

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 23

Intergroup Financial Services Corp. and Subsidiaries

Interim unaudited consolidated financial statements as of September 30, 2007 and for the nine-month periods ended September 30, 2007 and 2006

Intergroup Financial Services Corp. and Subsidiaries

Consolidated balance sheets

As of September 30, 2007 (unaudited) and December 31, 2006 (audited)

	Note	As of September 30, 2007 S/(000)	As of December 31, 2006 S/(000)		Note	As of September 30, 2007 S/(000)	As of December 31, 2006 S/(000)
Assets	5			Liabilities and shareholders' equity			
Cash and due from banks:				Deposits and obligations	10	6,819,944	5,760,732
Cash and clearing		469,898	394,963	Interbank funds		30,012	25,009
Deposits in the Peruvian Central Bank – BCRP		891,139	832,947	Short-term deposits from local and foreign financial entities		117,188	148,610
Deposits in local and foreign banks		351,205	93,735	Accounts payable to insured parties		305	155
Restricted funds		10,679	660	Due to banks and correspondents - short-term	11	529,030	53,443
Interest accrued on cash and due from banks		8,540	5,476	Due to banks and correspondents - long-term	11	315,575	286,503
		<u>1,731,461</u>	<u>1,327,781</u>	Accounts payable, provisions and other liabilities	9	298,823	221,445
Interbank funds		40,066	30,011	Bonds and other obligations		240,451	270,886
Accounts receivable from insurance operations		12,327	11,697	Technical reserves for premiums and claims	12	1,307,736	1,238,180
Marketable securities, net	6	2,324,197	1,867,828	Deferred liability from income tax and workers' profit sharing	13	3,819	8,003
Held-to-maturity investments, net	7	761,112	680,275	Discontinued operations		-	270,502
Loan portfolio, net	8	5,329,755	4,146,230			<u>9,662,883</u>	<u>8,283,468</u>
Realizable assets, assets received as payment and assets seized through legal actions, net		29,828	33,546	Total liabilities			
Permanent investments, net		20,998	17,574	Shareholders' equity	14		
Property, furniture and equipment, net		426,167	397,400	Intergroup shareholders' equity:			
Accounts receivable and other assets	9	269,177	216,352	Capital stock		1,059,912	349,331
Deferred asset from income tax and workers' profit sharing	13	-	3,600	Retained earnings		197,549	412,914
Discontinued operations		-	365,003			<u>1,257,461</u>	<u>762,245</u>
		<u>10,945,088</u>	<u>9,097,297</u>	Minority interest		24,744	51,584
Total assets				Total shareholders' equity		<u>1,282,205</u>	<u>813,829</u>
Off-balance sheet accounts	16			Total liabilities and shareholders' equity		<u>10,945,088</u>	<u>9,097,297</u>
Contingent assets		7,171,838	6,203,272	Off-balance sheet accounts	16		
Other off-balance sheet asset accounts		20,262,821	17,853,421	Contingent liabilities		7,171,838	6,203,272
		<u>27,434,659</u>	<u>24,056,693</u>	Other off-balance sheet liabilities accounts		20,262,821	17,853,421
						<u>27,434,659</u>	<u>24,056,693</u>

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

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Intergroup Financial Services Corp. and Subsidiaries

Consolidated statements of income (unaudited)

For the nine-month periods ended September 30, 2007 and 2006

	Note	For the nine-month period ended September 30	
		2007 S/(000)	2006 S/(000)
Financial income	17	864,635	651,297
Financial expenses	17	(212,243)	(143,231)
Gross financial margin		<u>652,392</u>	<u>508,066</u>
Provision for loan losses, net	8(c)	(97,860)	(96,156)
Provision for impairment of investments, net		(920)	(1,110)
Net financial margin		<u>553,612</u>	<u>410,800</u>
Fee income from financial services	18	209,028	171,631
Expenses relating to financial services	18	(20,468)	(19,606)
Result from insurance underwriting, net	19	(51,515)	(49,999)
Operating margin		<u>690,657</u>	<u>512,826</u>
Administrative expenses		(379,115)	(309,163)
Net operating margin		<u>311,542</u>	<u>203,663</u>
Provision for contingencies and other provisions		(26,081)	(9,398)
Depreciation of property, furniture and equipment and realizable assets		(31,728)	(29,132)
Amortization of intangibles and others		(7,831)	(8,709)
Operating income		<u>245,902</u>	<u>156,424</u>
Other income, net		67,873	19,893
Income before workers' profit sharing and income tax		<u>313,775</u>	<u>176,317</u>
Current and deferred workers' profit sharing	13	(13,282)	(7,641)
Current and deferred income tax	13	(78,972)	(45,386)
Income from continuing operation		<u>221,521</u>	<u>123,290</u>
Income (loss) from discontinued operation		<u>-</u>	<u>(1,030)</u>
Net income		<u>221,521</u>	<u>122,260</u>
Attributable to:			
Intergroup's Shareholders		216,043	114,924
Minority interest		5,478	7,336
		<u>221,521</u>	<u>122,260</u>
Basic and diluted earnings per share (stated in Nuevos Soles)		<u>2.344</u>	<u>1.247</u>
Number of outstanding shares (in thousands of units)	14	<u>92,180</u>	<u>92,180</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 changes in shareholders' equity (unaudited)

For the nine-month periods ended September 30, 2007 and 2006

	Attributable to IFS Shareholders			Total	Minority	Total
	Capital stock	Additional capital stock	Retained earnings			
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Balances as of January 1, 2006	349,331	-	277,130	626,461	41,722	668,183
Dividends	-	-	(49,147)	(49,147)	(2,123)	(51,270)
Net income	-	-	114,924	114,924	7,336	122,260
Consolidation adjustments and others	-	-	(1,254)	(1,254)	(1,830)	(3,084)
Balances as of September 30, 2006	<u>349,331</u>	<u>-</u>	<u>341,653</u>	<u>690,984</u>	<u>45,105</u>	<u>736,089</u>
Balances as of January 1, 2007	349,331	-	412,914	762,245	51,584	813,829
Capitalization	522,480	263,139	(412,914)	372,705	(20,737)	351,968
Reduction under nominal value of Intergroup shares, note 14 (a)	(75,038)	-	-	(75,038)	-	(75,038)
Dividends received by Interbank and Interseguro minority Shareholders	-	-	-	-	(6,168)	(6,168)
Net income	-	-	216,043	216,043	5,478	221,521
Consolidation adjustments and others	-	-	(18,494)	(18,494)	(5,413)	(23,907)
Balances as of September 30, 2007	<u>796,773</u>	<u>263,139</u>	<u>197,549</u>	<u>1,257,461</u>	<u>24,744</u>	<u>1,282,205</u>

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

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Intergroup Financial Services Corp. and Subsidiaries

Consolidated statements of cash flows (unaudited)

For the nine-month periods ended September 30, 2007 and 2006

	For the nine-month period ended September 30	
	2007 S/(000)	2006 S/(000)
Reconciliation of net income to cash provided by operating activities		
Net income from continuing operation	221,521	122,260
Loss (gain) on discontinued operation	-	1,030
Adjustments to net income		
Add (less)		
Provision for loan losses, net	97,860	96,156
Provision for impairment of investments, net	920	1,110
Depreciation of property, furniture and equipment and realizable assets	31,728	29,132
Amortization of intangibles	7,831	8,709
Provision for assets received as payment and seized through legal actions	1,290	1,622
Result from sale of marketable securities and held-to-maturity investments	(56,939)	(21,320)
Gain from sale of assets received as payment and seized through legal actions	(4,807)	(7,518)
Others, net	(22,823)	(22,911)
Net changes in asset and liability accounts		
Increase in receivable accrued interest	(19,816)	(18,679)
Increase in payable accrued interest	17,887	6,171
Net decrease (increase) in accounts receivables and other assets	(23,623)	10,394
Increase (decreased) in other liabilities	50,955	(9,715)
Increase in technical reserves	69,556	145,065
Net cash provided by operating activities	<u>371,540</u>	<u>341,506</u>

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Consolidated statements of cash flows (unaudited) (continued)

	For the nine-month period ended September 30	
	2007 S/(000)	2006 S/(000)
Cash flows used in investing activities		
Purchase of property, furniture and equipment	(60,495)	(20,379)
Sale of assets received as payment and seized through legal actions	7,235	8,622
Purchase of intangibles	(1,435)	(1,322)
Net cash used in investing activities	<u>(54,695)</u>	<u>(13,079)</u>
Cash flows (used in) provided by financing activities		
Increase in loan portfolio, net	(1,097,057)	(108,186)
Acquisition of mortgage loan portfolio, note 8	(15,788)	-
Increase in marketable securities, net and investments held to maturity, net	(371,616)	(899,156)
Increase in deposits and obligations	1,052,675	1,031,318
Increase (decrease) of deposits in financial entities	(31,422)	20,060
Increase (decrease) in due to banks and correspondents	322,890	(111,157)
Decrease in securities, bonds and other obligations outstanding	(31,252)	(118,360)
Decrease (increase) in receivable interbank funds	(10,055)	12,000
Increase in payable interbank funds	5,003	44,834
Payment of dividends	(6,168)	(51,270)
Reduction under nominal value of Intergroup's shares	(75,038)	-
Increase of capital stock	341,599	-
Net cash (used in) provided by financing activities	<u>83,771</u>	<u>(179,917)</u>
Cash increase, net	400,616	148,510
Balance of cash at the beginning of year	1,322,305	1,335,445
Balance of cash at end of year	<u>1,722,921</u>	<u>1,483,955</u>

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

Intergroup Financial Services Corp. and Subsidiaries

Notes to the interim consolidated financial statements (unaudited)

As of September 30, 2007, December 31, 2006 and September 30, 2006

1. Business Activity and Reorganization

(a) Business activity -

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

“Interbank Group”, which comprises several companies operating in Peru and other countries, through IFH, its holding company, began the reorganization of its Subsidiaries in 2006; in order to present a more effective structure, through the creation of new holding companies under the common control of IFH. Intergroup is a holding company created for the purpose of grouping Peruvian financial companies that are part of the Interbank Group. As a consequence of the reorganization, on January 19, 2007; IFH transferred to Intergroup all the shares it held, directly and indirectly, in Banco Internacional del Perú S.A.A. - Interbank (hereafter “the Bank”) (approximately 373,262,000 shares) and in Interseguro Compañía de Seguros de Vida S.A. (hereafter “Interseguro”) (approximately 87,275,000 shares) in exchange for approximately 81,503,000 Intergroup shares. The share exchange ratio was fixed according to 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 dollar.

Because the above-described restructuring of Interbank Group has not represented an effective change in IFH’s control of the Subsidiaries now grouped under Intergroup, according to generally accepted accounting principles for financial and insurance entities in Peru the transfers of shares related to the restructuring of the Interbank Group were made between entities under common control; therefore, the transfers were accounted for using the pooling-of-interest method and at their historical book values. The accompanying consolidated financial statements have been prepared under the assumptions that the reorganization took place as of the beginning of the earliest year presented herein and that Intergroup was operating during each of the periods presented. The financial statements as of September 30, 2007 reflect Intergroup’s having approximately 97 percent in the Bank and approximately 100 percent in Interseguro. The financial statements as of December 31, 2006 reflect Intergroup as having 96 percent in the Bank and 82 percent in Interseguro.

The operations of Intergroup and its Subsidiaries are concentrated in Peru. Their main activities and assets, liabilities and equity levels are described in Note 2 to the accompanying consolidated financial statements.

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

Intergroup's legal domicile is 50 Street and 74 Street, Georges Bank Building, Panama. The legal address of Company Management and its administrative offices is Av. Carlos Villarán 140, Urb. Santa Catalina, La Victoria, Lima, Peru.

(b) Company's reorganization

As part of Interbank Group's restructuring, indicated in the previous note, IFH approved at the General Shareholders' Meeting held on August 29, 2006, the transfer of the Bank's and Interseguro's shares in Supermercados Peruanos S.A. (approximately 60.11 % of the capital stock of that entity) to a new subsidiary of IFH. Accordingly, in compliance with accounting principles generally accepted in Peru for financial and insurance entities, the investment in Supermercados Peruanos S.A. was presented as a "Discontinued operation" as of December 31, 2006.

On April 19, 2007, the Bank and Interseguro transferred their shares in Supermercados Peruanos S.A. to IFH Retail Corp; a holding company, subsidiary of IFH, incorporated in Panamá in September 2006. The transfer was made at fair value, estimated by a third party based on the discounted cash flow method. Since fair value was similar to book value, no significant gains or losses were registered. As of the date of this report, payment for the transfer has been received by Interbank and Interseguro.

(c) Initial Public Offering

In June 2007, IFH and the Company completed a process of issue and sale of shares. After this process, IFH is still the Company's controlling shareholder. A total of 19,230,769 common shares of Intergroup, representing approximately 21 percent of its capital stock, were offered in a global offering. Of the shares offered, 7,692,308 common shares were shares newly issued by Intergroup. The remaining common shares (11,538,461) were offered by certain Intergroup shareholders, including its controlling shareholder IFH Peru Ltd. and certain of its subsidiaries, and other minority shareholders. The offering was completed in the local and international markets, at a price of US\$14 per share. 961,538 shares were placed in the Peruvian offering, while the remaining 18,269,231 shares were allocated to the international offering.

The number of shares offered in the global offering (19,230,769) does not include an over-allotment option granted by certain shareholders of Intergroup to the underwriters of the international offering. This option grants the underwriters the right to purchase 2,884,615 additional common shares, representing 15 percent of the global offering.

On July 10, 2007, the global underwriters of the International offering of Intergroup's shares executed their over-allotment option and acquired 2,884,615 shares, according to the terms of the Offering.

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

2. Subsidiaries's activities

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

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

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 law.

The Bank's operations are governed by the General Law of the Financial and Insurance Systems and the Organic Law of the Banking and Insurance Superintendency - Law 26702 (hereafter the "Banking and Insurance Law"). The Bank is authorized to receive deposits from third parties and invest such funds together with its own capital in granting loans and acquiring securities. The Bank is also entitled to grant letters of guaranty and stand-by letters of credit provide a full range of financial intermediation or banking services and perform any other activity permitted by the Banking and Insurance Law.

As of September 30, 2007 and December 31, 2006, the Bank had 137 and 112 offices, respectively, and the following wholly-owned Subsidiaries:

Subsidiary	Activity
Interfondos S.A. Sociedad Administradora de Fondos	As of September 30, 2007 and December 31, 2006, managed 8 and 7 mutual and investment funds with combined assets for approximately S/1,915 million and S/1,335 million, respectively.
Internacional de Títulos Sociedad Titulizadora S.A. - Intertítulos S.T.	As of September 30, 2007 and December 31, 2006, managed 9 and 12 securitization funds, respectively, with combined assets for approximately S/467 million and S/1,322 million, respectively.
Inversiones Huancavelica S.A.	Real estate activities.
Contacto Servicios Integrales de Crédito y Cobranzas S.A.	Collection services.
Corporación Inmobiliaria de La Unión 600 S.A.	Real estate activities, owner of the Bank's former corporate headquarters.

Interseguro Compañía de Seguros de Vida S.A.

Interseguro was incorporated in Peru and began its operations in 1998. Interseguro is authorized by the SBS to offer life insurance products, annuities and other as authorized by Peruvian law, such as compulsory traffic accident insurance. Interseguro's operations are governed by the Banking and Insurance Law.

As of September 30, 2007 and December 31, 2006, Interseguro had one wholly-owned Subsidiary, Real Plaza S.A, an entity engaged in the administration of a shopping and entertainment complex called "Centro Comercial Real Plaza", located in Chiclayo, Peru.

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

The table below presents a summary of the consolidated financial statements of Interbank and Interseguro, before the eliminations for their consolidation with Intergroup, as of September 30, 2007 (unaudited) and as of December 31, 2006 (audited), and for the nine month periods ended on September 30, 2007 and 2006 (unaudited):

Entidad	Percentage of participation			Total assets		Total liabilities		Total shareholders' equity		Net income	
	September	December	September	September	December	September	December	September	December	September	September
	30, 2007	31, 2006	30, 2006	30, 2007	31, 2006	30, 2007	31, 2006	30, 2007	31, 2006	30, 2007	30, 2006
			S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Banco Internacional del Perú S.A.A. and Subsidiaries	96.77	96.24	96.24	9,085,439	7,384,996	8,320,047	6,718,468	765,392	666,528	169,369	101,807
Interseguro Compañía de Seguros de Vida S.A. and Subsidiary	99.99	81.99	81.99	1,558,581	1,459,032	1,353,654	1,306,674	204,927	152,358	71,705	20,452

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

3. Significant accounting policies

In preparing and presenting the accompanying consolidated financial statements as of 30 September, 2007, the Company's Management has complied with the regulations established by the SBS in force in Peru these regulation are consistent with the principles used in the preparation of the consolidated financial statements as of December 31, 2006.

Through SBS Resolution No. 1737-2006, the SBS approved new regulations for the accounting of derivative financial instruments, establishing accounting criteria for derivative financial instruments, which are consistent with the criteria in IAS 39, Financial Instruments: Recognition, and Measurement effective in Peru. These Regulations are effective since January 1, 2007, and have been adopted by March 31, 2007; the SBS has granted the Bank an extension to adopt this resolution until the SBS publishes certain specifications and modifications of said Resolution.

Through SBS Resolution No 1169-2007, dated on August 22, 2007 the SBS approved certain accounting procedures to be applied to debtors affected by the earthquake that took place on August 15. The most important accounting procedures approved were the following: maintain these debtors' classification risk as of August 31, 2007 and record interest income on loans under a cash basis. The application of this Resolution did not significantly affect the consolidated financial statements.

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

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

4. Transactions in foreign currency and exchange risk exposure

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

As of September 30, 2007, the weighted average exchange rates in the market as published by the SBS for transactions in US dollars were S/3.085 for buying and S/3.087 for selling (S/3.194 for buying and S/3.197 for selling, as of December 31, 2006). As of September 30, 2007, the exchange rate established by the SBS to record assets and liabilities in foreign currency was S/3.086 for each US dollar (S/3.196 as of December 31, 2006).

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

The table below presents a detail of the Company's and its Subsidiaries' foreign currency assets and liabilities (stated in US dollars):

	As of September 30, 2007	As of December 31, 2006
	US\$(000)	US\$(000)
Assets		
Cash and due from banks	483,577	349,326
Marketable securities, net	407,017	328,763
Held-to-maturity investments, net	158,227	171,088
Loan portfolio, net	1,001,605	750,061
Permanent investments, net	-	682
Accounts receivable and other assets	34,705	24,453
	<u>2,085,131</u>	<u>1,624,373</u>
Liabilities		
Deposits and obligations	1,334,520	1,125,728
Deposits from financial entities	8,873	10,263
Due to banks and correspondents	202,002	105,931
Bonds and obligations	64,449	65,885
Accounts payable, provisions and other liabilities	50,229	37,530
Technical reserves for premiums and claims	334,628	307,759
	<u>1,994,701</u>	<u>1,653,096</u>
Derivative transactions – Net sale position	<u>9,605</u>	<u>4,347</u>
Net asset (liability) position	<u>80,825</u>	<u>(33,070)</u>

As of September 30, 2007, the net sale position from derivative transactions corresponds to foreign currency forward purchase and sale contracts in the nominal amounts of approximately US\$143,043,000 and US\$152,647,000, equivalent to approximately S/441,429,000 and S/471,069,000, respectively (US\$212,189,000 and US\$216,536,000 as of December 31, 2006, equivalent to approximately S/678,155,000 and S/692,049,000, respectively), see note 16.

As of September 30, 2007, Intergroup and its Subsidiaries have indirect loans in foreign currency of approximately US\$364,182,000, equivalent to S/1,123,868,000 (US\$275,136,000, equivalent to S/879,335,000 as of December 31, 2006).

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

5. Cash and due from banks

- (a) As of September 30, 2007, cash and due from banks includes approximately US\$168,063,000 and S/163,513,000 (US\$282,675,000 and S/127,001,000 as of December 31, 2006) representing 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.

The legal reserve maintained by the Bank at the BCRP does not accrue interest, except for deposits in foreign currency that exceed the minimum legal reserve requirement. As of September 30, 2007, the monthly amount by which foreign currency deposits exceeded minimum legal reserve requirements was approximately US\$11,784,000, equivalent to S/36,365,000 (US\$40,974,000, equivalent to S/130,378,000 as of December 31, 2006). These excess amounts accrued interest at an annual rate of 3.50 percent for September 2007 (2.70 average percent for the month of December 2006).

Deposits in local and foreign banks are mainly in Peruvian Nuevos Soles and US dollars. All amounts are unrestricted and bear interest at market rates.

- (b) By contract dated June 26, 2007, the Company commissioned the Bank to manage a portfolio comprised of two cash deposits for a total of US\$ 103,918,000, to be invested in instruments listed in CONASEV or a similar institution outside Peru. As compensation, the Bank charges a monthly fee set between 0.1% and 0.5% of the portfolio value. As of September 30, 2007, the portfolio consisted of time deposits for approximately US\$ 54,403,000 (equivalent to S/167,833,000) and Peruvian Global Bonds for approximately US\$ 49,664,000 (equivalent to S/153,214,000).

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

6. Marketable securities, net

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

	As of September 30, 2007 S/(000)	As of December 31, 2006 S/(000)
Marketable securities held for trading -		
Investment in shares quoted on the Lima Stock Exchange	44,949	3,706
Peruvian sovereign bonds	169,880	133,547
	<u>214,829</u>	<u>137,253</u>
Marketable securities available for sale -		
Public Treasury Bonds:		
- Peruvian global bonds (b)	685,959	553,463
- Peruvian sovereign bonds	175,522	171,908
- Colombian sovereign bonds	31,444	32,511
- Mexican sovereign bonds	14,854	15,490
RFA bonds (Peru)	4,644	4,810
FOPE bonds (Peru)	1,043	1,080
Negotiable bank certificates issued by the BCRP	515,895	374,962
Financial and corporate bonds	395,606	346,961
Credit Suisse, Nassau Branch - variable coupon principal protected notes (Royalty Pharma)	44,656	46,260
Royalty Pharma Cayman Partners, LP shares	1,702	1,944
Mutual and investment funds participations	21,297	78,998
Shares of local private entities	202,426	88,551
Equity investments received through loans capitalizations:		
- Agro Guayabito S.A. (Peru)	24,842	24,842
- Cosapi S.A. (Peru)	4,071	6,980
Commercial papers and securitization bonds issued by Peruvian entities	26	31
	<u>2,123,987</u>	<u>1,748,791</u>
Less -		
Allowance for impairment of Agro Guayabito S.A.	(24,842)	(24,842)
Allowance for impairment of Cosapi S.A.	(3,976)	(4,118)
Allowance for impairment of other marketable securities available for sale	(11,796)	(11,955)
Total allowance for impairment of marketable securities available for sale	<u>(40,614)</u>	<u>(40,915)</u>
Marketable securities, net	2,298,202	1,845,129
Plus - Accrued interest on marketable securities	<u>25,995</u>	<u>22,699</u>
Total	<u><u>2,324,197</u></u>	<u><u>1,867,828</u></u>

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

- (b) As of September 30, 2007 and December 31, 2006, the Peruvian Global bonds are denominated in dollars, have maturities between July 2025 and March 2037 (between July 2025 and November 2033, as of December 31, 2006) and accrue effective annual interest rates between 6.61 and 12.25 percent (between 7.20 and 12.25 annual percent as of 31 December, 2006)

As of September 30, 2007 the Bank had repurchase agreements for part of its Peruvian Global Bonds portfolio for a nominal value of approximately S/438,212,000 with repurchase commitment dates in October, 2007 (a nominal value of approximately S/207,740,000, as of December 31, 2006, with repurchase commitment dates in January, 2007).

- (c) Interseguro is subject to diversification limits, by issuer and by economic group, as well as other limits established by the SBS. In Management's opinion, as of September 30, 2007 and December 31, 2006, Interseguro had complied with all investment limits established by the SBS.

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

7. Held-to-maturity investments, net

The table below presents the components of this caption:

Description	As of September 30, 2007 S/(000)	As of December 31, 2006 S/(000)
Sovereign bonds	273,402	287,059
Corporate and financial bonds	204,920	211,610
Real estate investments	205,917	100,951
Real estate projects	30,752	31,884
Credit Suisse Nassau Branch - variable coupon principal protected notes (Royalty Pharma)	27,527	28,508
Certificates of deposits of the Peruvian Financial System	12,790	13,854
	<u>755,308</u>	<u>673,866</u>
Less - Allowance for held-to-maturity investments	(451)	(684)
Add - Accrued interest on held-to-maturity investments	6,255	7,093
	<u>761,112</u>	<u>680,275</u>

As of September 30, 2007, the book value and the market value of the financial investments held-to-maturity was approximately S/518,639,000 and S/584,723,000, respectively (S/541,031,000 and S/577,161,000, respectively, as of December 31, 2006).

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

8. Loan portfolio, net

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

	As of September 30, 2007	As of December 31, 2006
	S/(000)	S/(000)
Overdrafts and advances	133,727	76,579
Credit cards	765,101	713,043
Loans	2,660,310	2,026,838
Mortgage loans	770,359	532,540
Leasing	917,089	484,084
Discounts	160,498	180,667
Factoring transactions	39,341	82,014
Loans to employees	26,279	22,515
Restructured and refinanced loans	137,118	216,076
Past due and under legal collection loans	78,938	84,960
	<u>5,688,760</u>	<u>4,419,316</u>
Add (less)		
Accrued interest from standing loans	50,530	36,236
Deferred interest and interest collected in advance	(198,094)	(109,338)
Allowance for possible loan losses	(211,441)	(199,984)
	<u>5,329,755</u>	<u>4,146,230</u>
Total direct loan portfolio, net	<u>5,329,755</u>	<u>4,146,230</u>

(b) As of September 30, 2007 and December 31, 2006, the total direct and indirect loan portfolio before allowance for loan losses, is as follows:

	As of September 30, 2007	As of December 31, 2006
	S/(000)	S/(000)
Direct loan portfolio	5,688,760	4,419,316
Indirect loan portfolio, Note 16	<u>1,480,654</u>	<u>1,148,074</u>
Total	<u>7,169,414</u>	<u>5,567,390</u>

As of September 30, 2007 and December 31, 2006, 51 percent of the direct and indirect loan portfolio corresponded to 402 and 262 clients, respectively. Loans were mainly given to companies established in Peru or to companies whose shareholders have investments mainly in Peru.

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

- (c) The table below presents the movement of the allowance for loan losses:

	As of September	As of December
	30, 2007	31, 2006
	S/(000)	S/(000)
	(*)	(*)
Balance at beginning of year	219,408	230,569
Provisions recognized as year expense	110,434	150,634
Provisions of acquired loan portfolio (e)	5,492	-
Recoveries	(12,574)	(24,866)
Write-offs, extinguishments and sales	(79,341)	(127,316)
Exchange difference, net	(4,343)	(9,613)
	<u>239,075</u>	<u>219,408</u>
Balance at year end	<u>239,075</u>	<u>219,408</u>

- (*) The allowance for loan losses includes a provision for contingent loans amounting to approximately S/27,634,000 as of September 30, 2007 (approximately S/19,424,000 as of December 31, 2006), which is recorded in the "Accounts payable, provisions and other liabilities" caption in the consolidated balance sheets, see Note 9.

In Management's opinion, the allowance for loan losses recorded as of September 30, 2007 and December 31, 2006 is in compliance with SBS rules and authorizations in effect as of those dates.

- (d) Interest rates on loans are fixed based on the rates prevailing in the Peruvian market. During 2007, interest rates fluctuated between 0.19 and 5.75 percent per month in Peruvian Nuevos Soles (0.16 and 5.75 percent per month during 2006) and between 0.18 and 2.39 percent per month in US dollars (0.20 and 2.39 percent per month during 2006).
- (e) On May 2007, Interbank's Board of Directors approved the acquisition of a mortgage loan portfolio from Banco del Trabajo (a peruvian financial entity). By contract dated September 11, 2007, the Bank received this loan portfolio with a gross value of approximately US\$ 56,878,000 and at the same time the Bank received a debt that Banco del Trabajo kept with COFIDE ("Convenio de Canalización de recursos del Fondo Mivivienda") of approximately US\$55,488,000. The loan portfolio required an initial allowance for credit losses of approximately US\$ 1,737,000 (equivalent to S/5,492,000).

In September, the Bank paid approximately US\$ 4,993,000. As a result of this transaction the Bank has recorded an interest premium of US\$5,339,000 (equivalent to S/16,871,000), which is presented under the caption "Accounts receivable and other assets, net" on the consolidated balance sheet, note 9.

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

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

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

	As of September 30, 2007 S/(000)	As of December 31, 2006 S/(000)
Accounts receivable and other assets		
Transactions in process (b)	36,238	53,738
Rights paid to related entity	33,245	35,175
Intangible assets, net	23,729	25,865
Other accounts receivable, net	31,974	23,703
Deferred charges	15,532	16,355
Accounts receivable related to derivative financial instruments	12,907	16,212
Value added tax credit	62,949	15,893
Lease (rent) paid in advance	10,748	11,472
Interest premium , note 8(e)	16,871	-
Income tax prepayments, net	9,754	3,669
Other	15,230	14,270
Total	<u>269,177</u>	<u>216,352</u>
Accounts payable, provisions and other liabilities		
Transactions in process (b)	111,643	81,452
Other accounts payable	81,540	59,847
Provision for losses on contingent loans, Note 8(c)	27,634	19,424
Workers' profit sharing and salaries payable	29,825	19,184
Account payable to Tabacalera Nacional S.A.	-	12,784
Accounts payable related to derivative financial instruments	8,728	3,609
Other	39,453	25,145
Total	<u>298,823</u>	<u>221,445</u>

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

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

10. Deposits and obligations

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

	As of September 30, 2007 S/(000)	As of December 31, 2006 S/(000)
Demand deposits	1,181,421	862,842
Saving accounts	2,032,945	1,767,277
Time deposits	2,910,351	2,678,281
Guarantee deposits (*)	201,459	191,055
Repurchase agreements of Peruvian Global bonds	437,366	220,272
Taxes payable	20,100	14,820
Other obligations	6,633	3,053
	<u>6,790,275</u>	<u>5,737,600</u>
Interest payable	<u>29,669</u>	<u>23,132</u>
Total	<u>6,819,944</u>	<u>5,760,732</u>

(*) Corresponds to restricted deposits pledged as guarantees by clients, in connection with direct and indirect loans granted by the Bank.

(b) Interest rates applied to the different deposit and obligation accounts are determined by the Bank based on interest rates prevailing in the Peruvian market.

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

11. Due to banks and correspondents

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

	As of September 30, 2007 S/(000)	As of December 31, 2006 S/(000)
By type -		
Loans received from foreign entities (b)	385,046	90,492
Promotional credit lines (c)	447,774	248,202
	<u>832,820</u>	<u>338,694</u>
Interest and commissions payable	<u>11,785</u>	<u>1,252</u>
Total	<u>844,605</u>	<u>339,946</u>
By term -		
Short term	529,030	53,443
Long term	<u>315,575</u>	<u>286,503</u>
Total	<u>844,605</u>	<u>339,946</u>

(b) Loans received from foreign entities relate mainly to loans in U.S. dollars received to fund export and import operations and working capital requirements of the Bank's clients. As of September 30, 2007 and December 31, 2006, the balance was made up of 9 and 3 entities, respectively, 3 entities represented approximately 88 percent of the balance as of September 30, 2007 and December 31, 2006. These transactions bore annual interest rates ranging between 5.56 and 11.98 percent in 2007 (between 4.24 and 11.21 percent in 2006).

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 the opinion of Management, 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 from Corporación Financiera de Desarrollo (COFIDE), which correspond to credit lines granted to promote economic development in Peru. These loans are guaranteed by the Bank's loan portfolio up to the limit of the credit line used and include specific

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

agreements about their use, financial conditions to be maintained and other administrative matters. In the opinion of Management, the Bank has complied with these requirements. These loans bear annual interest rates ranging between 3.43 and 9.10 percent in 2007 (between 6.18 and 11.25 percent in 2006). As of September 30, 2007, this caption includes a debt with COFIDE, assumed by the Bank as part of the acquisition of the mortgage loan portfolio from Banco del Trabajo, see note 8.

12. Technical reserves for premiums and claims

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

	Technical reserves for premiums S/(000)	Reserves for claims S/(000)	Total as of September 30, 2007 S/(000)	Total as of December 31, 2006 S/(000)
Life insurance	29,772	2,275	32,047	29,082
Direct private pension insurance	221,493	77,261	298,754	182,880
Life annuity insurance	968,502	-	968,502	1,017,137
Compulsory traffic accident insurance (SOAT)	5,492	2,941	8,433	9,081
Total	<u>1,225,259</u>	<u>82,477</u>	<u>1,307,736</u>	<u>1,238,180</u>

(b) These amounts are calculated by Interseguro and reviewed by an independent actuary. In the opinion of the Management and the independent actuary, as of September 30, 2007 and December 31, 2006 these balances adequately cover the exposure maintained for transactions with private pension funds, life annuity and life insurance, in conformity with the regulations established by the SBS.

(c) The table below presents the principal assumptions used for the estimation of annuity reserves, retirement income insurance and individual life insurance as of September 30, 2007 and December 31, 2006.

System	Tables (*)	Technical interest %
Life annuities (*)	RV-85, RV-2004, B-85 and others	3.00 – 5.45
Direct private pension insurance (*)	RV-85, MI-85 and B-85	Temporary System 3.00 and 4.50. Permanent System in accordance to the rate published by SBS on a monthly basis
Individual life	CSO80 adjusted	4 – 5

(*) Mortality tables are established by the SBS.

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

13. Deferred asset and liability from workers' profit sharing and income tax

The table below presents the amounts reported in the consolidated balance sheets as of September 30, 2007 and December 31, 2006 and in the consolidated statements of income for the nine-month periods ended September 30, 2007 and 2006.

Consolidated balance sheets	Deferred Assets		Deferred Liabilities	
	As of September 30, 2007 S/(000)	As of December 31, 2006 S/(000)	As of September 30, 2007 S/(000)	As of December 31, 2006 S/(000)
Workers' profit sharing	-	537	(570)	(1,194)
Income tax	-	3,063	(3,249)	(6,809)
Total	-	3,600	(3,819)	(8,003)

Consolidated statements of income	Current		Deferred	
	For the nine-month period ended September 30, 2007 S/(000)	For the nine-month period ended September 30, 2006 S/(000)	For the nine-month period ended September 30, 2007 S/(000)	For the nine-month period ended September 30, 2006 S/(000)
Income tax	82,532	44,095	(3,560)	1,291
Workers' profit sharing	13,906	7,414	(624)	227
Total	96,438	51,509	(4,184)	1,518

14. Shareholders' equity

(a) Capital stock -

As indicated in Note 1(a), after the transfer of shares carried out in January 2007, as a part of the corporate reorganization, Intergroup's capital stock was represented by 81,503,329 common shares with a nominal value of US\$10 each. In April 3, 2007 Intergroup acquired 2,071,748 and 19,169,821 shares of Interbank and Interseguro, respectively and issued 2,983,876 shares of Intergroup in exchange thereof. As a result, as of that date, 84,487,205 common shares were outstanding with a nominal value of US\$10 each.

On May 7, 2007, Intergroup's board of directors, with the purpose of distributing to Intergroup's shareholders dividends paid by Interbank and Interseguro in respect of the year ended December 31, 2006, agreed to redeem the total number of common shares outstanding at a nominal value of US\$ 10 per share and to issue the same number of shares at a nominal value of US\$ 9.72 per share. As a

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

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

In June 2007, as a part of the reorganization indicated in note 1(c), Intergroup issued 7,692,308 common shares with a nominal value of US\$9.72 each. As of that date the capital stock of Intergroup was represented by 92,179,153 common shares with a nominal value of US\$9.72 each.

(b) Treasury stock of Subsidiary -

As of September 30, 2007 and December 31, 2006, Interbank holds 18,387,000 shares of its own with a book value of S/33,910,000, repurchased by the Bank for the purpose of implementing an Incentive Program for the Bank's Management. As of this date, the shareholders and the Bank's Management are reviewing the manner and the terms in which this program will be implemented.

(c) Commitment with a financial institution -

On June 28, 2002, the Bank entered into a 10-year financing agreement with Nederlands Financierings Maatschappij Voor Ontwikkelingslanden N.V. (hereafter "FMO") amounting to approximately US\$15 million. In connection with this agreement Intergroup can not transfer to third parties more than 51 percent of the Bank's capital stock without the prior consent of FMO.

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

As of September 30, 2007 and December 31, 2006, the Bank's shareholders' equity for legal purpose (regulatory capital) as determined in accordance with current regulations was as follows:

	As of September 30, 2007 S/(000)	As of December 31, 2006 S/(000)
Paid-in-capital	478,629	406,238
Add		
Legal reserves	140,727	124,641
Net income with capitalization agreement	83,334	64,737
Due to international correspondents - subordinated loans	-	47,940
Subordinated bonds held by third parties and the Bank's		
Subsidiaries	46,290	47,940
Generic allowance for loan losses	61,687	46,976
Less		
Investments in subsidiaries and others	(31,506)	(50,092)
Treasury stock	(33,910)	(33,910)
Other	(164)	(1,362)
Total	<u>745,087</u>	<u>653,108</u>

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

As of September 30, 2007 and December 31, 2006, contingent assets and liabilities weighted by credit risk, determined by the Bank, amount to approximately S/6,657,251,000 and S/5,453,064,000, respectively, which generate a global leverage ratio for credit and market risk of 9.10 and 8.50 times, respectively, of the Bank's regulatory capital. According to the Banking and Insurance Law, this ratio cannot exceed 11 times.

- (e) Insurance's shareholders' equity for legal purposes (regulatory capital) -
In accordance with SBS Resolution No. 813-97, amended by SBS Resolutions No. 1261-98 and No. 764-2001, Interseguro is required to maintain a statutory capital greater than the amount resulting from the sum of the solvency equity, the guarantee fund, and the regulatory net equity destined to cover credit risks.

The table below presents Interseguro's regulatory capital as of September 30, 2007 and December 31, 2006, determined in accordance with prevailing legislation:

	As of September 30, 2007 S/(000)	As of December 31, 2006 S/(000)
Paid-in-capital	116,011	106,444
Plus		
Legal reserves	17,211	2,621
Subordinated loans	15,431	15,980
Net income	-	9,588
Less		
Goodwill	-	(859)
	<hr/>	<hr/>
Total	148,653	133,774

In accordance with SBS Resolution No. 764-2001, the solvency equity is established based on the greater of the minimum capital amount established in Article 16 of the Banking and Insurance Law updated by SBS Circular Letter No.G-123-2005 or the solvency margin amount. As of September 30, 2007, the solvency equity was equivalent to the solvency margin and amounted to approximately S/81,946,000 (approximately S/76,897,000 as of December 31, 2006).

As of September 30, 2007, the guarantee fund amounts to approximately S/28,681,000 (approximately S/26,914,000 as of December 31, 2006), in conformity with the provisions set forth in SBS Resolution No. 764-2001.

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

As of September 30, 2007 and December 31, 2006, the regulatory net equity destined to cover credit risks is zero because Interseguro does not grant guarantee or lending operations, except for mortgage loans given to its personnel, amounting to S/19,000 and S/35,000, respectively as of those dates.

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

	As of September 30, 2007	As of December 31, 2006
	S/(000)	S/(000)
Total regulatory net equity	148,653	133,774
Less -		
Solvency equity	(81,946)	(76,897)
Guarantee fund	<u>(28,681)</u>	<u>(26,914)</u>
Surplus	<u>38,026</u>	<u>29,963</u>

(f) Subsidiaries' legal and special reserves -

In accordance with Peruvian laws that rule the financial and insurance activities of Intergroup's Subsidiaries, a reserve of at least 35 percent of the companies' paid-in capital is required. This reserve must be established through annual transfers of no less than 10 percent of the net income, and can only be used to absorb losses or capitalized. In both cases, companies are under the obligation to replenish it.

In accordance with Legislative Decree 770 (abrogated at present), the Bank established a legal reserve in order to cover losses recognized on assets received in payment and seized through legal actions prior to December 31, 1994. As of September 30, 2007 and December 31, 2006 the amount of this legal reserve is S/8,819,000.

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

15. Tax situation

- (a) Because it is incorporated in Panama, the Company is not subject to any income 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 September 30, 2007 and December 31, 2006, the statutory income tax rate was 30 percent on

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

taxable income, after calculating the workers' profit sharing, which in accordance with current legislation is calculated using a 5 percent rate.

Companies and individuals not domiciled in Peru must pay an additional tax of 4.1 percent over dividends received. The paying entity is responsible for with-holding this tax.

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

Likewise, according with the prevailing Peruvian legislation, life insurance premiums in favor of individuals and insurance premiums for affiliates to the Private Pension Fund Administration companies are exempt from income tax.

- (d) 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 for which the tax return was filed. The income tax and value added tax returns of the Subsidiaries corresponding to 2002 through 2006 are pending review by the Tax Authority. As of the date of this report, the Bank's returns filed for 2004 is being reviewed by the Tax Authority. Due to various possible interpretations of current legislation, it is not possible to determine whether or not such reviews will result in tax liabilities for Intergroup and its Subsidiaries. In the opinion of Management, no significant additional liabilities will be generated as a consequence of said or future reviews.

On the other hand, on April 2004, June 2006, February 2007 and June 2007, the Bank received Tax Assessments and Fine Resolutions related to income tax returns filed in 2000, 2001, 2002 and 2003. The Bank has already filed the respective tax claim against said resolutions, within the terms established by the Tax Codes. As of the date of this report, the Tax Authority Claims Department has not made a decision on the claims filed by the Bank. In the opinion of the Bank's Management and its legal counsel, the Bank will obtain a favorable opinion in the administrative process filed against such Tax Assessments and Fine Resolutions. They believe that any additional tax assessments would not be significant to the consolidated financial statements as of September 30, 2007 and December 31, 2006.

- (e) As of September 30, 2007 and December 31, 2006, Interseguro has determined a tax loss carry forward of approximately S/11,956,000. According to prevailing Peruvian income tax legislation and amendments thereto, as well as the selected method for offsetting tax losses, Interseguro must use its tax loss carry forward to setoff future taxable income for an amount equivalent to up to 50 percent of the taxable income determined on each year.

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

16. Off-balance sheet accounts

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

	As of September 30, 2007 S/(000)	As of December 31, 2006 S/(000)
Contingent transactions (indirect loans), Note 8(b)		
Bank letters of guaranty and stand-by letters of credit (b)	1,277,338	942,367
Import and export letters of credit (b)	180,233	157,795
Due from bank acceptances (b)	23,083	47,912
	<u>1,480,654</u>	<u>1,148,074</u>
Foreign currency forwards operations, Note 4		
Purchase of foreign currency forwards (c)	441,429	678,155
Sale of foreign currency forwards (c)	471,069	692,049
	<u>912,498</u>	<u>1,370,204</u>
Obligations under credit line agreements	4,778,686	3,684,994
Total contingent	<u>7,171,838</u>	<u>6,203,272</u>
Other off-balance sheet accounts (e)		
Guarantees received	5,785,411	6,982,091
Securities in custody	1,776,024	1,416,244
Collections on behalf of third parties	352,291	273,324
Suspended interests	70,916	98,953
Equity trust fund received from Banco Latino - undergoing liquidation	-	67,118
Equity trust fund received from Latino Leasing S.A. – undergoing liquidation	-	21,131
Trust commissions	707,081	197,057
Loan portfolio sold	70,053	72,544
Interest rate swap operations (d)	45,349	49,761
Mutual funds and Investment funds managed by Interfondos Sociedad Administradora de Fondos	1,915,486	1,335,056
Equity trusts managed by Internacional de Títulos Sociedad Titulizadora S.A. – Intertítulos S.T.	466,800	1,321,916
Other	9,073,410	6,018,226
Total other off-balance sheet accounts	<u>20,262,821</u>	<u>17,853,421</u>
Total off-balance sheet accounts	<u>27,434,659</u>	<u>24,056,693</u>

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

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

The Bank applies the same credit policies for granting and evaluating the allowance for direct loans when performing contingent transactions (indirect loans), including obtaining guaranties 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 transactions (indirect loans) are expected to expire without the Bank having to disburse all or any funds, the total committed amounts do not necessarily represent future cash requirements.

- (c) As of September 30, 2007 and December 31, 2006, the derivative operations maintained by the Bank related to purchase and sale agreements of foreign currency forward transactions were as follows:

	Nominal amount				Fair value	
	As of September 30, 2007		As of December 31, 2006		As of September 30, 2007	As of December 31, 2006
	US\$(000)	S/(000)	US\$(000)	S/(000)	S/(000)	S/(000)
Purchase agreements	143,043	441,429	212,189	678,155	(6,491)	(1,379)
Sale agreements	152,647	471,069	216,536	692,049	9,992	13,601

These contracts were entered into solely for the purpose of meeting the needs of clients; and they mature within a term not to exceed two years.

- (d) As of September 30, 2007, the Bank has interest rate swaps for a nominal value of approximately S/45,349,000, equivalent to US\$14,695,000 (S/49,761,000, equivalent to US\$15,570,000 as of December 31, 2006) gains in valuation amounted to S/10,000 (approximately to S/381,000 as of December 31, 2006).
- (e) The balance of "Other off-balance sheet accounts" includes many transactions that are recorded for control purposes. The most significant component of this balance relates to the "Guarantees received" caption, which corresponds to items received as guarantee. Such items are accounted for at the value agreed upon as of the date of the loan contract, which does not necessarily represent their market value.

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17. Financial income and expenses

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

	For the nine - month period ended September 30	
	2007	2006
	S/(000)	S/(000)
Financial income		
Interest and commissions on loans	533,413	435,772
Interest on due from banks and interbank funds	34,762	28,379
Investment income, net		
Income from marketable securities and held-to-maturity investments	136,460	91,575
Gain on sale and purchase of marketable securities and held-to-maturity investments, net	56,939	21,320
Income from valuation of marketable investments, net	31,329	8,451
Income from permanent investments, net	11,875	12,138
Other financial income	3,026	1,164
	<hr/>	<hr/>
Financial income before exchange difference, net	807,804	598,799
Exchange difference, net	56,831	52,498
	<hr/>	<hr/>
Total	864,635	651,297
	<hr/>	<hr/>
Financial expenses		
Interests and commissions on deposits and obligations	131,527	85,100
Interests and fees on deposits and due to banks and correspondents	25,459	18,411
Interests on securities, bonds and other obligations outstanding	13,672	15,906
Deposit Insurance Fund premiums	8,319	7,626
Other financial expenses	33,266	16,188
	<hr/>	<hr/>
Total	212,243	143,231
	<hr/>	<hr/>
Gross financial margin	652,392	508,066
	<hr/>	<hr/>

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 23

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

18. Income and expenses from financial services

The table below presents the components of this caption:

	For the nine - month period ended September 30	
	2007 S/(000)	2006 S/(000)
Income from financial services		
Commissions	83,370	68,324
Credit and debit card services	69,988	56,799
Contingent operations	11,148	9,101
Fees for collection and payment services	8,053	7,895
Others	36,469	29,512
	<hr/>	<hr/>
Total	209,028	171,631
	<hr/>	<hr/>
Expenses from financial services		
Credit and debit card expenses	16,223	16,081
Fees paid to foreign banks	3,820	3,030
Other expenses	425	495
	<hr/>	<hr/>
Total	,20,468	19,606
	<hr/>	<hr/>

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 23

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

19. **Result from insurance underwriting, net**

The table below presents the components of this caption:

	For the nine - month period ended September 30	
	2007 S/(000)	2006 S/(000)
Assumed premiums	164,163	228,821
Adjustment of technical reserves for assumed premiums	(97,222)	(174,265)
Ceded premiums	(4,055)	(3,321)
Adjustment of technical reserves for ceded premiums	138	109
Claims on assumed premiums	(109,412)	(98,954)
Claims on ceded premiums	1,053	1,781
Commissions from written premiums	(1,220)	(1,058)
Other technical income	1,724	1,046
Other technical expenses	(6,684)	(4,158)
Technical result, net	<u>(51,515)</u>	<u>(49,999)</u>

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

20. Transactions with related parties and affiliated companies

(a) The table below presents the balances with related and affiliates companies as of September 30, 2007 and December 31, 2006:

	As of September 30, 2007												
	Supermercados Peruanos S.A. (Note 1(b)) S/(000)	IFH Perú Ltd. S/(000)	Blu Bank Ltd. S/(000)	Centura Sociedad Agente de Bolsa S/(000)	Procesos MC Perú S.A. S/(000)	Urbi Propiedades S.A. S/(000)	Cineplex S.A. S/(000)	Nessus Hoteles Perú S.A. S/(000)	Nexus Capital Partners III S/(000)	Tech Plast. S.A. S/(000)	Peruplast S.A. S/(000)	Others S/(000)	Total S/(000)
Assets													
Cash and due from banks	-	-	7,616	-	-	-	-	-	-	-	-	-	7,616
Held-to-maturity investments (real estate projects), Note 7	-	-	-	-	-	26,276	3,276	-	-	-	-	-	29,552
Loans, net	183	-	-	-	-	1,543	3,391	15,108	31,689	32,992	1,510	1,563	88,519
Other assets, Note 9	16,902	788	-	30	-	2,919	33	-	-	-	-	2,784	23,456
Liabilities													
Deposits and obligations	13,427	1,500	2	36,285	5,509	469	745	1,092	-	1,503	5,064	4,849	70,445
Other liabilities	6	666	842	-	-	-	19	4	-	-	-	51	1,588
Results													
Interest income	33	31	220	-	6	53	275	682	1,748	762	117	1,434	5,361
Administrative expenses	(5,062)	-	-	-	-	(3,478)	(4)	-	-	-	-	-	(8,544)
Others, net	2,599	1	(107)	(7,062)	(167)	2,435	1,452	622	13	2	(39)	(755)	(1,006)
Off-balance sheet accounts													
Indirect credits	-	-	-	1,957	2,519	2,740	-	1,576	-	-	-	5,102	13,894
	As of December 31, 2006												
	Supermercados Peruanos S.A. (Note 1(b)) S/(000)	IFH Perú Ltd. S/(000)	Blu Bank Ltd. S/(000)	Centura Sociedad Agente de Bolsa S/(000)	Procesos MC Perú S.A. S/(000)	Urbi Propiedades S.A. S/(000)	Cineplex S.A. S/(000)	Nessus Hoteles Peru S.A. S/(000)	Nexus Capital Partners III S/(000)	Tech Plast. S.A. S/(000)	Peruplast S.A. S/(000)	Others S/(000)	Total S/(000)
Assets													
Cash and due from banks	-	-	3,715	-	-	-	-	-	-	-	-	-	3,715
Held-to-maturity investments (real estate projects), Note 7	-	-	-	-	-	28,454	3,430	-	-	-	-	-	31,884
Loans, net	3,032	-	-	-	-	-	5,143	5,134	-	-	-	232	13,541
Accounts receivable from insurance operations	406	-	-	-	-	-	-	-	-	-	-	-	406
Other assets, Note 9	35,175	2,321	-	3,166	-	3,258	31	-	-	-	-	3,190	47,141
Liabilities													
Deposits and obligations	428	47	-	8,846	6,798	126	3,607	697	-	-	-	3,279	23,828
Other liabilities	1,576	-	1,730	-	-	-	-	-	-	-	-	397	3,703
Results													
Interest income	44	91	120	-	-	3,010	538	-	-	-	-	-	3,803
Administrative expenses	(2,747)	-	-	-	-	-	-	-	-	-	-	-	(2,747)
Others, net	(2,712)	-	(160)	318	(187)	(873)	-	-	-	-	-	(1,893)	(5,507)
Off-balance sheet accounts													
Indirect credits	-	-	192	595	2,397	2,039	-	1,598	-	-	-	-	6,821

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 23

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

- (b) Some shareholders, directors and officers of Intergroup and its Subsidiaries have been involved, either directly or indirectly, in credit transactions with Intergroup and its Subsidiaries as permitted by Peruvian legislation, which establishes rules and limits on certain transactions with employees, directors and officers of a bank. As of September 30, 2007, loans and other credits to employees amounted approximately to S/28,180,000, (S/22,983,000 as of December 31, 2006).

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

- (c) As of September 30, 2007 and December 31, 2006, Intergroup and Subsidiaries participated in different local and foreign mutual and investments funds managed by Subsidiaries or related parties, which are shown below:

	As of September 30, 2007	As of December 31, 2006
	S/(000)	S/(000)
Investments available for sale -		
Interfondos Sociedad Administradora de Fondos:		
- Fondo Mutuo Interfondo RF	3	4,952
- Fondo Mutuo Interfondo Soles	2,767	7,035
- Fondo Mutuo Interfondo Cash	27	252
- Fondo Mutuo Interfondo Global	262	795
- Fondo Mutuo Interfondo Mixto	1,216	-
- Fondo Mutuo Interfondo	-	89
Compass Group Sociedad Administradora de Fondos de Inversión S.A.:		
- Compass Group - Renta Fija Fondo de Inversión Mixta Especializada	-	6,855
Permanent investments -		
Compass Capital (Cayman) Limited		
- Compass Capital Fund, LLP	7,887	8,066
- Allowance for impairment	(7,174)	(6,832)
	<u>4,988</u>	<u>21,212</u>

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 23

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

In addition, as of September 30, 2007 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/18,876,000 (approximately S/82,256,000 as of December 31, 2006), which are presented in the “Off-balance sheet accounts-Foreign currency forwards operations” caption of the consolidated balance sheets.

- (d) In the opinion of Management of the Company and its Subsidiaries, transactions with related parties 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 interim consolidated financial statements (unaudited) (continued)

21. 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 and its Subsidiaries' financial information by business segments as of September 30, 2007 and 2006:

	External income S/(000)	Income between consolidated entities S/(000)	Eliminations S/(000)	Total Income (*) S/(000)	Total expenses (**) S/(000)	Administrative expenses S/(000)	Depreciation and amortization S/(000)	Other provisions (***) S/(000)	Total operating income S/(000)
As of September 30, 2007									
Banking	918,159	4,691	(4,691)	918,159	(224,467)	(356,806)	(37,654)	(116,904)	188,368
Insurance	324,705	12,862	(12,862)	324,705	(235,787)	(21,692)	(1,905)	-	65,321
Total	1,242,864	17,553	(17,553)	1,242,864	(460,254)	(378,498)	(39,559)	(116,904)	253,689
As of September 30, 2006									
Banking	725,500	5,399	(5,399)	725,500	(155,501)	(289,848)	(35,899)	(111,031)	138,488
Insurance	322,205	9,803	(9,803)	322,205	(287,379)	(19,315)	(1,942)	-	13,569
Total	1,047,705	15,202	(15,202)	1,047,705	(442,880)	(309,163)	(37,841)	(111,031)	152,057

(*) 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 credit losses, investments and other contingencies.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 23

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

The following table presents Intergroup and its Subsidiaries' financial information by business segments as of September 30, 2007 and December 31, 2006 in thousands of Nuevos Soles:

	Total assets S/(000)	Fixed assets S/(000)	Total liabilities S/(000)
As of September 30, 2007			
Banking	9,386,507	423,126	8,309,228
Insurance	<u>1,558,581</u>	<u>3,041</u>	<u>1,353,655</u>
Total	<u>10,945,088</u>	<u>426,167</u>	<u>9,662,883</u>
As of December 31, 2006			
Banking	7,363,669	394,249	6,708,943
Insurance	1,368,625	3,151	1,304,023
Discontinued operation	<u>365,003</u>	<u>-</u>	<u>270,502</u>
Total	<u>9,097,297</u>	<u>397,400</u>	<u>8,283,468</u>

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

22. Fair value

Fair value 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 instrument, other estimation techniques may be used to determine such fair value including the current market value of another 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 date, except for those with an active market.

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

- Cash and due from banks represent cash and short-term deposits that do not represent significant credit or interest risks; in consequence, their book value is equivalent to their fair value in the consolidated balance sheets.
- Available-for-sale investments are recorded at the lower of cost or market value, except for the bonds 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 instruments has been determined based on stock exchange prices or using investment valuation techniques. The estimated fair value of held-to-maturity financial investments has been computed based on existing quotations as of September 30, 2007 and December 31, 2006, respectively. 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, is considered to be the best estimate of their fair value as of the date of the consolidated financial statements.
- Management of Intergroup and its Subsidiaries considers that the book value of permanent investments approximates their fair value.

Translation of interim unaudited consolidated financial statements originally issued in Spanish – Note 23

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

- 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 which include variable interest rate terms and preferential rates, the Bank has estimated that the book values do not differ significantly from their fair values.
- For liabilities that bear interest and have original maturities greater 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 16, the Bank participates in indirect credit (contingent transactions). 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 on the prior analysis, Intergroup and its Subsidiaries Management consider that, as of September 30, 2007 and December 31, 2006, the estimated fair values of Intergroup's and its Subsidiaries' financial instruments do not differ significantly from their book values; except for some financial instruments, as explained in preceding paragraphs, whose estimated market value is presented in their respective notes to the consolidated financial statements.

23. Additional explanation for English translation

The accompanying interim unaudited consolidated financial statements are presented on the basis of accounting principles generally accepted in Peru for financial and insurance entities. Certain accounting practices employed by the Company and its Subsidiaries, which conform to accounting principles generally accepted in Peru for financial and insurance entities, may differ in certain significant respects from generally accepted accounting principles in other countries. In the event of a discrepancy, the Spanish language version prevails.