

Translation of unaudited consolidated financial statements originally issued  
in Spanish - Note 31

**Intergroup Financial Services Corp. and Subsidiaries**

Unaudited consolidated financial statements as of March 31,  
2010 and audited as of December 31, 2009.

Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

**Intergroup Financial Services Corp. and Subsidiaries**

Unaudited consolidated financial statements as of March 31, 2010 and audited as of December 31, 2009.

**Contents**

**Consolidated financial statements**

Consolidated Balance Sheets  
Consolidated Statements of Income  
Consolidated Statements of Changes in Equity  
Consolidated Statements of Cash Flows  
Notes to the Consolidated Financial Statements

Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

**Intergroup Financial Services Corp. and Subsidiaries**

**Consolidated balance sheets**

As of March 31, 2010 (unaudited) and December 31, 2009 (audited)

	Note	As of March, 31 2010 S/(000)	As of December, 31 2009 S/(000)		Note	As of March, 31 2010 S/(000)	As of December, 31 2009 S/(000)
<b>Assets</b>				<b>Liabilities and equity</b>			
Cash and due from banks	5			Deposits and obligations	13	11,442,416	11,418,205
Cash and clearing		1,023,858	1,090,330	Interbank funds		35,511	239,956
Deposits in the Peruvian Central Bank		1,892,258	1,850,770	Short-term deposits from financial entities		117,151	107,930
Deposits in domestic and foreign banks		110,066	252,496	Due to banks and correspondents - short-term	14	1,058,188	662,853
Restricted funds		88,210	69,959	Due to banks and correspondents - long-term	14	327,520	451,056
Interest accrued on cash and due from banks		210	215	Accounts payable, provisions and other liabilities	12	487,368	549,165
		<u>3,114,602</u>	<u>3,263,770</u>	Bonds and other obligations	15	1,453,811	1,471,839
Interbank funds		67,002	-	Technical reserves for premiums and claims	16	1,536,196	1,524,267
Investments, net	6	2,862,628	2,650,675	Deferred liability from income tax and workers' profit sharing	17	2,193	2,191
Loan portfolio, net	9	9,674,443	9,610,214	<b>Total liabilities</b>		<u>16,460,354</u>	<u>16,427,462</u>
Held-to-maturity investments, net	7	908,057	968,234	<b>Equity</b>	18		
Real estate investment, net	8	602,484	574,796	<b>Equity attributable to Intergroup's equity holders</b>			
Property, plant and equipment, net	11	524,029	534,574	Capital stock		799,581	799,581
Investment in associates	10	28,459	28,905	Treasury stock		(66,983)	(66,983)
Accounts receivable and other assets	12	581,866	569,142	Capital surplus		268,077	268,077
Realizable assets, assets received as payment and seized through legal actions, net		10,423	10,463	Gains (losses) unrealized, net		39,084	43,925
Deferred asset from income tax and workers' profit sharing	17	34,325	39,325	Retained earnings		895,677	764,766
<b>Total assets</b>		<u>18,408,318</u>	<u>18,250,098</u>	<b>Minority interests</b>		1,935,436	1,809,366
<b>Off-balance sheet accounts</b>	20			<b>Total equity</b>		<u>12,528</u>	<u>13,270</u>
Contingent assets		15,849,862	13,287,395			<u>1,947,964</u>	<u>1,822,636</u>
Other off-balance sheet assets accounts		31,504,495	29,755,827	<b>Total liabilities and equity</b>		<u>18,408,318</u>	<u>18,250,098</u>
		<u>47,354,357</u>	<u>43,043,222</u>	<b>Off-balance sheet accounts</b>	20		
				Contingent liabilities		15,849,862	13,287,395
				Other off-balance sheet liabilities accounts		31,504,495	29,755,827
						<u>47,354,357</u>	<u>43,043,222</u>

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

Translation of unaudited consolidated financial statements originally issued  
in Spanish - Note 31

**Intergroup Financial Services Corp. and Subsidiaries**

**Consolidated statements of income (unaudited)**

For the three month-periods ended March 31, 2010 and December 31, 2009

	Note	As of March, 31 2010 S/(000)	As of March, 31 2009 S/(000)
Financial income	21	504,482	470,459
Financial expense	21	(92,135)	(160,862)
<b>Gross financial margin</b>		<u>412,347</u>	<u>309,597</u>
Provision for loan losses, net	9(e)	(78,889)	(91,555)
<b>Net financial margin</b>		<u>333,458</u>	<u>217,741</u>
Fee income from financial services	22	108,505	98,575
Expenses relating to financial services	22	(11,290)	(10,291)
Result from insurance underwriting, net	23(a)	(4,917)	(7,542)
<b>Operating margin</b>		<u>425,756</u>	<u>298,483</u>
Administrative expenses	24(a)	(217,089)	(198,733)
<b>Net operating margin</b>		<u>208,667</u>	<u>99,750</u>
Provision for contingencies and other		(9,843)	(12,359)
Depreciation of property, furniture and equipment	11(a)	(18,256)	(13,852)
Amortization of intangibles	12(e)	(6,157)	(2,341)
Amortization of goodwill and interest premium	3(p)	(981)	(981)
<b>Operating income</b>		<u>173,430</u>	<u>70,217</u>
Other income, net	25	26,455	25,373
<b>Income before workers' profit sharing and Income tax</b>		<u>199,885</u>	<u>95,590</u>
Workers' profit sharing	17(b)	(9,137)	(3,667)
Income tax	17(b)	(51,113)	(21,092)
<b>Net income</b>		<u><u>139,635</u></u>	<u><u>70,831</u></u>
<b>Attributable to:</b>			
Intergroup's equity shareholders		138,866	70,353
Minority interest		769	478
		<u>139,635</u>	<u>70,831</u>
<b>Basic and diluted earnings per share attributable to Intergroup (stated in Nuevos Soles)</b>	26	<u>1.517</u>	<u>0.753</u>
<b>Weighted average number of outstanding shares (in thousands)</b>	26	<u>91,517</u>	<u>93,459</u>

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

Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

Intergroup Financial Services Corp. and Subsidiaries

Consolidated statements of changes in shareholders' equity (unaudited)

For the three month-periods ended March 31, 2010 and December 31, 2009

	Number of shares (in thousands)		Attributable to Intergroup's equity holders						Total shareholder's equity S/(000)	
	Issued	In treasury	Capital stock S/(000)	Treasury stock S/(000)	Capital surplus S/(000)	Unrealized results, net S/(000)	Retained earnings S/(000)	Total S/(000)		Minority interest S/(000)
<b>Balance as of January 1, 2009</b>	93,615	(60)	799,581	(3,485)	268,077	(64,142)	406,697	1,406,728	6,647	1,413,375
Change in unrealized results on sale investment, net of income tax, Note 18(d)	-	-	-	-	-	39,543	-	39,543	-	39,543
Change in unrealized results on derivative financial instruments, net of income tax, Note 18(d)	-	-	-	-	-	8,245	-	8,245	-	8,245
Net income	-	-	-	-	-	-	70,353	70,353	478	70,831
Net variation of treasury stock held by subsidiaries, Note 18(b)	-	(1,067)	-	(29,789)	-	-	-	(29,789)	-	(29,789)
Other	-	-	-	-	-	-	(1,017)	(1,017)	(344)	(1,361)
<b>Balance as of March 31, 2009</b>	<u>93,615</u>	<u>(1,127)</u>	<u>799,581</u>	<u>(33,274)</u>	<u>268,077</u>	<u>(16,354)</u>	<u>476,033</u>	<u>1,494,063</u>	<u>6,781</u>	<u>1,500,844</u>
<b>Balance as of January 1, 2010</b>	93,615	(2,098)	799,581	(66,983)	268,077	43,925	764,766	1,809,366	13,270	1,822,636
Change in unrealized results on sale investment, net of income tax, Note 18(d)	-	-	-	-	-	587	-	587	-	587
Change in unrealized results on derivative financial instruments, net of income tax, Note 18(d)	-	-	-	-	-	(5,428)	-	(5,428)	-	(5,428)
Net income	-	-	-	-	-	-	138,866	138,866	769	139,635
Other	-	-	-	-	-	-	(7,955)	(7,955)	(1,511)	(9,466)
<b>Balance as of March 31, 2010</b>	<u>93,615</u>	<u>(2,098)</u>	<u>799,581</u>	<u>(66,983)</u>	<u>268,077</u>	<u>39,084</u>	<u>895,677</u>	<u>1,935,436</u>	<u>12,528</u>	<u>1,947,964</u>

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

Translation of unaudited consolidated financial statements originally issued  
in Spanish - Note 31

**Intergroup Financial Services Corp. and Subsidiaries**

**Consolidated statements of cash flows (unaudited)**

For the three month-periods ended March 31, 2010 and December 31, 2009

	As of March, 31 2010 S/(000)	As of March, 31 2009 S/(000)
<b>Reconciliation of net income to cash provided by operating activities</b>		
Net income	139,635	70,831
<b>Adjustments to net income</b>		
<b>Add (less)</b>		
Provision for loan losses, net	78,889	91,555
Impairment of assets, nets	-	301
Depreciation of property, furniture, equipment and realizable assets	18,256	13,852
Amortization of intangibles	7,138	3,322
Provision for assets received as payment and seized through legal actions	21	18
Gain from sale of assets received as payment and seized through legal actions, Note 25	(248)	(211)
Other	4,433	9,074
<b>Net changes in asset and liability accounts</b>		
Increase in receivable accrued interest	(42,873)	(6,558)
(Decrease) increase in payable accrued interest	(2,344)	8,380
Net increase in other assets	(25,230)	(26,084)
Net decrease in other liabilities	(61,797)	(44,285)
Increase in technical reserves	11,929	35,790
<b>Net cash provided by operating activities</b>	<u>127,809</u>	<u>155,985</u>

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

Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

Consolidated statements of cash flow (unaudited) (continued)

	As of March, 31	As of March, 31
	2010	2009
	S/(000)	S/(000)
<b>Cash flows (used in) provided by investing activities</b>		
Purchase of property, furniture and equipment	(20,594)	(30,983)
Sale of assets received as payment and seized through legal actions	127	235
Purchase of intangibles	-	(117)
<b>Net cash used in investing activities</b>	<u>(20,467)</u>	<u>(30,865)</u>
<b>Cash flows used in financing activities</b>		
Net increase in loan portfolio	(132,441)	(462,653)
Increase in marketable securities, net and investments held-to maturity, net	(160,415)	(89,501)
Net increase in deposits and obligations	38,295	1,695,540
Net increase (net decrease) in deposits in financial entities	9,221	(27,559)
Net increase in due to banks and correspondents	262,133	(909,406)
Net increase (net decrease) in bonds and other obligations outstanding	(20,102)	27,726
Net decrease in receivable inter-bank funds	-	(143,994)
Net increase in payable inter-bank funds	(271,447)	(68,564)
<b>Net cash used in (provided by) financing activities</b>	<u>(274,756)</u>	<u>21,589</u>
Cash net increase (net decrease)	(167,414)	146,709
Balance of cash at the beginning of year	<u>3,193,596</u>	<u>2,731,341</u>
<b>Balance of cash at end of year</b>	<u>3,026,182</u>	<u>2,878,050</u>
<b>Non-cash flow financial transactions -</b>		

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

# Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

## Intergroup Financial Services Corp. and Subsidiaries

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

As of March 31, 2010, December 31, 2009 and March 31, 2009

#### 1. Business activity, reorganization and public offering exchange

##### (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 IFH Perú Ltd. (hereafter "IFH", a holding corporation incorporated in 1997, in The Bahamas, during 2007.

Intergroup's legal domicile is 50 Street and 7 Street, ST Georges Bank Building, Republic of Panama; its management and administrative offices are at Avenida Carlos Villarón 140, Urb. Santa Catalina, La Victoria, Lima, Peru.

As of March 31, 2010 and December 31, 2009, Intergroup holds 99.29 percent and 100 percent of the capital stock of Banco Internacional del Peru S.A.A. – Interbank (hereafter "the Bank") and of Interseguro Compañía de Seguros 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) Public exchange offer -

In March 2008, Intergroup's Board of Directors agreed to carry out a Public Offering Exchange (POE) of shares addressed to Interbank's stockholders in order to exchange their Bank's shares for Intergroup's shares.

According to the terms of said Offering, Intergroup offered to acquire up to 17,553,008 Bank shares – representing approximately 3.12 percent of the Bank outstanding shares – in exchange of issuing and delivering a certain number of Intergroup's shares. The exchange ratio applicable to the POE was 0.10585; so that, for each Bank share that its stockholders would transfer to Intergroup, it would deliver in exchange 0.10585 of Intergroup's shares.

Said Offering took place from August 25 to September 20, 2008. During that period acceptances for 13,565,775 shares of the Bank were received. As a consequence, and based on the set exchange ratio, Intergroup issued 1,435,938 shares to be delivered to the Bank's stockholders that had accepted the exchange.



## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

Given that the above mentioned public exchange offer did not represent an effective change in the control of the minority shareholders of the Bank now grouped under Intergroup; according to the 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 value of the Bank and no effects were recognized in the consolidated statement of income. As a consequence of this transaction, the equity attributable to Intergroup shareholders increased S/17,350,000 and the minority interest decrease by the same amount.

After the exchange offer, purchase and issue of shares described above, as of March 31, 2010 and December 31, 2009, IFH holds directly and indirectly the 74.52 percent of the capital stock of Intergroup.

#### 2. Subsidiaries activities

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

(a) 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 Superintendence - 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, 2010 and December 31, 2009, the Bank had 227 offices and the following wholly-owned Subsidiaries:

Subsidiary	Activity
Interfondos S.A. Sociedad Administradora de Fondos	As of March 31, 2010 and December 31, 2009, managed mutual and investment funds with equity book values of approximately S/ 2,476 million and S/ 2,332 million, respectively.
Internacional de Títulos Sociedad Titulizadora S.A. - Intertítulos S.T.	As of March 31, 2010 and December 31, 2009, managed securitization funds, with combined assets of approximately S/ 617 million and S/ 587 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.
Equity trust fund – D.S. N°093-2002-EF, Interproperties Perú - Corporación Inmobiliaria de la Unión 600 S.A.	A special purpose entity, see paragraph (d) below.

## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

- (b) Interseguro Compañía de Seguros 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 law, such as accident insurance. Interseguro's operations are governed by the Banking and Insurance Act. Likewise during 2008 Interseguro obtained approval to operate as an insurance company which conducts both classes; life insurance risks and general risks.

Interseguro has the following subsidiaries:

Subsidiary	Activity
Real Plaza S.A.	An entity engaged in the administration of seven shopping and entertainment malls called "Centro Comercial Real Plaza", located in Chiclayo, Trujillo, Huancayo and various districts of Lima. As of March 31, 2010 and December 31, 2009 Interseguro owns 100 percent of its capital stock.
Centro Cívico S.A.	Incorporated jointly with Urbi Propiedades S.A. to operate the concession of surface rights on the property belonging to the Pension Administration Office ( <i>Oficina de Normalización Previsional</i> - ONP) also known as the "Civic Center" ( <i>Centro Cívico</i> ). During 2008 and 2009 this subsidiary developed a shopping center, over such surface, which opened for business in December 2009. However, the ONP granted the concession of surface rights to Interseguro. See further detail in Note 8(d). As of March 31, 2010 and December 31, 2009, Interseguro owns 65 percent of its capital stock. The remaining is owned by Urbi Propiedades S.A., an affiliate company
Interproperties Perú S.A.	An entity engaged in all activities related to real estate and construction industry. As March 31, 2010 and December 31, 2009, Interseguro holds 100 percent of its capital stock.
Equity trust fund - D.S. N°093-2002-EF, Interproperties Perú - Interseguro	A special purposes entity, see paragraph (d) below.

## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

(c) 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; for such purpose it has made a capital contribution amounting to S/ 2,013,000. On October 28, 2008, Intergroup Board of Directors agreed the withdrawal of the process of organization previously mentioned, such decision was accepted by the SBS. The returning of the above mentioned capital contribution was effected in January 2009.

(d) Equity trust fund D.S. N°093-2002- EF, Interproperties Perú –

On April 23, 2008, this equity trust fund was incorporated with the contribution of several assets from some of the Group's subsidiaries for the purpose of forming a real estate administration independent of each of the investors considered as originators, through which the various real estate projects approved by the management committee are structured, executed and developed, and through which these originators or trustees, as applicable, could make investments in real estate projects.

The subsidiaries that consolidate their financial information with Intergroup and contributed assets to the equity trust fund are: (i) Corporación Inmobiliaria de la Unión 600 S.A., a subsidiary of the Bank, and (ii) Interseguro Compañía de Seguros S.A. Likewise, Intergroup has also directly contributed with assets to the equity trust fund. During 2009 and 2010, these companies continued contributing their assets to the equity for the purposes detailed above.

In accordance with the applicable accounting principles, this entity is a Special Purpose Entity (SPE) which must be consolidated by Intergroup. The assets contributed by the subsidiaries mentioned above are included in the accompanying consolidated financial statements as in the caption "Real estate investment, net" see Note 8.

The table below presents a summary of the consolidated financial statements of Interbank, Interseguro and the SPE (for the amounts that affect Intergroup and its subsidiaries), before the accounting eliminations for their consolidation with Intergroup, as of March 31, 2010 (unaudited) and December 31, 2009 (audited), and for the periods then ended:

	Banco Internacional del Perú S.A.A. - Interbank		Interseguro Compañía de Seguros S.A.		SPE	
	31.03.10 S/(000)	31.12.09 S/(000)	31.03.10 S/(000)	31.12.09 S/(000)	31.03.10 S/(000)	31.12.09 S/(000)
Total assets	16,261,860	16,173,057	1,999,907	1,971,569	425,326	421,667
Total liabilities	14,937,376	14,751,447	1,746,435	1,697,308	100,288	102,089
Shareholders' equity, net	1,324,484	1,421,610	253,472	274,261	325,038	319,578
Operating income	157,432	547,621	18,191	76,070	4,701	5,417
Net income	115,390	429,366	18,191	76,070	3,082	4,333

## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

#### 3. Accounting principles and practices

In the preparation and presentation of the accompanying consolidated financial statements, Management has complied with the regulations established by the SBS and effective in Peru as of March 31, 2010 and December 31, 2009 for both financial entities (Intergroup, the Bank and its subsidiaries) and insurance entities (Interseguro and its subsidiaries).

Significant accounting principles and practices as of March 31, 2010, have not changed in respect of the principles described as of December 31, 2009 in the audited financial report dated March 10, 2010. The most important accounting principles and practices used in the preparation of the accompanying consolidated financial statements are described below:

(a) Basis of presentation and accounting changes -

(i) Basis of presentation -

The accompanying consolidated financial statements have been prepared from the Company and Its Subsidiaries accounting records, which are maintained in nominal monetary terms at the transaction's date, in accordance with SBS regulations and in a supplemental manner, in the absence of SBS regulations, with the International Financial Reporting Standards - IFRS approved in Peru through resolutions issued by the Consejo Normativo de Contabilidad (CNC) at those dates. These accounting principles are consistent with the standards applied in 2008, except as explained in point (ii) below.

Intergroup prepares its consolidated financial statements following generally accepted accounting principles in Peru for financial and insurance entities, because its principal subsidiaries are financial and insurance entities that prepare and present their financial statements in accordance with these standards. In accordance with SBS standards and customary practice in the Peruvian financial market, the Company and its subsidiaries use the Nuevo Sol as their functional and reporting currency.

The preparation of consolidated financial statements requires Management to make estimates and assumptions that affect the reported amounts of consolidated revenues, expenses, assets and liabilities, the disclosure of contingent liabilities at the reporting date, as well as the income and expense figures reported during the current period. Actual results may differ from those estimates and assumptions. The most significant estimates included in the accompanying consolidated financial statements are related to the provision for loan losses, valuation of investments, the provision for realizable assets received in payment and seized through legal actions, the valuation of derivative instruments, and the calculation of deferred Income tax and workers' profit sharing.

## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

- (ii) Changes in accounting policies for the banking and insurance businesses -  
As described in paragraph (d) below, SBS Resolution Nos. 10639-2008 and 0513-2009 and their amendments amended the "Regulation for classification, valuation and provisions for Investments" for companies in the financial system and insurance companies, respectively, and their respective Accounting Manuals, with the purpose of harmonizing certain aspects of the prudential criteria with international accounting practices, mainly with the classifications and valuation criteria under IAS 39, Financial Instruments: Recognition and Measurement. Because the SBS standards are applied prospectively, the changes in these resolutions did not have any effect on the consolidated financial statements of the Company and its Subsidiaries as of December 31, 2008.

For the banking business, through SBS Resolution N° 11356-2008, dated November 19, 2008, and its amendments, the SBS approved a new " Regulations for the Evaluation and Classification of a Debtor and the Required Provision "; which replaced SBS Resolution No. 808-2003. This standard will go into effect starting July 2010; except for the part referring to the pro-cyclical rule, for the purpose of increasing the generic provisions for loans classified as normal, above all for consumer loans, which went into effect starting December 1, 2008. These provisions were computed and recorded to August 31, 2009, the date on which the SBS suspended its application.(See further detail in paragraph (c), below).

Also, SBS Resolution N° 6941-2008 requires provisions for the risk of over-indebtedness, as explained in further detail in paragraph (c), below.

In addition, starting from the year 2009 onward, IAS 32 "Financial instruments: Presentation" (revised in 2006), IFRIC 13 "Customer loyalty programs" and IFRIC 14 IAS 19 – "The limit on a defined benefit asset minimum funding requirements and their interactions". These standards do not have a significant effect on the consolidated financial statements of the Company.

## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

- (b) Business combinations and consolidation principles -  
Business combinations between entities under common control are recorded using the "Pooling of interests" method; consequently, the business combinations carried out by Intergroup have been recorded using this method, because the exchanges of shares that have been carried out since the Company was incorporated have not meant an effective change in control over the subsidiaries now grouped into Intergroup.

In accordance with the pooling of interest method, the captions of the financial statements of the consolidated companies, both in the period in which the consolidation occurs as well as the other periods presented in comparative form, are included in the consolidated financial statement of the Company, which is the one that continues as if they had been consolidated since the beginning of the oldest period that is presented.

The accompanying consolidated financial statements include the financial statements of Intergroup Financial Services Corp. and its Subsidiaries over which it exercises control through its direct and indirect participation, see Note 2. All such subsidiaries were consolidated for the years presented after having made any adjustments necessary to standardize their accounting principles with those of Intergroup, except in the event that the SBS establishes different criteria for banking and insurance entities. During 2009, the SBS issued new standards for the classification and valuation of the investments of financial and insurance entities, which went into effect starting March for the Bank and June for Interseguro. With these standards going into effect, the difference corresponding to the valorization of investments available for sale held by Interseguro has been eliminated starting June 2009; for which reason the investments held by Intergroup, the Bank and Interseguro as of March 31, 2010 and December 31, 2009 are valorized uniformly, as indicated in Note 3(d).

Since 2009, these investments are valued at their estimated fair value, for which reason unrealized gains are been fully recorded in the consolidated financial statements.

The minority interest was determined based on the participation of the minority shareholders in the subsidiaries' net shareholder's equity, and it is presented separately in the consolidated balance sheets and in the consolidated statements of income.

- (c) Loan portfolio and allowance for loan losses -  
Direct loans are recorded when the related funds are provided to the customers. Indirect loans (contingent loans) are recorded when the related supporting documents are issued.

## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

In the case of financial leases, the Bank recognizes the present value of the lease payments as a loan. The difference between the total amount of quotas receivable and their present value is recorded as unearned interest that is recognized over the term of the lease agreement using the effective interest method, which reflects a constant periodic rate of return. The Bank does not grant operating leases.

The allowance for loan losses is determined by the Bank's Management and is calculated in accordance with guidelines established in SBS Resolution No. 808-2003 "Regulation for the evaluation and classification of debtor and provision requirements" and starting in December 2008, the pro-cyclical allowance rule that went into effect through SBS Resolution No. 11356-2008 as described below, which was repealed effective September 2009 onward. According to these rules, loans are classified as commercial, micro-business (hereafter "MES"), consumer and mortgage. Pursuant to SBS procedures, Management periodically conducts a formal review and analysis of the Bank's loan portfolio, classifying its loan portfolio in one of the following risk categories: normal, with potential problem, substandard, doubtful or loss; the classification is based primarily on the risk of non-payment for each loan.

For commercial loans, the classification in the aforementioned categories takes into consideration several factors included in the Resolution, such as the payment history of the particular loan, the history of the Bank's dealings with the borrower, operating history, borrower's repayment capability and availability of funds of the borrower, status of any collateral and guarantee, the borrower's financial statements, general risk of the economic sector, the borrower's risk classification made by other financial institutions and other relevant factors. For MES, consumer and mortgage loans, the classification is based on how long payments are overdue.

Calculation of the provision is made considering the risk classifications assigned using specific percentages, which vary depending upon whether the customer's debts are secured by preferred self-liquidating guarantees – LWPSLG (cash deposits and rights over letters of credit) or by preferred guarantees that may be readily liquidated – LWRLPG (treasury bonds issued by the Peruvian Central Government, marketable securities included in the Selective Index of the Lima Stock Exchange, among others) or by other preferred guarantees – OPG (primary pledge on financial instruments and properties, primary pledge on agricultural or mining concessions, insurance on export credits, among others), which are considered at their net realizable value as determined by independent appraisers. Likewise, for credits affected by counterparty substitution of financial or insurance institutions (CACs), the provision requirement for the secured amount depends on the risk classification of the counterparty, regardless of the risk classification of the customer debtor.

## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

For the calculation of provisions of customers classified as doubtful or loss for more than 36 months or 24 months, respectively, the value of any guaranty received is not taken into account and the provision for such loan is computed as if it was not secured by any guaranty.

The allowance for loan losses for direct loans is presented as an asset deduction, while the allowance for indirect loans is presented as a liability; see Note 9(b).

SBS Resolution No. 11356-2008 of November 19, 2008 and its amendments approved the new "Regulation for the evaluation and classification of debtor and provision requirements"; replacing SBS Resolution No.808-2003. This regulation will become mandatory starting July 2010, except for the section related to a pro-cyclical provisioning rule, which increased generic provisions for credits classified as normal, mainly related to consumer loans, which was required by the SBS, from December 1, 2008 to August 31, 2009. In September 2009, through Circular No. 2181- 2009, the SBS repealed the pro-cyclical rule, meaning that financial entities were no longer required to establish additional provisions for the pro-cyclical component and can reallocate the provisions established to provisions for loans of greater risk, but in no event may they be reversed to affect income for the period. Pursuant to this Resolution, as of March 31, 2010 and December 31, 2009, the Bank maintained the pro-cyclical provisions and has not reallocated them

In addition, through Resolution SBS No. 6941-2008, issued on August 25, 2008, the SBS amended and clarified the "Regulation for managing the risk of over-indebtedness of retail borrowers", which became mandatory in December 2008, replacing Resolutions No. 1237-2006 and 930-2007. This new rule provides that financial entities establish an over-indebtedness risk management system that will enable them to reduce the risk prior to and after granting the loan; as well as constant monitoring of the loan portfolio to identify over-indebted debtors, to determine if additional provisions are required. The aforementioned rule provides that financial entities that fail to comply with this rule to the satisfaction of the SBS, must for provisioning purposes, calculate the exposure equivalent to the credit risk by applying a 20% factor to the unused amount of revolving credit lines for MES and consumer loans lines, and on the basis of said amount, compute the provision according to the debtor's classification.

(d) Marketable and held-to-maturity investments-

In the case of Intergroup and the Bank, until February 28, 2009 investments were measured in accordance with SBS Resolution No. 1914-2004 – "Regulations for classifying and provisioning investments of financial entities". Starting from March 1, 2009, investments have been measured in accordance with SBS Resolution No. 10639-2008, issued on October 31, 2008, which establishes modifications in the valuation and classification of investments.



## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

In the case of Interseguro, until May 31, 2009 investments were measured in accordance with SBS Resolutions Nos. 1047-99 and 778-2000 – "Regulation of classification, valuation and provisioning investments of insurance companies"; starting June 1, 2009 investments are measured in accordance with SBS Resolution N° 513-2009, issued on January 30, 2009, which establishes modifications in the valuation and classification of investments consistent with that applied to banks starting from that date.

These amendments were made prospectively pursuant to the provisions in these resolutions.

Below we present the criteria established by these resolutions for the classification and valuation of investments in the banking and insurance businesses for the following categories:

#### Classification -

(i) Investments at fair value through profit and loss (previously denominated "Marketable investments held for trading", for the banking business, and Liquid Marketable Investment", for the insurance business  
This category has two sub-categories: investment instruments acquired for trading and investment instruments at fair value through profit and loss since their inception. An investment instrument is classified as acquired for trading if it is acquired for the purpose of selling it or repurchasing it in the short term, or if is part of a portfolio of identified financial instruments that are managed together and for which there has been demonstrated a recent pattern of taking gains in the short term. The Bank has not classified any investment at fair value through profit and loss from their inception.

(ii) Investments available-for-sale

There are those designated as such because they are held for an indefinite period and may be sold for purposes of liquidity or changes in interest rates, exchanges rates or the cost of capital; or are not qualified to be classified as at fair value through profit and loss or held-to-maturity or investment in associates.

The estimated fair value of investments available-for-sale is determined mainly based on market quotations or, if they are not available, based on discounted cash flows using market rates according to the credit quality and maturity date of the investment.

(iii) Investments held – to-maturity

For investment instruments to be classified in this category, they must meet the following requirements:

- To be acquired or reclassified for the purpose of holding until their maturity date; except for the cases when sale, assignment or reclassification are allowed by the SBS.

## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

- Companies must have the financial capacity and the intent to hold investment instruments until their maturity.
- They must have risk classifications as required by the SBS.
- In order to classify their investments in this category, companies must assess whether they have the financial capacity to maintain such investment instruments until their maturity when they decide to classify an instrument and at the closing of each annual period.
- Recognition date of transactions -  
Until February 28 and May 31, 2009, for the banking and insurance businesses respectively, transactions were recorded on the transaction settlement date.

Starting from March and June 2009, respectively, transactions have been recorded using the date of negotiation, using the trading date; that is, the date on which the reciprocal obligations that must be performed within the term established by regulations and practice in the market in which the operation takes place.

- Initial recognition -  
Initial recognition of investments at fair value through profit and loss is at fair value, recognizing any transaction costs related to these investments as expense.  
  
Until February 28, 2009 and May 31, 2009, for the banking and insurance business respectively, the initial recognition of investments available-for-sale and investments held-to-maturity was made at fair value, which is estimated as the acquisition cost, without including transaction costs. Starting March 2009 and June 2009, respectively, the initial recognition of both investment categories is made at fair value, including those transaction costs that are directly attributable to the acquisition of these investments.
- Amortized cost -  
Until February 28, 2009 and May 31, 2009 for the banking and insurance business, respectively, debt instruments classified into any investments category before their valuation were updated using linear accrual of the capital discount or premium established in their acquisitions. Starting March 2009 and June 2009, respectively, any premium or discount is considered in computing the amortized cost applying the effective interest rate methodology, recognizing accrued interest in the "Financial income" caption of the consolidated statement of income.

## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

- Valuation -

(i) Investments at fair value through profit and loss -

Under both rules, book value is updated daily to fair value through its individual valuation, recognizing any resulting gain or loss in the income from sale and valuation of investments, net account of the "Financial income and expense" caption of the consolidated statements of income.

(ii) Investments available-for-sale -

Until February 28, 2009, valuation for the banking business was made at the lower of cost or market value, determined based on the portfolio as a whole. Unrealized losses resulting from valuation were recorded in the consolidated shareholders' equity in the "Unrealized results, net" caption.

Until May 31, 2009, valuation for the insurance business was made at the lower of cost or market value, determined based on the portfolio as a whole, recognizing losses in the consolidated results for the period in the "Financial income and expense" caption.

Starting from March and June 2009, respectively, investments are recorded at their fair value, recognizing any unrealized gains and losses in comparison with the amortized cost in shareholders' equity. In the case of the insurance business, until May 2009 the SBS allowed provisions for losses that are not considered as permanent to be recognized as income and recorded to results in the 2008 period.

When an instrument is sold or the gains or losses previously recognized as part of shareholders' equity are realized, they are transferred to consolidated results for the period. On the other hand, when management of the Company and its Subsidiaries believes that the decrease in fair value is permanent or if there is credit impairment, it records the respective provisions to consolidated results for the period.

(iii) Investments held-to-maturity –

These investments are recorded at amortized cost, and are not carried at fair value.

Impairments are recorded individually for negative changes in the credit capacity of the issuer, analogous to the treatment of direct loans, directly affecting the results of the period.

When these investments are sold without fulfilling the established in the resolution and similar financial instruments are again acquired from the same issuer, they may not be recorded in this category without express authorization from the SBS.

## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

Investments held to maturity include real estate projects that generate a yield similar to a debt instrument.

In any of the cases indicated above, if the SBS considers it necessary to constitute an additional provision for any type of investment, this provision would be determined by the SBS based on each individual security and must be recorded in consolidated results for the period.

- Recognition of exchange differences -

Until February 28, 2009 and May 31, 2009; for the banking and insurance business, respectively, any gains or losses from exchange differences on debt and equity instruments, denominated in foreign currency were recorded in the consolidated results of the period.

Starting from dates, any gains or losses from exchange differences related to the amortized cost of debt instruments are recorded in the consolidated results of the period, while those related to the difference between the amortized cost and fair value are recorded in shareholders' equity as part of the unrealized gain or loss. In the case of equity instruments, they are considered non-monetary items and, consequently, remain at their historical cost in local currency, which means that any exchange differences are part of their valuation and are recognized as part of the unrealized gains or losses in the consolidated shareholders' equity.

- Recognition of dividends -

Dividends are recognized in the results of the period when they are declared.

## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

#### 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, 2010, the weighted average exchange rates in the market as published by the SBS for transactions in US Dollars were S/2.838 bid and S/2.840 ask (S/2.888 bid and S/2.891 ask, as of December 31, 2009). As of March 31, 2010, the exchange rate established by the SBS to record assets and liabilities in foreign currency was S/2.841 per US Dollar (S/2.890 as of December 31, 2009).

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

	As of March 31, 2010 US\$(000)	As of December 31, 2009 US\$(000)
<b>Assets</b>		
Cash and due from banks	923,109	859,774
Marketable investments and held-to-maturity investments, net	759,441	802,976
Loan portfolio, net	1,486,497	1,531,928
Accounts receivable and other assets	33,266	52,971
	<u>3,202,313</u>	<u>3,247,649</u>
<b>Liabilities</b>		
Deposits and obligations	2,225,169	2,299,342
Deposits from foreign and local financial entities	20,718	20,609
Due to banks and correspondents	279,878	207,576
Bonds and other obligations	419,345	403,833
Accounts payable, provisions and other liabilities	113,783	66,927
Technical reserves for premiums and claims	413,562	404,407
	<u>3,472,455</u>	<u>3,402,694</u>
Forwards transactions – net purchase (sale) position	207,572	214,774
Currency swap transactions – net sale position	(54,337)	(105,000)
<b>Net liability position</b>	<u>(116,907)</u>	<u>(45,271)</u>

As of March 31, 2010, the net purchase position from derivative transactions corresponding to foreign currency forward purchase and sale contracts, in nominal amounts, amounted to approximately US\$ 612,931,000 and US\$ 405,359,000, equivalent to S/ 1,741,335,000 and S/ 1,235,434,000, respectively (US\$ 634,260,000 and US\$ 419,486,000 as of December 31, 2009, equivalent to S/ 1,833,013,000 and S/ 1,212,256,000, respectively), see Note 20(c).

## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

As of March 31, 2010, the short position for currency-swap derivative contracts corresponds to currency purchase and sale forward transactions for approximately US\$ 11,557,000 and US\$ 65,894,000 in nominal amounts, equivalent to S/ 32,835,000 and S/ 187,206,000 (short position that corresponds to currency sale forward transactions whose nominal amounts are approximately US\$ 5,000,000 and US\$ 100,000,000, equivalent to S/ 14,450,000 and S/ 317,900,000 as of December 31, 2009), see Note 20(d).

As of March 31, 2010, Intergroup and its Subsidiaries have granted indirect loans (contingent operations) in foreign currency for approximately US\$ 398,193,000, equivalent to S/ 1,131,266,000 (US\$ 375,303,000, equivalent to S/ 1,084,626,000 as of December 31, 2009), see note 20; that do not form part of the exchange position indicated previously.

#### 5. Cash and due from banks

As of March 31, 2010, cash and due from banks includes approximately US\$ 851,576,000 and S/ 380,843,000 (US\$ 775,487,000 and S/ 381,269,000 as of December 31, 2009), 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 initials). The Bank maintains such legal reserve within the limits required by prevailing regulations.

The legal reserve maintained by the Bank at the BCRP does not accrue interest, except for deposits in foreign currency that exceed the minimum reserve required. As of March 31, 2010, the monthly amount by which foreign currency deposits exceeded minimum legal reserve requirements was approximately US\$ 151,790,000 equivalent to S/ 431,235,000 (US\$ 284,725,000, equivalent to S/ 822,856,000 as of December 31, 2009). These excess amounts accrued interest at an annual average rate of 0.14 percent (annual average rate of 0.14 as of December 31, 2009).

Deposits in domestic and foreign banks are mainly in Peruvian Nuevos Soles and US Dollars. All amounts are unrestricted and bear interest at market rates. As of March 31, 2010 and December 31, 2009, Intergroup and its subsidiaries do not have significant deposits in any financial institution.

As of March 31, 2010 and December 31, 2009, this caption includes restricted funds for approximately S/ 88,210,000 and S/ 68,959,000, respectively, which corresponds mainly to requirements made by the counterparties of derivative transactions.

Translation of unaudited consolidated financial statements originally issued  
in Spanish - Note 31

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

6. Investment, net

(a) This caption is made up as follows:

	As of March 31, 2010	As of December 31, 2009
	S/(000)	
<b>Investment at fair value through profit and loss - (Trading) -</b>		
Investment in shares quoted on the Lima stock Exchange	6,571	5,499
	<u>33,477</u>	<u>5,499</u>
<b>Investments available-for-sale -</b>		
Negotiable Bank Certificates issued by BCRP (b)	963,674	731,739
Government Bonds:		
- Peruvian Global Bonds (c)	229,327	323,719
- Peruvian Sovereign Bonds	176,618	151,192
- Colombian Sovereign Bonds	24,128	24,496
- Brazilian Sovereign Bonds	126,207	78,489
- Bonos Fortalecimiento Patrimonial de Empresas – FOPE (Perú)	5,723	5,822
Mutual and investment funds participation (f)	284,812	442,225
Financial and corporate bonds	364,665	282,685
Shares of Peruvian private sector and exterior	131,635	100,606
Credit Suisse Nassau Branch y London Branch – Variable coupon principal protected notes (Royalty Pharma) (d)	414,770	407,543
Royalty Pharma Cayman Partners, LP participations(e)	67,421	66,784
Others	18,424	12,418
	<u>2,807,404</u>	<u>2,627,718</u>
<b>Add – Accrued interest on marketable investments</b>	48,653	17,458
<b>Total</b>	<u>2,862,628</u>	<u>2,650,675</u>

## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

- (b) As of March 31, 2010, the Negotiable Bank Certificates issued by the BCRP (CDN-BCRP for its Spanish initials), are denominated in Nuevos Soles, have maturities between April and July 2010 (between January and July 2010 as of December 31, 2009), and accrue effective annual interest rates between 1.25 and 1.73 percent (between 1.21 and 1.73 percent as of December 31, 2009).
- (c) As of March 31, 2010, the Peruvian Global Bonds are denominated in US Dollars and Euros, have maturities between October 2014 and May 2016 (between May 2016 and November 2033 as of December 31, 2009), and accrue effective annual interest rates between 7.50 and 9.88 percent (between 7.13 and 8.75 percent as of December 31, 2009).
- (d) This corresponds to notes issued by the Credit Suisse Bank (CSB) branches in Nassau and London, due in 2036 and 2038, issued as bonds. These notes were issued in US Dollars, are not liquid and have a fixed-yield component (zero coupon bond) and a variable-yield component based on Royalty Pharma shares, which shall be delivered to the Bank as part of the notes' yield in the following cases:
- Upon their maturity, together with the payment of the notes' principal,
  - If the Bank executes the prepayment option, in which case the Bank will receive the shares plus an amount equivalent to the zero coupon bond at the execution date.

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.

As March 31, 2010 and December 31, 2009, the Credit Suisse Nassau Branch and Credit Suisse London Branch notes classified as available-for-sale consist of 1,234,000 and 745,000 Royalty Pharma Cayman Partners LP participations amounting to approximately US\$49,355,000 and US\$36,878,000, respectively, and a zero-coupon financial instrument issued by CSB amounting to approximately US\$16,067,000 and US\$14,232,000, respectively, which would allow the Bank to collect the nominal amount of the capital Note plus the shares of Royalty Pharma at maturity.

The estimated fair value of the notes as of March 31, 2010 and December 31, 2009 has been determined based on information obtained from an open access prices source (publicly available).

- (e) As of March 31, 2010 and December 31, 2009, this corresponds to 375,212 shares held by Intergroup and Interfondos S.A. Sociedad Administradora de Fondos in the Royalty Pharma fund, see previous Note.



Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

The estimated fair value of the shares as of March 31, 2010 and December 31, 2009 has been determined by the management of the Company and its Subsidiaries based on the NAV (Net Asset Value) provided by the fund administrators, which have been reviewed by Integroup management, concluding that this is a reasonable indication of their fair value.

(f) As of March 31, 2010 and December 31, 2009, this corresponds mainly to shares in local mutual funds that are actively traded and administered by a subsidiary of the Bank, see Note 27(c).

(g) As of March 31, 2010 and December 31, 2009, investments available-for-sale is recorded at their estimated fair value. Management has estimated the fair value of marketable investments based on prices available on the Lima Stock Exchange or, when such prices do not exist, discounting expected cash flows at an interest rate that reflects the investment's risk rating or based on a publicly accessible price source. .

7. Held-to-maturity investments, net

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

	As of March 31, 2010 S/(000)	As of December 31, 2009 S/(000)
Corporate and financial bonds (b)	599,891	619,005
Sovereign bonds (c)	266,457	304,964
Real estate projects (d)	28,114	28,678
Others	<u>266,457</u>	<u>304,964</u>
	894,462	955,292
Less - Allowance for held-to-maturity investments	(147)	(150)
Add - Accrued interest on held-to-maturity investments	<u>13,742</u>	<u>13,092</u>
<b>Total</b>	<u><u>908,057</u></u>	<u><u>968,234</u></u>

Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

- (b) The table below presents the balance corresponding to corporate and financial bonds, domestic and foreign, which are held by Interseguro, according to their risk ratings:

	As of March 31, 2010 S/(000)	As of December 31, 2009 S/(000)
<b>Instruments rated in Peru</b>		
AAA	158,566	180,622
AA - / AA +	26,695	12,748
Lower than B -	-	149
<b>Instruments rated abroad</b>		
BBB - / BBB +	<u>414,630</u>	<u>425,486</u>
<b>Total</b>	<u>599,891</u>	<u>619,005</u>

- (c) The table below presents the balance corresponding to sovereign bonds, which are held by Interseguro:

	As of March 31, 2010 S/(000)	As of December 31, 2009 S/(000)
Peruvian Sovereign Bonds (*)	187,491	224,977
Brazilian Sovereign Bonds	15,254	15,546
Colombian Sovereign Bonds	54,240	54,797
Panama Sovereign Bonds	<u>9,472</u>	<u>9,644</u>
<b>Total</b>	<u>266,457</u>	<u>304,964</u>

- (d) The table below presents the components of real estate projects:

	As of March 31, 2010 S/(000)	As of December 31, 2009 S/(000)
Primavera Park Plaza (i)	25,233	25,731
Cineplanet Piura	<u>2,881</u>	<u>2,947</u>
	<u>28,114</u>	<u>28,678</u>

Translation of unaudited consolidated financial statements originally issued  
in Spanish - Note 31

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

- (i) Corresponds to funds given to Urbi Propiedades S.A. (hereinafter "Urbi" a related entity) destined to the construction of a shopping center named "Primavera Park and Plaza" located in the city of Lima, Peru, for which Ripley Peru S.A., signed a 30-year lease contract in 2003. Interseguro and Urbi signed a Cession Rights Contract, by means of Urbi cedes to the Company the rights of usufruct over the cash flows generated by this lease contract for a minimum period of 11 years and a maximum of 16 years commencing in January 2004. The term is subject to obtaining a certain level of profitability agreed between Urbi and Interseguro. This transaction and its accounting treatment were approved by the SBS.
  
- (e) Management has estimated the market value of these investments based on quotes available in the Lima Stock Exchange, foreign stock exchanges, (mainly for sovereign, corporate and financial bonds) or, should those quotes not exist, discounting expected cash flows at an interest rate that reflects the security's risk rating.

Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

**8. Real estate investments, net**

(a) The real estate investments are held mostly by Interseguro, and include the following:

	As of March 31, 2010 S/(000)	As of December 31, 2009 S/(000)
Buildings, land and work in progress	264,395	241,185
Centro Comercial Real Plaza, Chiclayo (b)	59,168	54,454
Centro Comercial Real Plaza, Pro (f)	29,219	29,089
Centro Comercial Real Plaza Huancayo (c)	68,615	68,372
Centro Comercial Real Plaza Centro Cívico (d)	264,395	241,185
Centro Comercial Real Plaza Trujillo (e)	59,168	54,454
	<u>619,538</u>	<u>587,021</u>
Accumulated depreciation - buildings	(17,054)	(12,225)
	<u>602,484</u>	<u>574,796</u>

Management periodically obtains independent appraisals from of its real estate investments. Based on these appraisals, as of March 31, 2010 and December 31, 2009, Management has determined that the book value is lower than the estimated fair market value.

(b) Corresponds to a shopping and entertainment mall named "Real Plaza" located in the city of Chiclayo, Peru, which began its operations in November 2005. The building comprises two main areas, for which Interseguro has two lease contracts signed for 30 and 20 year terms, with Saga Falabella S.A. and Cineplex S.A. (a related entity, hereafter Cineplex), respectively, which provide for a minimal monthly lease payment, as well as a variable payment based on sales and services revenues received by the tenants. In 2008 it extended the second stage of the mall. On this extension is located a supermarket, for which Interseguro has a lease contract for 30 years with Supermercados Peruanos S.A. (a related entity), which provides for a minimal monthly lease payment as well as a variable payment based on sales and services revenues received by the supermarket.

## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

- (c) This corresponds to a shopping and entertainment mall named "Centro Comercial Real Plaza Huancayo", located in the city of Huancayo. The center began to operate in July 2008 and comprises a supermarket, department stores, cinema and entertainment area. For the first three, Interseguro has a lease contract for 30 years with Supermercados Peruanos S.A., Tiendas Peruanas S.A. y Cineplex S.A. (related entities), which provides a minimal monthly lease payment as well as a variable payment based on sales revenues.
- (d) This corresponds to a shopping and entertainment mall named "Centro Comercial Real Plaza Centro Cívico", located in the city of Lima, which began operations in December 2009. It mainly comprises a cinema complex and retail stores. Interseguro holds the concession of surface rights on this building with the ONP. The lease term is for 30 years, which may be extended upon expiration, and requires an annual payment to the ONP equivalent to the higher of 15 percent of the mall's gross income or US \$800,000.
- (e) This corresponds to a shopping and entertainment mall named "Centro Comercial Real Plaza Trujillo", located in the city of Trujillo. The center began to operate in July 2007 and comprises a supermarket, department stores, cinema and entertainment area. For the first three, Interseguro has a lease contract for 30 years with Supermercados Peruanos S.A., Tiendas Peruanas S.A. y Cineplex S.A. (related entities), which provides a minimal monthly lease payment as well as a variable payment based on sales revenues.
- (f) This corresponds to a shopping and entertainment mall named "Centro Comercial Real Plaza Pro", located in the city of Lima. This shopping center began its operations in June 2008, and comprises a supermarket, a complex of retail stores, bank entities and a patio for meals. For the former it has signed a 30-year lease agreement with Supermercados Peruanos S.A. (a related entity), which includes a minimal monthly payment as well as a variable payment based on the supermarket's sales and services revenue.

Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

9. Loan portfolio, net

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

	As of March 31, 2010 S/(000)	As of December 31, 2009 S/(000)
Commercial	4,859,486	4,937,004
Consumer	3,627,621	3,546,119
Mortgage	1,388,540	1,330,758
Micro-business-"MES"(for its Spanish initials)	129,053	135,976
Refinanced and restructured	93,669	95,395
Past due and in legal collection	162,304	151,525
	<u>10,260,673</u>	<u>10,196,777</u>
<b>Plus (minus)</b>		
Accrued interest	115,384	104,351
Deferred interests and interest collected in advance	(287,577)	(286,919)
Allowance for loan losses (e)	<u>(414,037)</u>	<u>(403,995)</u>
<b>Total direct loan portfolio</b>	<u>9,674,443</u>	<u>9,610,214</u>

As of March 31, 2010 and December 31, 2009, the total amount of direct and indirect loan portfolio, before the allowance for loan losses, is as follows:

	As of March 31, 2010 S/(000)	As of December 31, 2009 S/(000)
Direct loan portfolio	10,260,673	10,196,777
Indirect loan portfolio, Note 20(a)	<u>2,077,063</u>	<u>1,901,452</u>
<b>Total</b>	<u>12,337,736</u>	<u>12,098,229</u>

As of March 31, 2010 and December 31, 2009, 51 percent of the direct and indirect loan portfolio corresponded to 1,094 and 1,095 customers, respectively. Loans were mainly given to companies established in Peru or to companies whose shareholders have investments mostly in Peru.

Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

- (b) The table below presents the movement in the allowance for loan losses, determined according to the risk classifications provision, percentages indicated previously and pro-cyclical provision rules see Note 3(c):

	As of March 31, 2010 S/(000) (*)	As of December 31, 2009 S/(000) (*)
<b>Balance at the beginning of the year</b>	433,302	348,496
Provision recognized as year expense (includes pro-cyclical provisions, see Note 3(c))	82,136	383,990
Prior years provision recoveries	(3,247)	(20,671)
Write-offs, extinguishments and sales	(64,634)	(268,020)
Exchange result, net	<u>(2,029)</u>	<u>(10,493)</u>
<b>Balance at the end of the year</b>	<u>445,528</u>	<u>433,302</u>

- (\*) The allowance for loan losses includes the provisions for contingent loans and for credit risk associated to overindebtment amounting to approximately S/ 31,491,000 and S/ 29,307,000 as of March 31, 2010 and December 31, 2009, respectively, which are recorded in the "Accounts payable, provisions and other liabilities" caption on the consolidated balance sheet, see Note 12.

In Management's opinion, the allowance for loan losses recorded as of March 31, 2010 and December 31, 2009 complies with SBS rules and authorizations in effect as of those dates; see Note 3(c).

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

Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

10. Investments in associates

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

	Ownership percentage		Book value	
	As of March 31, 2010	As of December 31, 2009	As of March 31, 2010 S/(000)	As of December 31, 2009 S/(000)
<b>Shares</b>				
Procesos MC Peru S.A.	50.00	50.00	18,307	17,549
Visanet Peru S.A.	16.84	16.84	4,255	4,255
La Fiduciaria S.A.	35.00	35.00	2,932	2,492
Titulizadora Peruana - Sociedad Titulizadora	15.00	15.00	479	527
Others	-	-	2,486	4,082
<b>Total</b>			<u>28,459</u>	<u>28,905</u>

(b) During the three month-period ended March 31, 2010 and 2009, as a result of applying the equity accounting method on its investments in associates, the Bank recorded gains for approximately S/ 1,292,000 and S/ 976,000 respectively. These gains are included in the "Financial income" caption in the consolidated statements of income

(c) As of March 31, 2010 and 2009, the Bank received dividends from its associates amounting to approximately S/ 2,029,000 and S/ 26,000, respectively.



Translation of unaudited consolidated financial statements originally issued  
in Spanish - Note 31

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

11. Property, plant and equipment, net

(a) The table below presents the movement of these accounts as of March 31, 2010 and December 31, 2009:

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, 2010 S/(000)	As of December 31, 2009 S/(000)
<b>Cost</b>								
<b>Balance as of January 1</b>	66,821	488,431	338,116	4,793	64,810	51,782	1,014,753	946,525
Additions	-	952	14,523	159	4,960	-	20,594	104,375
Retirements and write-offs	-	-	(2,076)	-	-	(422)	(2,498)	(4,989)
Transfers to intangibles, Note 12(e)	-	-	-	-	-	(14,049)	(14,049)	(31,158)
<b>Balance as of December 31</b>	<u>66,821</u>	<u>489,383</u>	<u>350,563</u>	<u>4,952</u>	<u>69,770</u>	<u>37,311</u>	<u>1,018,800</u>	<u>1,014,753</u>
<b>Accumulated depreciation</b>								
<b>Balance as of January 1</b>	-	275,797	180,681	4,572	19,129	-	480,179	426,170
Depreciation for the year	-	3,771	11,457	22	3,006	-	18,256	57,984
Retirements and write-offs	-	-	(3,664)	-	-	-	(3,664)	(3,975)
<b>Balance as of December 31</b>	<u>-</u>	<u>279,568</u>	<u>188,474</u>	<u>4,594</u>	<u>22,135</u>	<u>-</u>	<u>494,771</u>	<u>480,179</u>
<b>Net book value</b>	<u>66,821</u>	<u>209,815</u>	<u>162,089</u>	<u>358</u>	<u>47,635</u>	<u>37,311</u>	<u>524,029</u>	<u>534,574</u>

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

(c) 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 the value in use of property, furniture and equipment as of March 31, 2010 and December 31, 2009.

(d) In previous years the Bank, with the authorization of the SBS, recorded voluntary revaluations of some of its assets to their fair values amounting to approximately S/61,140,000 as determined by an independent expert. The value of these revaluations as of March 31, 2010 and December 31, 2009 amounted to approximately S/ 46,315,000 and S/ 46,716,000, respectively; the liabilities for deferred income tax and workers' profit-sharing have been recorded, see Note 17(a).

Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

12. 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, 2010 S/(000)	As of December 31, 2009 S/(000)
<b>Accounts receivable and other assets</b>		
Value-added tax credit (b)	198,201	221,000
Other accounts receivable, net	77,294	93,047
Transactions in process (c)	86,802	52,914
Intangibles, net	55,217	47,213
Rights paid to related entities (d)	42,320	43,599
Prepaid income tax	31,591	32,021
Deferred charges	34,385	29,257
Accounts receivable related to derivative financial instruments (g)	25,849	23,085
Interest premium (e)	8,436	9,279
Prepaid rent	4,432	4,538
Other	17,339	13,189
	<u>581,866</u>	<u>569,142</u>
<b>Accounts payable, provisions and other liabilities -</b>		
Other accounts payable	166,163	228,608
Transactions in process (c)	132,742	144,395
Accounts payable related to derivative financial instruments	73,531	63,514
Workers' profit sharing and salaries payable	38,990	42,837
Allowance for contingent loans, Note g(b)	31,491	29,307
Accounts payable related to embedded derivatives	24,589	22,741
Provision for contingencies	18,771	13,980
Other	1,091	3,783
	<u>487,368</u>	<u>549,165</u>

(b) This corresponds to the value added tax (IGV for its Spanish initials) resulting from the purchase of goods devoted mostly to leasing operations carried out by the bank, to be recovered through the collection of those lease transactions.

## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

- (c) 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 balance sheet account on the following month. These transactions do not affect the Bank's results as of March 31, 2010 and December 31, 2009.
- (d) In December 2003, the Bank entered into a concession agreement with Supermercados Peruanos S.A., a related entity, to install financial services locations in the stores of Supermercados Peruanos S.A, for a 15 year-term. For this agreement the Bank paid an amount in foreign currency equivalent to S/ 32,323,000 on December 31, 2003 (Value Added Tax included) and is amortizing over a 15 year period. In addition, during 2009 the Bank entered into new concession agreement for new spaces ceded to the Bank in new stores of Supermercados Peruanos S.A., for an amount paid of approximately S/16,494,000, which is amortized during the period of contract which is 6 years and 8 months.

The Bank has recorded for such concepts as of March 31, 2010 an expense of approximately S/ 1,181,000 (S/ 570,000 as of March 31, 2009), which is included in the "Administrative expenses" line item in the consolidated statements of income.

- (e) The interest premium corresponds to the premium on the acquisition of the Banco del Trabajo mortgage portfolio in September 2007. The average maturity of the portfolio acquired is November 2020.

Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

13. Deposits and obligations

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

	As of March 31, 2010 S/(000)	As of December 31, 2009 S/(000)
Time deposits	5,198,850	5,417,981
Saving deposits	3,179,395	3,026,782
Demand deposits	2,644,944	2,574,112
Guarantee deposits (*)	337,326	317,732
Taxes payable	44,874	41,885
Other obligations	17,542	6,144
	<u>11,422,931</u>	<u>11,384,636</u>
Interest payable for deposits and obligations	<u>19,485</u>	<u>33,569</u>
<b>Total</b>	<u><u>11,442,416</u></u>	<u><u>11,418,205</u></u>

(\*) As of March 31, 2010 and December 31, 2009, corresponds to restricted deposits given as guarantees by clients, in connection with direct and indirect loans granted by the Bank for approximately S/ 270,635,000 and S/ 270,663,000, 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, 2010 and December 31, 2009, the amount covered by Deposit Insurance Fund ("FSD" for its Spanish acronym) amounts to S/ 83,213 y S/ 82,073, respectively.

Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

14. Due to banks and correspondents

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

	As of March 31, 2010 S/(000)	As of December 31, 2009 S/(000)
<b>By type-</b>		
Loans received from foreign entities (b)	643,134	450,415
Promotional credit lines (c)	682,444	650,369
Obligations with local banks	<u>37,625</u>	<u>286</u>
	1,363,203	1,101,070
Interest and commissions payable	<u>22,505</u>	<u>12,839</u>
<b>Total</b>	<u><u>1,385,708</u></u>	<u><u>1,113,909</u></u>
<b>By term-</b>		
Short term	1,058,188	662,853
Long term	<u>327,520</u>	<u>451,056</u>
<b>Total</b>	<u><u>1,385,708</u></u>	<u><u>1,113,909</u></u>

(b) As of March 31, 2010 and December 31, 2009, includes the following:

Entity	Country	As of March 31, 2010 S/(000)	As of December 31, 2009 S/(000)
		Cobank	United States of America
Bladex	Panama	113,640	115,600
Bank of America	United States of America	56,832	85,548
Corporación Andina de Fomento – CAF	Venezuela	56,820	-
JP Morgan Chase	United States of America	162,113	54,745
Deutsche Bank	Germany	32,118	32,671
Citibank	United States of America	26,765	27,225
Wachovia Bank	United States of America	51,138	-
Commercebank	United States of America	<u>11,364</u>	<u>-</u>
		<u><u>643,134</u></u>	<u><u>450,415</u></u>

## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

Some of the loan agreements include standard clauses requiring the Bank to meet financial ratios, 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 met in accordance with international standard practices for these transactions.

- (c) Promotional credit lines include loans in Nuevos Soles and US Dollars received from Corporacion Financiera de Desarrollo (COFIDE), which correspond to credit lines granted to promote economic development in Peru. These loans are guaranteed with loan portfolio up to the limit of the credit line used and include specific agreements on their use, financial conditions to be maintained and other administrative matters, in Management's opinion, has complied with such requirements. These loans bear annual interest rates ranging between 9.35 and 10.00 percent in 2010 (between 9.94 and 10.00 percent in 2009).

Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

15. Bonds and other obligations

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

Issuer	Issuance	Annual interest rate	Type of rate	Interest Payment basis	Maturity	Authorized amount (000)	Used amount (000)	Outstanding balances as of March 31, 2010 S/(000)	Outstanding balances as of December 31, 2009 S/(000)
<b>Negotiable notes (DPR)</b>									
IBK DPR (d)	1 <sup>st</sup> issue	Libor 3M + 2.75%/Libor 3M+3.00%	Nominal	Quarterly	2014-2015	US\$200,000	US\$200,000	568,200	578,000
IBK DPR (e)	1 <sup>st</sup> issue	Libor 3M+4.25%	Nominal	Quarterly	2016	US\$121,000	US\$121,000	344,329	350,269
								<u>912,529</u>	<u>928,269</u>
<b>Subordinated bonds (b)</b>									
Interbank	1 <sup>st</sup> issue	6.75%	Nominal	Six-monthly	2013	US\$30,000	US\$15,615	42,615	40,167(*)
Interbank	3 <sup>rd</sup> issue (A series)	3.5% plus (VAC)	Nominal	Quarterly	2023	S/135,000	S/110,000	109,678	112,546
Interbank	5 <sup>th</sup> issue (A, B and C series)	10.50% - 8.80%	Nominal	Quarterly	2011	US\$30,000	US\$15,000	42,615	43,331(*)
Interbank	1 <sup>st</sup> program (2 <sup>nd</sup> issue)	9.50%	Nominal	Six-monthly	2023	US\$50,000	US\$30,000	59,846	59,237(*)
Interbank	5 <sup>th</sup> issue (A series)	8.50%	Nominal	Six-monthly	2019	S/135,000	S/3,300	3,300	3,300
Interbank	6 <sup>th</sup> issue (A series)	8.16%	Nominal	Six-monthly	2019	US\$45,000	US\$15,110	42,928	43,668
Interseguro	1 <sup>st</sup> issue	9.00%	Nominal	Quarterly	2016	US\$5,000	US\$5,000	14,205	14,450
								<u>315,187</u>	<u>316,699</u>
<b>Leasing bonds</b>									
Interbank	1 <sup>st</sup> issue (2 <sup>nd</sup> program)	6.45%	Nominal	Quarterly	2013	S/136,600	S/136,450	136,450	136,450
								<u>136,450</u>	<u>136,450</u>
<b>Mortgage bonds</b>									
Interbank	1 <sup>st</sup> issue	4.90%	Nominal	Six-monthly	2014	US\$10,000	US\$10,000	11,080	12,716
Interbank	2 <sup>nd</sup> issue (A and B series)	5.6355%/Libor 6M+0.90p.b	Nominal	Six-monthly	2015	US\$10,000	US\$10,000	15,340	15,606
								<u>26,420</u>	<u>28,322</u>
<b>Securitizations bonds</b>									
Equity trust fund – D.S. N°093-2002-EF Interproperties Peru	1 <sup>st</sup> issue – 5 <sup>th</sup> class	8.50%	Nominal	Monthly	2011	US\$10,000	US\$10,000	28,400	28,910
Equity trust fund – D.S. N°093-2002-EF Interproperties Peru	2 <sup>nd</sup> issue – 7 <sup>th</sup> class	9.50%	Nominal	Monthly	2014	US\$8,500	US\$8,500	24,140	24,578
								<u>52,540</u>	<u>53,488</u>
Interest payable								<u>10,685</u>	<u>8,611</u>
								<u>1,453,811</u>	<u>1,471,839</u>

(\*) Bonds and other obligations held by Intergroup and its Subsidiaries amounting to S/ 25,706,000 and S/ 30,665,000 as of March 31, 2010 and December 31, 2009, respectively, have been eliminated from the outstanding balances.

## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

- (b) Subordinated bonds do not have specific guarantees.
- (c) As indicated in Note 11(b), Peruvian financial entities are prohibited to provide fixed assets as guarantee. The acquired goods for financial lease operations finance through the issuance of financial lease bonds guarantee the related bonds.
- (d) In June 2008, IBK DPR Securitizadora (a special-purpose entity domiciled in Bermuda and consolidated by Intergroup) issued negotiable long-term notes for US\$200,000,000 (equivalent to approximately S/ 568,200,000 and S/ 578,000,000 as of March 31, 2010 and December 31, 2009, respectively). The notes were disbursed in two installments of US\$ 60,000,000 and US\$140,000,000, with maturities in 2014 and 2015; they accrue interest at the 3-month Libor rate plus a spread. The notes issued are secured by remittances received by the Bank through SWIFT transfers, such remittances are subsequently transferred by the Bank to IBK DPR Securitizadora as received. The issuance of these notes has standard clauses on meeting financial ratios and other administrative matters which, in Management's opinion, do not affect the Bank's operation and are being met.

In order to hedge the variable rate component of these transactions, the Bank has entered into two interest-rate swap agreements, with notional amounts of US\$60,000,000 and US\$140,000,000, respectively, by which it receives the 3-month Libor rate and pays an annual fixed rate of 3.70 and 3.75 per cent, respectively, starting March 2009. The swaps' payment schedules are identical to those of the loan, and the Bank has recorded these derivatives as cash flow hedges, see Note 20(d).

- (e) In June 2009, IBK DPR Securitizadora issued long-term negotiable notes for US\$121,200,000 (equivalent to approximately S/ 344,329,000), with maturity in 2016; they accrue interest at the 3-month Libor rate plus a spread. The notes issued are secured by remittances received by the Bank through SWIFT transfers, such remittances are subsequently transferred by the Bank to IBK DPR Securitizadora as received. The issuance of these notes has standard clauses on meeting financial ratios and other administrative matters which, in Management's opinion, do not affect the Bank's operation and are being met.

For these transactions, the Bank has made interest-rate swaps with nominal amounts of US\$121,200,000, for which it receives the 3-month Libor rate plus a spread of 4.25 percent and pays an annual fixed rate of 7.9 percent starting from September 2009. The swap schedule is exactly equal to that of the loan and the Bank has recorded this derivative as a cash-flow hedge, see Note 20(d).



Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

16. 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)	As of March 31, 2010 S/(000)	As of December 31, 2009 S/(000)
Life annuity insurance	1,311,798	-	1,311,798	1,298,386
Private pension insurance	117,271	46,901	164,172	168,302
Life insurance	43,916	4,106	48,022	46,158
Compulsory traffic accident insurance (SOAT)	8,959	3,182	12,141	11,382
General risks	57	6	63	39
<b>Total</b>	<b>1,482,001</b>	<b>54,195</b>	<b>1,536,196</b>	<b>1,524,267</b>

(b) In Management's opinion, these balances reflect the exposure to life annuity insurance, Survivorship and disability pension insurance and life insurance operations as of March 31, 2010 and December 31, 2009, in accordance with SBS regulations.

(c) The main assumptions used in estimating the reserves for life annuity insurance, Survivorship and disability pension insurance and life insurance as of March 31, 2010 and December 31, 2009 are shown below:

Type	Tables	Technical interest %
Life annuity insurance (*)	RV-85, RV-2004 modified, B-85 and others	3.00 - 5.45
Private pension insurance (*)	RV85, MI-85 and B-85	Temporary regimes 3 and 4.5 Final regimes in accordance with the rate published monthly by the SBS
Individual life insurance	SOC 80 adjusted	4.00 - 5.00

(\*) Mortality tables are established by the SBS.

The Company has consistently applied the methodology of calculation established by the SBS for the determination of the mathematical reserves as well as the assumptions used to obtain its results.

Traslation of unaudited consolidated financial statements originally issued  
in Spanish - Note 31

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

17. **Deferred asset and liability from workers' profit sharing and Income tax**

(a) The table below presents the detail of deferred asset and liability from Income tax and workers' profit sharing:

	Balance as of December 31, 2008 S/(000)	(Debit) credit to equity S/(000)	(Debit) credit to year results S/(000)	Balance as of December 31, 2009 S/(000)
<b>Deferred asset (liability)</b>				
Generic provisions	64,499	233	-	64,732
Voluntary revaluation of assets	(15,650)	90	-	(15,560)
Amortization of intangibles	64,499	233	-	64,732
Unrealized losses from fluctuation of available for sale investments	(15,836)	-	803	(15,033)
Unrealized losses from the valuation of hedging financial instruments	12,098	-	2,754	14,852
Other	5,390	(4,280)	-	1,110
<b>Total deferred asset</b>	<u>39,325</u>	<u>(8,557)</u>	<u>3,557</u>	<u>34,325</u>
<b>Deferred liability</b>				
Voluntary revaluation	986	-	-	986
Unrealized gains from fluctuation of available for sale investments	1,205	2	-	1,207
<b>Total deferred liability</b>	<u>2,191</u>	<u>2</u>	<u>-</u>	<u>2,193</u>

Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

- (b) The table below presents the amounts reported in the consolidated balance sheets and consolidated statements of income as of and for the years ended March 31, 2010 and December 31, 2009:

Consolidated balance sheets	Deferred assets		Deferred liability	
	As of March 31, 2010 S/(000)	As of December 31, 2009 S/(000)	As of March 31, 2010 S/(000)	As of December 31, 2009 S/(000)
Income tax	29,200	33,454	1,866	1,863
Workers' profit sharing	5,125	5,871	327	328
	<u>34,325</u>	<u>39,325</u>	<u>2,193</u>	<u>2,191</u>
Consolidated statements of income	Workers' profit sharing		Income tax	
	As of March 31, 2010 S/(000)	As of March 31, 2009 S/(000)	As of March 31, 2010 S/(000)	As of March 31, 2009 S/(000)
Current - expense	9,668	5,062	56,340	30,548
Deferred - gain	(531)	(1,395)	(3,026)	(7,893)
<b>Total</b>	<u>9,137</u>	<u>3,667</u>	<u>53,314</u>	<u>22,655</u>

- (c) In Management's opinion, the deferred assets for workers' profit sharing and Income Tax will be recovered from the taxable income that will be generated by the Group over the next years, including the portion that is recorded under net shareholder's equity.

## Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

#### 18. Equity

##### (a) Capital stock-

As of January 1, 2008, Intergroup capital stock was represented by 92,179,513 shares with a par value of US\$9.72 per share.

In September 2008, pursuant to the Public Exchange Offer indicated in Note 1(b), Intergroup issued 1,435,938 shares at US\$9.72 each. As of March 31, 2010 and December 31, 2009 Intergroup's capital stock is represented by 93,615,451 shares with a par value of US\$9.72 per share, of which IFH directly or indirectly holds 68,201,353 shares representing 72.85 percent of Intergroup's capital stock issued.

The General Shareholders Meeting held on April 13, 2009 agreed to distribute US\$4,000,000 in dividends for the 2008 year (equivalent to approximately S/124,480,000).

##### (b) Treasury stock-

As of March 31, 2010 and December 31, 2009, the Bank and Interseguro holds 1,604,464 and 493,264 shares of Intergroup, the amount paid for these shares amounted to S/48,378,000 and S/18,605,000, respectively.

##### (c) Capital surplus-

Corresponds to the difference between the nominal value of the shares issued in June 2007, less their offering price and additionally to the difference between the nominal value of the shares issued in September 2008 and the book value of the Bank. The capital surplus is presented net of the expenses incurred relating to the issuance of shares.

##### (d) Unrealized results on financial instruments-

The table below presents the components of this caption:

	As of March 31, 2010 S/(000)	As of December 31, 2009 S/(000)
Unrealized gains (losses) on available for sale investment, net of income tax	68,356	67,768
Unrealized losses on hedging financial derivatives instruments, net of income tax	<u>(29,272)</u>	<u>(23,843)</u>
	<u>39,084</u>	<u>43,925</u>

## Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

- (e) Shareholders' equity for statutory purposes (regulatory capital) -  
 Intergroup does not possess shareholders' equity for legal purpose (regulatory capital). As of March 31, 2010 and December 31, 2009, the shareholders' equity for legal purpose, required for the subsidiaries of Intergroup dedicated to financial and insurance activities in Peru, calculated according to SBS standards, was as follows:

Bank's Shareholders' equity for legal purposes (regulatory capital)-

As of March 31, 2010 and December 31, 2009, the Bank's Regulatory Capital was determined in accordance with prevailing regulations as follows:

	As of March 31, 2010 S/(000)	As of December 31, 2009 S/(000)
<b>Regulatory capital Tier 1</b>		
Paid in capital	948,670	755,455
Legal and special reserves	244,300	201,364
Treasury stock	(33,910)	(33,910)
Unrealized gains in available-for-sale investments recorded by its		
Subsidiary	1,135	1,210
Current year earnings with capitalization agreement (i)	115,390	169,969
Other	(72,262)	(70,810)
	<u>1,203,323</u>	<u>1,023,278</u>
<b>Regulatory capital Tier 2</b>		
Subordinated bonds	279,099	280,894
Generic allowances for loan losses	142,642	140,735
Other	(72,262)	(70,810)
	<u>349,479</u>	<u>350,819</u>
<b>Total</b>	<u>1,552,802</u>	<u>1,374,097</u>

- (i) As of March 31, 2010, includes earnings with capitalization agreement corresponding to the period between January 1st and March 31st, 2010, according to General Shareholders' Meeting held on March 25, 2010. As of December 31, 2009 includes earnings with capitalization agreement corresponding to the period between January 1st and June 30th, 2009, according to General Shareholders' Meeting and Ordinary Session of Directors held on March 26th, 2009 and July 21th, 2009, respectively.

## Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

As of March 31, 2010 and December 31, 2009, direct and contingent assets weighted by total risks amounted to approximately S/ 12,086,760,000 and S/ 11,903,062,000, respectively, which generated a overall capital rate of 12.85 and 11.54 percent, respectively, of the Bank's regulatory capital.

Regulatory net equity of Interseguro -

In accordance with SBS Resolution N°1264-2006, amended by SBS Resolutions N°8243,2008, N° 12687-2008 and N°5587-2009, the Company is forced to maintain a regulatory net equity greater 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. The guarantee fund represents the 35 percent of the solvency equity, in accordance to what is established in the Resolution SBS N°1124-2006.

The Company's total regulatory net equity as of March 31, 2010 is basically equivalent to the accounting net equity and to the computable portion of the Company's subordinated bonds, which amounts to approximately S/ 213,700,000 (approximately S/ 215,342,000 as of December 31, 2009).

In accordance with SBS Resolution N°764-2001, the solvency equity is established based on the greater amount of the minimum capital provided for in Article 16 of the General Law of the Financial System and the Insurance System and Organic Law of the SBS, updated by means of SBS Circular Letter SBS N°G-123-2005 and amended by the SBS Resolution N°1124-2006 and the margin of solvency. As of March 31, 2010, this is equivalent to the margin of solvency and amounts to approximately S/ 91,675,000 (approximately S/ 94,962,000 as of December 31, 2009).

According to Resolution N° 5587 -2009 issued by the SBS, unrealized gains as a result of changes in fair value of available-for-sale investments, for which it is agreed that once disposed shall be capitalized and will be added to the regulatory net equity. In the case of unrealized losses as a result of the above value changes, are deducted from the regulatory net equity.

As of march 31, 2010, the guarantee fund amounts to approximately S/ 32,086,000 (approximately S/ 33,237,000 as of December 31, 2009) according to the indicated in resolution SBS N°764-2001.

As of March 31, 2010 and December 31, 2009, the regulatory net equity assigned to cover credit risks does not report any value, because the Company has neither granted premium funding under the Special System referred to in SBS Resolution N°630-97 nor maintained guaranty granting operations, neither maintains operations of granting of bails, not has given mortgages to the staff.

## Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

As a result of the above, Management calculated an effective equity coverage surplus as follows:

	As of March 31, 2010 S/(000)	As of December 31, 2009 S/(000)
Total regulatory net equity	213,070	215,342
<b>Less</b>		
Solvency equity	(91,675)	(94,962)
Guarantee Fund	<u>(32,086)</u>	<u>(33,237)</u>
<b>Surplus</b>	<u>89,309</u>	<u>87,143</u>

(f) 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.

In accordance with Legislative Decree No. 770 (abrogated at present), the Bank established a reserve in order to cover potential losses on assets seized through legal actions prior to December 31, 1994. As of March 31, 2010 and December 31, 2009, the balance of said reserve amounted to S/ 8,819,000.

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. The Bank is not allowed to distribute or use this reserve without prior SBS authorization.

As of March 31, 2010 and December 31 2009, the legal and special reserves of Intergroup's Subsidiaries, considering Intergroup's participation in the Bank and Interseguro, amounted to approximately S/ 299,311,000 and S/ 258,769,000, respectively.

## Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

#### 19. 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 from entities domiciled in Peru. The entity that distributes the dividends is responsible of performing the retention of the indicated tax.

- (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, 2010 and December 31, 2009, 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) Exemption to capital gains resulting from the transfer of securities within the Peruvian Stock Exchange was phased out on December 31, 2009. As from 2010, capital gains obtained by resident corporate holders will be subject to the ordinary corporate Income Tax rate of 30 percent. For these purposes, in case of securities listed on Peruvian Stock Exchange acquired before January 1, 2010, the tax basis will be the higher value resulting of the comparison between: i) the value of the securities at the closing of December 31, 2009 on the Peruvian Stock Exchange; and, ii) the price paid upon acquisition determined under the weighted average cost method.

Interest and capital gains resulting from bonds issued by the Peruvian Government, as well as, interests and capital gains arising from obligations of the Peruvian Central Bank are permanently exempted from Income Tax, as from January 1, 2010. Interest and capital gains arising for bonds issues up to March 11, 2007 are exempted from Income Tax.

Also, the gains resulted from the assets that support the life insurers' reserves constituted or established in the country for annuity pensions; survivorship and disability pensions related to annuity contracts will be exempted. Also, the rents and gains resulted from the assets that support the technical reserves of other products traded by life insurance companies, constituted or established in the country, though such contracts have an earning or investment component.

On the other hand, pursuant to the tax rules in force, life insurance premiums in favor of individuals and insurance premiums for survivorship and disability pension plan affiliates are exempted of Value Added 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 on the valuation methods applied and criteria used in the determination of such prices. The Tax Authority has the right to request this information.



## Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

Based on the analysis of the operations of the Company and its subsidiaries, Management and its legal advisors believe that the application of these tax standards would not have any material consequences in the consolidated financial statements of Intergroup and its subsidiaries as of March 31, 2010 and December 31, 2009.

- (e) The Tax Authority is legally entitled to review and, if necessary, adjust the Income Tax computed by the Bank 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 Interbank corresponding to 2006 through 2009 are pending to review by the Tax Authority and, on the other hand the Income tax corresponding to 2007 through 2008 and Value Added Tax returns of Interseguro corresponding to 2005 through 2009 are pending to review by the Tax Authority

On the other hand, in April 2004, June 2006, June 2007, November 2007 and October 2008, the Bank received Tax Assessments and Fine Imposing Resolutions related to Income Tax Returns filed in 2000, 2001, 2002, 2003, 2004 and 2005; for all of them the Bank has filed a tax claim. In March 2009, the Tax Court has issued Tax administration resolutions for the years 2000, 2001, 2003 and 2004 for which the Bank has filed appeals. In the opinion of the Bank's Management and its legal advisors, any possible additional tax assessment would not have any material consequences on the consolidated financial statements as of March 31, 2010 and December 31, 2009..

Traslation of unaudited consolidated financial statements originally issued  
in Spanish - Note 31

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

20. Off-balance sheet accounts

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

	As of March 31, 2010 S/(000)	As of December 31, 2009 S/(000)
<b>Indirect loans, Note 9(a)</b>		
Bank letters of guaranty and stand by letters of credit (b)	1,812,223	1,556,275
Import and export letters of credit (b)	161,017	186,585
Due from bank acceptances (b)	103,823	158,592
	<u>2,077,063</u>	<u>1,901,452</u>
<b>Foreign currency forwards operations, Note 4</b>		
Purchase of foreign currency forwards (c)	1,741,335	1,833,013
Sale of foreign currency forwards (c)	1,235,434	1,212,256
Currency swap transaction (d)	220,041	332,350
	<u>3,196,810</u>	<u>3,377,619</u>
Responsibilities under credit line agreements (e)	<u>10,575,989</u>	<u>8,008,324</u>
<b>Total contingent operations</b>	<u>15,849,862</u>	<u>13,287,395</u>
<b>Other off-balance sheet accounts (g)</b>		
Guarantees received	8,809,166	8,718,326
Trusts (f)	1,638,492	1,652,793
Securities in custody	2,668,867	2,576,296
Mutual and investment funds managed by Interfondos Sociedad		
Administradora de Fondos	2,476,214	2,331,898
Exchange interest rates transactions	1,068,558	1,058,088
Equity trust managed by Internacional de Títulos Sociedad		
Titulizadora S.A. – Intertítulos S.T.	617,416	587,370
Collections on behalf of third parties	294,659	271,301
Loan portfolio sold	63,923	64,962
Suspended interests	63,975	60,458
Other	<u>13,803,225</u>	<u>12,434,335</u>
<b>Total other off-balance sheet accounts</b>	<u>31,504,495</u>	<u>29,755,827</u>
<b>Total off-balance sheet accounts</b>	<u>47,354,357</u>	<u>43,043,222</u>

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

## Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

The Group applies the same credit policies for granting and evaluating the provisions required for direct loans when performing contingent operations, including obtaining guarantees when it deems it necessary. Guarantees vary and include deposits in financial institutions or other assets.

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

- (c) As of March 31, 2010 and December 31, 2009, the Bank, Interseguro and Interfondos maintained derivative operations related to purchase and sale agreements of foreign currency transaction ("forwards") for trading purposes. Forward currency purchase and sale contracts ("forwards") are agreements by which the future delivery of foreign currency is agreed, by which the seller agrees to deliver on a specific future date an amount of foreign currency at a pre-determined price. The risk has its origins in the possibility that the counterparty does not meet the agreed terms and in changes that take place in the exchange rates of the currencies at which the transactions are carried out. These contracts generally have maturities no longer than one year, are carried out only to satisfy client needs and are registered at their estimated market value. The reference values are the following:

	Nominal amount			
	As of March 31, 2010		As of December 31, 2009	
	US\$(000)	S/(000)	US\$(000)	S/(000)
Purchase agreements	612,931	1,744,335	634,260	1,833,013
Sale agreements	405,359	1,235,434	419,486	1,212,256
	<u>1,018,290</u>	<u>2,976,769</u>	<u>1,053,746</u>	<u>3,045,269</u>

- (d) As of March 31, 2010, the Bank has entered into purchase and sale of cross currency swaps for trading purposes, with a notional amounts of approximately S/ 32,835,000 (equivalent to US\$ 11,557,000) and S/ 187,206,000 (equivalent to US\$ 65,894,000), respectively (as of December 31, 2009 purchase and sale cross currency swap of approximately S/ 14,450,000 (equivalent to US\$ 5,000,000) and S/ 173,400,000 (equivalent to US\$ 60,000,000)).

In addition, as of December 31, 2009, the Bank had a cross currency swap transaction for a notional amount of approximately S/144,500,000 (equivalent to US\$50,000,000), which according to SBS approval, has been classified as a cash flow hedge for the issuance of leasing bonds, see Note 15(a). Through this transaction in economic terms, this transaction converts the debt issued in Nuevos Soles into US dollars.

## Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

- (f) Unused lines of credit and loans granted but not disbursed do not correspond to commitments to grant loans; and include consumer lines of credit and other consumer loans that are cancelled when the customer receives notice to that effect.
- (g) The Bank provides custody, trust, corporate management, investment management and consulting services to third parties, in which the Bank carries out instructions on behalf of its customers and does not assume responsibility for those decisions. These assets are not included in these financial statements.
- (h) The balance of "Other off-balance sheet accounts" includes different transactions recorded mainly for control purposes. The most important balance corresponds to guarantees received and is expressed at the agreed value of guarantees as of the date of the loan agreement. This balance does not represent the fair value of guarantees held by Intergroup and its Subsidiaries.

Traslation of unaudited consolidated financial statements originally issued  
in Spanish - Note 31

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

21. Financial income and expense

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

	As of March 31, 2010 S/(000)	As of March 31, 2009 S/(000)
<b>Financial income</b>		
Interest and commissions on loans	374,699	357,529
Interest on due from banks and inter-bank funds	823	3,818
Investments income:		
Income from interests over investments, net	40,734	42,564
Income from sale and valuation of investments, net	19,558	14,047
Equity share from investments in subsidiaries and associates, net	3,196	490
	<u>439,010</u>	<u>418,448</u>
Rental income from real estate investments	16,890	6,534
Exchange differences, net	41,519	43,291
Other financial income	7,063	2,186
<b>Total financial income</b>	<u>504,482</u>	<u>470,459</u>
<b>Financial expenses</b>		
Interest and commissions on deposits and obligations	30,620	87,683
Interest and fees on deposits and due to banks and correspondents	26,656	30,896
Interest on bonds and obligations outstanding	8,259	8,358
Deposit Insurance fund premium fees	4,308	4,388
	<u>69,843</u>	<u>131,325</u>
Loss on derivative financial products, net	12,408	17,381
Other financial expense	9,884	12,156
<b>Total financial expense</b>	<u>92,135</u>	<u>160,862</u>
<b>Gross financial margin</b>	<u>405,200</u>	<u>309,597</u>

Traslation of unaudited consolidated financial statements originally issued  
in Spanish - Note 31

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

22. **Income and expenses from financial services**

The table below presents the components of this caption:

	As of March 31, 2010 S/(000)	As of March 31, 2009 S/(000)
<b>Income from financial services</b>		
Credit and debit card	40,039	38,441
Fees for services	35,191	35,975
Contingent operations	9,256	6,746
Fees for collection and payment services	4,860	4,939
Other	19,159	12,474
<b>Total</b>	<u>108,505</u>	<u>98,575</u>
<b>Expenses relating to financial services</b>		
Credit and debit card expenses	8,372	8,298
Fees paid to foreign banks	2,030	1,681
Other	888	312
<b>Total</b>	<u>11,290</u>	<u>10,291</u>

23. **Result of insurance underwriting, net**

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

	As of March 31, 2010 S/(000)	As of March 31, 2009 S/(000)
Assumed premiums	63,954	57,983
Adjustment of technical reserves for assumed premiums	(35,282)	(33,370)
Ceded premiums	(2,480)	(1,860)
Claims on assumed premiums	(31,319)	(30,263)
Claims on ceded premiums	1,577	1,247
<b>Gross technical result</b>	<u>(3,550)</u>	<u>(6,263)</u>
Commissions from written premiums	(429)	(353)
Other technical income	418	364
Other technical expenses	(1,356)	(1,290)
<b>Technical result, net</b>	<u>4,917</u>	<u>7,542</u>

Traslation of unaudited consolidated financial statements originally issued  
in Spanish - Note 31

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

24. Administrative expenses

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

	As of March 31, 2010 S/(000)	As of March 31, 2009 S/(000)
Services received from third parties (b)	101,980	99,234
Personnel and Board of Directors expenses (c)	104,698	90,694
Taxes and contributions	<u>10,411</u>	<u>8,805</u>
<b>Total</b>	<u>217,089</u>	<u>198,733</u>

(b) 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.

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

	As of March 31, 2010 S/(000)	As of March 31, 2009 S/(000)
Salaries	82,895	72,612
Social security	8,376	6,565
Severance indemnity expenses	6,615	5,057
Vacation, medical assistance and other	<u>6,812</u>	<u>6,460</u>
<b>Total</b>	<u>104,698</u>	<u>90,694</u>

Traslation of unaudited consolidated financial statements originally issued  
in Spanish - Note 31

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

25. **Other income, net**

The table below presents the components of this caption:

	As of March 31, 2010 S/(000)	As of March 31, 2009 S/(000)
<b>Other income</b>		
Recovery of prior year past due loans	15,279	8,015
Commissions and other services from mutual funds administration	13,043	7,990
Net gain on sale of assets received as payment and seized through legal actions	248	210
Other	<u>3,159</u>	<u>13,045</u>
	<u>31,729</u>	<u>29,260</u>
<b>Other expenses</b>		
Employee retirement incentive	2,021	1,461
Provision for assets received as payment and seized through legal actions	21	18
Other	<u>3,232</u>	<u>2,408</u>
	<u>5,274</u>	<u>3,887</u>
<b>Total other income, net</b>	<u><u>26,455</u></u>	<u><u>25,373</u></u>



Traslation of unaudited consolidated financial statements originally issued  
in Spanish - Note 31

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

26. Earnings per share

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

	Outstanding shares (in thousands)	Shares considered in computation (in thousands)	Days as of the end of year	Weighted average number of shares (in thousands)
<b>2009</b>				
Balance as of January 1, 2009	93,555	93,555	89	93,555
Increase of treasury stock	<u>(1,067)</u>	<u>(1,067)</u>	8	<u>(96)</u>
<b>Balance as of March 31, 2009</b>	<b><u>92,488</u></b>	<b><u>92,488</u></b>		<b><u>93,459</u></b>
<b>Net earnings attributable to Intergroup S/(ooo)</b>				<b><u>70,353</u></b>
<b>Net basic and diluted earnings per share attributable to Intergroup (Nuevos Soles)</b>				<b><u>0.753</u></b>
<b>2010</b>				
Balance as of January 1, 2010	<u>91,517</u>	<u>91,517</u>	90	<u>91,517</u>
<b>Balance as of March 31, 2010</b>	<b><u>91,517</u></b>	<b><u>91,517</u></b>		<b><u>91,517</u></b>
<b>Net earnings attributable to Intergroup S/(ooo)</b>				<b><u>138,866</u></b>
<b>Net basic and diluted earnings per share attributable to Intergroup (Nuevos Soles)</b>				<b><u>1.517</u></b>

Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

27. Transactions with related parties and affiliated companies

- (a) The table below presents the balances with related and affiliated companies as of March 31, 2010 and December 31, 2009:

	As of March 31, 2010 S/(000)	As of December 31, 2009 S/(000)
<b>Assets</b>		
Cash and due from banks	40,253	35,125
Held to maturity investments (real estate projects), Note 7(d)	25,233	28,678
Loan portfolio, net	149,596	177,989
Other assets	46,686	45,419
<b>Liabilities</b>		
Deposits and obligations	137,108	226,148
Bonds and other obligations	57,939	58,650
Other liabilities	825	3,987
<b>Income (expense)</b>		
Financial income	2,394	21,055
Administrative expenses	1,421	(2,280)
Other, net	4,077	7,880
<b>Off-balance sheet accounts</b>		
Indirect loans	41,137	42,458

- (b) Some shareholders, directors and officers of Intergroup and its 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 financial institutions. As of March 31, 2010, loans and other credits to employees and directors amounted approximately to S/ 48,885,000 (S/ 43,387,000 as of December 31, 2009).

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

## Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

- (c) As of March 31, 2010 and December 31, 2009, Intergroup and its Subsidiaries participated in different domestic and foreign mutual and investment funds managed by its Subsidiaries or related parties for approximately S/ 92,500,000 and S/ 81,927,000, respectively.

As of March 31, 2010 and December 31, 2009 the Bank has entered into foreign currency sale and purchase forwards with mutual funds managed by Interfondos Sociedad Administradora de Fondos, for a nominal value of S/ 27,840,000 and S/ 28,320,000, respectively, which are presented in the "Off-balance sheet accounts" 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.

Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

28. Business segments

Intergroup is 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 and its Subsidiaries' financial information by business segments for the three month-periods ended March 31, 2010 and 2009 and as of March 31, 2010 and December 31, 2009, 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
<b>2010</b>												
Banking	561,340	15,768	(15,768)	561,340	(95,468)	(198,785)	(23,269)	(88,732)	155,086	16,254,531	523,093	14,682,880
Insurance	110,265	3,557	(3,557)	110,265	(76,598)	(17,712)	(1,650)	-	14,305	2,026,565	936	1,756,465
Others	5,336	137,189	(137,189)	5,336	(230)	(592)	(475)	-	4,039	127,222	-	21,009
<b>Total consolidated</b>	<b>676,941</b>	<b>156,514</b>	<b>(156,514)</b>	<b>676,941</b>	<b>(172,296)</b>	<b>(217,089)</b>	<b>(25,394)</b>	<b>(88,732)</b>	<b>173,430</b>	<b>18,408,318</b>	<b>524,029</b>	<b>16,460,354</b>
<b>2009</b>												
Banking	545,023	13,921	(13,921)	545,023	(166,627)	(188,036)	(16,466)	(103,914)	69,980	16,142,764	533,581	14,622,682
Insurance	78,153	3,105	(3,105)	78,153	(69,783)	(10,069)	(570)	-	(2,269)	2,035,709	993	1,795,211
Others	7,966	66,944	(66,944)	7,966	(4,695)	(627)	(138)	-	2,506	71,625	-	9,569
<b>Total consolidated</b>	<b>631,142</b>	<b>83,970</b>	<b>(83,970)</b>	<b>631,142</b>	<b>(241,105)</b>	<b>(198,733)</b>	<b>(17,174)</b>	<b>(103,914)</b>	<b>70,217</b>	<b>18,250,098</b>	<b>534,574</b>	<b>16,427,462</b>

(\*) 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.

## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

#### 29. Risk assessment

Intergroup and its Subsidiaries' activities relate mainly to the use of financial instruments, including derivatives. The Board of Directors of each of the main subsidiaries, the Bank and Interseguro, are responsible of the general direction with regards to risk management. They are also responsible for the approval of the policies and strategies currently in force. The Board approves the principles for the general risk management, as well as the policies elaborated for these specific areas.

Intergroup and its subsidiaries receive 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 Group 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.

As part of the Group, 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.

#### **Market risk-**

Intergroup and its Subsidiaries are exposed to market risks, which is the risk that the fair value or the cash flows of a financial instrument fluctuate due to changes in market prices. Market risk arises from interest rate positions, exchange rates and equity products, all of which are exposed to general and specific market movements. Also, it arises from changes in the level of volatility of prices such as interest rates, credit spreads, exchange rates and equity prices. Due to the nature of the Company and its Subsidiaries' current activities, commodity price risk is not applicable. The Subsidiaries manage market risks individually.

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.

## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

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 measure does not eliminate all the risk of losses beyond the limits in place owing to extreme movements in market prices.

#### **Liquidity risk-**

The Bank is exposed to daily withdrawal of its available cash resources from overnight deposits, current accounts, maturing deposits, loans drawdowns, guarantees 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 procedure of matching and controlling mismatches of the maturities and interest rates of assets and liabilities is essential to the Bank's Management. Nevertheless, it is unusual for financial institutions to be fully matched, as transacted business is often based on uncertain terms and different systems. An open position in the terms and rates could potentially increase profitability, but it also increases the risk of losses.

Maturities 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 credits (contingent loans) are significantly lower than the amount of the commitment because it is not expected that funds will be required to honor these commitments. The total amount of the commitments to provide loans does not necessarily represent the requirement of funds in the future, 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 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.

## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

### 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 periodically.

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. The Management of the Subsidiaries sets limits on the level of exposure by currency and in total of overnight positions and monitors these levels on a daily basis.

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, 2010 and December 31, 2009, 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 segment that represent a concentration in the portfolio of Intergroup and its Subsidiaries could result in losses different from those recorded as of the consolidated balance sheet date. Therefore, Management of Intergroup and its Subsidiaries carefully manages exposure to credit risk.

The levels of credit risk undertaken is structured by the Bank, by placing limits to the amount of acceptable risk related to one borrower or groups of borrowers and geographical 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.

## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

The Bank's 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.

Credit risk of insurance activities is controlled by policies and procedures that establish maximum amounts and limits that can be granted to clients according to their credit classification. Similarly, credit risk with respect to the balances of clients related to non-payments of premiums and contributions will solely persist during a specified period in the contract of the policy until maturity, when the policy is paid or terminated. The commission paid to intermediaries is offset with the accounts receivable to them in order to reduce the risk.

The maximum exposure to credit risk is represented by the book value of available funds, marketable securities, available for sale investments, loans, net, premiums and other receivables, insurance and reinsurance receivables, bank acceptances and contingent loans. The exposure for any investments borrower, including banks and investments, is further structured by sub-limits covering on and off balance sheet exposures (contingent accounts/indirect loans) and daily delivery risk limits to trading items such as forward foreign exchange contracts. Actual exposure is monitored against limits in a continuous manner.

#### **Risk of the insurance activity -**

The risk covered by any insurance contract, under its different modalities, 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.



## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

### 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.

#### 30. 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 of Intergroup and its Subsidiaries 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 with 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.

## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

- Marketable investments held for trading are recorded at their fair value, which represents their book value.
- As of March 31, 2010 and December 31, 2009, investments held for sale are recorded at their estimated fair values.
- In the case of financial investments held to maturity, their estimated fair values have been computed considering the quotes or price information that existed as of March 31, 2010 and December 31, 2009, respectively. For those financial investments held to maturity that do not have price quotes, their estimated market value as of March 31, 2010 and December 31, 2009, respectively, has been determined by discounting the expected cash flows at an interest rate that reflects the security's risk rating.
- The majority of the loans granted by Intergroup and its Subsidiaries accrue interest at variable rates, which are reset against variations in the market conditions. As a result, their book value, net of the allowance for credit risk, with the allowance rates required by the SBS, excluding the increase in the pro-cyclical provisions as indicated by Note 9, is considered to be the best estimate of their fair value as of the date of the consolidated financial statements.
- 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.
- Due to banks and correspondents, bonds, and other obligations, generate variable interest rate terms and preferential rates, similar to the ones in force in the market. 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. The estimated market value approximates the book value.
- As disclosed in Note 20, 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.

## Translation of unaudited consolidated financial statements originally issued in Spanish - Note 31

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

- 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, 2010 and December 31, 2009, 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 preceding paragraphs, and whose estimated fair value is presented in their respective Notes to the consolidated financial statements.

#### **31. Additional explanation for English translation**

The accompanying consolidated financial statements are presented on the basis of accounting principles generally accepted in Peru for financial institutions. Certain accounting practices applied by Intergroup and its Subsidiaries that conform to accounting principles generally accepted in Peru for financial institutions may differ in certain aspects to generally accepted accounting principles on other countries. In the event of a discrepancy, the Spanish language version prevails.