

Translation of interim unaudited consolidated financial statements originally issued
in Spanish – Note 29

Intergroup Financial Services Corp. and Subsidiaries

Interim unaudited consolidated financial statements as of March 31, 2008, and for the
three-month periods ended March 31, 2008 and 2007

Contents

Consolidated financial statements

Consolidated Balance Sheets

Consolidated Statements of Income

Consolidated Statements of Changes in Shareholders' Equity

Consolidated Statements of Cash Flows

Notes to the Consolidated Financial Statements

Intergroup Financial Services Corp. and Subsidiaries

Consolidated balance sheets

As of March 31, 2008 (unaudited) and December 31, 2007 (audited)

	Note	As of March 31, 2008 S/(000)	As of December 31, 2007 S/(000)		Note	As of March 31, 2008 S/(000)	As of December 31, 2007 S/(000)
Assets				Liabilities and shareholders' equity			
Cash and due from banks	5			Deposits and obligations	12	7,726,155	7,257,302
Cash and clearing		473,297	520,561	Inter-bank funds		5,737	40,452
Deposits in the Peruvian Central Bank – BCRP		1,022,103	981,370	Short-term deposits from financial entities		129,595	62,379
Deposits in domestic and foreign banks		189,145	147,679	Accounts payable to insured parties		293	285
Restricted funds		19,188	16,720	Due to banks and correspondents - short-term	13	1,186,994	1,152,648
Interest accrued on cash and due from banks		12,950	11,756	Due to banks and correspondents - long-term	13	255,592	287,376
		<u>1,716,683</u>	<u>1,678,086</u>	Accounts payable, provisions and other liabilities	11	395,316	296,868
Inter-bank funds		46,454	21,002	Bonds and other obligations	14	132,457	190,188
Accounts receivable from insurance operations		4,880	11,916	Technical reserves for premiums and claims	15	1,265,467	1,317,642
Marketable investments, net	6	2,929,291	2,606,708	Deferred liability from Income Tax and workers' profit sharing	16	2,295	2,295
Held-to-maturity investments, net	7	879,562	918,892	Total liabilities		<u>11,099,901</u>	<u>10,607,435</u>
Loan portfolio, net	8	5,914,021	5,919,610		17		
Realizable assets, assets received as payment and seized through legal actions, net		28,808	28,983	Shareholders' equity			
Permanent investments, net	9	26,512	23,775	Intergroup shareholders' equity			
Property, furniture and equipment, net	10	443,274	432,157	Capital stock		787,169	787,169
Accounts receivable and other assets	11	505,384	296,422	Treasury stock		(3,046)	(15,216)
Deferred asset from Income Tax and workers' profit sharing	16	99	99	Capital surplus		263,139	263,139
		<u>12,494,968</u>	<u>11,937,650</u>	Retained earnings		323,397	268,953
Total assets						<u>1,370,659</u>	<u>1,304,045</u>
				Minority interest		24,408	26,170
Off-balance sheet accounts	19			Total shareholders' equity		<u>1,395,067</u>	<u>1,330,215</u>
Contingent assets		9,796,902	8,658,523	Total liabilities and shareholders' equity		<u>12,494,968</u>	<u>11,937,650</u>
Other off-balance sheet assets accounts		20,744,148	21,785,672				
		<u>30,541,050</u>	<u>30,444,195</u>	Off-balance sheet accounts	19		
				Contingent liabilities		9,796,902	8,658,523
				Other off-balance sheet liabilities accounts		20,744,148	21,785,672
						<u>30,541,050</u>	<u>30,444,195</u>

The accompanying notes are an integral part of these consolidated balance sheets.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Intergroup Financial Services Corp. and Subsidiaries

Consolidated statements of income (unaudited)

For the three-month periods ended March 31, 2008 and 2007

	Note	2008 S/(000)	2007 S/(000)
Financial income	20	343,121	279,178
Financial expense	20	(93,397)	(63,095)
Gross financial margin		<u>249,724</u>	<u>216,083</u>
Provision for loan losses, net	8(b)	(35,706)	(29,114)
Net financial margin		214,018	186,969
Fee income from financial services	21	70,435	60,685
Expenses relating to financial services	21	(8,605)	(6,356)
Result from insurance underwriting, net	22	(22,028)	(11,019)
Operating margin		<u>253,820</u>	<u>230,279</u>
Administrative expenses	23(a)	(154,670)	(125,722)
Net operating margin		99,150	104,557
Provision for contingencies and other provisions		(3,323)	(13,884)
Depreciation of property, furniture and equipment and realizable assets		(10,365)	(11,239)
Amortization of intangibles		(2,078)	(1,774)
Amortization of goodwill and interest premium		(843)	(853)
Operating income		<u>82,541</u>	<u>76,807</u>
Other income, net		17,663	12,556
Income before workers' profit sharing and Income Tax		100,204	89,363
Current and deferred workers' profit sharing	16	(5,485)	(2,549)
Current and deferred Income Tax	16	(36,074)	(18,149)
Income from continuing operations		<u>58,645</u>	<u>68,665</u>
Income from discontinued operation		-	277
Net income		<u>58,645</u>	<u>68,942</u>
Attributable to:			
Intergroup shareholders		56,331	61,899
Minority interest		2,314	7,043
		<u>58,645</u>	<u>68,942</u>
Basic and diluted earnings per share (stated in Nuevos Soles)		<u>0.613</u>	<u>0.733</u>
Weighted average number of outstanding shares (in thousands of units)	25	<u>91,888</u>	<u>84,487</u>

The accompanying notes are an integral part of these consolidated statements.

Intergroup Financial Services Corp. and Subsidiaries

Consolidated statements of changes in shareholders' equity (unaudited)

For the three-month periods ended March 31, 2008 and 2007

	Number of shares (in thousands)		Attributable to Intergroup shareholders				Total S/(000)	Minority interest S/(000)	Total shareholder's equity S/(000)
	Issued	In treasury	Capital stock S/(000)	Treasury stock S/(000)	Capital surplus S/(000)	Retained earnings S/(000)			
Balance as of January 1, 2007	84,487	-	349,331	-	-	412,914	762,245	51,584	813,829
Capitalization	-	-	412,914	-	-	(412,914)	-	-	-
Dividends paid to minority shareholders of the Bank and Interseguro	-	-	-	-	-	-	-	(6,168)	(6,168)
Net income	-	-	-	-	-	61,899	61,899	7,043	68,942
Other	-	-	-	-	-	(2,780)	(2,780)	988	(1,792)
Balance as of March 31, 2007	<u>84,487</u>	<u>-</u>	<u>762,245</u>	<u>-</u>	<u>-</u>	<u>59,119</u>	<u>821,364</u>	<u>53,447</u>	<u>874,811</u>
Balance as of January 1, 2008	92,179	(328)	787,169	(15,216)	263,139	268,953	1,304,045	26,170	1,330,215
Dividends paid to minority shareholders of the Bank	-	-	-	-	-	-	-	(872)	(872)
Net income	-	-	-	-	-	56,331	56,331	2,314	58,645
Variation for sale of treasury stock hold by Subsidiary, Note 17(b)	-	268	-	12,170	-	-	12,170	-	12,170
Other	-	-	-	-	-	(1,887)	(1,887)	(3,204)	(5,091)
Balance as of March 31, 2008	<u>92,179</u>	<u>(60)</u>	<u>787,169</u>	<u>(3,046)</u>	<u>263,139</u>	<u>323,397</u>	<u>1,370,659</u>	<u>24,408</u>	<u>1,395,067</u>

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Intergroup Financial Services Corp. and Subsidiaries

Consolidated statements of cash flows (unaudited)

For the three-month periods ended March 31, 2008 and 2007

	2008 S/(000)	2007 S/(000)
Reconciliation of net income to cash provided by operating activities		
Net income from continuing operation	58,645	68,665
Gain from discontinued operation	-	277
Adjustments to net income		
Add (less)		
Provision for loan losses, net	35,706	29,114
Depreciation of property, furniture, equipment and realizable assets	10,365	11,239
Amortization of intangibles and other	2,078	3,223
Provision for assets received as payment and seized through legal actions	466	554
Result from sale of marketable securities and held-to-maturity investments	(18,276)	(8,251)
Gain from sale of assets received as payment and seized through legal actions	(513)	(662)
Other, net	(2,737)	(2,341)
Net changes in asset and liability accounts		
Increase in receivable accrued interest	(7,758)	(1,699)
(Decrease) increase in payable accrued interest	(180)	5,584
Net increase in other assets	(203,605)	(55,543)
Net increase (decrease) in other liabilities	98,456	(20,381)
(Decrease) increase in technical reserves	(52,175)	30,527
Net cash provided by operating activities	<u>(79,528)</u>	<u>60,306</u>

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Consolidated statements of cash flow (unaudited) (continued)

	2008 S/(000)	2007 S/(000)
Cash flows provided by (used in) investing activities		
Purchase of property, furniture and equipment	(21,482)	(9,721)
Sale of assets received as payment and seized through legal actions	222	692
Purchase of intangibles	(399)	(240)
Purchase of real state investments	-	(10,387)
Net cash provided by (used in) investing activities	<u>(21,659)</u>	<u>(19,656)</u>
Cash flows used in financing activities		
Increase in loan portfolio, net	(24,601)	(162,094)
Increase in marketable securities, net and investments held-to-maturity, net	(256,850)	(140,748)
Increase in deposits and obligations	463,181	223,085
Increase in deposits in financial entities	67,216	29,686
Increase in due to banks and correspondents	8,874	29,890
Decrease in bonds and other obligations outstanding	(58,191)	(2,423)
(Increase) decrease in receivable inter-bank funds	(25,452)	25,713
Decrease in payable inter-bank funds	(34,715)	(5,457)
Payment of dividends to minority interest	(872)	(6,168)
Net cash used in financing activities	<u>138,590</u>	<u>(8,516)</u>
Cash increase (decrease), net	37,403	32,134
Balance of cash at the beginning of year	<u>1,666,330</u>	<u>1,322,305</u>
Balance of cash at end of year	<u><u>1,703,733</u></u>	<u><u>1,354,439</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Intergroup Financial Services Corp. and Subsidiaries

Notes to the consolidated financial statements (unaudited)

As of March 31, 2008, December 31, 2007 and March 31, 2007

1. Business activity and reorganization

(a) Business activity

Intergroup Financial Services Corp. (hereafter "Intergroup" or "the Company") is a limited responsibility holding corporation incorporated in Panama on September 19, 2006, as the result of the restructuring of its shareholder structure (see the following paragraph (b)), IFH Perú Ltd. (hereafter "IFH"), a holding corporation incorporated in 1997, in The Bahamas.

Intergroup's legal domicile is 50 Street and 74 Street ST Georges Bank Building, Republic of Panama; the management and administrative offices are in Avenida Carlos Villarán 140, Urb. Santa Catalina, La Victoria, Lima, Peru.

As of March 31, 2008, Intergroup holds 97 percent and 100 percent of the capital stock of Banco Internacional del Peru S.A.A. – Interbank (hereafter "the Bank" or "Interbank") and of Interseguro Compañía de Seguros de Vida S.A. (hereafter "Interseguro"), respectively.

Intergroup and Subsidiaries operations are concentrated in Peru. Their main activities and assets, liabilities and equity levels are described in Note 2.

(b) Interbank Group's reorganization and public tender offer of shares

During 2006 and 2007 "Interbank Group", which comprises several entities operating in Peru and other countries, through IFH, its principal holding company, reorganized its Subsidiaries in order to present a more effective structure, through the creation of new holding companies of which IFH is the principal shareholder. Intergroup is the holding company created for the purpose of grouping Peruvian financial companies that are part of the Interbank Group; therefore, as a consequence of the reorganization, on January 19, 2007, IFH transferred to Intergroup all the shares it held, directly and indirectly, in the Bank and Interseguro, approximately 373,262,000 and 87,275,000 respectively, in exchange for approximately 81,503,000 Intergroup shares. The share exchange ratio was fixed based on the Lima Stock Exchange quotation as of the date of the transaction, which was approximately S/. 6.00 and S/. 4.12 per each Bank and Interseguro share, respectively, and an exchange rate of S/. 3.189 to one US Dollar.

On April 3, 2007, a second exchange was carried out for approximately 2,072,000 and 19,170,000 shares of the Bank and Interseguro, respectively, in exchange of 2,984,000 shares of Intergroup. The share exchange ratio was fixed based on the Lima Stock Exchange quotation as of date of the transaction, which was approximately S/. 7.98 and S/. 4.18, per each Bank and Interseguro share, respectively, and an exchange rate of S/. 3.189 to one US Dollar.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

Given that above-described restructuring of Interbank Group and the exchange of shares has not represented an effective change in IFH and other shareholders control of the Subsidiaries now grouped under Intergroup, according to generally accepted accounting principles for financial and insurance entities in Peru, the transfers were accounted for using the pooling-of-interest method, considering the equity values of the Bank and Interseguro.

After said exchanges of shares, IFH and Intergroup initiated a process of issuance and sale of Intergroup shares in the Peruvian and foreign market that ended on July 2007. As part of the process, 24 percent of Intergroup capital stock, approximately 22,115,000 shares, were offered. Of said amount, approximately 7,692,000 were new shares issued by Intergroup and 14,423,000 were offered by certain shareholders of Intergroup, including their majority shareholder IFH Perú Ltd. and some of its subsidiaries. The offering was made at US\$ 14 per share.

After the processes of exchange, sale and issuance of shares previously explained; as of March 31, 2008 and December 31, 2007, IFH holds 73.13 percent of Intergroup's capital stock.

Notes to the consolidated financial statements (unaudited) (continued)

2. Subsidiaries activities

The business activities of the Company's Subsidiaries are described below:

Banco Internacional del Perú S.A.A. - Interbank and Subsidiaries

The Bank is incorporated in Peru and is authorized by the Superintendencia de Banca, Seguros y Administradoras de Fondos de Pensiones (hereafter the "SBS" for its Spanish acronym), to perform multiple banking activities in accordance with Peruvian legislation. The Bank's operations are governed by the General Act of the Financial and Insurance System and the Organic Act of the Banking and Insurance Superintendency - Act No. 26702 (hereafter the "Banking and Insurance Act") that establishes the requirements, rights, obligations, guarantees, restrictions and other operation conditions that financial and insurance entities must comply with.

As of March 31, 2008 and December 31, 2007, the Bank had 164 and 161 offices, respectively, and the following wholly-owned Subsidiaries:

Subsidiary	Activity
Interfondos S.A. Sociedad Administradora de Fondos	As of March 31, 2008 and December 31, 2007, managed mutual and investment funds with combined assets of approximately S/. 1,989 million and S/. 1,966 million, respectively.
Internacional de Títulos Sociedad Titulizadora S.A. - Intertítulos S.T.	As of March 31, 2008 and December 31, 2007, managed securitization funds, with combined assets of approximately S/. 287 million and S/. 473 million, respectively.
Inversiones Huancavelica S.A.	Real estate activities.
Contacto Servicios Integrales de Crédito y Cobranzas S.A.	Collection services.
Corporación Inmobiliaria de La Unión 600 S.A.	Real estate activities, owner of the Bank's former corporate headquarters.

Interseguro Compañía de Seguros de Vida S.A. and Subsidiaries

Interseguro was incorporated in Peru and began its operations in 1998 and is authorized by the SBS to offer life insurance products, annuities and others as authorized by Peruvian legislation, such as accident insurance. Interseguro's operations are governed by the Banking and Insurance Act. Likewise, the SBS has authorized Interseguro to organize itself in order to provide property and casualty insurance contracts.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

Interseguro has the following subsidiaries:

Subsidiary	Activity
Real Plaza S.A.	An entity engaged in the administration of two shopping and entertainment malls called “Centro Comercial Real Plaza”, located in Chiclayo and Trujillo. As of March 31, 2008 and December 31, 2007 Interseguro owns 100 percent of its capital stock.
Lillingstone Financial Corp.	An entity whose only asset is a building located in San Isidro, Lima. As of March 31, 2008 and December 31, 2007 Interseguro owns 100 percent of its capital stock.
Centro Cívico S.A.	An entity whose main asset is a real estate project located in Lima. As of March 31, 2008 and December 31, 2007, Interseguro owns 65 percent of its capital stock.

Interactiva AFP S.A.

On September 25, 2007, Intergroup’s Board of Directors agreed to initiate with the SBS the required procedures to organize and operate a Private Pension Funds Administrator (hereafter “AFP” for its Spanish acronym); for such purpose it has made a capital contribution amounting to S/. 2,013,000. As of March 31, 2008, Interactiva AFP S.A. had assets and shareholder’s equity of S/. 2,018,000 (S/.2,015,000 as of December 31, 2007).

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

The table below presents a summary of the unaudited consolidated financial statements of Interbank and Interseguro, before the accounting eliminations for their consolidation with Intergroup, as of March 31, 2008, December 31, 2007 and for the three-month periods ended March 31, 2008 and 2007:

	Banco Internacional del Perú S.A.A. - Interbank and Subsidiaries		Interseguro Compañía de Seguros de Vida S.A. and Subsidiaries	
	As of March 31, 2008 S/(000)	As of December 31, 2007 S/(000)	As of March 31, 2008 S/(000)	As of December 31, 2007 S/(000)
Total assets	10,624,792	10,013,316	1,620,718	1,662,978
Total liabilities	9,827,753	9,187,732	1,415,543	1,450,709
Shareholders' equity, net	797,039	825,584	205,175	212,269

	Banco Internacional del Perú S.A.A. - Interbank and Subsidiaries		Interseguro Compañía de Seguros de Vida S.A. and Subsidiaries	
	As of March 31, 2008 S/(000)	As of March 31, 2007 S/(000)	As of March 31, 2008 S/(000)	As of March 31, 2007 S/(000)
Operating Income	103,230	52,936	9,644	30,144
Net income	75,560	41,865	9,946	30,366

3. Accounting principles and practices

The accompanying consolidated financial statements have been prepared from the accounting records of the Company and its Subsidiaries, which are maintained in nominal Peruvian Nuevos Soles at the transaction's date. Intergroup prepares its financial statements according with accounting standards applicable to financial and insurance companies; in consideration that its main subsidiaries are financial and insurance companies that prepare and present their financial statements according with said standards. According with SBS standards and the Peruvian financial market practice, the Company and its Subsidiaries use the Peruvian Nuevo Sol as their functional and presentation currency.

In preparing and presenting the accompanying consolidated financial statements as of March 31, 2008, the Company's Management has complied with the regulations established by the SBS in force in Peru. These regulations are consistent with the principles used in the preparation of the consolidated financial statements as of December 31, 2007.

By means of SBS Resolution No. 1737-2006, dated December 28, 2006, the SBS established the accounting criteria for the recording of derivative financial instruments, which is consistent with the criteria in IAS 39, Financial Instruments: Recognition and Measurement in force in Peru. This standard is in force since January

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

1, 2007 and its adoption did not have a significant effect on the accompanying consolidated financial statements.

Certain accounting practices applied by Intergroup that conform to generally accepted accounting principles in Peru for financial and insurance entities may differ in certain significant respects from generally accepted accounting principles in other countries.

The Company's Management has used certain estimations and assumptions for the preparation of the interim consolidated financial information, such as the provision for loan losses, valuation of marketable securities and investments, useful life and recoverable value of properties, furniture and equipment and intangible assets; the allowance for realizable assets, assets received as payment and seized through legal actions; the technical reserve for premiums and claims; the valuation of derivative instruments, and the calculation of deferred Income Tax and workers' profit sharing, among others. Therefore, the final results could differ from the amounts recorded by the Company and its Subsidiaries.

4. Transactions in foreign currency and exchange risk exposure

Transactions in foreign currency are carried out using exchange rates prevailing in the market.

As of March 31, 2008, the weighted average exchange rates in the market as published by the SBS for transactions in US Dollars were S/. 2.743 bid and S/. 2.746 ask (S/. 2.995 bid and S/. 2.997 ask, as of December 31, 2007). As of March 31, 2008, the exchange rate established by the SBS to record assets and liabilities in foreign currency was S/. 2.744 per US Dollar (S/. 2.996 as of December 31, 2007).

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

The table below presents a detail of Intergroup and its Subsidiaries foreign currency assets and liabilities, stated in US Dollars:

	As of March 31, 2008 US\$(000)	As of December 31, 2007 US\$(000)
Assets		
Cash and due from banks	480,693	483,547
Marketable investments and held-to-maturity investments, net	591,995	614,700
Loan portfolio, net	1,172,681	1,131,347
Permanent investments, net	412	-
Accounts receivable and other assets	74,028	29,593
	<u>2,319,809</u>	<u>2,259,187</u>
Liabilities		
Deposits and obligations	1,440,206	1,492,724
Deposits from foreign and local financial entities	29,309	7,807
Due to banks and correspondents	447,216	403,914
Bonds and other obligations	48,271	63,480
Accounts payable, provisions and other liabilities	54,646	73,227
Technical reserves for premiums and claims	353,859	343,953
	<u>2,373,507</u>	<u>2,385,105</u>
Derivative transactions – Net sale position	<u>57,252</u>	<u>157,558</u>
Net active position	<u>3,554</u>	<u>31,640</u>

As of March 31, 2008, the net sale position from derivative transactions corresponds to foreign currency forward purchase and sale contracts in the nominal amounts of approximately US\$ 585,975,000 and US\$ 557,348,000, equivalent to S/. 1,607,915,000 and S/. 1,529,363,000, respectively (US\$ 402,640,000 and US\$ 235,082,000 as of December 31, 2007, equivalent to S/. 1,206,309,000 and S/. 704,306,000, respectively), see Note 19(a).

As of March 31, 2008, Intergroup and its Subsidiaries have granted indirect loans (contingent operations) in foreign currency for approximately US\$ 351,494,000, equivalent to S/. 964,499,000 (US\$ 348,376,000, equivalent to S/. 1,043,733,000 as of December 31, 2007), see Note 19(b).

Notes to the consolidated financial statements (unaudited) (continued)

5. Cash and due from banks

As of March 31, 2008, cash and due from banks includes approximately US\$ 134,497,000 and S/. 222,054,000 (US\$ 421,887,000 and S/. 191,786,000 as of December 31, 2007) which represents the legal reserve that the Bank must establish for deposits received from third parties. These funds are kept in the Bank's vaults and in the Central Reserve Bank of Peru (hereafter "BCRP" for its Spanish acronym). The Bank maintains such legal reserve within the limits required by current regulations.

As of March 31, 2008, the legal reserve maintained by the Bank at the BCRP does not accrue interest, except for those that exceed the minimum legal reserve required. Up to that date, the monthly amount by which national and foreign currency deposits exceeded minimum legal reserve requirements was approximately S/. 1,876,958,000 and US\$ 32,196,000 (equivalent to S/. 88,346,000), respectively. These excess amounts accrued interest at an annual average rate of 3.50 and 1.94 percent in national and foreign currency, respectively.

Likewise, as of December 31, 2007, the legal reserve maintained by the Bank at the BCRP does not accrue interest, except for deposits in foreign currency that exceed the minimum legal reserve required. The monthly amount by which foreign currency deposits exceeded minimum legal reserve requirements was approximately US\$ 54,001,000, equivalent to S/. 161,787,000 and accrued interest at an annual average rate of 3.50 percent.

Deposits in domestic and foreign banks are mainly in Nuevos Soles and US Dollars, all amounts are unrestricted and bear interest at market rates. As of March 31, 2008 and December 31, 2007, Intergroup and its Subsidiaries do not have significant deposits in any financial institution.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

6. **Marketable investments, net**

(a) The table below presents the components of this caption:

	As of March 31, 2008 S/(000)	As of December 31, 2007 S/(000)
Marketable investments held for trading		
Investment in shares quoted on the Lima Stock Exchange	4,853	22,443
Peruvian Sovereign Bonds (b)	72,588	139,120
	<u>77,441</u>	<u>161,563</u>
Marketable investments available for sale		
Bank Certificates issued by BCRP (d)	810,030	
Negotiable Bank Certificates issued by BCRP (c)	369,758	767,148
Public Treasury Bonds:		
- Peruvian Global Bonds (e)	537,950	666,131
- Peruvian Sovereign Bonds (b)	273,903	151,669
- Colombian Sovereign Bonds	28,055	21,771
- United States Sovereign Bonds	-	17,972
- Brasil Sovereign Bonds	-	14,387
- Panama Sovereign Bonds	20,709	-
- RFA Bonds (Peru)	4,130	4,508
- FOPE Bonds (Peru)	927	1,013
Financial and corporate bonds	350,995	350,351
Shares	237,917	211,815
Credit Suisse, London Branch - variable coupon principal protected notes (Royalty Pharma) (f)	140,479	153,074
Credit Suisse, Nassau Branch - variable coupon principal protected notes (Royalty Pharma) (f)	39,700	43,349
Royalty Pharma Cayman Partners, LP participations	17,468	19,474
Mutual and investment funds participations	23,253	25,041
Other	21	24
	<u>2,855,295</u>	<u>2,447,727</u>
Less		
Allowance for impairment of investment funds, shares and financial and corporate bonds	(23,738)	(22,317)
Total allowance for impairment of marketable investments available for sale	<u>(23,738)</u>	<u>(22,317)</u>
Marketable investments, net	2,908,998	2,586,973
Plus - Accrued interest on marketable investments	<u>20,293</u>	<u>19,735</u>
Total	<u><u>2,929,291</u></u>	<u><u>2,606,708</u></u>

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

- (b) As of March 31, 2008 and December 31, 2007, Peruvian Sovereign Bonds are denominated in Nuevos Soles, have maturities between August 2011 and August 2046, and accrue effective annual interest rates between 6.90 percent and 12.25 percent.
- (c) The Negotiable Bank Certificates issued by BCRP are denominated in Nuevos Soles, have maturities between January 2008 and May 2010, and accrue effective annual interest rates between 5.10 percent and 6.35 percent (between 4.94 percent and 6.17 percent as of December 31, 2007).
- (d) The Bank Certificates issued by BCRP are denominated in Nuevos Soles, have maturities between April 2008 and August 2009, and accrue effective annual interest rates between 5.17 percent and 6.40 percent.
- (e) As March 31, 2008 and December 31, 2007 the Peruvian Global Bonds are denominated in US Dollars, have maturities between July 2025 and March 2037 and accrue effective annual interest rates between 5.07 percent and 8.75 percent.

As March 31, 2008 and December 31, 2007, the Bank had repurchase agreements for part of its Peruvian Global Bonds portfolio for a nominal value of approximately S/. 422,576,000 and S/. 224,700,000, respectively, whose repurchase commitment date was April 7, 2008 and January 7, 2008, respectively. Up to the date of this report the repurchase agreements have been renewing at their maturity. The bonds sold with repurchase agreements are considered only as a guarantee of the transaction and thus are maintained as investments and a liability is recognized for the amount that will be paid for the resources obtained thereof, see Note 12(a).

- (f) Notes denominated Credit Suisse, Nassau Branch (Royalty Pharma) were issued by the Nassau Branch of Credit Suisse Bank (CSB) with due in October 2006 and were initially acquired by Interseguro for approximately US\$ 23,394,000 (equivalent to approximately S/. 74,768,000). On that same date, Interseguro sold to the Bank a portion of the notes for approximately US\$ 8,920,000 (equivalent to approximately S/. 28,508,000), which are presented in the “Held-to-maturity investments” caption of the accompanying consolidated balance sheets; this transaction did not generate any profit. The proceeds of the notes were used by CSB to acquire from Interseguro 489,122 participations in Royalty Pharma Cayman Partners, LP (hereafter “Royalty Pharma”).

Likewise, on December 2007, Intergroup acquired notes issued by the branch of CSB in London, under the “Debt Issuance Programme of Credit Suisse, London Branch” program, for an amount of approximately US\$ 51,110,000, which correspond to the LB 2007-237 and LB 2007-236 series.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

Credit Suisse, Nassau Branch and Credit Suisse, London Branch notes were issued in the form of variable coupon bonds that guarantee the payment of the principal only upon maturity (2036 and 2038, respectively).

Credit Suisse, London Branch notes are composed by 745,000 Royalty Pharma Cayman Partners LP participations amounting to approximately US\$ 36,878,000 and a financial instrument "zero coupon issued by CSB" amounting to approximately US\$ 14,232,000.

The Royalty Pharma participations are part of the notes and will be delivered either as part of the yield upon their maturity, jointly with the payment of the principal, or if their holders execute the prepayment option, in which case the shares plus the amount equivalent to the value of the notes on the execution date will be received. Likewise, during the term of the notes, they will pay a yield equivalent to the amount that CSB collects as dividends from the participations in Royalty Pharma. During the year 2008, Interseguro and the Bank received for this concept approximately US\$ 405,000 (equivalent to S/. 1,111,000), an amount that is included in the "Financial income" line item of the consolidated statement of income.

Royalty Pharma is an investment fund incorporated in Ireland and is dedicated to the purchase of royalties on medical patents and biotechnology; its participations are not liquid and require authorization for their trading.

In Management's opinion, and based on information from Royalty Pharma, the estimated market value of the notes exceeds their book value.

- (g) Interseguro is subject to diversification limits, by issuer and by economic group, as well as other limits established by the SBS. In the opinion of Management, as of March 31, 2008 and December 31, 2007, Interseguro had complied with all investment limits established by the SBS.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

7. Held-to-maturity investments, net

(a) The table below presents the components of this caption:

Description	As of March 31, 2008 S/(000)	As of December 31, 2007 S/(000)
Corporate and financial bonds	323,979	382,622
Sovereign bonds	191,372	214,692
Real estate investments	286,083	239,673
Real estate projects	31,252	33,774
Credit Suisse, Nassau Branch - variable coupon principal protected notes (Royalty Pharma), Note 6(f)	24,476	26,724
Certificates of deposits of the Peruvian Financial System	13,650	13,178
	<u>870,812</u>	<u>910,663</u>
Less - Allowance for held-to-maturity investments	(373)	(404)
Add - Accrued interest on held-to-maturity investments	9,123	8,633
	<u>897,562</u>	<u>918,892</u>
Total	<u>897,562</u>	<u>918,892</u>

(b) As of March 31, 2008, the book value and the market value of the held-to-maturity investments were approximately S/. 553,477,000 and S/. 612,793,000, respectively (S/. 637,216,000 and S/. 694,302,000, respectively, as of December 31, 2007).

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

8. Loan portfolio, net

(a) The table below presents the components of this caption:

	As of March 31, 2008	As of December 31, 2007
	S/(000)	S/(000)
Commercial	2,915,782	3,084,771
Consumer	2,276,201	2,122,943
Mortgage	816,016	820,528
Micro-business – MES	43,047	31,170
Restructured and refinanced	121,573	134,054
Past due and under legal collection	65,566	58,865
	<u>6,238,185</u>	<u>6,252,331</u>
Add (less)		
Accrued interest from standing loans	54,226	48,710
Deferred interest and interest collected in advance	(161,969)	(183,061)
Allowance for loan losses (b)	<u>(216,421)</u>	<u>(198,370)</u>
Total direct loan portfolio, net	<u>5,914,021</u>	<u>5,919,610</u>

As of March 31, 2008 and December 31, 2007, the total amount of direct and indirect loan portfolio before allowance for loan losses, is as follows:

	As of March 31, 2008	As of December 31, 2007
	S/(000)	S/(000)
Direct loan portfolio	6,238,185	6,252,331
Indirect loan portfolio, Note 19(a)	<u>1,345,062</u>	<u>1,424,249</u>
Total	<u>7,583,247</u>	<u>7,676,580</u>

As of March 31, 2008 and December 31, 2007, 51 percent of the direct and indirect loan portfolio corresponded to 519 and 422 clients, respectively. Loans were mainly given to companies established in Peru or to companies whose shareholders have investments mainly in Peru.

On May 22, 2007, the Board of Directors agreed the acquisition of the mortgage loan portfolio of Banco del Trabajo (a Peruvian financial entity). The acquisition was made on September 11, 2007, for a gross mortgage loan portfolio of approximately US\$ 56,878,000 (equivalent to approximately S/. 179,734,000). As part of this acquisition the Bank assumed the liability that Banco del Trabajo had

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

with Corporación Financiera de Desarrollo – COFIDE for approximately US\$ 55,488,000 (equivalent to approximately S/. 175,342,000) and paid in cash approximately US\$ 4,993,000 (equivalent to approximately S/. 15,778,000). The acquired loan portfolio was recorded at its gross value, including its related allowance for loan losses of approximately US\$ 1,737,000 (equivalent to approximately S/. 5,492,000); the resulting interest premium, amounting to US\$ 5,339,000 (equivalent to approximately S/. 16,871,000), was also recorded. As of March 31, 2008, the net interest premium amounts to S/. 15,184,000 and is presented in the “Accounts receivables and other assets” caption of the consolidated balance sheets. The average maturity of this loan portfolio is November, 2020. See Note 11(a).

- (b) The table below presents the movement of the allowance for loan losses determined according to the risk classification and percentages previously indicated:

	As of March	As of December
	31, 2008	31, 2007
	S/(000)	S/(000)
	(*)	(*)
Balance at the beginning of the year	224,519	219,408
Provisions recognized as year expense	42,289	139,836
Recoveries	(6,583)	(11,773)
Write-offs, extinguishments and sales	(16,437)	(114,664)
Reclassification to accounts receivable	(106)	(6,540)
Allowance acquired from Banco del Trabajo loan portfolio	-	5,492
Reclassification of deferred interest	3,453	
Exchange result, net	(10,629)	(7,240)
	<u>236,506</u>	<u>224,519</u>
Balance at year end	236,506	224,519

- (*) The allowance for loan losses includes an allowance for indirect loans amounting to approximately S/.20,085,000 as of March 31, 2008 (approximately S/.26,149,000 as of December 31, 2007), which is recorded in the “Provisions and other liabilities” caption in the consolidated balance sheets, see Note 11(a).

In Management’s opinion, the allowance for loan losses recorded as of March 31, 2008 and December 31, 2007 is in compliance with SBS rules and authorizations in effect as of those dates.

- (c) Interest rates on loans are freely determined based on the rates prevailing in the Peruvian market.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

9. Permanent investments, net

(a) The table below presents the components of this caption:

	Percentage of participation (*)	Book value	
		As of March 31, 2008 S/(000)	As of December 31, 2007 S/(000)
Investment fund administrated by			
Compass, Capital (Cayman)			
Limited	6.66	6,697	7,312
Shares			
Procesos MC Perú S.A.	50.00	16,367	15,065
Visanet Perú S.A.	15.47	2,303	2,303
Titulizadora Peruana - Sociedad			
Titulizadora	15.00	1,655	1,655
La Fiduciaria S.A.	35.00	2,155	983
Other	-	4,856	4,563
		<u>34,033</u>	<u>31,881</u>
Less			
Allowance for impairment of			
investment fund administrated by			
Compass, Capital (Cayman) Limited		(6,379)	(6,964)
Allowance for impairment of other			
permanent investments		(1,142)	(1,142)
		<u>(7,521)</u>	<u>(8,106)</u>
Total		<u>26,512</u>	<u>23,775</u>

(*) As of March 31, 2008 and December 31, 2007.

(b) During the three-month periods ended March 31, 2008 and 2007, as a result of applying the equity method of accounting, the Bank recorded gains on its investments for approximately S/. 2,805,000 and S/. 3,494,000, respectively. These gains are presented in the "Financial income" line item of the consolidated statement of income.

Notes to the consolidated financial statements (unaudited) (continued)

10. Property, furniture and equipment, net

(a) The table below presents the movement of these accounts as of March 31, 2008 and December 31, 2007:

Description	Land S/(000)	Buildings and facilities S/(000)	Furniture and equipment S/(000)	Vehicles S/(000)	Leasehold improvements S/(000)	In-transit equipment and work in progress S/(000)	As of March 31, 2008 S/(000)	As of December 31, 2007 S/(000)
Cost								
Balance as of January 1, 2008	56,359	464,347	218,746	4,827	26,710	62,222	833,211	758,951
Additions and transfers	-	2,190	18,717	-	1,444	11,039	33,390	85,155
Retirements and write-offs	(4,328)	-	(8)	-	-	(7,679)	(12,015)	(7,135)
Transfers to intangibles	-	-	-	-	-	-	-	(3,760)
Balance as of March 31, 2008	<u>52,031</u>	<u>466,537</u>	<u>237,455</u>	<u>4,827</u>	<u>28,154</u>	<u>65,582</u>	<u>854,586</u>	<u>833,211</u>
Accumulated depreciation								
Balance as of January 1, 2008	-	247,356	131,037	4,495	18,166	-	401,054	361,551
Depreciation for the year	-	3,475	6,267	31	493	-	10,266	40,934
Retirements and write-offs	-	-	(8)	-	-	-	(8)	(1,431)
Balance as of March 31, 2008	<u>-</u>	<u>250,831</u>	<u>137,296</u>	<u>4,526</u>	<u>18,659</u>	<u>-</u>	<u>411,312</u>	<u>401,054</u>
Net book value	<u>52,031</u>	<u>215,706</u>	<u>100,159</u>	<u>301</u>	<u>9,495</u>	<u>65,582</u>	<u>443,274</u>	<u>432,157</u>

(b) Financial entities in Peru are prohibited from pledging their fixed assets.

(c) The Bank, with SBS authorization, recorded in prior years voluntary revaluations of some of its assets at their market values determined by an independent appraiser amounting to approximately S/. 61,140,000. As of March 31, 2008 and December 31, 2007, the net book value of the recorded revaluations amounts to approximately S/. 49,541,000 and S/. 49,957,000, respectively.

(d) Management periodically reviews the residual values, useful life and the depreciation method to ensure they are consistent with the economic benefits and life expectation for the property, furniture and equipment. In Management's opinion, there is no evidence of impairment of property, furniture and equipment as of March 31, 2008 and December 31, 2007.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

11. Accounts receivable and other assets, accounts payable, provisions and other liabilities

(a) The table below presents the components of this caption:

	As of March 31, 2008 S/(000)	As of December 31, 2007 S/(000)
Accounts receivable and other assets		
Value Added Tax credit	85,166	72,487
Transactions in process (b)	137,757	44,813
Rights paid to related entity	31,421	32,495
Intangible assets, net	26,178	25,089
Other accounts receivable, net	55,471	35,464
Deferred charges	19,761	9,818
Accounts receivable related to derivative financial instruments	93,111	25,680
Interest premium, net, Note 8(a)	15,184	16,027
Lease (rent) paid in advance	10,265	10,506
Income Tax prepayments, net	10,586	8,104
Goodwill, net	2,750	-
Current accounts with reinsurance and co-insurance companies	-	203
Other	17,734	15,736
	<hr/>	<hr/>
Total	505,384	296,422
Accounts payable, provisions and other liabilities		
Transactions in process (b)	123,907	101,622
Other accounts payable	73,707	86,752
Allowance for losses on indirect loan portfolio (contingent loans), Note 8(b)	20,085	26,149
Workers' profit sharing and salaries payable	32,240	44,415
Accounts payable related to derivative financial instruments	103,899	15,447
Other provisions for contingencies	13,280	10,231
Other	28,198	12,252
	<hr/>	<hr/>
Total	395,316	296,868

(b) Transactions in process include deposits received, loans disbursed, payments collected, funds transferred and other similar types of transactions made in the last days of the month and reclassified to their final consolidated balance sheet account on the first days of the following month. These transactions do not affect the consolidated results.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

12. Deposits and obligations

(a) The table below presents the components of this caption:

	As of March 31, 2008 S/(000)	As of December 31, 2007 S/(000)
Time deposits (d)	3,740,006	3,382,624
Saving deposits	2,024,845	2,091,075
Demand deposits	1,251,581	1,291,875
Repurchase agreements on Peruvian Global Bonds, Note 6(e)	435,027	221,552
Guarantee deposits (*)	201,836	216,015
Taxes payable	33,718	24,826
Other obligations	7,326	3,191
	<u>7,694,339</u>	<u>7,231,158</u>
Interest payable for deposits and obligations	<u>31,816</u>	<u>26,144</u>
Total	<u><u>7,726,155</u></u>	<u><u>7,257,302</u></u>

(*) As of March 31, 2008 and December 31, 2007, corresponds to restricted deposits given as guarantees by clients/debtors, in connection with direct and indirect loans granted by the Bank for approximately S/.165,916,000 and S/. 191,611,000, respectively.

- (b) Interest rates applied to deposits and obligations accounts are determined by the Bank based on interest rates prevailing in the Peruvian market.
- (c) As of March 31, 2008 and December 31, 2007, the deposit Insurance fund ("FSD" for its Spanish acronym) amounts to S/. 80,977 and S/. 79,277, respectively.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

13. Due to banks and correspondents

(a) The table below presents the components of this caption:

	As of March 31, 2008 S/(000)	As of December 31, 2007 S/(000)
By type		
Loans received from foreign entities (b)	930,819	912,118
Promotional credit lines (c)	500,530	510,357
	<u>1,431,349</u>	<u>1,422,475</u>
Interest and commissions payable	11,237	17,549
	<u>1,442,586</u>	<u>1,440,024</u>
Total	<u>1,442,586</u>	<u>1,440,024</u>
By term		
Short term	1,186,994	1,152,648
Long term	255,592	287,376
	<u>1,442,586</u>	<u>1,440,024</u>
Total	<u>1,442,586</u>	<u>1,440,024</u>

(b) Loans received from foreign entities relate mainly to loans in US Dollars received to fund export and import operations and working capital requirements of the Bank's clients. As of March 31, 2008 and December 31, 2007, the balance was made up of 19 and 14 entities, respectively, of which 5 entities represented approximately 61 percent of the balance as of March 31, 2008 (3 represented approximately 63 percent of the balance as of December, 31, 2007). These transactions bore annual interest rates ranging between 3.08 and 6.40 percent in 2008 (between 4.84 and 11.98 percent in 2007).

Some of the loan contracts include standard clauses requiring the Bank to comply with financial covenants, use of funds criteria and other administrative matters. In Management's opinion, said standard clauses do not limit the normal operation of the Bank and have been substantially fulfilled in accordance with international standard practices for these transactions.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

- (c) Promotional credit lines include loans received in Nuevos Soles and US Dollars from COFIDE, which correspond to credit lines granted to promote economic development in Peru. These loans are guaranteed with the related loan portfolio up to the limit of the credit line used and include specific agreements about their use, financial conditions to be maintained and other administrative matters that in Management's opinion, the Bank has complied with. These loans bear quarterly interest rates ranging between 5.65 percent and 9.17 percent as of March 31, 2008 (between 3.43 percent and 9.17 percent as of December 31, 2007).

Notes to the consolidated financial statements (unaudited) (continued)

14. Bonds and other obligations

(a) The table below presents the components of this caption:

Issuer	Issuance	Annual interest rate	Type of rate	Maturity	Authorized amount (000)	Used amount (000)	Outstanding balances as of March 31, 2008 S/(000)	Outstanding balances as of December 31, 2007 S/(000)
Leasing bonds								
Interbank	5 th issue (A and B series)	4.7501% - Libor 3M + 0.875 bps	Nominal	2008	US\$ 30,000	US\$ 15,000	-	44,925
							-	44,925
Subordinated bonds (b)								
Interbank	1 st issue	6.75%	Nominal	2013	US\$ 30,000	US\$ 15,000	40,869	44,922
Interbank	5 th issue (A, B and C series)	10.50% - 8.80%	Nominal	2011	US\$ 30,000	US\$ 15,000	41,160 (*)	44,940 (*)
Interseguro	1 st issue	8%	Nominal	2013	US\$ 5,000	US\$ 5,000	9,782	10,681
							91,811	100,543
Mortgage bonds								
Interbank	1 st issue	4.90%	Nominal	2014	US\$ 10,000	US\$ 10,000	15,979	18,547
Interbank	2 nd issue (A and B series)	5.6355% - Libor 6M + 0.90 bps	Nominal	2015	US\$ 10,000	US\$ 10,000	21,403	23,369
							37,382	41,916
Interest payable							3,264	2,804
	Total						132,457	190,188

(*) For consolidation purposes, bonds and other obligations held by Intergroup and its Subsidiaries amounting to S/. 4,440,000 and S/. 4,959,000 as of March 31, 2008 and December 31, 2007, respectively, have been eliminated from the outstanding balances.

(b) Subordinated bonds do not have specific guarantees.

(c) As indicated in Note 10(b), financial entities are prohibited from pledging their fixed assets. Fixed assets acquired in connection with leasing operations that are funded through the issuance of leasing bonds are regarded as a guarantee of the related bonds.

Notes to the consolidated financial statements (unaudited) (continued)

15 Technical reserves for premiums and claims

(a) The table below presents the components of this caption:

	Technical reserves for premiums S/(000)	Technical reserves for claims S/(000)	Total As of March 31, 2008 S/(000)	Total as of December 31, 2007 S/(000)
Life annuity insurance	1,024,172	-	1,024,172	1,076,339
Private pension insurance	116,289	82,653	198,942	199,128
Life insurance	29,608	3,131	32,739	33,754
Compulsory traffic accident insurance (SOAT)	6,098	3,516	9,614	8,421
Total	<u>1,176,167</u>	<u>89,300</u>	<u>1,265,467</u>	<u>1,317,642</u>

- (b) Private pension claims consist of estimates of the total cost, including the cost of adjustment, claims reported by the AFP, for which recipients of disability and survival benefits from the Private Pension System are pending to opt for a life annuity insurance and the insurance company of their choice, as set forth in SBS Resolution No. 900-2003; as well as funeral expenses incurred by the death of affiliates included in the disability and survival policies contracted by the AFP.
- (c) In Management's opinion, these balances reflect the exposure to life annuity insurance, private pension insurance and life insurance operations as of March 31, 2008 and December 31, 2007, in accordance with SBS regulations.
- (d) The main assumptions used in estimating the reserves for life annuity insurance, private pension insurance and life insurance as of March 31, 2008 and December 31, 2007 are shown below:

System	Tables (*)	Technical interest %
Life annuity insurance (*)	RV-85, RV-2004, B-85 and others	3.00 – 5.45
Private pension insurance	RV85, MI-85 and B-85	Temporary System 3 and 4.5. Final regimen in accordance with the rate published monthly by the SBS
Individual life	CSO80 adjusted	4.00 – 5.00

(*) Mortality tables are established by the SBS.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

- (e) In accordance with Article 311 of the Banking and Insurance Act and SBS Resolution No. 039-2002 amended by SBS Resolution No. 1149-2002 and Resolution No. 1793-2003, Interseguro must support its total technical reserves, solvency margin and guarantee fund with eligible investments that must be within the limits established by the aforementioned legal provisions.

Interseguro has eligible investments which fully cover the technical reserves as of March 31, 2008 and December 31, 2007. As of March 31, 2008 and December 31, 2007, investments destined to cover Interseguro's technical reserves are within the limits of eligible investment by country, provided by SBS, pursuant to the provisions set forth in Article 5 and Temporary Provision 4 of SBS Resolution 039-2002.

Eligible investments cannot be granted as guarantee or be subject to liens or encumbrances, or to any other measure which may impair or limit their free availability.

- (f) As provided in Article 303 of the Banking and Insurance Act and SBS Resolution No. 813-97 amended by SBS Resolution No. 827-2000, Interseguro must calculate a solvency margin as one of the parameters used to determine coverage of the regulatory net equity referred to in Note 17(f). Such margin is the largest amount resulting from applying certain percentages to the production of the last twelve months or the expenses for claims net of recoveries of the last thirty six months.

As of March 31, 2008, the solvency margin calculated by Interseguro amounted to approximately S/. 82,889,000 (approximately S/. 84,232,000 as of December 31, 2007), which has been computed based on the production of the last twelve months.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

16. Deferred asset and liability from workers' profit sharing and Income Tax

The table below presents the amounts reported in the consolidated balance sheets as of March 31, 2008 and December 31, 2007 and in the consolidated statements of income for the three-month periods ended March 31, 2008 and 2007:

Consolidated balance sheets	Deferred assets		Deferred liabilities	
	As of March 31, 2008 S/(000)	As of December 31, 2007 S/(000)	As of March 31, 2008 S/(000)	As of December 31, 2007 S/(000)
Income Tax	84	84	(1,952)	(1,952)
Workers' profit sharing	15	15	(343)	(343)
Total	99	99	(2,295)	(2,295)

Consolidated statements of income	Workers' profit sharing		Income Tax	
	As of March 31, 2008 S/(000)	As of March 31, 2007 S/(000)	As of March 31, 2008 S/(000)	As of March 31, 2007 S/(000)
Current (*)	(5,485)	(2,899)	(36,074)	(20,140)
Deferred	-	350	-	1,991
Total	(5,485)	(2,549)	(36,074)	(18,149)

(*) Includes an Income Tax expense recorded by Intergroup of approximately S/. 4,770,000 over dividends declared by Interbank and Interseguro of approximately S/.99,309,000 and S/.17,040,000, respectively.

17. Shareholders' equity

(a) Capital stock

As a consequence of the exchange of shares described in Note 1(b), Intergroup shareholders' equity was represented by 84,487,205 common shares with a nominal value of US\$ 10 per share.

On May 7, 2007, in order to distribute to its shareholders the dividends relating to the 2006 net income received from the Bank and Interseguro during 2007; Intergroup's Board of Directors agreed to redeem all of Intergroup's shares, and to issue the same number of shares with a nominal value of US\$ 9.72

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

each. As a consequence, Intergroup reduced its capital stock by approximately S/. 75,038,000 (equivalent to US\$ 23,656,000).

In June 2007, as a result of the issuance of shares indicated in Note 1(b), Intergroup issued 7,692,308 shares with a nominal value of US\$ 9.72 each. After the previously explained exchange of shares, reduction in nominal value and issuance of shares, as of December 31, 2007, the capital stock of Intergroup is represented by 92,179,513 shares with a nominal value of US\$ 9.72 each; IFH holds 67,408,826 shares that represent 73.13 percent of the capital stock of Intergroup.

(b) Treasury stock hold by subsidiary

As of March 31, 2008, Interseguro holds 60,000 shares of Intergroup, with an acquisition cost of approximately S/. 3,046,000 (As of December 31, 2007 held 328,000 shares of Intergroup, with an acquisition cost of approximately S/. 15,216,000).

(c) Capital surplus

Corresponds to the difference between the nominal value of the shares issued in June 2007, less their offering price. The capital surplus is presented net of the expenses incurred relating to the issuance; which mainly includes lawyers and investment bankers fees and transaction commissions.

(d) Subsidiary treasury stock

As of March 31, 2008 and December 31, 2007, corresponds to 18,387,00 shares of the Bank, with an acquisition cost of approximately S/. 33,910,000. These shares were acquired by the Bank for the purpose of executing an Incentives Program for the Bank's Management, following the agreement of the General Shareholders' Meeting held on July 23, 2002.

As of to date, the Bank's shareholders and Management are reviewing the terms in wich this program will be implemented.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

(e) Bank's shareholders' equity for legal purposes (regulatory capital)

As of March 31, 2008 and December 31, 2007, the Bank's shareholders' equity for legal purpose (regulatory capital) as determined in accordance with current regulations was as follows:

	As of March 31, 2008	As of December 31, 2007
	S/(000)	S/(000)
Paid-in-capital	581,135	478,628
Add		
Legal reserves	163,506	140,727
Retained earnings with capitalization agreement	73,550	83,334
Subordinated bonds held by third parties and the Bank's		
Subsidiaries	41,160	44,940
Generic allowance for loan losses	68,290	67,898
Less		
Investments in Subsidiaries and other	(32,501)	(31,203)
Treasury stock	(33,910)	(33,910)
Other	(74)	(74)
Total	<u>861,156</u>	<u>750,340</u>

As of March 31, 2008 and December 31, 2007, contingent assets and liabilities weighted by credit risk amounted to approximately S/. 7,510,134,000 and S/. 7,286,617,000, respectively, which generated a global leverage for credit and market risk of 8.91 and 10.03 times, respectively, of the Bank's regulatory capital. According to the Banking and Insurance Act, this ratio cannot exceed 11 times.

(f) Interseguro's shareholders' equity for legal purposes (regulatory capital)

In accordance with SBS Resolution No. 813-97, amended by SBS Resolutions No. 1261-98, No. 764-2001 and No. 1124-2006 (which took effect in January 2007), Interseguro has to maintain a regulatory net equity larger than the amount resulting from the sum of the solvency net equity and the guarantee fund and the regulatory net equity assigned to cover credit risks.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

The table below presents Interseguro's regulatory net equity as of March 31, 2008 and December 31, 2007, determined in accordance with prevailing legislation:

	As of March 31, 2008 S/(000)	As of December 31, 2007 S/(000)
Paid-in-capital	116,011	116,011
Plus		
Legal reserves	40,604	17,211
Subordinated bonds	13,720	14,981
	<u> </u>	<u> </u>
Total	<u>170,335</u>	<u>148,203</u>

In accordance with SBS Resolution No. 764-2001, the solvency net equity is established based on the bigger amount of the minimum capital provided for in Article 16 of the Banking and Insurance Act, updated by means of SBS Circular Letter No. G-123-2005 and modified by SBS Resolution No. 1124-2006 and the solvency margin (Note 15(g)). As of March 31, 2008, the solvency net equity is equivalent to the solvency margin and amounts to approximately S/. 82,889,000 (approximately S/. 84,232,000 as of December 31, 2007).

As of March 31, 2008, according to SBS Resolution No. 764-2001 the guarantee fund amounts to approximately S/. 29,011,000 (approximately S/. 29,481,000 as of December 31, 2007).

As of March 31, 2008 and December 31, 2007, the regulatory net equity assigned to cover credit risks does not report any value because Interseguro has neither granted premium funding under the Special System referred to in SBS Resolution No. 630-97 nor maintained guaranty granting operations, except for those related to mortgage loans received by its employees, amounting to S/. 11,000 and S/. 15,000 respectively.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

As a result of the above mentioned, Management has determined the following regulatory net capital surplus:

	As of March 31, 2008 S/(000)	As of December 31, 2007 S/(000)
Total regulatory net equity	170,335	148,203
Less		
Solvency net equity	(82,889)	(84,232)
Guarantee fund	<u>(29,011)</u>	<u>(29,481)</u>
Surplus	<u>58,435</u>	<u>34,490</u>

(g) Subsidiaries' legal and special reserves

In accordance with the Banking and Insurance Act, a reserve of at least 35 percent of the Bank's and Interseguro's paid-in capital is required to be established through annual transfers of not less than 10 percent of their net income; said legal reserve can only be used to absorb losses or be capitalized. In both cases, the Bank and Interseguro have the obligation to replenish it.

As of March 31, 2008 and December 31, 2007, the legal and special reserves of Intergroup's Subsidiaries, considering Intergroup's participation in the Bank and Interseguro, amounted to approximately S/. 211,939,000 and S/. 166,295,000, respectively.

In the General Shareholders' Meeting held on March 29, 2004, the Bank approved the creation of a special reserve amounting to approximately S/. 10,882,000, which was done through the transfer of the net income of 2003. The Bank is not allowed to distribute or use this reserve without prior SBS authorization.

In accordance with Legislative Decree No. 770 (abrogated at present), the Bank established a reserve in order to cover potential losses on assets received as payment and seized through legal actions prior to December 31, 1994. As of March 31, 2008 and December 31, 2007, the balance of said reserve amounted to S/. 8,819,000.

Notes to the consolidated financial statements (unaudited) (continued)

18. Tax situation

- (a) Because it is incorporated in Panama, Intergroup is not subject to any Income Tax.

Entities and individuals not domiciled in Peru must pay an additional tax of 4.1 percent over dividends received.

- (b) Intergroup's Subsidiaries are subject to the Peruvian Tax System and, in compliance with current Peruvian legislation; they calculate their Income Tax on the basis of their individual financial statements. As of March 31, 2008 and December 31, 2007, the statutory Income Tax rate was 30 percent on taxable income, after calculating the workers' profit sharing, which in accordance with current legislation is determined using a 5 percent rate.

- (c) Article 8 of Legislative Decree No. 970 extended until December 31, 2008, the Income Tax exemptions related to capital gains from the transfer of securities registered with the Stock Market Public Registry through centralized mechanisms of trading, as well as interest generated from those instruments.

Likewise, according to the prevailing Peruvian legislation, life insurance premiums in favour of individuals and insurance premiums for affiliates to the AFP's are exempt from Income Tax.

- (d) For the purpose of determining the Income Tax and the Value Added Tax, the transfer prices agreed for transactions between related entities, or for transactions conducted with or through entities domiciled in low or zero tax countries (tax havens) must be supported by documentation containing information about the valuation methods applied and criteria used in the determination of prices. The Tax Authority has the right to request this information.

Resolution SUNAT (Peruvian Tax Authority) No. 008-2007 excludes companies domiciled in Peru from the obligation of having a Transfer Pricing Study for the years 2006 and 2007 for transactions with domestic related parties.

Based on an analysis of the operations of Intergroup and its Subsidiaries, Management and its legal counsel believe that the application of these tax standards will not result in significant contingencies for Intergroup and its Subsidiaries as of March 31, 2008 and December 31, 2007.

Notes to the consolidated financial statements (unaudited) (continued)

- (e) The Tax Authority is legally entitled to review and, if necessary, adjust the Income Tax computed by the Subsidiaries during a term of four years following the year in which a tax return was filed. The Income Tax and Value Added Tax returns of the Subsidiaries corresponding to 2002 through 2006 are pending review by the Tax Authority. As of the date of this report, the Bank's returns filed for 2005 are being reviewed by the Tax Authority. Due to various possible interpretations of current legislation, it is not possible to determine whether or not such reviews will result in tax liabilities for Intergroup and its Subsidiaries. In Management's opinion, no significant additional liabilities will be generated as a consequence of said or future reviews.

On the other hand, on April 2004, June 2006, February 2007, June 2007 and November 2007, the Bank received Tax Assessments and Fine Imposing Resolutions related to Income Tax returns filed in 2000, 2001, 2002, 2003 and 2004. The Bank has already filed the respective tax claim against said resolutions. As of the date of this report, the Tax Authority Claims Department has not made a decision on the claims filed by the Bank. In the opinion of the Bank's Management and its legal counsel, the Bank will obtain a favorable opinion in the administrative process filed against such Tax Assessments and Fine Imposing Resolutions; and they estimate that any additional tax assessments would not be significant to the consolidated financial statements as of March 31, 2008 and December 31, 2007.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

19. Off-balance sheet accounts

(a) The table below presents the components of this caption:

	As of March 31, 2008	As of December 31, 2007
	S/(000)	S/(000)
Indirect loans, Note 8(a)		
Bank letters of guaranty and stand by letters of credit (b)	1,190,965	1,252,656
Import and export letters of credit (b)	134,219	142,828
Due from bank acceptances (b)	19,878	28,765
	<u>1,345,062</u>	<u>1,424,249</u>
Foreign currency forwards operations, Note 4		
Purchase of foreign currency forwards (c)	1,686,463	1,206,309
Sale of foreign currency forwards (c)	1,529,363	704,306
	<u>3,215,826</u>	<u>1,910,615</u>
Responsibilities under credit line agreements	5,236,014	5,323,659
Total contingent operations	<u>9,796,902</u>	<u>8,658,523</u>
Other off-balance sheet accounts (e)		
Guarantees received	5,730,291	6,134,203
Securities in custody	2,428,850	2,485,463
Mutual and investment funds managed by Interfondos Sociedad Administradora de Fondos	1,988,840	1,966,331
Trusts	1,788,058	1,990,593
Equity trusts managed by Internacional de Títulos Sociedad Titulizadora S.A. – Intertítulos S.T.	287,366	472,665
Collections on behalf of third parties	352,857	347,765
Loan portfolio sold	63,119	68,075
Suspended interests	59,917	59,873
Interest rate swap operations (d)	19,503	42,388
Other	8,025,347	8,218,316
Total other off-balance sheet accounts	<u>20,744,148</u>	<u>21,785,672</u>
Total off-balance sheet accounts	<u>30,541,050</u>	<u>30,444,195</u>

(b) In the normal course of its operations, the Bank performs contingent operations (indirect loans). These transactions expose the Bank to additional credit risk beyond the amounts recognized in the consolidated balance sheets.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

The Bank applies the same credit policies for granting and evaluating the provisions required for direct loans when performing contingent operations, see Note 8(d), including obtaining guarantees when it deems it necessary. Guarantees vary and include deposits in financial institutions, securities, and real estate property or other assets.

Taking into account that many of the contingent operations (indirect loans) are expected to expire without the Bank having to disburse funds, the total committed amounts do not necessarily represent future cash requirements.

- (c) As of March 31, 2008 and December 31, 2007, the derivative operations maintained by the Bank related to purchase and sale agreements of foreign currency forward transactions are as follows:

	Nominal amount				Fair value	
	As of March 31, 2008		As of December 31, 2007		As of March 31, 2008	As of December 31, 2007
	US\$(000)	S/(000)	US\$(000)	S/(000)	S/(000)	S/(000)
Purchase agreements	585,975	1,607,915	402,640	1,206,309	(101,892)	(8,937)
Sale agreements	557,348	1,529,363	235,082	704,306	86,737	18,980

These contracts are made only with the purpose of meeting the needs of the Bank's clients; and they mature within a term not to exceed two years.

- (d) As of March 31, 2008, the Bank has interest rate swaps for a nominal value of approximately S/. 19,503,000, equivalent to US\$ 7,107,000 and their valuation effect amounts to a liability of approximately S/. 1,151,000 (S/. 42,388,000, equivalent to US\$ 14,148,000 as of December 31, 2007 and their valuation effect amounted to a liability of S/. 574,000).
- (e) The balance of "Other off-balance sheet accounts" includes many transactions that are recorded for control purposes. The most significant component of this balance relates to the "Guarantees received" caption; which corresponds to items received as guarantee. Such items are accounted for at the value agreed upon as of the date of the loan contract, which does not necessarily represent their market value.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

20. Financial income and expense

(a) The table below presents the components of this caption:

	As of March 31, 2008 S/(000)	As of March 31, 2007 S/(000)
Financial income		
Interest and commissions on loans	221,588	163,681
Interest on due from banks and inter-bank funds	11,940	12,296
Income from marketable investments and held-to-maturity investments	54,045	69,763
Gain on sale of marketable investments an held-to-maturity investments	19,715	8,251
Net income from valuation of other marketable investments		758
Net income from permanent investments, net Note 9(b)	2,805	3,494
Other financial income	7,343	2,731
	<hr/>	<hr/>
Financial income before exchange difference, net	317,436	260,974
Exchange difference, net	25,685	18,204
	<hr/>	<hr/>
Total	<u>343,121</u>	<u>279,178</u>
Financial expense		
Interests and commissions on deposits and obligations	60,622	44,478
Interests and fees on deposits and due to banks and correspondents	17,610	5,731
Interests on bonds and other obligations	2,778	4,548
Loss from the sale of marketable investments	1,439	831
Result from the valuation of marketable investments held for trading, net	2,428	-
Deposit Insurance Fund fees	3,092	2,718
Other financial expenses	5,428	4,789
	<hr/>	<hr/>
Total	<u>93,397</u>	<u>63,095</u>
	<hr/>	<hr/>
Gross financial margin	<u>249,724</u>	<u>216,083</u>

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

21. Income and expenses from financial services

The table below presents the components of this caption:

	As of March 31, 2008	As of March 31, 2007
	S/(000)	S/(000)
Fee income from financial services		
Credit and debit card	27,002	21,836
Fees for insurance, savings accounts, maintenance of current accounts, excess transactions and other	25,086	17,033
Contingent operations	3,328	3,152
Fees for collection and payment services	3,932	2,500
Other	11,087	16,164
	<u>70,435</u>	<u>60,685</u>
Total		
Expenses relating to financial services		
Credit and debit card expenses	6,092	5,275
Fees paid to foreign banks	2,054	964
Other	459	117
	<u>8,605</u>	<u>6,356</u>
Total	8,605	6,356

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

22. Result of insurance underwriting, net

(a) The table below presents the components of this caption:

	As of March 31, 2008	As of March 31, 2007
	S/(000)	S/(000)
Assumed premiums	51,506	58,266
Adjustment of technical reserves for assumed premiums	(35,696)	(33,928)
Ceded premiums	(1,589)	(1,552)
Adjustment of technical reserves for ceded premiums	-	105
Claims on assumed premiums	(35,884)	(32,643)
Claims on ceded premiums	805	227
Gross technical result	(20,858)	(9,525)
Commissions from written premiums	(731)	(534)
Other technical income	1,078	1,307
Other technical expenses	(1,517)	(2,267)
Technical result, net	(22,028)	(11,019)

23. Administrative expenses

(a) The table below presents the components of this caption:

	As of March 31, 2008	As of March 31, 2007
	S/(000)	S/(000)
Services received from third parties (c)	77,960	55,600
Personnel and Board of Directors expenses (b)	67,314	61,523
Taxes and contributions	9,396	8,599
Total	154,670	125,722

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

(b) The table below presents the components of this caption:

	As of March 31, 2008 S/(000)	As of March 31, 2007 S/(000)
Salaries	52,871	51,532
Social security	5,408	4,300
Severance indemnity expenses	4,426	3,184
Vacation, medical assistance and other	4,609	2,507
	<hr/>	<hr/>
Total	67,314	61,523

(c) The amounts recorded as “Services received from third parties” correspond mainly to transportation services, repairs and maintenance services, office leases, advertising expenses, public relations expenses, telecommunication costs, professional fees, among other.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

24. Earnings per share

The table below presents the calculation of the weighted average number of shares and the earnings per share, basic and diluted:

	Outstanding shares, net of treasury stock (in thousands)	Shares considered in computation (in thousands)	Days as of the end of year	Weighted average number of shares (in thousands)
2007				
Balance as of January 1, 2007	-	-		-
Exchange of shares, carried out in 2007	81,503	81,503	365	81,503
Exchange of shares, carried out in 2007	2,984	2,984	365	2,984
Balance as of March 31, 2007	<u>84,487</u>	<u>84,487</u>		<u>84,487</u>
Net income S/(000)				61,899
Income per share S/.				<u>0.733</u>
2008				
Balance as of January 1, 2008	91,851	91,851	365	91,851
Sale of treasury stock , Note 17(b)	328	328	42	38
Purchase of treasury stock, Note 17(b)	(60)	(60)	7	(1)
Balance as of March 31, 2008	<u>92,119</u>	<u>92,119</u>		<u>91,888</u>
Net income S/(000)				56,331
Income per share S/.				<u>0.613</u>

Notes to the consolidated financial statements (unaudited) (continued)

25. Transactions with related parties and affiliated companies

(a) The table below presents the balances with related companies and affiliates as of March 31, 2008 and December 31, 2007:

	2008												
	Supermercados			Centura	Procesos MC	Urbi		Nessus	Nexus Capital				
	Peruanos S.A.	IFH Perú Ltd.	Blu Bank Ltd.	Sociedad	Perú S.A.	Propiedades	Cineplex S.A.	Hoteles Peru	Partners	Peruplast	Other		
S/(000)	S/(000)	S/(000)	Agente de Bolsa	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	Total	
												S/(000)	
Assets													
Cash and due from banks	-	-	725	-	-	-	-	-	-	-	532	-	1,257
Held-to-maturity investments (real estate projects), Note 7	-	-	-	-	-	24,431	-	-	-	-	-	-	24,431
Loans, net	1,105	16,878	-	-	-	2,319	2,853	26,124	10,523	12,330	3,434	-	75,566
Other assets	16,895	-	-	151	-	4,339	2	-	-	-	6,145	-	27,532
Liabilities													
Deposits and obligations	13,263	4,109	1	25,235	13,233	406	675	512	5	575	2,990	-	61,004
Other liabilities	-	666	475	-	-	-	13	-	-	-	8,231	-	9,385
Results													
Interest income	135	423	2	-	3	63	96	643	15	95	58	-	1,533
Administrative expenses	(2,430)	-	-	(10)	-	(3,598)	(12)	-	-	-	(87)	-	(6,137)
Other, net	1,297	-	(9)	10	(35)	877	536	8	-	-	-	-	2,684
Off-balance sheet accounts													
Indirect loans	-	-	-	737	2,658	3,808	-	1,402	-	-	10,265	-	18,870
	2007												
	Supermercados			Centura	Procesos MC	Urbi		Nessus	Nexus Capital				
	Peruanos S.A.	IFH Perú Ltd.	Blu Bank Ltd.	Sociedad	Perú S.A.	Propiedades	Cineplex S.A.	Hoteles Peru	Partners	Peruplast	Other		Total
	S/(000)	S/(000)	S/(000)	Agente de Bolsa	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Assets													
Cash and due from banks	-	-	4,123	-	-	-	-	-	-	-	-	-	4,123
Held-to-maturity investments (real estate projects), Note 7	-	-	-	-	-	26,674	3,169	-	-	-	-	-	29,843
Loans, net	107	17,976	-	-	1	2,532	3,469	22,637	16,140	5,539	3,359	-	71,760
Other assets	18,842	325	-	133	-	2,109	23	-	-	-	3,614	-	25,046
Liabilities													
Deposits and obligations	39,909	3,398	2	38,812	13,922	911	514	1,248	-	460	1,047	-	100,223
Other liabilities	-	666	509	-	-	-	13	4	-	-	52	-	1,244
Results													
Interest income	98	329	249	76	6	107	348	1,080	2,200	1,182	1,495	-	7,170
Administrative expenses	(6,874)	-	-	(65)	-	(5,535)	(74)	-	-	-	(373)	-	(12,921)
Other, net	3,911	58	(127)	(5,644)	(192)	2,769	1,873	693	13	(40)	378	-	3,692
Off-balance sheet accounts													
Indirect loans	-	-	-	718	3,045	4,158	-	1,530	-	-	10,407	-	19,858

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

- (b) Some shareholders, directors and officers of Intergroup and Subsidiaries have been involved, either directly or indirectly, in credit transactions with Intergroup and its Subsidiaries as permitted by Peruvian legislation, which rules and limits certain transactions with employees, directors and officers of a bank. As of March 31, 2008, loans and other credits to employees amounted approximately to S/. 28,110,000 (S/. 29,466,000 as of December 31, 2007).

In accordance with Peruvian legislation, loans to related parties cannot be made on more favorable terms than those offered to the public.

- (c) As of March 31, 2008 and December 31, 2007, Intergroup and Subsidiaries participated in different local and foreign mutual and investment funds managed by Subsidiaries or related parties, as shown in the table below:

	As of March 31, 2008 S/(000)	As of December 31, 2007 S/(000)
Marketable investments available for sale-		
Interfondos Sociedad Administradora de Fondos:		
- Fondo Mutuo Interfondo RF	3	3
- Fondo Mutuo Interfondo Cash	1	1
- Fondo Mutuo Interfondo Global	675	737
- Fondo Mutuo Interfondo Mixto	656	681
Permanent investments-		
Compass Capital (Cayman) Limited, net	318	348
	1,653	1,770

In addition, as of March 31, 2008, the Bank has entered into foreign currency sale forwards with mutual funds managed by Interfondos Sociedad Administradora de Fondos, for a nominal value of approximately S/. 25,108,000 (selling of foreign currency for approximately S/. 30,972,000 as of December 31, 2007) which is presented in the “Off-balance sheet accounts-Foreign currency forwards operations” caption of the consolidated balance sheets.

- (d) In Management's opinion, transactions with related companies have been made under normal market conditions. Taxes generated by these transactions and the taxable base used for computing them, are those customarily used in the industry and are determined according to prevailing tax standards.

Notes to the consolidated financial statements (unaudited) (continued)

26. Business segments

Intergroup and its Subsidiaries are organized in two main lines of business, the banking business and the insurance business, see Note 3. Transactions between the business segments are carried out under normal commercial terms and conditions.

The following table presents Intergroup's and its Subsidiaries' financial information by business segments as of March 31, 2008, December 31, 2007 and for the three-month periods ended March 31, 2008 and 2007, in thousands of Nuevos Soles:

	External income	Income from other segments	Eliminations	Total income (*)	Total expenses (**)	Administrative expenses	Depreciation and amortization	Other provisions (***)	Total operating income	Total assets	Fixed assets	Total liabilities
2008												
Banking	371,068	5,961	(5,961)	371,068	(98,471)	(151,703)	(12,996)	(39,022)	68,876	10,909,985	440,093	9,705,637
Insurance	107,051	324	(324)	107,051	(90,123)	(2,967)	(297)	-	13,664	1,584,983	3,181	1,394,264
Total consolidated	478,119	6,285	(6,285)	478,119	(188,594)	(154,670)	(13,293)	(39,022)	82,540	12,494,968	443,274	11,099,901
2007												
Banking	292,145	1,673	(1,673)	292,145	(67,028)	(112,125)	(13,152)	(42,033)	57,807	10,319,166	428,912	9,159,084
Insurance	105,982	3,751	(3,751)	105,982	(71,707)	(6,597)	(714)	-	26,964	1,618,484	3,245	1,448,351
Total consolidated	398,127	5,424	(5,424)	398,127	(138,735)	(118,722)	(13,866)	(42,033)	84,771	11,937,650	432,157	10,607,435

(*) Includes total interest and dividend income and net premiums earned from insurance activities.

(**) Includes the total expenses from banking activities and the expenses from insurance activities.

(***) Corresponds to reserves for loan losses, investments and other contingencies.

Notes to the consolidated financial statements (unaudited) (continued)

27. Risk assessment

Intergroup and its Subsidiaries' activities relate mainly to the use of financial instruments, including derivatives. The Bank accepts deposits from its customers at both fixed and floating rates and with different terms, with the aim of profiting from interest margins by investing those funds in high-quality assets. The Bank seeks to increase these margins by consolidating its short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to comply with any withdrawal that may be requested.

The Bank seeks to obtain interest margins above market average, net of provisions, by lending to borrowers by means of a variety of credit products. The exposure not only comprises direct loans, but also indirect loans, such as guarantees, letters of credit or stand-by letters of credit.

Intergroup and its Subsidiaries also trade financial instruments outside and inside the stock exchange market, including derivative instruments, to benefit from changes in their prices in the market in the short term and from fluctuations in exchange rates and interest rates. Management establishes limits to exposure levels for positions that may be adopted in the market during both, daily operations and overnight positions. The exposure to the exchange rates and to interest rates related to such operations is under the supervision of Management of each Subsidiary.

Risk of the insurance activity

The risk covered by any insurance contract is the possibility of the insured event occurring and, therefore, the resulting claim having a set value. By the nature of the insurance contract, this risk is arbitrary and therefore unpredictable.

As far as the insurance contract portfolio is concerned, where large number and probability theory applies to setting prices and provisions, the main risk the company faces is that claims and/or payment of benefits covered by the policies will exceed the book value of insurance liabilities. This could occur if the frequency and/or severity of claims and benefits is greater than calculated. The following factors are taken into account in evaluating insurance risks:

- Frequency and severity of claims.
- Sources of uncertainty in calculating payment of future claims.
- Mortality tables for different life insurance plans.
- Changes in market rates for investments that have a direct effect on discount rates used to calculate mathematical reserves.

Interseguro has automatic reinsurance contracts to protect itself against frequent and severe losses. The purpose of this reinsurance negotiation is to prevent total net insurance losses from affecting Interseguro's equity and liquidity in any given year.

Notes to the consolidated financial statements (unaudited) (continued)

Interseguro's insurance underwriting strategy has been developed to diversify the type of insurance risks accepted. Factors aggravating insurance risks include a lack of diversification of risk types and values, and geographical location. The underwriting strategy is designed to guarantee that underwriting risks are well diversified in terms of risk type and value. Underwriting limits serve to implement the selection criteria for adequate risks.

Furthermore, Interseguro is exposed to the risk that the mortality rates associated with its clients do not reflect the real rate of mortality, which could mean that the premium calculated for the cover offered is insufficient to cover losses. For this reason, Interseguro carries out a careful selection of risk or subscription when issuing its policies, thus enabling it to classify the degree of risk applicable to a given potential policyholder, by analyzing characteristics such as gender, whether or not the person is a smoker, health and others.

In the specific case of life annuity insurance, the risk assumed by Interseguro is that the real life expectancy of the insured population is greater than that estimated at the time the annuity is calculated, which would mean a deficit in reserves from which pensions are paid.

Market risk

Intergroup and its Subsidiaries are exposed to market risks. Market risks arise from interest rate positions, exchange rates and equity products, all of which are exposed to general and specific market movements. The Subsidiaries manage their market risks on an individual basis.

The Bank uses the "Value-at-Risk" methodology to estimate the market risk of main positions held and maximum expected losses, based on a number of assumptions for a variety of changes in market conditions. The Bank's Management also establishes the acceptable value-at-risk limits, which are monitored on a daily basis.

Measurement of Value-at-Risk (VaR) is an estimate, with a reliability level established by the Bank at 99 percent of the maximum potential loss that could occur, should current positions were to be held unchanged over a determined timeframe (the term established by the Bank is one business day). Actual results are monitored regularly to verify the validity of the assumptions and parameters used for computing the VaR.

The Bank's Management also establishes individual limits for marketable investments, for its foreign currency exchange positions, as well as for its derivative instruments; these limits consider the maximum amount of exposure to be the maximum value of individual loss that can be tolerated before demanding immediate settlement in the market (stop-loss). Compliance with these limits and the Bank's VaR are reviewed by Management. Nevertheless, the use of this control measurement does not eliminate all the risk of losses beyond the limits in place owing to extreme movements in market prices.

Notes to the consolidated financial statements (unaudited) (continued)

Liquidity risk

The Bank is exposed to daily withdrawal of its available cash resources from overnight deposits, current accounts, maturing deposits, loans drawdowns, guarantees calls and other withdrawals. The Bank does not maintain funds available in cash for all of the aforementioned needs, since experience has shown that a minimum level of reinvestment of funds upon their maturity can be predicted with a high degree of certainty. The Bank's Management establishes the limits as to the minimum amount of funds that need to be available to meet such needs and the minimum level of inter-bank loans and other types of loans that should be in place to cover unexpected withdrawals.

The Notes to the consolidated financial statements include an analysis of the maturities of relevant assets and liabilities, based on contractual maturity dates.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is of extreme importance to Management. Nevertheless, it is unusual for financial institutions to be fully matched, as transacted business is often based on uncertain terms and different types.

Maturity of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors when assessing liquidity and exposure to changes in interest and exchange rates.

Liquidity requirements to support indirect loans are significantly lower than the amount of the commitment because it is not expected that funds will be required to honor these commitments, as the majority of these indirect credits will expire or terminate without requiring payment thereof.

Interseguro is exposed to requirements of cash, mainly for the payment of retirement pensions and insurance claims. The liquidity risk is the risk that cash may not be available in the future to pay commitments at their expiration date. Interseguro's Management sets the limits as to the minimum amount of funds that need to be available to meet such requirements.

Interseguro controls its liquidity risk through the matching of the maturities of assets and liabilities. Therefore, the investment plan has been structured according to their expiration date, thereby having covered the risk of fund requirements destined to cover claims for incidents or other.

The Notes to the consolidated financial statements include an analysis of the maturities of the main assets and liabilities, based on contractual maturity dates.

Notes to the consolidated financial statements (unaudited) (continued)

Cash flow risk and fair value of interest rate changes

The cash flow interest rate risk is the risk that the cash flows of a financial instrument fluctuate due to changes in market interest rates. The risk of fair value interest rates is the risk that the value of a financial instrument may fluctuate due to changes in market interest rates.

Intergroup and its Subsidiaries are exposed to the effect of fluctuations in market interest rates on its financial situation and cash flows. Interest margins may increase as a result of such changes, but may reduce or create losses in the event of unexpected fluctuations. Management sets limits on the level of mismatch of interest rates that may be undertaken and monitors these levels on a daily basis; however, on the whole, Intergroup and its Subsidiaries present mainly short-term financing operations and with variable interest rates.

Resources for commercial funding are mainly obtained from short-term liabilities, which generally bear interest at fixed and variable interest rates prevailing in the market. Loans, customer deposits, and other financing instruments are subject to risks arising from interest rate fluctuations. Relevant contractual maturity characteristics and interest rates of such financial instruments are disclosed in the Notes to the consolidated financial statements.

Exchange rate risk

Intergroup and its Subsidiaries are exposed to the effects of fluctuations in foreign currency exchange rates prevailing over its financial position and cash flows. Each of the Subsidiaries' Management sets limits on the level of exposure by currency and in total of overnight positions.

Most assets and liabilities in foreign currency are stated in US Dollars. Foreign currency transactions are made at free market exchange rate. As of March 31, 2008 and December 31, 2007, Intergroup and its Subsidiaries' assets and liabilities in foreign currencies are shown in Note 4.

Credit risk

Intergroup and its Subsidiaries are exposed to credit risk, which is the risk that a client will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred at the consolidated balance sheet date. Significant changes in the economy or in a particular industry sector that represent a concentration in the portfolio could result in losses different from those recorded as of the consolidated balance sheet date. Therefore, Management carefully manages exposure to credit risk.

The levels of credit risk undertaken is structured by placing limits to the amount of acceptable risk related to one borrower or groups of borrowers and industry sectors. Such risks are monitored constantly and subject to frequent review. Limits in the level of credit risk by product and industry sector are approved by the Management within the framework of standards in force.

Notes to the consolidated financial statements (unaudited) (continued)

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate. Exposure to credit risk is also managed partially by obtaining corporate and personal guarantees, but there is a significant portion of consumer loans for which no such guarantees can be obtained.

Financial assets which show a potential credit risk are mainly cash and cash equivalents, interest bearing deposits in banks, marketable investments, held-to-maturity investments, loans, derivatives, and other assets. The exposure for any one borrower, including banks and investments, is further structured by sub-limits covering on and off-balance sheet exposures and daily delivery risk limits to trading items such as forward foreign exchange contracts. Actual exposure is monitored against limits in a continuous manner.

28. Fair value of financial instruments

Fair value of financial instruments is defined as the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction, assuming an on-going enterprise.

When a financial instrument is traded in an active and liquid market, its quoted market price in an actual transaction provides the best evidence of its fair value. When a quoted market price is not available, or may not be indicative of the fair value of the financial instrument, other estimation techniques may be used to determine such fair value, including the current market value of another financial instrument that is substantially similar, discounted cash flow analysis or other techniques applicable thereto, all of which are significantly affected by the assumptions used. Although Management uses its best judgment in estimating the fair value of these financial instruments, there are inherent weaknesses in any estimation technique. As a result, the fair value may not be indicative of the net realizable or settlement value.

A significant portion of the assets and liabilities of Intergroup and its Subsidiaries are short-term financial instruments, with a remaining maturity of less than one-year. Therefore, these short-term financial instruments are considered to have a fair value equivalent to their book value at the consolidated balance sheet dates, except for those traded within an active market.

The methodologies and assumptions used to determine fair values depend on the terms and risk characteristics of the various financial instruments as follows:

- Cash and due from banks represent cash and short-term deposits that do not represent significant credit or interest risks; in consequence, their book value is equivalent to their fair value in the consolidated balance sheets.
- Marketable investments available-for-sale are recorded at the lower of cost or market value, except for the debt investments held by Interseguro which are updated by the Internal Rate of Return (IRR) computed at the acquisition date; consequently, the estimated market value encompasses potential gains expected by the market but not realized. The fair value of these investments has been determined

Notes to the consolidated financial statements (unaudited) (continued)

based on stock exchange prices or using investment valuation techniques. The estimated fair value of held-to-maturity investments (excluding real estate projects and investments) has been computed based on existing quotations as of the dates of the consolidated balance sheets. For held-to-maturity financial investments with no available quotations their estimated fair value has been calculated by discounting future expected cash flows using an interest rate that represents the risk classification of the investment.

- A majority of the loans granted by Intergroup and its Subsidiaries accrue interest at variable rates, which are reset monthly or quarterly. As a result, their book value, net of the allowance for loan losses required by the SBS, see Note 8, is considered to be the best estimate of their fair value as of the date of the consolidated financial statements.
- Intergroup and its Subsidiaries Management consider that the book value of the permanent investments approximates their fair value.
- The fair value of deposits and obligations is similar to their book value, mainly due to their liquid nature and the fact that their variable interest rates can be compared with other similar liabilities as of the date of the consolidated balance sheets.
- For due to banks and correspondents, bonds, and other obligations, which include variable interest rate terms and preferential rates, the Bank has estimated that their book values do not differ significantly from their fair values.
- For liabilities that bear interest and have original maturities longer than one year, the fair value has been calculated based on discounted future cash flows, using the Bank's effective interest rate for liabilities with similar characteristics as of the date of the consolidated balance sheets. The estimated market value approximates the book value.
- As disclosed in Note 19, the Bank participates in indirect loan operations. Based on the level of fees currently charged for such operations and taking into account their maturity and interest rates together with the present creditworthiness of the counterparties, the difference between their book value and their fair value is not significant.
- Except for currency forwards and interest rate swaps, Intergroup and its Subsidiaries do not enter into other agreements usually described as derivative transactions. Intergroup and its Subsidiaries record these derivatives in the consolidated balance sheets at their fair value; consequently, there are no differences with their book value.

Based in the prior analysis, Intergroup and its Subsidiaries Management consider that, as of March 31, 2008 and December 31, 2007, the estimated fair values of Intergroup and its Subsidiaries financial instruments do not differ significantly from their book values; except for certain financial instruments, as explained in the

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

preceding paragraphs, and whose estimated fair value is presented in their respective Notes to the consolidated financial statements.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 29

Notes to the consolidated financial statements (unaudited) (continued)

29. Additional explanation for English translation

The accompanying consolidated financial statements are presented on the basis of accounting principles prescribed by the SBS, applicable to financial and insurance entities in Peru as discussed in Note 3; said accounting principles differ in certain respects to generally accepted accounting principles in other countries. In the event of any discrepancy, the Spanish language version prevails.