

Translation of interim unaudited consolidated financial statements originally issued in Spanish
– Note 30

Intergroup Financial Services Corp. and Subsidiaries

Unaudited consolidated financial statements as of June 30, 2009 and audited as of
December 31, 2008.

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Intergroup Financial Services Corp. and Subsidiaries

Consolidated balance sheets

As of June 30, 2009 (unaudited) and December 31, 2008 (audited)

	Note	As of June 30, 2009 S/(000)	As of December 31, 2008 S/(000)
Assets			
Cash and due from banks -	5		
Cash and clearing		692,426	801,954
Deposits in the Peruvian Central Bank – BCRP		1,863,685	1,666,823
Deposits in domestic and foreign banks		151,759	156,275
Restricted funds		141,763	106,289
Interest accrued on cash and due from banks		5,481	16,539
		<u>2,855,114</u>	<u>2,747,880</u>
Inter-bank funds		90,007	6,030
Accounts receivable from insurance operations		7,613	4,346
Marketable investments, net	6	2,242,621	2,166,447
Held-to-maturity investments, net	7	1,548,972	1,601,653
Loan portfolio, net	8	9,070,321	8,936,917
Investments in associates, net	9	26,096	25,679
Property, furniture and equipment, net	10	551,636	520,355
Accounts receivable and other assets	11	534,729	551,719
Realizable assets, assets received as payment and seized through legal actions, net		11,072	13,088
Deferred asset from Income Tax and workers' profit sharing	16	82,139	78,712
		<u>17,020,320</u>	<u>16,652,826</u>
Total assets			
		<u>17,020,320</u>	<u>16,652,826</u>
Off-balance sheet accounts	19		
Contingent assets		12,366,060	12,179,850
Other off-balance sheet assets accounts		27,828,902	25,962,800
		<u>40,194,962</u>	<u>38,142,650</u>

	Note	As of June 30, 2009 S/(000)	As of December 31, 2008 S/(000)
Liabilities and shareholders' equity			
Deposits and obligations	12	10,886,221	9,614,038
Inter-bank funds		170,028	90,028
Short-term deposits from financial entities		83,565	129,795
Due to banks and correspondents - short-term	13	570,952	1,986,195
Due to banks and correspondents - long-term	13	268,650	269,410
Accounts payable, provisions and other liabilities	11	482,178	545,634
Bonds and other obligations	14	1,490,583	1,085,051
Technical reserves for premiums and claims	15	1,515,149	1,496,188
Deferred liability from Income Tax and workers' profit sharing	16	37,440	23,112
		<u>15,504,766</u>	<u>15,239,451</u>
Total liabilities			
		<u>15,504,766</u>	<u>15,239,451</u>
Shareholders' equity	17		
Intergroup shareholders' equity			
Capital stock		799,581	799,581
Treasury stock		(87,749)	(3,485)
Capital surplus		268,077	268,077
Non realized earnings		47,523	(64,142)
Retained earnings		480,217	406,697
		<u>1,507,649</u>	<u>1,406,728</u>
Minority interest		7,905	6,647
		<u>1,515,554</u>	<u>1,413,375</u>
Total shareholders' equity			
		<u>1,515,554</u>	<u>1,413,375</u>
Total liabilities and shareholders' equity		<u>17,020,320</u>	<u>16,652,826</u>
		<u>17,020,320</u>	<u>16,652,826</u>
Off-balance sheet accounts	19		
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Intergroup Financial Services Corp. and Subsidiaries

Consolidated statements of income (unaudited)

For the six month-periods ended June 30, 2009 and 2008

	Note	As of June, 30 2009 S/(000)	As of June 30, 2008 S/(000)
Financial income	20	974,178	753,719
Financial expense	20	(259,196)	(195,773)
Gross financial margin		714,982	557,946
Provision for loan losses, net	8(b)	(189,009)	(75,542)
Provision for impairment of investments, net		-	110
Net financial margin		525,973	482,514
Fee income from financial services	21	196,574	150,528
Expenses relating to financial services	21	(21,027)	(17,354)
Result from insurance underwriting, net	22	(16,715)	(36,091)
Operating margin		684,805	579,597
Administrative expenses	23	(404,865)	(344,554)
Net operating margin		279,940	235,043
Provision for contingencies and other provisions		(27,877)	(17,046)
Depreciation of property, furniture and equipment and realizable assets		(28,621)	(21,706)
Amortization of intangibles		(5,023)	(4,255)
Amortization of goodwill and interest premiums		(1,687)	(1,825)
Operating income		216,732	190,211
Other income, net	24	50,209	45,863
Income before workers' profit sharing and Income Tax		266,941	236,074
Current and deferred workers' profit sharing	16	(9,363)	(10,587)
Current and deferred Income Tax	16	(58,076)	(69,692)
Net income		199,502	155,795
Attributable to:			
Intergroup shareholders		198,291	151,197
Minority interest		1,211	4,598
		199,502	155,795
Basic and diluted earnings per share (stated in Nuevos Soles)		2.143	1.642
Weighted average number of outstanding shares (in thousands of units)	25	92,524	92,060

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

Intergroup Financial Services Corp. and Subsidiaries

Consolidated statements of changes in shareholders' equity (unaudited)

For the six month-periods ended June 30, 2009 and 2008

	Number of shares (in thousands)		Attributable to Intergroup shareholders					Total	Minority interest	Total shareholder's equity
	Issued	In treasury	Capital stock S/(000)	Treasury stock S/(000)	Capital surplus S/(000)	Non realized earnings	Retained earnings S/(000)			
Balance as of January 1, 2008	92,179	(328)	787,169	(15,216)	263,139	-	268,953	1,304,045	26,170	1,330,215
Dividends declared and paid	-	-	-	-	-	-	(109,520)	(109,520)	(872)	(110,392)
Net variation of treasury stock held by Subsidiary, Note 17(b)	-	268	-	11,924	-	-	-	11,924	-	11,924
Non realized loss from valuation of marketable investments available for sale in Subsidiary, Note 17(d)	-	-	-	-	-	(7,101)	-	(7,101)	-	(7,101)
Non realized gain from valuation of financial instruments in Subsidiary, Note 17(d)	-	-	-	-	-	1,912	-	1,912	60	1,972
Net income	-	-	-	-	-	-	151,197	151,197	4,598	155,795
Other	-	-	-	-	-	-	(1,887)	(1,887)	(3,204)	(5,091)
Balance as of June 30, 2008	<u>92,179</u>	<u>(60)</u>	<u>787,169</u>	<u>(3,292)</u>	<u>263,139</u>	<u>(5,189)</u>	<u>308,743</u>	<u>1,350,570</u>	<u>26,752</u>	<u>1,377,322</u>
Balance as of January 1, 2009	93,615	(60)	799,581	(3,485)	268,077	(64,142)	406,697	1,406,728	6,647	1,413,375
Dividends declared and paid	-	-	-	-	-	-	(124,480)	(124,480)	-	(124,480)
Net variation of treasury stock held by Subsidiaries, Note 17(b)	-	(2,483)	-	(84,264)	-	-	-	(84,264)	-	(84,264)
Non realized gain from valuation of marketable investments available for sale, Note 17(d)	-	-	-	-	-	17,057	-	17,057	-	17,057
Non realized gain from valuation of marketable investments available for sale in Subsidiaries, Note 17(d)	-	-	-	-	-	81,244	-	81,244	-	81,244
Gain from valuation of financial instruments in Subsidiary, Note 17(d)	-	-	-	-	-	13,364	-	13,364	-	13,364
Net income	-	-	-	-	-	-	198,291	198,291	1,211	199,502
Other	-	-	-	-	-	-	(291)	(291)	47	(244)
Balance as of June 30, 2009	<u>93,615</u>	<u>(2,543)</u>	<u>799,581</u>	<u>(87,749)</u>	<u>268,077</u>	<u>47,523</u>	<u>480,217</u>	<u>1,507,649</u>	<u>7,905</u>	<u>1,515,554</u>

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

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Intergroup Financial Services Corp. and Subsidiaries

Consolidated statements of cash flows (unaudited)

For the six month-period ended June 30, 2009 and 2008

	As of June, 30 2009 S/(000)	As of June 30, 2008 S/(000)
Reconciliation of net income to cash provided by operating activities		
Net income from continuing operation	199,502	155,795
Adjustments to net income		
Add (less)		
Provision for loan losses, net	189,009	75,542
Provision for impairment of investment, net	-	(110)
Depreciation of property, furniture, equipment and realizable assets	28,621	21,706
Amortization of intangibles and other	5,023	4,255
Provision for assets received as payment and seized through legal actions	42	231
Result from sale of marketable securities and held-to-maturity investments	(5,399)	(72,044)
Gain from sale of assets received as payment and seized through legal actions	(1,527)	(16,407)
Other, net	6,977	(6,768)
Net changes in asset and liability accounts		
Increase in receivable accrued interest	(8,273)	(30,056)
Increase in payable accrued interest	425	19,485
Net decrease (net increase) in other assets	11,154	(262,200)
(Net decrease) net increase in other liabilities	(63,456)	217,760
Increase in technical reserves	18,961	54,819
Net cash provided by operating activities	<u>381,059</u>	<u>162,008</u>

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Consolidated statements of cash flow (unaudited) (continued)

	As of June, 30 2009 S/(000)	As of June 30, 2008 S/(000)
Cash flows provided by (used in) investing activities		
Purchase of property, furniture and equipment	(60,983)	(44,790)
Sale of assets received as payment and seized through legal actions	2,489	18,747
Purchase of intangibles	(118)	(1,499)
Net cash provided by investing activities	<u>(58,612)</u>	<u>(27,542)</u>
Cash flows used in financing activities		
Increase in loan portfolio, net	(302,770)	(1,188,320)
Decrease (increase) in marketable securities, net and investments held-to-maturity, net	8,751	(63,026)
Increase in deposits and obligations	1,261,757	1,038,153
(Decrease) increase in deposits in financial entities	(46,230)	25,405
Collection of dividends net of permanent investments decrease	3,264	7,354
(Net decrease) net increase in due to banks and correspondents	(1,401,064)	991,457
Increase in bonds and other obligations outstanding	400,594	86,265
Increase in receivable inter-bank funds	(83,977)	(93,846)
Net increase (net decrease) in payable inter-bank funds	80,000	(39,918)
Payment of dividends to minority interest	(124,480)	(110,392)
Net cash used in financing activities	<u>(204,155)</u>	<u>653,132</u>
Cash increase, net	118,292	787,598
Balance of cash at the beginning of year	2,731,341	1,666,330
Balance of cash at end of year	<u><u>2,849,633</u></u>	<u><u>2,453,928</u></u>

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

Intergroup Financial Services Corp. and Subsidiaries

Notes to the consolidated financial statements (unaudited)

As of June 30, 2009, December 31, 2008 (audited) and June 30, 2008

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 (see the following paragraph (b)).

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

As June 30, 2009 of December 31, 2008, Intergroup holds 99 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 de Vida S.A. (hereafter "Interseguro").

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

(b) Interbank Group's reorganization and Public Offering of shares

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

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

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

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

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

The issuance of new shares represented a cash contribution to Intergroup for approximately US\$107,692,000 (equivalent to approximately S/ 341,600,000), presented as an increase in the capital stock by S/ 66,490,000 and the capital surplus by S/ 263,139,000, net of issuance expenses by S/11,971,000.

(c) 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, 2008 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 accepted the exchange.

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

Given that above-described exchange of shares did not represented an effective change in control of minority interbank's shareholders now grouped under Intergroup, according to generally accepted accounting principles for financial and insurance entities in Peru, the transfers were accounted for using the pooling-of-interest method, considering the equity values of the Bank and no gains were recorded in the consolidated statement of income. As a consequence of this transaction the equity attributable to Intergroup shareholders increased in S/17,350,000 and the minority interest decreased in the same amount.

After the processes of exchange, sale and issuance of shares previously explained; as of June 30, 2009, IFH holds directly and indirectly 76.89 percent of the capital stock of Integroup (directly and indirectly 73.17 percent as of December 31, 2008).

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

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 June 30, 2009 and December 31, 2008, the Bank had 215 and 205 offices, respectively, and the following wholly-owned Subsidiaries:

Subsidiary	Activity
Interfondos S.A. Sociedad Administradora de Fondos	As of June 30, 2009 and December 31, 2008, managed mutual and investment funds with combined assets of approximately S/ 1,517 million and S/ 1,271million, respectively.
Internacional de Títulos Sociedad Titulizadora S.A. - Intertítulos S.T.	As of June 30, 2009 and December 31, 2008,, managed securitization funds, with combined assets of approximately S/588 million and S/ 512million, 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.
Patrimonio en Fideicomiso – D.S. N°093-2002-EF, Interproperties Perú – Corporación Inmobiliaria de la Unión 600 S.A.	Special Purpose Entity, see the following paragraph (d).

b) Interseguro Compañía de Seguros S.A. (Formerly Interseguro Compañía de Seguros de Vida S.A) and Subsidiaries

Interseguro was incorporated in Peru and began its operations in 1998 and is authorized by the SBS to offer life insurance products, annuities and others as authorized by Peruvian law, such as accident insurance. Interseguro's operations are governed by the Banking and Insurance Act. Likewise during 2007, the SBS, has authorized Interseguro to organize itself in order to provide property and casualty insurance contracts and during 2008 Interseguro obtained approval to operate as an insurance company which conducts both classes; life insurance risks and general risks.

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Interseguro has the following subsidiaries:

Subsidiary	Activity
Real Plaza S.A.	An entity engaged in the administration of two shopping and entertainment malls called “Centro Comercial Real Plaza”, located in Chiclayo and Trujillo. As of June 30 2009 and December 31, 2008 Interseguro owns 100 percent of its capital stock.
Lillingstone Financial Corp.	An entity which main asset is a building located in Lima, which was transferred to Interseguro in 2008.
Centro Cívico S.A.	An entity whose main asset is a real estate project located in Lima. As of June 30, 2009 and December 31, 2008, Interseguro owns 65 percent of its capital stock, the difference (35%) corresponds to Urbi Propiedades S.A, an affiliate.
Interproperties Perú S.A.	An entity engaged in the administration of real estate projects. As June 30, 2009 and of December 31, 2008 Interseguro owns 100 percent of its capital stock.
Patrimonio en Fideicomiso – D.S. N°93-2002-EF, Interproperties Perú – Interseguro	Special Purpose Entity, see the following paragraph (d).

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. As of December 31, 2008 and 2007, Interactiva AFP S.A. had assets and shareholder's equity of S/ 2,025,000 and S/2,015,000, respectively.

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.

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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 different subsidiaries of the Group with the purpose of forming an independent real estate administration from each of the investors considered as originators, through which the several real estate projects approved by the committee of administration are structured, executed and developed, and through which these originators or trustees, if applicable, could perform investments in real estate projects.

The subsidiaries that consolidate their financial information with Intergroup and that 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.

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 real estate investments in the caption “Held-to-maturity investments, net” see Note 7(d).

The table below presents a summary of the individual financial statements of Interbank and Interseguro as of June 30, 2009 and December 31, 2008 and for the periods ended then, before the accounting eliminations for their consolidation with Intergroup:

	Banco Internacional del Perú S.A.A. - Interbank		Interseguro Compañía de Seguros S.A.	
	As of June 30, 2009	As of December 31, 2008	As of June 30, 2009	As of December 31, 2008
	S/(000)	S/(000)	S/(000)	S/(000)
Total assets	14,929,352	14,555,950	1,907,887	1,856,827
Total liabilities	13,803,456	13,619,208	1,673,105	1,655,043
Shareholders' equity, net	1,125,896	936,742	234,782	201,784
Operating Income	211,140	304,042	26,114	6,555
Net income	169,970	270,353	25,948	6,555

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

3. Accounting principles and practices

In preparing and presenting the accompanying consolidated financial statements, the Company's Management has complied with the regulations established by the SBS in force in Peru as of June 30, 2009 and December 31, 2008.

Significant accounting principles and practices as of June 30, 2009, has no changes in respect of the principles followed as of December 31, 2008, except for those described below:

(a) Regulation for Classification, Valuation and Provisioning of Investments applicable for the Bank and the Company -

Through Resolution SBS No. 10639-2008, mandatory since March 2009, the SBS amended and clarified the Regulation for Classification, Valuation and Provisioning of Investments and the Accounting Manual for companies in the Financial System, with the goal of equating in certain aspects prudential criteria with international accounting practices, mainly related with classification and valuation criteria included in IAS 39, Financial Instruments: Recognition and Measurement.

The new rule determines criteria for classifying and valuing investments in the following categories: (i) Investments at reasonable value with change in results; (ii) Investments available for sale; (iii) Investments held to maturity; and, (iv) Investments in subsidiaries and related companies. "Permanent investment" category has been eliminated.

The Resolution also modifies the following valuation criteria:

- Initial accounting record –
The initial accounting record of investments at reasonable value with changes in results will be carried out at reasonable value without considering transaction costs. In the case of other investment categories, the record will be carried out at reasonable value including transaction costs directly attributable to those investments.
- Investments available for sale -
Investments in this category will be valued at reasonable value. The gain or loss caused by a change in the reasonable value of investments in this category will be registered directly in equity, unless there is a permanent impairment in the value. When the instrument is sold or realized, the gains or losses previously recorded as part of equity will be recorded in the year's income statement.

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

The new criteria for valorization of the available for sale portfolio have been applied prospectively since March 2009, for the Bank and Intergroup individual financial statements. As established by the Regulation said, the balances as of December 31, 2008 have not been modified; although, balances pro-forma are presented as of December 31, 2008. See Note 6(a) and 7(a).

(b) Regulation for Classification, Valuation and Provisioning of Investments applicable for Interseguro -

Since January 31, 2009 and through Resolution SBS N°513-2009 dated January 30, 2009, the SBS made additional changes and clarifications to the Regulation of Classification, Valuation and Provisioning of Investment for insurance companies in order to harmonize the criteria for classification and valuation of investments with the guidelines laid down by the International Financial Reporting Standards.

The new rule determines criteria for classifying and valuing investments in the following categories: (i) Investments at reasonable value with change in results; (ii) Investments available for sale; (iii) Investments held to maturity; and, (iv) Investments in subsidiaries and related companies. "Permanent investment" category has been eliminated.

The Resolution also modifies the following valuation criteria:

- Initial accounting record –
The initial accounting record of investments at reasonable value with changes in results will be carried out at reasonable value without considering transaction costs. In the case of other investment categories, the record will be carried out at reasonable value including transaction costs directly attributable to those investments.
- Investments available for sale -
Investments in this category will be valued at reasonable value. The gain or loss caused by a change in the reasonable value of investments in this category will be registered directly in equity, unless there is a permanent impairment in the value. When the instrument is sold or realized, the gains or losses previously recorded as part of equity will be recorded in the year's income statement.

On the other hand, through Resolution SBS N°514-2009 dated January 30, 2009, the SBS approved the Regulation for the Negotiation and Accounting of Derivative Financial Products of insurance companies in order to establish the guidelines for the accounting registration of said derivative financial products.

Due to the fact that the SBS standards are applied in a prospective way, they have not had an effect on the financial statements of Interseguro.

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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 June 30, 2009, the weighted average exchange rates in the market as published by the SBS for transactions in US Dollars were S/ 3.009 bid and S/ 3.011 ask (S/ 3.137 bid and S/ 3.142 ask, as of December 31, 2008). As of June 30, 2009, the exchange rate established by the SBS to record assets and liabilities in foreign currency was S/ 3.010 per US Dollar (S/ 3.140 as of December 31, 2008).

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

	As of June 30, 2009 US\$(000)	As of December 31, 2008 US\$(000)
Assets		
Cash and due from banks	829,535	726,638
Marketable investments and held-to-maturity investments, net	770,752	619,158
Loan portfolio, net	1,524,038	1,533,265
Permanent investments, net	-	435
Accounts receivable and other assets	42,167	44,141
	<u>3,166,492</u>	<u>2,923,637</u>
Liabilities		
Deposits and obligations	1,906,649	1,615,920
Deposits from foreign and local financial entities	11,304	19,850
Due to banks and correspondents	231,829	623,425
Bonds and other obligations	411,856	56,419
Accounts payable, provisions and other liabilities	52,083	42,770
Technical reserves for premiums and claims	394,760	377,193
	<u>3,008,481</u>	<u>2,735,577</u>
Derivative transactions (Forwards) - net sale position	(155,300)	(207,136)
Derivative transactions (Swaps) - net sale position	(100,000)	(100,000)
	<u>(97,289)</u>	<u>(119,076)</u>
Net liability position	<u>(97,289)</u>	<u>(119,076)</u>

As of June 30, 2009, the net sale position from derivative transactions corresponds to foreign currency forward purchase and sale contracts of approximately US\$206,371,000 and US\$461,671,000 (nominal values), equivalent to S/ 621,177,000 and S/ 1,088,630,000, respectively (US\$ 242,798,000 and US\$ 449,934,000 as of December 31, 2008, equivalent to S/ 762,384,000 and S/ 1,412,793,000, respectively), see Note 19(a).

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

As of June 30, 2009 and December 31, 2008, the oversold position in derivatives related to currency swap agreements is related to foreign currency purchase transactions with nominal amounts of approximately US\$100,000,000 (nominal value of the transaction), equivalent to S/ 301,000,000 and S/ 314,000,000, respectively, see Note 19(a).

As of June 30, 2009, Intergroup and its Subsidiaries have granted indirect loans (contingent operations) in foreign currency for approximately US\$ 372,378,000, equivalent to S/1,120,858,000 (US\$434,721,000, equivalent to S/ 1,365,024,000 as of December 31, 2008), see Note 19(a).

5. Cash and due from banks

As of March 30, 2009, cash and due from banks includes approximately US\$557,642,000 and S/ 311,610,000 (US\$ 638,762,000 and S/ 358,304,000 as of December 31, 2008), which represents the legal reserve that the Bank must establish for deposits received from third parties. These funds are kept in the Bank's vaults and in the Central Reserve Bank of Peru (hereafter "BCRP" for its Spanish acronym). The Bank maintains such legal reserve within the limits required by current regulations.

As of June 30, 2009, 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. The monthly amount by which foreign currency deposits exceeded minimum legal reserve requirements was approximately US\$ 60,942,000, equivalent to S/ 183,437,000 (US\$100,908,000 equivalent to S/ 316,852,000 as of December 31, 2008). As of June 30, 2009, these excess amounts accrued interest at an annual average rate of 0.16 percent (0.40 percent as of December 31, 2008).

Deposits in domestic and foreign banks are mainly in Peruvian Nuevos Soles and US Dollars. All amounts bear interest at market rates and are unrestricted, except for the indicated below.

As of June 30, 2009 and December 31, 2008, the caption includes restricted funds for approximately S/141,763,000 and S/106,371,000, respectively, which correspond mainly to requirements by the counterparties in the operations of forwards and swaps.

6. Marketable investments, net

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

	As of June 30, 2009	As of December 31, 2008	Adeccuacy to Investment new Regulation (Note 2)		
	S/(000)	S/(000)	Changes in category	Fair value adjustment	Pro-forma as of December 31, 2008
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Marketable investments – at fair value with change in results					
Shares quoted on the Lima Stock Exchange	243	2,028	-	-	2,028
Peruvian Sovereign Bonds (b)	87,870	31,449	-	-	31,449
	88,113	33,477	-	-	33,477
Marketable investments available for sale					
Bank Certificates issued by BCRP (c)	91,363	555,610	-	(89)	555,521
Negotiable Bank Certificates issued by BCRP (d)	610,704	148,798	-	(1,068)	147,730
Public Treasury Bonds:					
- Peruvian Global Bonds (e)	472,161	549,946	-	(14,812)	535,134
- Peruvian Sovereign Bonds	84,469	142,840	-	61	142,901
- RFA Bonds (Peru)	4,530	4,726	-	-	4,726
- FOPE Bonds (Peru)	1,017	1,061	-	-	1,061
Brazilian Global Bonds	3,924				
Financial and corporate bonds	144,588	171,342	-	(4,690)	166,652
Shares	97,506	159,546	8,531	16,725	184,802
Credit Suisse Nassau Branch, London Branch - variable coupon principal protected notes (Royalty Pharma) (f)	415,114	356,348	28,008	20,468	404,824
Royalty Pharma Cayman Partners, LP participations	56,953	65,939	-	(287)	65,652
Mutual and investment funds participations	170,981	52,798	-	107	52,905
Other	16	20	-	-	20
	2,153,326	2,208,974	36,539	16,415	2,261,928
Less					
Non realized losses (gains) – equity	6,967	(26,802)	(507)	17,942	(9,367)
Total allowance for impairment of investment funds, shares, financial and corporate bonds – statement of income	(18,609)	(61,279)	(6,660)	-	(67,939)
Marketable investments, net	2,229,797	2,154,370	29,372	34,357	2,218,099
Plus - Accrued interest on marketable investments	12,824	12,077	-	-	12,077
Total	2,242,621	2,166,447	29,372	34,357	2,230,176

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- (b) As of June 30, 2009 and December 31, 2008, Peruvian Sovereign Bonds are denominated in Nuevos Soles, have maturities between August 2020 and August 2037 and accrue effective annual interest rates between 6.66 percent and 7.84 percent (between 6.90 and 12.25 percent as of December 31, 2008).
- (c) The Bank Certificates issued by BCRP are denominated in Nuevos Soles, have maturities between July and November 2009 (between February and November 2009 as of December 31, 2008) and accrue effective annual interest rates between 6.00 percent and 7.44 percent (between 5.94 percent and 7.57 percent as of December 31, 2008).

As of June 30 2009 and 2008, the accrued interest of these Certificates was approximately S/3,029,000 and S/13,854,000, respectively, and is included in the “Financial income and expenses” caption of the consolidated statements of income, note 20 (a).

As of June 30, 2009 the Bank maintains repurchase agreements with part of its Bank Certificates portfolio for a value of approximately S/ 21,717,000 (S/554,127,000 as of December 31, 2008). The financial instruments sold with repurchase agreements are considered as a guarantee of the transaction and thus are maintained as investments and a liability is recognized for the amount that will be paid for the resources obtained thereof, see Note 13(a).

- (d) As of June 30, 2009 the Negotiable Bank Certificates issued by BCRP are denominated in Nuevos Soles and US Dollars, have maturities between July 2009 and May 2010 (Between January 2009 and May 2010, as of December 31, 2008), and accrue effective annual interest rates between 2.50 percent and 5.78 percent in nuevos soles (between 5.60 and 7.60 percent, as of December 31, 2008) and between 2.0 and 2.10 percent in US Dollars.

As of June 30 2009 and 2008, the accrued interest of these Negotiable Certificates was approximately S/4,179,000 and S/12,160,000, respectively, and is included in the “Financial income and expenses” caption of the consolidated statements of income, Note 20 (a).

As of December 31, 2008 the Bank maintained repurchase agreements with part of its Negotiable Bank Certificates portfolio for a value of approximately S/ 100,299,000. The financial instruments sold with repurchase agreements are considered as a guarantee of the transaction and thus are maintained as investments and a liability is recognized for the amount that will be paid for the resources obtained thereof, see Note 13(a).

- (e) The Peruvian Global Bonds are denominated in US Dollars and as of June 30, 2009 have maturities between May 2016 and November 2033 (between July 2025 and November 2033 as of December 31, 2008) and accrue effective annual interest rates between 5.63 percent and 7.41 percent (between 7.35 percent and 8.75 percent as of December 31, 2008).

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

As of June 30, 2009 and 2008, the accrued interest of these financial instruments was approximately S/18,993,000 and S/18,328,000 and is included in the “Financial income and expenses” caption of the consolidated statements of income, Nota 20 (a).

- (f) Notes denominated Credit Suisse, Nassau Branch (Royalty Pharma) were issued by the Nassau Branch of Credit Suisse Bank (CSB) in the year 2006 and were initially acquired by Interseguro and Interbank for approximately US\$ 23,394,000 (equivalent to approximately S/ 74,768,000). Interbank's investment ascended to approximately US\$ 8,920,000 (equivalent to approximately S/ 28,508,000), and is presented in the “Held-to-maturity investments, net” caption of the accompanying consolidated balance sheets. The proceeds of the notes were used by CSB to acquire from Interseguro 489,122 participations in Royalty Pharma Cayman Partners, LP (hereafter “Royalty Pharma”).

On December 2007, Intergroup acquired notes issued by the branch of CSB in London, under the “Debt Issuance Programme of Credit Suisse, London Branch” program, for an amount of approximately US\$ 51,110,000 (equivalent to approximately S/153,074,000), which correspond to the LB 2007-237 and LB 2007-236 series.

Likewise, during 2008 the Bank acquired an affiliate, emitting notes by the Nassau branch of the CSB for an amount of approximately US\$51,104,000 (equivalent to approximately S/160,467,000 as of December 31, 2008).

Credit Suisse, Nassau Branch and Credit Suisse, London Branch notes were issued in the form of variable coupon bonds that guarantee the payment of the principal without interests only upon maturity 2036 and 2038, respectively.

The Royalty Pharma participations are part of the notes and will be delivered either as part of the yield upon their maturity, jointly with the payment of the principal, or if their holders execute the prepayment option, in which case the shares plus the amount equivalent to the value of the notes on the execution date will be received. Likewise, during the term of the notes, they will pay a yield equivalent to the amount that CSB collects as dividends from the participations in Royalty Pharma.

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.

Based on information from centralized trading mechanisms, Management of the Company and its Subsidiaries has estimated that the market value of the notes is similar to their book value as of June 30, 2009 and December 31, 2008.

7. Held-to-maturity investments, net

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

	Adeccuacy to Investments New Regulation (Note 2)				
	As of June 30, 2009	As of December 31, 2008	Changes in category	Fair value adjustment	Pro forma balance as of December 31, 2008
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Corporate and financial bonds (c)	597,737	638,077	-	-	638,077
Peruvian sovereign bonds (b)	399,632	405,245	-	-	405,245
Real estate investments, net (d)	501,655	463,897	-	-	463,897
Real estate projects	34,897	35,152	-	-	35,152
Credit Suisse Nassau Branch, London Branch - variable coupon principal protected notes (Royalty Pharma), note 6(f) (*)	-	28,008	(28,008)	-	-
Certificates of deposits of the Peruvian Financial System	-	15,211	-	-	15,211
	1,533,921	1,585,590	(28,008)	-	1,557,582
Less - Allowance for held-to-maturity investments	(189)	(236)	-	-	(236)
Add - Accrued interest on held-to-maturity investments	15,240	16,299	-	-	16,299
	1,548,972	1,601,653	(28,008)	-	1,573,645

(*) In application of Investments new regulation (Note 2), this investment has been reclassified to the caption "Marketable Investment, net"

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- (b) Corresponds to sovereign bonds, which are held by Interseguro, according to the following detail:

	As of June 30, 2009 S/(000)	As of December 31, 2008 S/(000)
Peruvian sovereign bonds	285,833	285,351
Brazilian sovereign bonds	46,118	55,266
Colombian sovereign bonds	57,625	54,121
Panaman sovereign bonds	10,056	10,507
	<u>399,632</u>	<u>405,245</u>

- (c) Corresponds to local and external corporate and financial bonds, which are held by Interseguro, according to the following risk classification:

	As of June 30, 2009 S/(000)	As of December 31, 2008 S/(000)
Instruments classified in Peru		
AAA	173,478	167,746
AA- to A+	33,119	71,994
A- to A+	26,592	29,410
BBB- to BBB+	-	26,532
BB- to BB+	-	17,334
Less to B-	3,201	235
Instruments classified abroad		
BBB- to BBB+	344,737	324,826
BB - to BB+	16,610	-
	<u>597,737</u>	<u>638,077</u>

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

- (d) Real state investments are held mainly by Interseguro and included the following:

	As of June 30, 2009 S/(000)	As of December 31, 2008 S/(000)
Centro Comercial Real Plaza, Huancayo (i)	107,642	79,239
Centro Comercial Real Plaza, Trujillo (ii)	70,606	63,563
Centro Comercial Real Plaza, Chiclayo (iii)	60,149	58,115
Lands contributed to Patrimonio en Fideicomiso DS-093-2002 (v)	220,136	171,917
Land (iv)	31,476	70,442
Property (iv)	19,533	26,668
	<u>509,542</u>	<u>469,944</u>
Accumulated depreciation of buildings	<u>(7,887)</u>	<u>(6,047)</u>
	<u>501,655</u>	<u>463,897</u>

- (i) Corresponds mainly to the construction of the shopping and entertainment mall called “Centro Comercial Real Plaza Huancayo” located in the city of Huancayo, Peru. The mall began its operations in two stages, in the months of July and December 2008, and consists mainly of a supermarket and commercial businesses, for which Interseguro has a lease contract for 30 years with Supermercados Peruanos S.A. (a related entity), which provide for a minimal monthly lease payment as well as a variable payment based on sales and services revenues received by the supermarket.
- (ii) Corresponds to a shopping and entertainment mall called “Centro Comercial Real Plaza Trujillo”, located in the city of Trujillo. The shopping and entertainment mall began to operate in July 2007 and November 2007 and comprises a cinema and a shopping and entertainment area, 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 tenant. The book value includes the rights of use of the land where the mall was built.

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

- (iii) Corresponds to a shopping and entertainment mall called “Centro Comercial 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, respectively, 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.
- (iv) As of June 30, 2009 mainly corresponds to three lands and two properties (five lands and two properties as of December 31, 2008) located in the city of Lima. Said lands and properties have been acquired with the purpose of built real estate investments and its book value is less than its estimated market value.
- (v) Corresponds to lands located mainly in the city of Lima transferred to “Patrimonio en Fideicomiso – D.S. N°093-2002-EF, Interproperties Peru” with the purpose of building real estate projects and its book value is less than its estimated market value.

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

8. Loan portfolio, net

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

	As of June 30, 2009	As of December 31, 2008
	S/(000)	S/(000)
Commercial	4,525,750	4,656,941
Consumer	3,414,449	3,226,708
Mortgage	1,226,021	1,162,118
Micro-business – “MES” (for its Spanish acronym)	140,990	129,624
Restructured and refinanced	93,939	98,407
Past due and under legal collection	163,929	113,229
	<u>9,565,078</u>	<u>9,387,027</u>
Add (less)		
Accrued interest from standing loans	112,934	93,291
Deferred interest and interest collected in advance	(225,363)	(222,861)
Allowance for loan losses (b)	<u>(382,328)</u>	<u>(320,540)</u>
Total direct loan portfolio, net	<u>9,070,321</u>	<u>8,936,917</u>

As of June 30, 2009 and December 31, 2008, the total amount of direct and indirect loan portfolio before allowance for loan losses, is as follows:

	As of June 30, 2009	As of December 31, 2008
	S/(000)	S/(000)
Direct loan portfolio	9,565,078	9,387,027
Indirect loan portfolio, Note 19(a)	1,668,991	1,899,354
	<u>11,234,069</u>	<u>11,286,381</u>
Total	<u>11,234,069</u>	<u>11,286,381</u>

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

As of June 30, 2009 and December 31, 2008, 50 percent of the direct and indirect commercial loan portfolio corresponded to 1,101 and 586 clients, respectively. Loans were mainly given to companies established in Peru or to companies whose shareholders have investments mainly in Peru.

On May 22, 2007, the Board of Directors agreed the acquisition of the mortgage loan portfolio of Banco del Trabajo (a Peruvian financial entity). The acquisition was made on September 11, 2007, for a gross mortgage loan portfolio of approximately US\$ 56,878,000 (equivalent to approximately S/ 179,734,000). As part of this acquisition the Bank assumed the liability that Banco del Trabajo had with Corporación Financiera de Desarrollo – COFIDE for approximately US\$ 55,488,000 (equivalent to approximately S/ 175,342,000) and paid in cash approximately US\$ 4,993,000 (equivalent to approximately S/ 15,778,000).

The acquired loan portfolio was recorded at its gross value, including its related allowance for loan losses of approximately US\$ 1,737,000 (equivalent to approximately S/ 5,492,000); the resulting interest premium, amounting to US\$ 5,339,000 (equivalent to approximately S/ 16,871,000), was also recorded. As of June 30, 2009 and December 31, 2008, the net interest premium amounts to S/10,966,000 and S/12,653,000, respectively, and is presented in the “Accounts receivables and other assets” caption of the consolidated balance sheets. The average maturity of this loan portfolio is November, 2020. See Note 11.

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

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

	As of June 30, 2009 S/(000) (*)	As of December 31, 2008 S/(000) (*)
Balance as of January 1st ,	348,496	224,519
Provisions recognized as year expense	202,504	268,086
Recoveries	(13,495)	(35,382)
Write-offs	(121,789)	(105,886)
Reclassification to accounts receivable	-	(9,217)
Reclassification of deferred interest	-	3,452
Extinguishments	-	(2,381)
Exchange result, net	(5,584)	5,305
Balance as of June 30, and December 31	<u>410,132</u>	<u>348,496</u>

- (*) As of June 30, 2009 and December 31, 2008, the allowance for loan losses includes a provision for normal loans due to the activation of pro-cyclical rules amounting to approximately S/75,633,000 and S/57,126,000, respectively; the allowance for loan losses for contingent loans and for credit risk associated to overindebtedness amounting to approximately S/27,805,000 and S/27,956,000, respectively which is recorded in the "Accounts payable, provisions and other liabilities" caption in the consolidated balance sheet, Note 11.

In Management's opinion, the allowance for loan losses recorded as of June 30, 2009 and December 31, 2008 is in compliance with SBS rules.

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

9. Investments in associates, net

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

	Percentage of participation	Balances		Adeccuacy to Investments new regulation (Note 2)	
		As of June 30, 2009	As of December 31, 2008	Change in category	Pro-forma balance as of December 31, 2008
		S/(000)	S/(000)	S/(000)	S/(000)
Investment fund managed by Compass, Capital (Cayman) Limited (*)	6.66	-	7,664	(7,664)	-
Shares -					
Procesos MC Perú S.A.	50.00	17,247	16,536	-	16,536
Visanet Perú S.A.	15.01	3,465	2,877	-	2,877
La Fiduciaria S.A.	34.96	1,626	1,210	-	1,210
Titulizadora Peruana Sociedad Titulizadora	15.00	830	366	-	366
Other (*)		2,928	5,335	(867)	4,468
		26,096	33,988	(8,531)	25,457
Less -					
Allowance for impairment of investment fund managed by Compass, Capital (Cayman) Limited		-	(7,167)	7,167	-
Allowance for impairment of other permanent investments		-	(1,142)	-	(1,142)
		-	(8,309)	7,167	(1,142)
		26,096	25,679	(1,364)	24,315

(*) In application of Investments new regulation (Note 2), this investment has been reclassified to the caption "Marketable Investment, net"

(b) During the six month-periods ended in 2009 and 2008, the Bank has recorded gains in its associates as a result of applying the equity method of accounting for approximately S/3,924,000 and S/7,508,000, respectively that are included in the "Financial income" and "Financial income and expenses" captions in the consolidated statements of income.

During the periods 2009 and 2008, the Bank received dividends from its associates for approximately S/3,264,000 and S/8,478,000, respectively.

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

10. Property, furniture and equipment, net

(a) The table below presents the movement of these accounts as of June 30, 2009 and December 31, 2008:

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 June 30, 2009 S/(000)	As of December 31, 2008 S/(000)
Cost								
Balance as of January 1, 2009	66,821	479,652	273,872	4,793	37,746	83,641	946,525	833,211
Additions and transfers	-	6,131	31,011	-	17,891	6,606	61,639	145,583
Retirements and write-offs	-	-	(617)	(3)	-	-	(620)	(25,119)
Transfers to intangibles, note 12(f)	-	-	-	-	-	(1,734)	(1,734)	(7,150)
Balance as of June 30, 2009	<u>66,821</u>	<u>485,783</u>	<u>304,266</u>	<u>4,790</u>	<u>55,637</u>	<u>88,513</u>	<u>1,005,810</u>	<u>946,525</u>
Accumulated depreciation								
Balance as of January 1, 2009	-	260,999	150,204	4,476	10,491	-	426,170	401,054
Depreciation for the year	-	7,298	17,138	56	4,129	-	28,621	45,661
Retirements and write-offs	-	-	(617)	-	-	-	(617)	(20,545)
Balance as of June 30, 2009	<u>-</u>	<u>268,297</u>	<u>166,725</u>	<u>4,532</u>	<u>14,620</u>	<u>-</u>	<u>454,174</u>	<u>426,170</u>
Net book value	<u>66,821</u>	<u>217,486</u>	<u>137,541</u>	<u>258</u>	<u>41,017</u>	<u>88,513</u>	<u>551,636</u>	<u>520,355</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 property, furniture and equipment as of June 30, 2009 and December 31, 2008.
- (d) The Bank, with SBS’s authorization, recorded in prior years voluntary revaluations of some of its assets at their market values determined by an independent appraiser amounting to approximately S/ 61,140,000. As of June 30, 2009 and December 31, 2008, the net book value of the recorded revaluations amounts to approximately S/47,519,000 and S/ 48,322,000, respectively.

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

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

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

	As of June 30, 2009 S/(000)	As of December 31, 2008 S/(000)
Accounts receivable and other assets		
Value Added Tax credit (b)	188,226	158,232
Accounts receivable related to derivative financial instruments	24,562	91,785
Transactions in process (c)	71,041	65,904
Other accounts receivable, net	119,869	64,399
Income Tax prepayments, net	15,573	42,508
Fees paid to related parties	29,103	30,503
Intrangible assets, net	24,155	26,280
Deffered charges	29,484	20,335
Interest premium, Note 8(a)	10,966	12,653
Lease (rent) paid in advance	13,934	4,726
Other	7,816	34,394
Total	534,729	551,719
Accounts payable, provisions and other liabilities		
Accounts payable related to derivative financial instruments	115,504	187,737
Other accounts payable	136,903	142,581
Transactions in process (c)	105,755	113,076
Workers' profit sharing and salaries payable	47,155	39,091
Provisions for contingent claims, Note 8 (b)	27,805	27,956
Accounts payable to Río Nuevo S.A.	8,428	8,792
Other	40,628	26,401
Total	482,178	545,634

(b) Corresponds to value added tax (IGV for its Spanish acronym) resulting from the purchase of goods destined mainly to leasing operations carried out by the bank, to be recovered through the collection of those operations' payments.

(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 consolidated balance sheet account on the first days of the following month. The regularization of these transactions does not affect the consolidated results as of June 30, 2009 and December 31, 2008.

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

12. Deposits and obligations

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

	As of June 30, 2009 S/(000)	As of December 31, 2008 S/(000)
Time deposits (d)	5,615,003	5,150,844
Saving deposits	2,550,916	2,637,564
Demand deposits	2,369,025	1,480,047
Guarantee deposits (*)	284,540	267,346
Taxes payable	3,584	19,544
Other obligations	5,272	11,238
	<u>10,828,340</u>	<u>9,566,583</u>
Interest payable for deposits and obligations	<u>57,881</u>	<u>47,455</u>
Total	<u>10,886,221</u>	<u>9,614,038</u>

(*) As of June 30, 2009 and December 31, 2008, corresponds to restricted deposits given as guarantees by clients, in connection with direct and indirect loans granted by the Bank for approximately S/240,591,000 and S/237,954,000, 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 June 30, 2009 and December 31, 2008, the amount covered by deposit Insurance fund ("FSD" for its Spanish acronym) amounts to S/ 82,664 and S/ 87,580, respectively.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 30

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

13. Due to banks and correspondents

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

	As of June 30, 2009 S/(000)	As of December 31, 2008 S/(000)
By type		
Loans received from foreign entities (b)	263,213	1,138,504
Promotional credit lines (c)	553,978	451,046
CD BCRP Obligations – Repurchase agreements, Note 7 (c) and (d)	18,560	644,623
Obligations to local banks	-	2,642
	835,751	2,236,815
Interest and commissions payable	3,851	18,790
Total	839,602	2,255,605
By term		
Short term	570,952	1,986,195
Long term	268,650	269,410
Total	839,602	2,255,605

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

(b) As of June 30, 2009 and December 31, 2008 this caption includes the following:

Entity	Country	As of June 30, 2009 S/(000)	As of December 31, 2008 S/(000)
Bank of America	Estados Unidos		
	de América	120,341	47,100
JP Morgan Chase	Estados Unidos		
	de América	81,161	220,234
Cobank	Estados Unidos		
	de América	46,571	67,510
Standard Chartered Bank	Inglaterra	-	153,860
Wachovia Bank	Estados Unidos		
	de América	-	141,300
Intesabc S.P.A.	Italia	-	113,225
Citibank	Estados Unidos		
	de América	-	85,060
Corporación Andina de Fomento	Venezuela	-	78,500
Deutsche Bank	Alemania	15,050	60,073
Other		-	171,642
		<u>263,213</u>	<u>1,138,504</u>

Loans received from foreign entities bore annual interest rates ranging between 1.52 and 6.58 percent in 2009 (between 3.24 and 6.39 percent in 2008).

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

(c) Promotional credit lines include loans received in Nuevos Soles and US Dollars from COFIDE, which correspond to credit lines granted to promote economic development in Peru. These loans are guaranteed with the related loan portfolio up to the limit of the credit line used and include specific agreements about their use, financial conditions to be maintained and other administrative matters that in Management's opinion, the Bank has complied with. These loans bore annual interest rates ranging between 3.36 percent and 6.20 percent during 2009 (between 5.12 percent and 9.17 percent during 2008).

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

14. Bonds and other obligations

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

Issuer	Issuance	Annual interest rate	Tipe of rate	Maturity	Authorized amount (000)	Used amount (000)	Outstanding balances as of June 30, 2009 S/(000)	Outstanding balances as of December 31, 2008 S/(000)
Leasing bonds								
Interbank	1 st issue (2nd program)	6.45%	Nominal	2013	S/ 136,600	S/ 136,450	132,767 (*)	132,910(*)
							132,767	132,910
Subordinated bonds (b)								
Interbank	1 st issue	6.75%	Nominal	2013	US\$ 30,000	US\$ 15,000	42,035 (*)	47,100
Interbank	3 rd issue (A serie)	3.5 (VAC)	Nominal	2023	S/135,000	S/110,000	110,000	44,446(*)
Interbank	5 th issue (A, B and C series)	10.50% - 8.80%	Nominal	2011	US\$ 30,000	US\$ 15,000	45,120(*)	47,100
Interbank	1 st Program (2 nd issue)	9.50%	Nominal	2023	US\$50,000	US\$30,000	78,260(*)	94,200
Interseguro	1 st issue	8%	Nominal	2013	US\$ 5,000	US\$ 5,000	15,050	15,700
							290,465	248,546
Mortgage bonds								
Interbank	1 st issue	4.90%	Nominal	2014	US\$ 10,000	US\$ 10,000	14,749	16,419(*)
Interbank	2 nd issue (A and B series)	5.6355% - Libor 6M + 0.90 bps	Nominal	2015	US\$ 10,000	US\$ 10,000	18,060	20,724
							32,809	37,143
Negotiable Notes (IBK DPR Securitizadora) (d)								
IBK – DPR Securitizadora	1 st issue	Libor 3M + 2.75% / Libor 3M + 3.00%	Nominal	2014-2015	US\$200,000	US\$200,000	602,000	628,000
IBK – DPR Securitizadora	1 st issue	Libor + 0.647%	Nominal	2016	US\$121,000	US\$121,000	364,812	-
							966,812	628,000
Patrimonio en Fideicomiso - D.S. 093-2002- EF								
Interproperties Perú								
Patrimonio Interseguro	1 st issue	8.50%	Nominal	2011	US\$10,000	US\$10,000	30,130	31,400
Patrimonio Interseguro	1 st issue	8.50%	Nominal	2014	US\$8,000	US\$8,000	25,610	25,610
							55,740	55,740
Interest payable							11,990	7,052
Total							1,490,583	1,085,051

(*) For consolidation purposes, bonds and other obligations held by Intergroup and its Subsidiaries amounting to S/ 18,868,000 and S/ 72,118,000 as of June 30, 2009 and December 31, 2008, respectively, have been eliminated from the outstanding balances.

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

- (b) Subordinated bonds do not have specific guarantees.
- (c) As indicated in Note 10(b), financial entities are prohibited from pledging their fixed assets. Fixed assets acquired in connection with leasing operations that are funded through the issuance of leasing bonds are regarded as a guarantee of the related bonds.
- (d) In June 2008, the Bank obtained a loan from Credit Suisse for US\$200,000,000 (equivalent to approximately S/628,000,000). This loan was received in two tranches: US\$60,000,000 and US\$140,000,000, equivalent to approximately S/178,560,000 and S/416,640,000, respectively, with maturities in 2014 and 2015, and bear interest at a rate of 3-month Libor plus a margin. The loan does not have specific guarantees or conditions for its use. The loan has been transferred through an agreement to IBK DPR Securitizadora, a special purpose entity domiciled in Bermuda and consolidated by Intergroup in the accompanying financial statements.

In the same month, IBK DPR Securitizadora issued negotiable long term notes in two tranches: US\$60,000,000 and US\$140,000,000 (equivalent to approximately S/178,560,000 and S/416,640,000, respectively, to the value at that date), with maturities in 2014 and 2015. The notes are guaranteed by remittances received by the Bank through SWIFT message. For this reason, they are transferred by the Bank to IBK DPR Securitizadora when they are received. The issue of these notes has standard clauses on the compliance of 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 entered into two interest rate swap agreements, with nominal amounts of US\$60,000,000 and US\$140,000,000, respectively, by which it receives the 3-month Libor rate and pays a fixed rate of 3.70 per cent and 3.75 percent, respectively, starting March 2009. The Swap's payment schedule is identical to that of the loan, reason for which they have been registered as cash flow hedging.

- (e) In June 2009, the Bank obtained a loan from Deutsche Bank for US\$121,000,000 (equivalent to approximately S/364,812,000), with maturity in 2016 and bear interest at a rate of 3-month Libor plus a margin. The loan does not have specific guarantees or conditions for its use. The loan has been transferred through an agreement to IBK DPR Securitizadora, a special purpose entity domiciled in Bermuda and consolidated by Intergroup in the accompanying financial statements.

In the same month, IBK DPR Securitizadora issued negotiable long term notes for US\$121,200,000, with maturity in 2016 and bear interest at a rate of 3-month Libor plus a margin. The notes are guaranteed by remittances received by the Bank through SWIFT message. For this reason, they are transferred by the Bank to IBK DPR Securitizadora when they are received. The issue of these notes

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

has standard clauses on the compliance of 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 entered into a interest rate swap agreement, with nominal amount of US\$121,200,000, by which it receives the 3-month Libor rate and pays a fixed rate of 7.9 percent, starting September 2009. The Swap's payment schedule is identical to that of the loan, reason for which they have been registered as cash flow hedging.

15. Technical reserves for premiums and claims

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

	Technical reserves for premiums S/(000)	Technical reserves for claims S/(000)	Total as of June 30, 2009 S/(000)	Total as of December 31, 2008 S/(000)
Life insurance	1,287,100	0	1,287,100	1,259,335
Private pension insurance	117,647	55,048	172,695	183,032
Life annuity insurance	40,381	3,956	44,337	42,041
Compulsory traffic accident insurance (SOAT)	7,547	3,440	10,987	11,766
General risks	26	4	30	14
Total	1,452,701	62,448	1,515,149	1,496,188

(b) Private pension claims consist of estimates of the total cost, including the cost of adjustment, of claims reported by the AFP, for which recipients of disability and survival benefits from the Private Pension System are pending to opt for a life annuity insurance and the insurance company of their choice, as set forth in SBS Resolution No. 900-2003; as well as funeral expenses incurred by the death of affiliates included in the disability and survival policies contracted by the AFP until December 31, 2007. As indicated in Note 3(r) in compliance with the circular N°603-2002, the Company liberated the SONR reserve of the private pension insurances.

(c) In Management's opinion, these balances reflect the exposure to life annuity insurance, private pension insurance and life insurance operations as of June 30, 2009 and December 31, 2008, in accordance with SBS regulations.

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

- (d) The main assumptions used in estimating the reserves for life annuity insurance, private pension insurance and life insurance as June 30, 2009 and December 31, 2008 are shown below:

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

(*) Mortality tables are established by the SBS.

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

Interseguro has eligible investments which fully cover the technical reserves as of June 30, 2009 and December 31, 2008. As of June 30, 2009 and December 31, 2008, investments destined to cover Interseguro's technical reserves are within the limits of eligible investment by country, established by SBS, pursuant to the provisions set forth in Article 5 and Temporary Provision 4 of SBS Resolution 039-2002. Eligible investments cannot be granted as guarantee or be subject to liens or encumbrances, or to any other measure which may impair or limit their free availability.

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

As of June 30, 2009, the solvency margin calculated by Interseguro amounted to approximately S/95,485,000 (approximately S/ 94,789,000 as of December 31, 2008), which has been computed based on the production of the last twelve months.

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

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

- (a) The table below presents the amounts reported in the consolidated balance sheets as of June 30, 2009 and December 31, 2008 as well as the amounts reported in the consolidated statements of income for the three-month periods ended June 30, 2009 and 2008:

Consolidated balance sheets	Deferred assets		Deferred liabilities	
	As of June 30, 2009 S/(000)	As of December 31, 2008 S/(000)	As of June 30, 2009 S/(000)	As of December 31, 2008 S/(000)
Income Tax	69,879	66,964	(31,852)	(19,662)
Workers' profit sharing	12,260	11,748	(5,588)	(3,450)
Total	82,139	78,712	(37,440)	(23,112)

Consolidated statements of income	Workers' profit sharing		Income Tax	
	As of June 30, 2009 S/(000)	As of June 30, 2008 S/(000)	As of June 30, 2009 S/(000)	As of June 30, 2008 S/(000)
Current (*)	11,077	10,697	67,787	70,322
Deferred	(1,714)	(110)	(9,711)	(630)
Total	9,363	10,587	58,076	69,692

- (b) 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 Subsidiaries over the next years.

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

17. Shareholders' equity

(a) Capital stock -

As a consequence of the exchange of shares described in Note 1(b), Intergroup shareholders' equity as of January 1st 2007 was represented by 84,487,205 common shares with a nominal value of US\$ 10 per share.

On May 7, 2007, in order to distribute to its shareholders the dividends relating to the 2006 net income received from the Bank and Interseguro during 2007; Intergroup's Board of Directors agreed to redeem all of Intergroup's shares, and to issue the same number of shares with an issuing value of US\$ 9.72 each. As a consequence, Intergroup reduced its capital stock by approximately S/ 75,038,000 (equivalent to US\$ 23,656,000).

In June 2007, as a result of the issuance and sale of shares indicated in Note 1(b), Intergroup issued 7,692,308 shares with a nominal value of US\$ 9.72 each. As of December 31, 2007, after the previously explained exchange of shares, reduction in nominal value and issuance of shares, the capital stock of Intergroup is represented by 92,179,513 shares with a nominal value of US\$ 9.72 each; IFH holds 67,794,631 shares that represent 73.55 percent of the capital stock of Intergroup.

In September 2008, as part of the public exchange offer explained in Note 1(c), Intergroup issued 1,435,938 shares with a nominal value of US\$ 9.72 each, remaining as of June 30, 2009 and December 31, 2008, 93,615,451 shares as Intergroup's capital stock, with a nominal value of US\$9.72 each. As of June 30, 2009 IFH holds 71,979,006 shares that represent 76.89 percent of the capital stock of Intergroup (68,492,837 shares that represent 73.17 percent of the capital stock of Intergroup as of December 31, 2008).

General Shareholders' Meeting held on April 13, 2009 agreed on the distribution of dividends, for approximately US\$40,000,000, paid in May 2009.

(b) Treasury stock held by subsidiary -

As of June 30, 2009 the Bank and Interseguro hold 1,820,000 and 723,000 shares of Intergroup, with an acquisition cost of approximately S/ 56,861,000 and 30,888,000, respectively (as of December 31, 2008 Interseguro held 60,000 shares of Intergroup, with an acquisition cost of approximately S/3,485,000). These amounts are reducing Intergroup shareholders' equity.

(c) Capital surplus -

Corresponds to (i) the difference between the nominal value of the shares issued in June 2007, less their offering price and (ii) the nominal value of the shares issued in September 2008 and the Bank's book value, to which that transaction was recorded. The capital surplus is presented net of the expenses incurred relating to the issuance of shares.

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

(d) Unrealized results

As of June 30, 2009, unrealized gains comprise the gains arising from the fluctuation of available for sale securities held by Intergroup, Interbank and Interseguro for approximately S/17,057,000, S/73,375,000 and S/7,050,000, respectively. Likewise, includes gains on the valuation of hedging financial instruments held by Interbank totaling approximately S/13,364,000.

(e) Regulatory capital

Intergroup does not have regulatory capital requirements. As of June 30, 2009 and December 31, 2008, the shareholders' equity for legal purpose, required for the subsidiaries of Intergroup dedicated to financial and insurance activities in Perú, calculated according to SBS standards, was as follows:

Regulatory capital for Interbank -

As of June 30, 2009 and December 31, 2008, the Bank's shareholders' equity for legal purpose (regulatory capital) was as follows:

	As of June 30, 2009 S/(000)	As of December 31, 2008 S/(000)
Paid-in-capital	755,455	581,135
Add		
Legal reserves	190,542	163,506
Earnings with capitalization agreement (*)	68,242	201,355
Subordinated bonds	203,202	206,285
Generic allowance for loan losses	98,904	100,641
Unrealized gains of available for sale investments, net of deferred workers' profit sharing and income tax	58,103	-
Less		
Investments in Subsidiaries and other	(162,420)	(30,496)
Treasury stock, Note 17(d)	(33,910)	(33,910)
Non realized loss for impairment of marketable investments available for sale	-	(15,796)
Other	(715)	(325)
Total	<u>1,177,403</u>	<u>1,172,395</u>

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

- (*) As of June 30, 2009 includes earnings with capitalization agreement according to General Shareholders' Meeting held on March 26, 2009. As of December 31, 2008, include earnings with capitalization agreement corresponding to the period between January 1st and September 30th 2008, according to General Shareholders' Meeting and Ordinary Session of Directors held on March 28, 2008 and October 21, 2008, respectively.

As of June 30, 2009 and December 31, 2008, contingent assets and liabilities weighted by credit risk amounted to approximately S/ 10,589,958,000 and S/ 10,888,111,000, respectively, which generated a global leverage for credit and market risk of 9.04 and 9.30 times, respectively, of the Bank's regulatory capital. According to the Banking Law, this ratio cannot exceed 11 times.

Legislative Decree No. 1028 issued in June 2008, amended Banking and Insurance Act and provides that the regulatory capital must be equal or greater than 10% of the total risk-weighted assets, represented by the sum of (i) the regulatory capital requirement for market risk multiplied by 10; (ii) the regulatory capital requirement for operational risk multiplied by 10; and, (iii) the credit risk-weighted assets and contingents. Said computation must include all balance sheet exposures or assets in local or foreign currency. According to this Legislative Decree, this new ratio will be gradually implemented until July 2011. The rule also establishes some difference between basic and regulatory capital, as per the definitions and limits established therein. In Management's opinion, such modifications are being considered in the Bank's plans and will not have a significant effect on its operations.

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

Regulatory capital for Interseguro -

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

The table below presents Interseguro's regulatory net equity as of June 30, 2009 and December 31, 2008, determined in accordance with prevailing legislation:

	As of June 30, 2009 S/(000)	As of December 31, 2008 S/(000)
Paid-in-capital	131,011	116,011
Plus		
Legal reserves	45,854	40,604
Subordinated bonds	15,050	15,700
Retained earnings with capitalization agreement	-	10,000
Total	<u>191,915</u>	<u>182,315</u>

In accordance with SBS Resolution No. 764-2001, the solvency net equity is established based on the bigger amount of the minimum capital provided for in Article 16 of the Banking and Insurance Act, updated by means of SBS Circular Letter No. G-123-2005 and modified by SBS Resolution No. 1124-2006 (which took effect in January 2007), and the solvency margin. As of June 30, 2009 the solvency net equity is equivalent to the solvency margin and amounts to approximately S/95,485,000 (approximately S/ 94,789,000 as of December 31, 2008).

As of June 30, 2009, according to SBS Resolution No. 764-2001 the guarantee fund amounts to approximately S/ 33,420,000 (approximately S/ 33,176,000 as of December 31, 2008).

As of June 30, 2009 and December 31, 2008, the regulatory net equity assigned to cover credit risks does not report any value because Interseguro has neither granted premium funding under the Special System referred to in SBS Resolution No. 630-97 nor maintained guaranty granting operations neither granted mortgage loans to its employees.

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

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

	As of June 30, 2009 S/(000)	As of December 31, 2008 S/(000)
Total regulatory net equity	191,915	182,315
Less		
Solvency net equity	(95,485)	(94,789)
Guarantee fund	(33,420)	(33,176)
Surplus	63,010	54,350

(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 received as payment and seized through legal actions prior to December 31, 1994. As of June 30, 2009 and December 31, 2008, the balance of said reserve amounted to S/8,819,000.

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

As of June 30, 2009 and December 31, 2008, the legal and special reserves of Intergroup's Subsidiaries, considering Intergroup's participation in the Bank and Interseguro, amounted to approximately S/ 250,975,000 and S/ 217,846,000, respectively.

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

18. Tax situation

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

Entities and individuals not domiciled in Peru must pay an additional tax of 4.1 percent over dividends received from entities domiciled in Perú. 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 June 30, 2009 and December 31, 2008, 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) Law No. 29308 extended up to December 31, 2009, the Income Tax exemptions related to capital gains from the transfer of securities registered with the Stock Market Public Registry through centralized trading mechanisms, as well as loans to the national public sector.

Also, in accordance with prevailing legislation life, insurance premiums paid by individuals and premiums paid by private pension plan affiliates are exempt from value added tax.

Beginning January 1, 2010, the earnings generated by the assets backing reserves held by life insurance companies incorporated or established in Peru for retirement, disability and will not be included in the calculation of income tax. Earnings generated by assets backing the technical reserves for other products offered by life insurance companies incorporated or established in Peru even though they contain a saving and investment component will also be exempted from income tax.

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

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

Based on an analysis of the operations of the Company and its Subsidiaries, Management and its legal counsel believe that the application of these tax standards will not result in significant contingencies for Intergroup and its Subsidiaries as of June 30, 2009 and December 31, 2008.

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

- (e) The Tax Authority is legally entitled to review and, if necessary, adjust the Income Tax computed by the Subsidiaries during a term of four years following the year in which a tax return was filed. The Income Tax and Value Added Tax returns of the Subsidiaries corresponding to 2004 through 2008 are pending review by the Tax Authority.

On the other hand, on April 2004, June 2006, February 2007, 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. The Bank has already filed the respective tax claim against said resolutions.

In March 2009 the Tax Authority issued Intendency Resolutions for the periods 2000,2001,2003 and 2004, that were claimed by the Bank.

In the opinion of the Bank's Management and its legal counsel, any additional tax assessments would not be significant to the consolidated financial statements as of June 30, 2009 and December 31, 2008.

In September 2008, the Tax Authority began the review of Income Tax Return for 2006 from Interseguro. Said audit, finished in December 2008 with no material effects in the consolidated financial statements.

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

19. Off-balance sheet accounts

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

	As of June 30 2009 S/(000)	As of December 31, 2008 S/(000)
Indirect loans (b), Note 8(a)		
Bank letters of guaranty and stand by letters of credit	1,386,633	1,627,502
Import and export letters of credit	237,356	193,190
Due from bank acceptances	45,002	78,662
	<u>1,668,991</u>	<u>1,899,354</u>
Foreign currency forwards operations, Note 4		
Purchase of foreign currency forwards	621,177	762,384
Sale of foreign currency forwards	1,088,630	1,412,793
Currency exchange operations	301,000	314,000
	<u>2,010,807</u>	<u>2,489,177</u>
Responsibilities under credit line agreements	<u>8,686,262</u>	<u>7,791,319</u>
Total contingent operations	<u>12,366,060</u>	<u>12,179,850</u>
Other off-balance sheet accounts (e)		
Guarantees received	8,353,370	8,021,318
Trusts (c)	1,814,659	2,041,264
Securities in custody	1,736,151	1,739,275
Mutual and investment funds managed by Interfondos Sociedad Administradora de Fondos	1,517,445	1,270,788
Operations exchange interest rate	1,043,468	646,884
Equity trusts managed by Internacional de Títulos Sociedad Titulizadora S.A. – Intertítulos S.T.	588,192	512,165
Values in collection	264,808	292,078
Loan portfolio sold	67,441	70,287
Performance of loans and income on hold	65,208	67,421
Other	<u>12,378,160</u>	<u>11,301,320</u>
Total other off-balance sheet accounts	<u>27,828,902</u>	<u>25,962,800</u>
Total off-balance sheet accounts	<u>40,194,962</u>	<u>38,142,650</u>

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

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

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

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

- (c) 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 clients and does not assume responsibility for those decisions. These assets held under trust are not included in these financial statements.
- (d) The balance of "Other off-balance sheet accounts" includes many transactions that are recorded for control purposes. The most significant component of this balance relates to the "Guarantees received" caption; which corresponds to items received as guarantee. Such items are accounted for at the value agreed upon as of the date of the loan contract, which does not necessarily represent their market value.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 30

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

20. Financial income and expense

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

	As of June 30 2009 S/(000)	As of June 30, 2008 S/(000)
Financial income		
Interest and commissions on loans	720,403	466,706
Interest on due from banks and inter-bank funds	6,358	23,300
Income from marketable investments and held-to-maturity investments	182,372	184,884
Net income from investments in associates	3,924	7,508
Other financial income	7,467	10,991
Financial income before exchange difference, net	920,524	693,389
Exchange difference, net	53,654	60,330
Total	<u>974,178</u>	<u>753,719</u>
Financial expense		
Interests and commissions on deposits and obligations	164,982	123,704
Interests and fees on deposits and due to banks and correspondents	49,798	37,436
Interests on bonds and other obligations	16,154	7,399
Expenses from marketable investments and held-to-maturity investments	5,810	11,688
Deposit Insurance Fund fees	8,783	6,335
Other financial expenses	13,669	9,211
Total	<u>259,196</u>	<u>195,773</u>
Gross financial margin	<u>714,982</u>	<u>557,946</u>

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 30

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

21. Income and expenses from financial services

The table below presents the components of this caption:

	As of June 30 2009 S/(000)	As of June 30, 2008 S/(000)
Fee income from financial services		
Credit and debit card	77,123	58,634
Fees for services	54,601	48,708
Contingent operations	14,446	8,367
Fees for collection and payment services	9,906	8,341
Other	40,498	26,478
Total	196,574	150,528
Expenses relating to financial services		
Credit and debit card expenses	16,148	11,927
Fees paid to foreign banks	4,051	4,551
Other	828	876
Total	21,027	17,354

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

22. Result of insurance underwriting, net

The table below presents the components of this caption:

	As of June 30 2009 S/(000)	As of June 30, 2008 S/(000)
Assumed premiums	124,296	99,599
Adjustment of technical reserves for assumed premiums	(79,026)	(67,586)
Ceded premiums	(3,723)	(2,882)
Claims on assumed premiums	(59,176)	(65,868)
Claims on ceded premiums	2,174	1,650
Gross technical result	(15,455)	(35,087)
Commissions from premiums	(663)	(996)
Other technical income	1,935	1,317
Other technical expenses	(2,532)	(1,325)
Technical result, net	(16,715)	(36,091)

23. Administrative expenses

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

	As of June 30 2009 S/(000)	As of June 30, 2008 S/(000)
Services received from third parties (b)	194,481	180,330
Personnel and Board of Directors expenses (c)	20,190	16,324
Taxes and contributions	190,194	147,900
Total	404,865	344,554

(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.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 30

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

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

	As of June 30 2009 S/(000)	As of June 30, 2008 S/(000)
Salaries	151,286	117,572
Social security	13,902	10,714
Severance indemnity expenses	10,944	8,320
Vacation, medical assistance and other	14,062	11,294
Total	190,194	147,900

24. Other income, net

The table below presents the components of this caption:

	As of June 30 2009 S/(000)	As of June 30, 2008 S/(000)
Other income		
Recovery of write-offs (loans and interest)	17,455	16,291
Commissions and other services	15,597	16,600
Gain on rent or sale of properties	13,202	402
Net gain on sale of assets received as payment and seized through legal actions	1,527	16,407
Other	7,722	1,736
	55,503	51,436
Other expenses		
Other employees expenses	2,592	3,551
Net cost on sale of properties	1,949	-
Provision for assets received as payment and seized through legal actions	42	231
Other	711	1,791
	5,294	5,573
Total other income, net	50,209	45,863

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 30

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

25. Earnings per share

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

	Outstanding shares, net of treasury stock (in thousands)	Shares considered in computation (in thousands)	Days at the end of period	Weighted average number of shares (in thousands)
2008				
Balance as of January 1, 2008	91,851	91,851	181	91,851
Decrease of treasury stock	328	328	133	241
Increase of treasury stock	(60)	(60)	98	(32)
Balance as of June 30, 2008	<u>92,119</u>	<u>92,119</u>		<u>92,060</u>
Net income S/(000)				151,197
Income per share S/				<u>1.642</u>
2009				
Balance as of January 1, 2009	93,555	93,555	180	93,555
Decrease of treasury stock	1,107	1,107	From 6 to 47	149
Increase of treasury stock	(3,590)	(3,590)	Up to 105	(1,180)
Balance as of June 30, 2009	<u>91,072</u>	<u>91,072</u>		<u>92,524</u>
Net income S/(000)				198,291
Income per share S/				<u>2.143</u>

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

26. Transactions with related parties and affiliated companies

- (a) The table below presents the balances with related companies and affiliates as of June 30, 2009 and December 31, 2008:

	As of June 30, 2009 S/(000)	As of December 31, 2008 S/(000)
Assets		
Cash and due from banks	5,489	1,434
Held-to-maturity investments (real estate projects), Note 7	29,294	32,982
Loans, net	187,316	155,292
Other assets	90,038	61,902
Liabilities		
Deposits and obligations	63,325	73,419
Other liabilities	40,892	16,524
Results		
Interest income	5,665	6,585
Administrative expenses	(5,655)	(29,715)
Other, net	5,508	7,113
Off-balance sheet accounts		
Indirect loans	91,643	26,014

- (b) Some shareholders, directors and officers of Intergroup and Subsidiaries have been involved, either directly or indirectly, in credit transactions with Intergroup and its Subsidiaries as permitted by Peruvian legislation, which rules and limits certain transactions with employees, directors and officers of a bank. As of June 30, 2009, loans and other credits to employees amounted approximately to S/33,219,000 (S/36,711,000 as of December 31, 2008). Accordance with Peruvian legislation, loans to related parties cannot be made on more favorable terms than those offered to the public.
- (c) As of June 30, 2009 Intergroup and Subsidiaries hold investments in local and foreign mutual and investment funds managed by Subsidiaries or related parties, for S/27,509,000 (S/7,341,000 as of December 31, 2008).

As of June 30, 2009, the Bank has entered into foreign currency sale forwards with mutual funds managed by Interfondos Sociedad Administradora de Fondos, for a nominal value of approximately S/ 19,934,000 (selling of foreign currency for approximately S/ 39,171,000 as of December 31, 2008) which is presented in the "Off-balance sheet accounts-Foreign currency forwards operations" caption of the consolidated balance sheets.

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

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

27. Business segments

Intergroup and its Subsidiaries are organized in two main lines of business, the banking business and the insurance business, see Note 2. Transactions between the business segments are carried out under normal commercial terms and conditions.

The following table presents Intergroup's and its Subsidiaries' financial information by business segments as of June 30, 2009 and December 31, 2008 as well as the six month periods ended June 30,2009 and 2008 , 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
2009												
Banking	1,114,904	25,120	(25,120)	1,114,904	(265,757)	(380,880)	(33,925)	(215,444)	193,778	14,940,086	551,141	13,772,041
Insurance	206,398	309	(309)	206,398	(150,812)	(22,741)	(1,131)	-	19,848	1,913,656	495	1,729,776
Others	<u>194,841</u>	<u>195,666</u>	<u>(195,666)</u>	<u>194,841</u>	<u>(4,665)</u>	<u>(1,244)</u>	<u>(275)</u>	<u>(1,442)</u>	<u>3,106</u>	<u>166,578</u>	<u>-</u>	<u>2,949</u>
Total consolidated	<u>1,516,143</u>	<u>221,095</u>	<u>(221,095)</u>	<u>1,516,143</u>	<u>(421,234)</u>	<u>(404,865)</u>	<u>(35,331)</u>	<u>(216,886)</u>	<u>216,732</u>	<u>17,020,320</u>	<u>551,636</u>	<u>15,504,766</u>
2008												
Banking	842,791	24,692	(24,692)	842,791	(204,777)	(337,571)	(27,062)	(92,478)	156,211	14,553,480	513,548	13,534,884
Insurance	190,477	689	(689)	190,477	(143,415)	(5,999)	(587)	-	39,787	1,811,290	6,807	1,690,526
Others	<u>161,334</u>	<u>165,375</u>	<u>(165,375)</u>	<u>161,334</u>	<u>(625)</u>	<u>(984)</u>	<u>(137)</u>	<u>-</u>	<u>(5,787)</u>	<u>288,056</u>	<u>-</u>	<u>14,041</u>
Total consolidated	<u>1,194,602</u>	<u>190,756</u>	<u>(190,756)</u>	<u>1,194,602</u>	<u>(348,817)</u>	<u>(344,554)</u>	<u>(27,786)</u>	<u>(92,478)</u>	<u>190,211</u>	<u>16,652,826</u>	<u>520,355</u>	<u>15,239,451</u>

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

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

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

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

28. Risk assessment

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

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

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

Risk of the insurance activity

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

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

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

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

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

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

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

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

Market risk

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

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

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

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

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

Liquidity risk

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

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

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

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

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

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

Cash flow risk and fair value of interest rate changes

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

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

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

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

Exchange rate risk

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

Most assets and liabilities in foreign currency are stated in US Dollars. Foreign currency transactions are made at free market exchange rate. As of June 30, 2009 and December 31, 2008, Intergroup and its Subsidiaries' assets and liabilities in foreign currencies are shown in Note 4.

Credit risk

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

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

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

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

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

29. Fair value of financial instruments

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

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

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

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

- Cash and due from banks represent cash and short-term deposits that do not represent significant credit or interest risks; in consequence, their book value is equivalent to their fair value in the consolidated balance sheets.
- Marketable investments available-for-sale are recorded at the lower of cost or market value, except for the debt investments held by Interseguro which are updated by the Internal Rate of Return (IRR) computed at the acquisition date; consequently, the estimated market value encompasses potential gains expected by the market but not realized. The fair value of these investments has been determined based on stock exchange prices or using investment valuation techniques. The estimated fair value of held-to-maturity investments (excluding real estate projects and investments) has been computed based on existing quotations as of the dates of the consolidated balance sheets. For held-to-maturity financial investments with no available quotations their estimated fair value has been calculated by discounting future expected cash flows using an interest rate that represents the risk classification of the investment.
- A majority of the loans granted by Intergroup and its Subsidiaries accrue interest at variable rates, which are reset monthly or quarterly. As a result, their book value, net of the allowance for loan losses required by the SBS, see Note 8, is considered to be the best estimate of their fair value as of the date of the consolidated financial statements.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 30

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

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

Based in the prior analysis, Intergroup and its Subsidiaries Management consider that, as of June 30, 2009 and December 31, 2008, the estimated fair value 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.

30. Additional explanation for English translation

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