAL SERVICES

Fee income grew 4.6% QoQ, due to increases of S/. 3.9 million in corporate finance advisory fees, S/. 1.1 million in account maintenance fees and S/. 0.8 million in loan structuring fees.

Fee income grew 15.9% YoY, mainly due to increases of S/. 3.7 million in loan structuring fees, S/. 3.4 million in corporate finance advisory fees, S/. 2.6 million in credit and debit card fees, and S/. 1.4 million in account maintenance fees.

Fee Income from Financial Services, Net					
S/. million				% chg	% chg
	2Q 11	1Q 12	2Q 12	QoQ	YoY
Credit and debit cards	51.6	54.0	54.2	0.5%	5.1%
Fees from services	54.2	59.6	62.5	4.9%	15.5%
Contingent operations	10.3	10.9	11.2	3.0%	9.2%
Fees from collections and payment services	5.6	5.5	4.9	-11.5%	-12.3%
Other fees	26.0	30.1	34.4	14.4%	32.7%
Total	**147.6**	**160.1**	**167.3**	**4.5%**	**13.4%**
Expenses relating to financial services	-31.6	-31.6	-32.9	4.2%	4.1%
Fee income from financial services, net	**115.9**	**128.5**	**134.4**	**4.6%**	**15.9%**

ADMINISTRATIVE EXPENSES

Administrative expenses grew 1.9% QoQ, below the rate of growth in business volume.

Administrative expenses increased 9.5% YoY, mainly due to higher expenses in technology projects and consulting fees, and to a lesser extent, a 2.4% increase in personnel expenses.

The efficiency ratio remained stable QoQ and improved slightly YoY, from 47.2% in 2Q11 to 46.9% in 2Q12.

Administrative Expenses					
S/. million				% chg	% chg
	2Q 11	1Q 12	2Q 12	QoQ	YoY
Personnel and board of directors expenses	-108.7	-109.7	-111.4	1.5%	2.4%
Services received from third parties	-106.1	-121.5	-123.9	2.0%	16.8%
Taxes and contributions	-5.5	-5.6	-6.0	6.9%	9.1%
Total	**-220.3**	**-236.8**	**-241.3**	**1.9%**	**9.5%**
Efficiency ratio	**47.2%**	**46.8%**	**46.9%**	**10 bps**	**-30 bps**

OTHERS

Depreciation and amortization expenses increased 1.6% QoQ and 6.9% YoY. The YoY growth was mainly due to higher amortization for new software systems that have been installed during 2012.

Other income increased S/. 17.8 million QoQ and S/. 14.3 million YoY, mainly as a result of a reversal in contingent provisions.

Other Income (Expenses)					
S/. million				% chg	% chg
	2Q 11	1Q 12	2Q 12	QoQ	YoY
Depreciation	-17.7	-17.0	-17.0	0.3%	-3.7%
Amortization	-5.0	-6.9	-7.2	4.9%	44.3%
Total depreciation and amortization	**-22.7**	**-23.9**	**-24.3**	**1.6%**	**6.9%**
Income (expenses) from recoveries	17.1	18.3	18.7	2.3%	9.1%
Extraordinary income (expenses)	-6.4	-3.5	-2.7	-23.4%	-58.1%
Provisions for contingencies and other provisions	-3.3	-10.9	5.7	-152.5%	n.m.
Other Income (Expenses)	**7.4**	**3.9**	**21.7**	**n.m.**	**n.m.**
Total	**-15.3**	**-20.0**	**-2.5**	**-87.2%**	**-83.3%**

CAPITALIZATION

The ratio of regulatory capital to risk-weighted assets was 14.8% in 2Q12, slightly below the 14.9% reported in 1Q12 and above the 14.5% reported in 2Q11. During 2Q12, regulatory capital grew 10.1%, while risk-weighted assets grew 10.9%. The increase in regulatory capital was due to the S/. 137.9 million subordinated bond issue completed in June 2012 and the capitalization of S/. 102.7 million from 2012 earnings.

As a result of the increase in capital and reserves, the limit on hybrid debt that can qualify as Tier 1 was raised. Consequently, an additional S/. 18.4 million from a US$200 million junior subordinated bond issued in 2010 was incorporated into Interbank's Tier 1 capital. As of June 30, 2012, 65.6% of this issuance was considered Tier 1 capital. The remaining 34.4% of the bond qualified as Tier II capital, and will be incorporated into Tier 1 gradually, as Interbank's capital and reserves grow.

The YoY increase in the BIS ratio was due to a 27.8% growth in regulatory capital, partially offset by a 25.2% increase in risk-weighted assets as a result of loan expansion. The higher regulatory capital was due to the capitalization of S/. 431.4 million in earnings over the last 12 months.

The BIS ratio remains significantly above the Peruvian regulatory minimum of 10.0%.

Capitalization					
S/. million				% chg	% chg
	2Q 11	1Q 12	2Q 12	QoQ	YoY
Tier I capital	1,655.8	2,057.2	2,173.2	5.6%	31.2%
Tier II capital	545.7	496.9	640.0	28.8%	17.3%
Total regulatory capital	2,201.5	2,554.2	2,813.2	10.1%	27.8%
Risk-weighted assets	15,214.8	17,170.9	19,043.6	10.9%	25.2%
BIS ratio	**14.5%**	**14.9%**	**14.8%**	**-10 bps**	**30 bps**
Tier I capital / risk-weighted assets	**10.9%**	**12.0%**	**11.4%**	**-60 bps**	**50 bps**

Interseguro

SUMMARY

Interseguro's net income reached a record level of S/. 122.5 million in 2Q12, a more than fourfold increase QoQ and fivefold increase YoY. ROE was 169.6% in 2Q12, while ROA was 21.6% during the same period.

The main driver for QoQ and YoY earnings growth was a significant increase in investment income, mostly explained by a S/.106.3 million non-recurring gain on the sale of real estate investments in 2Q12. This sale included Real Plaza Mall in Chiclayo and the north wing of Real Plaza Primavera Mall in Lima.

Interseguro's Profit and Loss Statement Summary					
S/. million	**2Q11**	**1Q12**	**2Q12**	**% chg QoQ**	**% chg YoY**
Premiums	109.5	110.2	106.3	-3.5%	-2.9%
Premiums ceded	-2.3	-1.0	-1.2	18.7%	-48.7%
Fees	-3.2	-3.8	-3.6	-6.8%	13.4%
Claims	-32.0	-31.3	-40.3	28.9%	25.8%
Change in reserves	-89.4	-95.1	-85.8	-9.8%	-4.1%
Diverse Income, net	1.1	0.1	-0.3	n.m.	n.m.
Technical margin	**-16.3**	**-20.9**	**-24.9**	**18.8%**	**52.1%**
Administrative expenses	-14.6	-13.1	-15.9	21.1%	8.5%
Investment income, net*	55.4	62.2	163.2	162.6%	194.5%
Net income	**24.4**	**28.1**	**122.5**	**335.6%**	**401.4%**
ROE	**33.8%**	**27.7%**	**169.6%**		

* Includes exchange rate difference

PREMIUMS

Premiums during 2Q12 totaled S/. 106.3 million, a 3.5% decrease QoQ and a 2.9% contraction YoY.

Premiums by Business Line					
S/. million	**2Q11**	**1Q12**	**2Q12**	**% chg QoQ**	**% chg YoY**
Individual Life	6.4	7.1	6.6	-6.6%	2.6%
Annuities	82.7	82.4	76.9	-6.7%	-7.1%
Group Life	12.3	11.7	13.7	17.5%	11.8%
Disability and survivor benefits	0.1	0.1	0.1	0.0%	0.0%
Mandatory traffic accident	5.3	6.7	5.9	-11.2%	10.6%
Non Life Insurance	2.6	2.3	3.2	35.5%	21.6%
TOTAL	**109.5**	**110.2**	**106.3**	**-3.5%**	**-2.9%**

The QoQ decrease was attributable to lower sales in annuity premiums as a result of an estimated 3.6% market contraction. This was partially offset by higher premiums in group life and non life insurance.

The YoY decrease was due to lower sales in annuity premiums as a result of a 6.1% market contraction in the early retirement segment. The early retirement regime has been in place since 2010, and applications tend to fall as it reaches its conclusion by year-end 2012. The decline in annuities was partially offset by increasing premiums in almost all of the other business lines.

RESERVES, CLAIMS AND OPERATING EXPENSES

Change in reserves decreased 9.8% QoQ and 4.1% YoY, in line with annuity sales.

Change in Reserves by Business Line					
S/. million	2Q11	1Q12	2Q12	% chg QoQ	% chg YoY
Individual Life	1.8	2.5	1.4	-44.4%	-25.0%
Annuities	87.4	90.5	84.5	-6.6%	-3.3%
Group Life	0.4	0.8	0.0	n.m.	n.m.
Mandatory traffic accident	-0.3	0.6	-0.3	n.m.	0.0%
Non Life Insurance	0.1	0.7	0.2	-71.7%	72.9%
TOTAL	**89.4**	**95.1**	**85.8**	**-9.8%**	**-4.1%**

Claims increased 28.9% QoQ and 25.8% YoY due to higher disability and survivor benefits claims, mainly attributed to a S/. 4.4 million provision for expected mortality claims that have yet to be presented to the company. Annuity claims increased 5.4% QoQ and 8.4% YoY as a result of higher pension payments, in line with the growth in the number of affiliates.

Claims by Business Line					
S/. million	2Q11	1Q12	2Q12	% chg QoQ	% chg YoY
Individual Life	0.8	0.2	0.5	111.7%	-35.2%
Annuities	24.4	25.1	26.5	5.4%	8.4%
Group Life	3.3	2.8	4.1	46.6%	23.0%
Disability and survivor benefits	1.5	0.5	6.8	n.m.	n.m.
Mandatory traffic accident	2.0	2.6	2.4	-4.8%	24.4%
Non Life Insurance	0.1	0.1	0.1	0.0%	0.0%
TOTAL	**32.0**	**31.3**	**40.3**	**28.9%**	**25.8%**

As a result of the factors described above, the technical margin loss was S/. -24.9 million in 2Q12, compared to S/. -20.9 million in 1Q12 and S/.-16.3 million in 2Q11.

Administrative expenses increased 21.1% QoQ and 8.5% YoY, mainly due to higher personnel expenses tied to a provision for annual incentives.

INVESTMENT INCOME

Investment income increased 162.7% QoQ and 194.5% YoY.

Investment Income, Net					
S/. million	2Q11	1Q12	2Q12	% chg QoQ	% chg YoY
Income:					
Fixed Income	32.7	44.9	38.1	-15.2%	16.6%
Interest	27.5	27.9	29.8	6.9%	8.4%
Realized Gains	5.2	17.1	8.3	-51.3%	60.0%
Equity and Mutual Funds	18.1	9.1	10.2	11.9%	-43.3%
Real estate	6.1	9.4	119.6	n.m.	n.m.
Total Income	56.9	63.5	168.0	164.7%	195.4%
Expenses	-1.4	-1.2	-0.7	-40.6%	-48.6%
Exchange difference and others	-0.1	-0.1	-4.1	n.m.	n.m.
Net investment income	**55.4**	**62.2**	**163.2**	**162.6%**	**194.5%**

The QoQ and YoY increases were explained by a S/. 106.3 million non-recurring gain on the sale of property, which included Real Plaza Mall in Chiclayo and the north wing of Real Plaza Primavera Mall in Lima. This sale of a portion of Interseguro's real estate portfolio has released investment limits in real estate, and will allow the company to make further developments in existing and new properties.

Investment Portfolio					
S/. million	2Q11	1Q12	2Q12	% chg QoQ	% chg YoY
Fixed Income	1,558.8	1,998.6	2,218.0	11.0%	42.3%
Equity and Mutual Funds	312.0	280.4	272.4	-2.9%	-12.7%
Real estate	505.3	456.1	385.7	-15.4%	-23.7%
Others	4.7	4.9	5.1	2.5%	7.5%
TOTAL	**2,380.8**	**2,740.0**	**2,881.1**	**5.1%**	**21.0%**

Interseguro's investment portfolio grew 5.1% QoQ and 21.0% YoY driven by funds received from annuity sales and the price appreciation of the overall portfolio. The proportion of real estate investments to the total investment portfolio decreased from 21.2% in 2Q11 and 16.6% in 1Q12 to 13.4% in 2Q12, due to the sale of property reported in 4Q11 and 2Q12.