

Translation of unaudited consolidated financial statements originally
issued in Spanish - Note 32

Intergroup Financial Services Corp. and Subsidiaries

Unaudited consolidated financial statements as of
September 30, 2010 and audited as of December 31,
2009.

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Intergroup Financial Services Corp. and Subsidiaries

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Intergroup Financial Services Corp. and Subsidiaries

Consolidated balance sheets

As of September 30, 2010 (unaudited) and December 31, 2009 (audited)

	Note	As of September, 30 2010 S/(000)	As of December,31 2009 S/(000)		Note	As of September, 30 2010 S/(000)	As of December,31 2009 S/(000)
Assets				Liabilities and equity			
Cash and due from banks	5			Deposits and obligations	13	11,448,510	11,418,205
Cash and clearing		694,164	1,090,330	Interbank funds		58,593	239,956
Deposits in the Peruvian Central Bank		1,698,977	1,850,770	Short-term deposits from financial entities		129,664	107,930
Deposits in domestic and foreign banks		488,113	252,496	Due to banks and correspondents - short-term	14	1,874,401	662,853
Restricted funds		109,361	69,959	Due to banks and correspondents - long-term	14	647,935	451,056
Interest accrued on cash and due from banks		293	215	Accounts payable, provisions and other liabilities	12	576,296	549,165
		2,990,908	3,263,770	Bonds and other obligations	15	1,978,796	1,471,839
				Technical reserves for premiums and claims	16	1,725,119	1,524,267
Interbank funds		3,000	-	Deferred liability from income tax and workers' profit sharing	17	6,808	2,191
Investments, net	6	3,781,862	2,650,675	Total liabilities		18,446,122	16,427,462
Loan portfolio, net	9	11,007,184	9,610,214	Equity	18		
Held-to-maturity investments, net	7	610,198	968,234	Equity attributable to Intergroup's equity holders			
Real estate investment, net	8	628,873	574,796	Capital stock		799,581	799,581
Investment in associates	10	25,402	28,905	Treasury stock		(99,857)	(66,983)
Property, plant and equipment, net	11	487,123	534,574	Capital surplus		268,077	268,077
Accounts receivable and other assets	12	802,039	569,142	Unrealized gains, net		46,170	43,925
Realizable assets, assets received as payment and seized through legal actions, net		8,965	10,463	Retained earnings		934,350	764,766
Deferred asset from income tax and workers' profit sharing	17	62,898	39,325			1,948,321	1,809,366
				Minority interests		14,009	13,270
Total assets		20,408,452	18,250,098	Total equity		1,962,330	1,822,636
Off-balance sheet accounts	20			Total liabilities and equity		20,408,452	18,250,098
Contingent assets		21,781,131	13,287,395	Off-balance sheet accounts	20		
Other off-balance sheet assets accounts		36,180,808	29,755,827	Contingent liabilities		21,781,131	13,287,395
		57,961,939	43,043,222	Other off-balance sheet liabilities accounts		36,180,808	29,755,827
						57,961,939	43,043,222

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, 2010 and December 31, 2009

	Note	As of September, 30 2010 S/ (000)	As of September, 30 2009 S/ (000)
Financial income	21	1,613,403	1,499,807
Financial expense	21	(329,965)	(359,510)
Gross financial margin		1,283,438	1,140,297
Provision for loan losses, net	9(b)	(279,796)	(273,882)
Net financial margin		1,003,642	866,415
Fee income from financial services	22	351,307	319,942
Expenses relating to financial services	22	(38,138)	(33,441)
Result from insurance underwriting, net	23	(34,798)	(27,025)
Operating margin		1,282,013	1,125,891
Administrative expenses	24(a)	(690,282)	(625,398)
Net operating margin		591,731	500,493
Provision for contingencies and other		(29,497)	(45,206)
Depreciation of property, furniture and equipment	11(a)	(51,468)	(43,330)
Amortization of intangibles		(16,018)	(7,552)
Amortization of goodwill and interest premium		(2,531)	(2,531)
Operating income		492,217	401,874
Other income, net	25	78,232	62,292
Income before workers' profit sharing and Income tax		570,449	464,166
Workers' profit sharing	17(b)	(25,758)	(17,007)
Income tax	17(b)	(146,526)	(98,409)
Net income		398,165	348,750
Attributable to:			
Intergroup's equity shareholders		395,977	346,624
Minority interest		2,188	2,126
		398,165	348,750
Basic and diluted earnings per share attributable to Intergroup (stated in Nuevos Soles)	26	4.347	3.765
Weighted average number of outstanding shares (in thousands)	26	91,090	92,075

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, 2010 and December 31, 2009

	Number of shares (in thousands)		Attributable to Intergroup's equity holders						Minority interest S/(000)	Total shareholder's equity S/(000)
	Issued	In treasury	Capital stock S/(000)	Treasury stock S/(000)	Capital surplus S/(000)	Unrealized gains, net S/(000)	Retained earnings S/(000)	Total S/(000)		
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
Declared and paid dividends	-	-	-	-	-	-	(124,480)	(124,480)	-	(124,480)
Unrealized losses of available for sale investments, net of income tax, Note 18(d)	-	-	-	-	-	141,801	-	141,801	-	141,801
Unrealized losses of derivative financial instruments, net of income tax, Note 18(d)	-	-	-	-	-	9,944	-	9,944	-	9,944
Net income	-	-	-	-	-	-	346,624	346,624	2,126	348,750
Purchase of shares issued by Intergroup 18(b)	-	(2,139)	-	(113,826)	-	-	-	(113,826)	-	(113,826)
Others	-	-	-	-	-	-	(290)	(290)	214	(76)
Balance as of September 30, 2009	<u>93,615</u>	<u>(2,199)</u>	<u>799,581</u>	<u>(117,311)</u>	<u>268,077</u>	<u>87,603</u>	<u>628,551</u>	<u>1,666,501</u>	<u>8,987</u>	<u>1,675,488</u>
Balance as of January 1, 2010	93,615	(2,098)	799,581	(66,983)	268,077	43,925	764,766	1,809,366	13,270	1,822,636
Declared and paid dividends	-	-	-	-	-	-	(255,690)	(255,690)	-	(255,690)
Net variation of unrealized results on sale investment, net of income tax, Note 18(d)	-	-	-	-	-	37,079	-	37,079	-	37,079
Net variation of unrealized results on derivative financial instruments, net of income tax, Note 18(d)	-	-	-	-	-	(19,075)	-	(19,075)	-	(19,075)
Net income	-	-	-	-	-	-	395,977	395,977	2,188	398,165
Purchase of shares issued by Intergroup 18(b)	-	(135)	-	(32,874)	-	(15,759)	37,928	(10,705)	216	(10,489)
Others	-	-	-	-	-	-	(8,631)	(8,631)	(1,665)	(10,296)
Balance as of September 30, 2010	<u>93,615</u>	<u>(2,233)</u>	<u>799,581</u>	<u>(99,857)</u>	<u>268,077</u>	<u>46,170</u>	<u>934,350</u>	<u>1,948,321</u>	<u>14,009</u>	<u>1,962,330</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, 2010 and December 31, 2009

	As of September, 30 2010 S/(000)	As of September, 30 2009 S/(000)
Reconciliation of net income to cash provided by operating activities		
Net income	398,165	348,750
Adjustments to net income		
Add (less)		
Provision for loan losses, net	279,796	273,882
Depreciation of property, furniture, equipment	51,468	43,330
Amortization of intangibles	16,018	7,552
Gain from sale of assets received as payment and seized through legal actions, Note 25	(2,396)	(2,431)
Other	(23,138)	(1,199)
Net changes in asset and liability accounts		
(Increase) decrease in receivable accrued interest	(52,802)	2,277
Increase (decrease) in payable accrued interest	44,172	(5,173)
Net increase in other assets	(226,332)	(144,068)
Net increase (net decrease) in other liabilities	27,131	(51,994)
Increase (decrease) in technical reserves	200,852	(643)
Net cash provided by operating activities	<u>712,934</u>	<u>470,283</u>

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Consolidated statements of cash flow (unaudited) (continued)

	As of September, 30 2010 S/(000)	As of September, 30 2009 S/(000)
Cash flows (used in) provided by investing activities		
Purchase of property, furniture and equipment	(53,351)	(81,994)
Sale of assets received as payment and seized through legal actions	3,877	2,892
Purchase of intangibles	(12,651)	(365)
Net cash used in investing activities	(62,125)	(79,467)
Cash flows used in financing activities		
Net increase in loan portfolio	(1,628,673)	(484,715)
Increase in marketable securities, net and investments held-to maturity, net	(825,378)	(266,895)
Net increase in deposits and obligations	44,547	1,468,898
Net increase (net decrease) in deposits in financial entities	21,734	(40,312)
Collection of dividends net of permanent investments decrease	7,702	3,630
Net increase (net decrease) in due to banks and correspondents	1,374,303	(1,205,885)
Net increase in bonds and other obligations outstanding	482,667	386,381
Net increase in receivable inter-bank funds	(3,000)	(8,971)
Net decrease in payable inter-bank funds	(181,363)	(77,028)
Payment of dividends	(255,690)	(124,480)
Net cash used in (provided by) financing activities	(963,151)	(349,377)
Cash (net decrease) net increase	(312,342)	41,439
Balance of cash at the beginning of year	3,193,596	2,731,341
Balance of cash at end of year	2,881,254	2,772,780

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Intergroup Financial Services Corp. and Subsidiaries

Notes to the consolidated financial statements (unaudited)

As of September 30, 2010, December 31, 2009 and September 30, 2009

1. Business activity, reorganization and public offering exchange

(a) Business activity -

Intergroup Financial Services Corp. (hereafter "Intergroup" or "the Company") is a limited responsibility holding corporation incorporated in Panama on September 19, 2006, as the result of the restructuring of its shareholder structure IFH Perú Ltd. (hereafter "IFH", a holding corporation incorporated in 1997, in The Bahamas, during 2007.

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

As of September 30, 2010 and December 31, 2009, Intergroup holds 99.29 percent and 100 percent of the capital stock of Banco Internacional del Perú S.A.A. - Interbank (hereafter "the Bank") and of Interseguro Compañía de Seguros S.A. (hereafter "Interseguro"), respectively.

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

(b) Public exchange offer -

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

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

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

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Given that the above mentioned public exchange offer did not represent an effective change in the control of the minority shareholders of the Bank now grouped under Intergroup; according to the generally accepted accounting principles for financial and insurance entities in Peru, the transfers were accounted for using the pooling of interest method, considering the equity value of the Bank and no effects were recognized in the consolidated statement of income. As a consequence of this transaction, the equity attributable to Intergroup shareholders increased S/17,350,000 and the minority interest decrease by the same amount.

As of September 30, 2010, IFH holds directly and indirectly the 73.93 percent of the capital stock of Intergroup (74.52 percent directly and indirectly as of December 31, 2009).

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.

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

As of September 30, 2010, the Bank had 229 offices and a foreign office (227 offices as of December 31, 2009). Furthermore, had the following wholly-owned Subsidiaries:

Subsidiary	Activity
Interfondos S.A. Sociedad Administradora de Fondos	As of September 30, 2010 and December 31, 2009, managed mutual and investment funds with equity book values of approximately S/ 2,447 million and S/ 2,332 million, respectively.
Internacional de Títulos Sociedad Titulizadora S.A. - Intertítulos S.T.	As of September 30, 2010 and December 31, 2009, managed securitization funds, with combined assets of approximately S/ 879 million and S/ 587 million, respectively.
Inversiones Huancavelica S.A.	Real estate activities.
Contacto Servicios Integrales de Crédito y Cobranzas S.A.	Collection services.
Corporación Inmobiliaria de La Unión 600 S.A.	Real estate activities.
Equity trust fund - D.S. N°093-2002-EF, Interproperties Perú - Corporación Inmobiliaria de la Unión 600 S.A.	A special purpose entity, see paragraph (d) below.

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

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

Interseguro has the following subsidiaries:

Subsidiary	Activity
Real Plaza S.A.	An entity engaged in the administration of seven shopping and entertainment malls called "Centro Comercial Real Plaza", located in Chiclayo, Trujillo, Huancayo and various districts of Lima. As of September 30, 2010 and December 31, 2009 Interseguro owns 100 percent of its capital stock.
Centro Cívico S.A.	Incorporated jointly with Urbi Propiedades S.A. to operate the concession of surface rights on the property belonging to the Pension Administration Office (<i>Oficina de Normalización Previsional</i> - ONP) also known as the "Civic Center" (<i>Centro Cívico</i>). During 2008 and 2009 this subsidiary developed a shopping center, over such surface, which opened for business in December 2009. However, the ONP granted the concession of surface rights to Interseguro. See further detail in Note 8(d). As of September 30, 2010 and December 31, 2009, Interseguro owns 65 percent of its capital stock. The remaining is owned by Urbi Propiedades S.A., an affiliate company.
Interproperties Perú S.A.	An entity engaged in all activities related to real estate and construction industry. As of September 30, 2010 and December 31, 2009, Interseguro holds 100 percent of its capital stock.
Equity trust fund - D.S. N°093-2002-EF, Interproperties Perú - Interseguro	A special purposes entity, see paragraph (d) below.

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(c) Interactiva AFP S.A. -

On September 25, 2007, Intergroup's Board of Directors agreed to initiate with the SBS the required procedures to organize and operate a Private Pension Funds Administrator; for such purpose it has made a capital contribution amounting to S/ 2,013,000. On October 28, 2008, Intergroup Board of Directors agreed the withdrawal of the process of organization previously mentioned, such decision was accepted by the SBS. The return of the above mentioned capital contribution was effected in January 2009.

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

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

The subsidiaries that consolidate their financial information with Intergroup and 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. Intergroup has also directly contributed with assets to the equity trust fund. During 2009, these companies continued contributing their assets to the equity trust fund for the purposes detailed above.

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

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The table below presents a summary of the individual financial statements of Interbank, Interseguro and the SPE (for the amounts that affect Intergroup and its subsidiaries), before eliminations for consolidation with Intergroup, as of September 30, 2010 (unaudited) and December 31, 2009 (audited) and for the years then ended:

	Banco Internacional del Perú S.A.A. - Interbank		Interseguro Compañía de Seguros S.A.		SPE	
	30.09.10 S/(000)	31.12.09 S/(000)	30.09.10 S/(000)	31.12.09 S/(000)	30.09.10 S/(000)	31.12.09 S/(000)
Total assets	18,023,863	16,173,057	2,230,711	1,971,569	582,967	421,667
Total liabilities	16,475,066	14,751,447	1,889,796	1,697,308	155,398	102,089
Shareholders' equity, net	1,548,797	1,421,610	340,915	274,261	394,075	319,578
Operating income	481,247	547,621	65,264	76,070	13,056	5,417
Net income	359,249	429,366	65,264	76,070	12,131	4,333

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3. Accounting principles and practices

In the preparation and presentation of the accompanying consolidated financial statements, Management has complied with the regulations established by the SBS and effective in Peru as of September 30, 2010 and December 31, 2009, for financial entities (Intergroup, the Bank and Subsidiaries) as well as for insurance entities (Interseguro and its Subsidiaries).

Significant accounting principles and practices as of September 30, 2010, have not changed in respect of the principles described as of December 31, 2009 in the audited financial report dated March 10, 2010, except for the following:

- (i) Changes in accounting policies for the banking business - Regulations for the Evaluation and Classification of a Debtor and the Required Provision (approved through Resolution SBS N° 11356-2008).

This regulation came into force since July 2010, except for the section related to a pro-cyclical provisioning rule, which was required by the SBS, from December 2008 to August 2009. The main changes introduced by this rule are related to i) New types of loan portfolio, determined mainly by the amount of the customers' revenues and the amount of the loan; and, ii) New credit conversion factors over indirect loans for the determination of "Exposure equivalent to credit risk" which is base in the calculation of provisions; among other minor changes.

Furthermore, in September 2010, through Circular N° B-2193-2010, the SBS reactivates the pro-cyclical rule, meaning that financial entities must establish the necessary pro-cyclical provisions since October 2010.

In the opinion of Management of the Company and its Subsidiaries, the implementation of these changes would not have a significant impact on the consolidated financial statements.

- (ii) Certain reclassifications have been made to prior consolidated financial statements in order to make them comparable with the current period consolidated financial statements

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, 2010, the weighted average exchange rates in the market as published by the SBS for transactions in US Dollars were S/2.787 bid and S/2.788 ask (S/2.888 bid and S/2.891 ask, as of December

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31, 2009). As of September 30, 2010, the exchange rate established by the SBS to record assets and liabilities in foreign currency was S/2.787 per US Dollar (S/2.890 as of December 31, 2009).

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

	As of September, 30 2010 US\$(000)	As of December 31, 2009 US\$(000)
Assets		
Cash and due from banks	930,248	859,774
Marketable investments and held-to-maturity investments, net	684,421	802,976
Loan portfolio, net	1,722,243	1,531,928
Accounts receivable and other assets	117,866	52,971
	<u>3,454,778</u>	<u>3,247,649</u>
Liabilities		
Deposits and obligations	2,079,561	2,299,342
Deposits from foreign and local financial entities	31,195	20,609
Due to banks and correspondents	632,258	207,576
Bonds and other obligations	595,978	403,833
Accounts payable, provisions and other liabilities	67,771	66,927
Technical reserves for premiums and claims	480,782	404,407
	<u>3,887,545</u>	<u>3,402,694</u>
Forwards transactions - net purchase position	299,893	214,774
Currency swap transactions - net sale position	(53,189)	(105,000)
Net liability position	<u>(186,063)</u>	<u>(45,271)</u>

As of September 30, 2010, the net purchase position from derivative transactions corresponding to foreign currency forward purchase and sale contracts, in nominal amounts, amounted to approximately US\$ 842,999,000 and US\$ 543,106,000, equivalent to S/ 2,349,438,000 and S/ 1,513,635,000, respectively (US\$ 634,260,000 and US\$ 419,486,000 as of December 31, 2009, equivalent to S/ 1,833,013,000 and S/ 1,212,256,000, respectively), see Note 20(c).

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As of September 30, 2010, the short position for currency-swap derivative contracts corresponds to currency purchase and sale forward transactions for approximately US\$ 11,863,000 y US\$ 65,052,000 in nominal amounts, equivalent to S/ 33,062,000 and S/ 181,300,000 (short position that corresponds to currency sale forward transactions whose nominal amounts are approximately US\$ 5,000,000 and US\$ 110,000,000, equivalent to S/ 14,450,000 and S/ 317,900,000 as of December 31, 2009), see Note 20(d).

As of September 30, 2010, Intergroup and its Subsidiaries have granted indirect loans (contingent operations) in foreign currency for approximately US\$ 946,949,000, equivalent to S/ 2,639,147,000 (US\$ 375,303,000, equivalent to S/ 1,084,626,000 as of December 31, 2009) that do not form part of the exchange position indicated previously.

5. Cash and due from banks

As of September 30, 2010, cash and due from banks includes approximately US\$ 721,657,000 and S/ 383,797,000 (US\$ 775,487,000 and S/ 381,269,000 as of December 31, 2009), which represents the legal reserve that the Bank must establish for deposits received from third parties. These funds are kept in the Bank's vaults and in the Central Reserve Bank of Peru (hereafter BCRP for its Spanish initials). The Bank maintains such legal reserve within the limits required by prevailing regulations.

The legal reserve maintained by the Bank at the BCRP does not accrue interest, except for deposits in foreign currency that exceed the minimum reserve required. As of September 30, 2010, the monthly amount by which foreign currency deposits exceeded minimum legal reserve requirements was approximately US\$ 46,960,000 equivalent to S/ 130,876,000 (US\$ 284,725,000, equivalent to S/ 822,856,000 as of December 31, 2009). These excess amounts accrued interest at an annual average rate of 0.15 percent (annual average rate of 0.14 as of December 31, 2009).

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

As of September 30, 2010 and December 31, 2009, this caption includes restricted funds for approximately S/ 109,361,000 and S/ 69,959,000, respectively, which corresponds mainly to requirements made by the counterparties of derivative transactions performed by the Bank.

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6. Investments, net

(a) This caption is made up as follows:

	As of September 30, 2010	As of December 31, 2009
	S/(000)	S/(000)
Investment at fair value through profit and loss - (Trading) -		
Investment in shares quoted on the Lima stock Exchange	1,139	5,499
	<u>1,139</u>	<u>5,499</u>
Investments available-for-sale -		
Negotiable Bank Certificates issued by BCRP (b)	1,953,618	731,739
Government Bonds:		
- Peruvian Global Bonds (c)	51,904	323,719
- Peruvian Sovereign Bonds	138,656	151,192
- Colombian Sovereign Bonds	-	24,496
- Brazilian Sovereign Bonds	-	78,489
- Panama Sovereign Bonds	5,298	-
- Bonos Fortalecimiento Patrimonial de Empresas - FOPE (Perú)	5,614	5,822
Mutual and investment funds participation (f)	56,056	432,465
Financial and corporate bonds	862,926	282,685
Shares of Peruvian private sector and exterior	133,449	100,606
Credit Suisse Nassau Branch y London Branch - Variable coupon principal protected notes (Royalty Pharma) (d)	416,545	407,543
Royalty Pharma Cayman Partners, LP participations(e)	67,679	66,784
Biopharma Cayman Partners, LP participations	46,149	9,760
Others	17,604	12,418
	<u>3,755,498</u>	<u>2,627,718</u>
Add - Accrued interest on marketable investments	<u>25,225</u>	<u>17,458</u>
Total	<u><u>3,781,862</u></u>	<u><u>2,650,675</u></u>

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

- (b) As of September 30, 2010, the Negotiable Bank Certificates issued by the BCRP (CDN-BCRP for its Spanish initials), are denominated in Nuevos Soles, have maturities between October and November 2010 (between January and July 2010 as of December 31, 2009), and accrue effective annual interest rates between 2.76 and 3.05 percent (between 1.21 and 1.73 percent as of December 31, 2009).

As of September 30, 2010 and 2009, the interest accrued on CDN-BCRP amounted to approximately S/ 14,777,000 and S/ 7,254,000, respectively, and is included in the "Financial income" caption in the consolidated statements of income.

- (c) As of September 30, 2010, the Peruvian Global Bonds are denominated in US Dollars, have maturities between May 2016 and November 2033 (between May 2016 and November 2033 as of December 31, 2009), and accrue effective annual interest rates between 8.38 and 8.75 percent (between 7.13 and 8.75 percent as of December 31, 2009).

As of September 30, 2010 and 2009, the interest accrued on this financial instrument amounted to approximately S/ 7,076,000 and S/ 26,250,000, respectively, and is included in the "Financial income" caption in the consolidated statements of income.

- (d) This corresponds to notes issued by the Credit Suisse Bank (CSB) branches in Nassau and London, due in 2036 and 2038, issued as bonds and acquired by related companies. These notes were issued in US Dollars, are not liquid and have a fixed-yield component (zero coupon bond) and a variable-yield component based on Royalty Pharma shares, which shall be delivered to the Company and its Subsidiaries as part of the notes' yield in the following cases:

- Upon their maturity, together with the payment of the notes' principal,
- If the Bank executes the prepayment option, in which case the Bank will receive the shares plus an amount equivalent to the zero coupon bond at the execution date.

During the effective term of the notes, they will pay a yield equivalent to the dividends that CSB receives on the Royalty Pharma participations acquired at the time of the notes' issuance. As of September 2010 and 2009, Intergroup and its Subsidiaries received for this concept approximately US\$ 7,524,000 and US\$ 6,779,000, respectively (equivalent to approximately S/21,253,000 and S/ 20,518,000, respectively).

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.

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

As September 30, 2010 and December 31, 2009, the Credit Suisse Nassau Branch and Credit Suisse London Branch notes classified as available-for-sale consist of 1,234,000 and 745,000 Royalty Pharma Cayman Partners LP participations amounting to approximately US\$49,355,000 and US\$36,878,000, respectively, and a zero-coupon financial instrument issued by CSB amounting to approximately US\$16,067,000 and US\$14,232,000, respectively, which would allow the Bank to collect the nominal amount of the capital Note plus the shares of Royalty Pharma at maturity.

The estimated fair value of the notes as of September 30, 2010 and December 31, 2009 has been determined by Management based on information obtained from an open access prices source (publicly available).

- (e) As of September 30, 2010 and December 31, 2009, this corresponds to 375,212 shares held by Intergrup and Interfondos S.A. Sociedad Administradora de Fondos in the Royalty Pharma fund. See previous Note.

The estimated fair value of the shares as of September 30, 2010 and December 31, 2009 has been determined by the management of the Company and its Subsidiaries based on the NAV (Net Asset Value), concluding that this is a reasonable indication of their fair value.

- (f) As of September 30, 2010 and December 31, 2009, investments available-for-sale is recorded at their estimated fair value. Management has estimated the fair value of marketable investments based on prices available on the Lima Stock Exchange or, when such prices do not exist, discounting expected cash flows at an interest rate that reflects the investment's risk rating or based on a publicly accessible price source. .
- (g) The recorded income for these investments are presented in Note 21.

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

7. Held-to-maturity investments, net

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

	As of September 30, 2010 S/(000)	As of December 31, 2009 S/(000)
Corporate and financial bonds (b)	350,751	619,005
Sovereign bonds (c)	223,052	304,964
Real estate projects (d)	26,470	28,678
Others	-	2,645
	<u>600,273</u>	<u>955,292</u>
Less - Allowance for held-to-maturity investments	(31)	(150)
Add - Accrued interest on held-to-maturity investments	<u>9,956</u>	<u>13,092</u>
Total	<u>610,198</u>	<u>968,234</u>

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

	As of September 30, 2010 S/(000)	As of December 31, 2009 S/(000)
Instruments rated in Peru		
AAA	119,030	180,622
AA - / AA +	-	12,748
Lower than B -	-	149
Instruments rated abroad		
AAA	25,603	
AA- a AA+	4,058	
BBB - / BBB +	<u>202,060</u>	<u>425,486</u>
Total	<u>350,751</u>	<u>619,005</u>

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

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

	As of September 30, 2010 S/(000)	As of December 31, 2009 S/(000)
Peruvian Sovereign Bonds	173,454	224,977
Brazilian Sovereign Bonds	14,915	15,546
Colombian Sovereign Bonds	31,195	54,797
Panama Sovereign Bonds	3,488	9,644
Total	223,052	304,964

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

	As of September 30, 2010 S/(000)	As of December 31, 2009 S/(000)
Primavera Park Plaza (i)	23,676	25,731
Cineplanet Piura	2,794	2,947
	26,470	28,678

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

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

8. Real estate investments, net

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

	As of September 30, 2010 S/(000)	As of December 31, 2009 S/(000)
Buildings, land and work in progress (g)	273,025	241,185
Centro Comercial Real Plaza, Chiclayo (b)	58,475	54,454
Centro Comercial Real Plaza, Pro (f)	29,215	29,089
Centro Comercial Real Plaza Huancayo (c)	108,274	108,274
Centro Comercial Real Plaza Centro Cívico (d)	103,342	85,647
Centro Comercial Real Plaza Trujillo (e)	76,440	68,372
	<u>648,771</u>	<u>587,021</u>
Accumulated depreciation	<u>(19,898)</u>	<u>(12,225)</u>
	<u>628,873</u>	<u>574,796</u>

Management periodically obtains independent appraisals from of its real estate investments. Based on these appraisals, as of September 30, 2010 and December 31, 2009, Management has determined that the book value is lower than the estimated fair market value.

- (b) Corresponds to a shopping and entertainment mall named “Real Plaza” located in the city of Chiclayo, Peru, which began its operations in November 2005. The building comprises two main areas, for which Interseguro has two lease contracts signed for 30 and 20 year terms, with Saga Falabella S.A. and Cineplex S.A., respectively, which provide for a minimal monthly lease payment, as well as a variable payment based on sales and services revenues received by the tenants. In 2008 it extended the second stage of the mall. On this extension Interseguro has a lease contract signed for 30 years with Supermercados Peruanos S.A. (a related entity), which provides for a minimal monthly lease payment as well as a variable payment based on sales and services revenues received by the supermarket.
- (c) This corresponds to a shopping and entertainment mall named “Centro Comercial Real Plaza Huancayo”, located in the city of Huancayo. The center began operations in July 2008 and comprises a hypermarket, department stores, cinema complex, retail stores and entertainment area. For the first three, Interseguro has a lease contract signed for 30 years with Supermercados Peruanos S.A., Tiendas Peruanas S.A. y Cineplex S.A. (related entities), which provides a minimal monthly lease payment as well as a variable payment based on sales revenues.

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

- (d) This corresponds to a shopping and entertainment mall named “Centro Comercial Real Plaza Centro Cívico”, located in the city of Lima, which began to operate in December 2009. It mainly comprises a cinema complex and retail stores. Interseguro holds the concession of surface rights on this building with the ONP. The lease term is for 30 years, which may be extended upon expiration, and requires an annual payment to the ONP equivalent to the higher of 15 percent of the mall’s gross income or US \$800,000.
- (e) This corresponds to a shopping and entertainment mall named “Centro Comercial Real Plaza Trujillo”, located in the city of Trujillo. The center began operations in July 2007 and comprises a hypermarket, department stores, a cinema complex and an entertainment area. For the first three, Interseguro has a lease contract for 30 years with Supermercados Peruanos S.A., Tiendas Peruanas S.A. y Cineplex S.A. (related entities), which provides a minimal monthly lease payment as well as a variable payment based on sales revenues.
- (f) This corresponds to a shopping and entertainment mall named “Centro Comercial Real Plaza Pro”, located in the city of Lima. This shopping center began its operations in June 2008, and comprises a hypermarket, a complex of retail stores, bank entities and a food court. For the first one it has signed a lease contract for 30 years with Supermercados Peruanos S.A. (a related entity), which includes a minimal monthly payment as well as a variable payment based on the hypermarket’s sales and services revenue.
- (g) As of September 30, 2010, mainly corresponds to 15 pieces of land, 5 buildings and 2 works in progress that are being held for the purpose of developing real estate projects.

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

9. Loan portfolio, net

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

	As of September 30, 2010 S/(000)	As of December 31, 2009 S/(000)
Commercial	5,743,578	4,937,004
Consumer	3,881,610	3,546,119
Mortgage	1,632,023	1,330,758
Micro-business-"MES"(for its Spanish initials)	77,904	135,976
Refinanced and restructured	95,880	95,395
Past due and in legal collection	182,204	151,525
	<u>11,613,199</u>	<u>10,196,777</u>
Plus (minus)		
Accrued interest	152,444	104,351
Deferred interests and interest collected in advance	(277,297)	(286,919)
Allowance for loan losses (e)	<u>(481,162)</u>	<u>(403,995)</u>
Total direct loan portfolio	<u>11,007,184</u>	<u>9,610,214</u>

As of September 30, 2010 and December 31, 2009, the total amount of the loan portfolio, before the allowance for loan losses, is distributed as follows:

	As of September 30, 2010 S/(000)	As of December 31, 2009 S/(000)
Direct loan portfolio	11,613,199	10,196,777
Indirect loan portfolio, Note 20(a)	<u>2,668,111</u>	<u>1,901,452</u>
Total	<u>14,281,310</u>	<u>12,098,229</u>

As of September 30, 2010 and December 31, 2009, 51 percent of the direct and indirect loan portfolio corresponded to 1,653 and 1,095 customers, respectively. Loans were mainly given to companies established in Peru or to companies whose shareholders have investments mostly in Peru.

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

- (b) The table below presents the movement in the allowance for loan losses, determined according to the risk classification and the current regulation:

	As of September 30, 2010 S/(000) (*)	As of December 31, 2009 S/(000) (*)
Balance at the beginning of the year	433,302	348,496
Provision recognized as year expense (includes pro-cyclical provisions)	296,448	383,990
Prior years provision recoveries	(16,652)	(20,671)
Write-offs, extinguishments and sales	(193,995)	(268,020)
Exchange result, net	(4,577)	(10,493)
Balance at the end of the year	<u>514,526</u>	<u>433,302</u>

- (*) The allowance for loan losses includes the provisions for contingent loans and for credit risk associated to overindebtedness amounting to approximately S/ 33,364,000 and S/ 29,307,000 as of September 30, 2010 and December 31, 2009, respectively, which are recorded in the "Accounts payable, provisions and other liabilities" caption on the consolidated balance sheet, see Note 12.

In Management's opinion, the allowance for loan losses recorded as of September 30, 2010 and December 31, 2009 complies with SBS rules and authorizations in effect as of those dates.

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

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

10. Investments in associates

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

	Ownership percentage		Book value	
	As of September 30, 2010	As of December 31, 2009	As of September 30, 2010 S/(000)	As of December 31, 2009 S/(000)
Shares				
Procesos MC Peru S.A.	50.00	50.00	17,248	17,549
Visanet Peru S.A.	16.84	16.84	1,483	4,255
La Fiduciaria S.A.	35.00	34.96	2,400	2,492
Titulizadora Peruana - Sociedad Titulizadora	15.00	15.00	395	527
Others			3,876	4,082
Total			<u>25,402</u>	<u>28,905</u>

(b) During the nine month-period ended September 30, 2010 and 2009, as a result of applying the equity accounting method on its investments in associates, the Bank recorded gains for approximately S/ 4,874,000 and S/ 6,763,000 respectively. These gains are included in the "Financial income" caption in the consolidated statements of income

(c) As of September 30, 2010 and 2009, the Bank received dividends from its associates amounting to approximately S/ 8,647,000 and S/ 4,556,000, respectively.

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

11. Property, plant and equipment, net

(a) The table below presents the movement of these accounts as of September 30, 2010 and December 31, 2009:

Description	Land S/(000)	Buildings and facilities S/(000)	Furniture and equipment S/(000)	Vehicles S/(000)	Leasehold improvements S/(000)	In-transit equipment and work in progress S/(000)	As of September 30, 2010 S/(000)	As of December 31, 2009 S/(000)
Cost								
Balance as of January 1	66,821	488,431	338,116	4,793	64,810	51,782	1,014,753	946,525
Additions	3,839	8,440	33,064	-	6,212	1,796	53,351	104,375
Retirements and write-offs	(1,854)	(10,276)	(4,398)	(207)	-	-	(16,735)	(4,989)
Transfers to intangibles	-	-	-	-	-	(40,556)	(40,556)	(31,158)
Balance as of September 30, 2010	<u>66,076</u>	<u>488,870</u>	<u>364,808</u>	<u>4,592</u>	<u>71,006</u>	<u>8,574</u>	<u>1,003,926</u>	<u>1,014,753</u>
Accumulated depreciation								
Balance as of January 1	-	275,797	180,681	4,572	19,129	-	480,179	426,170
Depreciation for the year	-	11,379	30,694	63	9,332	-	51,468	57,984
Retirements and write-offs	-	(3,605)	(4,161)	(191)	-	-	(7,957)	(3,975)
Balance as of September 30, 2010	<u>-</u>	<u>283,571</u>	<u>207,214</u>	<u>4,444</u>	<u>28,461</u>	<u>-</u>	<u>523,690</u>	<u>480,179</u>
Net book value	<u>68,806</u>	<u>203,024</u>	<u>159,568</u>	<u>142</u>	<u>42,561</u>	<u>13,022</u>	<u>487,123</u>	<u>534,574</u>

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

(c) Management periodically reviews the residual values, useful life and the depreciation method to ensure they are consistent with the economic benefits and life expectation for the property, furniture and equipment. In Management's opinion, there is no evidence of impairment of the value in use of property, furniture and equipment as of September 30, 2010 and December 31, 2009.

(d) In previous years the Bank, with the authorization of the SBS, recorded voluntary revaluations of some of its assets to their fair values amounting to approximately S/ 58,966,000 as determined by an independent expert. The value of these revaluations as of September 30, 2010 and December 31, 2009 amounted to approximately S/ 43,974,000 and S/ 46,716,000, respectively; the liabilities for deferred income tax and workers' profit-sharing have been recorded, see Note 17(a).

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

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

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

	As of September 30, 2010 S/(000)	As of December 31, 2009 S/(000)
Accounts receivable and other assets		
Value-added tax credit (b)	214,395	221,000
Other accounts receivable, net	85,381	93,047
Intangibles, net	83,517	47,213
Accounts receivable from sale of investments (f)	83,324	-
Deferred charges	53,078	29,257
Transactions in process (c)	159,544	52,914
Rights paid to related entities (d)	39,855	43,599
Prepaid income tax	32,809	32,021
Accounts receivable related to derivative financial instruments (g)	15,681	23,085
Interest premium (e)	6,749	9,279
Prepaid rent	4,191	4,538
Others	23,515	13,189
	<u>802,039</u>	<u>569,142</u>
Accounts payable, provisions and other liabilities -		
Other accounts payable	201,543	226,098
Transactions in process (c)	153,645	144,395
Accounts payable related to derivative financial instruments	85,887	63,514
Workers' profit sharing and salaries payable	64,483	42,837
Allowance for contingent loans, Note 9(b)	33,364	29,307
Provision for other contingencies	19,781	10,685
Provision for country risk	7,158	1,664
Provision for legal, labor and tax contingencies	6,771	1,631
Accounts payable related to embedded derivatives	-	22,741
Others	3,664	6,293
	<u>576,296</u>	<u>549,165</u>

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

- (b) This corresponds to the value added tax (IGV for its Spanish initials) resulting from the purchase of goods devoted mostly to leasing operations carried out by the bank, to be recovered through the collection of those lease transactions.
- (c) Transactions in process include deposits received, loans disbursed, payments collected, funds transferred and other similar types of transactions made in the last days of the month and reclassified to their final balance sheet account on the following month. These transactions do not affect the consolidated results as of September 30, 2010 and December 31, 2009.
- (d) In December 2003, the Bank entered into a concession agreement with Supermercados Peruanos S.A., a related entity, to install financial services locations in the stores of Supermercados Peruanos S.A., for a 15 year-term. For this agreement the Bank paid an amount in foreign currency equivalent to S/ 32,323,000 on December 31, 2003 (Value Added Tax included) and is amortizing over a 15 year period. In addition, during 2009 the Bank entered into a new concession agreement for new spaces ceded to the Bank in new stores of Supermercados Peruanos S.A., for an amount paid of approximately S/16,494,000, which is amortized during the period of contract which is 6 years and 8 months.

The Bank has recorded for such concepts as of September 30, 2010 an expense of approximately S/ 3,540,000 (S/ 1,710,000 as of September 30, 2009), which is included in the "Administrative expenses" line item in the consolidated statements of income.

- (e) The interest premium corresponds to the premium on the acquisition of the Banco del Trabajo mortgage portfolio in September 2007. The average maturity of the portfolio acquired is November 2020.
- (f) As of September 30, 2010, corresponds to the sale and purchase of global and sovereign bonds made by the Bank, which were recorded at the negotiation date, according to SBS standards. These transactions were mostly made with local financial entities, APF's and mutual funds, and were collected and paid during the first days of July 2010.

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

13. Deposits and obligations

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

	As of September 30, 2010 S/(000)	As of December 31, 2009 S/(000)
Time deposits	5,058,881	5,417,981
Saving deposits	3,313,726	3,026,782
Demand deposits	2,586,065	2,574,112
Guarantee deposits (*)	398,029	317,732
Taxes payable	61,571	41,885
Other obligations	10,911	6,144
	<u>11,429,183</u>	<u>11,384,636</u>
Interest payable for deposits and obligations	<u>19,327</u>	<u>33,569</u>
Total	<u>11,448,510</u>	<u>11,418,205</u>

(*) As of September 30, 2010 and December 31, 2009, corresponds to restricted deposits given as guarantees by clients, in connection with direct and indirect loans granted by the Bank for approximately S/ 312,192,000 and S/ 270,663,000, respectively.

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

(c) As of September 30, 2010 and December 31, 2009, according to the regulation approved in Peru approximately S/ 4,088,020,000 and S/ 3,898,933,000 respectively, of the deposits and obligations are covered by the Deposit Insurance fund ("FSD" for its Spanish acronym).

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

14. Due to banks and correspondents

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

	As of September 30, 2010 S/(000)	As of December 31, 2009 S/(000)
By type-		
Loans received from foreign entities (b)	1,577,804	450,415
Promotional credit lines (c)	861,108	650,369
Obligations with local banks	36,461	286
	<u>2,475,373</u>	<u>1,101,070</u>
Interest and commissions payable	46,963	12,839
	<u>46,963</u>	<u>12,839</u>
Total	<u>2,522,336</u>	<u>1,113,909</u>
By term-		
Short term	1,874,401	662,853
Long term	647,935	451,056
	<u>647,935</u>	<u>451,056</u>
Total	<u>2,522,336</u>	<u>1,113,909</u>

(b) As of September 30, 2010 and December 31, 2009, includes the following:

Entity	Country	As of September 30, 2010 S/(000)	As of December 31, 2009 S/(000)
Standard Chartered Bank	England	377,394	-
JP Morgan Chase	United States of America	269,241	54,745
Bladex	Panama	250,830	115,600
Cobank	United States of America	165,712	134,626
Corporación Andina de Fomento - CAF	Venezuela	139,350	-
Bank of America	United States of America	120,178	85,548
Deutsche Bank	Germany	21,005	32,671
Citibank	United States of America	-	27,225
Other		234,094	-
		<u>1,577,804</u>	<u>450,415</u>

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

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

- (c) Promotional credit lines include loans in Nuevos Soles and US Dollars received from Corporacion Financiera de Desarrollo (COFIDE), which correspond to credit lines granted to promote economic development in Peru. These loans are guaranteed with loan portfolio up to the limit of the credit line used and include specific agreements on their use, financial conditions to be maintained and other administrative matters, in Management's opinion, it has complied with such requirements. These loans bear annual interest rates ranging between 5.00 and 11.00 percent in 2010 (between 9.94 and 10.00 percent in 2009).

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

15. Bonds and other obligations

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

Issuer	Issuance	Annual interest rate	Type of rate	Interest Payment basis	Maturity	Authorized amount (000)	Used amount (000)	Outstanding balances as of September 30, 2010 S/(000)	Outstanding balances as of December 31, 2009 S/(000)
Negotiable notes (DPR)									
IBK DPR (d)	1 st issue	Libor 3M + 2.75%/Libor 3M+3.00%	Nominal	Quarterly	2014-2015	US\$200,000	US\$200,000	536,386	578,000
IBK DPR (e)	1 st issue	Libor 3M+4.25%	Nominal	Quarterly	2016	US\$121,000	US\$121,000	342,511	350,269
								878,897	928,269
Subordinated bons (b)									
Interbank	1 st issue	6.75%	Nominal	Six-monthly	2013	US\$30,000	US\$15,615	41,508(*)	40,167(*)
Interbank	3 rd issue (A series)	3.5% plus (VAC)	Nominal	Quarterly	2023	S/135,000	S/110,000	110,000	112,546
Interbank	5 th issue (A, B and C series)	10.50% - 8.80%	Nominal	Quarterly	2011	US\$30,000	US\$15,000	41,787(*)	43,331(*)
Interbank	1 st program (2 nd issue)	9.50%	Nominal	Six-monthly	2023	US\$50,000	US\$30,000	61,314(*)	59,237(*)
Interbank	5 th issue (A series)	8.50%	Nominal	Six-monthly	2019	S/135,000	S/3,300	3,300	3,300
Interbank	6 th issue (A series)	8.16%	Nominal	Six-monthly	2019	US\$45,000	US\$15,110	42,112	43,668
Interseguro	1 st issue	9.00%	Nominal	Quarterly	2016	US\$5,000	US\$5,000	13,935	14,450
								313,956	316,699
Hybrid bonds									
Interbank	1 st issue	8.50%	Nominal	Six-monthly	2070	US\$200,000	US\$200,000	557,400	-
								557,400	-
Leasing bonds									
Interbank	1 st issue (2 nd program)	6.45%	Nominal	Quarterly	2013	S/136,600	S/136,450	136,450	136,450
								136,450	136,450
Mortgage bonds									
Interbank	1 st issue	4.90%	Nominal	Six-monthly	2014	US\$10,000	US\$10,000	9,476	12,716
Interbank	2 nd issue (A and B series)	5.6355%/Libor 6M+0.90p.b	Nominal	Six-monthly	2015	US\$10,000	US\$10,000	13,377	15,606
								24,586	28,322
Securitizations bonds									
Equity trust fund - D.S. N°093-2002-EF Interproperties Peru	1 st issue - 5 th class	8.50%	Nominal	Monthly	2011	US\$10,000	US\$10,000	27,880	28,910
Equity trust fund - D.S. N°093-2002-EF Interproperties Peru	2 nd issue - 7 th class	9.50%	Nominal	Monthly	2014	US\$8,500	US\$8,500	23,698	24,578
Equity trust fund - D.S. N°093-2002-EF Interproperties Peru	3 rd issue - 7 th class	8.00%	Nominal	Quarterly	2012	US\$11,500	US\$11,500	32,062	24,578
								83,640	53,488
Interest payable								32,901	8,611
								1,978,796	1,471,839

(*) Bonds and other obligations held by Intergroup and its Subsidiaries amounting to S/ 22,611,000 and S/ 30,665,000 as of September 30, 2010 and December 31, 2009, respectively, have been eliminated from the outstanding balances.

Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

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

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

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

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

Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

- (f) As of September 30, 2010, the hybrid bond was issued by the Bank under the denomination “Non Cumulative Fixed / Floating Rate Step-up Junior Subordinated Notes due 2070”. This bond has maturity in April 2070 although it can be redeemed by the Bank in April 2020. The agreed annual interest rate is 8.50 percent for the first ten years and thereafter converted to a variable interest rate set at Libor plus 674 basis points payable semiannually. The variable interest payment may not be less than the annual rate of 10.50 percent.

16. Technical reserves for premiums and claims

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

	Technical reserves for premiums S/(000)	Technical reserves for claims S/(000)	As of September 30, 2010 S/(000)	As of December 31, 2009 S/(000)
Life annuity insurance	1,498,464	-	1,498,464	1,298,386
Private pension insurance	116,667	45,377	162,044	168,302
Life insurance	47,390	4,877	52,267	46,158
Compulsory traffic accident insurance (SOAT)	8,626	3,441	12,067	11,382
General risks	263	14	277	39
Total	1,671,410	53,709	1,725,119	1,524,267

- (b) In Management’s opinion, these balances reflect the exposure to life annuity insurance, Survivorship and disability pension insurance and life insurance operations as of September 30, 2010 and December 31, 2009, in accordance with SBS regulations.
- (c) The main assumptions used in estimating the reserves for life annuity insurance, Survivorship and disability pension insurance and life insurance as of September 30, 2010 and December 31, 2009 are shown below:

Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

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

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

Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

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

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

	Balance as of December 31, 2009 S/(000)	(Debit) credit to equity S/(000)	(Debit) credit to year results S/(000)	Balance as of September 30, 2010 S/(000)
Deferred asset (liability)				
Generic provisions	64,499	-	10,056	74,555
Voluntary revaluation of assets	(15,650)	-	427	(15,223)
Amortization of intangibles	(11,176)	-	(7,352)	(18,528)
Unrealized losses from fluctuation of investments	(15,836)	4,442	-	(11,394)
Unrealized losses from the valuation of hedging financial instruments	12,098	9,678	-	21,776
Other	5,390	328	5,994	11,712
Total deferred asset	39,325	14,448	9,125	62,898
Deferred liability				
Voluntary revaluation	(986)	-	986	-
Unrealized gains from fluctuation of investments	(1,205)	(310)	-	(1,515)
Other	-	-	(5,293)	(5,293)
Total deferred liability	(2,191)	(310)	(4,307)	(6,808)

Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

- (b) The table below presents the amounts reported in the consolidated balance sheets and consolidated statements of income as of and for the years ended September 30, 2010 and December 31, 2009:

Consolidated balance sheets	Deferred assets		Deferred liability	
	As of September 30, 2010 S/(000)	As of December 31, 2009 S/(000)	As of September 30, 2010 S/(000)	As of December 31, 2009 S/(000)
Income tax	53,507	33,454	5,792	1,863
Workers' profit sharing	9,391	5,871	1,016	328
	<u>62,898</u>	<u>39,325</u>	<u>6,808</u>	<u>2,191</u>
Consolidated statements of income	Workers' profit sharing		Income tax	
	As of September 30, 2010 S/(000)	As of September 30, 2009 S/(000)	As of September 30, 2010 S/(000)	As of September 30, 2009 S/(000)
Current - expense	26,477	19,142	150,625	115,210
Deferred - gain	(719)	(2,135)	(4,099)	(16,801)
Total	<u>25,758</u>	<u>17,007</u>	<u>146,526</u>	<u>98,409</u>

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

Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

18. Equity

(a) Capital stock-

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

In September 2008, pursuant to the Public Exchange Offer indicated in Note 1(b), Intergroup issued 1,435,938 shares at US\$9.72 each. As of September 30, 2010 and December 31, 2009 Intergroup's capital stock is represented by 93,615,451 shares with a par value of US\$9.72 per share, of which IFH directly or indirectly holds 68,201,353 shares representing 72.85 percent of Intergroup's capital stock issued.

The General Shareholders Meeting held on April 13, 2009 agreed to distribute US\$40,000,000 in dividends for the 2008 year (equivalent to approximately S/124,480,000).

The General Shareholders Meeting held on March 30, 2010 agreed to distribute US\$ 90,000,000 in dividends for the 2009 year (equivalent to approximately S/ 255,690,000). These dividends were paid in May 2010.

(b) Treasury stock-

As of September 30, 2010 and December 31, 2009, the Bank and Interseguro holds 1,986,528 and 246,632 shares of Intergroup acquired for approximately S/ 90,907,000 y S/ 8,950,000, respectively (1,604,464 and 493,264 shares of Intergroup held by the Bank and Interseguro for approximately S/ 48,378,000 y S/18,605,000, respectively as of December 31, 2009).

As of September 30, 2010 the fair value of Intergroup's shares held by the Bank and Interseguro amount approximately to S/ 160,557,000 y S/ 19,934,000, respectively (approximately to S/100,853,000 and S/31,005,000, respectively, as of December 31, 2009).

(c) Capital surplus-

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

Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

(d) Unrealized results on financial instruments-

The table below presents the components of this caption:

	As of September 30, 2010 S/(000)	As of December 31, 2009 S/(000)
Unrealized gains (losses) on available for sale investment, net of income tax	89,090	67,768
Unrealized losses on hedging financial derivatives instruments, net of income tax	<u>(42,920)</u>	<u>(23,843)</u>
	<u>46,170</u>	<u>43,925</u>

(e) Shareholders' equity for legal purposes (regulatory capital) -

Intergroup does not possess shareholders' equity for legal purpose (regulatory capital). As of September 30, 2010 and December 31, 2009, the shareholders' equity for legal purpose, required for the subsidiaries of Intergroup dedicated to financial and insurance activities in Peru, calculated according to SBS standards, was as follows:

Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

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

As of September 30, 2010 and December 31, 2009, the Bank's Regulatory Capital was determined in accordance with prevailing regulations as follows:

	As of September 30, 2010 S/(000)	As of December 31, 2009 S/(000)
Regulatory capital Tier 1		
Paid in capital	948,669	755,455
Legal reserves	244,301	201,364
Treasury stock	(33,910)	(33,910)
Subordinated bonds	225,127	-
Unrealized gains in available-for-sale investments recorded by its Subsidiary	1,054	1,210
Current year earnings with capitalization agreement	115,390	169,969
Other	(92,311)	(70,810)
	<u>1,408,320</u>	<u>1,023,278</u>
Regulatory capital Tier 2		
Subordinated bonds	593,109	280,894
Generic allowances for loan losses	161,046	140,735
Other	(92,311)	(70,810)
	<u>661,844</u>	<u>350,819</u>
Total	<u>2,070,164</u>	<u>1,374,097</u>

As of September 30, 2010 and December 31, 2009, direct and contingent assets weighted by total risks determined by the Bank amounted to approximately S/13,403,302,000 and S/ 11,903,062,000, respectively, which generated a overall capital rate of 15.45 and 11.54 percent, respectively, of the Bank's regulatory capital. According to the Banking and Insurance Act, this rate may exceed 9.8 percent, as of September 30, 2010 and this relation will be gradually reaching 10 percent since July 2011 onwards.

Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

Regulatory net equity of Interseguro -

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

The Company's total regulatory net equity as of September 30, 2010 is basically equivalent to the accounting net equity and to the computable portion of the Company's subordinated bonds, which amounts to approximately S/ 212,800,000 (approximately S/ 215,342,000 as of December 31, 2009).

In accordance with SBS Resolution N°764-2001, the solvency equity is established based on the greater amount of the minimum capital provided for in Article 16 of the General Law of the Financial System and the Insurance System and Organic Law of the SBS, updated by means of SBS Circular Letter SBS N°G-123-2005 and amended by the SBS Resolution N°1124-2006 and the margin of solvency. As of September 30, 2010, this is equivalent to the margin of solvency and amounts to approximately S/ 99,227,000 (approximately S/ 94,962,000 as of December 31, 2009).

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

As of September 30, 2010, the guarantee fund amounts to approximately S/ 34,730,000 (approximately S/ 33,237,000 as of December 31, 2009) according to the indicated in resolution SBS N° 764-2001.

As of September 30, 2010 and December 31, 2009, the regulatory net equity assigned to cover credit risks does not report any value, because the Company has neither granted premium funding under the Special System referred to in SBS Resolution N°630-97 nor maintained guaranty granting operations, neither maintains operations of granting of bails, not has given mortgages to the staff.

Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

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

	As of September 30, 2010 S/(000)	As of December 31, 2009 S/(000)
Total regulatory net equity	212,800	215,342
Less		
Solvency equity	(99,227)	(94,962)
Guarantee Fund	(34,730)	(33,237)
Surplus	<u>78,843</u>	<u>87,143</u>

(f) Subsidiaries' legal and special reserves-

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

In accordance with Legislative Decree No. 770 (abrogated at present), the Bank established a reserve in order to cover potential losses on assets seized through legal actions prior to December 31, 1994. As of September 30, 2010 and December 31, 2009, the balance of said reserve amounted to S/ 8,819,000.

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

As of September 30, 2010 and December 31 2009, the legal and special reserves of Intergroup's Subsidiaries, considering Intergroup's participation in the Bank and Interseguro, amounted to approximately S/ 300,749,000 and S/ 258,769,000, respectively.

Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

19. Tax situation

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

Entities and individuals not domiciled in Peru must pay an additional tax of 4.1 percent over dividends received from entities domiciled in Peru. The entity that distributes the dividends is responsible of performing the retention of the indicated tax.

- (b) Intergroup's Subsidiaries are subject to the Peruvian Tax System and, in compliance with current Peruvian legislation; they calculate their Income tax on the basis of their individual financial statements. As of September 30, 2010 and December 31, 2009, the statutory Income tax rate was 30 percent on taxable income, after calculating the workers' profit sharing, which in accordance with current legislation is determined using a 5 percent rate.
- (c) Exemption to capital gains resulting from the transfer of securities within the Peruvian Stock Exchange was phased out on December 31, 2009. As from 2010, capital gains obtained by resident corporate holders will be subject to the ordinary corporate Income Tax rate of 30 percent. For these purposes, in case of securities listed on Peruvian Stock Exchange acquired before January 1, 2010, the tax basis will be the higher value resulting of the comparison between: i) the value of the securities at the closing of December 31, 2009 on the Peruvian Stock Exchange; and, ii) the price paid upon acquisition determined under the weighted average cost method.

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

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

On the other hand, pursuant to the tax rules in force, life insurance premiums in favor of individuals and insurance premiums for survivorship and disability pension plan affiliates are exempted of Value Added Tax.

Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

- (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 must be supported by documentation containing information on the valuation methods applied and criteria used in the determination of such prices. The Tax Authority has the right to request this information.

Based on the analysis of the operations of the Company and its subsidiaries, Management and its legal advisors believe that the application of these tax standards would not have any material consequences in the consolidated financial statements of Intergroup and its subsidiaries as of September 30, 2010 and December 31, 2009.

- (e) The Tax Authority is legally entitled to review and, if necessary, adjust the Income Tax computed by the Bank during a term of four years following the year in which a tax return was filed. The Income tax and Value Added Tax returns of Interbank corresponding to 2006 through 2009 are pending to review by the Tax Authority and, on the other hand the Income tax corresponding to 2007 through 2008 and Value Added Tax returns of Interseguro corresponding to 2005 through 2009 are pending to review by the Tax Authority

On the other hand, in April 2004, June 2006, June 2007, November 2007 and October 2008, the Bank received Tax Assessments and Fine Imposing Resolutions related to Income Tax Returns filed in 2000, 2001, 2002, 2003, 2004 and 2005; for all of them the Bank has filed a tax claim.

In March 2009, the Tax Court has issued Tax administration resolutions for the years 2000, 2001, 2003 and 2004 for which the Bank has filed appeals. Also, between May and November 2010, the Bank received diverse Resolutions related to Income Tax Return process corresponding to 2000 by which the Bank has filed a tax claim. In the opinion of the Bank's Management and its legal advisors, any possible additional tax assessment would not have any material consequences on the consolidated financial statements as of September 30, 2010 and December 31, 2009.

Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

20. Off-balance sheet accounts

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

	As of September 30, 2010 S/(000)	As of December 31, 2009 S/(000)
Indirect loans, Note 9(a)		
Bank letters of guaranty and stand by letters of credit (b)	2,310,674	1,556,275
Import and export letters of credit (b)	254,970	186,585
Due from bank acceptances (b)	102,467	158,592
	<u>2,668,111</u>	<u>1,901,452</u>
Foreign currency forwards operations, Note 4		
Purchase of foreign currency forwards (c)	2,349,438	1,833,013
Sale of foreign currency forwards (c)	1,513,635	1,212,256
Currency swap transaction (d)	214,362	332,350
	<u>4,077,435</u>	<u>3,377,619</u>
Responsibilities under credit line agreements (e)	15,035,585	8,008,324
Total contingent operations	<u>21,781,131</u>	<u>13,287,395</u>
Other off-balance sheet accounts (g)		
Guarantees received	11,267,664	8,718,326
Trusts (f)	1,232,210	1,652,793
Securities in custody	3,252,239	2,576,296
Mutual and investment funds managed by Interfondos Sociedad		
Administradora de Fondos	2,446,798	2,331,898
Exchange interest rates transactions	2,053,343	1,058,088
Equity trust managed by Internacional de Títulos Sociedad		
Titulizadora S.A. - Intertítulos S.T.	879,123	587,370
Collections on behalf of third parties	284,875	271,301
Loan portfolio sold	62,784	64,962
Suspended interests	66,805	60,458
Other	14,634,967	12,434,335
Total other off-balance sheet accounts	<u>36,180,808</u>	<u>29,755,827</u>
Total off-balance sheet accounts	<u>57,961,939</u>	<u>43,043,222</u>

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

Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

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

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

- (c) As of September 30, 2010 and December 31, 2009, the Bank, Interseguro and Interfondos maintained derivative operations related to purchase and sale agreements of foreign currency transaction (“forwards”) for trading purposes. Forward currency purchase and sale contracts (“forwards”) are agreements by which the future delivery of foreign currency is agreed, by which the seller agrees to deliver on a specific future date an amount of foreign currency at a pre-determined price. The risk has its origins in the possibility that the counterparty does not meet the agreed terms and in changes that take place in the exchange rates of the currencies at which the transactions are carried out. These contracts generally have maturities no longer than one year, are carried out only to satisfy client needs and are registered at their estimated market value. The reference values are the following:

	Nominal amount			
	As of September 30, 2010		As of December 31, 2009	
	US\$(000)	S/(000)	US\$(000)	S/(000)
Purchase agreements	842,999	2,349,438	634,260	1,833,013
Sale agreements	543,106	1,513,635	419,486	1,212,256
	<u>1,386,105</u>	<u>3,863,073</u>	<u>1,053,746</u>	<u>3,045,269</u>

- (d) As of September 30, 2010, the Bank has entered into purchase and sale of cross currency swaps for trading purposes, with a notional amounts of approximately S/ 33,062,000 (equivalent to US\$ 11,863,000) and S/ 41,950,000 (equivalent to US\$ 15,052,000), respectively (as of December 31, 2009 purchase and sale cross currency swap of approximately S/ 14,450,000 (equivalent to US\$ 5,000,000) and S/ 173,400,000 (equivalent to US\$ 60,000,000)).

Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

In addition, as of September 30, 2010 and December 31, 2009, the Bank has a cross currency swap transaction for a nominal amount of approximately S/ 139,350,000 and S/144,500,000, respectively (equivalent to US\$50,000,000), which according to SBS approval, has been classified as a cash flow hedge for the issuance of leasing bonds, see Note 15(a). Through this transaction in economic terms, this transaction converts the debt issued in Nuevos Soles into US dollars.

- (e) As of September 30, 2010, this corresponds to eight interest rate swap transactions that qualify as cash flow hedges with a total notional amount of approximately S / 1,958,586,000 (equivalent to US\$702,757,000). As of December 31, 2009, four interest rate swap transactions of approximately S/942,488,000 (equivalent to US\$ 326,120,000).

Additionally, as of September 30, 2010, the Bank has six interest rates swap transactions for trading purposes with notional amounts of approximately S/94,758,000 (US\$34,000,000). As of December 31, 2009, seven interest swap transactions for S/115,600,000 (US\$40,000,000).

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

Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

21. Financial income and expense

The table below presents the components of this caption:

	As of September 30, 2010 S/(000)	As of September 30, 2009 S/(000)
Financial income		
Interest and commissions on loans	1,157,012	1,090,238
Interest on due from banks and inter-bank funds	3,724	7,802
Investments income:		
Income from interests over investments, net	159,984	151,331
Income from sale and valuation of investments, net	111,221	120,845
Equity share from investments in subsidiaries and associates, net	4,199	3,687
Rental income from real estate investments	19,735	21,729
	<u>1,455,875</u>	<u>1,395,632</u>
Gain on derivative financial products, net	-	16,582
Exchange differences, net	134,998	56,299
Other financial income	22,530	31,294
Total financial income	<u>1,613,403</u>	<u>1,499,807</u>
Financial expenses		
Interest and commissions on deposits and obligations	98,366	217,017
Interest and fees on deposits and due to banks and correspondents	104,776	71,571
Interest on bonds and obligations outstanding	46,697	25,742
Deposit Insurance fund premium fees	13,290	13,216
	<u>263,129</u>	<u>327,546</u>
Loss on derivative financial products, net	29,659	-
Other financial expense	37,177	31,964
Total financial expense	<u>329,965</u>	<u>359,510</u>
Gross financial margin	<u>1,283,438</u>	<u>1,140,297</u>

Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

22. Income and expenses from financial services

The table below presents the components of this caption:

	As of September 30, 2010 S/(000)	As of September 30, 2009 S/(000)
Income from financial services		
Credit and debit card	129,285	118,212
Fees for services	105,399	93,445
Contingent operations	29,265	24,187
Fees for collection and payment services	15,567	14,809
Fees for financial services	7,937	12,673
Other	63,854	56,616
Total	351,307	319,942
Expenses relating to financial services		
Credit and debit card expenses	27,638	24,527
Fees paid to foreign banks	7,405	6,741
Other	3,095	2,173
Total	38,138	33,441

Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

23. Result of insurance underwriting, net

The table below presents the components of this caption:

	As of September 30, 2010 S/(000)	As of September 30, 2009 S/(000)
Assumed premiums	317,254	181,997
Adjustment of technical reserves for assumed premiums	(250,304)	(112,742)
Ceded premiums	(6,499)	(5,610)
Claims on assumed premiums	(96,484)	(90,117)
Claims on ceded premiums	4,952	2,921
Gross technical result	(31,081)	(23,551)
Commissions from written premiums	(1,324)	(1,218)
Other technical income	2,163	2,267
Other technical expenses	(4,556)	(4,523)
Technical result, net	(34,798)	(27,025)

Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

24. Administrative expenses

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

	As of September 30, 2010 S/(000)	As of September 30, 2009 S/(000)
Services received from third parties (b)	336,057	307,859
Personnel and Board of Directors expenses (c)	325,777	290,841
Taxes and contributions	28,448	26,698
Total	690,282	625,398

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

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

	As of September 30, 2010 S/(000)	As of September 30, 2009 S/(000)
Salaries	258,355	235,123
Social security	24,150	20,103
Severance indemnity expenses	19,928	15,865
Vacation, medical assistance and other	23,344	19,750
Total	325,777	290,841

Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

25. Other income, net

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

	As of September 30, 2010 S/(000)	As of September 30, 2009 S/(000)
Other income		
Recovery of prior year past due loans	44,513	28,509
Commissions and other services from mutual funds administration	21,858	12,593
Net gain on sale of assets received as payment and seized through legal actions	17,645	11,089
Sale of real estate (b)	2,396	2,431
Other	26,670	23,142
	<u>113,082</u>	<u>77,764</u>
Other expenses		
Employee retirement incentive	5,050	3,898
Cost of sale of real estate (b)	17,626	1,949
Income tax over dividends received	6,604	4,690
Other	5,570	4,935
	<u>34,850</u>	<u>15,472</u>
Total other income, net	<u>78,232</u>	<u>62,292</u>

(b) In May 2010, Corporación Inmobiliaria de la Unión 600 S.A. sold two of its properties located in Lima to a related company. This sale was made at fair value.

Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

26. Earnings per share

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

	Outstanding shares (in thousands)	Shares considered in computation (in thousands)	Days as of the end of year	Weighted average number of shares (in thousands)
2009				
Balance as of January 1, 2009	93,555	93,555	273	93,555
Sale of treasury stocks	1,511	1,511	Hasta 139	532
Purchase of treasury stock	(3,650)	(3,650)	Hasta 197	(2,012)
Balance as of September 30, 2009	91,416	91,416		92,075
Net earnings attributable to Intergroup S/(000)				346,624
Net basic and diluted earnings per share attributable to Intergroup (Nuevos Soles)				3.765
2010				
Balance as of January 1, 2010	91,518	91,518	272	91,518
Purchase of treasury stock	(600)	(600)	175	(386)
Purchase of treasury stock	(640)	(640)	76	(179)
Sale of treasury stocks	684	684	45	113
Sale of treasury stocks	420	420	Hasta 17	24
Balance as of September 30, 2010	91,382	91,382		91,090
Net earnings attributable to Intergroup S/(000)				395,977
Net basic and diluted earnings per share attributable to Intergroup (Nuevos Soles)				4.347

Translation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

27. Transactions with related parties and affiliated companies

- (a) The table below presents the balances with related and affiliated companies as of June 30, 2010 and December 31, 2009:

	As of September 30, 2010 S/(000)	As of December 31, 2009 S/(000)
Assets		
Cash and due from banks	8,733	35,125
Held to maturity investments (real estate projects), Note 7(d)	25,041	28,678
Loan portfolio, net	143,875	177,989
Other assets	56,215	45,419
Liabilities		
Deposits and obligations	128,701	226,148
Bonds and other obligations	-	462
Other liabilities	35,579	3,987
Income (expense)		
Financial income	8,176	21,055
Administrative expenses	(21,639)	(2,280)
Other, net	17,193	7,880
Off-balance sheet accounts		
Indirect loans	43,404	42,458

- (b) Some shareholders, directors and officers of Intergroup and its Subsidiaries have been involved, either directly or indirectly, in credit transactions with Intergroup and its Subsidiaries as permitted by Peruvian legislation, which rules and limits certain transactions with employees, directors and officers of financial institutions. As of September 30, 2010, loans to employees amounted approximately to S/ 51,517,000 (S/ 47,396,000 as of December 31, 2009).

Traslation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

- (c) As of September 30, 2010 and December 31, 2009, Intergroup and its Subsidiaries participated in different domestic and foreign mutual and investment funds managed by its Subsidiaries or related parties for approximately S/ 91,143,000 and S/ 81,927,000, respectively.

As of September 30, 2010 the Bank has entered into foreign currency sale with mutual funds managed by Interfondos Sociedad Administradora de Fondos, for a nominal value of S/ 39,899,000 (foreign currency sale and purchase for S/28,320,000 and S/ 15,060,000, respectively, as of December 31, 2009) which are presented in the "Off-balance sheet accounts" caption of the consolidated balance sheets.

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

Translation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

28. Business segments

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

The following table presents Intergroup and its Subsidiaries’ financial information by business segments for the nine month-periods ended September 30, 2010 and 2009 and as of September 30, 2010 and December 31, 2009, in thousands of Nuevos Soles:

	As of September 30, 2010									As of September 30, 2010		
	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
Banking	1,471,689	370,951	(370,951)	1,471,689	(335,454)	(628,710)	(68,227)	(309,293)	130,005	17,998,534	477,259	16,424,331
Insurance	192,611	66,939	(66,939)	192,611	(138,091)	(59,422)	(1,377)	-	(6,279)	2,310,641	9,864	1,996,995
Others	367,360	37,524	(37,524)	367,360	3,694	(2,150)	(413)	-	368,491	99,277	-	24,796
Total consolidated	2,031,660	475,414	(475,414)	2,031,660	(469,851)	(690,282)	(70,017)	(309,293)	492,217	20,408,452	487,123	18,446,122
	As of September 30, 2009									As of December 31, 2009		
	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
Banking	1,666,433	36,799	(36,799)	1,666,433	(361,905)	(587,003)	(51,299)	(319,088)	347,138	16,142,764	533,581	14,622,682
Insurance	299,953	388	(388)	299,953	(226,822)	(36,404)	(1,701)	-	35,026	1,460,913	993	1,379,439
Others	26,778	332,566	(332,566)	26,778	(4,664)	(1,991)	(413)	-	19,710	646,421	-	425,341
Total consolidated	1,993,164	369,753	(369,753)	1,993,164	(593,391)	(625,398)	(53,413)	(319,088)	401,874	18,250,098	534,574	16,427,462

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

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

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

Translation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

29. Risk assessment

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

Intergroup and its subsidiaries receive deposits from its customers at both fixed and floating rates and with different terms, with the aim of profiting from interest margins by investing those funds in high-quality assets. The Group seeks to increase these margins by consolidating its short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to comply with any withdrawal that may be requested.

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

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

Market risk-

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

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

Translation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

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

Liquidity risk-

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

The procedure of matching and controlling mismatches of the maturities and interest rates of assets and liabilities is essential to the Bank's Management. Nevertheless, it is unusual for financial institutions to be fully matched, as transacted business is often based on uncertain terms and different systems. An open position in the terms and rates could potentially increase profitability, but it also increases the risk of losses.

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

Liquidity requirements to support indirect credits (contingent loans) are significantly lower than the amount of the commitment because it is not expected that funds will be required to honor these commitments. The total amount of the commitments to provide loans does not necessarily represent the requirement of funds in the future, as the majority of these indirect credits will expire or terminate without requiring payment thereof.

Translation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

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

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

Cash flow risk and fair value of interest rate changes-

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

Intergroup and its Subsidiaries are exposed to the effect of fluctuations in market interest rates on its financial situation and cash flows. Interest margins may increase as a result of such changes, but may reduce or create losses in the event of unexpected fluctuations. Management sets limits on the level of mismatch of interest rates that may be undertaken and monitors these levels periodically.

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

Exchange rate risk-

Intergroup and its Subsidiaries are exposed to the effects of fluctuations in foreign currency exchange rates prevailing over its financial position and cash flows. The Management of the Subsidiaries sets limits on the level of exposure by currency and in total of overnight positions and monitors these levels on a daily basis.

Most assets and liabilities in foreign currency are stated in US Dollars. Foreign currency transactions are made at free market exchange rate. As of September 30, 2010 and December 31, 2009, Intergroup and its Subsidiaries' assets and liabilities in foreign currencies are shown in Note 4.

Translation of unaudited consolidated financial statements originally issued in Spanish - Note 32

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

Credit risk-

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

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

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

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

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

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

Risk of the insurance activity -

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

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

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

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

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.

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

30. Fair value of financial instruments

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

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

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

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

- Cash and due from banks represent cash and short-term deposits that do not represent significant credit or interest risks; in consequence, their book value is equivalent to their fair value in the consolidated balance sheets.
- Marketable investments held for trading are recorded at their fair value, which represents their book value.
- As of September 30, 2010 and December 31, 2009, investments held for sale are recorded at their estimated fair values.
- In the case of financial investments held to maturity, their estimated fair values have been computed considering the quotes or price information that existed as of September 30, 2010 and December 31, 2009, respectively. For those financial investments held to maturity that do not have price quotes, their estimated market value as of September 30, 2010 and December 31, 2009, respectively, has been determined by discounting the expected cash flows at an interest rate that reflects the security's risk rating.

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

- The majority of the loans granted by Intergroup and its Subsidiaries accrue interest at variable rates, which are reset against variations in the market conditions. As a result, their book value, net of the allowance for credit risk, with the allowance rates required by the SBS, excluding the increase in the pro-cyclical provisions as indicated by Note 9, is considered to be the best estimate of their fair value as of the date of the consolidated financial statements.
- The fair value of deposits and obligations is similar to their book value, mainly due to their liquid nature and the fact that their variable interest rates can be compared with other similar liabilities as of the date of the consolidated balance sheets.
- Due to banks and correspondents, bonds, and other obligations, generate variable interest rate terms and preferential rates, similar to the ones in force in the market. For liabilities that bear interest and have original maturities longer than one year, the fair value has been calculated based on discounted future cash flows, using the Bank's effective interest rate for liabilities with similar characteristics. The estimated market value approximates the book value.
- As disclosed in Note 20, the Bank participates in indirect loan operations. Based on the level of fees currently charged for such operations and taking into account their maturity and interest rates together with the present creditworthiness of the counterparties, the difference between their book value and their fair value is not significant.
- 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 September 30, 2010 and December 31, 2009, the estimated fair values of Intergroup and its Subsidiaries financial instruments do not differ significantly from their book values; except for certain financial instruments, as explained in the preceding paragraphs, and whose estimated fair value is presented in their respective Notes to the consolidated financial statements.

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

31. Subsequent event

In September 2010, took place the placement of securities issued by the branch of the Bank located in the Republic of Panama, called "5.750% Senior Notes due 2020." The principal amount of the issuance amounted to US\$ 400,000,000 and the rate determined by the positioning mechanism reached 5.750 percent. Furthermore, in accordance with the terms of the issuance, the funds were received the first days of October 2010.

32. Additional explanation for English translation

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